GRANT AGREEMENT for an ACTION
TEMPUS PROGRAMME

UM_JEP XXXXX / 2003

A.1. The action: (title and acronym)

A.2. Grantholder's name and address: (grantholder institution, contact person and address)

A.3. Maximum grant amount:

A.4. Cost of action:


We the undersigned declare that we have read and accepted the terms and conditions of this grant agreement as described hereafter, including Annexes I to VI.

SIGNATURES

For the grantholder, the legal representative
[surname / forename / function]

[signature]
Done at [place], [date]

In triplicate, in English

For the Commission
D. G. Coyne – Director

[signature]
Done at Brussels, [date]
The European Community, hereinafter called “the Community”, represented by the European Commission, hereinafter called “the Commission”, which for the purposes of signature of this agreement is represented by Mr D. G. COYNE of the one part,

and

The “grantholder institution”, as defined in Point A.2, represented by the contact person named in point A2 and, for the purposes of signature of this agreement, by the legal representative authorised to act on its behalf of the other part,

hereafter referred to as “the parties to the agreement”


HAVE AGREED

the Special Conditions and General Conditions below, and the following Annexes:

Annex I Description of the action
Annex II Estimated budget of the action
Annex III Implementation reports and financial statements to be submitted, which form an integral part of this agreement
Annex IV Third party fiche
Annex V Guidelines for the Use of the grant
Annex VI VAT exemption certificate

The terms set out in the Special Conditions shall take precedence over those in the other parts of the agreement.

The terms of the General Conditions shall take precedence over those in the Annexes.

The implementation reports and financial statements forms will be available on line (http://www.etf.eu.int).
ARTICLE I.1 - PURPOSE

I.1.1 The purpose of the present agreement is to establish the obligations of the parties with a view to carrying out the action set out in Point A.1. (“the action”) with the support of a grant from the Community budget.

I.1.2 The grantholder undertakes to do everything in his power to carry out the action as described in Annex I, acting on his own responsibility.

I.1.3 Within the framework of the implementation of the present agreement, the Commission shall be assisted by the European Training Foundation for technical and administrative aspects. The grantholder undertakes to provide the European Training Foundation with relevant information for the proper execution of the administrative and technical tasks that may be entrusted to it by the Commission within the framework of the implementation of the present convention.

ARTICLE I.2 – DURATION

I.2.1 The present agreement shall enter into force on 1 September 2004 and requires the signature of both parties to the convention.

I.2.2 The action and the period of the eligibility of costs are of the duration indicated in Point A.5.

ARTICLE I.3 – BENEFICIARIES OF THE GRANT

I.3.1 The grant can only be used for or by consortium members listed in Annex I.

ARTICLE I.4 – FINANCING THE ACTION

I.4.1 The total cost of the action is estimated in Euro and indicated at Point A.4., as shown in the estimated budget in Annex II. The estimated budget shall give a detailed breakdown of the costs that are eligible for Community funding under the terms of Article II.14, and of all receipts, so that receipts and costs balance.

I.4.2 The total eligible costs of the action for which the Commission grant is awarded correspond to the total cost of the action, as shown in the estimated budget in Annex II.

Indirect costs are eligible for flat-rate funding of 7% of the total costs eligible, subject to the conditions laid down in Article II.14.3.
I.4.3 The maximum Community contribution payable is indicated at Point A.3. This contribution shall under no circumstances exceed 95% of the total eligible costs. The final amount of the grant shall be determined as specified in Article II.17, without prejudice to Article II.19.

I.4.4 By way of derogation from Article II.13, the grantholder may, when carrying out the action, adjust the estimated budget by transfers between headings of eligible costs, providing that this adjustment of expenditure does not affect the implementation of the action and the transfer between headings does not exceed 10% of the amount of each heading of eligible costs as shown in the estimated budget, and without exceeding the total eligible costs indicated in paragraph 2. Above this limit of 10%, a reasoned prior written request for authorisation must be approved by the Commission.

ARTICLE I.5 – PAYMENT ARRANGEMENTS

I.5.1 Pre-financing:

Within 45 days of the date when the last of the two parties signs the agreement and if required in Annex I, upon receipt of a financial guarantee for an amount equivalent to the amount pre-financed, a pre-financing payment, representing 60% of the amount specified at Point A.3. shall be made to the grantholder.

I.5.2 Further pre-financing payments:

Pre-financing is fractioned in two instalments. The second instalment of pre-financing may not be made until at least 70% of the previous pre-financing payment has been used up.

Every request for payment of a further pre-financing instalment must be accompanied by the documents specified in Article II.15.2 and by a report on the action’s implementation.

Within 45 days after the approval by the Commission of the request for the further pre-financing instalment, together with the documents referred to in the previous subparagraph, a further pre-financing payment representing 30% of the amount specified at Point A.3. shall be made to the grantholder.

The Commission can approve or reject the documents in question or can request additional supporting documents or information under the procedure laid down in Article II.15.2. In that case the grantholder shall have 15 days to submit the additional information or documents requested.

I.5.3 Payment of the balance:

The request for payment of the balance shall be accompanied by the final report on the action’s implementation, summary report for publication and financial statement specified in Article II.15.4 and by:
• the supporting documents for the staff costs declared in the financial statement (see supporting documents in Annex V);
• the supporting documents for the travel costs and costs of stay declared in the financial statement (see supporting documents in Annex V);
• the supporting documents for the equipment declared in the financial statement (see supporting documents in Annex V);
• the supporting documents for the printing and publishing costs declared in the financial statement (see supporting documents in Annex V);
• the supporting documents for the other costs declared in the financial statement (see supporting documents in Annex V).

The Commission shall have 45 days to approve or reject the documents in question or to request additional supporting documents or information under the procedure laid down in Article II.15.4. In that case the grantholder shall have 15 days to submit the additional information or new documents requested.

A payment representing no more than the balance of the grant determined in accordance with Article II.17 shall be made to the grantholder within 15 days following approval by the Commission of the documents accompanying the request for payment of the balance.

ARTICLE I.6 – SUBMISSION OF REPORTS AND OTHER DOCUMENTS

The provisions relating to the submission of the implementation reports, financial statements and other documents referred to in Article I.5 are contained in Annex III.

The implementation reports, summary reports for publication, financial statements and other documents referred to in Article I.5 must be submitted in 4 copies in the language of the grant agreement by the following deadlines:

- report on the action’s implementation and summary report for publication (IR1): within 4 months and a half of the starting of the action (before 15 January 2005);

- report on the action’s implementation, summary report for publication and statement of the costs incurred (IR2): within the month following the date when the utilisation of pre-financing reaches the level specified in Article I.5.2 and in any case before 30 September 2005 for projects of two year duration and 1 March 2006 for projects of three year duration;

- final report on the action’s implementation, summary report for publication and financial statement (IR3): within two months of the closing date of the action specified in Article I.2.2.

ARTICLE I.7 – BANK ACCOUNT

Payments shall be made to the grantholder’s bank account or sub-account, as indicated in Annex IV.
This account or sub-account must make it possible to identify funds paid by the Commission. If the funds paid to this account yield interest or equivalent benefits under the law of the State on whose territory the account is opened, such interest or benefits shall, if they are generated by pre-financing payments, be recovered by the Commission as specified in Article II.16.4.

Change of the project bank account should be notified in writing using the third party fiche (Annex IV), signed by the legal representative authorised to act on behalf of the grantholder institution and the banking services.

ARTICLE I. 8 –GENERAL ADMINISTRATIVE PROVISIONS

Any communication in connection with this agreement shall be in writing, indicating the number of the agreement, and shall be sent to the following addresses:

For the Commission:

    Mr. Augusto González  
    Head of Unit  
    Education cooperation with non-EU countries  
    Office B7 6/68  
    Directorate-General Education and Culture  
    European Commission  
    B-1049 Brussels

For the grantholder:

    As indicated at Point A.2.

ARTICLE I.9 – LAW APPLICABLE AND COMPETENT COURT

This agreement is governed by Belgian law.

Any dispute between the parties arising from the interpretation or application of the provisions of the agreement which cannot be settled amicably shall be brought before the Court of Justice of the European Communities.

ARTICLE I.10 - OTHER SPECIAL CONDITIONS

None.
PART A: LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 – LIABILITY

II.1.1 The grantholder shall have sole responsibility for complying with any legal obligations incumbent on him.

II.1.2 The Commission shall not, in any circumstances or on any grounds, be held liable in the event of a claim under the agreement relating to any damage caused during the action’s execution. Consequently, the Commission will not entertain any request for indemnity or reimbursement accompanying any such claim.

II.1.3 Except in cases of *force majeure*, the grantholder shall make good any damage sustained by the Commission as a result of the execution or faulty execution of the action.

II.1.4 The grantholder shall bear sole liability *vis-à-vis* third parties, including for damage of any kind sustained by them while the action is being carried out.

ARTICLE II.2 – CONFLICT OF INTERESTS

The grantholder shall take every necessary precaution to avoid any risk of a conflict of interests and shall inform the Commission without delay of any situation constituting or likely to lead to a conflict of interests. A conflict of interests may arise in particular from economic interests, political or national affinities, family or emotional ties, or any other common interests that are liable to influence the impartial and objective performance of the agreement.

The Commission reserves the right to check that the measures taken are appropriate and may demand additional measures if necessary.

ARTICLE II.3 – OWNERSHIP/USE OF THE RESULTS

II.3.1 Unless stipulated otherwise in this agreement, ownership of the results of the action, including industrial and intellectual property rights, and of the reports and other documents relating to it shall be vested in the grantholder.

II.3.2 Without prejudice to paragraph 1, the grantholder grants the Commission the right to make free use of the results of the action as it deems fit, provided it does not thereby breach its confidentiality obligations or existing industrial and intellectual property rights.
ARTICLE II.4 – CONFIDENTIALITY

The Commission and the grantholder undertake to preserve the confidentiality of any document, information or other material directly related to the subject of the agreement that is duly classed as confidential, if disclosure could cause prejudice to the other party. The parties shall remain bound by this obligation beyond the closing date of the action.

ARTICLE II.5 – PUBLICITY

II.5.1 Unless the Commission requests otherwise, any communication or publication by the grantholder about the action, including at a conference or seminar, shall indicate that the action has received funding from the Community.

Any communication or publication by the grantholder, in any form and medium, shall indicate that sole responsibility lies with the author and that the Commission is not responsible for any use that may be made of the information contained therein.

II.5.2 The grantholder authorises the Commission to publish the following information in any form and medium, including via the Internet:

- the grantholder’s name and the address,
- the subject and purpose of the grant,
- the amount granted and the proportion of the action’s total cost covered by the funding.

Upon a reasoned and duly substantiated request by the grantholder, the Commission may agree to forgo such publicity if disclosure of the information indicated above would risk compromising the grantholder’s security or prejudicing his commercial interests.

ARTICLE II.6 – EVALUATION

Whenever the Commission carries out an interim or final evaluation of the action’s impact measured against the objectives of the Community programme concerned, the grantholder undertakes to make available to the Commission and/or persons authorised by it all such documents or information as will allow the evaluation to be successfully completed and to give them the rights of access specified in Article II.19.

ARTICLE II.7 – SUSPENSION

II.7.1 The grantholder may suspend implementation of the action if circumstances make this impossible or excessively difficult, notably in the event of force majeure. He shall inform the Commission without delay, giving all the necessary reasons and details and the foreseeable date of resumption.
II.7.2 If the Commission does not terminate the agreement under Article II.11.2, the grantholder shall resume implementation once circumstances allow and shall inform the Commission accordingly. The duration of the action shall be extended by a period equivalent to the length of the suspension. In accordance with Article II.13, a supplementary written agreement shall be concluded to extend the duration of the action and to make any amendments that may be necessary to adapt the action to the new implementing conditions.

ARTICLE II.8 – FORCE MAJEURE

II.8.1 *Force majeure* shall mean any unforeseeable exceptional situation or event beyond the parties’ control which prevents either of them from fulfilling any of their obligations under this agreement, was not attributable to error or negligence on their part, and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available (unless due to *force majeure*), labour disputes, strikes or financial difficulties cannot be invoked as *force majeure* by the defaulting party.

II.8.2 A party faced with *force majeure* shall inform the other party without delay by registered letter with advice of delivery or equivalent, stating the nature, probable duration and foreseeable effects.

II.8.3 Neither of the parties shall be held in breach of their obligations under the agreement if they are prevented from fulfilling them by *force majeure*. The parties shall make every effort to minimise any damage due to *force majeure*.

II.8.4 The action may be suspended in accordance with Article II.7.

ARTICLE II.9 – AWARD OF CONTRACTS

II.9.1 If the grantholder has to conclude contracts in order to carry out the action and they constitute costs of the action under an item of eligible direct costs in the estimated budget, he shall seek competitive tenders from potential contractors and award the contract to the bid offering best value for money; in doing so he shall observe the principles of transparency and equal treatment of potential contractors and shall take care to avoid any conflict of interests.

II.9.2 Contracts as referred to in paragraph 1 may be awarded only in the following cases:

(a) they may only cover the execution of a limited part of the action;

(b) recourse to the award of contracts must be justified having regard to the nature of the action and what is necessary for its implementation;
(c) the grantholder shall retain sole responsibility for carrying out the action and for compliance with the provisions of the agreement. The grantholder must undertake to make the necessary arrangements to ensure that the winner of the contract waives all rights in respect of the Commission under the agreement;

(d) the grantholder must undertake to ensure that the conditions applicable to him under Articles II.1, II.2, II.3, II.4, II.5, II.6, II.10 and II.19 of the agreement are also applicable to the winner of the contract.

ARTICLE II.10 – ASSIGNMENT

The agreement and payments flowing from it may not be transferred to another body or assigned to a third party, in full or in part, without the prior written agreement of the Commission.

ARTICLE II.11 – TERMINATION

II.11.1 Termination by the grantholder

In duly justified cases, the grantholder may terminate the agreement at any time by giving 60 days’ written notice stating the reasons, without being required to furnish any indemnity on this account. If no reasons are given or if the Commission does not accept the reasons, the grantholder shall be deemed to have terminated this agreement improperly, with the consequences set out in the third subparagraph of paragraph 4.

II.11.2 Termination by the Commission

The Commission may terminate the agreement, without any indemnity on its part, in the following circumstances:

(a) in the event of a legal, financial, technical or organisational change in the grantholder’s situation that is liable to affect the agreement substantially or to call into question the decision to award the grant;

(b) if the grantholder fails to fulfil a substantial obligation incumbent on him under the terms of the agreement, including its annexes;

(c) in the event of force majeure, notified in accordance with Article II.8;

(d) if the grantholder is declared bankrupt, being wound up or is the subject of any other similar proceedings;

(e) if the grantholder is found guilty of an offence involving his professional conduct by a judgment having the force of res judicata or if he is guilty of grave professional misconduct proven by any justified means;
(f) if the grantholder is guilty of misrepresentation or submits reports inconsistent with reality to obtain the grant provided for in the agreement;

(g) if the grantholder has intentionally or by negligence committed an irregularity in performing the agreement or any other contract concluded with an institution, organ or other body of the European Communities and, more generally, in the event of fraud, corruption or any other illegal activity on the part of the grantholder to the detriment of the Communities' financial interests.

II.11.3 Termination procedure

The termination procedure is initiated by registered letter with advice of delivery or equivalent.

In the cases referred to in points (a), (b) and (d) of paragraph 2, the grantholder shall have 30 days to submit his observations and take any measures necessary to ensure continued fulfilment of his obligations under the agreement. If the Commission fails to confirm acceptance of these observations by giving written approval within 30 days of receiving them, the termination procedure shall continue to run.

Where notice is given, termination shall take effect at the end of the period of notice, which shall start to run from the date when the letter of termination is received.

If notice is not given in the cases referred to in points (c), (e), (f) and (g) of paragraph 2, termination shall take effect from the day following the date when the letter of termination is received.

II.11.4 Effects of termination

In the event of termination, payments by the Commission shall be limited to the eligible costs actually incurred by the grantholder up to the date when termination takes effect. Costs relating to current commitments that are not due to be executed until after termination shall not be taken into account.

The grantholder shall have 60 days from the date when termination takes effect, as notified by the Commission, to produce a request for final payment in accordance with Article II.15.4. If no request is made within this time limit, the Commission shall not reimburse the expenditure incurred by the grantholder up to the date of termination. The Commission shall recover any amount if its use is not substantiated by the implementation reports and financial statements approved by the Commission.

By way of exception, in the event of improper termination by the grantholder or termination by the Commission on the grounds set out in points (e), (f) or (g) of paragraph 2, the Commission may require the partial or total repayment of sums already paid under the agreement on the basis of implementation reports and financial statements approved by the Commission, in proportion to the gravity of the failings in question and after allowing the grantholder to submit his observations.
ARTICLE II.12 – FINANCIAL PENALTIES

By virtue of the Financial Regulation applicable to the general budget of the European Communities, any grantholder declared to be in grave breach of his contractual obligations shall be liable to financial penalties of between 2% and 10% of the value of the grant in question. This rate may be increased to between 4% and 20% in the event of a repeated breach in the five years following the first.

ARTICLE II.13 - SUPPLEMENTARY AGREEMENTS

II.13.1 Any amendment to the agreement must be the subject of a written supplementary agreement concluded between the parties. No verbal agreement may bind the parties to this effect.

II.13.2 The supplementary agreement may not have as its purpose or effect to modify substantially the content of the agreement.

II.13.3 If the request for amendment is made by the grantholder, he must send it to the Commission in good time before it is due to take effect and at all events two months before the closing date of the action, except in cases duly substantiated by the grantholder and accepted by the Commission.
ARTICLE II.14 – ELIGIBLE COSTS

II.14.1 To be considered as eligible costs of the action, costs must satisfy the following general criteria:

- they must be directly connected with the subject of the agreement and they must be provided for in the estimated budget annexed to it;
- they must be necessary for performance of the action covered by the agreement;
- they must be reasonable and justified and they must accord with the principles of sound financial management, in particular in terms of value for money and cost-effectiveness;
- they must be generated during the lifetime of the action as specified in Article I.2.2 of the agreement;
- they must be actually incurred by the grantholder and recorded in his accounts or tax documents or that of the participating institutions and they must be identifiable and verifiable.

II.14.2 In particular, the following costs are eligible:

- the cost of staff assigned to the action, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the grantholder's or the participating institutions usual policy on remuneration;
- travel costs and costs of stay for staff and students taking part in the action, provided that they do not exceed the maximum limits defined in Annex V of the present agreement;
- the purchase cost of equipment (new or second-hand), provided that it is purchased for the Partner country institutions listed in Annex I and only when justified for the achievement of the objectives of the action purpose to this agreement;
- costs entailed by the printing and publishing (including in electronic form as well as web design and websites) of any information and photocopying of teaching material useful for the implementation of the project;
- other costs arising directly from requirements imposed by the agreement (dissemination of information, inter-project coaching, external translations and external language courses, visa costs, bank charges).
II.14.3 Indirect costs incurred in carrying out the action may be eligible for flat-rate funding fixed at not more than 7% of the total costs eligible.

Unlike direct costs, indirect costs relate to categories of expenditure that are not identifiable as specific costs directly linked to and necessary for carrying out the action and cannot therefore be booked to it direct. If provision is made in Article I.4.2 for flat-rate funding in respect of indirect costs, they need not be supported by accounting documents.

II.14.4 The following costs shall not be considered eligible:

- return on capital;
- debt and debt service charges;
- provisions for losses or potential future liabilities;
- other interest owed;
- doubtful debts;
- exchange losses;
- VAT, unless exceptions authorised by the Commission;
- costs declared by the grantholder in connection with another action or work programme receiving a Community grant;
- excessive or reckless expenditure;
- equipment such as: furniture, motor vehicles of any kind, equipment for research and development purposes, telephones, mobile phones, alarm systems and anti-theft Systems;
- hospitality costs;
- costs related to the use of materials (computer, laboratory, library, etc.) incurred by universities, institutions, industries or companies when hosting students or staff;
- registration fees for courses, seminars, symposia, conferences, congresses;
- costs of premises (purchase, rent, heating, maintenance, repairs etc.). Renting of premises is only possible for specific dissemination events with prior written approval from the Commission;
- costs linked to the purchase of real estate.

II.14.5 Contributions in kind shall not count as actual expenditure by the grantholder and shall not constitute eligible costs. However, if they are provided for and set out in Annex I and/or in the estimated budget in order to contribute to the proper implementation of the action, the grantholder undertakes to obtain them as provided for in the agreement.

II.14.6 By way of exception to paragraph 3 of the present article, indirect costs shall not be eligible under a project grant awarded to a grantholder who already receives an operating grant from the Commission during the period in question.
ARTICLE II.15 – REQUESTS FOR PAYMENT

Payments shall be made in accordance with Article I.5 of the Special Conditions.

II.15.1 Pre-financing

Where required by the provisions of Article I.5 on pre-financing, the grantholder shall furnish a financial guarantee from a bank or an approved financial institution established in one of the Member States of the European Union. The financial guarantee shall remain in force until final payments by the Commission match the proportion of the total grant accounted for by pre-financing. The Commission undertakes to release the guarantee within 30 days following that date.

II.15.2 Further pre-financing payments

Where pre-financing is divided into several instalments, the grantholder may request a further pre-financing payment once he has used up the percentage of the previous payment specified in the provisions of Article I.5 on further pre-financing. The request (Annex V/9 of the agreement) shall be accompanied by the following documents:

- a detailed statement of the eligible costs actually incurred;
- where required by the above-mentioned provisions of Article I.5, a financial guarantee in accordance with paragraph 1 of the present article;
- where required by the above-mentioned provisions of Article I.5, an external audit report on the action’s accounts. The external audit shall be carried out by an independent body or expert officially authorised to carry out audits of accounts;
- any other documents in support of the request for further pre-financing payments that may be required by the special conditions.

The documents accompanying the request for payment shall be drawn up in accordance with the relevant provisions in Article I.6 and the annexes.

II.15.3 Interim payments

By the appropriate deadline indicated in Article I.6, the grantholder shall submit a request for interim payment accompanied by the following documents:

- an interim report on implementation of the action;
- an interim financial statement of the eligible costs actually incurred, in line with the structure of the estimated budget;
- where required by the provisions of Article I.5 on interim payment, an external audit report on the action’s accounts. This external audit shall be carried out by an independent body or expert officially authorised to carry out audits of accounts. The purpose of the audit is to certify that the financial documents submitted to the Commission by the grantholder comply with the financial...
provisions of the agreement, that the costs declared are the actual costs, and that all receipts have been declared.

The documents accompanying the request for payment shall be drawn up in accordance with the provisions of Article I.6 and the annexes. If an external audit of the action’s accounts is not required, the grantholder himself shall certify that the financial documents submitted to the Commission comply with the financial provisions of the agreement, that the costs declared are the actual costs, and that all receipts have been declared.

On receipt of these documents, the Commission shall have the period specified in Article I.5 in order to:

- approve the documents;
- ask the grantholder for supporting documents or any additional information it deems necessary to allow the approval of the documents;
- reject the documents and ask for the submission of new documents.

Failing a written reply from the Commission within the time limit for scrutiny indicated above, the documents shall be deemed to have been approved. Approval of the documents accompanying the request for payment does not imply recognition of their regularity or of the authenticity, completeness and correctness of the declarations and information contained therein.

Requests for additional information or new documents shall be notified to the grantholder in writing. The grantholder shall have the period laid down in Article I.5 to submit the information or new documents requested.

If additional documents are requested, the time limit for scrutiny shall be extended by the time it takes to obtain the documents concerned.

Where documents are rejected and new documents requested, the approval procedure described in this article shall apply.

In the event of renewed rejection, the Commission reserves the right to terminate the agreement by invoking Article II.11.2(b).

II.15.4 Payment of the balance

By the appropriate deadline indicated in Article I.6, the grantholder shall submit a request for payment of the balance (Annex V/9 of the agreement) accompanied by the following documents:

- a final report on the action’s implementation;
- a summary report for publication;
- a final financial statement of the eligible costs actually incurred, following the structure of the estimated budget;
- a full summary statement of the receipts and expenditure of the action;
where required by the provisions of Article I.5 on payment of the balance, an external audit report on the action’s accounts. The external audit shall be carried out by an independent body or expert officially authorised to carry out audits of accounts. The purpose of the audit is to certify that the financial documents submitted to the Commission by the grantholder comply with the financial provisions of the agreement, that the costs declared are the actual costs, and that all receipts have been declared.

The documents accompanying the request for payment shall be drawn up in accordance with the provisions of Article I.6 and the annexes. If an external audit of the action’s accounts is not required, the grantholder himself shall certify that the financial documents submitted to the Commission comply with the financial provisions of the agreement, that the costs declared are the actual costs, and that all receipts have been declared.

On receipt of these documents, the Commission shall have the period specified in Article I.5 in order to:

- approve the documents;
- ask the grantholder for supporting documents or any additional information it deems necessary to allow the approval of the documents;
- reject the documents and ask for the submission of new documents.

Failing a written reply from the Commission within the time limit for scrutiny indicated above, the documents shall be deemed to have been approved. Approval of the documents accompanying the request for payment shall not imply recognition of their regularity or of the authenticity, completeness and correctness of the declarations and information contained therein.

Requests for additional information or new documents shall be notified to the grantholder in writing. The grantholder shall have the period laid down in Article I.5 to submit the information or new documents requested.

If additional documents are requested, the time limit for scrutiny shall be extended by the time it takes to obtain the documents concerned.

Where documents are rejected and new documents requested, the approval procedure described in this article shall apply.

In the event of renewed rejection, the Commission reserves the right to terminate the agreement by invoking Article II.11.2(b).
ARTICLE II.16 –GENERAL PROVISIONS ON PAYMENTS

II.16.1 Payments shall be made by the Commission in Euro. Any conversion of actual costs into Euro shall be made at the daily rate published in the Official Journal of the European Union or, failing that, at the monthly accounting rate established by the Commission and published on its website applicable on the day when the payment order is issued by the Commission, unless the Special Conditions of the agreement lay down specific provisions.

Payments by the Commission shall be deemed to be effected on the date when they are debited to the Commission’s account.

II.16.2 The Commission may suspend the period for payment laid down in Article I.5 at any time by notifying the grantholder that his request for payment is not admissible, either because it does not comply with the provisions of the agreement, or because it does not accord with the implementation reports and financial statements approved by the Commission, or because there is a suspicion that some of the expenses in the request for payment are not eligible and additional checks are being conducted. The payment period shall continue to run from the date when a properly constituted request for payment is registered.

The Commission may also suspend its payments at any time if the grantholder is found or presumed to have infringed the provisions of the agreement, in particular in the wake of the audits and checks provided for in Article II.19.

The Commission shall inform the grantholder of any such suspension by registered letter with advice of delivery or equivalent.

Suspension shall take effect on the date when notice is sent by the Commission.

II.16.3 On expiry of the period for payment specified in Article I.5, and without prejudice to paragraph 2 of this Article, the grantholder may, within two months following the date of receipt of a late payment, request payment of interest on the late payment at the rate applied by the European Central Bank for its main refinancing operations in euros, plus three and a half points; the reference rate to which the increase applies shall be the rate in force on the first day of the month of the final date for payment, as published in the C series of the Official Journal of the European Union. This provision shall not apply to public authorities of the Member States of the European Union.

Interest on late payment shall cover the period from the final date for payment, exclusive, up to the date of payment as defined in paragraph 1, inclusive. The interest shall not be treated as a receipt for the action for the purposes of determining the final grant within the meaning of Article II.17.4. The suspension of payment by the Commission may not be considered as late payment.
II.16.4 The grantholder shall inform the Commission of the amount of any interest or equivalent benefits yielded by the pre-financing it has received from the Commission. Notification must be made annually if the interest in question represents a significant amount, and in any event when the request for interim payment and the request for payment of the balance of the grant is made. The interest shall not be treated as a receipt for the action within the meaning of Article II.17.4. The Commission shall issue a recovery order in respect of it in accordance with Article II.18.

II.16.5 The Financial Regulation applicable to the general budget of the European Communities requires a final date for implementation to be set for any legal commitment contracted with third parties involving a budget commitment and the payment of Community funds. For each such legal commitment, the implementation and payment phases of the action concerned must be completed by the final date for implementation. The final date for implementation shall be determined taking into account the maximum periods allowed, beyond the closing date of the action provided for in the agreement, for the grantholder to submit the required implementation reports and financial statements, for the Commission to approve them, and for it to make the final payment.

If the date for the end of the action or the periods indicated above are amended by a supplementary agreement, the final date for implementation shall be modified accordingly.

ARTICLE II.17 - DETERMINING THE FINAL GRANT

II.17.1 Without prejudice to Article II.19, the Commission shall adopt the amount of the final payment to be made to the grantholder on the basis of the documents referred to in Article II.15.4 which it has approved.

II.17.2 The total amount paid to the grantholder by the Commission may not in any circumstances exceed the maximum amount of the grant laid down in Article I.4.3, even if the total actual costs eligible exceed the estimated total eligible costs specified in Article I.4.2.

II.17.3 If the actual eligible costs when the action ends are lower than the estimated total eligible costs, the Commission’s contribution shall be limited to the amount obtained by applying the Community grant percentage specified in Article I.4.3 to the actual eligible costs approved by the Commission.

II.17.4 The grantholder hereby agrees that the grant shall be limited to the amount necessary to balance the action’s receipts and expenditure and that it may not in any circumstances produce a profit for him.
Profit shall mean any surplus of all actual receipts attributable to the action, whether duly established or confirmed in the case of other outside funding, or whether determined by applying the principles laid down in paragraphs 2 and 3 to the total actual costs of the action. For the purposes of this article, only actual costs falling within the categories set out in the estimated budget contained in Annex II shall be taken into account; non-eligible costs shall always be covered by non-Community resources.

Any surplus determined in this way shall result in a corresponding reduction in the amount of the grant.

II.17.5 Without prejudice to the right to terminate the agreement under Article II.11, if the action is not implemented or is implemented poorly, partially or late, the Commission may reduce the grant initially provided for in line with the actual implementation of the action on the terms laid down in this agreement.

II.17.6 Any reduction in the amount of the grant to be paid by the Commission shall be effected by:

- reducing the balance of the grant payable when the action ends;
- requesting the grantholder to repay any amounts overpaid, if the total amount already paid by the Commission exceeds the final amount which it actually owes.

ARTICLE II.18 - RECOVERY

II.18.1 If any amount is unduly paid to the grantholder or if recovery is justified under the terms of the agreement, the grantholder undertakes to repay the Commission the sum in question on whatever terms and by whatever date it may specify.

II.18.2 If the grantholder fails to pay by the date set by the Commission, the sum due shall bear interest at the rate indicated in Article II.16.3. Interest on late payment shall cover the period between the date set for payment, exclusive, and the date when the Commission receives full payment of the amount owed, inclusive.

Any partial payment shall first be entered against charges and interest on late payment and then against the principal.

II.18.3 Sums owed to the Commission may be recovered by offsetting them against any sums owed to the grantholder, after informing him accordingly, or by calling in the financial guarantee provided in accordance with Article II.15.1. The grantholder’s prior consent shall not be required.

II.18.4 Bank charges occasioned by the recovery of the sums owed to the Commission shall be borne solely by the grantholder.
II.18.5 The grantholder understands that under Article 256 of the Treaty establishing the European Community, the Commission may adopt an enforceable decision formally establishing an amount as receivable from persons other than States.

ARTICLE II.19 – CHECKS AND AUDITS

II.19.1 The grantholder undertakes to provide any detailed information requested by the Commission, the European Training Foundation or by any other qualified outside body chosen by the Commission for the purposes of checking that the action and the provisions of this agreement are being properly implemented.

II.19.2 The grantholder shall keep at the Commission’s disposal all original documents, especially accounting and tax records, or, in exceptional and duly justified cases, certified copies of original documents relating to the agreement for a period of five years from the date of payment of the balance specified in Article I.5.

II.19.3 The grantholder agrees that the Commission may have an audit of the use made of the grant carried out either directly by its own staff or by any other qualified outside body of its choice. Such audits may be carried out throughout the lifetime of the agreement and for a period of five years from the date of payment of the balance. Where appropriate, the audit findings may lead to recovery decisions by the Commission.

II.19.4 The grantholder undertakes to allow Commission staff and outside personnel authorised by the Commission the appropriate right of access to sites and premises where the action is carried out and to all the information, including information in electronic format, needed in order to conduct such audits.

II.19.5 The European Court of Auditors and the European Anti-Fraud Office (OLAF) shall enjoy the same rights, especially of access, as the Commission for the purposes of checks and audits.