

## FUNDING AGREEMENT

between the

EUROPEAN INVESTMENT BANK

and the

ČESKOMORAVSKÁ ZÁRUČNÍ A ROZVOJOVÁ BANKA, a.s.

in respect of the financing the development and implementation of  
investment advisory services

Prague, *14 July* 2020

Luxembourg, *08 July* 2020



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THIS FUNDING AGREEMENT (THE **AGREEMENT**) IS MADE BETWEEN:

The EUROPEAN INVESTMENT BANK, established by Article 308 of the Treaty on the Functioning of the European Union, having its seat at 100, Konrad Adenauer boulevard, L-2950, Grand Duchy of Luxembourg,

(the **EIB**)

of the first part, and

ČESKOMORAVSKÁ ZÁRUČNÍ A ROZVOJOVÁ BANKA, a.s., a joint-stock company incorporated and existing under the laws of the Czech Republic and having the Czech Republic as sole shareholder, with its registered office at Jeruzalémská 964/4, Prague 1, 110 00, Czech Republic, duly registered with the Commercial Registry maintained by Prague Municipal Court, section B, entry 1329 on 28 January 1992 under registration No. 44848943

(the **Beneficiary**)

WHEREAS:

- A. The **EFSI Regulation** (*a capitalised term has the meaning ascribed to it in Article 1*) foresees the set-up of the **EIAH** through the EIB in order to (i) provide advisory support to public and private project promoters, including national promotional banks or institutions and investment platforms or funds and regional and local public entities, for the identification, preparation and development of investment projects and (ii) act as a single technical advisory hub for project financing within the **Union**. With a view to financing the advisory services to be provided in the framework of the **EIAH**, the **Union** and the **EIB** have entered into the **Financing Agreements**.
- B. With a view to achieving the objectives specified above, the EIB may cooperate, including by entering into contractual partnerships, with "*providers of similar services at Union, regional, national or sub-national level*". In this context, the **EIB** launched the **Call** in order to identify and select proposals from national promotional banks and institutions for actions resulting in the delivery, at local level, of investment advisory services to public and/or private beneficiaries, with support through the **EIAH**.
- C. The proposal for the **Action** entitled "*Establishment or developing organisational capacity*" submitted by the **Beneficiary** on 23 December 2019 has been assessed by the **EIB** as fulfilling the criteria and conditions specified in the **Call Documentation**, and therefore the **EIB** awards the **Grant** to the **Beneficiary**, subject to the terms of this **Agreement**.

NOW THEREFORE it is hereby agreed as follows:

#### **ARTICLE 1 – Definitions and interpretation**

1.1. Wherever used in this Agreement, the following terms shall have the meanings opposite them:

|                                 |  |
|---------------------------------|--|
| <b>Action</b>                   | means the set of activities to be carried out and results to be achieved by the <b>Beneficiary</b> , as further described in Annex A, the eligible costs of which are co-financed by the <b>Grant</b> under the terms of this <b>Agreement</b>   |
| <b>Call</b>                     | means the call for proposals No SG/AS/EIAH/2017-1621/MS for the delivery of local investment advisory services by national promotional banks and institutions, launched by the <b>EIB</b> on 22 December 2017  |
| <b>Call Documentation</b>       | means the document, available on the <b>EIAH</b> website ( <a href="http://eiah.eib.org/">http://eiah.eib.org/</a> ), specifying (i) the objectives of and the rules for the <b>Call</b> ; (ii) the criteria for the selection and evaluation of the proposals received pursuant to the <b>Call</b> ; and (iii) the main terms and conditions for the use of the <b>Grant</b> for the purposes of the <b>Action</b>  |
| <b>Commission</b>               | means the European Commission  |
| <b>Confidential Information</b> | means any document, information or other material provided by one Party (the <b>Disclosing Party</b> ) to the other (the <b>Receiving Party</b> ) in the performance of their obligations under this <b>Agreement</b> and which is, cumulatively, in written or other permanent (including electronic) form, and clearly and conspicuously marked as "confidential" or "proprietary"   |
| <b>Disclosing Party</b>         | has the meaning ascribed to it in the definition of <b>Confidential Information</b>  |
| <b>EFSI Regulation</b>          | means Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 - the European Fund for Strategic Investments ( <i>OJ L 169, 1.7.2015, p.1</i> ) as amended by Regulation (EU) 2017/2396 of the European Parliament and the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investments Advisory Hub ( <i>OJ L 345, 27.12.2017, p.34</i> ) |
| <b>EIAH</b>                     | means the European Investment Advisory Hub   |
| <b>EIB Anti-Fraud Policy</b>    | means the document titled " <i>EIB Anti-Fraud Policy. Policy on preventing and deterring prohibited conduct in European Investment Bank activities</i> ", as available on the <b>EIB</b> website from time to time   |
| <b>EIB Exclusion Policy</b>     | means the document titled " <i>Exclusion Policy</i> ", as available on the <b>EIB</b> website from time to time  |
| <b>EIB Guide to Procurement</b> | means the document titled " <i>Guide to Procurement</i> ", as available on the <b>EIB</b> website from time to time, which informs the promoters of projects financed in whole or in part by the <b>EIB</b> of the rules and procedures to be applied when procuring works, goods and services required for the projects   |



|                                     |  |
|-------------------------------------|--|
| <b>Financing Agreements</b>         | means the framework partnership agreement in respect of the <b>EIAH</b> signed on 15 July 2015 between the <b>Union</b> , represented by the <b>Commission</b> , and the <b>EIB</b> , together with the specific grant agreement governing the annual contribution from the <b>Union</b> to the <b>EIAH</b> budget from which the <b>Grant</b> is financed   |
| <b>Force Majeure</b>                | means any unforeseeable exceptional situation or event beyond the Parties' control, which is not attributable to error or negligence on their part or any of their agents, employees or contractors, proves insurmountable in spite of all due diligence, and prevents either of them from fulfilling any of their contractual obligations under this <b>Agreement</b> . Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as <b>Force Majeure</b> by the defaulting Party   |
| <b>Grant</b>                        | means the financial support made available to the <b>Beneficiary</b> by the <b>EIB</b> from the <b>Union</b> contribution to the <b>EIAH</b> budget under the <b>Financing Agreements</b> towards the eligible costs of the <b>Action</b>  |
| <b>Intellectual Property Rights</b> | means any copyright and related rights, rights in designs, database rights, rights in computer software, domain names, trademarks, service marks, patents, trade names or any applications for any of the foregoing, rights in confidential information (including know-how and trade secrets) or similar rights or obligations, moral rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world |
| <b>OLAF</b>                         | means the European Anti-Fraud Office, established by Commission Decision 1999/352/EC, ECSC, Euratom of 28 April 1999 (OJ L 136, 31.5.1999, p.20)   |
| <b>Performance Period</b>           | means the period of time during which all activities comprising the <b>Action</b> which benefit from financial support from the <b>Grant</b> have to be implemented, and all corresponding eligible costs to be claimed have to be incurred by the <b>Beneficiary</b>  |
| <b>Personal Data</b>                | has the meaning given to this term in 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 (General Data Protection Regulation) (OJ L 119, 4.5.2016, p.1)   |
| <b>Prohibited Conduct</b>           | has the meaning ascribed to it in the <b>EIB Anti-Fraud Policy</b> .   |
| <b>Receiving Party</b>              | has the meaning ascribed to it in the definition of <b>Confidential Information</b>  |
| <b>Union</b>                        | means the European Union   |



**Union Emblem** means the logo of the European Union with the twelve yellow stars on a blue background as being used by all the institutions, bodies, offices and agencies of the European Union in accordance with *The Interinstitutional style guide* of the Publications Office of the European Union and *The Use of the EU Emblem in the Context of EU Actions and in Non-EU Countries – Guidelines for beneficiaries and other third parties* as developed by the European Commission and as updated from time to time. These guidelines are available at:  
[http://ec.europa.eu/dgs/communication/services/visual\\_identity/pdf/use-emblem\\_en.pdf](http://ec.europa.eu/dgs/communication/services/visual_identity/pdf/use-emblem_en.pdf)

- 1.2. In the event that a different meaning is given to a capitalized term in a particular Annex, such definition will have the meaning given to it in that Annex solely for the purposes of that Annex.
- 1.3. Unless otherwise specified, references to Recitals, Articles, or Annexes are references to recitals or articles of, or annexes to this **Agreement**.
- 1.4. References to a public organisation will include its successors, and if a public organisation ceases to exist or ceases to perform its functions without a successor, references to such public organisation will be deemed to include a reference to any public organisation or any organisation or entity which has taken over either or both the functions and responsibilities of such public organisation.
- 1.5. Unless expressly provided otherwise in this **Agreement**, references to any law, including any statutes or legal acts specifically referred to herein, whether or not amendments or successors to such laws are referred to herein, are to be construed as references to that law as amended from time to time, or to any law covering the same or similar subject matter replacing, extending, consolidating or amending the same from time to time.
- 1.6. References containing terms such as “includes” and “including”, whether or not used with the words “without limitation” or “but not limited to”, will not be deemed limited by the specific enumeration of items but will, in all cases, be deemed to be without limitation and construed and interpreted to mean “includes without limitation” and “including without limitation”.
- 1.7. General words introduced or followed by the word “other” or “including” or “such as” or “in particular” will not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words.
- 1.8. Unless the context otherwise requires, wherever used herein the plural includes the singular, the singular includes the plural, and each gender include all other genders.
- 1.9. Whenever a document is required to be “certified”, such requirement will mean that the relevant document is certified as a true and complete copy of an instrument in full force and effect, and un-amended as at the date of the relevant copy.

## **ARTICLE 2 – Entry into force and duration**

- 2.1. This **Agreement** sets out the rights and obligations of the **Parties** in relation to the use of the **Grant** by the **Beneficiary** for the implementation of the **Action**.
- 2.2. The **Agreement** is effective from the date of its signature by the last of the **Parties** and, unless it is otherwise terminated in accordance with Article 14, remains valid and effective until the **EIB** has paid the amount of the **Grant** due in accordance with Article 6 or, in case of a dispute, until completion of the dispute settlement procedure provided for in Article 18.
- 2.3. The **Performance Period** shall run from 1 July 2020 to 31 December 2021.



2.4. The **Agreement** consists of these executed terms, the **Recitals**, and the following **Annexes**:

Annex A: The Action

Part I: Description of the Action

Part II: Budget of the Action

Annex B.1: Request for disbursement form

Annex B.2: Financial identification form

Annex C: Expenditure verification terms of reference and report form

In the event of any ambiguities, conflicts or inconsistencies between these executed terms and the **Recitals** or the provisions of any of the **Annexes**, these executed terms shall take precedence.

### **ARTICLE 3 – Implementation of the Action**

- 3.1. The **Beneficiary** is solely responsible for implementing the **Action** as described in Annex A, regardless whether the activities are carried out by the **Beneficiary** or by a third party procured by the **Beneficiary** to implement activities under the **Action**. In this respect:
- (a) the **Beneficiary** shall ensure the functioning of an effective and efficient internal control system throughout the duration of this **Agreement**, designed to provide reasonable assurance of achieving the following objectives:
    - (i) effectiveness, efficiency and economy of operations;
    - (ii) reliability of reporting;
    - (iii) safeguarding of assets and information;
    - (iv) prevention, detection, correction and follow-up of fraud and irregularities;
    - (v) adequate management of the risks relating to the legality and regularity of the financial operations.
  - (b) the **Beneficiary** shall implement the **Action** with the requisite degree of care, efficiency, transparency, and diligence, and in line with the principles of sound financial management, as these are further detailed in Article 5.6(v).
- 3.2. In performing its obligations under this **Agreement**, the **Beneficiary** shall promote the respect of human rights and respect applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards.
- 3.3. The **Beneficiary** must mobilise all necessary resources, including human resources, required for implementing the **Action**, and take all necessary and reasonable measures to ensure that the **Action** is carried out as described in Annex A and in accordance with the terms of this **Agreement**.
- 3.4. Where the **Beneficiary** has to conclude implementation contracts with third parties in order to carry out activities under the **Action**, the **Beneficiary** shall award such contracts in compliance with the **EIB Guide to Procurement** applicable at the time the tender procedure is launched.
- 3.5. Notwithstanding Article 3.4, the **Beneficiary** shall ensure that (i) participation to the tender procedures organised and the award of the resulting implementation contracts are open to all qualified tenderers, without any restrictions or limitations on the basis of the nationality of a tenderer; and that (ii) no implementation contracts are awarded to tenderers falling into the exclusions situations provided for in the **EIB Exclusion Policy**.
- 3.6. No contract or any other legal commitment entered into between the **Beneficiary** and a third party for the implementation of the **Action** may create or be construed as creating contractual relations between such third party and the **EIB**.

- 3.7. In the implementation of the **Action**, the **Beneficiary** must take all necessary measures to prevent, detect and correct irregularities, fraud, or any other illegal activity in connection with in the use of the **Grant**, to ensure that the activities financed wholly or partly by the **Grant** are effectively carried out and implemented correctly in accordance with the terms of this **Agreement**. In this respect, the **Beneficiary**:
- (i) shall not engage in (and shall not authorise or permit any affiliate or any other person acting on their behalf to engage in) any **Prohibited Conduct** in connection with the activities financed, in whole or in part, by the **Grant** or with any other transaction contemplated by this **Agreement**;
  - (ii) undertakes to take such action as the **EIB** shall reasonably request to investigate or terminate any alleged or suspected occurrence of any **Prohibited Conduct** in connection with the activities financed, in whole or in part, by the **Grant**;
  - (iii) without prejudice to Article 12, shall ensure that any implementation contract financed, in whole or in part, from the **Grant** includes the necessary provisions to enable the **Beneficiary** to investigate or terminate any alleged or suspected occurrence of any **Prohibited Conduct** in connection with such contracts.
- 3.8. Where the **Beneficiary** considers, acting reasonably, that an event has occurred that is likely to affect or delay the implementation of the **Action** in any material respect, it must inform the **EIB** promptly. The **Parties** shall consult with a view to finding a mutually acceptable strategy to address such situation.
- 3.9. The **Beneficiary** must keep full, accurate and systematic records on the implementation of the **Action** and the use of the **Grant**, in such form and detail as is necessary and sufficient to establish accurately that the activities have been carried out and the costs identified in its reports to the **EIB** have been duly incurred in accordance with the provisions of this **Agreement**. Such records shall enable the receipts and expenditure related to the activities financed wholly or partly by the **Grant** to be easily traced, identified and verified, and must be kept by the **Beneficiary** for a period of seven years following the expiry of this **Agreement**, and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim, arising out of or in connection with this **Agreement** or any legal commitment thereunder, has been disposed of. They must be easily accessible and filed so as to facilitate their examination.

#### **ARTICLE 4 – Information and reporting**

- 4.1. The **Beneficiary** shall provide the **EIB** with all required information on the implementation of the **Action**. To this end, the **Beneficiary** shall provide the **EIB** with six-monthly reports and a final report, each consisting of a narrative section and a financial section. The form and content of the narrative and financial section of the reports shall be agreed between the Parties within two months from the date of entry into force of this **Agreement**, subject to the subsequent provisions of this Article 4.
- 4.2. The narrative section of the reports shall describe, in such a way as to allow monitoring of the objectives, means envisaged and employed, and the budget details for the **Action**:
- (i) the progress achieved during the reporting period in the implementation of the **Action** as a whole, regardless of which part is financed from the **Grant**, including observations on the performance and the degree of achievement of the expected results as measured by the corresponding performance indicators specified in Annex A, and whether the **Action** has had any unforeseen positive or negative results;
  - (ii) any visibility and communication measures undertaken, in line with Article 8;
  - (iii) any changes introduced, difficulties encountered and measures taken to overcome them;
  - (iv) except for the final report, an indicative planning of the activities for the next semester;





- (v) if applicable, a list of all materials (such as training materials, manuals, studies, leaflets and other information materials) produced in the implementation of the **Action** during the reporting period on whatever format (and number of copies produced for each), and a statement on how the items produced are being distributed and to which categories of recipients (a copy of each such item should accompany the report).
- 4.3. In addition to the elements specified in Article 4.2, the narrative section of the final report shall include:
- (i) an assessment of the level of achievement of all the expected results of the **Action**, on the basis of the corresponding current value of the performance indicators specified in Annex A and all the related activities implemented during the entire **Performance Period**;
  - (ii) lessons learned;
  - (iii) a list of all implementation contracts awarded for the implementation of the **Action** during the **Performance Period**, giving for each contract the amount, the name of the contractor and a brief description of the scope of the contract and how the contractor was selected;
  - (iv) a table with the location (address) of the records, accounting and supporting documents for the eligible costs incurred and claimed for reimbursement from the **Grant**;
  - (v) such other qualitative and quantitative information as needed to demonstrate the fulfilment of the conditions for the disbursement of the **Grant** specified in this **Agreement**
- 4.4. The financial section of the reports, including the final report, shall consist of
- (i) a statement of expenditure listing all eligible costs (determined in accordance with Article 5) incurred by the **Beneficiary** during the reporting period, indicating for each item of expenditure its title, amount (in the currency of the expense item and in its euro equivalent, using the exchange rate specified in Article 4.9), and relevant category of expenditure specified in the budget of the **Action** included in Annex A; and
  - (ii) a statement of receipts corresponding to the **Action** (if any). Such receipts shall include any fees that the **Beneficiary** charged to the beneficiaries of the advisory services provided under the **Action**.
- For the six-monthly reports, if the amount of the incurred expenditure or of the receipt expected is not yet known at the cut-off date of the report, estimates may be given (in which case they shall be identified as such). The final report shall also include, for each item of expenditure, the reference of the document evidencing it.
- 4.5. The final report shall be accompanied by an expenditure verification report, substantially in the form included in Annex C, produced by an auditor meeting the requirements set out in the terms of reference for expenditure verification included in Annex C and agreeable to the **EIB**. The auditor shall examine whether the costs declared by the **Beneficiary** and, if any, the revenues/receipts of the **Action** are real and accurately recorded, and the costs are eligible in accordance with this **Agreement**.
- 4.6. In addition, when the **Beneficiary** has awarded implementation contracts as specified in Article 3, the **Beneficiary** shall provide, together with the final report, a legal opinion in form and content satisfactory to the **EIB**, confirming that the legislation, rules, and procedures applicable to the tendering and award of any implementation contracts for which costs are claimed under the **Grant** have been adequately followed by the **Beneficiary**. The legal opinion shall be provided in English.
- 4.7. The **Beneficiary** shall submit the biannual and final reports to the **EIB** according to the following schedule:
- (a) a first biannual report, covering the period from the start date of the **Performance Period** specified in Article 2.3, to the last day of the calendar semester under way at the start date of the **Performance Period**, to be submitted no later than 15 calendar days from the last date of the semester;



- (b) a second biannual report, covering the subsequent calendar semester, to be submitted no later than 15 calendar days from the last date of the semester covered;
  - (c) a third biannual report, covering the subsequent calendar semester, to be submitted no later than 15 calendar days from the last date of the semester covered; and
  - (d) a final report, covering the entire **Performance Period**, no later than 90 calendar days from the end date of the **Performance Period**. If this **Agreement** is terminated before its scheduled expiration date, the **Beneficiary** shall submit the final report no later than 90 calendar days from the termination date.
- 4.8. The reports shall be provided in English. Items produced under the **Action** that are annexed to a report in accordance with Article 4.2 may be provided in the language in which they were produced.
- 4.9. The currency of the reports shall be the euro. Data may be drawn from financial statements denominated in other currencies in accordance with the legislation and accounting standards applicable to the **Beneficiary**. In such case, and for the purpose of reporting and determining the final amount of the **Grant**, conversion into euro shall be made using the reference rate of the European Central Bank published on the day the relevant eligible direct cost is incurred.
- 4.10. The **Beneficiary** shall provide the **EIB** with any such additional information or documents in relation to the **Action** as the **EIB**, acting reasonably, may require. Such additional information or documents shall be provided by the **Beneficiary** within 15 calendar days of receiving a request in this regard from the **EIB**. The **Beneficiary** may make a reasoned request to extend this deadline, and the **EIB** shall not unreasonably withhold its consent to such request.
- 4.11. The **EIB** shall inform the **Beneficiary** of its decision on the acceptability of the final report (including the certification of expenditure specified in Article 4.5 and the legal opinion specified in Article 4.6), and on the final amount of the **Grant** due (determined in accordance with Article 5), within 45 days after its submission by the **Beneficiary**, exclusive of the period of time between the day when the **EIB** requests additional information or documents pursuant to Article 4.10 and the day when the **Beneficiary** provides the required information or documents to the satisfaction of the **EIB**.

#### **ARTICLE 5 – The Financing of the Action**

- 5.1. The estimated budget for the financing of the **Action**, broken down by budget category, is set out in Part II of Annex A. The maximum amount of the **Grant** to be made available under this **Agreement** is of EUR 497 600. The **Beneficiary** states that the balance is financed from sources other than the budget of the **Union** or the *European Development Fund*. Further, the **Beneficiary** agrees that any fees that may be charged to a micro, small or medium sized enterprise (classified as such in accordance with the provisions of the legislation of the Czech Republic) for advisory services provided to that enterprise as part of the **Action** shall be capped at one third of the cost of those advisory services.
- 5.2. The final amount of the **Grant** due may not exceed the lower of either (i) the maximum amount specified in Article 5.1 or (ii) the amount corresponding to 75% of the final aggregate amount of eligible costs of the **Action**.
- 5.3. The final aggregate amount of eligible costs of the **Action** shall be determined on the basis of the final report (and its supporting documents) submitted by the **Beneficiary** pursuant to Article 4 and shall be the sum of (i) the aggregate amount of the actual direct costs incurred by the **Beneficiary** which comply with the eligibility criteria set in Article 5.6, and (ii) the amount of eligible indirect costs, calculated in accordance with Article 5.8.
- 5.4. The **Grant** is provided exclusively towards the eligible costs of the **Action**. The criteria and conditions for determining whether a cost is eligible are set out in Articles 5.5 to 5.9. The **Beneficiary** must ensure that no double funding of the eligible costs that are claimed for financing from the **Grant** occurs.

- 5.5. The costs that may be declared as eligible are (i) actual direct costs incurred by the **Beneficiary** in the implementation of the **Action** and (ii) indirect costs, amounting to 4.7% of the final aggregate amount of the actual direct eligible costs declared and accepted as eligible by the **EIB**, with due account of the budget of the **Action** included in Annex A.
- 5.6. In order to be eligible to be met from the **Grant**, actual direct costs incurred by the **Beneficiary** in the implementation of the **Action** must meet the following cumulative criteria:
- (i) are necessary for implementing the **Action**, directly attributable to it, arising as a direct consequence of its implementation and charged in proportion to actual use;
  - (ii) represent real expenditure, definitely and genuinely borne by the **Beneficiary**;
  - (iii) are incurred by the **Beneficiary** during the **Performance Period** and in compliance with the terms of this **Agreement**;
  - (iv) are reasonable and justified;
  - (v) comply with the principles of sound financial management, namely economy, efficiency and effectiveness (including regarding internal control). In this context, the principle of economy requires that resources used in the pursuit of the implementation of the **Action** are 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;
  - (vi) are in line with the usual practices of the **Beneficiary**, regardless of their source of funding;
  - (vii) are identifiable and backed by supporting documents, in particular determined and recorded in accordance with the accounting practices of the **Beneficiary**;
  - (viii) comply with the applicable tax and social legislation, taking due account, if applicable, of any privileges and immunities that the **Beneficiary** may enjoy pursuant to its constituent documents, international convention or any applicable law;
  - (ix) correspond to one of the categories of costs eligible for payment from the **Grant**, and entered as eligible cost in the budget of the **Action** included in Part II of Annex A.
- 5.7. The internal accounting and auditing procedures used by the **Beneficiary** for the implementation of the **Action** must permit direct reconciliation of the costs and revenue declared in respect of the activities for which the **Grant** is provided with the corresponding accounting statements and supporting documents. The accounts kept by the **Beneficiary** for the implementation of the **Action** may be an integrated part of or an adjunct to the **Beneficiary's** regular system. They must comply with the accounting and bookkeeping policies and rules that apply in the Czech Republic and must enable receipts and expenditure relating to the **Action** to be easily traced, identified and verified.
- 5.8. The indirect costs cover eligible costs incurred by the **Beneficiary** (such as corporate management costs, costs of horizontal and support staff or office or equipment costs) which, while necessary and arising as a consequence of the implementation of the **Action** and are supporting the implementation of the **Action**, are not considered part of the activities financed from the **Grant** as these are described in Annex A, provided that they do not include costs assigned to another budget heading in the budget of the **Action** provided in Part II of Annex A.
- The **Beneficiary** may not claim any indirect costs if it is in receipt of an operating grant financed by the **Union**. For the purpose of this Article 5.8, the **Beneficiary** states that, at the date of signature of this **Agreement** it is not in receipt of an operating grant financed by the **Union** and undertakes to inform the **EIB** promptly if at any time during the validity of this **Agreement** it is awarded such an operating grant.
- 5.9. In addition to any other costs not fulfilling the conditions of eligibility set out above, the following costs are not eligible for financing from the **Grant**:
- (i) bonuses, provisions, reserves, or non-remuneration related staff costs;

- (ii) travel and subsistence costs for missions undertaken as part of the activities comprising the **Action**;
  - (iii) purchase cost of equipment and assets, or depreciation or amortisation costs for such equipment or assets;
  - (iv) duties, taxes, and charges, including VAT, that are deductible or recoverable by the **Beneficiary**;
  - (v) return on capital;
  - (vi) debt and debt service charges;
  - (vii) provision for losses, debts, or potential future liabilities;
  - (viii) bank charges for the transfers of the **Grant** from the **EIB** to the **Beneficiary**;
  - (ix) exchange rate losses;
  - (x) any applicable bank charges or costs relating to the maintenance and administration of any bank account opened by the **Beneficiary** for the purpose of receiving and managing the **Grant**;
  - (xi) any costs incurred during the suspension, in whole or in part, of the implementation of the **Action**;
  - (xii) costs declared by the **Beneficiary** under another agreement financed from the Union budget;
  - (xiii) contributions in kind, from either third parties or the **Beneficiary**;
  - (xiv) costs of purchase of land or buildings.
- 5.10. The **Grant** must not have the purpose or effect of producing a profit for the **Beneficiary** in the framework of the **Action**, where “*profit*” is defined as a surplus of the receipts over the eligible costs approved by the **EIB**, at the time when the final amount of the **Grant** is determined. The receipts to be taken into account are (i) any income generated by the **Action** (including any fees charged to recipients of advisory services provided as part of the **Action**, as referred to in Article 4.4 (ii)), and (ii) any financial contributions made to the **Beneficiary** by other donors and specifically assigned by such donors to the financing of the same eligible costs financed by the **Grant** and declared by the **Beneficiary** as actual costs under the **Grant**, consolidated on the date on which the final report is submitted by the **Beneficiary**. If a profit is produced within the meaning of this Article 5.10, the **Grant** amount due to be disbursed to the **Beneficiary** shall be reduced by an amount equal to the percentage of the profit which corresponds to the percentage of the **Grant** to the eligible costs actually incurred, as approved by the **EIB**.

#### **ARTICLE 6 – Disbursement of the Grant**

- 6.1. The **EIB** shall disburse the final amount of the **Grant** due (calculated in accordance with Article 5) within 30 calendar days of receiving a request for disbursement (substantially in the form included in Annex B.1) from the **Beneficiary**. The disbursement shall be made in euro, into the euro-denominated bank account indicated in a duly completed financial identification form (provided in Annex B.2) to be submitted by the **Beneficiary** together with the request for disbursement.
- 6.2. No disbursement shall be requested or made unless and until the final report submitted by the **Beneficiary** (including the certification of expenditure specified in Article 4.5 and the legal opinion specified in Article 4.6) has been accepted by the **EIB**.
- 6.3. The **Beneficiary** shall submit the request for disbursement no later than 30 calendar days from the date of acceptance of the final report by the **EIB**.

- 6.4. Neither the acceptance of the final report pursuant to Article 4.11, nor the disbursement made by the **EIB** pursuant to this Article 6 imply recognition of the regularity, or of the authenticity, completeness and correctness of the documents and information provided by the **Beneficiary** in support of the costs declared.
- 6.5. The **EIB** may suspend the deadline for disbursement specified in Article 6.1 by promptly notifying the **Beneficiary** if, at the time the **EIB** receives the request for disbursement from the **Beneficiary**, an amount in respect of and equal to the disbursement requested has not been received by the **EIB** from the **Commission** pursuant to the **Financing Agreement**. The deadline shall start to run again from the date when the **EIB** receives the necessary funds from the **Commission** (of which it shall inform the **Beneficiary** as soon as practicable).

#### **ARTICLE 7– Ownership of Results and Intellectual Property Rights**

- 7.1. Subject to any pre-existing **Intellectual Property Rights** of any individual or legal entity, including any of the Parties, the **Intellectual Property Rights** in new materials compiled or prepared pursuant to this **Agreement**, including all reports and relevant data and information such as maps, diagrams, plans, databases, other documents and software, supporting records or material, will vest jointly in the Parties, it being agreed that each Party has the right to use, exploit and enforce such **Intellectual Property Rights** without the need to obtain permission to do so from the other Party.
- 7.2. The **Beneficiary** shall ensure that (i) it has all rights to use any pre-existing **Intellectual Property Rights** that are relevant and necessary for the implementation of the **Action** and the performance of its obligations under this **Agreement**, and that (ii) the **Intellectual Property Rights** vested in the **EIB** pursuant to Article 7.1 are not substantially restricted or limited by such pre-existing **Intellectual Property Rights**. The **Beneficiary** shall provide the **EIB** with all the necessary information in this respect.

#### **ARTICLE 8– Communication and visibility**

- 8.1. The **Beneficiary** shall take all appropriate measures to publicise the fact that the **Action** has received funding from the **Union** under the **EIAH**. Information given to the press, to the public, or any third party, and all related publicity material, official notices, reports and publications produced in the implementation of the **Action** must acknowledge that the **Action** is carried out “with funding by the European Union through the European Investment Advisory Hub” and must display in an appropriate way the **Union Emblem**, and the **EIAH** logo and other visibility tools (as these shall be provided by the **EIB** from time to time) to be applied in respect of the **EIAH**.
- 8.2. The **Beneficiary** must obtain prior written agreement from the **EIB** on any use it intends to make of the **EIB** visibility elements, including the **EIB** logo, and must ensure that the different logos used are given equal weight in terms of size and positioning.
- 8.3. Publications pertaining to the **Action**, such as reports, publications with an ISBN, newsletters and similar, in whatever form and by whatever medium, including the internet, must acknowledge that such document was produced with the financial assistance of the **Union**, and carry an appropriate disclaimer stating that the views expressed therein can in no way be taken to reflect the official opinion of the **Union** or of the **EIB**.
- 8.4. The **Beneficiary** shall include in its regular reports to the **EIB** submitted in accordance with Article 4 information on measures implemented to ensure the visibility of the **Union's** financial contribution, including the links to any websites where it has published information on the **Action**, and shall communicate to the **EIB** any other progress and situation reports, publications, press releases and updates relevant to this **Agreement**, as and when they are issued.

- 8.5. The **Beneficiary** shall include, in any contract it enters into with a third party for the implementation of the **Action**, terms ensuring that the obligation incumbent on the **Beneficiary** pursuant to this Article 8 is also applicable, as relevant, to the third party, notably in relation to ensuring the visibility of the financing source of the activities performed.
- 8.6. Each Party agrees to extend an invitation to the other Party and to the **Commission** to participate in major publicity events that it may organise in relation to this **Agreement** during its execution. Such events may include any regular or technical working meetings between the Parties in the context of the **Action**.
- 8.7. At the request of the **EIB**, the **Beneficiary** agrees to cooperate with the **EIB** in any communication activities that the **EIB** may undertake in the framework of the **EIAH**, such as conferences or other events.
- 8.8. Subject to the applicable rules on confidentiality, security and protection of **Personal Data**, the **Beneficiary** authorises the **EIB** and the **Commission** to publish, on an annual basis, the following information in relation to this **Agreement**: the title, nature and purpose of the **Action**, the name and address of the **Beneficiary**, and the maximum amount of the **Grant**. Upon a duly substantiated request by the **Beneficiary**, and if the disclosure of the above information would risk threatening the **Beneficiary's** safety or harming its legitimate commercial interests, the **EIB** may agree to forego such publicity.
- 8.9. Without prejudice to the preceding paragraph, the **Beneficiary** acknowledges that the **EIB** may use information and data in respect of the **Action**, including that provided by the **Beneficiary** through the reports submitted pursuant to Article 4, in communication and publicity materials the **EIB** may prepare in the framework of the **EIAH**.

#### **ARTICLE 9– Confidentiality**

- 9.1. The Parties warrant that they will keep **Confidential Information**, and all documents containing, or referring to, any **Confidential Information**, under their effective control and using the same standard of care they use to keep their own confidential information confidential. The **Receiving Party** must not use or reproduce any document containing, or referring to, any **Confidential Information**, nor allow any other person to use or reproduce any such document, except to the extent necessary to enable it to exercise its rights or perform its obligations in accordance with the terms and conditions of this **Agreement**, or with the prior agreement in writing of the **Disclosing Party**.

For the avoidance of doubt, disclosure of **Confidential Information** made by the **Receiving Party** to its employees, officers, directors, internal auditors, internal accountants, in-house counsel, etc. who need to access such **Confidential Information** for the purposes of the **Action** shall not be considered a breach of the obligation specified in this Article 9.

- 9.2. The **Receiving Party** may disclose **Confidential Information** without the prior agreement of the **Disclosing Party** only in the following circumstances:
  - (a) disclosure of or access to **Confidential Information** is made or granted by the **Receiving Party** to its shareholders (including, for the avoidance of doubt, persons exercising the ownership rights on behalf of a shareholder) or to members of its external governance or management structures, if any, solely to enable effective management or auditing of the activities directly related to this **Agreement**;
  - (b) disclosure of or access to **Confidential Information** is authorised or required by law, or any rules or regulations issued by any competent regulatory authority, which are applicable to the **Receiving Party**;
  - (c) **Confidential Information** is disclosed by the **Receiving Party** in order to protect its interests in the course of any legal or arbitration proceedings to which it is a party;



- (d) **Confidential Information** is disclosed by the **EIB** (as **Receiving Party**) to the **Commission** pursuant to the relevant **Financing Agreements**, it being understood that the **Commission** is required, under the terms of these **Financing Agreements**, to maintain confidentiality of such information.
- 9.3. In all cases, the **Receiving Party** must notify the receiving third party that the **Confidential Information** disclosed is confidential, and ensure, through appropriate means (including, as necessary, through incorporating terms in the relevant contractual commitments), that the receiving third party is bound by standards of confidentiality no less stringent than those applicable to the **Receiving Party** under this **Agreement**.
- 9.4. Further, when the **Receiving Party** discloses **Confidential Information** pursuant to Article 6.3(b), the **Receiving Party** must give written notice to the **Disclosing Party** immediately upon becoming aware of the requirement to disclose **Confidential Information** and the **Disclosing Party** is entitled to argue against disclosure.

#### **ARTICLE 10– Conflict of interest**

- 10.1. The **Beneficiary** shall take all necessary measures to avoid, eliminate, or adequately address any facts or circumstances that could give rise to a conflict of interest in the execution of this **Agreement**. There is a conflict of interest where the impartial and objective exercise of the functions of any person implementing the **Action** is compromised.
- 10.2. The **Beneficiary** must inform the **EIB** promptly of any conflict of interest that arises during the implementation of the **Action**, and of any measures taken to resolve the situation. The **EIB** reserves the right to request additional measures, if deemed necessary.
- 10.3. The **Beneficiary** shall include, in any contract it enters into with a third party for the implementation of the **Action**, terms ensuring that the obligation incumbent on the **Beneficiary** pursuant to Article 10.1 is also applicable, as relevant, to the third party.

#### **ARTICLE 11– Protection of Personal Data**

- 11.1. The **Beneficiary** shall ensure appropriate protection of **Personal Data**. Any operation involving the processing of **Personal Data**, such as collection, recording, organisation, storage, adaptation or alteration, retrieval, consultation, use, disclosure, erasure or destruction, must be based on the applicable EU legislation and any other rules, policies and procedures of the **Beneficiary** that are in line with the applicable law. **Personal Data** collected under the Agreement may be further processed only as far as it is necessary for the performance of the **Beneficiary's** tasks and obligations under this **Agreement**.
- 11.2. In particular, the **Beneficiary** must, in accordance with the applicable legislation and its rules, policies, and procedures:
- (a) ensure that data subjects are provided with transparent information, communication on the modalities for the exercise of their rights;
  - (b) take appropriate technical and organisational security measures taking into account the risks inherent in any processing operation and the nature of the information relating to the natural person concerned, in order to:
    - (i) prevent any unauthorised person from gaining access to computer systems performing such operations, and especially unauthorised reading, copying, alteration or removal of storage media, unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored information;
    - (ii) ensure that authorised users of an IT system performing such operations can access only the information to which their access right refers;
    - (iii) design its organisational structure in such a way that it meets the above requirements.

- 11.3. The **Beneficiary** shall include, in any contract it enters into with a third party for the implementation of the **Action**, terms ensuring that the obligation incumbent on the **Beneficiary** pursuant to this Article 11 is also applicable, as relevant, to the third party.

#### **ARTICLE 12– Cooperation in the protection of Union financial interests**

- 12.1. The **Beneficiary** shall allow the **EIB**, the **Commission**, **OLAF**, the *Court of Auditors of the European Union* and any external auditor authorised by any of the preceding, (i) to verify, by examining the original documents (including the right to make copies thereof) and by means of on-the-spot checks, the implementation of the **Action**; and (ii) to conduct a full audit, if necessary, on the basis of supporting documents for the accounts, accounting documents and any other document which is relevant to the financing of the **Action**. These verifications may take place up to seven (7) years after the finalisation of the **Action**.
- 12.2. The **Beneficiary** undertakes (i) to give appropriate access to the authorised representatives of the **EIB**, the **Commission**, **OLAF**, the *Court of Auditors of the European Union* and to any external auditor authorised by any of the preceding to documentation or data whether in electronic or paper form, as well as access to the premises of the **Beneficiary** or to the sites where the activities financed by the **Grant** are carried out; and (ii) to take all steps to facilitate their work. Access given in accordance with this Article 12 shall be on the basis of confidentiality with respect to third parties, without prejudice to the obligations of public or EU law to which these institutions or bodies and their staff, agents or authorised representatives are subject.
- 12.3. Any missions covered by this Article 12 shall be planned and carried out in a collaborative manner between the **Beneficiary** and the entity carrying out the mission, and in compliance with the pertinent provisions of any bilateral cooperation agreement entered into between the **Beneficiary** and the entity carrying out the mission, or in the absence of such agreements, in accordance with any arrangements to be reached on an ad hoc basis between the **Beneficiary** and the entity carrying out the mission.
- 12.4. The **Beneficiary** shall include, in any contract it enters into with a third party for the implementation of the **Action**, terms ensuring that the obligations incumbent on the **Beneficiary** pursuant to this Article 12, notably in terms of granting access rights, is also applicable, as relevant, to the third party.

#### **ARTICLE 13– Evaluations**

- 13.1. If the **EIB** or the **Commission** on behalf of the **Union**, carries out an evaluation or a monitoring mission in relation to the **EIAH**, the **Beneficiary** undertakes to provide to the representatives of the **EIB** or the **Commission**, or persons authorised by them, any document or information which will assist with the mission, and grant them the access rights specified in Article 12.
- 13.2. If the **Beneficiary** carries out an evaluation of the **Action**, it shall provide the **EIB** with a copy of the final evaluation report without undue delay. The **Beneficiary** agrees that the **EIB** may make available the evaluation report to the **Commission**, representing the **Union** as the donor.

#### **ARTICLE 14– Suspension and termination**

- 14.1. Any of the Parties may decide to suspend the implementation of all or part of the **Action** if exceptional or unforeseen circumstances beyond the control of that Party, such as in cases of **Force Majeure**, make such implementation, in the reasonable opinion of that Party, impossible or excessively difficult. The Party deciding the suspension shall promptly notify the other Party, providing all the necessary details, including measures taken to minimize any possible damage, and the foreseeable effect and date of resumption.

- 14.2. The **EIB** may request that the **Beneficiary** suspends, in whole or in part, the implementation of the **Action** if it receives from the **Commission** a suspension notice which affects the **Agreement** (including as a result of the adoption of a relevant **Union** decision identifying a violation of human rights or in cases such as crisis entailing a change of **Union** policy). The **EIB** shall indicate in its notice the date of suspension and any necessary details. The **Beneficiary** shall take all reasonable steps to minimize any possible damage.
- 14.3. If a suspension enacted pursuant to the above provisions of this Article 14 exceeds 90 calendar days, either Party may terminate this **Agreement**, by serving a two months' written notice to the other Party, without any liability. In this case, the **Beneficiary** shall be entitled to the reimbursement of the eligible costs it actually incurred for the implementation of the **Action** up to the date of termination, the amount of which shall be determined in accordance with Article 5. For this purpose, the **Beneficiary** shall submit to the **EIB** a final report complying with the provisions of Articles 4.3, 4.4, and 4.8 to 4.10, accompanied by an expenditure verification report as specified in Article 4.5 and by a legal opinion as specified in Article 4.6. The provisions of Articles 4.11 and 6 shall apply *mutatis mutandis*.
- 14.4. Without affecting the right of the **EIB** to terminate this **Agreement** pursuant to Article 14.6, the **EIB** may suspend the implementation of the **Agreement**, in full or in part, if it has proof that substantial errors, irregularities, fraud or breach of material obligations have been committed by the **Beneficiary** in the implementation of the **Action**, or that systemic errors have occurred which call into question the reliability of the **Beneficiary's** internal control systems or the legality and regularity of the underlying transactions.
- 14.5. Before suspending the implementation of the **Agreement** pursuant to Article 14.4, the **EIB** will formally notify the **Beneficiary** of its intention to suspend and the reasons thereof, and invite the **Beneficiary** to submit its written observations, if any. If the **Beneficiary** does not submit any observations within 15 calendar days of receiving the written notification from the **EIB**, or if, after examination of the observations submitted by the **Beneficiary** the **EIB** decides to pursue, in whole or in part, the suspension, the **EIB** shall give the **Beneficiary** a 7 (seven) days' written notice. In case of a partial suspension, the notice shall be without prejudice to the right of the Parties to enter into discussions in order to find mutually acceptable arrangements necessary to continue with the part of the **Action** that is not suspended.
- 14.6. With due regard to the principle of proportionality, the **EIB** is entitled to terminate this **Agreement** in any of the following circumstances:
- (i) the **Beneficiary** fails to fulfil a material obligation incumbent on it under the terms of the **Agreement**, where such material obligation is understood to include the obligation to comply with the provisions of Article 10 and with the reporting obligations specified in Article 4; or
  - (ii) the **Beneficiary** is guilty of misrepresentation or submits false or incomplete statements to obtain the **Grant**, or provides reports that do not reflect reality to obtain or keep the **Grant** without cause; or
  - (iii) the **Beneficiary** (or any person with powers of representation, decision-making or control in relation to the **Beneficiary**) engages in **Prohibited Conduct**, as evidenced by proof in the possession of the **EIB**;
  - (iv) the **EIB** has reliable evidence that systemic errors have occurred which call into question the reliability of the **Beneficiary's** internal control systems or the legality and regularity of the underlying transactions;
  - (v) the **Beneficiary** is bankrupt or being wound up or is subject to any other similar proceedings provided for in the legislation of the Czech Republic.
- 14.7. Before terminating this **Agreement** on the basis of Article 14.6, the **EIB** will formally notify the **Beneficiary** of its intention to terminate and the reasons thereof, and invite the **Beneficiary** to submit its written observations, including proposals for remedial measures, if any. If the **Beneficiary** does not cure the default, does not submit any observations within 15 calendar days of receiving the written notification from the **EIB**, or if, after examination of the observations submitted by the **Beneficiary** the **EIB** decides to pursue the termination, the **EIB**

may terminate this **Agreement**, without any liability for the **EIB**, by giving the **Beneficiary** a seven days' written notice. The provisions of Article 14.3 shall apply as appropriate.

- 14.8. In all cases of termination, the Parties must take all reasonable measures in their respective competences to minimise the costs and any possible damage.

#### **ARTICLE 15– Liability**

- 15.1. Neither Party shall be held in breach of any of its obligations under this **Agreement** if it is prevented or delayed in performing those obligations by **Force Majeure**. In this respect, upon occurrence of **Force Majeure**, the Party facing it shall (i) promptly notify the other Party thereof, describing its effect on performance, and how long that Party expects it to last; (ii) update that information as regularly as necessary; (iii) use its best efforts to limit the damages to the other Party; and (iv) resume performance under this **Agreement** as soon as feasible.
- 15.2. The **EIB** shall not be held liable for any death, injury, damage or loss including reasonable legal counsel fees and expenses that may be sustained by the **Beneficiary**, its personnel and/or contractors in connection with or as a result of the implementation of the **Action** or this **Agreement**, except where such death, injury, damage or loss is the direct result of an action or omission of the **EIB** due to **EIB's** fraud, gross negligence or wilful misconduct.
- 15.3. The **Beneficiary** shall indemnify and hold harmless the **EIB** and the **Union**, and their employees, officers, Governors, delegates, servants or agents from and against any loss, claim, demand, damage, or liability of any kind relating to or arising under, out of or in connection with the **Agreement** brought as a result of an infringement of the applicable laws, rules or regulations committed by the **Beneficiary** or the **Beneficiary's** employees, individuals for whom those employees are responsible, or contractors or as a result of a violation of a third part's right, including **Intellectual Property Rights**, in the context of the implementation of the **Action**.
- 15.4. The **Beneficiary** shall include, in any contract it enters into with a third party for the implementation of the **Action**, terms ensuring that the obligation incumbent on the **Beneficiary** pursuant to Article 15.3 is also applicable, as relevant, to the third party.

#### **ARTICLE 16– Amendments, assignment of rights, and transfer of obligations, recovery**

- 16.1. Any amendment to this **Agreement**, including its **Annexes**, shall be set out in an instrument in writing duly signed by both Parties. Changes of address or of contact details may simply be communicated to the other Party in writing, in accordance with Article 17.
- 16.2. A Party may not assign or transfer to a third party, or otherwise dispose of, any of its rights or obligations under this **Agreement** without the prior written consent of the other Party.
- 16.3. By exception from Article 16.2, the **EIB** may assign to the **Commission** and the **Beneficiary** may not oppose in any way whatsoever such assignment, the right to recover from the **Beneficiary** any amounts of the **Grant** unduly disbursed to the **Beneficiary**, or obtained by the **Beneficiary** through fraud, fraudulent misrepresentation, or deceit. Where the **EIB** assigns its right to recover to the **Commission** in accordance with the preceding provisions, it will promptly notify the **Beneficiary** thereof. The **Beneficiary** expressly accepts that the **Commission** may proceed to recovery of the amounts due in any form allowed by applicable law.
- 16.4. When the **EIB** decides to proceed with recovery itself, the **Beneficiary** will repay to the **EIB** the amount due by the deadline indicated in the debit note issued by the **EIB**, it being understood that such deadline shall not be less than 30 calendar days from the date of issuance of the debit note. If the **Beneficiary** fails to repay by the due date, the amount due shall be increased by late payment interest (i) calculated based on the rate applied by the *European Central Bank* for its main refinancing operations in euro (*Reference Rate*) in force on the first day of the month in which the time limit for payment expires, as published in the C series of the *Official Journal of the European Union*, increased by three and a half percentage points (3.5%); and (ii) payable

for the period elapsing from the day after the expiration of the time limit for payment up to and including the date when the **EIB** actually receives payment in full of the outstanding amount. Any partial payment will cover the interest first. Bank charges incurred from the repayment of the amounts due by the **Beneficiary** pursuant to this Article 16.4 shall be borne entirely by the **Beneficiary**.

#### **ARTICLE 17– Notices and communications**

- 17.1. Any notice or other communication to be served under this **Agreement** must be in writing and shall state the title of this **Agreement** ("**EIB – CMZRB Funding Agreement in respect of 'Establishment or developing organisational capacity'**").
- 17.2. Except otherwise provided in this **Agreement**, any notice or communication given under or in connection with this **Agreement** must be in English, or if not in English and so required by the **EIB**, accompanied by its translation into English. In this case, the English translation shall prevail unless the document is a constitutional, statutory or other similar official document.
- 17.3. All notices and correspondence in relation to this **Agreement** must be sent by post or, to the extent agreed by the Parties in writing, by e-mail or other means of electronic communication, to the following addresses:

For the **EIB**

European Investment Bank  
Advisory Services Department  
98-100, boulevard Konrad Adenauer  
L-2950, Luxembourg  
Attention: Head of EIAH Division  
e-mail: [REDACTED]

For the **Beneficiary**

Českomoravská záruční a rozvojová banka, a.s.  
Jeruzalémská 964/4, Prague 1, 110 00  
Czech Republic  
Attention: Head of Strategy and Marketing Department  
e-mail: [REDACTED]

- 17.4. Any change made to the above communication details shall have effect only after it has been notified in writing in paper or electronic form to the other Party at the above addresses.
- 17.5. Notices and other communications are deemed to have been made when they are received by the receiving Party.

#### **ARTICLE 18– Governing law and dispute settlement**

- 18.1. This **Agreement** and its formation, construction and validity shall be governed by the laws of the Grand Duchy of Luxembourg, as interpreted by the *Courts* of Luxembourg.
- 18.2. The Parties shall endeavour to settle amicably any dispute arising between them out of or in connection with this **Agreement** or its subject matter or formation (including non-contractual disputes or claims). If no amicable agreement is reached within 60 calendar days from the notification of such dispute or complaint, all disputes concerning this **Agreement** shall be submitted to the exclusive jurisdiction of the *Courts* of Luxembourg.

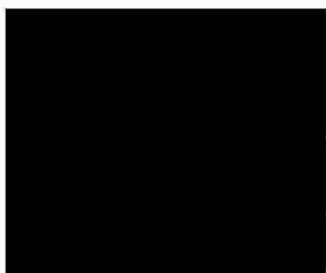


**ARTICLE 19– Final provisions**

- 19.1. No failure or delay by a **Party** to exercise any of its rights under this **Agreement** may be construed as a waiver of such right.
- 19.2. Nothing in this **Agreement** shall be deemed to be a waiver, renunciation, or modification, whether express or implied, of the privileges, immunities, and exemptions enjoyed by the **EIB**, its Governors, Directors, Alternates, officers, employees, or experts performing missions for the **EIB** pursuant to its constituent documents, international convention, or any applicable law, all of which are expressly reserved.
- 19.3. If any provision of this **Agreement** is held illegal or unenforceable in a judicial proceeding, such provision will be severed and will be inoperative, and, provided that the fundamental terms and conditions of this **Agreement** remain legal and enforceable, the remainder of this **Agreement** shall remain operative and binding on the **Parties** and the **Parties** shall take all necessary measures to agree on terms to replace those found illegal or unenforceable.

IN WITNESS WHEREOF the Parties hereto have caused this **Agreement** to be executed on their behalf in four originals in the English language, of which two for the **EIB** and two for the **Beneficiary**.

Signed for and on behalf of  
EUROPEAN INVESTMENT BANK



Garth GRISBROOK  
Head of Division

Date: 08 July 2020

Signed for and on behalf of  
ČESKOMORAVSKÁ ZÁRUČNÍ A ROZVOJOVÁ  
BANKA, A.S.




Jiří JIRÁSEK  
Chairman of the Board of Directors

Date: 14. 07. 2020



Head of Screening and Management Unit

Date: 08 July 2020



Pavel PÁLEK  
Member of the Board of Directors

14. 07. 2020

**ANNEX A – THE ACTION**

**Part I – Description of the Action**

## 1. Background and rationale

The Czech-Moravian Guarantee and Development Bank (CMZRB) will establish a special advisory unit ("Business Development Unit" – "BDU" or "Unit") to be able to provide targeted investment advisory services in key priority sectors. The Unit will be fully integrated in the CMZRB's organizational structure reporting to the CEO Division. Top management will be responsible for coordinating the efforts of the Unit and interlinking them with CMZRB's other activities into a cohesive whole. The objective is to concentrate all human and informational resources concerning investment advisory services in one place to maximize performance by facilitating the knowledge sharing from the top down and across other relevant departments.

The establishment of the Unit goes in line with the new investment strategy adopted by the Czech government, which aims to increase the investment activity in priority sectors of the Czech economy. The ultimate goal is to identify a pipeline of projects that need advisory support and to help the promoters prepare, finance and implement the projects. The basic rationale of the Action is to support the preparation and implementation of infrastructure projects via supporting the uptake of new forms of financial instruments. The basic prerequisite for these activities is ensuring strengthened personal capacity of experts involved in this issue.

The Unit will closely cooperate with departments from the CEO Division and Financial Division in particular:

- ✓ Accounting, Methodology and Reporting,
- ✓ Risk Management and Non-performing Receivables Administration,
- ✓ Information Technology,
- ✓ Strategy and Marketing,
- ✓ Product Development and Methodology,
- ✓ Legal and compliance,
- ✓ Human Resources

## 2. Description of the Action

So far, CMZRB has carried out the preparatory work to define issues to be tackled and to define further steps once the funding agreement is signed. The Grant will facilitate the operationalisation of the Unit and will enable it to undertake a range of advisory activities aiming at facilitating the preparation and implementation of investment projects in priority sectors of the Czech economy. The start of the Action was negatively influenced by the Coronavirus outbreak in the spring of 2020 which has led to extreme pressure on existing CMZRB's personnel and technical capacities, because CMZRB serves as a key institution for SMEs affected by the coronavirus infection and related preventive measures. Thus, during the second quarter of the year 2020 the priority of CMZRB was to implement coronavirus crisis measures for SMEs (COVID-19 loan and guarantee programmes), leading to a delay of the start of the current Action.

After the formal establishment of the BDU, planned for the beginning of the third quarter of 2020, the Unit is expected to start work on fulfilling the envisaged objectives, namely:

- i) Establishing internal procedures and organization structure (Introduction of new organization structure and internal guidelines);
- ii) Developing knowledge base of investor's needs and available products and services;
- iii) Creating the pipeline of investment projects, iv) Supporting the access to finance of projects.

*Summary of project activities – see the Action Plan (5<sup>th</sup> chapter)*

In accordance with CMZRB Group structure, mentioned in the CMZRB Strategy 2020-2023 it was agreed that BDU shall also contribute to appropriate setting up of the CMZRB's subsidiary - National Development Fund (NDF), j.s.c. (SICAV). Its aim is to support efficient implementation of long-term

public investment needs in the field of infrastructure. As part of the advisory activities of the BDU, support could be provided to projects that may later benefit from funding of the NDF.

Moreover, BDU activities will be further supported also through other, complementing support from DG REFORM (former "Structural Reform Support Service"), through its "Structural reform Support Programme" - SRSP. CMZRB receives support under the SRSP Project "20CZ22 Capacity-building for the Czech-Moravian Guarantee and Development Bank". The SRSP support is going to serve as another channel enabling to increase the knowledge of relevant experts in CMZRB. Identified SRSP project goals:

- Create the knowledge base to set-up new financial instruments in new areas of infrastructure financing (equity financing, venture capital, mezzanine financing, asset management);
- Increase the capability or offer in specific advisory areas and/or platforms – PPP, EPC, PBC, etc.;
- CMZRB is planning to benefit from external experts' services to build an internal advisory team which will allow it to share its enhanced knowledge within the CMZRB Group (CMZRB together with two subsidiaries – CMZRB Investment, j.s.c., and National Development Fund, j.s.c.).

One of key goals in the frame of SRSP project is strengthening internal capacities of those CMZRB units which are necessary for the smooth implementation of BDU goals (e.g. risk management trainings). Moreover, regarding the BDU, developing contractual documentation templates are a key deliverable to be achieved for the SRSP-funded programme. Any possible overlaps between the SRSP programme and the EIAH-supported Action will be strictly avoided. The basic aim, however, is to keep complementarity of all activities between these programmes as much as possible. Thus, close cooperation and info sharing among all stakeholders is envisaged.

In terms of the currently negotiated ELENA contract, it is expected that experts of the BDU will closely cooperate with colleagues from the ELENA funded team to be created within CMZRB. There are expected complementarities and synergies because of the fact that energy efficiency is among the sectors to be developed by the BDU. With the ELENA support, the CMZRB will provide a comprehensive assistance package for the clients requesting support for the preparation and implementation of energy efficiency renovation projects. ELENA funding will be used to prepare and implement a comprehensive renovation of most of the buildings, with the goal to increase operational efficiency, improve energy performance and reduce greenhouse gas emissions.

### 3. Objectives and expected results

The objective of the action of CMZRB is the development of a BDU and thereby increase investment activity in priority sectors of the Czech economy. The ultimate goal of the BDU is to identify a pipeline of projects that need advisory support and to help the promoters prepare, finance and implement these projects. CMZRB plans to support projects in sectors such as energy, transport, social infrastructure, digital economy and social banking. For the purpose of this Action, the following areas with the highest priority of investment and advisory support have been identified, as follows:

- Transport infrastructure,
- Digital and Smart city solutions infrastructure (smart cities, communication networks, Internet),
- Circular economy and Renewable energy infrastructure,
- Social infrastructure/network.

Based on the analysis of the Czech market, the BDU will help large-scale projects as well as projects for small businesses and mid-caps. Development of the BDU's processes and services will reflect European know-how and modern investment standards and also the knowledge and advice provided by the EIB/EIAH. The aim is to support sustainable projects reflecting modern trends (new and innovative technologies etc.). More detailed parameters or services need be discussed after the official establishment of the BDU and also in cooperation with experts funded by the SRSP.

The approach to direct support of large-scale and SMEs investment projects will differ. CMZRB is aware of weaknesses in managerial capabilities in SMEs and thus the provided business advice will play a key role in the project development. A barrier to the demand for advisory services is the lack of awareness among many SMEs and thus CMZRB plans to conduct several awareness-raising and business development activities primarily targeted on SMEs. CMZRB will provide advice to certain types of SMEs selected based on industry sector, firm size, stage of development, technology or geographical market. Priority will be given to firms with good growth ambition and potential. Specific approach will be taken by the Unit to assist promoters of circular and digital economy projects mainly through the provision of advisory services on improving the bankability and technical feasibility of such projects. The experts of the Unit will also address a wider pool of potential beneficiaries through networking, sharing of best practices, connecting different stakeholders and facilitating access to finance.

Infrastructure advisory services are going to be provided to large market players who will seek very specific advice on financial, procurement, strategic or public-private partnership issues. The BDU will provide support throughout the project cycle, from project screening and appraisal to procurement, financial close, construction and operations, and help government entities strategically manage capital and transactions.

The proposed action is a brand-new activity for CMZRB and thus no baseline data are available yet. The results will be measured and periodically evaluated and compared to target indicators. Nevertheless, the overall economic situation of the Czech Republic (and Europe), due to export-oriented nature of the Czech economy, has to be taken into account, especially with expected economic downturn caused by the Corona (COVID-19)-crisis outbreak in spring 2020. Hypothetically, it may cause a lower number of supported investment projects. Despite this "threat", the already proposed scope of action and projects supported remains the same – the target is 41 supported investment projects within the 18-month duration of the Action.

#### Key performance indicators

| Sectors  | Target number of investment projects supported (after 18 months) | Estimated value of supported projects (EUR) |
|--|--|---|
| Transport infrastructure                             | 15   | 2 500 mil.                                  |
| Digital and Smart city solutions Infrastructure      | 10   | 800 mil.                                    |
| Circular economy and Renewable energy infrastructure | 8  | 1 300 mil.                                  |
| Social infrastructure                                | 8  | 650 mil.                                    |

#### 4. Scope of services

##### Services provided by the BDU to the target group

Target group: Public as well as corporate sector (entrepreneurs, business associations, clusters, state bodies - ministries, state funds and other public support agencies; municipalities or regions including the regional agencies for local development).

Project selection process: CMZRB will develop its own policy framework based on the recent conditions for loan and project financing, considering criteria such as economic sector, type of financing or assistance sought, project and applicant profile, alignment with CMZRB's strategy etc.

This activity will require cooperation between the BDU and the Accounting, Methodology and Reporting department. It is envisaged that most of the advisory services will be provided individually on case-by-case basis.



The scope of advisory provided by the BDU will include one or more of the following services:

- Project screening, helping applicants craft an overall project strategy and define the financial structure,
- Advice on aspects of technical and operational feasibility,
- Assistance with business plan preparation (market insights, economic indicators, benchmarking with similar projects etc.),
- Enhance the positive social and environmental impacts of the project,
- Help to improve management capability and contribute to readiness of the project for submission to potential lender,
- As many of those projects are associated with high risk, the Unit experts will help applicants to identify the risks, assess them and plans the responses.
- Advice on potential links of the project to other initiatives, as well as on preparing an application for the Bank's own financial products and services.

Capacity building, advice on financial structuring and project preparation support can play a crucial role in advancing high quality investment projects. The Unit experts will provide guidance, expertise and support to fast track the development towards potential financing.

Advisory services provided by the Unit will be offered to project promoters free of charge. Any fees charged by CMZRB for services to SME beneficiaries will be capped at one third of the cost of such services.

It is envisaged to implement the Action through four main activities, which are elaborated in more details in the timeline (Action plan):

- i) Establishment of internal procedures and organization structure (Introduction of new organization structure and internal guidelines);
- ii) Developing knowledge base of investor's needs and available products and services;
- iii) Creating the pipeline of investment projects,
- iv) Supporting the access to finance of projects.

#### **Other supporting and developing services provided by the Unit**

- Connecting CMZRB's advisory services with investors and identification of new financing opportunities for project promoters
- Business development, including:
  - ✓ Market research,
  - ✓ Relationship building with potential clients, partners and intermediaries active in the infrastructure financing,
  - ✓ Building a database of contacts and infrastructure projects' pipeline.

CMZRB is aware of the fact that investors may not be aware of the opportunity to use its advisory services. At the same time, CMZRB has insufficient market knowledge and awareness of key market players and their potential investment plans. In order to overcome these disconnects, CMZRB will conduct several business development and awareness raising activities and procure market analyses in the given priority sectors.

- Marketing and awareness-raising activities
  - ✓ Organization of workshops and seminars (standard or webinars / virtual ones) to introduce activities and services of the BDU to the public and relevant stakeholders,
  - ✓ Participation of experts at relevant business and networking events (standard or webinar / virtual ones),

- ✓ Publications, leaflets and other marketing materials, use of social media (Twitter, LinkedIn, Facebook).

Communication mix of the Unit will be based primarily on the need to raise awareness of its activities and services among sponsors, financial institutions, entrepreneurs and other stakeholders. Given the fundamental benefit to society, CMZRB plans to extend its communication activities also to the general public.

- Gather and analyse information from the market to build a robust knowledge base of investors' needs and available products and services available to them.
  - ✓ The Unit will act as a single point knowledge and advisory centre accessible to relevant stakeholders active in preparation, financing and realization of investment projects in selected sectors of the Czech economy. Therefore, it will have to develop and be able to provide sectorial analyses, data and other required information when needed.
- Consequently (after the end of 18-month initial phase supported by the EIAH Grant), the established knowledge centre will serve as a solid basis helping to set-up specialized guarantee / loan products, e.g. payment guarantees, early termination guarantees, partial credit guarantee, as well as specific loan programmes (gap funding facilities / senior financing, mezzanine debts etc.). Products will be designed according to actual demand and will be based on well-founded needs on the market. They will not compete with products offered by commercial banks in the Czech Republic and will primarily include junior, i.e. subordinated and unsecured debt instruments, or possibly guarantee products with a higher degree of risk. This complex and strategic activity will require the BDU's cooperation with the Product Development and Methodology, Risk Management, Information Technology as well as the Strategy and Marketing Departments. For the avoidance of doubt, these activities fall outside the scope of the current Action and will not be implemented as part of the activities funded from the Grant.

As the envisaged advisory activities will ultimately aim to help projects reach a bankable stage and facilitate their access to financing, it is considered that familiarity with banking may be beneficial for the advisory staff. Further details on this will become available in the implementation of the assignment. The skills of the staff will be enhanced through attendance of the trainings necessary for the employees to gain new skills or develop existing ones as needed.

CMZRB may request EIB to provide guidance and input for activities, including for development of terms of reference and deliverables from external consultants, as appropriate. Synergies with other on-going activities with the EIB Group will be actively sought and the Action will build on the past and current joint work.

## 5. Estimated timeline

| Action plan for 18 months  |   | 2020 |      |    |   |    |     | 2021 |    |     |    |   |    |     |      |    |   |    |     |
|--|---|------|------|----|---|----|-----|------|----|-----|----|---|----|-----|------|----|---|----|-----|
| Time line of project activities  |   | VII  | VIII | IX | X | XI | XII | I    | II | III | IV | V | VI | VII | VIII | IX | X | XI | XII |
| Establishment of internal procedures and organization structure  |   |      |      |    |   |    |     |      |    |     |    |   |    |     |      |    |   |    |     |
| Establishment of internal procedures, guidelines and organization structure. Development of policy frameworks.   | x | x    |      | x  |   |    |     |      |    |     |    |   |    |     |      |    |   |    |     |
| Hiring of new staff, preparing existing staff for new roles and tasks.   | x | x    |      | x  |   |    |     |      |    |     |    |   |    |     |      |    |   |    |     |
| Developing knowledge base of investor's needs. Creating knowledge base (feasibility studies, market research). Hiring of external consultants.                                     | x | x    | x    | x  | x | x  | x   |      |    |     |    |   |    |     |      |    |   |    |     |
| Contacting relevant internal and external stakeholders. Establishing relationships.  | x | x    | x    | x  | x |    |     |      |    |     |    |   |    |     |      |    |   |    |     |
| Receiving relevant training.   | x | x    | x    | x  | x | x  | x   | x    | x  | x   | x  | x | x  | x   | x    | x  |   |    |     |
| Developing knowledge base of investor's needs and available products and services  |   |      |      |    |   |    |     |      |    |     |    |   |    |     |      |    |   |    |     |
| Marketing activities - Social media, PR activities, development of brochures and leaflets. Website.  |   |      |      | x  | x | x  | x   | x    | x  | x   | x  | x | x  | x   | x    | x  | x | x  | x   |
| Raising awareness about the Unit and advisory services. Organization of workshops and seminars. Participation and giving presentations at relevant business and networking events. |   |      |      | x  | x | x  | x   | x    | x  | x   | x  | x | x  | x   | x    | x  | x | x  | x   |
| Office work. Market research. Creating of knowledge base and database of contacts and projects pipeline.   |   |      |      | x  | x | x  | x   | x    | x  | x   | x  | x | x  | x   | x    | x  | x | x  | x   |
| Fieldwork. Communication with relevant stakeholders. Partnerships. Contacting potential investors. Networking.   |   |      |      | x  | x | x  | x   | x    | x  | x   | x  | x | x  | x   | x    | x  | x | x  | x   |

| <b>Creating the pipeline of investment projects</b>   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Individual consultations. Preparation of project proposals, pre-feasibility and feasibility studies.  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Provision of sectorial analyses, data and other required information when needed.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Advice on potential links of the project to other initiatives, as well as on preparing an application for the bank's own financial products and services. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Supporting the access to finance of projects</b>   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Project identification, assessment and development. Helping applicants' craft an overall project strategy and define the financial structure.             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Negotiations. Structuring of project financing. Communication with the investment committee.  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

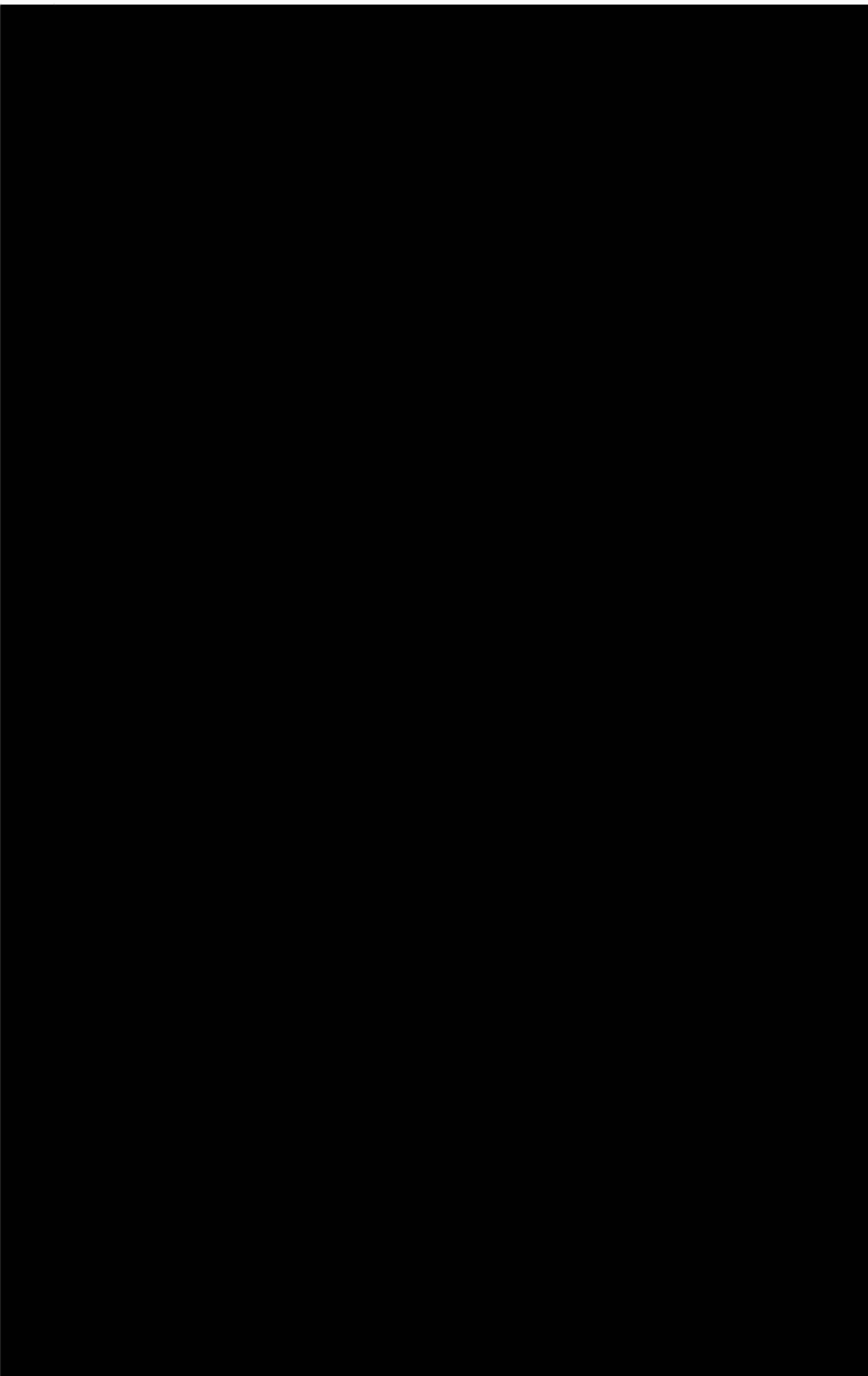
## 6. Logical framework for the Action

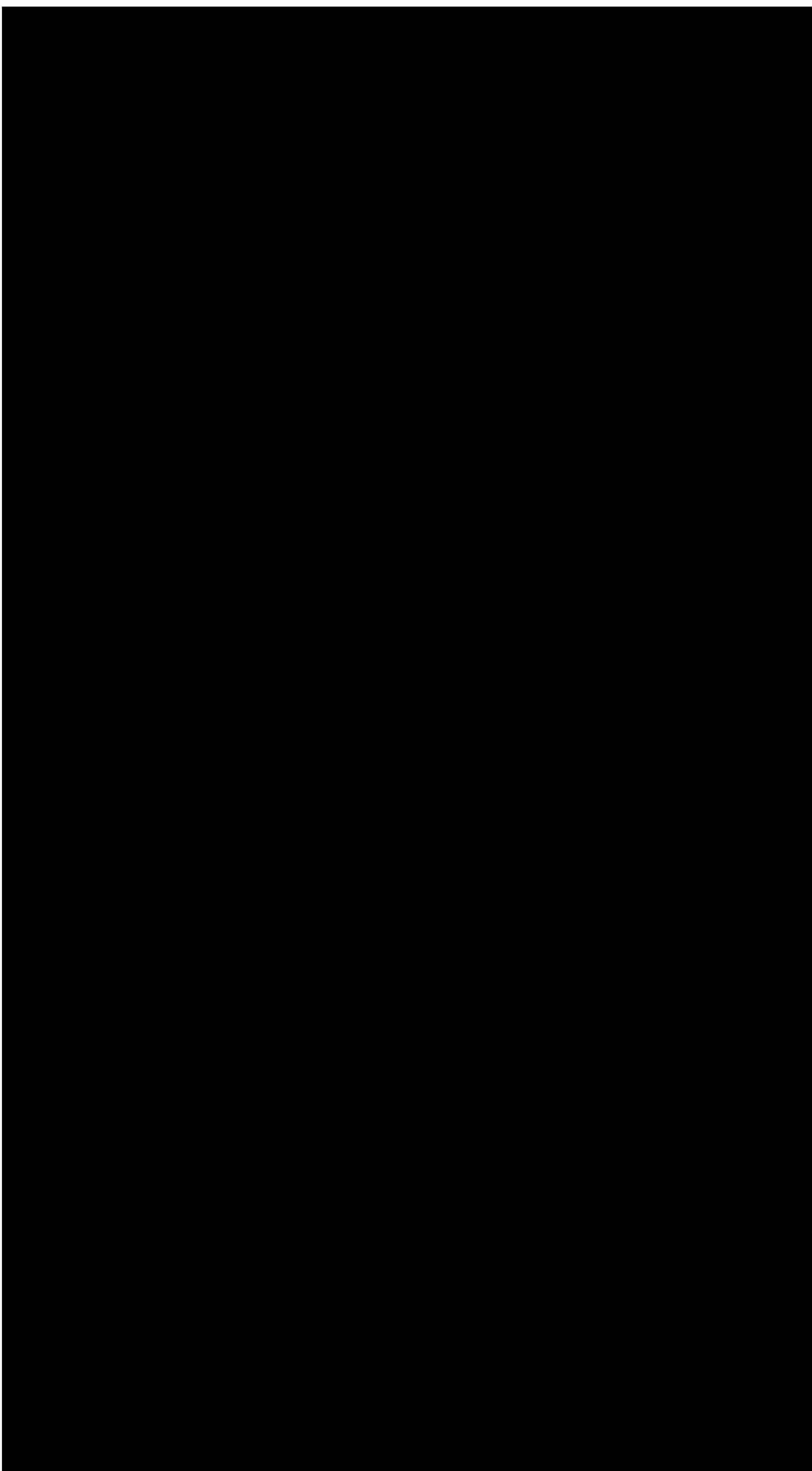
|   |   |   |  |   |
|---|---|---|--|---|
| <b>PRINCIPAL OBJECTIVE</b><br>Development of new internal expert unit and provision of advisory services  |   |   |  |   |
| <b>SPECIFIC OBJECTIVES</b><br>Increased number of investment projects in selected sectors of the Czech economy  |   | <b>OBJECTIVELY VERIFIABLE INDICATORS</b><br>New functional Unit providing expected (agreed) scope of service – leading to the target of 41 investment projects throughout the project implementation period                                     | <b>SOURCES OF VERIFICATION</b><br>CMZRB Annual Report; Organizational structure; Project final report  | <b>RISKS and ASSUMPTIONS</b><br>Overall economic situation in the Czech Republic – economic downturn and possible less investment appetite in the second half of 2020 and the year 2021 |
| <b>EXPECTED RESULTS</b><br>1.1 Establishment of internal procedures and organization structure. Creation of best practises<br>1.2 Robust knowledge base of investors' needs and available products and services available to them<br>1.3 Pipeline of investment projects<br>1.4 Projects supported through external financing | 1.1 Introduction of new organization structure and internal guidelines<br>1.2 Knowledge base, database defined scope of advisory services<br>1.3 12 trainings attended, number of procured analyses and studies<br>1.4 6 workshops delivered (physical meetings/webinars/virtual meetings), number of relevant contacts<br>1.5 Number of projects in the pipeline – min 41 supported projects<br>1.6 Number of projects with external financing | 1.1 Annual report and Organizational structure reports and database<br>1.2 Bank's internal documents, reports and database<br>1.3 Projects pipeline<br>1.4 CMZRB records collected by the Unit (including number of trainings, workshops, etc.) | Successful launch of Nation Development Fund<br>Cooperation with all relevant stakeholders<br>Development and readiness of internal capacities |   |

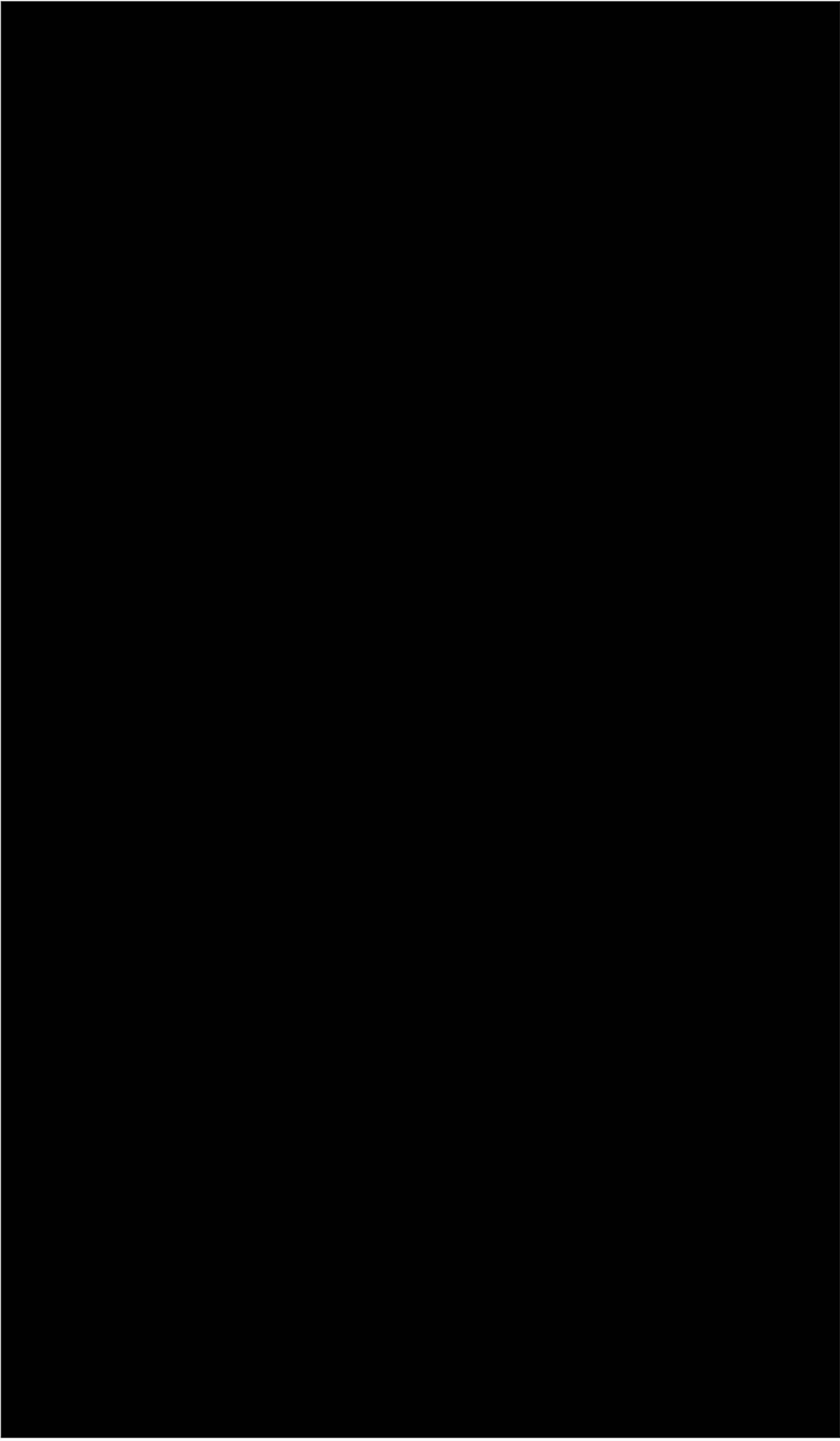


| ACTIVITIES  | MEANS   | COSTS  |   |
|---|---|--|---|
| <p>1.1.1. Project team appointment, hiring new staff and experts</p> <p>1.1.2. Gaining relevant training and knowledge</p> <p>1.1.3. Conduct business development activities for the unit</p> <p>1.2.1. Communication and cooperation with relevant authorities and stakeholders</p> <p>1.3.1. Individual consultations. Preparation of project proposals, pre-feasibility and feasibility studies, Risk assessments, Provision of sectorial knowledge and business insights</p> <p>1.4.1. Advisory in access to financing, project financial structuring</p> | <p>1.1.1 Established project team. Five newly created job positions</p> <p>1.1.2 Number of 12 trainings attended, number of procured analyses and studies</p> <p>1.1.3 Provision of 6 planned workshops (physical meetings/webinars/ virtual meetings), number of relevant contacts</p> <p>1.2.1. Knowledge base, database, defined scope of advisory services</p> <p>1.3.1. Number of investment projects – min 41 supported projects</p> <p>1.4.1. Number of projects with external financing</p> | <p><b>COSTS</b></p> <p>75% EIAH Grant; 25% CMZRB; No other resources.</p> <p>Specified more in the project budget below:</p> <p>Overall costs for the Action: EUR 663,600</p> <p>EIAH grant: up to EUR 497,600</p> | <p>Hiring of skilled experts (their availability on the labour market)</p> <p>Sufficient internal capacities.</p> <p>Level of cooperation with internal departments and external stakeholders</p> |

## **Part II – Budget of the Action**









**ANNEX B.1 –REQUEST FOR DISBURSEMENT FORM**

[To be provided on letterhead paper of the Beneficiary]

**REQUEST FOR DISBURSEMENT**

[\*\*\*Date of the request for payment\*\*\*]

For the attention of: [\*\*\*Name of the EIB's designated contact person and department\*\*\*]

Subject: Request for disbursement under Agreement "[Title]"

Dear Sir/Madam,

We refer to the Agreement in caption. In accordance with Article 6, we hereby request the disbursement of the Grant under the Agreement mentioned above.

The amount requested is EUR [●]

Please find attached the following supporting documents:

- ....
- ....

[any documents requested under Article 6 (notably the expenditure verification report and the legal opinion)]

The disbursement should be made to the following account:...<sup>1</sup> (see duly completed Financial Identification Form annexed herewith).

We hereby certify that the information contained in this request for disbursement and its supporting documentation is complete, reliable and true, that the costs incurred can be considered eligible in accordance with the **Agreement**, and that this request for payment is substantiated by adequate supporting documents that can be checked.

Yours faithfully,

<signature>

\*\*\*


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<sup>1</sup> Account number shown on the Financial Identification Form to be attached.

**ANNEX B.2 –FINANCIAL IDENTIFICATION FORM**

The form may be downloaded at:

[http://ec.europa.eu/budget/library/contracts\\_grants/info\\_contracts/financial\\_id/fich\\_sign\\_ba\\_gb\\_en.pdf](http://ec.europa.eu/budget/library/contracts_grants/info_contracts/financial_id/fich_sign_ba_gb_en.pdf)



| <b>FINANCIAL IDENTIFICATION</b>   |   |
|---|---|
| PRIVACY STATEMENT   | <a href="http://ec.europa.eu/budget/library/contracts_grants/info_contracts/financial_id/financial_id_en.pdf">http://ec.europa.eu/budget/library/contracts_grants/info_contracts/financial_id/financial_id_en.pdf</a> |
| Please use CAPITAL LETTERS and LATIN CHARACTERS when filling in the form. |   |
| <b><u>BANKING DETAILS</u></b> ①   |   |
| ACCOUNT NAME ②  |   |
| IBAN/ACCOUNT NUMBER ③   |   |
| CURRENCY  |   |
| BIC/SWIFT CODE  | BRANCH CODE ④   |
| BANK NAME   |   |
| ADDRESS OF BANK BRANCH  |   |
| STREET & NUMBER   |   |
| TOWN/CITY   | POSTCODE  |
| COUNTRY   |   |
| <b><u>ACCOUNT HOLDER'S DATA</u></b>                                       |   |
| AS DECLARED TO THE BANK   |   |
| ACCOUNT HOLDER  |   |
| STREET & NUMBER   |   |
| TOWN/CITY   | POSTCODE  |
| COUNTRY   |   |
| REMARK  |   |
| BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE ⑤                           | DATE (Obligatory)   |
|   | SIGNATURE OF ACCOUNT HOLDER (Obligatory)  |

① Enter the final bank data and not the data of the intermediary bank.

② This does not refer to the type of account. The account name is usually the one of the account holder. However, the account holder may have chosen to give a different name to its bank account.

③ Fill in the IBAN Code (International Bank Account Number) if it exists in the country where your bank is established

④ Only applicable for US (ABA code), for AU/NZ (BSB code) and for CA (Transit code). Does not apply for other countries.

⑤ It is preferable to attach a copy of RECENT bank statement. Please note that the bank statement has to confirm all the information listed above under 'ACCOUNT NAME', 'ACCOUNT NUMBER/IBAN' and 'BANK NAME'. With an attached statement, the stamp of the bank and the signature of the bank's representative are not required. The signature of the account holder and the date are ALWAYS mandatory.

## **ANNEX C –EXPENDITURE VERIFICATION TERMS OF REFERENCE AND REPORT FORM**

### **TERMS OF REFERENCE**

The following are the terms of reference (the “**ToR**”) under which [\*\*\*name of the Beneficiary\*\*\*] agrees to engage [\*\*\*name of the audit firm\*\*\*] (the “**Auditor**”) to perform an expenditure verification and to report in connection with a European Union financed grant for the local provision of advisory services in the framework of the European Investment Advisory Hub (the “**Grant**”).

The Grant is provided to the [\*\*\*name of the Beneficiary \*\*\*] through a Funding Agreement (the “**Agreement**”) entered into between the [\*\*\*name of the Beneficiary \*\*\*] and the European Investment Bank (the “**Bank**”), and is financed by the European Union. Neither the Bank, nor the European Union are a party to this agreement.

#### *Responsibilities of the Parties to the Engagement*

The [\*\*\*name of the Beneficiary \*\*\*] is responsible for providing to the Bank financial reports for the activities financed by the Grant compliant with the terms and conditions of the Agreement, and for ensuring that such financial reports reconcile to the [\*\*\*name of the Beneficiary \*\*\*]’s accounting and bookkeeping system and to the underlying accounts and records. The [\*\*\*name of the Beneficiary\*\*\*] is responsible for providing sufficient and adequate information, both financial and non-financial, in support of the financial reports.

The [\*\*\*name of the Beneficiary\*\*\*] accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the [\*\*\*name of the Beneficiary\*\*\*], and as the case may be its affiliated entity(ies), providing full and free access to its (their) staff and its (their) accounting and bookkeeping system and underlying accounts and records.

The Auditor is responsible for performing the agreed-upon procedures as specified in these ToR and for submitting a report of factual findings to the [\*\*\*name of the Beneficiary\*\*\*].

By agreeing these ToR the Auditor confirms that he/she meets at least one of the following conditions (indicate which):

- (a) The Auditor is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC); OR
- (b) The Auditor is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR; OR
- (c) The Auditor is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU Member State ); OR
- (d) The Auditor is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

#### *Subject of the Engagement*

The subject of this engagement are the costs incurred by the [\*\*\*name of the Beneficiary\*\*\*] in connection with the Acton financed under the Agreement for the period from [\*\*\*date\*\*\*] to [\*\*\*date\*\*\*] (the “**Costs Incurred**”). [Include information about the Agreement relevant for the engagement, such as: date of signature / entry into force; Performance Period; maximum amount of the Grant provided thereunder; etc.]

### *Reason for the Engagement*

The [\*\*\*name of the Beneficiary\*\*\*] is required to submit to the Bank an expenditure verification report produced by an external auditor in support of the disbursement requested by the [\*\*\*name of the Beneficiary\*\*\*] under Article 6 of the Agreement. The amount of the Grant to be disbursed by the Bank to cover costs incurred and requested for payment by the [\*\*\*name of the Beneficiary\*\*\*] is conditional on the factual findings of this report.

### *Engagement Type and Objective*

This expenditure verification is an engagement to perform certain agreed-upon procedures with regard to the Costs Incurred. The objective of this expenditure verification is for the Auditor to carry out the specific procedures listed in these ToR and to submit to the [\*\*\*name of the Beneficiary\*\*\*] a report of factual findings with regard to the specific verification procedures performed. Verification means that the Auditor examines the factual information in the documentary evidence and records of the [\*\*\*name of the Beneficiary\*\*\*] in respect of the Costs Incurred and compares it with the terms and conditions of the Agreement.

### *Standards and Ethics*

The Auditor shall undertake this engagement in accordance with:

- (a) the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- (b) the IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Bank requires that the Auditor is independent from the [\*\*\*name of the Beneficiary\*\*\*] and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

### *Procedures, Evidence and Documentation*

The Auditor plans the work so that effective expenditure verification can be performed. The Auditor performs the procedures and applies the guidelines listed in these ToR. The evidence to be used for performing the procedures is all financial and non-financial information which makes it possible to examine the expenditure claimed by the [\*\*\*name of the Beneficiary\*\*\*] for financing from the Grant. The Auditor uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor documents matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISRS 4400 and these ToR.

When performing the specific procedures listed herein, the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets and obtaining confirmations. The Auditor obtains verification evidence from these procedures to draw up the report of factual findings. Verification evidence is all information used by the Auditor in arriving at the factual findings and it includes the information contained in the accounting records underlying the financial reports and other information (financial and non-financial).

The contractual requirements that relate to verification evidence are:

- Expenditure should be identifiable, verifiable and recorded in the accounting records of the Beneficiary (Article 5 of the Agreement);

- The Beneficiary shall allow any external auditor to carry out verifications on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the Services. The Beneficiary gives access to all documents and databases concerning the Action (Article 12 of the Agreement);
- For the purposes of the procedures listed herein, records, accounting and supporting documents shall be (i) easily accessible and filed so as to facilitate their examination; (ii) available in the original documentary (written) form or in the form of copies, including in electronic form.

[The Auditor should ensure a systematic and representative verification. The Expenditure Coverage Ratio, *i.e.* the total amount of expenditure verified by the Auditor, expressed as a percentage of the total amount of expenditure reported as Cost Incurred by the Beneficiary shall be of [100%]. The Auditor shall specify in his/her expenditure verification report the exception rate he/she found.]

The Auditor:

- obtains an understanding of the terms and conditions of the Agreement by reviewing the executed Agreement and its annexes (a copy of which is provided by the Beneficiary) and other relevant information, and by inquiry of the Beneficiary;
- obtains and reviews the narrative and financial reports submitted to the Bank up to the date of the engagement, in accordance with Article 4 of the Agreement;
- obtains an understanding of the responsibilities of the Beneficiary, including in respect of reporting obligations and access to staff and documents;
- verifies that the costs reported to the Bank as incurred by the Beneficiary are eligible in accordance with the pertinent provisions of the Agreement, and in particular Article 5 therein;
- examines — when performing the procedures listed here — whether the Beneficiary has complied with the rules for accounting and record keeping specified in the Agreement and notably that the accounts kept by the Beneficiary for the implementation of the Action are accurate and regular; the accounts and expenditure relating to the activities are easily traceable, identifiable and verifiable; the costs reported to the Bank may be reconciled with the accounting system and records of the Beneficiary (and the Auditor performs such reconciliation), etc.;
- verifies that the costs reported as incurred are stated in the currency set out in the Agreement and that costs incurred in other currencies have been converted in accordance with the Beneficiary usual accounting practices and in accordance with Article 4.9 of the Agreement;
- carries out an analytical review of the expenditure headings included in the financial reports submitted by the Beneficiary to the Bank;
- verifies that the budget in the financial report corresponds with the budget of the Agreement (authenticity and authorisation of the initial budget) and that the expenditure incurred was indicated in the budget of the Agreement;
- verifies whether there have been amendments to the budget of the Agreement. Where this is the case the Auditor verifies that such amendments were enacted in compliance with Article 16 of the Agreement;
- verifies, for each expenditure item selected, that the actual expenditure for a selected item was incurred by and pertains to the Beneficiary.

The Auditor should take into account the detailed conditions for actual costs incurred as set out in Article 5 of the Agreement. For this purpose the Auditor examines supporting documents (e.g. invoices, contracts) and proof of payment. The Auditor also examines proof of services rendered and he/she verifies the existence of assets if applicable. The Auditor verifies whether these cost items have effectively been paid at the moment of the auditor's verification.



The form and nature of the supporting evidence (e.g. a payment, a contract, an invoice etc.) and the way expenditure is recorded (e.g. journal entries) vary with the type and nature of the expenditure and the underlying actions or transactions. However, in all cases expenditure items should reflect the accounting (or financial) value of the underlying actions or transactions, whatever the type and nature of the action or transaction concerned.

Value should be the principal factor used by the Auditor to select expenditure items or classes of expenditure items for verification. The Auditor selects high-value expenditure items to ensure an appropriate coverage of expenditure;

- verifies that the expenditure for a selected item was incurred during the Performance Period, as defined in Article 2 of the Agreement;
- verifies that the expenditure for a selected item was indicated in the budget in Part II of Annex A of the Agreement;
- verifies whether it is plausible that the expenditure for a selected item was necessary for the implementation of the Action and that it had to be incurred for the contracted activities, by examining the nature of the expenditure with supporting documents;
- verifies that expenditure for a selected item is recorded in the Beneficiary's accounting system and was recorded in accordance with the applicable accounting standards of country of nationality of the Beneficiary and the Beneficiary's usual cost accounting practices.

Electronic documents can be accepted only where the documentation was first received or created (e.g. an order form or confirmation) by the Beneficiary in electronic form, or the Auditor is satisfied that the Beneficiary uses an electronic archiving system which meets established standards (e.g. a certified system which complies with national law).

Records should preferably be obtained from independent sources outside the entity (an original supplier's invoice or contract is more reliable than an internally approved receipt note); if generated internally, such records should preferably have been subject to control and approval. Direct inspection of records should be preferred over inquiry on such Records or other indirect evidence.

If the Auditor finds that the above criteria for evidence are not sufficiently met, he/she should detail this in the factual findings;

- verifies that expenditure complies with the requirements of tax and social security legislation where this is applicable;
- verifies that expenditure for a selected item is substantiated by evidence and supporting documents as required in the Agreement;
- verifies that the monetary value of a selected expenditure item agrees with underlying documents (e.g. invoices, salary statements) and that correct exchange rates are used where applicable;
- examines the nature of the expenditure for a selected item and verifies that the expenditure item has been classified under the correct (sub)heading of the financial report;
- verifies whether the Beneficiary has concluded the contract as set out in Article 3 of the Agreement. For this purpose the Auditor inspects the underlying documents of the procurement process. The Auditor ensures with the Beneficiary that the applicable principles for procurement are clearly identified and understood. If the Auditor finds that the terms and conditions to be verified are not sufficiently clear he/she should request clarification from the Beneficiary;
- verifies that duties, taxes and charges, including VAT which are recorded as eligible costs are not recoverable by the Beneficiary (see Article 5 of the Agreement). The Auditor obtains evidence that the Beneficiary cannot reclaim the duties, taxes or charges, including VAT through an exemption system and/or a refund a posteriori;
- verifies that the costs in the financial report do not include contributions in kind. Any contributions in kind do not represent actual expenditure and are not eligible costs;
- verifies that the expenditure for a selected item does not concern an ineligible cost such as, for example, currency exchange losses, as specified in Article 5 of the Agreement;

- examines whether the revenues which should be attributed to the Action (including grants and funding received from other donors and other revenue generated by the Beneficiary as part of the Action have been allocated to the activities financed by the Grant and disclosed in the financial report. For this purpose the Auditor inquires with the Beneficiary and examines documentation obtained from the Beneficiary. The Auditor is not expected to examine the completeness of the revenues reported.

Where the Auditor finds issues of non-compliance, he/she reports the nature of such issues as well as their financial impact in terms of ineligible expenditure (Example: if the Auditor finds an exception of € 1 000 with regard to procurement principles for a grant contract where the EU finances 60 % of the expenditure and where indirect costs represent 7 % of total direct eligible expenses, the Auditor reports an exception of € 1 000 and a financial impact of 642€ ( $€ 1\,000 \times 60\% \times 1.07$ )). The Auditor reports all exceptions found, including those for which he/she cannot quantify the amount of the verification exception found and the potential impact on the Grant amount.

When examining supporting documents the Auditor takes into account the risk indicators listed below.

- Inconsistencies in the dates of the documents or illogical sequence of dates. Examples: tender dated after the award of contract or before the sending of the invitations to tender; tender by the winning tenderer dated before the publication date of the tender or dated significantly later than tenders from other tenderers; tenders by different candidates all having the same date; dates on documents not plausible/consistent with dates on accompanying documentation (e.g. date on the tender not plausible/consistent with the postal date on the envelope; date of a fax not plausible/consistent with the printed date of the fax machine); etc.;
- Unusual similarities in tenders by candidates participating in the same tender. Examples: same wording, sentences and terminology in tenders from different tenderers; same layout and format (e.g. font type, font size, margin sizes, indents, paragraph wrapping, etc.) in tenders from different tenderers; similar letterhead paper or logos; same prices used in tenders from different tenderers for a number of subcomponents or line items; identical grammar, spelling or typing errors in tenders from different tenderers; use of similar stamps and similarities in signatures; financial statement or other information indicating that two tenderers participating in the same tender are related or part of the same group (e.g. where financial statements are provided, the notes to the financial statements may disclose ultimate ownership of the group. Ownership information may also be found in public registers for accounts.); etc.;
- Inconsistencies in the selection and award decision process. Examples: award decisions not plausible / consistent with selection and award criteria; errors in the application of the selection and award criteria; a regular supplier of the Beneficiary participates as a member of a tender evaluation committee; etc.;
- Other elements and examples indicating a risk of a privileged relationship with tenderers: the same tenderer (or small group of tenderers) is invited with unusual frequency to tender for different contracts; the same tenderer (or small group of tenderers) wins an unusually high proportion of the bids; a tenderer is frequently awarded contracts for different types of goods or services; the winning tenderer invoices additional goods not provided for in the tender (e.g. additional spare parts invoiced without clear justification, installation costs invoiced although not provided for in the tender); etc.;
- Other documentation, issues and examples indicating a risk of irregularities: use of photocopies instead of original documents; use of pro-forma invoices as supporting documents instead of official invoices; manual changes on original documents (e.g. figures manually changed, figures 'tippexed', etc.); use of non-official documents (e.g. letterhead paper not showing certain official and/or compulsory information such as commercial registry number, company tax number, etc.).

### *Reporting*

The report on this expenditure verification should describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail to enable the [\*\*\*name of the Beneficiary\*\*\*] and the Bank to understand the nature and extent of the procedures performed by the Auditor and the factual findings reported by the Auditor.

The use of the Model Report for an Expenditure Verification in the Annex of these ToR is compulsory. This report should be provided by the Auditor to [\*\*\*name of the Beneficiary\*\*\*] within [\*\*\*number of working days to be indicated by the Beneficiary, so that it may comply with the deadlines for the submission of such report to the Bank in accordance with Article 10 (*Information and Reporting*) of the Grant Agreement\*\*\*] working days after the day of signature of these ToR.

#### *Other Terms*

The fee for this engagement shall be [\*\*\*fee amount and currency\*\*\*].

*[The Beneficiary may agree a fixed fee for the engagement or otherwise. The Beneficiary and the Auditor may agree specific terms if the Auditor needs to extend the verification coverage from 85% to higher. The Beneficiary should specify any reimbursable expenses and allowances (e.g. travelling, other) agreed with the Auditor and whether VAT and/or other relevant taxes are included in the fees/expenses. The Beneficiary and the Auditor may agree any other specific terms.]*

Annex Model report for an expenditure verification

For the Coordinator:  
Auditor:

For the

Signature  
Signature  
<name and function>  
function>  
<date>

<name and  
<date>

Annex: Model Report for Expenditure Verification

### **EXPENDITURE VERIFICATION REPORT** **[PRINTED ON AUDITOR'S LETTERHEAD]**

[\*\*\*Name and address of Beneficiary\*\*\*]

[\*\*\*Date of Report\*\*\*]

Dear Sir/Madam,

Subject: Expenditure Verification for Funding Agreement No.[●] - "[Title]" for the period from [\*\*\*date\*\*\*] to [\*\*\*date\*\*\*]

In accordance with the terms of reference dated [\*\*\*date\*\*\*] that you agreed with us, we provide our Report of Factual Findings (the "**Report**"), with respect to the costs incurred during the period from [\*\*\*date\*\*\*] to [\*\*\*date\*\*\*] (Annex 1 of this Report). You requested certain procedures to be carried out in connection with such expenditure and the Agreement in caption, entered into between [\*\*\*Name of

Beneficiary\*\*\*] and the European Investment Bank, and dated [\*\*\*date of the Agreement\*\*\*] (the “Agreement”).

#### *Objective*

Our engagement was an expenditure verification, which is an engagement to perform certain agreed-upon procedures with regard to the costs incurred and requested for payment under the Agreement. The objective of this expenditure verification is for us to carry out certain procedures to which we have agreed and to submit to you a report of factual findings with regard to the procedures performed.

#### *Standards and Ethics*

Our engagement was undertaken in accordance with:

- (a) International Standard on Related Services (‘ISRS’) 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the International Federation of Accountants (‘IFAC’);
- (b) the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.

#### *Procedures performed*

As requested, we have only performed the procedures listed in the terms of reference for this engagement (see Annex 2 of this Report). These procedures were performed solely to assist the European Investment Bank in evaluating whether the expenditure claimed by you in the financial report submitted to the Bank up to the date of this engagement is eligible in accordance with the terms and conditions of the Agreement and has actually been incurred.

#### *Sources of Information*

The Report sets out information provided to us by you in response to specific questions or as obtained and extracted from your accounts and records

#### *Factual Findings*

The total expenditure which is the subject of this expenditure verification amounts to EUR <xxxxxx>.

The Expenditure Coverage Ratio is [100%]. This ratio represents the total amount of expenditure verified by us, expressed as a percentage of the total expenditure which is the subject of this expenditure verification. The latter amount is equal to the total amount of expenditure reported by you in the financial report and claimed or expected to be claimed by you as Costs Incurred during the period covered by this report, for payment from the Grant under the Agreement.

We report the details of our factual findings which result from the procedures that we performed in Chapter 2 of this Report.

#### *Use of this Report*

This Report is solely for the purpose set forth above under objective.

This report is prepared solely for your own confidential use and solely for the purpose of submission by you to the European Investment Bank in connection with the requirements as set out in Article 4 of the Agreement, and for further submission by the European Investment Bank to the European Commission, representing the European Union as a donor, in connection with the Financing Agreement entered into between the European Investment Bank and the European Commission in respect of the Grant. This report may not be relied upon by you for any other purpose, nor may it be distributed to any other parties.

The European Investment Bank may also disclose this Report to others who have regulatory rights of access to it, in particular the European Anti-Fraud Office and the European Court of Auditors.

This Report relates only to the expenditure incurred during the period specified above and included or expected to be included in your financial reports to the Bank and does not extend to any of your financial statements.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

Yours sincerely,

Auditor's signature [person or firm or both, as appropriate and in accordance with company policy]

Name of Auditor signing [person or firm or both, as appropriate]

Auditor's address [office having responsibility for the engagement]

Date of signature [date when the final report is signed]

## 1 Information about the Agreement

*[Include a brief description of the Agreement and of the activities covered by said Agreement, as well as key financial features / budget information.]*

## 2 Procedures performed and factual findings

We have performed the following specific procedures listed in the terms of reference.

General procedures

Procedures to verify conformity of expenditure with the budget and analytical review

Procedures to verify selected expenditure

We have applied the rules for selection of expenditure and the principles and criteria for verification coverage as set out in the terms of reference for this expenditure verification.

*[Explain here any difficulties or problems encountered]*

The total expenditure verified by us amounts to EUR <xxxx> and is summarised in the table below. The overall Expenditure Coverage Ratio is [100%].

*[Provide here a summary financial table, presenting for each (sub)heading the total expenditure amount reported by the Beneficiary, the total expenditure amount verified and the percentage of expenditure covered.]*

We have verified the selected expenditure as shown in the above summary table and we have carried out, for each expenditure item selected, the verification procedures specified in the terms of reference for this expenditure verification. We report our factual findings resulting from these procedures below.

### 1. General Procedures

#### 1.1 Terms and Conditions of the Agreement

We have obtained an understanding of the terms and conditions of the Agreement in accordance with the terms of reference for this engagement.

*[Describe factual findings and specify errors and exceptions. If there are no factual findings, this should be explicitly stated as follows for each procedure: "No factual findings have arisen from this procedure".]*

#### 1.2 Financial Report for the Agreement

#### 1.3 Rules for Accounting and Record Keeping



- 1.4 Reconciling the Financial Report to the Beneficiary's Accounting System and Records
- 1.5 Exchange Rates
- 2. Procedures to verify conformity of Expenditure with the Budget and Analytical Review
- 2.1 Budget of the Action
- 2.2 Amendments to the Budget of the Action

*[Describe factual findings and specify errors and exceptions. If there are no factual findings, this should be explicitly stated as follows for each procedure: "No factual findings have arisen from this procedure".]*

### 3 Procedures to verify selected expenditure

We have reported further below all the exceptions resulting from the verification procedures specified in the terms of reference for this expenditure verification insofar as these procedures applied to the selected expenditure item.

We have quantified the amount of the verification exceptions found and the potential impact on the Grant, should the European Investment Bank, or the European Commission representing the European Union as a donor, declare the expenditure item(s) concerned ineligible (where applicable taking into account the percentage of funding of the European Union and the impact on indirect expenditure (e.g. administrative costs, overheads)). We have reported all the exceptions found, including the ones for which we cannot quantify the amount or the potential impact on the Grant.

*[Specify the expenditure amounts / items for which exceptions (= deviations between facts and criteria) were found, and the nature of the exception — this means which of the specific condition(s) described in the terms of reference were not respected. Quantify the amount of verification exceptions found and the potential impact on the Grant, should such expenses be declared ineligible.]*

#### 3.1 Eligibility of Costs

We have verified, for each expenditure item selected, the eligibility criteria set out in the terms of reference for this expenditure verification in accordance with Article 5 of the Agreement.

*[Describe factual findings and specify errors and exceptions. Example: we found that an expenditure amount of € 6,500 included in subheading [●] of the budget was not eligible. An amount of € 2,000 related to expenditure incurred outside the Performance Period. Supporting evidence was not available for [no.] transactions totalling € 1,200. The required procurement rules for purchases of [type of services] for € 3,300 were not respected. (Note: relevant details such as accounting record references or documents should be provided).]*

- 3.2 Eligible Costs
- 3.3 In kind contributions
- 3.4 Other non-eligible costs
- 3.5 Revenues

*[Describe factual findings and specify errors and exceptions.]*

### Annex 1 Financial Report for the Agreement

*[Annex 1 should include the Beneficiary's final financial report for the Agreement which reflect the costs incurred that are the subject of the verification. The financial reports should be dated and indicate the period covered.]*

### Annex 2 Terms of Reference Expenditure Verification

*[Annex 2 should include a signed and dated copy of the full terms of reference for the expenditure verification, including any annexes thereof.]*