



EUROPEAN COMMISSION
DIRECTORATE GENERAL FOR COMMUNICATIONS, NETWORKS, CONTENT AND
TECHNOLOGY

Data
Administration and Finance

GRANT AGREEMENT FOR AN ACTION WITH MULTIPLE BENEFICIARIES

THE EMERGENCY SUPPORT INSTRUMENT

CZECH REPUBLIC - AGREEMENT NUMBER: LC-01741383

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

on the one part,

The European Union ('the Union'), represented by the European Commission ('the Commission'), represented for the purposes of signature of the Agreement by Head of Unit, Directorate-General for Communications Networks, Content and Technology, Data, Administration and Finance, Mikaela FARR-DAVID

and

on the other part,

1. 'the coordinator'

MINISTERSTVO ZDRAVOTNICTVI CESKE REPUBLIKY / MINISTRY OF HEALTH OF CZECH REPUBLIC, established in Palackého náměstí 375/4, Prague 2, 128 01, **CZECH REPUBLIC**, VAT number CZ00024341, represented for the purposes of signature of the Agreement by **Mgr. et Mgr. Adam Vojtech, MHA Minister for Health**.

and the following other beneficiary:

2. **USTAV ZDRAVOTNICKÝCH INFORMACÍ A STATISTIKY CESKE REPUBLIKY**', - established in Czech Republic

duly represented for the signature of the Agreement by the coordinator by virtue of the mandates included in Annex IV.

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

The parties referred to above

HAVE AGREED

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

Annex I Description of the action

Annex II General Conditions (‘the General Conditions’)

Annex III Estimated budget of the action

Annex IV Mandates provided to the coordinator by the other beneficiaries

Annex V Model technical report

Annex VI Model financial statement

Annex VII Model terms of reference for the certificate on the financial statements

which form an integral part of the Agreement.

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

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

SPECIAL CONDITIONS

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ARTICLE I.1 — SUBJECT MATTER OF THE AGREEMENT

The Commission has decided to award a grant under the terms and conditions set out in the Special Conditions, the General Conditions and the other Annexes to the Agreement, for the action entitled *Support for the interoperability of the Digital Green Certificate* in the framework of the Activation of Emergency Support Instrument in response to the COVID-19 Pandemic as described in Annex I.

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

Article II.13.4 and point ii) of Article II.25.3(a) do not apply.

ARTICLE I.2 — ENTRY INTO FORCE AND IMPLEMENTATION PERIOD OF THE AGREEMENT

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

I.2.2 The action runs for **182 days as of 1 of April 2021**.

I.2.3 By way of derogation from Article II.19.1.a, eligible costs may include costs that form part of the operational part of the action as set out in Annex I and which were incurred prior to the entry into force of this agreement but occurring after 29 March 2021.

ARTICLE I.3 – MAXIMUM AMOUNT AND FORM OF GRANT

I.3.1 The *maximum amount of the grant* is **EUR 692.578,00**

I.3.2 The grant takes the form of:

(a) reimbursement of 100% of the eligible costs of the *action* ("reimbursement of eligible costs"), which are estimated at EUR 692.578,00 and which are:

(i) actually incurred ("reimbursement of actual costs")

(ii) reimbursement of unit costs: not applicable

(iii) reimbursement of lump sum costs: not applicable

(iv) reimbursement of flat-rate costs: not applicable

(v) reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices: not applicable

(b) unit contribution: not applicable

(c) lump sum contribution: not applicable

(d) a flat-rate contribution of 7% of the eligible direct costs to cover the beneficiary's general administrative costs

(e) financing not linked to costs: not applicable.

ARTICLE I.4 — REPORTING — REQUESTS FOR PAYMENT AND SUPPORTING DOCUMENTS

I.4.1 Reporting periods

Not applicable

I.4.2 Requests for second and further pre-financing payments and supporting documents

Not applicable

I.4.3 Requests for interim payments and supporting documents

Not applicable

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

The beneficiary must submit a request for payment of the balance within 60 calendar days following the end of the action.

This request must be accompanied by the following documents:

- (a) a final report on implementation of the action ('final technical report'), drawn up in accordance with Annex V, containing:
 - (i) the information needed to justify the eligible costs declared or the contribution requested on the basis of financing not linked to costs, unit costs and lump sums (where the grant takes the form of the reimbursement of unit or lump sum costs, of financing not linked to costs or of a unit or lump sum contribution, as provided for in Article I.3.2(a)(ii) and (iii), (b),(c) or (e));
 - (ii) information on subcontracting as referred to in Article II.11.1(d);
- (b) a final financial statement ('final financial statement'). The final financial statement must include a consolidated statement and a breakdown of the amounts claimed by the beneficiary and its affiliated entities.

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

- (c) a summary financial statement ('summary financial statement').

This statement must include a consolidated financial statement and a breakdown of the amounts declared or requested by the beneficiary and its affiliated entities, aggregating the financial statements already submitted previously and indicating the

revenue generated by the *action* referred to in Article II.25.3 for the beneficiary and its affiliated entities other than non-profit organisations.

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

- (d) a certificate on the financial statements and underlying accounts ('certificate on the financial statements'), for the beneficiary and for each affiliated entity, if:
- i. the cumulative amount of payments the beneficiary requests as reimbursement of actual costs as referred to in Article I.3.2(a)(i) (and for which no certificate has yet been submitted) is EUR 325.000,00 or more.

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

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

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

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

In addition, the beneficiary must certify that all the revenues generated by the *action* referred to in Article II.25.3 have been declared for the beneficiary and its affiliated entities other than non-profit organisations.

I.4.5 Information on cumulative expenditure incurred

Not applicable

I.4.6 Currency for requests for payment and financial statements and conversion into euro

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

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

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

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

I.4.7 Language of requests for payments, technical reports and financial statements

All requests for payments, technical reports and financial statements must be submitted in English.

ARTICLE I.5 — PAYMENTS AND PAYMENT ARRANGEMENTS

I.5.1 Payments to be made

The Commission must make the following payments to the beneficiary:

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

I.5.2 Pre-financing payment

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

The Commission must make the pre-financing payment of EUR 554.062,40 to the coordinator within 30 calendar days from the entry into force of the Agreement, except if Article II.24.1 applies.

I.5.3 Interim payment[s]

Not applicable

I.5.4 Payment of the balance

The payment of the balance reimburses or covers the remaining part of the eligible costs and contributions for the implementation of the *action*.

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

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

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

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

The amount to be paid may, however, be offset, without the beneficiary's consent, against any other amount owed by the beneficiary to the Commission or to an executive agency (under the EU or Euratom budget), up to the *maximum amount of the grant*.

I.5.5 Notification of amounts due

The Commission must send a *formal notification* to the beneficiary:

- (a) informing it of the amount due; and
- (b) specifying whether the notification concerns a further pre-financing payment, an interim payment or the payment of the balance.

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

I.5.6 Interest on late payment

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

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

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

Late-payment interest covers the period running from the day following the due date for

payment, up to and including the date of actual payment as established in Article I.5.8. The Commission does not consider payable interest when determining the final amount of grant within the meaning of Article II.25.

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

I.5.7 Currency for payments

The Commission must make payments in euros.

I.5.8 Date of payment

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

I.5.9 Costs of payment transfers

Costs of the payment transfers are borne as follows:

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

I.5.10 Payments to the coordinator

The Commission must make payments to the coordinator.

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

ARTICLE I.6 — BANK ACCOUNT FOR PAYMENTS

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

Name of bank: CESKA NARODNI BANKA
The account holder: MINISTERSTVO ZDRAVOTNICTVI ODBORMEZ
MINISTRY OF HEALTH
IBAN code: CZ43 0710 0000 0000 0252 8001

ARTICLE I.7 — DATA CONTROLLER, COMMUNICATION DETAILS OF THE PARTIES

I.7.1 Data controller

The entity acting as a data controller as provided for in Article II.7 is the Head of Unit of the eHealth, Well-Being and Ageing unit of the Communication Networks, Content and Technology DG.

I.7.2 Communication details of the Commission

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

Normal or registered mail

European Commission
Directorate-General Communications Networks, Content and
Technology CNECT.H.3 - eHealth, Well-Being and Ageing,
EUFO/02/274
L-2920 Luxembourg LUXEMBOURG

Express delivery or courier service

European Commission
Directorate-General Communications Networks, Content and Technology
CNECT.H.3 - eHealth, Well-Being and Ageing
Bâtiment MERCIER - A l'attention du Tri central
2, rue Mercier
L-2144 Luxembourg
LUXEMBOURG

Email address: [REDACTED]

I.7.3 Communication details of the beneficiaries

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

[REDACTED]
Director of IT & eHealth Department
MINISTERSTVO ZDRAVOTNICTVI CESKE REPUBLIKY
Palackeho namesti 375/4, Prague 2, 128 01, Czech Republic
Email address: [REDACTED]

ARTICLE I.8 — ENTITIES AFFILIATED TO THE BENEFICIARY

Not applicable.

ARTICLE I.9 — INELIGIBILITY OF VALUE ADDED TAX

As an exception to Article II.19.2(h), paid value added tax (VAT) is not eligible under the Agreement.

ARTICLE I.10 - FINANCIAL SUPPORT TO THIRD PARTIES

By way of derogation from Article II.19.2 (f), costs of financial support to third parties are not eligible.

ARTICLE I.11 — INELIGIBILITY OF COSTS OF STAFF OF NATIONAL ADMINISTRATIONS

By way of derogation from Article II.19.2 (a), salary costs of the personnel of national administrations are eligible only to the extent that they relate to the cost of activities, which the relevant public authority would not carry out if the project concerned were not undertaken.

ARTICLE I.12 - SPECIAL CONDITIONS FOR SUBCONTRACTING

By way of derogation from Article II.11 of the General Conditions, the entire action may be sub-contracted.

ARTICLE I.13 - ELIGIBILITY OF EQUIPMENT COSTS

As an exception to Article II.19.2(c), the full cost of purchase of equipment is eligible.

SIGNATURES

For the coordinator

Mgr. et Mgr. Adam Vojtech

MHA Minister for Health

[signature]

Done at *[place]*, *[date]*

For the Commission

Mikaela FARR-DAVID

Head of Unit

[signature]

Done at Luxembourg,

[date]

In duplicate in English

ANNEX II

PART A — LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 — DEFINITIONS

The following definitions apply for the purpose of the Agreement:

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

‘Breach of obligations’: failure by a beneficiary to fulfil one or more of its contractual obligations. **‘Confidential information or document’**: any information or document (in any format) received by either party from the other or accessed by either party in the context of the implementation of the Agreement that any of the parties has identified in writing as confidential. It does not include information that is publicly available.

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

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

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

‘Formal notification’: form of communication between the parties made in writing by mail or electronic mail which provides the sender with compelling evidence that the message was delivered to the specified recipient;

‘Fraud’: any act or omission relating to the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds or assets from the Union budget, the non-disclosure of information in violation of a specific obligation, with the same effect or the misapplication of such funds or assets for purposes other than those for which they were originally granted.

‘Grave professional misconduct’: a violation of applicable laws or regulations or ethical standards of the profession to which a person or entity belongs, or any wrongful conduct of a

person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.

‘Implementation period’: the period of implementation of the activities forming part of the action, as specified in Article I.2.2;

‘Indirect costs’: those costs which are not specific costs directly linked to the implementation of the action and which therefore cannot be attributed directly to it. They may not include any costs identifiable or declared as eligible direct costs;

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

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

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

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

‘Related person’: any natural or legal person who is a member of the administrative, management or supervisory body of the beneficiary or who has powers of representation, decision or control with regard to the beneficiary;

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

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

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

II.2.1 General obligations and role of the beneficiaries

The beneficiaries:

- (a) are jointly and severally liable for carrying out the *action* in accordance with the Agreement. If a beneficiary fails to implement its part of the *action*, the other beneficiaries become responsible for implementing this part (but without increasing the *maximum amount of the grant*);
- (b) must comply jointly or individually with any legal obligations they are bound by under applicable EU, international and national law;

- (c) must make appropriate internal arrangements to implement the *action* properly. The arrangements must be consistent with the terms of the Agreement. If provided for in the Special Conditions, those arrangements must take the form of an internal cooperation agreement between the beneficiaries.

II.2.2 General obligations and role of each beneficiary

Each beneficiary must:

- (a) inform the coordinator immediately of any events or circumstances of which the beneficiary is aware, that are likely to affect or delay the implementation of the *action*;
- (b) inform the coordinator immediately:
 - (i) of any change in its legal, financial, technical, organisational or ownership situation and of any change in its name, address or legal representative;
 - (ii) of any change in the legal, financial, technical, organisational or ownership situation of its affiliated entities and of any change in their name, address or legal representative;
 - (iii) of any change regarding the exclusion situations listed in Article 136 of Regulation (EU) 2018/1046, including for its affiliated entities;
- (c) submit in due time to the coordinator:
 - (i) the data needed to draw up the reports, financial statements and other documents provided for in the Agreement;
 - (ii) all the necessary documents required for audits, checks or evaluations as provided for in Article II.27.
 - (iii) any other information to be provided to the Commission under the Agreement, except if the Agreement requires such information to be submitted directly by the beneficiary.

II.2.3 General obligations and role of the coordinator

The coordinator:

- (a) must monitor the implementation of the *action* in order to make sure that the *action* is implemented in accordance with the terms of the Agreement;
- (b) is the intermediary for all communications between the beneficiaries and the Commission, except if provided otherwise in the Agreement. In particular, the coordinator:
 - (i) must immediately inform the Commission:

- of any change in the name, address, legal representative of any of the beneficiaries or of their affiliated entities;
 - of any change in the legal, financial, technical, organisational or ownership situation of any of the beneficiaries or of their affiliated entities;
 - of any events or circumstances of which the coordinator is aware, that are likely to affect or delay the implementation of the *action*;
 - of any change regarding the exclusion situations listed in Article 136 of Regulation (EU) 2018/1046, for any of the beneficiaries or their affiliated entities.
- (ii) is responsible for supplying the Commission with all documents and information required under the Agreement, except if provided otherwise in the Agreement itself. If information is required from the other beneficiaries, the coordinator is responsible for obtaining and verifying this information before passing it on to the Commission;
- (c) must make the appropriate arrangements for providing any financial guarantees required under the Agreement;
- (d) must draw up the requests for payment in accordance with the Agreement;
- (e) if it is designated as the sole recipient of payments on behalf of all of the beneficiaries, it must ensure that all the appropriate payments are made to the other beneficiaries without unjustified delay;
- (f) is responsible for providing all the necessary documents required for checks and audits initiated before the payment of the balance or documents required for evaluation as provided for in Article II.27.

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

ARTICLE II.3 — COMMUNICATION BETWEEN THE PARTIES

II.3.1 Form and means of communication

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

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

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

II.3.2 Date of communications

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

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

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

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

ARTICLE II.4 — LIABILITY FOR DAMAGES

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

II.4.2 Except in cases of *force majeure*, the beneficiaries must compensate the Commission for any damage it sustains as a result of the implementation of the *action* or because the *action* was not implemented in full compliance with the Agreement.

ARTICLE II.5 — CONFLICT OF INTERESTS

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

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

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

ARTICLE II.6 — CONFIDENTIALITY

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

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

II.6.3 The confidentiality obligations do not apply if:

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

ARTICLE II.7 — PROCESSING OF PERSONAL DATA

II.7.1 Processing of personal data by the Commission

Any personal data included in the Agreement must be processed by the Commission in accordance with Regulation (EU) No 2018/1725.¹

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

The beneficiaries have the right to access, rectify or erase their own personal data and the right to restrict or, where applicable, the right to data portability or the right to object to data processing in accordance with Regulation (EU) No 2018/1725. For this purpose, they must send any queries about the processing of their personal data to the data controller identified in Article I.7.1.

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

II.7.2 Processing of personal data by the beneficiaries

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

The beneficiaries may grant their personnel access only to data that is strictly necessary for implementing, managing and monitoring the Agreement. The beneficiary must ensure that the personnel authorised to process personal data has committed itself to confidentiality or is under appropriate statutory obligation of confidentiality.

¹ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC.

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

- (a) the pseudonymisation and encryption of personal data;
- (b) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services;
- (c) the ability to restore the availability and access to personal data in a timely manner in the event of a physical or technical incident;
- (d) a process for regularly testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing;
- (e) measures to protect personal data from accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to personal data transmitted, stored or otherwise processed.

ARTICLE II.8 — VISIBILITY OF UNION FUNDING

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

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

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

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

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

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

II.8.2 Disclaimers excluding Commission responsibility

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

- (a) that it reflects only the author's view; and

- (b) that the Commission is not responsible for any use that may be made of the information it contains.

ARTICLE II.9 — PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

II.9.1 Ownership of the results by the beneficiaries

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

II.9.2 Pre-existing rights

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

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

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

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

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

- (a) for its own purposes and in particular to make available to persons working for the Commission, other Union institutions, agencies and bodies and to Member States' institutions, as well as to copy and reproduce in whole or in part and in an unlimited number of copies;
- (b) reproduction: the right to authorise direct or indirect, temporary or permanent reproduction of the results by any means (mechanical, digital or other) and in any form, in whole or in part;
- (c) communication to the public: the right to authorise any display performance or communication to the public, by wire or wireless means, including making the results available to the public in such a way that members of the public may access them from a place and at a time individually chosen by them; this right also includes communication and broadcasting by cable or by satellite;
- (d) distribution: the right to authorise any form of distribution of results or copies of the results to the public;
- (e) adaptation: the right to modify the results;

- (f) translation;
- (g) the right to store and archive the results in line with the document management rules applicable to the Commission, including digitisation or converting the format for preservation or new use purposes;
- (h) where the results are documents, the right to authorise the reuse of the documents in conformity with Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents if that Decision is applicable and if the documents fall within its scope and are not excluded by any of its provisions. For the sake of this provision, the terms 'reuse' and 'document' have the meanings given to them by Decision 2011/833/EU.

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

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

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

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

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

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

II.10.1 If the implementation of the *action* requires the beneficiaries to procure goods, works or services, they may award the contract in accordance with their usual purchasing practices provided that the contract is awarded to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, they must avoid any *conflict of interests*.

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

II.10.2 Beneficiaries that are ‘contracting authorities’ within the meaning of Directive 2014/24/EU² or ‘contracting entities’ within the meaning of Directive 2014/25/EU³ must comply with the applicable national public procurement rules.

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

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

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

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

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

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

- (a) subcontracting does not cover core tasks of the *action*;
- (b) recourse to subcontracting is justified because of the nature of the *action* and what is necessary for its implementation;
- (c) the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex III;
- (d) any recourse to subcontracting, if not provided for in Annex I, is communicated by the coordinator and approved by the Commission. The Commission may grant approval:
 - (i) before any recourse to subcontracting, if the beneficiaries request an amendment as provided for in Article II.13; or
 - (ii) after recourse to subcontracting if the subcontracting:

² Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

³ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC

- is specifically justified in the interim or final technical report referred to in Articles I.4.3 and I.4.4; and
 - does not entail changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;
- (e) the beneficiaries ensure that the conditions applicable to them under Article II.8 are also applicable to the subcontractors.

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

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

ARTICLE II.12 — FINANCIAL SUPPORT TO THIRD PARTIES

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

- (a) the maximum amount of financial support. This amount may not exceed EUR 60000 for each third party except if achieving the objective of the *action* as specified in Annex I would otherwise be impossible or overly difficult;
- (b) the criteria for determining the exact amount of the financial support;
- (c) the different types of activity that may receive financial support, on the basis of a fixed list;
- (d) the persons or categories of persons which may receive financial support;
- (e) the criteria for giving the financial support.

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

- (a) the eligibility and award criteria;
- (b) the amount of the prize;
- (c) the payment arrangements.

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

ARTICLE II.13 — AMENDMENTS TO THE AGREEMENT

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

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

II.13.3 Any request for amendment must:

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

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

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

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

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

ARTICLE II.14 — ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES

II.14.1 The beneficiaries may not assign any of their claims for payment against the Commission to any third party, except if approved by the Commission on the basis of a reasoned, written request by the coordinator made on behalf of the beneficiaries.

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

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

ARTICLE II.15 — FORCE MAJEURE

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

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

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

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

II.16.1 Suspension of implementation by the beneficiaries

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

The coordinator must immediately inform the Commission, stating:

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

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

II.16.2 Suspension of implementation by the Commission

II.16.2.1 Grounds for suspension

The Commission may suspend the implementation of the *action* or any part thereof:

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

II.16.2.2 Procedure for suspension

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

- (a) informing it of:
 - (i) its intention to suspend the implementation;
 - (ii) the reasons for suspension;
 - (iii) the necessary conditions for resuming the implementation in the cases referred to in points (a) and (b) of Article II.16.2.1; and
- (b) inviting it to submit observations within 30 calendar days of receiving the formal notification.

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

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

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

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

II.16.2.3 Resuming implementation

In order to resume the implementation, the beneficiaries must meet the notified conditions as soon as possible and must inform the Commission of any progress made.

If the conditions for resuming the implementation are met or the necessary verifications are carried out, the Commission must send a *formal notification* to the coordinator:

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

II.16.3 Effects of the suspension

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

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

The suspension is lifted with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

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

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

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

ARTICLE II.17 — TERMINATION OF THE AGREEMENT

II.17.1 Termination of the Agreement by the coordinator

The beneficiaries may terminate the Agreement.

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

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

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

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

II.17.2 Termination of the participation of one or more beneficiaries by the coordinator

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

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

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

The *formal notification* must include:

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

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

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

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

II.17.3.1 Grounds for termination

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

- (a) a change to the beneficiary's legal, financial, technical, organisational or ownership situation is likely to affect the implementation of the Agreement substantially or calls into question the decision to award the grant, or a change regarding the exclusion situations listed in Article 136 of Regulation (EU) 2018/1046, that calls into question the decision to award the grant;
- (b) following the termination of the participation of any one or several beneficiaries, the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (c) the beneficiaries, any *related person* or any natural person who is essential for the award or for the implementation of the Agreement have committed serious *breach of obligations*, including improper implementation of the *action* as described in Annex I;
- (d) the implementation of the *action* is prevented or suspended due to *force majeure* or exceptional circumstances and either:
 - (i) resumption is impossible; or
 - (ii) the necessary changes to the Agreement would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;
- (e) a beneficiary or a natural or legal person that assumes unlimited liability for the debts of that beneficiary:
 - (i) is declared bankrupt, is subject to insolvency or winding up procedures, its assets are being administered by a liquidator or by a Court, has entered into an agreement with creditors, has suspended business activities or is in any

- analogous situation arising from a similar procedure provided for under the Union or national law;
- (ii) is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;
- (f) a beneficiary or any *related person* or any natural person who is essential for the award or for the implementation of the Agreement has committed:
- (i) *grave professional misconduct* proven by any means;
 - (ii) fraud;
 - (iii) corruption;
 - (iv) conduct related to criminal organisations;
 - (v) money laundering;
 - (vi) terrorism-related crimes (including terrorism financing);
 - (vii) child labour or other offences concerning trafficking of human beings;
- (g) the Commission has evidence that a beneficiary or any *related person* or any natural person who is essential for the award or for the implementation of the Agreement has committed *irregularities, fraud* or *breach of obligations* in the award procedure or while implementing the Agreement, including if that beneficiary, *related person* or natural person has submitted false information or failed to provide required information;
- (h) the Commission has evidence that a beneficiary has committed systemic or recurrent *irregularities, fraud* or serious *breach of obligations* in other Union or Euratom grants awarded to it under similar conditions and such *irregularities, fraud* or *breach of obligations* have a material impact on this grant;
- (i) a beneficiary or any *related person* or any natural person who is essential for the award or for the implementation of the Agreement has created an entity under a different jurisdiction with the intend to circumvent fiscal, social or any other legal obligations in the jurisdiction of its registered office, central administration or principal place of business;
- (j) a beneficiary or any *related person* has been created with the intend referred to in point (i) or
- (k) the Commission has sent a beneficiary, through the coordinator, a *formal notification* asking it to end the participation of its affiliated entity because that entity is in a situation provided for in points (e) to (j) and that beneficiary has failed to request an amendment ending the participation of the entity and reallocating its tasks.

II.17.3.2 Procedure for termination

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

- (a) informing it of:

- (i) its intention to terminate;
 - (ii) the reasons for termination; and
- (b) requiring it, within 45 calendar days of receiving the formal notification,:
- (i) to submit observations on behalf of all beneficiaries; and
 - (ii) in the case of point (c) of Article II.17.3.1, to inform the Commission of the measures to ensure compliance with the obligations under the Agreement.

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

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

The termination takes effect:

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

II.17.4 Effects of termination

II.17.4.1 Effects of terminating the Agreement:

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

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

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

The Commission calculates the final grant amount as referred to in Article II.25 and the balance as referred to in Article I.5.4 on the basis of the reports submitted. Only activities undertaken before the date when the termination takes effect or the end date of the *implementation period* as specified in Article I.2.2, whichever is the earliest, must be taken into account. Where the grant takes the form of reimbursement of costs actually incurred as provided for in Article I.3.2(a)(i), only costs incurred before termination takes effect are

reimbursed or covered by the grant. Costs relating to contracts due for execution only after termination are not taken into account and are not reimbursed or covered by the grant.

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

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

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

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

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

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

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

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

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

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

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

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

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

The coordinator must include this information in the payment request for the next reporting period.

Only activities undertaken before the date when the termination takes effect must be taken into account. Where the grant takes the form of reimbursement of costs actually incurred as provided for in Article I.3.2(a)(i), only costs incurred by the beneficiary concerned before termination takes effect are reimbursed or covered by the grant. Costs relating to contracts due for execution only after termination are not reimbursed or covered by the grant.

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

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

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

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

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

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

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

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

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

PART B — FINANCIAL PROVISIONS

ARTICLE II.19 — ELIGIBLE COSTS

II.19.1 Conditions for the eligibility of costs

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

- (a) they are incurred within the *implementation period*, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in Article I.4.4;
- (b) they are indicated in the estimated budget of the *action*. The estimated budget is set out in Annex III;
- (c) they are incurred in connection with the *action* as described in Annex I and are necessary for its implementation;
- (d) they are identifiable and verifiable, in particular they are recorded in the beneficiary's accounting records and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the beneficiary's usual cost accounting practices;
- (e) they comply with the requirements of applicable tax and social legislation; and
- (f) they are reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.

II.19.2 Eligible direct costs

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

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

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

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

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

- (i) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
 - (ii) the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and
 - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;
- (b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;
 - (c) the depreciation costs of equipment or other assets (new or second-hand) as recorded in the beneficiary's accounting statements, provided that the asset:
 - (i) is written off in accordance with the international accounting standards and the beneficiary's usual accounting practices; and
 - (ii) has been purchased in accordance with Article II.10.1 if the purchase occurred within the *implementation period*;

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

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

- (d) costs of consumables and supplies, provided that they:
 - (i) are purchased in accordance with Article II.10.1; and
 - (ii) are directly assigned to the *action*;
- (e) costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the *action*, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with Article II.10.1;
- (f) costs entailed by *subcontracts* within the meaning of Article II.11, provided that the conditions laid down in Article II.11.1 (a), (b), (c) and (d) are met;

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

II.19.3 Eligible indirect costs

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

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

II.19.4 Ineligible costs

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

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

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

II.20.1 Declaring costs and contributions

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

- (a) for actual costs: the costs it actually incurred for the *action*;

- (b) for unit costs or unit contributions: the amount obtained by multiplying the amount per unit specified in Article I.3.2(a)(ii) or (b) by the actual number of units used or produced;
- (c) for lump sum costs or lump sum contributions: the global amount specified in Article I.3.2(a)(iii) or (c), if the corresponding tasks or part of the *action* as described in Annex I have been implemented properly;
- (d) for flat-rate costs or flat-rate contributions: the amount obtained by applying the flat rate specified in Article I.3.2(a)(iv) or (d);
- (e) for financing not linked to costs: the global amount specified in Article I.3.2(e), if the corresponding results or conditions as described in Annex I have been properly achieved or fulfilled;
- (f) for unit costs declared on the basis of the beneficiary's usual cost accounting practices: the amount obtained by multiplying the amount per unit calculated in accordance with the beneficiary's usual cost accounting practices by the actual number of units used or produced;
- (g) for lump sum costs declared on the basis of the beneficiary's usual cost accounting practices: the global amount calculated in accordance with its usual cost accounting practices, if the corresponding tasks or part of the *action* have been implemented properly;
- (h) for flat-rate costs declared on the basis of the beneficiary's usual cost accounting practices: the amount obtained by applying the flat rate calculated in accordance with the beneficiary's usual cost accounting practices.

For the forms of grant referred to in points (b), (c), (d), (f), (g) and (h), the amounts declared must comply with the conditions specified in points (a) and (b) of Article II.19.1.

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

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

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

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

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

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

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

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

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

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

- (e) for financing not linked to costs: adequate supporting documents to prove that the *action* has been properly implemented;

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II.21 — ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE BENEFICIARIES

If the Special Conditions contain a provision on entities affiliated to the beneficiaries, costs incurred by such an entity are eligible, if:

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

ARTICLE II.22 — BUDGET TRANSFERS

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

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

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

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

ARTICLE II.23 — NON-COMPLIANCE WITH REPORTING OBLIGATIONS

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

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

ARTICLE II.24 — SUSPENSION OF PAYMENTS AND TIME LIMIT FOR PAYMENT

II.24.1 Suspension of payments

II.24.1.1 Grounds for suspension

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

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

II.24.1.2 Procedure for suspension

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

- (a) informing it of:
 - (i) its intention to suspend payments;
 - (ii) the reasons for suspension;

(iii) in the cases referred to in points (a) and (b) of Article II.24.1.1, the conditions that need to be met for payments to resume; and

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

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

- (a) the suspension of payments;
- (b) the reasons for suspension;
- (c) the final conditions under which payments may resume in the cases referred to in points (a) and (b) of Article II.24.1.1;
- (d) the indicative date of completion of the necessary verification in the case referred to in point (c) of Article II.24.1.1.

The coordinator must immediately inform the other beneficiaries of the suspension. The suspension takes effect on the day the Commission sends *formal notification* of suspension (Step 2).

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

II.24.1.3 Effects of suspension

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

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

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

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

II.24.1.4 Resuming payments

In order for the Commission to resume payments, the beneficiaries must meet the notified conditions as soon as possible and must inform the Commission of any progress made.

If the conditions for resuming payments are met, the suspension will be lifted. The Commission will send a *formal notification* to the coordinator informing it of this.

II.24.2 Suspension of the time limit for payments

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

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

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

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

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

II.24.2.3 If the conditions for suspending the payment deadline are no longer met, the suspension will be lifted and the remaining period will resume.

If the suspension exceeds two months, the coordinator may request the Commission if the suspension will continue.

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

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

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

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

Step 1 — Application of the reimbursement rate to the eligible costs and addition of the financing not linked to costs, unit, flat-rate and lump sum contributions

Step 2 — Limit to the *maximum amount of the grant*

Step 3 — Reduction due to the no-profit rule

Step 4 — Reduction due to improper implementation, irregularity, fraud or breach of other obligations.

II.25.1 Step 1 — Application of the reimbursement rate to the eligible costs and addition of the financing not linked to costs, unit, flat-rate and lump sum contributions

This step is applied as follows:

- (a) If, as provided for in Article I.3.2(a)(i), the grant takes the form of the reimbursement of eligible costs actually incurred, the reimbursement rate specified in that Article is applied to those eligible costs as approved by the Commission for the corresponding categories of costs, beneficiaries and affiliated entities
- (b) If, as provided for in Article I.3.2(a) (ii) to (v), the grant takes the form of the reimbursement of eligible unit costs, lump sum costs or flat rate costs, the reimbursement rate specified in that Article is applied to those eligible costs as approved by the Commission for the corresponding categories of costs, beneficiaries and affiliated entities;

The accepted amount of volunteers' work for the corresponding beneficiaries and affiliated entities must be limited to the following amount, whichever is the lowest:

- (i) the total sources of financing as indicated in the estimated budget set out in Annex III and as accepted by the Commission multiplied by fifty per cent; or
 - (ii) the amount of volunteers' work as indicated in the final financial statement.
- (c) If, as provided for in Article I.3.2(b), the grant takes the form of a unit contribution, the unit contribution specified in that Article is multiplied by the actual number of units approved by the Commission for the corresponding beneficiaries and affiliated entities;
 - (d) If, as provided for in Article I.3.2(c), the grant takes the form of a lump sum contribution, the Commission applies the lump sum specified in that Article for the corresponding beneficiaries and affiliated entities if it finds that the corresponding tasks or part of the *action* were implemented properly in accordance with Annex I;
 - (e) If, as provided for in Article I.3.2(d), the grant takes the form of a flat-rate contribution, the flat rate referred to in that Article is applied to the eligible costs or to the contribution approved by the Commission for the corresponding beneficiaries and affiliated entities;
 - (f) If, as provided for in Article I.3.2(e), the grant takes the form of financing not linked to costs, the Commission applies the amount specified in that Article for the corresponding beneficiaries and affiliated entities if it finds that [the conditions specified in Annex I were fulfilled][and][the results specified in Annex I were achieved].

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

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

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

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

If volunteers' work is declared as part of direct eligible costs, the final amount of the grant is limited to the amount of total eligible costs and contributions approved by the Commission minus the amount of volunteers' work approved by the Commission.

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

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

The profit must be calculated as follows:

- (a) calculate the surplus of the total receipts of the action, over the total eligible costs of the action, as follows:

{ receipts of the action

minus

consolidated total eligible costs and contributions approved by the Commission corresponding to the amounts determined in accordance with Article II.25.1 }

The receipts of the action are calculated as follows:

{ the revenue generated by the *action* for beneficiaries and affiliated entities other than non-profit organisations

plus

the amount obtained following Steps 1 and 2 }

where the revenue generated by the *action* is the consolidated revenue established, generated or confirmed for beneficiaries and affiliated entities other than non-profit organisations on the date on which the request for payment of the balance is drawn up by the coordinator.

In-kind and financial contributions by third parties are not considered receipts.

- (b) If the amount calculated under point (a) is positive, this amount will be deducted from the amount calculated following Steps 1 and 2, in proportion to the final rate of reimbursement of the actual eligible costs of the *action* approved by the Commission for the categories of costs referred to in Article I.3.2(a)(i).

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

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

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

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

- (a) informing it of:
 - (i) its intention to reduce the *maximum amount of the grant*;
 - (ii) the amount by which it intends to reduce the grant;
 - (iii) the reasons for reduction;
- (b) inviting it to submit observations within 30 calendar days of receiving the formal notification.

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

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

The final amount of the grant will be the lower of the following two:

- (a) the amount obtained following Steps 1 to 3; or
- (b) the reduced grant amount following Step 4.

ARTICLE II.26 — RECOVERY

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

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

II.26.2 Recovery after payment of the balance

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

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

II.26.3 Recovery procedure

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

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

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

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

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

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

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

- (b) by drawing on the financial guarantee where provided for in accordance with Article I.5.2 ('drawing on the financial guarantee');
- (c) by holding the beneficiaries jointly and severally liable up to the maximum EU contribution indicated, for each beneficiary, in the estimated budget (Annex III as last amended);

- (d) by taking legal action as provided for in Article II.18.2 or in the Special Conditions or by adopting an enforceable decision as provided for in Article II.18.3.

II.26.4 Interest on late payment

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

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

II.26.5 Bank charges

Bank charges incurred in the recovery process must be borne by the beneficiary concerned, unless Directive 2007/64/EC⁴ applies.

ARTICLE II.27 — CHECKS, AUDITS AND EVALUATIONS

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

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

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

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

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

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

⁴ Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC.

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

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

II.27.2 Duty to keep documents

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

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

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

II.27.3 Obligation to provide information

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

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

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

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any financing not linked to costs, unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.4 On-the-spot visits

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

They must ensure that the information is readily available at the moment of the on-the-spot visit and that information requested is handed over in an appropriate form.

If the beneficiary concerned refuses to provide access to the sites, premises and information as required in the first and second subparagraphs, the Commission may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any financing not linked to costs, unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.5 Contradictory audit procedure

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

II.27.6 Effects of audit findings

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

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

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

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

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

The extension of findings may lead to:

- (a) the rejection of costs as ineligible;
- (b) reduction of the grant as provided for in Article II.25.4;
- (c) recovery of undue amounts as provided for in Article II.26;

- (d) suspension of payments as provided for in Article II.24.1;
- (e) suspension of the *action* implementation as provided for in Article II.16.2;
- (f) termination as provided for in Article II.17.3.

II.27.7.2 The Commission must send a *formal notification* to the beneficiary concerned informing it of the systemic or recurrent *irregularities, fraud or breach of obligations* and of its intention to extend the audit findings, together with the list of grants affected.

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

Step 1 — The *formal notification* must include:

- (i) an invitation to submit observations on the list of grants affected by the findings;
- (ii) a request to submit revised financial statements for all grants affected;
- (iii) where possible, the correction rate for extrapolation established by the Commission to calculate the amounts to be rejected on the basis of the systemic or recurrent *irregularities, fraud or breach of obligations*, if the beneficiary concerned:
 - considers that the submission of revised financial statements is not possible or practicable; or
 - will not submit revised financial statements.

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

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

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

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

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

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

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

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

Step 1 — The *formal notification* must include:

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

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

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

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

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

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

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

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

II.27.8 Rights of OLAF

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

Under Council Regulation (Euratom, EC) No 2185/96⁵ and Regulation (EU, Euratom) No 883/2013⁶ OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by Union law for the protection of the financial interests of the Union against *fraud* and other *irregularities*.

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

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

II.27.9 Rights of the European Court of Auditors and EPPO

The European Court of Auditors and the European Public Prosecutor's Office established by Council Regulation (EU) 2017/1939⁷ ('the EPPO') have the same rights as the Commission, particularly the right of access, for the purpose of checks, audits and investigations.

⁵ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities.

⁶ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF).

⁷ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office

Annex I – Description of the Action

Description of the action to be supported:

Please provide concise structured information, clearly identifying tasks and milestones

Certificate in the form of Europe Digital Green Pass makes easier and enables the travelling between EU countries. We are able to issue certificates and verify certificates from other countries. Infrastructure consists of these components:

- Data collection, certificates generation, server support for authentication (realization: UZIS -Institute of Health Information and Statistics of Czech Republic)
- National application for storing certificates (realization: NAKIT -National Agency for Communication and Information Technologies)
- National application for certificate verification (national and European) (realization: NAKIT -National Agency for Communication and Information Technologies)

Main actions and milestones

- 1.6.2021 -start issuing EU DCC certificates, public portal ocko.uzis.cz
- 1.6.2021 -date of connection to the European Gateway
- 15.6.2021 -release of mobile application cTecka (Validate)
- 1.7.2021 -release of mobile application Tecka (Wallet)
- 1.9.2021 -integration of Tecka with ticketing web services
- further development -push gateway, standardization of ticketing web interface, travel document support (PLF)

Description of the solution

There are four main components -backend and web components developed by UZIS (Institute of Health Information and Statistics of Czech Republic) and mobile apps developed by NAKIT (National Agency for Communication and Information Technologies)

1) back-end -collection of data and certificate generation

- builds on top of existing UZIS systems for management and support of test and vaccination sites
- collects data about tests and vaccination
- generates EU DCC certificates in both PDF and HCERT (QR code data) form
- certificates are provided back to test and vaccination sites via GUI and API for local printing

2) web ocko.uzis.cz

- public portal for access to certificates
- login via Czech eGovernment login (NIA) or one-time SMS code based on contact information collected during registration for tests or vaccination
- test and vaccination history plus certificates in PDF form available
- API for Tecka mobile app

3) Tecka mobile app –Wallet

- load certificates for one or more persons (e.g., family members) by gradually registering the persons at ocko.uzis.cz (both login methods -NIA and SMS code available in Tecka) or by scanning the QR code of the certificate
- after the first login to the ocko.uzis.cz, the application will connect automatically and automatically download certificate updates (e.g., the second vaccination dose, new test results, etc.)
- shows the list of persons and the list of loaded certificates for each of them, marking the certificates' validity
- displays the QR code and identification information of the holder for each certificate when it is necessary to present them to controllers. If necessary, it is also possible to view the details of the certificate, including information on the vaccine type or a taken test
- downloads PDF version of the certificate on user request, can share PDF certificate using other applications on the mobile
- updates its parameters (validation rules and signing certificates of EU countries) and the certificates for persons logged into ocko.uzis.cz every time it is opened or at the request of the user.
- integration with the ticketing and registration web services

4) cTecka mobile app –Validate

- updates its parameters (validation rules and signing certificates of EU countries) every time it is opened or at the request of the user.
- scan QR code using mobile phone camera
- validate electronic signature and validity according to validation rules
- display details of the certificate, including certificate holder information and information on the vaccine type or a taken test

Capacity and reach

- mobile app Tecka (Wallet) downloads -3 500 000 (out of 10 000 000 population in Czech Republic)
- mobile app cTecka (Validate) -800 000 downloads
- certificates issued -RAT= 3413355, PCR = 1935056, Recovery =377589, Vaccination=7199918

Operational capacity

Please provide a description of the organisation(s) and information on the profile of the people primarily responsible for managing and implementing the operation

We confirm that the implementation of the COVID PASS project involves experienced teams led by UZIS - Institute of Health Information and Statistics of the Czech Republic and NAKIT -National Agency for Communication and Information Technologies.

Visibility

Please give a brief description of the visibility actions you intend to carry out and how the EU element will be included (please refer closely to the requirements set out in Annex1 of this application form):

We confirm that if we receive a grant, we will promote the EU financial participation and the EU emblem.

ANNEX III - ESTIMATED BUDGET OF THE ACTION

TABLE 1: Total estimated eligible costs of the action and EU contribution

Consolidated	I. REIMBURSEMENT OF ELIGIBLE COSTS		
	Estimated eligible ACTUAL COSTS (EUR)	Max EU funding % as per call 100%	Estimated EU contribution reimbursing eligible costs (EUR)
A. DIRECT ELIGIBLE COSTS			
1. Personnel costs			
1.1. Data collection, certificates generation - technical personnel	336.077	1	336.077
1.2. Data collection, certificates generation - administrative personnel	49.946	1	49.946
...		1	0
Sub-total for cost category 1	386.023		386.023
2. Subcontracting			
2.1. Development of national app for storing and verifying certificates	261.246	1	261.246
....		1	0
Sub-total for cost category 2	261.246		261.246
3. Other Specific Direct Costs			
3.1. < Insert cost subcategory 3.1 >		1	0
.....		1	0
Sub-total for cost category 3	0		0
Total direct eligible costs	647.269	1	647.269
B. INDIRECT ELIGIBLE COSTS (Max 7 % of total direct costs)	45.309	1	45.309
TOTAL ESTIMATED ELIGIBLE COSTS			692.577,83
TOTAL EU ESTIMATED CONTRIBUTION			692.578

**TABLE 2
Estimated expenditure of the action**

Expenditure	Amount	Amount
1. Total eligible costs and contributions		692.578
2. Other costs of the action		0
3. Estimated value of contributions in kind (= 6 of Table 3)		0
TOTAL		692.578

**TABLE 3
Estimated sources of financing of the action**

Revenue	Amount
Receipts	
1. Requested EU grant	692.578
2. Income generated by the action	
3. Financial contributions from third parties	
Other revenue	
4. Financial contribution	
5. Other financial	
6. Contributions in kind	
TOTAL (= TOTAL of Table 2)	692.578

ANNEX III - ESTIMATED BUDGET OF THE ACTION

TABLE 1: Total estimated eligible costs of the action and EU contribution

Ministry of Health of Czech Republic	I. REIMBURSEMENT OF ELIGIBLE COSTS		
	Estimated eligible ACTUAL COSTS (EUR)	Max EU funding % as per call 100%	Estimated EU contribution reimbursing eligible costs (EUR)
A. DIRECT ELIGIBLE COSTS			
1. Personnel costs			
1.1. Insert cost subcategory 1.1			
1.2. Insert cost subcategory 1.2			
...			
<i>Sub-total for cost category 1</i>	0		0
2. Subcontracting			
2.1. Development of national app for storing and verifying certificates	261.246	1	261.246
....			0
<i>Sub-total for cost category 2</i>	261.246		261.246
3. Other Specific Direct Costs			
3.1. < Insert cost subcategory 3.1 >			0
<i>Sub-total for cost category 3</i>	0		0
<i>Total direct eligible costs</i>	261.246		261.246
B. INDIRECT ELIGIBLE COSTS (Max 7 % of total direct costs)	18.287		18.287
TOTAL ESTIMATED ELIGIBLE COSTS			279.533,22
TOTAL EU ESTIMATED CONTRIBUTION			279.533

**TABLE 2
Estimated expenditure of the action**

Expenditure	Amount	Amount
1. Total eligible costs and contributions		279.533
2. Other costs of the action		0
3. Estimated value of contributions in kind (= 6 of Table 3)		0
TOTAL		279.533

**TABLE 3
Estimated sources of financing of the action**

Revenue	Amount
Receipts	
1. Requested EU grant	279.533
2. Income generated by the action	
3. Financial contributions from third parties earmarked to the eligible	
Other revenue	
4. Financial contribution	
5. Other financial	
6. Contributions in kind	
TOTAL (= TOTAL of Table 2)	279.533

ANNEX III - ESTIMATED BUDGET OF THE ACTION

TABLE 1: Total estimated eligible costs of the action and EU contribution

UZIS	I. REIMBURSEMENT OF ELIGIBLE COSTS		
	Estimated eligible ACTUAL COSTS (EUR)	Max EU funding % as per call 100%	Estimated EU contribution reimbursing eligible costs (EUR)
A. DIRECT ELIGIBLE COSTS			
1. Personnel costs			
1.1. Data collection, certificates generation - technical personnel	336.077	1	336.077
1.2. Data collection, certificates generation - administrative personnel	49.946	1	49.946
...		1	0
Sub-total for cost category 1	386.023		386.023
2. Subcontracting			
2.1. < Insert cost subcategory 2.1 >		1	0
....		1	0
Sub-total for cost category 2	0		0
3. Other Specific Direct Costs			
3.1. < Insert cost subcategory 3.1 >		1	0
.....		1	0
Sub-total for cost category 3	0		0
Total direct eligible costs	386.023	1	386.023
B. INDIRECT ELIGIBLE COSTS (Max 7 % of total direct costs)	27.022	1	27.022
TOTAL ESTIMATED ELIGIBLE COSTS			413.044,61
TOTAL EU ESTIMATED CONTRIBUTION			413.045

**TABLE 2
Estimated expenditure of the action**

Expenditure	Amount	Amount
1. Total eligible costs and contributions		413.045
2. Other costs of the action		0
3. Estimated value of contributions in kind (= 6 of Table 3)		0
TOTAL		413.045

**TABLE 3
Estimated sources of financing of the action**

Revenue	Amount
Receipts	
1. Requested EU grant	413.045
2. Income generated by the action	
3. Financial contributions from third parties earmarked to the eligible costs	
Other revenue	
4. Financial contribution of the	
5. Other financial contributions	
6. Contributions in kind	
TOTAL (= TOTAL of Table 2)	413.045

ANNEX IV MANDATE

I, the undersigned,

Prof. RNDr. Ladislav Dušek, Ph.D.,

representing,

USTAV ZDRAVOTNICKÝCH INFORMACÍ A STATISTIKY ČESKÉ REPUBLIKY / INSTITUTE OF HEALTH INFORMATION AND STATISTICS OF THE CZECH REPUBLIC [UZIS], PUBLIC LAW BODY, established in Palackeho Nam. 4, P.O.BOX 60, 128 01 Prague 2, Czech Republic, VAT number CZ00023833 ('the beneficiary'),

for the purposes of signing and implementing the grant agreement **LC-01741383** with the European Commission ('the grant agreement') for the action entitled **THE EMERGENCY SUPPORT INSTRUMENT ACTION**

hereby:

1. Mandate

MINISTERSTVO ZDRAVOTNICTVI ČESKÉ REPUBLIKY / MINISTRY OF HEALTH OF CZECH REPUBLIC (MZCR), PUBLIC LAW BODY, established in Palackeho namesti 375/4, Prague 2, 128 01, Czech Republic, VAT: CZ00024341,

represented by Mgr. et Mgr. Adam Vojtech, MHA Minister for Health, ('the coordinator') to sign in my name and on my behalf the grant agreement and its possible subsequent amendments with the European Commission.

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

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

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

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

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

SIGNATURE

Prof. RNDr. Ladislav Dušek, Ph.D., Director

[signature]

Done at [place], [date]

In duplicate in English]

Annex V – Model technical implementation report

Activation of Emergency Support Instrument in response to the COVID-19 Pandemic - Support for the interoperability of the Digital Green Certificate

Project number:

Project acronym:

1) **Start date of the action:** *dd/mm/yyyy*

2) **End date of the action:** *dd/mm/yyyy*

3) **Detailed description of the action:**

Including information on (as applicable):

- *Development and/or adaptation of national solutions for issuing, verifying certificates to ensure cross-border interoperability through the central EU Gateway;*
- *Connection of the national backend solutions to the EU Gateway;*
- *Supporting Member States in testing the issuance, verification and wallet apps, participating in piloting activities, and onboarding to the Gateway;*
- *Developing the necessary interfaces to the information systems of the national health authorities;*
- *Activities related to risk assessments and security plans for the operation of the national solutions, including their interfacing with the EU Gateway.*

4) **Visibility of the action:**

Description of any visibility actions carried out (e.g. communication activities to raise population awareness of cross-border interoperability of the Digital Green Certificates enabled by the EU Gateway), and how the EU element was included

5) **Date of connection to the EU Gateway**

dd/mm/yyyy

6) **Modifications to initial planning (if applicable)**

...

5) **Any other relevant information**

....

Annex VI - Financial Statement

Model of Financial Statement (to be filled in by each beneficiary)

Project Nb	LC-01741383
Country	Czech Republic
Period from :	dd/mm/yy
to :	dd/mm/yy

Beneficiary Legal Name			
Beneficiary Short Name		Beneficiary Nb	
If flat-rate for indirect costs, specify %		%	

1- Declaration of eligible costs (in €)

	This period	Adjustments	TOTAL
Personnel costs			
Subcontracting			
Other specific direct costs			
Indirect costs			
Total			
Maximum Community contribution			
Requested Community contribution			

2- Declaration of receipts

Did you receive any financial transfers or contributions in kind, free of charge from third parties or did the project generate any income which could be considered a receipt according to Art.II.25.3 of the grant agreement ?

Yes/No

If yes, please mention the amount (in €)

3 - Certificate on the financial statements

Is there a certificate on the financial statements provided by an independent auditor attached to this financial statement according to Art.I.4 ?

Yes/No

Name of the auditor		Cost of the certificate (in €)	
---------------------	--	--------------------------------	--

5- Beneficiary's declaration on its honour

We declare on our honour that:

- the costs declared above are directly related to the resources used to attain the objectives of the project and fall within the definition of eligible costs specified in Articles II.19, II.20 and II.21 of the *grant agreement* ;

- the receipts declared above are the only income generated by the project which could be considered as receipts according to Art. II.25.3 of the *grant agreement* ;

- there is full supporting documentation to justify the information hereby declared. It will be made available at the request of the *Commission* and in the event of an audit by the *Commission* and/or by the Court of Auditors and/or their authorised representatives.

Beneficiary's Stamp (if applicable)	Name of the Person(s) authorised to sign this Financial Statement
	Date & Signature

Annex 2 - Summary Financial Report (to be filled by coordinator)

country		Czech Republic		Project Nb		LC-01741383		Page		1/1	
Reporting period from:			dd/mm/yy			to:			dd/mm/yy		
Beneficiary Nb	Beneficiary Short Name	Eligible costs this period	Adjustments of eligible costs to previous periods	Total costs	Requested Community contribution	Receipts					
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
TOTAL											

Coordinator's Stamp (if applicable)	Name of the Person(s) authorised to sign this Financial Statement
	Date & Signature

ANNEX VII

MODEL FOR THE CERTIFICATE ON THE FINANCIAL STATEMENT (CFS)

This document sets out:

- the objectives and scope of the independent report of factual findings on costs declared under a EU grant agreement financed under the Emergency Support Instrument and
- a model for the certificate on the financial statement (CFS).

1. Background and subject matter

Within 60 days of the end of the reporting period, the beneficiary must submit to the Commission a final report, which should include (among other documents and unless otherwise specified in Art I.4.4 of the Grant Agreement) a certified financial statement (CFS; see proposed model below) for each beneficiary and (if applicable) each affiliated entity, if:

- (i) the cumulative amount of payments the beneficiary requests as reimbursement of actual costs as referred to in Article I.3.2 (a)(i) (and for which no certificate has yet been submitted) is EUR 325.000 or more.

The beneficiary must provide the CFS for itself and, if applicable, for its affiliated entity(ies).

The purpose of the audit on which the CFS is based is to give the Commission ‘reasonable assurance’¹ that costs declared as eligible costs under the grant (and, if relevant, receipts generated in the course of the action) are being claimed by the beneficiary/affiliated entity in accordance with the relevant legal and financial provisions of the Grant Agreement.

The scope of the audit is limited to the verification of eligible costs included in the CFS. The audit must be conducted in line with point 3 below.

Certifying auditors must carry out the audits in compliance with generally accepted audit standards and indicate which standards they have applied. They must bear in mind that, to establish a CFS, they must carry out a compliance audit and not a normal statutory audit. The eligibility criteria in the Grant Agreement always override normal accounting practices.

The beneficiary/affiliated entity and the auditor are expected to address any questions on factual data or detailed calculations before the financial statement and the accompanying certificate are submitted. It is also recommended that the beneficiary/affiliated entity take into account the auditor’s preliminary comments and suggestions in order to avoid a qualified opinion or reduce the scope of the qualifications.

This means a high degree of confidence.

Since the certificate is the main source of assurance for cost claims and payments, it will be easier to consider amounts as eligible if a non-qualified certificate is provided.

The submission of a certificate does not affect the Commission's right to carry out its own assessment or audits. Neither does the reimbursement of costs covered by a certificate preclude the Commission, the European Anti-Fraud Office or the European Court of Auditors from carrying out checks, reviews, audits and investigations in accordance with Art II.27 of the Grant Agreement. The CFS audit is not a full-fledged audit according to international auditing standards and does not give assurance about the legality and regularity of the costs declared.

The Commission expects the certificates to be issued by auditors according to the highest professional standards.

2. Auditors who may deliver a certificate

The beneficiary/affiliated entity is free to choose a qualified external auditor, including its usual external auditor, provided that:

- the external auditor is independent from the beneficiary/affiliated entity and
- the provisions of Directive 2006/43/EC are complied with.

Independence is one of the qualities that permit the auditor to apply unbiased judgement and objective consideration to established facts to arrive at an opinion or a decision. It also means that the auditor works without direction or interference of any kind from the beneficiary/affiliated entity.

Auditors are considered as providing services to the beneficiary/affiliated entity under a purchase contract within the meaning of Art 10 of the Grant Agreement. This means that the costs of the CFS may normally be declared as costs incurred for the action, if the cost eligibility rules set out in Art II.19 and II.10 of the Grant Agreement are fulfilled (especially: best value for money and no conflict of interests; see also below eligibility of costs of other goods and services). Where the beneficiary/affiliated entity uses its usual external auditor, it is presumed that they already have an agreement that complies with these provisions and there is no obligation to find new bids. Where the beneficiary/affiliated entity uses an external auditor who is not their usual external auditor, it must select an auditor following the rules set out in Art II.10.²

Public bodies can choose an external auditor or a competent public officer. In the latter case, the auditor's independence is usually defined as independence from the audited beneficiary/affiliated entity 'in fact and in appearance'. A preliminary condition is that this officer was not involved in any way in drawing up the financial statements. Relevant national

² Directive [2006/43/EC](#) of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts or similar national regulations (OJ L 157, 9.6.2006, p. 87).

authorities establish the legal capacity of the officer to carry out audits of that specific public body. The certificate should refer to this appointment.

3. Background and subject matter

3.1 Verification of eligibility of the costs declared

The auditor must conduct its verification on the basis of inquiry and analysis, (re)computation, comparison, other accuracy checks, observation, inspection of records and documents and by interviewing the beneficiary/affiliated entity (and the persons working for it).

The auditor must examine the following documentation:

- the Grant Agreement and any amendments to it;
- the periodical and/or final report(s);
- *for personnel costs*
 - salary slips;
 - time sheets;
 - contracts of employment;
 - other documents (e.g. personnel accounts, social security legislation, invoices, receipts, etc.);
 - proofs of payment;
- *for travel and subsistence costs*
 - the beneficiary/affiliated entity's internal rules on travel;
 - transport invoices and tickets (— only for actual costs);
 - declarations by the beneficiary/affiliated entity;
 - other documents (proofs of attendance such as minutes of meetings, reports, etc.);
 - proofs of payment (— only for actual costs);
- *for subcontracting*
 - the call for tender (if any);
 - tenders (if any);
 - justification for the choice of subcontractor;
 - contracts with subcontractors;
 - invoices;
 - declarations by the beneficiary/affiliated entity;
 - proofs of payment;
 - other documents: e.g. national rules on public tendering if applicable, EU Directives, etc.;
- for equipment costs
 - invoices;
 - delivery slips/certificates of first use;
 - proofs of payment;
 - depreciation method of calculation;

- for costs of other goods and serviceso invoices;
 - proofs of payment; and
 - other relevant accounting documents.

General eligibility rules

The auditor must verify that the costs declared comply with the general eligibility rules set out in Art II.19 of the Grant Agreement.

In particular, the costs must:

- be actually incurred;
- be linked to the subject of the Grant Agreement and indicated in the beneficiary/affiliated entity's estimated budget (i.e. the latest version of Annex III);
- be necessary to implement the action which is the subject of the grant;
- be reasonable and justified, and comply with the requirements of sound financial management, in particular as regards economy and efficiency;³
- have been incurred during the action, as defined in Art I.2 of the Grant Agreement (with the exception of costs of the kick-off meeting, if explicitly allowed and the invoice for the audit certificate and costs relating to the submission of the final report);
- not be covered by another EU grant (see below ineligible costs);
- be identifiable, verifiable and, in particular, recorded in the beneficiary/affiliated entity's accounting records and determined according to the applicable accounting standards of the country where it is established and its usual cost-accounting practices;
- comply with the requirements of applicable national laws on taxes, labour and social security;
- be in accordance with the provisions of the Grant Agreement (see, in particular, Art II.19 and II.10) and
- have been converted to euro at the rate laid down in Art I.4.6 of the Grant Agreement:
 - for beneficiaries/linked third parties with accounts established in a currency other than the euro:

Costs incurred in another currency must be converted into euros at the average of the daily euro exchange rates published in the C series of the [EU Official Journal](#) determined over the corresponding reporting period.

If no daily euro exchange rate is published in the EU Official Journal for the currency in question, the rate used must be the average of the monthly accounting exchange rates established by the Commission and published on its [website](#);

- for beneficiaries/linked third parties with accounts established in euro:

To be assessed in particular on the basis of the procurement and selection procedures for service providers.

Costs incurred in another currency should be converted into euros applying the beneficiary's usual accounting practice.

The auditor must verify that expenditure does NOT include VAT.

The auditor should base his/her audit approach on the confidence level following a review of the beneficiary/affiliated entity's internal control system. When using sampling, the auditor should indicate and justify the sampling size.

Specific eligibility rules

In addition, the auditor must verify that the costs declared comply with the specific cost eligibility rules set out in Art II.19 and Art II.10, and II.11 of the Grant Agreement.

Personnel costs

The auditor must verify that:

- personnel costs have been charged and paid in respect of the actual time devoted by the beneficiary/affiliated entity's personnel to implementing the action (justified on the basis of time sheets or other relevant time-recording system);
- personnel costs were calculated on the basis of annual gross salary, wages or fees (plus obligatory social charges, but excluding any other costs) specified in an employment or other type of contract, not exceeding the average rates corresponding to the beneficiary/affiliated entity's usual policy on remuneration;
- the work was carried out during the period of implementation of the action, as defined in Art I.2 of the Grant Agreement;
- the personnel costs are not covered by another EU grant (see below ineligible costs);
- for additional remuneration: the 2 conditions set out in Art II.19 of the Grant Agreement are met (i.e. that it is part of the beneficiary/affiliated entity's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required and that the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary/affiliated entity, regardless of the source of funding used);
- for in-house consultants: the 3 conditions set out in Art II.19 of the Grant Agreement are met (i.e. that the in-house consultant works under conditions similar to those of an employee, that the result of the work carried out belongs to the beneficiary/affiliated entity, and that the costs are not significantly different from those for personnel performing similar tasks under an employment contract).

The auditor should have assurance that the management and accounting system ensures proper allocation of the personnel costs to various activities carried out by the beneficiary/affiliated entity and funded by various donors.

Travel and subsistence costs

The auditor must verify that travel and subsistence costs:

- have been charged and paid in accordance with the beneficiary/affiliated entity's internal rules or usual practices (or, in the absence of such rules or practices, that they do not exceed the scale normally accepted by the Commission) (— only for actual costs);
- are not covered by another EU grant (see below ineligible costs);
- were incurred for travels linked to action tasks set out in Annex 1 of the Grant Agreement.

Subcontracting costs

The auditor must verify that:

- the subcontracting complies with best value for money (or lowest price) and that there was no conflict of interests;
- the subcontracting was necessary to implement the action for which the grant is requested;
- the subcontracting was provided for in Annex 1 and Annex III or agreed to by the Commission at a later stage;
- the subcontracting is supported by accounting documents in accordance with national accounting law;
- public bodies have complied with the national rules on public procurement.

Equipment costs

The auditor must verify that:

- the equipment is purchased, rented or leased at normal market prices;
- public bodies have complied with the national rules on public procurement;
- the equipment is written off, depreciation has been calculated according to the tax and accounting rules applicable to the beneficiary/affiliated entity and only the portion of the depreciation corresponding to the duration of the action has been declared and
- the costs are not covered by another EU grant (see below ineligible costs).

Costs of other goods and services

The auditor must verify that:

- the purchase complies with best value for money (or lowest price) and that there was no conflict of interests;
- public bodies have complied with the national rules on public procurement;
- the costs are not covered by another EU grant (see below ineligible costs).

Subcontracting costs

The auditor must verify that:

- the subcontracting complies with best value for money (or lowest price) and that there was no conflict of interests;
- the subcontracting was necessary to implement the action for which the grant is requested;
- the subcontracting was provided for in Annex I and Annex III or agreed to by the Commission at a later stage;
- the subcontracting is supported by accounting documents in accordance with national accounting law;
- public bodies have complied with the national rules on public procurement.

Ineligible costs

The auditor must verify that the beneficiary/affiliated entity has not declared any costs that are ineligible under Art II.19.4 of the Grant Agreement:

- costs relating to return on capital;
- debt and debt service charges;
- provisions for future losses or debts;
- interest owed;
- doubtful debts;
- currency exchange losses;
- bank costs charged by the beneficiary/affiliated entity's bank for transfers from the Commission;
- excessive or reckless expenditure;
- VAT (deductible or not);
- costs incurred during suspension of the implementation of the action;
- in-kind contributions from third parties;
- costs declared under other EU grants (including those awarded by a Member State and financed by the EU budget or awarded by bodies other than the Commission for the purpose of implementing the EU budget); in particular, indirect costs if the beneficiary/affiliated entity is already receiving an EU operating grant in the same period, unless they can demonstrate that the operating grant does not cover any costs of the action;
- costs incurred for permanent staff of a national administration for activities that are part of its normal activities (i.e. not undertaken only because of the grant);
- costs incurred for staff or representatives of EU institutions, bodies or agencies;

3.2 ***Verification of receipts***

The auditor must verify that the beneficiary/affiliated entity has declared receipts within the meaning of Art II.25 of the Grant Agreement, i.e.:

income generated by the action (e.g. from the sale of products, services and publications, conference fees)

3.3 *Verification of the beneficiary/affiliated entity's accounting system*

The auditor must verify that:

- the accounting system (analytical or other suitable internal system) makes it possible to identify sources of financing for the action and related expenses incurred during the contractual period and
- expenses/income under the grant have been recorded systematically using a numbering system that distinguishes them from expenses/income for other projects.

Certificate on the financial statement (CFS)

To

[Beneficiary/affiliated entity's full name address]

We, [full name of the audit firm/organisation], established in [full address/city/country], represented for signature of this audit certificate by [name and function of an authorised representative],

hereby certify

that:

1. We have conducted an audit relating to the costs declared in the financial statement of [name of beneficiary/affiliated entity] (the /'beneficiary'/'affiliated entity'/), to which this audit certificate is attached and which is to be presented to the European Commission under Grant Agreement No [insert number] — [insert acronym], covering costs for the following reporting period(s): [insert reporting period(s)].
2. We confirm that our audit was carried out in accordance with generally accepted auditing standards in compliance with ethical rules and on the basis of the provisions of the Grant Agreement and its Annexes
3. The financial statement was examined and all necessary tests of /all/[X]%/ of the supporting documentation and accounting records were carried out in order to obtain reasonable assurance that, in our opinion and on the basis of our audit
 - total costs of EUR [insert number] ([insert amount in words]) are eligible, i.e.:
 - actual (— for actual costs);
 - determined in accordance with the /beneficiary's/affiliated entity's/ accounting principles (— for actual costs);
 - incurred during the period referred to in Art I.2.2 of the Grant Agreement;
 - recorded in the /beneficiary's/affiliated entity's/ accounts (at the date of this audit certificate);
 - comply with the specific eligibility rules in Art II.19 of the Grant Agreement;
 - do not contain costs that are ineligible under Art II.19.4 of the Grant Agreement, in particular:
 - costs relating to return on capital;
 - debt and debt service charges;
 - provisions for future losses or debts;
 - interest owed;
 - doubtful debts;
 - currency exchange losses;

- bank costs charged by the /beneficiary's//affiliated entity's] bank for transfers from the Commission;
 - excessive or reckless expenditure;
 - VAT (deductible or not);
 - costs incurred during suspension of the implementation of the action;
 - in-kind contributions provided by third parties;
 - costs declared under other EU grants (including those awarded by a Member State and financed by the EU budget or awarded by bodies other than the Commission for the purpose of implementing the EU budget); in particular, indirect costs if the /beneficiary//affiliated entity/ is already receiving an EU operating grant in the same period, unless they can demonstrate that the operating grant does not cover any costs of the action;
 - costs incurred for permanent staff of a national administration, for activities that are part of its normal activities (i.e. not undertaken only because of the grant);
 - costs incurred for staff or representatives of EU institutions, bodies or agencies;
- are claimed according to the euro conversion rate referred to in Art I.4.6 of the Grant Agreement (— for actual costs);
 - total receipts of EUR [insert number] ([insert amount in words]) have been declared under Art II.25 of the Grant Agreement and
 - the /beneficiary's//affiliated entity's/ accounting procedures are in compliance with the accounting rules of the state in which it is established and permit direct reconciliation of the costs incurred for the implementation of the action covered by the EU grant with the overall statement of accounts relating to its overall activity.

/However, our audit opinion is qualified for:

costs of EUR [insert number]

receipts of EUR [insert number]

which in our opinion do not comply with the applicable rules./

4. We are qualified/authorised to deliver this audit certificate /(for additional information, see appendix to this certificate)/.
5. The /beneficiary//affiliated entity/ paid a price of EUR [insert number]) (excluding VAT) for this audit certificate. **OPTION 1:** These costs are eligible (i.e. incurred within 60 days of the end of the action referred to in Art I.2.2 of the Grant Agreement) and included in the financial statement.**OPTION 2:** These costs were not included in the financial statement./

Date, signature and stamp