

ESF+ Social Innovation+ Initiative Grant Agreement

DISCLAIMER

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



**Funded by
the European Union**

GRANT AGREEMENT

Project [insert number] – [insert acronym]

PREAMBLE

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

on the one part,

European Social Fund Agency

('Granting Authority'), under the powers delegated by the European Commission ('European Commission')

and on the other part,

1. 'the Coordinator':

[COO legal name (short name)], established in [legal address],

[/and the following other Beneficiaries, if they sign their 'accession form' \(see Annex 3 and Article 37\):](#)

2. [BEN legal name (short name)], established in [legal address], [same for each Beneficiary]

Unless otherwise specified, references to 'Beneficiary' or 'Beneficiaries' include the Coordinator and Affiliated entities (if any).

The parties referred to above have agreed to enter into the Agreement.

By signing the Agreement and the accession forms, the Beneficiaries accept the Grant and agree to implement the project under their own responsibility and in accordance with the Agreement, with all the obligations and terms and conditions it sets out.

The Agreement is composed of:

Preamble

Data Sheet

Terms and Conditions

Annex 1 Description of project

Annex 2 Estimated budget

Annex 3 Accession forms (if applicable)¹

Annex 4 Declaration on joint and several liability of affiliated entities (if applicable)²

¹ Template published on Portal.

² Template published on Portal.

DATA SHEET

1. General data

Project summary
Text from Description of project Annex 1 Part A (same text as application abstract)

Project number: [project number, e.g. ESF-SI-2024-LTU-01-00X]

Project title: [full title]

Project acronym: [acronym]

Call number: [e.g. ESF-SI-2024-LTU-01]

Call title: [e.g. Innovative Approaches Tackling Long-Term Unemployment]

Granting Authority: European Social Fund Agency

Project starting date:³ *[OPTION 1 by default: first day of the month following the entry into force date]* *[OPTION 2 if selected for the Grant: fixed date: dd/mm/yyyy]*

Project end date: *[OPTION 1: dd/mm/yyyy]* *[OPTION 2: starting date + months of duration]*

Project duration: [number of months, e.g. XX months]

Consortium agreement: *[OPTION 1 by default: No]* *[OPTION 2 if selected for the call: Yes]*

2. List of participants

Number	Participating organisation legal name	Short name	Country	Role	Project main contact person			Maximum grant amount	Entry date	Exit date
					Name, surname, and position	Phone number	E-mail address			
1				COO						
2				BEN						
2.1				AE						
3				BEN						
3.1				AE						
4				AP						
...										

3. Grant

Maximum Grant amount and total estimated eligible contributions:

Maximum grant amount (Annex 2)
[amount]

4. Reporting, payments and recoveries (art 20, 21)

4.1 Continuous reporting (art 20.1)

Deliverables: see Portal Reporting tool

³ This date must normally be the first day of a month and later than the entry into force of the agreement. Granting Authority can decide on another date, if justified by the applicants. However, the starting date may not be earlier than the submission date of the grant application – except if provided for by the basic act or in cases of extreme urgency and conflict prevention (Article 193 EU Financial Regulation 2018/1046).

4.2 Periodic reporting and payments

Reporting, payment and guarantees schedule (art 20, 21, 22):

Reporting					Payments				
Reporting periods			Type	Date of submission	Type	Amount		Guarantee amount	Deadline (time to pay)
RP No	Month from	Month to							
					An initial prefinancing payment	Initial prefinancing No 1	[amount]	[amount] [n/a]	30 days from accession of all beneficiaries or submission of the financial guarantee (if required) – whichever is the latest
						Initial prefinancing No 2*	[amount]	[amount] [n/a]	60 days from receiving initial <i>prefinancing</i> request or financial guarantee (if required) – whichever is the latest
						Initial prefinancing No 3*	[amount]	[amount] [n/a]	
1	[num-ber]	[num-ber]	Periodic report	[date] <i>30 days after end of reporting period</i>	A second prefinancing payment	[amount]		[amount] [n/a]	90 days from receiving periodic report or additional financial guarantee (if required) – whichever is the latest
2	[num-ber]	[num-ber]	Periodic report	[date] <i>30 days after end of reporting period</i>	The final payment (payment of the balance)				90 days from receiving periodic report

* Applicable only in case the Granting Authority, according to the risk assessment, decides to split the initial prefinancing payment into several instalments (see Article 22). Second and later instalments are disbursed upon receipt of an additional initial prefinancing request, which may only be submitted once the consumption of at least 70 percent of the initially disbursed prefinancing has been achieved, and no sooner than 30 days following the disbursement of the preceding prefinancing instalment (see Article 21.3.1).

Reporting and payment modalities (art 20, 21):

Prefinancing payment ceiling: as set out in the table above but not more than [percent, e.g. 85%] of the maximum Grant amount.

No-profit rule: n/a

Late payment interest: 0,03 percent of overdue amounts for each day overdue

Bank account for payments: [IBAN account number and SWIFT/BIC, e.g. IT75Y0538703601000000198049; GEBABEBB]

Reporting language: Language of the Agreement

4.3 Recoveries (art 21.2)

First-line liability for recoveries: [n/a]

Beneficiary termination: Coordinator

Final payment: Coordinator

After final payment: Coordinator

Joint and several liability for enforced recoveries (in case of non-payment): [n/a]

[OPTION 1 by default: Limited joint and several liability of other beneficiaries — up to the maximum grant amount of the beneficiary]

[OPTION 2 if selected for the grant: Unconditional joint and several liability of other beneficiaries — up to the maximum grant amount for the project]

[additional OPTION for calls with joint and several liability of Affiliated entities: Limited joint and several liability of the following Affiliated entities with their Beneficiary – up to the maximum Grant amount for the Affiliated entity indicated in Annex 2:

[AE legal name (short name)], linked to [BEN legal name (short name)] [AE legal name (short name)], linked to [BEN legal name (short name)]]

5. Other

Standard time-limits after project end (years after final payment):

Confidentiality: 5

Record-keeping: 5 (or 3 for grants of not more than EUR 60 000) Reviews: 5 (or 3 for grants of not more than EUR 60 000)

Audits: 5 (or 3 for grants of not more than EUR 60 000)

Extension of findings from other grants of the Initiative to this Grant: 5 (or 3 for grants of not more than EUR 60 000)

Impact evaluation: 5 (or 3 for grants of not more than EUR 60 000)

TERMS AND CONDITIONS

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CHAPTER 1 GENERAL

ARTICLE 1 – SUBJECT OF THE AGREEMENT

This Agreement sets out the rights and obligations and terms and conditions applicable to the Grant awarded for the implementation of the project set out in Chapter 2.

This Agreement is concluded based on the following documents which constitute the legal framework applicable to the rights and obligations of the parties and the parties agree to comply with the applicable terms set out therein:

Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 on the European Social Fund Plus and repealing Regulation (EU) No 1296/2013;

Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union;

National rules applicable to the Beneficiaries, in the absence of Regulations or fund-specific rules or Initiative rules. In case of amendment to any of the above documents, the latest version shall apply.

ARTICLE 2 – DEFINITIONS

For the purpose of this Agreement, the following definitions apply:

Affiliated entities – Entities affiliated to a Beneficiary within the meaning of Article 187 of EU Financial Regulation 2018/1046 which participate in the project with similar rights and obligations as the Beneficiaries (obligation to implement project activities and right to charge costs and claim contributions).

Applicable EU, international and national law – Any legal acts or other (binding or nonbinding) rules and guidance in the area concerned.

Associated partners – Entities which participate in the project, but without the right to charge costs or claim contributions.

Beneficiaries – The signatories of this Agreement (either directly or through an accession form). They must collectively together contribute to a smooth and successful implementation of the project (i.e. implement their part of the project properly, comply with their own obligations under this Agreement and support the Coordinator in his obligations). Unless otherwise specified, references to 'Beneficiary' or 'Beneficiaries' include the Coordinator and Affiliated entities (if any).

Coordinator – Beneficiary which is the central contact point for the Granting Authority and represents the consortium (towards the Granting Authority).

Days – Calendar days.

EU grants – Grants awarded by EU institutions, bodies, offices or agencies (including EU executive agencies, EU regulatory agencies, EDA, joint undertakings, etc).

EU Restrictive Measures – restrictive measures adopted pursuant to the Treaty on European Union (TEU) or to the Treaty on the Functioning of the European Union (TFEU).

Fraud – Fraud within the meaning of Article 3 of EU Directive 2017/1371⁴ and Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995⁵, as well as any other wrongful or criminal deception intended to result in financial or personal gain.

Grant – The grant awarded in the context of this Agreement.

Grave professional misconduct – Any type of unacceptable or improper behaviour in exercising one's profession, especially by employees, including grave professional misconduct within the meaning of Article 136(1)(c) of EU Financial Regulation 2018/1046.

Initiative – ESF+ Social Innovation+ initiative.

4 Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

5 OJ C 316, 27.11.1995, p. 48.

Irregularities – Any type of breach (regulatory or contractual) which could impact the EU financial interests, including irregularities within the meaning of Article 1(2) of EU Regulation 2988/95⁶.

Participants – Entities participating in the project. Such as Beneficiaries, Affiliated entities, Associated partners, subcontractors, other third parties involved in the project, etc. The involvement of Affiliated entities, Associated partners, subcontractors, other third parties does not change the Beneficiary's liability for the proper implementation of the project – the Beneficiary remains solely responsible for the improper implementation of the project due to Affiliated entities, Associated partners, subcontractors, other third parties action or inaction.

Portal – electronic portal and exchange system managed by the Granting Authority.

Restricted Person – any entities, individuals or groups of individuals designated by the EU as subject to the EU Restrictive Measures⁷.

Sound Financial Management – a principle overarching the implementation of this Agreement, namely economy, effectiveness and efficiency (including all aspects of internal control). The principle of economy requires that resources used in the pursuit of the implementation of the project shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of effectiveness concerns the attainment of the specific objectives and the achievement of the intended results. The principle of efficiency concerns the best relationship between resources employed and results achieved.

CHAPTER 2 PROJECT

ARTICLE 3 – PROJECT

The Grant is awarded for the Project as described in Data sheet and Annex 1.

ARTICLE 4 – DURATION AND STARTING DATE

The duration and the starting date of the project are set out in the Data Sheet (see Point 1).

CHAPTER 3 GRANT

ARTICLE 5 – GRANT

5.1 Form of Grant

The grant under this call shall take the form of a lump sum grant.

5.2 Maximum grant amount

The maximum Grant amount is set out in the Data Sheet (see Point 3) and in the estimated budget (Annex 2).

5.3 Funding rate

Not applicable

5.4 Estimated budget, cost categories and forms of funding

The estimated budget for the project (lump sum breakdown) is set out in Annex 2.

It contains the estimated eligible contributions for the project (lump sum contributions), broken down by participant and work package.

Annex 2 also shows the types of contributions (forms of funding⁸) to be used for each work package.

⁶ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

⁷ Consolidated list (the "EU sanctions list") presently available at <https://data.europa.eu/euodp/en/data/dataset/consolidated-list-of-persons-groups-and-entities-subject-to-EU-financial-sanctions>. Note that the EU Official Journal is the official source of EU law and, in case of conflict, its content prevails.

⁸ See Article 125 EU Financial Regulation 2018/1046

5.5 Budget flexibility

Budget flexibility does not apply; changes to the estimated budget (lump sum breakdown) always require an amendment (see Article 36).

Amendments for transfers between work packages are moreover possible only if:

- the work packages concerned are not already completed (and declared in a financial statement) and
- the transfers are justified by the technical implementation of the project.

ARTICLE 6 – ELIGIBLE AND INELIGIBLE CONTRIBUTIONS

6.1 and 6.2 General and specific eligibility conditions

Lump sum contributions are eligible ('eligible contributions'), if:

- they are set out in Annex 2
- the work packages are completed and the work is properly implemented by the Beneficiaries and/or the results are achieved, in accordance with Annex 1 and during the period set out in Article 4 (with the exception of work/results relating to the submission of the final periodic report, which may be achieved afterwards; see Article 20)

They will be calculated on the basis of the amounts set out in Annex 2.

6.3 Ineligible contributions

The following contributions are **ineligible**:

- a) lump sum contributions that do not comply with the conditions set out in Article 6.1 and 6.2
- b) lump sum contributions for activities already funded under other EU grants (or grants awarded by an EU Member State, non-EU country or other body implementing the EU budget)
- c) lump sum contributions for activities implemented during Agreement suspension (see Article 28).

6.4 Consequences of non-compliance

If the Beneficiary declares lump sum contributions that are ineligible, they will be rejected (see Article 25). This may also lead to other measures described in Chapter 5.

CHAPTER 4 GRANT IMPLEMENTATION

SECTION 1 LIABILITIES AND OBLIGATIONS OF THE BENEFICIARIES, AFFILIATED ENTITIES AND OTHER PARTICIPANTS

ARTICLE 7 – PARTICIPANTS

7.1 Beneficiaries

The Beneficiaries, as signatories of the Agreement, are fully responsible towards the Granting Authority for implementing it and for complying with all its obligations.

They must implement the Agreement to their best abilities, in good faith and in accordance with all the obligations and terms and conditions it sets out.

They must have the appropriate resources to implement the project and implement the project under their own responsibility and in accordance with Article 9. If they rely on Affiliated entities or other Participants (see Articles 7 and 8), they retain sole responsibility towards the Granting Authority and the other Beneficiaries.

They are jointly responsible for the *technical* implementation of the project. If one of the Beneficiaries fails to implement their part of the project, the other Beneficiaries must ensure that this part is implemented by someone else (without being entitled to an increase of the maximum Grant amount and subject to an amendment; see Article 36). The financial responsibility of each Beneficiary in case of recoveries is governed by Article 21.

The Beneficiaries (and their project) must remain eligible under the EU programme funding the Grant for the entire duration of the project. Lump sum contributions will be eligible only as long as the Beneficiary and the project are eligible.

The **internal roles and responsibilities** of the Beneficiaries are divided as follows:

- Each Beneficiary must:
 - inform the Coordinator (and, where necessary, the other Beneficiaries) immediately of any events or circumstances likely to affect significantly or delay the implementation of the project (see Article 18)
 - where the Coordinator delegates such role, ensure that the data in the Portal remains up to date (see Article 20)
 - submit to the Coordinator in due time:
 - the prefinancing guarantees (if required; see Article 22)
 - the contribution to the deliverables and technical reports, including status of work package implementation (see Article 20)
 - any other documents or information required by the Coordinator or Granting Authority, including data essential for maintaining the information in the Portal up to date (see Articles 18 and 20)
 - submit data and information related to the participation of their Affiliated entities.
- The Coordinator must:
 - monitor that the project is implemented properly (see Article 9)
 - keep information stored in the Portal up to date (see Articles 18 and 20)
 - keep Beneficiaries informed about any developments, including decisions made by the Granting Authority, that directly affect them
 - act as the intermediary for all communications between the consortium and the Granting Authority, unless the Agreement or Granting Authority specifies otherwise, and in particular:
 - submit the prefinancing guarantees to the Granting Authority (if any)
 - request and review any documents or information required and verify their quality and completeness before passing them on to the Granting Authority
 - submit the deliverables and reports to the Granting Authority (see Article 20)
 - inform the Granting Authority about the payments made to the other Beneficiaries (report on the distribution of payments; if required, see Articles 21 and 29)
 - distribute the payments received from the Granting Authority to the other Beneficiaries without unjustified delay (see Article 21).

The Coordinator may not delegate or subcontract the above-mentioned activities to any other Beneficiary or third party (including Affiliated entities), except in the following cases:

- Coordinators which are public bodies may delegate the above-mentioned activities, excluding monitoring that the project is implemented properly, to entities with 'authorisation to administer' which they have created or which are controlled by or affiliated to them. In this case, the Coordinator retains sole responsibility for the payments and for compliance with the obligations under the Agreement
- Coordinator may delegate to the Beneficiary the responsibility of inputting mandatory information on the Portal (e.g. deliverables, outputs/outcomes, critical risks, indicators, etc.). Nonetheless, the Coordinator retains full liability for the accuracy of this information and its timely submission.

To eliminate any potential ambiguity, communication concerning the implementation of the Agreement occurs exclusively through the Coordinator, who represents the Beneficiaries. The Beneficiaries must have internal arrangements regarding their operation and coordination, to ensure that the project is implemented properly.

If required by the Granting Authority (see Data Sheet, Point 1), these arrangements must be set out in a written **consortium agreement** between the **Beneficiaries**, covering for instance:

- the internal entity of the consortium
- the management of access to the Portal
- different distribution keys for the payments and financial responsibilities in case of recoveries (if any)
- additional rules on rights and obligations related to background and results (see Article 15)
- settlement of internal disputes
- liability, indemnification and confidentiality arrangements between the Beneficiaries. The internal arrangements must not contain any provision contrary to this Agreement.

7.2 Associated partners

[OPTION 1 for calls without Associated partners: Not applicable]

[OPTION 2 for calls with Associated partners (standard): The entities cooperating with the Beneficiary who will participate in the project as 'Associated partners' are specified in the Data Sheet (see Point 1).

Associated partners must implement the project activities attributed to them in Annex 1 in accordance with Article 9. They may not charge contributions to the project (no lump sum contributions) and the costs for their activities are not eligible (may not be included in the estimated budget in Annex 2).

The Beneficiaries must ensure that their contractual obligations under Articles 9 (proper implementation), 10 (conflict of interests), 12 (confidentiality and security), 13 (ethics), 16.2 (visibility), 17 (specific rules for carrying out project), 18 (information) and 19 (recordkeeping) also apply to the Associated partners.

The Beneficiaries must ensure that the bodies mentioned in Article 23 (e.g. Granting Authority, OLAF, Court of Auditors (ECA), etc.) can exercise their rights also towards the Associated partners.]

7.3 Affiliated entities

[OPTION 1 for calls without Affiliated entities: Not applicable]

[OPTION 2 for calls with Affiliated entities (standard): The entities linked to the Beneficiary which will participate in the project as 'Affiliated entities' are specified in the Data Sheet (see Point 1).

Affiliated entities can charge lump sum contributions to the project under the same conditions as the Beneficiaries and must implement the project activities attributed to them in Annex 1 in accordance with Article 9.

Their contributions will be included in Annex 2 and will be taken into account for the calculation of the Grant.

The Beneficiaries must ensure that all their obligations under this Agreement also apply to their Affiliated entities.

The Beneficiaries must ensure that the bodies mentioned in Article 23 (e.g. Granting Authority, OLAF, Court of Auditors (ECA), etc.) can exercise their rights also towards the Affiliated entities.

Breaches by Affiliated entities will be handled in the same manner as breaches by Beneficiaries. Recovery of undue amounts will be handled through the Beneficiaries.

If the Granting Authority requires joint and several liability of Affiliated entities (see Data Sheet, Point 4.3), they must sign the declaration set out in Annex 4 and may be held liable in case of enforced recoveries against their Beneficiaries (see Article 21.2 and 21.4).]

7.4 Third parties giving in-kind contributions to the project

[OPTION 1 for calls with in-kind contributions allowed but not eligible (standard): Other third parties may give in-kind contributions to the project (i.e. personnel, equipment, other goods, works and services, etc. which are free-of-charge), if necessary for the implementation.

Third parties giving in-kind contributions do not implement any project activities. They may not charge contributions to the project (no lump sum contributions) and the costs for the in-kind contributions are not eligible (may not be included in the estimated budget in Annex 2).

The third parties and their in-kind contributions should be set out in Annex 1.]

[OPTION 2 for calls with in-kind contributions eligible: Other third parties may give in-kind contributions to the project (i.e. personnel, equipment, other goods, works and services, etc. which are free-of-charge) if necessary for the implementation.

Third parties giving in-kind contributions do not implement any project activities. They may not charge contributions to the project (no lump sum contributions) and their costs are considered entirely covered by the lump sum contributions paid to the Beneficiaries.

The third parties and their in-kind contributions should be set out in Annex 1.] *[OPTION 3 for calls with in-kind contributions not allowed:*

In-kind contributions (i.e. personnel, equipment, other goods and services, etc. given by third parties free-of-charge) are not allowed for the implementation of the project.]

7.5 Subcontractors

[OPTION 1 for calls without subcontractors (ineligible): Not applicable]

[OPTION 2 for calls with subcontractors (standard): Subcontractors may participate in the project, if necessary for the implementation.

Subcontractors must implement their project activities in accordance with Article 9. The Beneficiaries' costs for subcontracting are considered entirely covered by the lump sum contributions for implementing the work packages (irrespective of the actual subcontracting costs incurred, if any).

The Beneficiaries must ensure that their contractual obligations under Articles 9 (proper implementation), 10 (conflict of interest), 12 (confidentiality and security), 13 (ethics), 16.2 (visibility), 17 (specific rules for carrying out project), 18 (information) and 19 (record-keeping) also apply to the subcontractors.

The Beneficiaries must ensure that the bodies mentioned in Article 23 (e.g. Granting Authority, OLAF, Court of Auditors (ECA), etc.) can exercise their rights also towards the subcontractors.]

7.6 Recipients of financial support to third parties

[OPTION 1 for calls without financial support to third parties: Not applicable]

[OPTION 2 for calls with financial support to third parties: If the project includes providing financial support to third parties (e.g. grants, prizes or similar forms of support), the Beneficiaries must ensure that their contractual obligations under Articles 10 (conflict of interest), 12 (confidentiality and security), 13 (ethics), 16.2 (visibility), 17 (specific rules for carrying out project), 18 (information) and 19 (record-keeping) also apply to the third parties receiving the support (recipients).

The Beneficiaries must also ensure that the bodies mentioned in Article 23 (e.g. Granting Authority, OLAF, Court of Auditors (ECA), etc.) can exercise their rights also towards the recipients.]

ARTICLE 8 – PARTICIPANTS WITH SPECIAL STATUS

8.1 Non-EU participants

Participants which are established in a non-EU country (if any) undertake to comply with their obligations under the Agreement and:

- to respect general principles (including fundamental rights, values and ethical principles, environmental and labour standards, rules on classified information, intellectual property rights, visibility of funding and protection of personal data)
- for the controls under Article 23: to allow for checks, reviews, audits and investigations (including on-the-spot checks, visits and inspections) by the bodies mentioned in that Article (e.g. Granting Authority, OLAF, Court of Auditors (ECA), etc.).

8.2 Participants which are international entities

Participants which are international entities (if any) undertake to comply with their obligations under the Agreement and:

- to respect general principles (including fundamental rights, values and ethical principles, environmental and labour standards, rules on classified information, intellectual property rights, visibility of funding and protection of personal data)
- for the controls under Article 23: to allow for the checks, reviews, audits and investigations by the bodies mentioned in that Article, taking into account the specific agreements concluded by them and the EU (if any).
- For such participants, nothing in the Agreement will be interpreted as a waiver of their privileges or immunities, as accorded by their constituent documents or international law.

SECTION 2 RULES FOR CARRYING OUT THE PROJECT

ARTICLE 9 – PROPER IMPLEMENTATION OF THE PROJECT

9.1 Obligation to properly implement the project

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

9.2 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the Grant may be reduced (see Article 26). Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 10 – CONFLICT OF INTERESTS

10.1 Conflict of interests

The Beneficiaries must take all measures to prevent any situation where the impartial and objective implementation of the Agreement could be compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect interest ('conflict of interests').

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

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

10.2 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the Grant may be reduced (see Article 26) and the Grant or the Beneficiary may be terminated (see Article 29).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 11 – SANCTIONS

11.1 Sanctions

The Beneficiaries must take all measures to prevent Grant funds being made available directly or indirectly to, or for the benefit of, Restricted Persons. i.e. no transaction subject to a verified hit against the EU sanctions list shall benefit directly or indirectly from Grant funding.

The Beneficiaries will implement this obligation through the following measures:

- they shall screen for hits against the EU sanctions list, before entering into, and before making payments under, the relevant agreements, each contractor with whom the Beneficiaries have or are expected to have a direct contractual relationship, so as to assess whether such recipient is a Restricted Person.

In the event that the Beneficiaries assesses that any of the recipients of the Grant funding referred to above is a Restricted Person, the Beneficiaries shall promptly inform the Coordinator who will immediately provide this information to the Granting Authority.

11.2 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the Grant may be reduced (see Article 26) and the Agreement or Beneficiary may be terminated (see Article 29).

The remedial measures may include, but shall not be limited to recovery by the Granting Authority from the Beneficiary of the amount of the Grant funding provided directly or indirectly for the benefit of a recipient that is a Restricted Person under the Agreement.

The determination of remedial measures will be made in accordance with the principle of proportionality.

If a recipient of the Grant funding becomes a Restricted Person after the date on which such Grant funding was made available to, or for the benefit of, such recipient, the Beneficiary shall not be held liable for Grant funding made available to, or for the benefit of, the Restricted Person before its listing.

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 12 – CONFIDENTIALITY AND SECURITY

12.1 Sensitive information

The parties must keep confidential any data, documents or other material (in any form) that is identified as sensitive in writing ('sensitive information') – during the implementation of the project and for at least until the time-limit set out in the Data Sheet (see Point 5).

If a Beneficiary requests, the Granting Authority may agree to keep such information confidential for a longer period. Unless otherwise agreed between the parties, they may use sensitive information only to implement the Agreement.

The Beneficiaries may disclose sensitive information to their personnel or other participants involved in the project only if they:

- need to know it in order to implement the Agreement and
- are bound by an obligation of confidentiality.

The Granting Authority may disclose sensitive information to its staff and to other EU institutions and bodies.

It may moreover disclose sensitive information to third parties, if:

- this is necessary to implement the Agreement or safeguard the EU financial interests and
- the recipients of the information are bound by an obligation of confidentiality. The confidentiality obligations no longer apply if:
 - the disclosing party agrees to release the other party
 - the information becomes publicly available, without breaching any confidentiality obligation
 - the disclosure of the sensitive information is required by EU, international or national law.

12.2 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the Grant may be reduced (see Article 26). Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 13 – ETHICS AND VALUES

13.1 Ethics

The project must be carried out in line with the highest ethical standards and the applicable EU, international and national law on ethical principles.

13.2 Values

The Beneficiaries must commit to and ensure the respect of basic EU values (such as respect for human dignity, freedom, democracy, equality, the rule of law and human rights, including the rights of minorities).

13.3 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the Grant may be reduced (see Article 26). Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 14 – DATA PROTECTION

14.1 Data processing by the Granting Authority

Any personal data under the Agreement will be processed under the responsibility of the data controller of the Granting Authority in accordance with and for the purposes set out in the Portal rules.

The Granting Authority shall process personal data under the Agreement in compliance with the applicable EU, international and national law on data protection (in particular, Regulation 2016/679⁹).

14.2 Data processing by the Beneficiaries

The Beneficiaries must process personal data under the Agreement in compliance with the applicable EU, international and national law on data protection (in particular, Regulation 2016/6799).

They must ensure that personal data is:

- processed lawfully, fairly and in a transparent manner in relation to the data subjects
- collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes
- adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed
- accurate and, where necessary, kept up to date
- kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data is processed and

9 Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ('GDPR') (OJ L 119, 4.5.2016, p. 1).

- processed in a manner that ensures appropriate security of the data.

The Beneficiaries may grant their personnel access to personal data only if it is strictly necessary for implementing, managing and monitoring the Agreement. The Beneficiaries must ensure that the personnel is under a confidentiality obligation.

The Beneficiaries must inform the persons whose data are transferred to the Granting Authority and provide them with the Portal rules.

14.3 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 26). Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 15 – INTELLECTUAL PROPERTY RIGHTS (IPR) – BACKGROUND AND RESULTS – ACCESS RIGHTS AND RIGHTS OF USE

15.1 Background and access rights to background

The Beneficiaries must give each other and the other participants access to the background identified as needed for implementing the project.

‘Background’ means any data, know-how or information – whatever its form or nature (tangible or intangible), including any rights such as intellectual property rights – that is:

- held by the Beneficiaries before they acceded to the Agreement and
- needed to implement the project or exploit the results.

If background is subject to rights of a third party, the Beneficiary concerned must ensure that it is able to comply with its obligations under the Agreement.

15.2 Ownership of results

The Granting Authority does not obtain ownership of the results produced under the project.

‘Results’ means any tangible or intangible effect of the project, such as data, know-how or information, whatever its form or nature, whether or not it can be protected, as well as any rights attached to it, including intellectual property rights.

15.3 Rights of use of the Granting Authority on materials, documents and information received for policy, information, communication, dissemination and publicity purposes

The Granting Authority has the right to use non-sensitive information relating to the project and materials and documents received from the Beneficiaries (notably summaries for publication, deliverables, as well as any other material, such as pictures or audio-visual material, in paper or electronic form) for policy, information, communication, dissemination and publicity purposes – during the project or afterwards.

The right to use the Beneficiaries’ materials, documents and information is granted in the form of a royalty-free, non-exclusive and irrevocable licence, which includes the following rights:

- use for its own purposes** (in particular, making them available to persons working for the Granting Authority or any other EU service (including institutions, bodies, offices, agencies, etc.) or EU Member State institution or body; copying or reproducing them in whole or in part, in unlimited numbers; and communication through press information services)
- distribution to the public** (in particular, publication as hard copies and in electronic or digital format, publication on the internet, as a downloadable or non-downloadable file, broadcasting by any channel, public display or presentation, communicating through press information services, or inclusion in widely accessible databases or indexes)
- editing or redrafting** (including shortening, summarising, inserting other elements (e.g. meta-data, legends, other graphic, visual, audio or text elements), extracting parts (e.g. audio or video files), dividing into parts, use in a compilation)
- translation**

- e) **storage** in paper, electronic or other form
- f) **archiving**, in line with applicable document-management rules
- g) the right to authorise **third parties** to act on its behalf or sub-license to third parties the modes of use set out in Points (b), (c), (d) and (f), if needed for the information, communication and publicity activity of the Granting Authority and
- h) **processing**, analysing, aggregating the materials, documents and information received and **producing derivative works**.

The rights of use are granted for the whole duration of the industrial or intellectual property rights concerned.

If materials or documents are subject to moral rights or third party rights (including intellectual property rights or rights of natural persons on their image and voice), the Beneficiaries must ensure that they comply with their obligations under this Agreement (in particular, by obtaining the necessary licences and authorisations from the rights holders concerned).

Where applicable, the Granting Authority will insert the following information:

"© – [year] – [name of the copyright owner]. All rights reserved. Licensed to the [name of Granting Authority] under conditions."

Where the Results include pre-existing rights and the Beneficiaries cannot warrant the Granting Authority the right to use such results, the Beneficiaries shall inform in writing the Granting Authority accordingly.

15.4 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 26). Such a breach may also lead to other measures described in Chapter 5.

ARTICLE 16 – COMMUNICATION, DISSEMINATION AND VISIBILITY

16.1 Communication – Dissemination – Promoting the project

Unless otherwise agreed with the Granting Authority, the Beneficiaries must promote the project and its results by providing targeted information to multiple audiences (including the media and the public), in accordance with Annex 1 and in a strategic, coherent and effective manner.

Before engaging in a communication or dissemination activity expected to have a major media impact, the Beneficiaries must inform the Granting Authority via e-mail communication@esf.lt.

16.2 Visibility – European flag, ESF+ SI+ lettering and funding statement

Unless otherwise agreed with the Granting Authority, communication activities of the Beneficiaries related to the project (including media relations, conferences, seminars, information material, such as brochures, leaflets, posters, presentations, etc., in electronic form, via traditional or social media, etc.), dissemination activities and any infrastructure, equipment, vehicles, supplies or major result funded by the Grant must acknowledge EU support and display the European flag (emblem) and funding statement (translated into local languages, where appropriate) as well as ESF+ SI+ lettering:



Co-funded by
the European Union



Co-funded by
the European Union

Social
Innovation ⊕
Initiative

Social Innovation ⊕
Initiative

The emblem must remain distinct and separate and cannot be modified by adding other visual marks, brands, or text.

For more information and examples on how to present the EU emblem and the statement of funding, see the Guidelines “The use of the EU emblem in the context of EU programmes 2021–2027”¹⁰.

When displayed in association with other logos (e.g., of Beneficiaries or sponsors), the EU emblem and the ESF+ SI+ lettering must be displayed at least as prominently and visibly as the other logos.

For the purposes of their obligations under this Article, the Beneficiaries may use the EU emblem or ESF+ SI+ lettering without first obtaining approval from the Granting Authority. This does not, however, give them the right to exclusive use. Moreover, they may not appropriate the emblem or any similar trademark or logo, either by registration or by any other means.

16.3 Quality of information – Disclaimer

Any communication or dissemination activity related to the project must use factually accurate information. Moreover, it must indicate the following disclaimer (translated into local languages where appropriate):

“Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or European Social Fund Agency. Neither the European Union nor the Granting Authority can be held responsible for them.”

16.4 Specific communication, dissemination and visibility rules

The Beneficiaries must **present the project** (including project summary, Coordinator contact details, list of participants, European flag and funding statement, ESF+ SI+ lettering and project results) on the Beneficiaries’ **website** or **social media account**.

Coordinator must upload key information about project to the [Social Innovation Match database](#)¹¹ before the submission of the final periodic report to the Granting Authority, if such an obligation is specified in the call conditions.

16.5 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 26). Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 17 – SPECIFIC RULES FOR CARRYING OUT THE PROJECT

17.1 Specific rules for carrying out the project

When implementing project, the Beneficiaries must take into account and promote equality between men and women, gender mainstreaming and the integration of gender perspective, as well as accessibility for persons with disabilities and must prevent any discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

17.2 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the Grant may be reduced (see Article 26). Such a breach may also lead to other measures described in Chapter 5.

SECTION 3 GRANT ADMINISTRATION

ARTICLE 18 – GENERAL INFORMATION OBLIGATIONS

18.1 Information requests

The Coordinator or, if required, other Beneficiary must provide – during the project or afterwards and in accordance with Article 7 – any information requested in order to verify eligibility of the lump sum contributions declared, proper implementation of the project and compliance with the other obligations under the Agreement.

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

¹⁰ https://ec.europa.eu/info/sites/default/files/eu-emblem-rules_en.pdf

¹¹ [Social Innovation Match | European Social Fund Plus \(europa.eu\)](#)

18.2 Information about events and circumstances which impact the project

The Beneficiaries must immediately inform the Coordinator (and, where necessary, the other Beneficiaries) of any of the following:

- a) **events** which are likely to affect or delay the implementation of the project or affect the EU's financial interests, in particular:
 - changes in their legal, financial, technical, organisational or ownership situation (including changes linked to one of the exclusion grounds listed in the declaration of honour signed before grant signature)
- b) **circumstances** affecting:
 - the decision to award the Grant or
 - compliance with requirements under the Agreement.

The Coordinator must immediately inform the Granting Authority of the aforementioned circumstances.

18.3 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the Grant may be reduced (see Article 26). Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 19 – RECORD-KEEPING

19.1 Keeping records and supporting documents

The Beneficiaries must – at least until the time-limit set out in the Data Sheet (see Point 5) – keep records and other supporting documents to prove the proper implementation of the project (proper implementation of the work and/or achievement of the results as described in Annex 1) in line with the accepted standards in the respective field (if any); Beneficiaries do not need to keep specific records on the actual costs incurred.

The Beneficiaries must also keep records and other supporting documents to prove compliance with the requirements under Article 11 (evidence of screening against the EU sanctions list).

The records and supporting documents must be made available upon request (see Article 19) or in the context of checks, reviews, audits or investigations (see Article 23).

If there are on-going checks, reviews, audits, investigations, litigation or other pursuits of claims under the Agreement (including the extension of findings; see Article 23), the Beneficiaries must keep these records and other supporting documentation until the end of these procedures.

The Beneficiaries must keep the original documents. Digital and digitalised documents are considered originals if they are authorised by the applicable national law. The Granting Authority may accept non-original documents if they offer a comparable level of assurance.

19.2 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, lump sum contributions insufficiently substantiated will be ineligible (see Article 6) and will be rejected (see Article 25), and the Grant may be reduced (see Article 26).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 20 – REPORTING

20.1 Continuous reporting

The Coordinator must continuously report on the progress of the project (e.g. deliverables, outputs/outcomes, critical risks, indicators, etc; if any), in the Portal Reporting tool and in accordance with the timing and conditions it sets out (as agreed with the Granting Authority). Coordinator may delegate to the Beneficiary the responsibility of inputting mandatory information on the Portal (e.g. deliverables, outputs/outcomes, critical risks, indicators, etc.). Nonetheless, the Coordinator retains full liability for the accuracy of this information and its timely submission.

Standardised deliverables (e.g. progress reports not linked to payments, reports on cumulative expenditure, special reports, etc; if any) must be submitted using the templates published on the Portal.

20.2 Periodic reporting: technical reports and financial statements

In addition, the Coordinator must provide reports to request payments, in accordance with the schedule and modalities set out in the Data Sheet (see Point 4.2), i.e. periodic reports for a second prefinancing (if any) and for final payment (payment of the balance). There will be no interim payments.

The periodic report includes a technical and financial part. It must be prepared in the Portal Reporting tool. The technical part includes an overview of the project implementation. The financial part of the periodic report includes the financial statement (consolidated statement for the consortium).

The financial statement must detail the lump sum contributions indicated in Annex 2, (i.e. contain the lump sum contributions for the work packages that were completed during the reporting period).

For the last reporting period, partial lump sum contributions for work packages that were not completed (e.g. due to force majeure or technical impossibility) may also be exceptionally declared.

Lump sum contributions which are not declared in a financial statement will not be taken into account by the Granting Authority.

By signing the periodic report (directly in the Portal Periodic Reporting tool), the Coordinator confirms (on behalf of the consortium) that:

- the information provided is complete, reliable and true
- lump sum contributions declared are eligible (in particular, for the lump sum contributions the work packages have been completed, the work has been properly implemented and/or the results were achieved in accordance with Annex 1; see Article 6)
- the lump sum contributions can be substantiated by adequate records and supporting documents (see Article 19) that will be produced upon request (see Article 18).

In case of recoveries (see Article 21), Beneficiaries will be held responsible also for the lump sum contributions declared for their Affiliated entities (if any).

20.3 Currency for financial statements and conversion into euros

The financial statements must be drafted in euro.

20.4 Reporting language

The reporting must be in the language of the Agreement, unless otherwise agreed with the Granting Authority (see Data Sheet, Point 4.2).

20.5 Consequences of non-compliance

If a report submitted does not comply with this Article, the Granting Authority may suspend the payment deadline (see Article 27) and/or apply other measures described in Chapter 5.

If the Coordinator breaches its reporting obligations, the Granting Authority may terminate the Agreement or the Coordinator's participation (see Article 29) or apply other measures described in Chapter 5.

ARTICLE 21 – PAYMENTS AND RECOVERIES – CALCULATION OF AMOUNTS DUE

21.1 Payments and payment arrangements

Payments will be made in accordance with the schedule and modalities set out in the Data Sheet (see Point 4.2). They will be made in euro to the bank account indicated by the Coordinator (see Data Sheet, Point 4.2) and must be distributed without unjustified delay (restrictions may apply to distribution of the initial prefinancing payment; see Data Sheet, Point 4.2).

Payments to this bank account will discharge the Granting Authority from its payment obligation. The cost of payment transfers will be borne as follows:

- the Granting Authority bears the cost of transfers charged by its bank
- the Beneficiary bears the cost of transfers charged by its bank
- the party causing a repetition of a transfer bears all costs of the repeated transfer.

Payments by the Granting Authority will be considered to have been carried out on the date when they are debited to its account.

Disbursement of the Grant shall be subject to the condition that the European Commission makes the funds available. In case of non-availability of funds, the Granting Authority cannot be deemed responsible for late payments.

21.2 Recoveries

Recoveries will be made, if – at Beneficiary termination, final payment or afterwards – it turns out that the Granting Authority has paid too much and needs to recover the amounts undue.

The general liability regime for recoveries (first-line liability) is as follows: At final payment, the Coordinator will be fully liable for recoveries, even if it has not been the final recipient of the undue amounts. At Beneficiary termination or after final payment, recoveries will be made against the Coordinator as well.

Beneficiaries will be fully liable for repaying the debts of their Affiliated entities. In case of enforced recoveries (see Article 21.4):

- the Beneficiaries will be jointly and severally liable for repaying debts of their Affiliated entities (if any) and another Beneficiary (including its Affiliated entities) under the Agreement (including late-payment interest), if required by the Granting Authority (see Data Sheet, Point 4.3)

If the Beneficiary is involved in more than one project and fails to return unduly paid funds in one of the project funded by the Initiative, the Granting Authority has the right to withdraw the corresponding debts from any open payment in the other project

- Affiliated entities will be held liable for repaying debts of their Beneficiaries under the Agreement (including late-payment interest), if required by the Granting Authority (see Data Sheet, Point 4.3).

21.3 Amounts due

21.3.1 Prefinancing payments

The aim of the prefinancing is to provide the Beneficiaries with a float.

For **an initial prefinancing**, the amount due, schedule and modalities are set out in the Data Sheet (see Point 4.2). If the Granting Authority, based on the risk assessment, decides to split the initial prefinancing payment into several instalments, second and later instalments are disbursed upon receipt of an additional initial prefinancing request and, if required, a financial guarantee, in accordance with the deadlines outlined in Point 4.2 of the Data sheet. Such requests may only be submitted once the consumption of at least 70 percent of the initially disbursed prefinancing has been achieved, and no sooner than 30 days following the disbursement of the preceding prefinancing instalment.

For **a second prefinancing** (if any), the amount due, schedule and modalities are also set out in the Data Sheet (see Point 4.2). However, if the statement on the use of the previous prefinancing payment shows that less than 70% was used, the amount set out in the Data Sheet will be reduced by the difference between the 70% threshold and the amount used.

Prefinancing payments (or parts of them) may be offset (without the Beneficiaries' consent) against amounts owed by a Beneficiary to the Granting Authority – up to the amount due to that Beneficiary.

Payments will not be made if the payment deadline is suspended (see Articles 27).

21.3.2 Amount due at Beneficiary termination – Recovery

In case of Beneficiary termination, the Granting Authority will determine the provisional amount due for the Beneficiary concerned.

This will be done on the basis of work packages already completed in previous periodic reports. Payments for ongoing/ not yet completed work packages which the Beneficiary was working on before termination (if any) will not be made.

The **amount due** will be calculated in the following step:

Step 1 – Calculation of the total accepted EU contribution

The Granting Authority will first calculate the 'accepted EU contribution' for the Beneficiary, on the basis of the Beneficiary's lump sum contributions for the work packages which were approved in previous periodic reports.

After that, the Granting Authority will take into account Grant reductions (if any). The resulting amount is the 'total accepted EU contribution' for the Beneficiary.

The **balance** is then calculated by deducting the payments received (if any; see report on the distribution of payments in Article 29), from the total accepted EU contribution:

{total accepted EU contribution for the Beneficiary minus
{prefinancing payments received}}.

If the balance is **positive**, the amount will be included in the final payment to the Beneficiary. If the balance is **negative**, it will be **recovered** in accordance with the following procedure: The Granting Authority will send a **pre-information letter** to the Coordinator:

- formally notifying the intention to recover, the amount due, the amount to be recovered and the reasons why and
- requesting observations within 30 days of receiving notification.

If no observations are submitted (or the Granting Authority decides to pursue recovery despite the observations it has received), it will confirm the amount to be recovered and instruct the Coordinator to retrieve this amount from the Beneficiary concerned, depositing it into the Coordinator's account (**confirmation letter**).

The amounts will later on also be taken into account for the final payment.

21.3.3 Final payment – Final Grant amount – Revenues and Profit – Recovery

The final payment (payment of the balance) reimburses the remaining eligible lump sum contributions claimed for the implemented work packages (if any).

The final payment will be made in accordance with the schedule and modalities set out in the Data Sheet (see Point 4.2).

Payment is subject to the approval of the final periodic report and the work packages declared. Their approval does not imply recognition of compliance, authenticity, completeness or correctness of their content.

Work packages (or parts of them) that have not been delivered or cannot be approved will be rejected (see Article 25).

The **final Grant amount for the project** will be calculated in the following steps:

Step 1 – Calculation of the total accepted EU contribution

Step 2 – Limit to the maximum Grant amount

Step 3 – Reduction due to the no-profit rule

Step 1 – Calculation of the total accepted EU contribution

The Granting Authority will first calculate the 'accepted EU contribution' for the project for all reporting periods, by calculating the lump sum contributions for the approved work packages.

After that, the Granting Authority will take into account Grant reductions (if any). The resulting amount is the 'total accepted EU contribution'.

Step 2 – Limit to the maximum Grant amount. Not applicable

Step 3 – Reduction due to the no-profit rule. Not applicable

The **balance** (final payment) is then calculated by deducting the total amount of prefinancing payments already made, from the final grant amount:

{final Grant amount minus
{prefinancing payments made}}.

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

The final payment (or part of it) may be offset (without the Beneficiaries' consent) against amounts owed by a Beneficiary to the Granting Authority – up to the amount due to that Beneficiary.

Payments will not be made if the payment deadline is suspended (see Articles 27).

If the balance is **negative**, it will be **recovered** in accordance with the following procedure: The Granting Authority will send a **pre-information letter** to the Coordinator:

- formally notifying the intention to recover, the final Grant amount, the amount to be recovered and the reasons why
- requesting observations within 30 days of receiving notification.

If no observations are submitted (or the Granting Authority decides to pursue recovery despite the observations it has received), it will confirm the amount to be recovered (**confirmation letter**), together with a **debit note** with the terms and date for payment.

If payment is not made by the date specified in the debit note, the Granting Authority will **enforce recovery** in accordance with Article 21.4.

21.3.4 Audit implementation after final payment – Revised final Grant amount – Recovery

If – after the final payment (in particular, after checks, reviews, audits or investigations; see Article 23) – the Granting Authority rejects lump sum contributions (see Article 25) or reduces the grant (see Article 26), it will calculate the **revised final Grant amount** for the Beneficiary concerned.

The **Beneficiary revised final Grant amount** will be calculated in the following step: Step 1 – Calculation of the revised total accepted EU contribution

The Granting Authority will first calculate the ‘revised accepted EU contribution’ for the Beneficiary, by calculating the ‘revised accepted contributions’.

After that, it will take into account Grant reductions (if any). The resulting ‘revised total accepted EU contribution’ is the Beneficiary revised final grant amount.

If the revised final Grant amount is lower than the Beneficiary’s final Grant amount (i.e. its share in the final Grant amount for the project), it will be **recovered** in accordance with the following procedure:

The **Beneficiary final Grant amount** (i.e. share in the final Grant amount for the project) is calculated as follows:

$$\frac{\{\text{total accepted EU contribution for the Beneficiary divided by total accepted EU contribution for the project}\} \times \text{final Grant amount for the project}}{\text{final Grant amount for the project}}$$

The Granting Authority will send a **pre-information letter** to the Coordinator and the Beneficiary concerned:

- formally notifying the intention to recover, the amount to be recovered and the reasons why and
- requesting observations within 30 days of receiving notification.

If no observations are submitted (or the Granting Authority decides to pursue recovery despite the observations it has received), it will confirm the amount to be recovered (**confirmation letter**), together with a **debit note** with the terms and the date for payment.

Recoveries against Affiliated entities (if any) will be handled through their Beneficiaries.

If payment is not made by the date specified in the debit note, the Granting Authority will **enforce recovery** in accordance with Article 21.4.

21.4 Enforced recovery

If payment is not made by the date specified in the **debit note**, the amount due will be recovered:

- by offsetting the amount – without the Coordinator or Beneficiary’s consent – against any amounts owed to the Coordinator or Beneficiary by the Granting Authority (including withdrawing the corresponding debts from any open payment in the other project – where Beneficiary is involved in more than one project funded by the Initiative)
- by drawing on the financial guarantee(s) (if any)
- by holding other Beneficiaries jointly and severally liable (if any; see Data Sheet, Point 4.3)
- by holding Affiliated entities jointly and severally liable (if any, see Data Sheet, Point 4.3)

The amount to be recovered will be increased by late-payment interest at the rate set out in the Data Sheet (Point 4.2), from the day following the payment date in the debit note, up to and including the date the full payment is received.

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

21.5 Consequences of non-compliance

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

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

If the Beneficiary breaches any of its obligations under this Article, the Grant may be reduced (see Article 26) and the Grant Agreement or the Beneficiary may be terminated (see Article 29).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 22 – GUARANTEES

22.1 Prefinancing guarantee

If required by the Granting Authority (see Data Sheet, Point 4.2), the Beneficiaries must provide (one or more) prefinancing guarantee(s) in accordance with the timing and the amounts set out in the Data Sheet.

The Coordinator must submit them to the Granting Authority in due time before the prefinancing they are linked to. The guarantees must be drawn up using the template published on the Portal and fulfil the following conditions:

- be provided by a bank or approved financial institution established in the EU or – if requested by the Beneficiary and accepted by the Granting Authority – by a third party or a bank or financial institution established outside the EU offering equivalent security
- the guarantor stands as first-call guarantor and does not require the Granting Authority to first have recourse against the principal debtor (i.e. the Beneficiary concerned) and
- remain explicitly in force until the final payment and, if the final payment takes the form of a recovery, until five months after the debit note is notified to a Beneficiary.

22.2 Other measures

According to the risk assessment, the Granting Authority may also:

- request to submit an irrevocable and unconditional joint guarantee of the other Beneficiaries or third parties
- split the payment of the prefinancing into several instalments
- establish a ceiling for the pre-financing of the Agreement – 20 000 EUR
- apply any other measure which, after assessing the specific situation, would ensure that the project will be implemented properly.

22.3 Consequences of non-compliance

If the Beneficiaries breach their obligation to provide the prefinancing guarantee or other measure, the prefinancing will not be paid.

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 23 – CHECKS, REVIEWS, AUDITS AND INVESTIGATIONS – EXTENSION OF FINDINGS

23.1 Granting Authority checks, reviews and audits

23.1.1 Internal checks

The Granting Authority may – during the project or afterwards – check the proper implementation of the project and compliance with the obligations under the Agreement, including assessing lump sum contributions, deliverables and reports.

23.1.2 Project reviews

The Granting Authority may carry out reviews on the proper implementation of the project and compliance with the obligations under the Agreement (general project reviews or specific issues reviews).

Such project reviews may be started during the implementation of the project and until the time-limit set out in the Data Sheet (see Point 5). They will be formally notified to the Coordinator or Beneficiary concerned and will be considered to start on the date of the notification.

If needed, the Granting Authority may be assisted by independent, outside experts. If it uses outside experts, the Coordinator or Beneficiary concerned will be informed and have the right to object on grounds of commercial confidentiality or conflict of interest.

The Coordinator or Beneficiary concerned must cooperate diligently and provide – within the deadline requested – any information and data in addition to deliverables and reports already submitted. The Granting Authority may request Beneficiaries to provide such information to it directly. Sensitive information and documents will be treated in accordance with Article 12.

The Coordinator or Beneficiary concerned may be requested to participate in meetings, including with the outside experts.

For **on-the-spot** visits, the Beneficiary concerned must allow access to sites and premises (including to the outside experts) and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format. On the basis of the review findings, a **project review report** will be drawn up.

The Granting Authority will formally notify the project review report to the Coordinator or Beneficiary concerned, which has 30 days from receiving notification to make observations.

Project reviews (including project review reports) will be in the language of the Agreement.

23.1.3 Audits

The Granting Authority may carry out audits on the proper implementation of the project and compliance with the obligations under the Agreement.

Such audits may be started during the implementation of the project and until the time-limit set out in the Data Sheet (see Point 5). They will be formally notified to the Beneficiary concerned and will be considered to start on the date of the notification.

The Granting Authority may use its own audit service, delegate audits to a centralised service or use external audit firms. If it uses an external firm, the Beneficiary concerned will be informed and have the right to object on grounds of commercial confidentiality or conflict of interest.

The Beneficiary concerned must cooperate diligently and provide – within the deadline requested – any information (including complete accounts, individual salary statements or other personal data) to verify compliance with the Agreement. Sensitive information and documents will be treated in accordance with Article 12.

For **on-the-spot** visits, the Beneficiary concerned must allow access to sites and premises (including for the external audit firm) and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format. On the basis of the audit findings, a **draft audit report** will be drawn up.

The auditors will formally notify the draft audit report to the Beneficiary concerned, which has 30 days from receiving notification to make observations (contradictory audit procedure).

The **final audit report** will take into account observations by the Beneficiary concerned and will be formally notified to them. Audits (including audit reports) will be in the language of the Agreement.

23.2 European Commission checks, reviews and audits in grants of other Granting authorities

European Commission has the same rights of checks, reviews and audits as the Granting Authority.

23.3 Access to records for assessing simplified forms of funding

The Beneficiaries must give the European Commission access to their statutory records for the periodic assessment of simplified forms of funding which are used in EU programmes.

23.4 OLAF, EPPO and ECA audits and investigations

The following bodies may also carry out checks, reviews, audits and investigations – during the project or afterwards:

- the European Anti-Fraud Office (OLAF) under Regulations No 883/2013¹² and No 2185/96¹³
- the European Public Prosecutor's Office (EPPO) under Regulation 2017/1939
- the European Court of Auditors (ECA) under Article 287 of the Treaty on the Functioning of the EU (TFEU) and Article 257 of EU Financial Regulation 2018/1046.

If requested by these bodies, the Beneficiary concerned must provide full, accurate and complete information in the format requested (including complete accounts, individual salary statements or other personal data, including in electronic format) and allow access to sites and premises for on-the-spot visits or inspections – as provided for under these Regulations.

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

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

To this end, the Beneficiary concerned must keep all relevant information relating to the project, at least until the time-limit set out in the Data Sheet (Point 5) and, in any case, until any ongoing checks, reviews, audits, investigations, litigation or other pursuits of claims have been concluded.

23.5 Consequences of checks, reviews, audits and investigations – Extension of findings

23.5.1 Consequences of checks, reviews, audits and investigations in this Grant

Findings in checks, reviews, audits or investigations carried out in the context of this grant may lead to rejections (see Article 25), grant reduction (see Article 26) or other measures described in Chapter 5.

Rejections or grant reductions after the final payment will lead to a revised final Grant amount (see Article 21).

Findings in checks, reviews, audits or investigations during the project implementation may lead to a request for amendment (see Article 36), to change the description of the project set out in Annex 1.

Checks, reviews, audits or investigations that find systemic or recurrent errors, irregularities, fraud or breach of obligations in any EU grant may also lead to consequences in other grants of the Initiative ('extension to other grants').

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

23.5.2 Extension from other grants

Findings of checks, reviews, audits or investigations in other grants of the Initiative may be extended to this Grant, if:

- a) the Beneficiary concerned is found, in other grants of the Initiative, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this Grant and
- b) those findings are formally notified to the Beneficiary concerned – together with the list of grants affected by the findings – within the time-limit for audits set out in the Data Sheet (see Point 5).

The Granting Authority will formally notify the Beneficiary concerned of the intention to extend the findings and the list of grants affected.

If the extension concerns **rejections of lump sum contributions**: the notification will include:

- an invitation to submit observations on the list of grants affected by the findings
- the request to submit revised financial statements for all grants affected
- the correction rate for extrapolation, established on the basis of the systemic or recurrent errors, to calculate the amounts to be rejected, if the Beneficiary concerned:
 - considers that the submission of revised financial statements is not possible or practicable or
 - does not submit revised financial statements.

If the extension concerns **Grant reductions**: the notification will include:

- an invitation to submit observations on the list of grants affected by the findings and
- the **correction rate for extrapolation**, established on the basis of the systemic or recurrent errors and the principle of proportionality.

The Beneficiary concerned has **60 days** from receiving notification to submit observations, revised financial statements or to propose a duly substantiated **alternative correction method/rate**.

On the basis of this, the Granting Authority will analyse the impact and decide on the implementation (i.e. start rejection or Grant reduction procedures, either on the basis of the revised financial statements or the announced/alternative method/rate or a mix of those; see Articles 25 and 26).

23.6 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, lump sum contributions insufficiently substantiated will be ineligible (see Article 6) and will be rejected (see Article 25), and the Grant may be reduced (see Article 26).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 24 – IMPACT EVALUATIONS

24.1 Impact evaluation

The Granting Authority, European Commission may carry out impact evaluations of the project, measured against the objectives and indicators of the EU programme funding the Grant.

Such evaluations may be started during implementation of the project and until the time-limit set out in the Data Sheet (see Point 5). They will be formally notified to the Coordinator or Beneficiaries and will be considered to start on the date of the notification.

If needed, the Granting Authority, European Commission may be assisted by independent outside experts.

The Coordinator or Beneficiaries must provide any information relevant to evaluate the impact of the project, including information in electronic format.

The Coordinator or Beneficiaries shall also participate in surveys, interviews or other forms of impact evaluation organized by Granting Authority, European Commission or other third parties assisting to them in order to evaluate the impact of the project.

24.2 Consequences of non-compliance

If a Beneficiary breaches any of its obligations under this Article, the Granting Authority may apply the measures described in Chapter 5.

CHAPTER 5 CONSEQUENCES OF NON-COMPLIANCE

SECTION 1 REJECTIONS AND GRANT REDUCTION

ARTICLE 25 – REJECTION OF CONTRIBUTIONS

25.1 Conditions

The Granting Authority will – at Agreement termination, prefinancing payment, final payment or afterwards – reject any lump sum contributions which are ineligible (see Article 6), in particular following checks, reviews, audits or investigations (see Article 23).

The rejection may also be based on the extension of findings from other grants of the Initiative to this Grant (see Article 23.5). Ineligible lump sum contributions will be rejected.

25.2 Procedure

If the rejection does not lead to a recovery, the Granting Authority will formally notify the Coordinator of the rejection, the amounts and the reasons why. The Coordinator may – within 30 days of receiving notification – submit observations if it disagrees with the rejection (payment review procedure).

If the rejection leads to a recovery, the Granting Authority will follow the contradictory procedure with pre-information letter set out in Article 21.

25.3 Effects

If the Granting Authority rejects lump sum contributions, it will deduct them from the contributions declared and then calculate the amount due (and, if needed, make a recovery; see Article 21).

ARTICLE 26 – GRANT REDUCTION

26.1 Conditions

The Granting Authority may – at Beneficiary or Agreement termination, final payment or afterwards – reduce the grant for a Beneficiary, if:

- the Beneficiary (or a person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) has committed:
- substantial errors, irregularities or fraud or
- serious breach of obligations under this Agreement or during its award (including improper implementation of the project, non-compliance with the call conditions, submission of false information, failure to provide required information, breach of ethics or security rules (if applicable), etc.), or
- the Beneficiary (or a person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) has committed – in other grants of the Initiative – systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this Grant (extension of findings; see Article 23.5).

The amount of the reduction will be calculated for each Beneficiary concerned and proportionate to the seriousness and the duration of the errors, irregularities or fraud or breach of obligations, by applying an individual reduction rate to their accepted EU contribution.

26.2 Procedure

If the Grant reduction does not lead to a recovery, the Granting Authority will formally notify the Coordinator of the reduction, the amount to be reduced and the reasons why. The Coordinator may – within 30 days of receiving notification – submit observations if it disagrees with the reduction (payment review procedure).

If the Grant reduction leads to a recovery, the Granting Authority will follow the contradictory procedure with pre-information letter set out in Article 21.

26.3 Effects

If the Granting Authority reduces the Grant, it will deduct the reduction and then calculate the amount due (and, if needed, make a recovery; see Article 21).

SECTION 2 SUSPENSION AND TERMINATION

ARTICLE 27 – PAYMENT DEADLINE SUSPENSION

27.1 Conditions

The Granting Authority may – at any moment – suspend the payment deadline if a payment cannot be processed because:

- a) the amount is not due; or
- b) the appropriate reports and supporting documents (see Article 20) have not been provided and therefore the Granting Authority needs to request clarifications, modifications or additional information to the reports. Such clarifications or additional information may notably be requested by the Granting Authority if it has doubts about compliance by the Beneficiaries with their obligations in the implementation of the Agreement; or
- c) credible information has come to the notice of the Granting Authority that puts in doubt the eligibility of the reported lump sum contributions; or
- d) credible information has come to the notice of the Granting Authority that indicates a significant deficiency in the functioning of the internal control system of the Beneficiaries or that the lump sum contributions reported by the Beneficiaries are linked to a serious irregularity and has not been corrected. In this case, the Granting Authority may suspend the payment deadline if it is necessary to prevent significant damage to the EU's financial interests.

27.2 Procedure

The Granting Authority shall notify the Coordinator as soon as possible, and in any case within 30 days from the date on which the payment request was received, of the reasons for the suspension, specifying – where applicable – the additional information required.

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

If the conditions for suspending the payment deadline are no longer met, the suspension will be **lifted** – and the remaining time to pay (see Data Sheet, Point 4.2) will resume.

If the suspension exceeds two months, the Coordinator may request the Granting Authority to confirm if the suspension will continue.

ARTICLE 28 – AGREEMENT SUSPENSION

28.1 Suspension for exceptional circumstances

28.1.1 Conditions and procedure

The Beneficiaries may request the suspension of the Agreement or any part of it, if exceptional circumstances – in particular force majeure (see Article 32) – make implementation impossible or excessively difficult.

The Coordinator must submit a request for amendment (see Article 36), with:

- the reasons why, including the measures taken to minimise any possible damage;
- the date the suspension takes effect; this date may be before the date of the submission of the amendment request and
- the expected date of resumption.

The suspension will take effect on the day specified in the amendment.

Once circumstances allow for implementation to resume, the Coordinator must immediately request another amendment of the Agreement to set the suspension end date, the resumption date (one day after suspension end date), extend the duration and make other changes necessary to adapt the project to the new situation (see Article 36) – unless the Agreement has been terminated (see Article 29). The suspension will be lifted with effect from the suspension end date set out in the amendment. This date may be before the date of the submission of the amendment request.

The Coordinator shall inform the Granting Authority immediately and provide all the necessary details, including the measures taken to minimise any possible damage, and the foreseeable effect and date of resumption.

The Granting Authority may also notify the Coordinator of the suspension of the Agreement if exceptional circumstances so require, in particular:

- when a relevant EU Decision identifying a violation of human rights has been adopted; or
- in cases such as crisis entailing a change of EU policy.

The parties shall minimise the duration of the suspension and shall resume implementation once the conditions allow. During the suspension period, the Beneficiaries shall be entitled to the reimbursement of the minimum costs, including new legal commitments, necessary for a possible resumption of the implementation of the Agreement. The parties shall agree on such costs, including the reimbursement of legal commitments entered into for implementing the Agreement before the notification of the suspension was received which the Beneficiaries cannot reasonably suspend, reallocate or terminate on legal grounds. This is without prejudice to any amendments to the Agreement that may be necessary to adapt the Agreement to the new implementing conditions, including, if possible, the extension of the Implementation Period or to the termination of the Agreement in accordance with Article 29. In case of suspension due to *force majeure*, the Implementation Period is automatically extended by an amount of time equivalent to the duration of the suspension.

During the suspension, no prefinancing will be paid. Moreover, no work may be done. Ongoing work packages must be interrupted and no new work packages may be started.

Neither of the parties shall be held liable for breach of its obligations under the Agreement if *force majeure* or exceptional circumstances prevent it from fulfilling said obligations, and provided it takes any measures to minimise any possible damage.

28.2 Granting Authority-initiated Agreement suspension

28.2.1 Conditions

The Granting Authority may suspend the implementation of the Agreement, fully or partly, if:

- a Beneficiary (or a person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) has committed or is suspected of having committed:
 - substantial errors, irregularities or fraud or
 - serious breach of obligations under this Agreement or during its award (including improper implementation of the project, non-compliance with the call conditions, submission of false information, failure to provide required information, breach of ethics or security rules (if applicable), etc.), or
- the Granting Authority has proof that irregularities, fraud or breach of obligations have occurred which call into question the reliability or effectiveness of the Beneficiary's internal control system or the legality and regularity of the underlying transactions
- Beneficiary (or a person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) has committed – in other grants of the Initiative – systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (extension of findings; see Article 23.5).

28.2.2 Procedure

Before suspending the Agreement, the Granting Authority will send a **pre-information letter** to the Coordinator:

- formally notifying the intention to suspend the Grant and the reasons why and
- requesting observations within 30 days of receiving notification.

If the Granting Authority does not receive observations or if – after examination of the observations submitted by the Coordinator – the Granting Authority decides to pursue the suspension, the Granting Authority may suspend all or part of the implementation of the Agreement serving 7 days' prior notice.

In case of suspension of part of the implementation of the Agreement, upon request of the Coordinator, the parties shall enter into discussions in order to find the arrangements necessary to continue the part of the implementation that is not suspended.

The suspension will **take effect** the day after the confirmation notification is sent (or on a later date specified in the notification).

Following suspension of the implementation of the Agreement, the Granting Authority may terminate the Agreement in accordance with Article 29, recover amounts unduly paid and/or, in agreement with the Coordinator, resume implementation of the Agreement. In the latter case, the parties will amend the Agreement where necessary. Once the conditions for resuming implementation of the project are met, the Granting Authority will formally notify the Coordinator with a **lifting of suspension letter**, in which it will set the suspension end date and invite the Coordinator to request an amendment of the Agreement to set the resumption date (one day after suspension end date), extend the duration and make other changes necessary to adapt the project to the new situation (see Article 36) – unless the Agreement has been terminated (see Article 29). The suspension will be **lifted** with effect from the suspension end date set out in the lifting of suspension letter. This date may be before the date on which the letter is sent.

During the suspension, no prefinancing will be paid. Moreover, no work may be done. Ongoing work packages must be interrupted and no new work packages may be started.

The Beneficiaries may not claim damages due to suspension by the Granting Authority (see Article 30).

Agreement suspension does not affect the granting authority's right to terminate the Agreement or a Beneficiary (see Article 29) or reduce the Grant (see Article 26).

ARTICLE 29 – AGREEMENT OR BENEFICIARY TERMINATION

29.1 Consortium-requested Agreement termination

29.1.1 Conditions and procedure

The Beneficiaries may request the termination of the Agreement.

The Coordinator must submit a request for **amendment** (see Article 36), with:

- the reasons why
- the date the consortium ends work on the project ('end of work date') and
- the date the termination takes effect ('termination date'); this date must be after the date of the submission of the amendment request.

The termination will **take effect** on the termination date specified in the amendment.

If no reasons are given or if the Granting Authority considers the reasons do not justify termination, it may consider the Agreement terminated improperly.

29.1.2 Effects

The Coordinator must – within 60 days from when termination takes effect – submit a **periodic report** (for the open reporting period until termination).

The Granting Authority will calculate the final Grant amount and final payment on the basis of the report submitted and taking into account the lump sum contributions for activities implemented before the end of work date (see Article 21). Partial lump sum contributions for work packages that were not completed (e.g. due to technical reasons) may exceptionally be taken into account.

If the Granting Authority does not receive the report within the deadline, only lump sum contributions which are included in an approved periodic report will be taken into account (no contributions if no periodic report was ever approved).

Improper termination may lead to a Grant reduction (see Article 26).

After termination, the Beneficiaries' obligations (in particular Articles 12 (confidentiality and security), 15 (IPR), 16 (communication, dissemination and visibility), 20 (reporting), 23 (checks, reviews, audits and investigations), 24 (impact evaluation), 25 (rejections), 26 (grant reduction) and 38 (assignment of claims) continue to apply.

29.2 Consortium-requested Beneficiary termination

29.2.1 Conditions and procedure

The Coordinator may request the termination of the participation of one or more Beneficiaries, on request of the Beneficiary concerned or on behalf of the other Beneficiaries.

The Coordinator must submit a request for amendment (see Article 36), with:

- the reasons why
- the opinion of the Beneficiary concerned (or proof that this opinion has been requested in writing)
- the date the Beneficiary ends work on the project ('end of work date')
- the date the termination takes effect ('termination date'); this date must be after the date of the submission of the amendment request.

If the termination concerns the Coordinator and is done without its agreement, the amendment request must be submitted by another Beneficiary (acting on behalf of the consortium).

The termination will **take effect** on the termination date specified in the amendment.

If no information is given or if the Granting Authority considers that the reasons do not justify termination, it may consider the Beneficiary to have been terminated improperly.

29.2.2 Effects

The Coordinator must – within 60 days from when termination takes effect – submit:

- a **report on the distribution of payments** to the Beneficiary concerned
- a **termination report** from the Beneficiary concerned, for the open reporting period until termination, containing an overview of the progress of the work
- a second **request for amendment** (see Article 36) with other amendments needed (e.g. reallocation of the activities and the estimated budget of the terminated Beneficiary; addition of a new Beneficiary to replace the terminated Beneficiary; change of Coordinator, etc.).

The Granting Authority will calculate the amount due to the Beneficiary on the basis of the reports submitted (i.e. Beneficiary's lump sum contributions for completed and approved work packages).

Lump sum contributions for ongoing/not yet completed work packages will have to be included in the periodic report for the next reporting periods when those work packages have been completed.

If the Granting Authority does not receive the report on the distribution of payments within the deadline, it will consider that:

- the Coordinator did not distribute any payment to the Beneficiary concerned and that
- the Beneficiary concerned must not repay any amount to the Coordinator.

If the second request for amendment is accepted by the Granting Authority, the Agreement is **amended** to introduce the necessary changes (see Article 36).

If the second request for amendment is rejected by the Granting Authority (because it calls into question the decision awarding the Grant or breaches the principle of equal treatment of applicants), the Agreement may be terminated (see Article 29).

Improper termination may lead to a reduction of the grant (see Article 26) or Agreement termination (see Article 29).

After termination, the concerned Beneficiary's obligations (in particular Articles 12 (confidentiality and security), 15 (IPR), 16 (communication, dissemination and visibility), 20 (reporting), 23 (checks, reviews, audits and investigations), 24 (impact evaluation), 25 (rejections), 26 (grant reduction) and 38 (assignment of claims) continue to apply.

29.3 Granting Authority-initiated Agreement or Beneficiary termination

29.3.1 Conditions

The Granting Authority may terminate the Agreement or the participation of one or more Beneficiaries, if:

- a) one or more Beneficiaries do not accede to the Agreement (see Article 37)
- b) a change to the project or the legal, financial, technical, organisational or ownership situation of a Beneficiary is likely to substantially affect the implementation of the project or calls into question the decision to award the grant (including changes linked to one of the exclusion grounds listed in the declaration of honour)
- c) following termination of one or more Beneficiaries, the necessary changes to the Agreement (and their impact on the project) would call into question the decision awarding the Grant or breach the principle of equal treatment of applicants
- d) implementation of the project has become impossible or the changes necessary for its continuation would call into question the decision awarding the Grant or breach the principle of equal treatment of applicants
- e) a Beneficiary has failed to submit requested information within given deadlines
- f) a Beneficiary has failed to ensure that no Grant funds were made available directly or indirectly to, or for the benefit of, Restricted Persons
- g) a Beneficiary (or person with unlimited liability for its debts) is subject to bankruptcy proceedings or similar (including insolvency, winding-up, administration by a liquidator or court, arrangement with creditors, suspension of business activities, etc.)
- h) any Initiative rules, laws or regulations have been breached by a Beneficiary
- i) a Beneficiary receives additional funding from the European Union for all or part of the project expenditure reported under the Initiative during the period of the implementation of the project
- j) a Beneficiary (or person with unlimited liability for its debts) is in breach of social security or tax obligations
- k) a Beneficiary (or person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) has been found guilty of grave professional misconduct
- l) a Beneficiary (or person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) has committed fraud, corruption, or is involved in a criminal organisation, money laundering, terrorism related crimes (including terrorism financing), child labour or human trafficking
- m) a Beneficiary (or person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) was created under a different jurisdiction with the intent to circumvent fiscal, social or other legal obligations in the country of origin (or created another entity with this purpose)
- n) a Beneficiary (or person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) has committed:
 - substantial errors, irregularities or fraud or
 - serious breach of obligations under this Agreement or during its award (including improper implementation of the project, non-compliance with the call conditions, submission of false information, failure to provide required information, breach of ethics or security rules (if applicable), etc.)
- o) a Beneficiary (or person having powers of representation, decision-making or control, or person essential for the award/implementation of the Grant) has committed – in other grants of the Initiative – systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this Grant (extension of findings; see Article 23.5)
- p) despite a specific request by the Granting Authority, a Beneficiary does not request – through the Coordinator – an amendment to the Agreement to end the participation of one of its Affiliated entities or associated partners that is in one of the situations under points (d), (g), (j), (k), (l), (m) or (n) and to reallocate its activities.

29.3.2 Procedure

Before terminating the Agreement or participation of one or more Beneficiaries, the Granting Authority will send a **pre-information letter** to the Coordinator:

- formally notifying the intention to terminate and the reasons why and
- requesting observations within 30 days of receiving notification.

During this period, and until the termination takes effect, the Granting Authority may suspend the time limit for any payment as a precautionary measure informing the Coordinator immediately in writing.

If the Granting Authority does not receive observations or decides to pursue the procedure despite the observations it has received, it will confirm the termination and the date it will take effect (**confirmation letter**). Otherwise, it will formally notify that the procedure is discontinued.

For Beneficiary terminations, the Granting Authority will – at the end of the procedure – also inform the Beneficiary concerned.

The termination will **take effect** the day after the confirmation notification is sent (or on a later date specified in the notification; 'termination date').

29.3.3 Effects

a) for **Agreement termination**:

The Coordinator must – within 60 days from when termination takes effect – submit a **periodic report** (for the last open reporting period until termination).

The Granting Authority will calculate the final Grant amount and final payment on the basis of the report submitted and taking into account the lump sum contributions for activities implemented before termination takes effect (see Article 21). Partial lump sum contributions for work packages that were not completed (e.g. due to technical reasons) may exceptionally be taken into account.

If the Agreement is terminated for breach of the obligation to submit reports, the Coordinator may not submit any report after termination.

If the Granting Authority does not receive the report within the deadline, only lump sum contributions which are included in an approved periodic report will be taken into account (no contributions if no periodic report was ever approved).

Termination does not affect the Granting Authority's right to reduce the Grant (see Article 26) or to impose administrative sanctions (see Article 31).

The Beneficiaries may not claim damages due to termination by the Granting Authority (see Article 30).

After termination, the Beneficiaries' obligations (in particular Articles 12 (confidentiality and security), 15 (IPR), 16 (communication, dissemination and visibility), 20 (reporting), 23 (checks, reviews, audits and investigations), 24 (impact evaluation), 25 (rejections), 26 (grant reduction) and 38 (assignment of claims) continue to apply.

b) for **Beneficiary termination**:

The Coordinator must – within 60 days from when termination takes effect – submit:

- a **report on the distribution of payments** to the Beneficiary concerned
- a **termination report** from the Beneficiary concerned, for the open reporting period until termination, containing an overview of the progress of the work and the financial statement
- a **request for amendment** (see Article 36) with any amendments needed (e.g. reallocation of the activities and the estimated budget of the terminated Beneficiary; addition of a new Beneficiary to replace the terminated Beneficiary; change of Coordinator, etc.).

The Granting Authority will calculate the amount due to the Beneficiary on the basis of the reports submitted (lump sum contributions for completed and approved work packages).

Lump sum contributions for ongoing/not yet completed work packages will have to be included in the periodic report for the next reporting periods when those work packages have been completed.

If the Granting Authority does not receive the report on the distribution of payments within the deadline, it will consider that:

- the Coordinator did not distribute any payment to the Beneficiary concerned and that
- the Beneficiary concerned must not repay any amount to the Coordinator.

If the Granting Authority does not receive the termination report within the deadline, only lump sum contributions included in an approved periodic report will be taken into account (no contributions if no periodic report was ever approved).

If the request for amendment is accepted by the Granting Authority, the Agreement is **amended** to introduce the necessary changes (see Article 36).

If the request for amendment is rejected by the Granting Authority (because it calls into question the decision awarding the grant or breaches the principle of equal treatment of applicants), the Agreement may be terminated (see Article 29).

After termination, the concerned Beneficiary's obligations (in particular Articles 12 (confidentiality and security), 15 (IPR), 16 (communication, dissemination and visibility), 20 (reporting), 23 (checks, reviews, audits and investigations), 24 (impact evaluation), 25 (rejections), 26 (grant reduction) and 38 (assignment of claims) continue to apply.

SECTION 3 OTHER CONSEQUENCES: DAMAGES AND ADMINISTRATIVE SANCTIONS

ARTICLE 30 – DAMAGES

30.1 Liability of the Granting Authority

The Granting Authority cannot be held liable for any damage caused to the Beneficiaries or to third parties as a consequence of the implementation of the Agreement, including for gross negligence.

The Granting Authority cannot be held liable for any damage caused by any of the Beneficiaries or other participants involved in the project, as a consequence of the implementation of the Agreement.

30.2 Liability of the Beneficiaries

The Beneficiaries must compensate the Granting Authority for any damage it sustains as a result of the implementation of the project or because the project was not implemented in full compliance with the Agreement, provided that it was caused by gross negligence or wilful act.

The liability does not extend to indirect or consequential losses or similar damage (such as loss of profit, loss of revenue or loss of contracts), provided such damage was not caused by wilful act or by a breach of confidentiality.

ARTICLE 31 – ADMINISTRATIVE SANCTIONS AND OTHER MEASURES

Nothing in this Agreement may be construed as preventing the adoption of administrative sanctions (i.e. exclusion from EU award procedures and/or financial penalties) or other public law measures, in addition or as an alternative to the contractual measures provided under this Agreement (see, for instance, Articles 135 to 144 EU Financial Regulation 2018/1046 and Articles 4 and 7 of Regulation 2988/95¹⁴).

SECTION 4 FORCE MAJEURE

ARTICLE 32 – FORCE MAJEURE

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

'*Force majeure*' means any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations under the Agreement, which may not be attributed to error or negligence on either part, and which could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making them available cannot be invoked as *force majeure*, unless they stem directly from a relevant case of *force majeure*. Labour disputes, strikes or financial problems of the Beneficiaries cannot be invoked as *force majeure* by the defaulting party.

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

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

CHAPTER 6 FINAL PROVISIONS

ARTICLE 33 – COMMUNICATION BETWEEN THE PARTIES

33.1 Forms and means of communication – Electronic management

Communication concerning the implementation of the Agreement occurs exclusively through the Coordinator, who represents the Beneficiaries and this Agreement is managed fully electronically through the Portal, except in cases

¹⁴ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

where specific Beneficiaries require additional notification beyond informing the Coordinator. Communication with such specific Beneficiaries may be conducted through alternative means, such as email.

All communications with Coordinator must be made electronically through the Portal, in accordance with the Portal terms and conditions and using the forms and templates provided there (except if explicitly instructed otherwise by the Granting Authority).

Communications must be made in writing and clearly identify the Agreement (project number and acronym).

All Coordinator communications must be made by persons authorised by Granting authority. If the electronic exchange system is temporarily unavailable, instructions will be given on the Portal.

33.2 Date of communication

The sending date for communications made through the Portal will be the date and time of sending, as indicated by the time logs.

The receiving date for communications made through the Portal will be the date and time the communication is accessed, as indicated by the time logs. Formal notifications that have not been accessed within 10 days after sending, will be considered to have been accessed (see Portal terms and conditions).

If a communication is exceptionally made on paper (by e-mail or postal service), general principles apply (i.e. date of sending/receipt). Formal notifications by registered post with proof of delivery will be considered to have been received either on the delivery date registered by the postal service or the deadline for collection at the post office.

If the electronic exchange system is temporarily unavailable and no temporary alternative method of communication was specified by the Granting Authority, the sending party cannot be considered in breach of its obligation to send a communication within a specified deadline.

33.3 Addresses for communication

The Portal can be accessed via the Granting Authority website.

The address for paper communications to the Granting Authority (if exceptionally allowed) is the official mailing address indicated on its website.

For Coordinator, it is the legal address specified in Agreement.

ARTICLE 34 – INTERPRETATION OF THE AGREEMENT

The provisions in the Data Sheet take precedence over the rest of the Terms and Conditions of the Agreement.

ARTICLE 35 – CALCULATION OF PERIODS AND DEADLINES

In accordance with Regulation No 1182/71¹⁵, periods expressed in days, months or years are calculated from the moment the triggering event occurs.

The day during which that event occurs is not considered as falling within the period. 'Days' means calendar days, not working days.

ARTICLE 36 – AMENDMENTS

36.1 Conditions

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

Amendments may be requested by any of the parties.

Coordinator must inform Granting Authority about events or expected project plans, deviations that change the scope of the project, project activities, Beneficiaries, extend the duration of the project, or otherwise change the project or the obligations of the Beneficiaries defined in the Agreement.

The possibility of extending duration of the project is indicated in the call conditions.

¹⁵ Regulation (EEC, Euratom) No 1182/71 of the Council of 3 June 1971 determining the rules applicable to periods, dates and time-limits (OJ L 124, 8/6/1971, p. 1).

36.2 Procedure

The party requesting an amendment must submit a request for amendment in the Portal.

The Coordinator submits and receives requests for amendment on behalf of the Beneficiaries (see Annex 3). If a change of Coordinator is requested without its agreement, the submission must be done by another Beneficiary (acting on behalf of the other Beneficiaries).

The request for amendment must include:

- the reasons why
- the appropriate supporting documents and
- for a change of Coordinator without its agreement: the opinion of the Coordinator (or proof that this opinion has been requested in writing).

The Granting Authority may request additional information.

If the party receiving the request agrees, it must sign the amendment in the Portal within 30 days of receiving notification (or any additional information the Granting Authority has requested). If it does not agree, it must formally notify its disagreement within the same deadline. The deadline may be extended, if necessary for the assessment of the request. If no notification is received within the deadline, the request is considered to have been rejected.

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

An amendment **takes effect** on the date of entry into force or other date specified in the amendment.

ARTICLE 37 – ACCESSION AND ADDITION OF NEW BENEFICIARIES

37.1 Accession of the Beneficiaries mentioned in the Preamble

The Beneficiaries which are not Coordinator must accede to the Agreement by signing the accession form (see Annex 3), within 30 days after the entry into force of the Agreement (see Article 40). The Coordinator submits all accession forms signed by beneficiaries to the Granting authority. The Coordinator is responsible for verifying the legality of the Beneficiary's signature and, when requested by the Granting Authority, must furnish supporting documents to substantiate this verification.

Beneficiaries will assume the rights and obligations under the Agreement with effect from the date of its entry into force (see Article 40).

If a Beneficiary does not accede to the Agreement within the above deadline, the Coordinator must – within 30 days – request an amendment (see Article 36) to terminate the Beneficiary and make any changes necessary to ensure proper implementation of the project. This does not affect the Granting Authority's right to terminate the Agreement (see Article 29).

37.2 Addition of new Beneficiaries

In justified cases, the Beneficiaries may request the addition of a new Beneficiary.

For this purpose, the Coordinator must submit a request for amendment in accordance with Article 36. It must include an accession form (see Annex 3) signed by the new Beneficiary. The Coordinator is responsible for verifying the legality of the Beneficiary's signature and, when requested by the Granting Authority, must furnish supporting documents to substantiate this verification.

New Beneficiaries will assume the rights and obligations under the Agreement with effect from the date of their accession specified in the accession form (see Annex 3).

ARTICLE 38 – ASSIGNMENTS OF CLAIMS FOR PAYMENT AGAINST THE GRANTING AUTHORITY

The Beneficiaries may not assign any of their claims for payment against the Granting Authority to any third party, except if expressly approved in writing by the Granting Authority on the basis of a reasoned, written request by the Coordinator (on behalf of the Beneficiary concerned).

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

In no circumstances will an assignment release the Beneficiaries from their obligations towards the Granting Authority.

ARTICLE 39 – APPLICABLE LAW AND SETTLEMENT OF DISPUTES

39.1 Applicable law

The Agreement is governed by the Lithuanian law.

39.2 Dispute settlement

Disputes concerning the implementation of this Agreement shall be settled through negotiations between the parties or the Complaints procedure set in Article 39.3 (where applicable). In case of failure to resolve dispute through negotiations or Complaints procedure – in accordance with the procedure established by the laws of the Republic of Lithuania in the Vilnius City District Court or the Vilnius Regional Court, depending on the nature and amount of the claims.

39.3 Complaints procedure

In case of a complaint following a written decision taken by Granting Authority regarding the award of Grant and implementation of the project (e. g. rejection of lump contributions, Grant reduction, Agreement suspension or termination, etc.) the Complaints procedure is obligatory. Complaint must be submitted to the Granting Authority not later than 30 days after the Beneficiary/Coordinator became aware of the decision of the Granting Authority in question. Complaints are submitted by the Coordinator on behalf of the Beneficiaries. The Coordinator is required to provide as much detail relevant to the complaint as possible, including (if relevant) any documents and correspondence.

The Granting Authority shall respond not later than within 30 days after receiving the complaint. The aim is to resolve all complaints within the timescales above; however, if a complaint is very complex, it may occasionally be necessary to extend the time limit for responding to the complaint. In such case the Granting Authority shall inform the complainant of progress of the investigation, the reasons for the delay, and the new deadline.

The above procedure and timeframes shall not prejudice the start-up or ongoing implementation of activities financed by the Initiative.

The Complaints procedure shall not be applicable to: matters that have already been fully investigated through the Complaints procedure, anonymous complaints, complaints regarding access to information where procedures and remedies are set out in legislation/regulation, e.g. access to documents, general data protection.

All complaints received will be dealt with confidentially.

All complaints must be submitted in English, in writing (post or email) to the following address:

European Social Fund Agency of Lithuania (ESFA)
M. Katkauskas str. 44,
LT-01109 Vilnius, Republic of Lithuania
Email: complaints@esf.lt

ARTICLE 40 – ENTRY INTO FORCE

The Agreement will enter into force on the day of signature by the Granting Authority or the Coordinator, depending on which is later.

SIGNATURES

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

For the Granting Authority
[forename/surname]
[electronic signature] Done in [English]
on [electronic time stamp]

ANNEX 1

DESCRIPTION OF THE PROJECT

ANNEX 2

ESTIMATED BUDGET

Estimated budget (lump sum breakdown) for the project

Estimated EU contribution

	Estimated eligible lump sum contributions (per work package)									Maximum Grant amount
	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	WP[XX]	
Forms of funding	Lump sum	Lump sum	Lump sum	Lump sum	Lump sum	Lump sum	Lump sum	Lump sum	Lump sum	
1- [short name coordinator]										
2- [short name beneficiary 2]										
3- [short name beneficiary 3]										
3.1- [short name affiliated entity of beneficiary 3]										
Total consortium										

ANNEX 3

ACCESSION FORM FOR BENEFICIARIES¹⁶

(To be filled in and signed by the Beneficiary(ies), sent to their Coordinator (scanned copy), and uploaded by the Coordinator in the Portal)

[BEN legal name (short name)], established in [legal address]

hereby agrees

to become [Beneficiary]/[Coordinator]

in Agreement [insert number] – [insert acronym] ('the Agreement')

between [COO legal name (short name)] and European Social Fund Agency ('Granting Authority'), under the powers delegated by the European Commission ('European Commission')

[OPTION for beneficiaries which are NOT Coordinator: and mandates

the Coordinator to submit and sign in its name and on its behalf any **amendments** of the Agreement, **reports** or other documents for which the Coordinator is responsible under the terms of the Agreement,

By signing this accession form, the Beneficiary accepts the Grant and agrees to *[OPTION: for Coordinators: take on the obligations and role of Coordinator and to]* implement it in accordance with the Agreement, with all the obligations and terms and conditions it sets out *[OPTION for new Beneficiaries/Coordinators: as from [insert date]]* the date of the signature of the accession form *[the date of entry into force of the amendment]* ('**accession date**') if the Granting Authority agrees with the request for amendment.

SIGNATURE

For the Beneficiary/new Beneficiary/new Coordinator [function/forename/surname] [electronic signature]

¹⁶ Template published on Portal.

[OPTION if selected for the grant:

ANNEX 4

DECLARATION ON JOINT AND SEVERAL LIABILITY OF AFFILIATED ENTITIES¹⁷

(To be filled in and signed by the Affiliated entity, and uploaded by the Coordinator in the Portal (scanned copy), if requested by the Granting Authority during Grant preparation.)

uploaded by the Coordinator in the Portal

[AE legal name (short name)], established in [legal address] ('the Affiliated entity'),
linked to Beneficiary [BEN legal name (short name)], established in [legal address] ('the Beneficiary'),

hereby accepts joint and several liability with the Beneficiary

for any amount owed to the Granting Authority by the Beneficiary under Grant Agreement [insert agreement number] – [insert acronym], up to the maximum Grant amount indicated, for the Affiliated entity, in the estimated budget (see Annex 2).

The Affiliated entity irrevocably and unconditionally agrees to pay amounts requested under this declaration to the Granting Authority, immediately and at first demand.

The Affiliated entity waives all rights of objection and defence based on arguments relating to the validity or effects of the Agreement.

Any dispute concerning this guarantee shall be governed by and construed in accordance with the Republic of Lithuania in the Vilnius City District Court or the Vilnius Regional Court, depending on the nature and amount of the claims.

SIGNATURE

For the Affiliated entity

[forename/surname/function] [signature]

[date]

¹⁷ Template published on Portal.

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