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ANNEXES 1 to 3

**ANNEXES**

**to the**

**COMMISSION DECISION**

**concerning the granting of Union financial aid for projects of common interest  
'TRAINMOS II' - 2013-EU-21012-S - in the field of the trans-European transport  
network (TEN-T)**

## ANNEXES

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### COMMISSION DECISION

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#### ANNEXES I to III

#### ANNEX I

#### SPECIAL CONDITIONS

### **Article I.1: Financing the action**

1. The estimated budget for the action (**Article II.3.3**) gives a detailed breakdown of costs that are eligible for Union funding, under the terms of **Article III.3.16**, as well as of all revenues (see **Article II.3.2**), ensuring that revenues and costs are balanced.
2. The total eligible costs of the action for which the Union financial aid is granted (see **Article II.3.1**) are set out in the indicative budget in **Article II.3.3**.  
Indirect costs are eligible for flat-rate funding of 2.35% of the total eligible direct costs, subject to the provisions laid down in **Articles III.3.16(3)** and **III.3.16(4)**.
3. The Commission will contribute for studies a maximum amount, as indicated in **Article 2 of this Decision**, equivalent to 50% of the estimated total eligible costs indicated in paragraph 2.
4. The final amount of the financial aid shall be determined as specified in **Article III.3.18**.
5. The Union financial aid may not finance the entire costs of the action. The amounts and sources of co-financing other than from Union funds shall be set out in the estimated budget referred to in **Article II.3.2** and **Article II.3.3**.

### **Article I.2: Payments**

#### **I.2.1 Pre-financing**

Within 30 calendar days of receipt of the notified Decision, a pre-financing payment of 50 % of the amount specified in **Article 2 of this Decision** will be made to the beneficiary.

##### *I.2.1.1 Financial Guarantees*

1. In order to limit the financial risks associated with the payment of pre-financing, the Commission may, on the basis of a risk assessment, require the beneficiary to lodge a guarantee in advance before the Commission pays the (first instalment of) pre-financing, in accordance with **Article III.3.2**. The pre-financing payment will be made to the beneficiary within 30 calendar days of the receipt of a financial guarantee equal to the amount of pre-financing granted.

2. Such a guarantee may be replaced by a joint and several guarantee by the Member State concerned as referred to in **Article 4 of this Decision**, by a joint and several guarantee by a third party or by the irrevocable and unconditional joint and several guarantee of the beneficiaries of the action, after acceptance by the Commission.
3. The guarantee shall be denominated in euro. The purpose of the guarantee is to make the beneficiary, the Member State concerned referred to in **Article 4 of this Decision**, a third party or the other beneficiaries stand as irrevocable collateral security for, or first-call guarantor of, the beneficiary's obligations.

### **I.2.2 Interim payments**

Not applicable

### **I.2.3 Payment of the balance**

1. The request for payment of the balance shall be accompanied by the final technical implementation report and financial statement specified in **Articles I.3** and **III.3.5**.  
In addition, for the payment of the balance, the final report submitted shall be certified, in accordance with Article 10(3) of Regulation (EC) No 680/2007, by the Member State(s) concerned as mentioned in **Article 4** of this **Decision**.
2. A payment representing the balance of the financial aid determined in accordance with **Article III.3.18** will be made to the beneficiary within 90 calendar days of receipt by the Commission of the request for payment of the balance (see **Article I.3.1(2)** and **Article I.3.4**). The Commission may suspend the period for payment in accordance with the procedure laid down in **Article III.3.8** and **Article III.3.9**.

## **Article I.3: Reporting**

### **I.3.1 General rules**

1. The templates that must be used when submitting the reports, financial statements and other documents referred to in this Article will be sent to the beneficiary at least 6 months before the document is due for submission.
2. The technical implementation reports, financial statements and other documents referred to in this Article shall be submitted in English, French or German, in two identical paper copies as well as in electronic form.
3. Payment requests and financial statements shall be submitted in the currencies in which the costs have been incurred.

### **I.3.2 Action Status Reports ('ASR')**

1. The beneficiary shall submit an ASR no later than 31 March of each calendar year.
2. The ASR shall include/address the following:
  - (a) the decision number, the action number, the transport mode and the project of common interest it relates to;
  - (b) the name and contact details of the person acting for the beneficiary and responsible for implementing the action or preparing the ASR;
  - (c) the validation of the Member State concerned (if the beneficiary is not a Member State);
  - (d) information on the progress achieved by the action;

- (e) financial information about past expenditure as well as revised cost estimates for the next reporting periods and for the action as a whole;
- (f) whether appropriate public-procurement procedures have been applied to contracts that are necessary for the implementation of the action. If not, explanations and supporting documents must be submitted;
- (g) information on other sources of Union funds (ERDF, CF, FPR, etc.) that have been used for the global project of common interest (e.g. previous or subsequent phases not covered by this Decision granting financial aid);
- (h) environmental information;
- (i) information about measures taken to publicise the action.

### **I.3.3 Interim financial statement**

Not applicable

### **I.3.4 Final report and financial statement**

1. The beneficiary shall submit the final report within 12 months of the completion date of the action as referred to in **Article II.2.1**.
2. The final report shall include/address the following:
  - (a) the decision number, the action number, the transport mode and the project of common interest it relates to;
  - (b) the name and contact details of the person acting for the beneficiary and responsible for following up and/or monitoring the implementation of the action and for preparing the final report;
  - (c) the objectives of the action;
  - (d) a general description of the action;
  - (e) technical information on how the action was implemented;
  - (f) financial information;
  - (g) information on how compliance with national public-procurement procedures applicable to contracts that are necessary for the implementation of the action in line with **Article III.2.5** is achieved;
  - (h) information on other sources of Union funds (ERDF, CF, FPR, etc.) that have been used for the global project (e.g. previous or subsequent phases not covered by this funding Decision);
  - (i) environmental information;
  - (j) information about measures taken to publicise the action;
  - (k) validation of the report by the Member State concerned (if mentioned in **Article 4 of this Decision** granting financial aid);
  - (l) certification, in line with the provisions of Article 11(2) of Regulation (EC) No 680/2007, of the reality and conformity of the costs incurred.

## Article I.4: Other clauses

### I.4.1 Environmental requirements

The Commission reserves the right to apply the measures set out in **Article III.4** if the beneficiary does not submit to the Commission all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy on environmental protection).

### I.4.2 Coordinator

1. Designation, powers and obligations of the coordinator:

The coordinator for this action is:

University of Strathclyde

RICHMOND STREET, 16

United Kingdom - G1 1XQ GLASGOW

The coordinator shall:

- (a) monitor that the action is implemented in accordance with the Decision granting financial aid;
- (b) be the intermediary for all communication between the co-beneficiaries and the Commission in accordance with **Article III.1**; in particular, the coordinator shall:
  - (i) immediately inform the Commission of any change in the name, address, bank account or legal representation of any of the beneficiaries, of any change in their legal, financial, technical, organisational or ownership situation and of any event known to the coordinator that might affect or delay the implementation of the action;
  - (ii) be responsible for supplying the Commission with all documents and information required under the Decision granting financial aid, except where provided otherwise in that Decision. Where information from the co-beneficiaries is required, the coordinator shall be responsible for obtaining and verifying this information and for passing it on to the Commission;
- (c) inform the Commission of transfers between budget categories, as provided for in **Article II.3.3**, where required in accordance with **Article III.2.8.1 (2)**;
- (d) make on request the appropriate arrangements for providing the financial guarantee or the joint guarantee of the co-beneficiaries participating in the action in accordance with **Article I.2.1**;
- (e) establish the payment requests on behalf of the co-beneficiaries, detailing the exact share and amount assigned to each co-beneficiary, in accordance with the Decision granting financial aid, the estimated eligible costs as foreseen in

**Article II.3.1**, and the actual costs incurred. All payments by the Commission are made to the bank account(s) referred to in **Article III.3.1**;

- (f) be the sole recipient of payments on behalf of all of the co-beneficiaries and ensure that all the appropriate payments are made promptly to the co-beneficiaries. Within 30 calendar days of the day on which the bank account referred to in **Article III.3.1** has been credited, the coordinator shall transfer to each co-beneficiary the amounts corresponding to their participation in the action in accordance with their pro rata share of the estimated costs as defined in the breakdown in **Article II.3.3**, in the case of pre-financing payments, and their share of the validated costs actually incurred in the case of other payments. The coordinator shall inform the Commission of the distribution of the Union financial contribution between the co-beneficiaries and of the date of transfer within 30 calendar days of the transfer(s). In duly justified cases, the Commission may agree to derogate from these provisions and designate other recipients for payment;
- (g) be responsible, in the event of audits, checks or evaluations, as described in **Article III.6**, for providing all the necessary documents, including the accounts of the co-beneficiaries, the original accounting documents and signed copies of sub-contracts, if any have been concluded by the co-beneficiaries.

## 2. Obligations of the co-beneficiaries:

The co-beneficiaries shall:

- (a) agree upon appropriate arrangements between themselves for the proper performance of the action. The co-beneficiaries are deemed to have concluded a cooperation agreement regarding their respective operations and the coordination of these. The cooperation agreement shall cover all aspects necessary for the management of the co-beneficiaries and the implementation of the action;
- (b) forward to the coordinator the data needed to draw up the reports, financial statements and other documents provided for in the Decision granting financial aid, including its Annexes;
- (c) ensure that all information to be made available to the Commission is sent via the coordinator, except where the Decision granting financial aid requires that such information be submitted directly by the beneficiary to the Commission;
- (d) inform the coordinator immediately of any event known to them that might substantially affect or delay the implementation of the action;
- (e) inform the coordinator immediately of any change in their legal, financial (including bank account), technical, organisational or ownership situation (including any possible change related to affiliated entities) and of any change in their name, address or legal representation;
- (f) inform the coordinator of transfers between budget categories, as provided in **Articles II.3.3** and **III.2.8.1**;
- (g) provide the coordinator with all the necessary documents in the event of audits, checks or evaluations, as described in **Article III.6**.

### I.4.3 Ownership/use of the results

Not Applicable

#### **I.4.4 Entities affiliated to the Beneficiary**

Not Applicable

#### **1.4.5 Implementing bodies**

1. If a Member State or an international organisation is a beneficiary and it designates, on its own responsibility, a public or private undertaking or body to implement the action, while also designating a bank account in the name of the same undertaking or body for the payment of Union financial aid, the eligible costs of the public or private undertaking or body implementing the action shall be deemed to be the eligible costs of the beneficiary referred to in **Article III.3.16**.

## ANNEX II

### DESCRIPTION OF THE ACTION AND ESTIMATED BUDGET

#### **Article II.1: Financial Aid Granted**

##### **II.1.1 Form of financial aid granted**

Grant for studies

##### **II.1.2 Project of common interest**

2100 Motorways of the sea: Projects of common interest identified in accordance with Article 13

#### **Article II.2: Technical Information**

##### **II.2.1 Period of implementation of the action**

1. Start date of the Action: 15/08/2014.
2. Completion date of the Action: 31/12/2015.

##### **II.2.2 Location of the action**

1. Member States: Italy, Portugal, United Kingdom, Spain, Greece
2. Region(s) (using the NUTS 2 nomenclature): Lisboa, Norte, Cataluña, Comunidad de Madrid, South Western Scotland, Liguria, Attiki
3. Geographical coordinates  
Not applicable

### II.2.3 Activities and milestones of the action

#### 1. Main objectives of the action

TRAINMOS global project aims, by supporting the expansion of knowledge on MOS related issues, at contributing to the promotion of the EU multimodal transport system, allowing the smart, sustainable and inclusive connection of the regions of Europe, as well as with neighbouring countries.

The objective of TRAINMOS II will be to establish the content of a modular MSc/Post Graduate Diploma/Certificate/Continuing Professional Development (CPD) programme with a number of modules, and start the accreditation process. The target groups of the Action will be university graduates, but also professionals that belong to different sectors in the multimodal transport chain.

TRAINMOS II is a wider benefit study addressing human element as well as academic and vocational training. It will develop a second step of the Global Project, taking into account some emerging needs in terms of transport and sustainability and taking into consideration the challenges identified for maritime transport, building upon the knowledge and the tools already generated in TRANIMOS I, delivering new contents and improving the existing IT tools. The beneficiaries of the Action will ensure that this Action does not overlap or duplicate costs or tasks with TRAINMOS I (2011-EU-21004-S) funded by TEN-T and with the On The MoS Way Network (MP/2013/035) funded by Marco Polo.

The key maritime and logistic priorities covered in these elaborated training modules will include:

- Alternative fuels & technologies
- Logistic issues and single windows directive
- Damage control
- Evacuation/crisis management

The main expected outputs will be:

- a. to deliver a specific tool to match the demand and offer related with training and job on the maritime logistic sector
- b. to design and provide training modules according to stakeholder needs
- c. to design a master science MSc based on the created training modules
- d. to draft an agreement among the universities to provide the MSc based on the TMS training modules and experiences
- e. to provide a system of recognition of the credits obtained by each single participant.

The courses will be offered to the participants of the Action for free and content of the courses and other relevant info related to the content of the courses will be available for free through the portal: [onthemosway.eu](http://onthemosway.eu).

#### 2. Activities

Activity number	Activity name	Indicative start date	Indicative end date	Milestone number
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1	Baseline	01/09/2014	30/10/2015	1, 2, 3, 4
2	Training Modules	01/10/2014	31/12/2015	7, 8
3	IT platform of knowledge	01/11/2014	30/10/2015	5, 6
4	Communication and Capitalisation	01/09/2014	31/12/2015	9, 10
5	Project Management	15/08/2014	31/12/2015	11

### 3. Activity description

- Activity 1 - Baseline

The aim of the activity is to identify the needs and define the content of the courses as well as the certification process of the modular MSc/PG Diploma/Certificate/CPD programme.

The activity is divided in the following 3 sub-activities.

#### 1.1 Validation of stakeholders needs

The aim of this sub activity is to involve the TRAINMOS II Stakeholders Networks (at national and European level) in the consultation, coordination and adaptation of the academic programme to market demands. The results of the needs assessment concluded under TRAINMOS I will be also taken into consideration.

A questionnaire will be prepared and submitted to different levels: at EU level with a selected number of relevant stakeholders in an “ad hoc” workshop and at national level during national workshops. In those occasions the questionnaire will be explained to all involved stakeholders. The answers will be progressively collected as to proceed to the systematization of their results.

It is planned that the training needs of the stakeholders will be continuously monitored through a front-office feature of the OnTheMosWay Portal (see Activity 3).

The expected result of the sub-activity is the validation of stakeholders needs.

#### 1.2 Definition of the contents of the modules

The Module Leaders (as defined in the project management plan) will detail the contents of the training courses according to the stakeholder needs as identified through activity 1.1.

Some particularities have to be fulfilled:

- Course contents and teaching methods have to match with the students characteristics (PhD, graduates, persons already employed, technicians, managers, etc.)
- The cultural gap among the students (graduate or not, workers or still students, with scientific or economics or law basis, etc.) should be homogenized
- A standard procedure for the assessment of the learning outcomes at the end of each training action has to be established

The final version of course contents will be submitted to a subset of TRAINMOS II stakeholders for further comments.

The result of the sub-activity is the programme of the training course modules

### 1.3 Definition of the certification process and draft agreement among universities.

The aim of this sub-activity is:

- To establish the methodology for the certification process of credits (ECTS)
- To draft an agreement among some of the involved universities to allow them to establish a MSc (or other kinds of recognised courses, depending on stakeholder needs) that can be carried on after the project end (from 2016 onwards)

The involved universities will:

- Draft a common teaching programme shared by all the universities containing the learning objectives in consideration of the criteria adopted for the allocation of the ECTS
- Compare the single procedures adopted by each university and identify a common path for ECTS recognition
- Establish a standard procedure for the candidates' selection (interview, attitude test, etc.)
- Establish a standard procedure for the assessment of the learning outcomes at the end of each module and at the end of the whole learning programme
- Design a master science MSc based on the training modules created
- Draft an agreement among the universities to provide a MSc based on the TRAINMOS training modules

The result of the sub-activity will be the establishment of the certification methodology that will apply to the courses delivered in this Action.

The partners other than universities should also participate in the definition of the process and certification requirements, promoting a definition of contents and training methodologies framed within the IMO referential and the certification requirements of vocational training of each country.

- Activity 2 - Training Modules

The aim of this Activity is the development of the academic content of the modules. Each module is managed by a Module Leader, as defined in the project management plan.

For the delivery of the course the following features will apply:

- All the courses will be delivered once in a classroom, managed by the Module Leader.
- At least 10 persons are expected to attend each module in the classroom.
- All the courses will be delivered using the SPONTANIA systems technology.
- The target groups include graduates and professionals.
- Professionals will not be selected. Stakeholders will propose the professional attendees according to their training needs.

- Graduated students will be selected through a common standard procedure (interview, attitude test, etc.)
- A shared procedure will be adopted for the assessment of the learning outcomes at the end of each module
- Modules contents have to be defined in the activity 1.2 according to stakeholder needs but an indicative list of contents has been prepared as follows:
  - Alternative Fuels & Technologies (2.1)
    - Maritime sustainability and MOS (2.1.1)
    - Port planning, infrastructure management and LNG supply chain (2.1.2)
    - Onboard and port infrastructure operation (2.1.3)
    - Risk based methods for new fuel technologies (2.1.4)
    - LNG investment dimensional analysis (2.1.5)
    - Alternative fuels in the Common European Transport Space through intelligent investment design (2.1.6)
  - Logistic issues and single windows directive (2.2)
  - Damage control (2.3)
    - Safe return to port (2.3.1)
    - Damage Control Operations (2.3.2)
  - Evacuation/crisis management (2.4)
    - Crisis management (2.4.1)
    - Simulation (2.4.2)

## 2.1 Alternative Fuels & Technologies

Six (6) modules will be developed under this sub-activity providing a total of 65 ECTS. The modules will be:

### 2.1.1 Maritime sustainability and MOS – introductory module (10 ECTS)

The aim of this module is to give a basic knowledge on transport systems, sustainability of transport, MOS and related topics. Contents of the course will be adapted to the targeted audience.

The content will include:

- Sustainable development and EU policies
- The clean and sustainable transport systems
- External cost of transport
- EU Transport policy, TEN-T
- Maritime transport and MOS
- The environmental impacts of energy use in transports and maritime transport
- Port operations and port operators

- EU and IMO sustainable maritime policies. MSP, ICZM, Marpol-Annex VI, etc.
- ECAS in the EU and the Policy of the EU. ECAS zones and implementation. Actions for 2015, 2020 and beyond, rules at Baltic and North Sea
- Concept of energy – energy content and conversion;
- Sustainable vessels, engines and other installations
- Alternative fuels and technologies for emission reduction
- Economic and environmental (e.g. comparison and C/B ratio between oil and LNG )
- Names, acronyms, definitions; bodies and authorities

The result will be a module of post-graduate and vocational level.

#### 2.1.2 Port planning, infrastructure management and LNG supply chain (15 ECTS)

The aim of this module is to prepare people for the management of LNG bunkering operations i.e. to analyse the evolution of energy consumption in transports and the environmental impacts of energy use; to understand LNG solution in the context of EU Energy and Transportation Policy; to discuss the challenges of LNG supply to ports planning and management (including the strategic aspects of transportation and storage of LNG); to discuss the challenges of LNG supply for shipping industry (including the organization of maritime transport and economic aspects); to study selected cases of LNG from Baltic; to develop skills and knowledge on planning and management LNG solution in ports.

The content of the module will cover:

- Evolution of energy consumption in transports and maritime transports (World-wide and EU)
- Concepts on ports planning and management
- Strategic and technical challenges of LNG solution to ports planning and management
- Supply (LNG availability and trade)
- LNG supply and hub & spoke system
- Transportation and storage of LNG
- LNG receiving and storage facilities in port
- Creation of a LNG bunkering network
- Bunkering forms (Terminal to Ship, Truck to Ship, Ship to Ship, and Container to Ship)
- LNG supply facilities and equipment
- Study of LNG projects in progress
- Port Model Cases concerning LNG bunkering

The result will be a module of post-graduate level.

#### 2.1.3 Onboard and port infrastructure operation (10 ECTS)

The aim is to combine assessment and training on this topic in one modular course programme.

The detailed content will depend on the target group of attendees. The framework of the course is the following:

- Fire and hazard management and training for LNG/DF/Hydrogen issues with practical training
- Cryo/toxic hazard training
- Gas handling principle course with bunker modules (depending on level)
- Port operations for new fuels – bunkering
- Management course for cooperation in ship-shore/STS operations

The result will be a module at vocational level.

#### 2.1.4 Risk based methods for new fuel technologies – LNG, hydrogen, fuel (10 ECTS)

The aim of the course will be adapted to the current status of the knowledge and future prospective areas of research. One of most important risk modelling tools is FSA – Formal Safety Assessment in case of design of a new LNG installation, hydrogen mixing, fuel cells, vessel, system can be applied to compare existing and new improved regulations and procedures. Technical, as well as operational issues with respect to human performance may be applied to FSA as well as other methodologies.

The content of the course will be orientated to knowledge in field of LNG and relevant new fuels issues, general operations, bunkering operations and other cases and will be based on the following aspects:

- Safety and Risk during bunkering and for bunker barges.
- Operations of LNG bunkering assumptions, standards and technical requirements.
- Methods of hydrogen and fuel cells operations and related hazards.
- Basic accident models (general model of an accident, grounding, loss of navigational control, collision).
- Assessment of ship damage (gathering and analysis of data on damage, estimation of impact energy during grounding, consequences).
- Risk analysis techniques risk analysis and assessment.
- Analysis of losses and gains (risk assessment, measures taken to protect tankers from oil spills).
- Formal safety assessment.
- Human factor (characteristics of accidents, information processing by the human, human working environment, human reliability).
- Occupational safety (accidents at work, accident situations).
- Accident analysis.

- Preparation for and management of crisis situations (examples of accidents, evacuation risk, evacuation simulation).
- Safety management.
- Construction of practical accident models.
- Creation of application FSA model.
- Implementation of risk assessment methods with examples of use.
- Application risk analysis simulation method of ship manoeuvring in restricted area.

The result will be a module of post-graduate level.

#### 2.1.5 LNG investment dimensional analysis (10 ECTS)

The aim is to train people to support and make decisions in this demanding phase when there is a boom in LNG investments in supply (LNG bunkering at ports) and demand works (LNG fuelled vessels). Thus, dimensional analysis is very critical for selecting the appropriate investments and establishing their magnitude and timing.

The methodology of the dimensional analysis consists of various steps, which will be thoroughly covered in the context of this module. The most demanding aspect of the dimensional analysis of the supply side is the estimation of the future LNG demand. This training module will also cover issues such as the importance of the distance from LNG import terminal, the process of space leasing in each terminal for the bunkering activities, and the simulation of bunkering flow in the terminal. Other topics covered in this module will be the process for logistics solutions and optimum operations, the importance of the terminal operation profile (vessels sequence, arrivals profile etc.), the way in which the estimated demand for LNG (per vessel, day, year, high low season) leads to the dimensional analysis for the LNG bunkering terminal, and finally the financial modelling for the investment evaluation under uncertainty and calculation of the “sweet” - break even fuel surcharge.

As a second dimensional analysis cluster - demand for LNG – the module will cover the following topics such as the retrofit cost of each alternative fuel solution; the assessment of the impact of LNG price to the investment’s profitability; the use of a short sea shipping model to support the decision making in vessels for retrofitting of LNG as fuel.

The result will be a module of professional and vocational level targeting terminal operators, port authorities, and shipping company executives.

#### 2.1.6 Alternative fuels in the Common European Transport Space through intelligent investment design (10 ECTS)

The aim of this module is to analyse the new status in the European transport and energy market and emphasize the new investment culture required for sustainable financing.

The content of the module will include the promotion and the proper support of funding for projects related to the implementation of this policy. The holistic approach to problems at a corridor, member state, or EU level will be also addressed. For this total optimization methods of the entire set of projects will be analyses and implemented.

The expected result is a module for professional level.

## 2.2 Logistic issues and single windows directive (20 ECTS)

The aim of this sub-activity is to cover the logistics aspects of the multimodal transport from the perspective of Motorways of the Sea and the Core Network Multimodal Corridors. The training to be provided in the scope of this subject area shall therefore contribute to understand the demands, challenges, problems and constraints associated with the development of the Port Single Window concept (PSW) and, specially, on its evolution tending to a Logistic Single Window and/or a Sea Single Window.

The content of this sub-activity will cover:

- Ports and terminals and their link to the Short Sea Shipping/Motorways of the Sea traffics and routes in the EU, activity management of vessels in ports. Passengers and freight transport.
- Types of companies, actors in the supply chain. Physical elements of the supply chain (ship, cargo, container, etc.).
- The maritime transport contract; the Freight, Bill of Lading (BL), dangerous goods and other maritime transport reporting formalities documents.
- Document workflows and its management, e-Documents - paperless management.
- EU Single Windows projects in the development of the EU single window Directive 2010/65. The one stop shopping for the customs administration. The one stop shopping for the ship management. The one-stop shopping for the management of the supply chain. Blue Belt and other projects (ANNA, etc.)
- Legal Aspects in Multimodal Transport. The European Institutions, the activities of DG MOVE, UN UNCTAD, INCOTERMS 2010; Responsibility, rights and duties.

The result will be a module at the vocational education level. The recipients will be operators and port managers, shipping company managers, post graduate students on shipping and international business. The contents shall be based on the inquiry conducted in each country and the other modules. The training in the classroom shall integrate the informative and the customized advisory/support to problem approach dimensions. The training organization and method shall be tailored to the target audience profile and professional context. Each module shall be monitored by professionals and experts on the port sector, with the support of training experts.

Expected outcomes in terms of “learning outcomes”, shall be defined for each training module. At the end of the training it should be possible to assess knowledge, skills and behaviours defined as target-skills to be developed in each module.

One of the main outcomes proposed by this module, with the participation of all the project partners, will be the drafting of a Skill Standard (knowledge, know-how, and mobilized behaviours in the professional context) which supports and frames the training, informative, institutional and legal interventions aimed at the development of a PSW concept and the port logistic procedures.

## 2.3 Damage control

In this sub-activity 2 modules will be developed.

#### 2.3.1 Safe return to port (5 ECTS)

The aim is to provide the various stakeholders (e.g. Coast Guard, fire fighting ships, fire brigade if the ship is close to shore) with a better understanding and assessment of the condition of a ship in danger. The module will benefit from similar damage control procedures on-board navy vessels.

The content will cover advanced damage stability issues; the existing frameworks of IMO's International Conventions (e.g. SOLAS, MARPOL, ICLL66); the capabilities of time domain simulations; the return to port framework and finally address complex scenarios beyond the existing legislation.

The result will be a module at a post-graduate level.

#### 2.3.2 Damage Control Operations (5 ECTS)

This module aims at delivering an official training module on Damage Control Operations to reinforce the participants' skills already learned. The training scenarios will be as realistic as possible. It will include the use of damage control computer software where many different complex scenarios will be examined. Numerical simulation techniques will be used to depict the outcomes of the developed scenarios. The use of computer graphics will improve the realism of the training experience. The module will cover some the elements of the postgraduate module but it will provide more details on actual systems and procedures. The module will benefit from similar damage control procedures onboard Navy Vessels. The module will build upon and extend beyond the existing STW 44/3 model courses.

The content of the module will address fire prevention and fire fighting; ship simulator and bridge teamwork; proficiency in crisis management and human behaviour training including passenger safety; cargo safety and hull integrity training and advanced training in fire fighting.

The results will be a module for vocational level.

### 2.4 Evacuation/crisis management

In this sub-activity 2 modules will be developed.

#### 2.4.1 Crisis management (5 ECTS)

The aim is to educate the students on the need for a better crisis management onboard and onshore especially in the presence of large number of people onboard a vessel.

The content of the module will tackle the regulatory framework; the risk in the maritime environment; the evacuation procedures and simulation; the available computer simulation tools; the crisis management procedures and biological threat response plans.

The result will be a module for post-graduate level.

#### 2.4.2 Simulation (5 ECTS)

The aim is a module on Evacuation and Crisis Management that reinforces the participants' skills already learned. The training scenarios will be as realistic as possible. It will include the use of computer simulation software where many different complex scenarios will be examined. The module will cover some the

elements of the postgraduate module but it will provide more details on actual systems and procedures. The module will build upon and extend beyond the existing STW 44/3 model courses.

The content will include medical care; proficiency in survival craft and rescue boats (other than Fast Rescue Boats); crowd management, passenger safety and safety training for personnel providing direct services to passengers in passenger spaces; proficiency in crisis management and human behaviour training including passenger safety; security awareness training for port facility personnel with designated security duties.

The result will be a module at vocational level.

- Activity 3 - IT platform of knowledge

Both Spontania and Fraktalis ICT systems have been successfully used in TRAINMOS I. The aim of this sub-activity is to improve both software tools with new functionalities and to enhance them with a TRAINMOS Multimedia Centre, a new portal for online video storage of the course recordings.

The modules will be accessible online in real-time using the Spontania video conference platform. Students will be able to interact directly with the speaker and ask questions. All the training materials of the modules (PowerPoint presentations, complimentary documentation, etc.) will be available for the students at the Learning Management System platform.

The students which were not able to follow the modules in real-time will be able to access the recordings of the training sessions using the TRAINMOS Multimedia Center, an online video streaming portal similar to YouTube or Vimeo. The videos uploaded into the TRAINMOS Multimedia Center and the documentation stored at the Learning Management System will remain available after the end of the modules to users granted with access. Every user, including the different students will have personal credentials to access to the LMS and the Multimedia Center. The user access to both platforms will be tracked to check if the students are really following the course lectures.

Spontania is a software which provides a full range of real-time communication and collaboration interactive utilities that allow several people from collaborating organizations to hold meetings, receive training, work in a team, give presentations and remote support, etc. simultaneously on-line in an effective and productive way, while reducing expenses.

Spontania, a unified group video conference and collaboration software application, will be enhanced in TRAINMOS II with new functionalities:

- Meeting capacity: increase the number of simultaneous connections to the system
- Meeting participation: surpass the limit of 2 participants' video images simultaneously together with the on-going collaboration utility (sharing, whiteboard). This can be extra helpful for multicast meetings.
- Instant Messaging tool: with a native software application the user will be able to check if the video session has already connected users.

- Bandwidth Connectivity requirements: to avoid connectivity problems the system will optimize even more the video compression enhancing the connectivity possibilities even with a poor quality Internet connection.

Fraktalis, a Learning Management System (LMS) designed to provide educators, administrators and learners with a single robust, secure and integrated system to create personalised learning environments will be enhanced in TRAINMOS II with some original innovations enabling educators to create their own private website filled with dynamic courses that extend learning, anytime, anywhere.

Some of Fraktalis's new features for TRAINMOS II are listed below:

- New modern and easy to use interface: designed to be responsive and accessible, the interface is easy to navigate on both desktop and mobile devices.
- Personalized Dashboard: Organise and display courses the way you want, and view at a glance current tasks and messages.
- Collaborative tools and activities: Work and learn together in forums, FAQ, questions, among others.
- News management: Generate new contents for the courses by easily adding news.
- Simple and intuitive text editor: Format text and conveniently add media and images with an editor that works across all web browsers and devices.

The results will be the development of user manuals for Spontania and Fraktalis including new features.

### 3.2 Extension of the portal onthemosway.eu

The aim of TRAINMOS II is to extend the portal:

- a. with specific dedicated sections on alternative fuels & technologies, Single Window Directive (65/2010), Damage Control and Evacuation/Crisis Management Operations that will be filled with the content of the courses and with other relevant information on those subjects (news, regulations, projects,...)
- b. with a specific dedicated section to support job and training demand and offer matching in the maritime and logistic sector, helping companies to find the workforce they need and citizens to find a job compliant with their skill and expectations or help them in retraining and job-support activities. The system structured as a web-based application with modular architecture and an intuitive user interface will be included in [www.onthemosway.eu](http://www.onthemosway.eu). Online front-office services will be offered – to companies, job agencies and consultants, schools and training authorities

Moreover the portal and its social network profiles will be used to check maritime and logistic user requirements and needs

The results will be the development of a specific section on bridging jobs and training demand and offer.

- Activity 4 - Communication and Capitalisation

This activity has 2 sub-activities.

#### 4.1 Stakeholders platform and communication

TRAINMOS II focuses on new topics sector. TRAINMOS II project will start from the mailing list of stakeholders already set up in TRAINMOS I and it will update and extend it taking into account all actors involved in the new topics including the press at EU and national level. The general objective will be to inform on a regular basis all stakeholders on the project development and on the onthemosway portal news.

The TRAINMOS mailing list will be updated at the very beginning of the project and then every two months revised till the end of the project.

The result will be a follow up of the existing platform including updated list and official launch of the training modules and project as a whole.

#### 4.2 Final Event in the EU parliament

The final event aims to spread the TRAINMOS II outcomes to MEPs and important stakeholders. Other EU funding programs as FP7, Marco Polo programme, national authorities, European entities and all the stakeholders that have been already collected will be the target of the final event. It will take place in the EU Parliament in Brussels.

The result will be the organization of the final event in the EU Parliament and the preparation of a press release.

- Activity 5 - Project Management

The aim of this activity is to manage and administer the TRAINMOS II Action and ensure its operational and technical coordination. The objective will be the efficient management of the project, the supervision of the progress on the completion of the various tasks and the solution of any problems that may arise. The method used is to establish a Partners General Assembly (PGA) and a Project Coordination Committee (PCC). The PGA is the formal top level decision-making body for the Action and the PCC is the Managing Board, who will coordinate the work with the Module Leaders and the leaders of the ICT related activities, as defined in the project management plan.

PGA will be responsible for:

- Approving the technical plan and monitoring the progress of the Action
- Supervising the management of legal, contractual, ethical, financial and administrative aspects

PCC will be dealing with:

- Planning and progress monitoring of the Action
- Managing legal, contractual, ethical, financial and administrative aspects
- Reviewing and approving deliverable, before their final release
- Selecting and involving stakeholders to participate in the development of the modules.

In particular the PCC will look out for the homogeneity and the quality of the contents produced by the partners and delivered through the ICT infrastructure.

#### 4. Milestones

<b>Milestone number</b> [As listed under paragraph 2]	<b>Milestone name</b>	<b>Indicative expected date</b>	<b>Means of verification</b>
1	TRAINMOS II stakeholders list established	31/10/2014	List published on www.onthemosway.eu
2	Stakeholders needs identified	15/01/2015	Approval by the PGA-Minutes
3	Approval of the Programme of the courses	15/02/2015	Approval by the PGA - Minutes
4	Approval of the certification process	15/02/2015	Report approved by PGA - Minutes
5	Launch of the new features of the onthemosway.eu portal	30/03/2015	Verification on the web
6	First release of LMS and Spontania	31/07/2015	Approval by the PGA - Minutes
7	Contents of all the modules released	31/12/2015	Content of the modules included on onthemosway.eu and on the LMS
8	Courses delivered, using LMS and Spontania	31/12/2015	Lists of participants
9	Realisation of the TRAINMOS II final event	30/11/2015	Article published on www.onthemosway.eu
10	Report on the use of onthemosway.eu	31/12/2015	Minutes of PGA
11	Management plan	31/12/2014	Management plan submitted to the Agency

#### 5. Milestones and means of verification of milestones

- Milestone 1 - TRAINMOS II stakeholders list established
- Milestone 2 - Stakeholders needs identified
- Milestone 3 - Approval of the Programme of the courses
- Milestone 4 - Approval of the certification process
- Milestone 5 - Launch of the new features of the onthemosway.eu portal
- Milestone 6 - First release of LMS and Spontania
- Milestone 7 - Contents of all the modules released
- Milestone 8 - Courses delivered, using LMS and Spontania
- Milestone 9 - Realisation of the TRAINMOS II final event

- Milestone 10 - Report on the use of onthemosway.eu
- Milestone 11 - Management plan

#### **II.2.4 Strategic Action Plan ('SAP')**

1. The beneficiary shall submit to the Commission, within 90 calendar days of the notification of the Decision granting financial aid, a Strategic Action Plan (SAP) that will form the basis for monitoring and controlling progress throughout the implementation period of the action. The SAP shall be submitted in English, French or German, in two identical paper copies as well as in electronic form. The SAP's analysis and information shall cover at least the following:
  - (a) interim and final targets based on time, cost and technical criteria — important targets are to be classified and marked as milestones;
  - (b) description of the control procedures and processes, including all environmental measures, with a clear indication of lines of authority and the internal and external reporting mechanisms;
  - (c) identification of risks, risk analysis, risk-management plan and a quality-assurance plan;
  - (d) milestones, in order to identify progress towards (and deviations from) the planned action implementation;
  - (e) sources of possible future problems;
  - (f) a schedule based on an appropriate project-management form clearly showing the critical path deriving from the project management method used for planning and implementing the action; this must include all activities or work packages and identify the milestones, including the start-up and end events. It must state the basis on which the overall estimated duration was calculated and form the basis for any future re-scheduling. For less complex actions, GANTT charts may be used;
  - (g) key performance rates, in particular for critical activities, and the corresponding resources allocated in order to meet the target rates and dates;
  - (h) the national or other professional action management standards on which the SAP is based;
  - (i) information about all planned communication and publicity about the action, in line with the provisions of **Article II.2.3** and **Article II.2.5**, paragraph 2;
  - (j) the designation of authorised representatives as referred to in **Article III.1.3**.
2. The SAP shall be accompanied by a description of the management and control systems to be put in place by the Member State(s) concerned to monitor and check the implementation of the action as referred to in the first paragraph of **Article II.2.5**. It shall include all audit plans as well as an evaluation upon completion of the action.
3. The Commission may comment on the SAP, including requesting that additional information be included, within 60 calendar days of receiving it. No response by this deadline implies acceptance of the SAP. If the Commission requests a revised SAP, the beneficiary must supply this within 60 calendar days.

## **II.2.5 Member States' responsibilities**

1. The Member State, be it as beneficiary or as the Member State approving the action as referred to in **Article 4 of this Decision**, shall inform the Commission of the measures taken under Article 11(2) of Regulation (EC) No 680/2007 and, in particular, shall supply a description of the control, management and monitoring systems set up to ensure that actions are successfully completed.
2. The Member States concerned shall ensure that suitable publicity is given to the financial aid granted in order to inform the public of the role of the Union in the implementation of the actions in accordance with Article 17 of Regulation (EC) No 680/2007.

## Article II.3: Estimated Budget

### II.3.1 Estimated total eligible cost of the action

The total estimated eligible cost of the action is EUR 2,818,480 (in words: two million, eight hundred and eighteen thousand, four hundred and eighty)

### II.3.2 Planned sources of co-financing for the action

<b>SOURCES OF FINANCING</b>	
1. State budget(s)	0 €
2. Regional/local budget(s)	0 €
3. Action promoter	1,409,240 €
4. EIB loan	0 €
5. Other loans	0 €
6. TEN-T financing	1,409,240 €
7. Other sources	0 €
Total (must be equal to total eligible costs)	2,818,480 €

### II.3.3 Indicative breakdown by activity of estimated eligible costs of the action

Activities	2013	2014	2015	TOTAL
<b>1.DIRECT COSTS</b>				
<b>1.1 Activity Baseline</b>	0 €	601,007.33 €	68,032.08 €	<b>669,039.41 €</b>
<b>1.2 Activity Training Modules</b>	0 €	0 €	1,192,205.27 €	<b>1,192,205.27 €</b>
<b>1.3 Activity IT platform of knowledge</b>	0 €	142,870.18 €	246,306.91 €	<b>389,177.09 €</b>
<b>1.4 Activity Communication and Capitalisation</b>	0 €	56,024.29 €	237,284.24 €	<b>293,308.53 €</b>
<b>1.5 Activity Project Management</b>	0 €	72,077.88 €	137,914.25 €	<b>209,992.13 €</b>
<b>TOTAL DIRECT COSTS</b>	<b>0 €</b>	<b>871,979.68 €</b>	<b>1,881,742.75 €</b>	<b>2,753,722.43 €</b>
<b>2. INDIRECT COSTS</b>	0 €	20,505.8 €	44,251.77 €	<b>64,757.57 €</b>
<b>Flat-rate funding: Yes</b>				
<b>Percentage : 2.35 %</b>				
<b>TOTAL ELIGIBLE COST</b>	<b>0 €</b>	<b>892,485.48 €</b>	<b>1,925,994.52 €</b>	<b>2,818,480 €</b>

### II.3.4 Indicative amount of financial aid per beneficiary

Name of beneficiary	Indicative amount per beneficiary in euro
University of Strathclyde	212,227.74 €
Universidad Politécnica de Madrid	154,922.63 €
Circle Srl	79,140.51 €
National Technical University of Athens	171,083.00 €
Regione Liguria	66,508.81 €
Faculdade de Ciências Sociais e Humanas	134,497.79 €
Magellan - Associação para a representação de interesses portugueses no exterior	141,498.82 €
Centre Internacional de Metodes Numerics en l'Enginyeria	133,276.98 €
Feteia-Oltra. Federación Española de Transitarios. Expedidores Internacionales y Asimilados.	81,508.81 €
Universita degli Studi di Genova	167,976.09 €
OceanFinance	66,598.82 €

### II.3.5 Indicative timetable for the commitment of the individual instalments

Not Applicable

## ANNEX III

### GENERAL CONDITIONS

The award of financial aid by the European Commission shall be governed by these general conditions. The general conditions are binding on both the beneficiary to whom the financial aid is awarded and the European Commission.

#### **Article III.1: Administrative information**

##### **III.1.1 Contacts and means of communication**

1. Any communication addressed to the Commission in connection with this Decision shall be made in writing, stating the number of the Decision, and be sent to:
  - The European Commission  
Innovation and Networks Executive Agency (INEA)  
B-1049 Brussels  
Belgium  
Tel: +32(0)2 299 11 11  
Fax: +32(0)2 297 37 27  
E-Mail: [inea-agency@ec.europa.eu](mailto:inea-agency@ec.europa.eu)
2. If the beneficiary uses registered mail, a delivery service or delivery by hand, the mail shall be addressed to the Central Mail of the European Commission:
  - The European Commission  
Innovation and Networks Executive Agency (INEA)  
Avenue du Bourget, 1  
B-1140 Brussels (Evere)  
Belgium
3. Electronic communications shall be confirmed by an original signed paper version of that communication if requested by any of the parties, provided that this request is submitted without unjustified delay. The sender shall send the original signed paper version without unjustified delay.
4. Formal notifications shall be made by registered mail with return receipt or equivalent, or by equivalent electronic means.

##### **III.1.2 Date of communication**

1. Any communication is deemed to have been made when it is received, unless the Decision granting financial aid refers to the date on which the communication was sent.
2. Electronic communication is deemed to have been received on the day of successful dispatch of that communication, provided that it is sent to the addressees as set out in paragraph 1 of **Article III.1.1**. Dispatch shall be deemed unsuccessful if the sending party receives a message of non-delivery. In the event of unsuccessful dispatch, the sending party shall not be held to be in breach of its obligation to send such a communication by a specified deadline.

3. Mail sent to the Commission using the postal services is considered to have been received by the Commission on the date on which it is registered by the department identified in paragraphs 1 and 2 of **Article III.1.1**.
4. Formal notifications made by registered mail with return receipt or equivalent, or by equivalent electronic means, shall be considered to have been received on the date of receipt indicated on the return receipt or equivalent.
5. E-mail shall be considered to be sent on the day of successful dispatch. However, if the beneficiary receives a reply asking him to re-direct the e-mail, it shall not be considered received until the correctly re-directed e-mail is received.

### **III.1.3 Authorised representatives of the beneficiary**

1. The beneficiary shall be responsible for designating one or more authorised representatives to act on its behalf.
2. The authorised representative or representatives shall be adequately empowered to commit the beneficiary to any decisions taken on its behalf and shall be the main contact point for Commission representatives within the beneficiary's organisation.
3. The beneficiary shall guarantee the continuous presence of at least one authorised representative throughout the duration of the action that is the subject of this Decision.

## Article III.2: Execution of the action

### III.2.1 Ownership/use of the results

1. Unless stipulated otherwise in the Annexes to this Decision, 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 beneficiary.
2. Where industrial and intellectual property rights, including rights of third parties, exist prior to the adoption of the Decision granting financial aid, the beneficiary shall draw up a list specifying all rights of ownership and use of the pre-existing industrial and intellectual property rights and disclose it to the Commission at the latest before implementation of the action begins.
3. The beneficiaries shall ensure that they or their affiliated entities are fully entitled to use any pre-existing industrial and intellectual property rights during the implementation of the Decision granting financial aid.
4. The beneficiaries grant the Commission the right to make free use of the results of the action, provided they do not thereby breach their confidentiality obligations or existing industrial and intellectual property rights, for the following purposes:
  - (a) use for the Commission's own purposes, and in particular, making available to persons working for the Commission, other Union institutions, agencies and bodies and to Member State institutions;
  - (b) giving access upon individual requests without the right to reproduce or exploit, as provided for by Regulation (EC) No 1049/2001 of the European Parliament and of the Council<sup>1</sup>;
  - (c) archiving in line with the document management rules applicable to the Commission.
5. The beneficiary shall warrant that the Union has the right to use any pre-existing industrial and intellectual property rights included in the results of the action. Those pre-existing rights shall be used for the same purposes and under the same conditions as apply to the rights of use of the results of the action.

### III.2.2 Confidentiality

1. The Commission and the beneficiary undertake, including after completion of the action, to preserve the confidentiality of any document or information, irrespective of its form or whether provided orally or in writing, disclosed in relation to the implementation of the action that has been explicitly described in writing as confidential.
2. Beneficiaries shall not use confidential information and documents for any reason other than fulfilling their obligations under the Decision granting financial aid, unless otherwise agreed with the Commission in writing.
3. The Commission and the beneficiary shall be bound by the obligations referred to in paragraphs 1 and 2 during the implementation of the Decision granting financial aid, unless:

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<sup>1</sup> Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31 May 2001, p.43)

- (a) the disclosing party agrees to release the other party from the confidentiality obligations earlier;
- (b) the confidential information becomes public other than through any breach of the confidentiality obligation by the party bound by that obligation;
- (c) the disclosure of the confidential information is required by law.

### **III.2.3 Visibility of Union funding**

1. Unless the Commission requests or agrees otherwise, any communication or publication about the action by the beneficiary or the Member State concerned as defined in **Article 4 of this Decision**, including at a conference or seminar or in any information or promotional material (such as brochures, leaflets, posters, presentations, etc.) shall indicate that the action has received funding from the Union and shall display the European Union emblem.
2. When displayed in association with another logo, the European Union emblem must have appropriate prominence.
3. The obligation to display the European Union emblem does not confer on the beneficiaries a right of exclusive use.
4. The beneficiaries shall not appropriate the European Union emblem or any similar trademark or logo, either by registration or by any other means.
5. For the purposes of paragraph 1 and under the conditions specified therein, the beneficiaries are exempted from the obligation to obtain prior permission from the Commission to use the European Union emblem.
6. Any communication or publication by the beneficiary or the Member State concerned as defined in **Article 4 of this Decision**, in any form and using any means, shall indicate that it reflects only the author's view and that the Commission is not responsible for any use that may be made of the information contained therein.
7. The beneficiary authorises the Commission to publish the following information in any form and medium, including via the Internet:
  - the beneficiary's name and address,
  - the subject and purpose of the financial aid,
  - the amount granted and the proportion of the total cost of the action covered by the funding.
8. Upon a reasoned and duly substantiated request by the beneficiary, the Commission may agree to forego such publicity, if disclosure of the information indicated above would risk compromising the beneficiary's security or prejudicing its commercial interests.

### **III.2.4 Evaluation**

1. The Commission and the beneficiary may undertake an evaluation of the methods used to carry out actions as well as the impact of their implementation, in order to assess whether the objectives, including those relating to environmental protection, have been attained. If the beneficiary is not a Member State, the beneficiary will assist in this evaluation. Should the beneficiary be a joint undertaking or an international organisation, no such evaluation by the Member State is required (see Article 16(1) of Regulation (EC) No 680/2007).

2. The Commission may request a beneficiary Member State to provide a specific evaluation of actions financed under Regulation (EC) No 680/2007 or, where appropriate, to supply it with the information and assistance required to undertake an evaluation of such actions (see Article 16(2) of Regulation (EC) No 680/2007).
3. The beneficiary undertakes to make available to the Commission, and/or persons authorised by it, all documents and information needed for a successful evaluation and to give them access rights to sites and premises where the action is carried out and to all information, including information in electronic format.

### **III.2.5 Award of contracts necessary for the implementation of the action**

1. If the implementation of the action requires the procurement of goods, works or services, the beneficiary shall award the contract to the tenderer offering best value for money or, as appropriate, the tender offering the lowest price. In doing so, it shall take care to avoid any conflict of interest.
2. Beneficiaries acting in their capacity of contracting authorities within the meaning of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004<sup>2</sup>, or as contracting entities within the meaning of Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004<sup>3</sup>, shall abide by the applicable national public-procurement rules.
3. The beneficiary shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Decision granting financial aid. The beneficiaries shall ensure that any procurement contract contains provisions stipulating that the contractor has no rights vis-à-vis the Commission under the Decision granting financial aid.
4. The beneficiary shall ensure that the conditions applicable to them under **Articles III.2.1, III.2.2, III.2.7 III.2.10 and III.6** are also applicable to the contractor.

### **III.2.6 Subcontracting of tasks forming part of the action**

1. A 'subcontract' is a procurement contract within the meaning of **Article III.2.5**, which covers the implementation by a third party of tasks forming part of the action as described in **Annex I**.
2. The beneficiary may subcontract tasks forming part of the action, provided that, in addition to the conditions specified in **Article III.2.5** and the special conditions, the following conditions are also fulfilled:
  - (a) recourse to subcontracting is justified having regard to the nature of the action and what is necessary for its implementation;
  - (b) the tasks concerned and the corresponding estimated costs are clearly identifiable;
  - (c) the beneficiary ensures that its obligations under **Article III.2.1** are also applicable to subcontractors;

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<sup>2</sup> Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts (OJ L 134, 30.4.2004, p. 114)

<sup>3</sup> Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (OJ L 134, 30.4.2004, p. 1)

- (d) the beneficiary ensures that the conditions applicable to them under **Article III.6** are also applicable to subcontractors;
- (e) the beneficiary undertakes to ensure that its obligations with regard to the visibility of Union funding are also applicable to subcontractors.

### **III.2.7 Conflicts of interest**

1. The beneficiary shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Decision granting financial aid could be compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest ('conflict of interest').
2. Any situation constituting or likely to lead to a conflict of interest during the implementation of the action must be notified to the Commission, in writing, without delay. The beneficiary shall immediately take all necessary steps to correct this situation.
3. The Commission reserves the right to verify that the measures taken are appropriate and may require the beneficiary to take additional measures by a specified deadline.

### **III.2.8 Modifications**

#### *III.2.8.1 Budget transfers*

1. Without prejudice to **Article III.2.6** and provided that the action is implemented as described in **Annex II**, the beneficiary is allowed to adjust the estimated budget set out in **Article II.3.3** by means of transfers between the various budget categories, and in the case of multi-beneficiary Decisions granting financial aid, between the co-beneficiaries, without this adjustment being considered an amendment of the Decision granting financial aid within the meaning of **Article III.2.8.2**, provided that this adjustment is necessary in order to meet the objectives of the action and the transfer does not exceed 20% of the total eligible cost referred to in **Article II.3.1**.
2. The approval of the Commission is, however, required whenever the cost adjustment between activities exceeds 20% of the total eligible costs, even when the threshold of 20% is exceeded due to the cumulative effect of various minor adjustments.  
The same applies:
  - in multi-beneficiary cases, to transfers of budgets between the beneficiaries, i.e. if the transfer between beneficiaries exceeds 20% of the total eligible costs of the action indicated in **Article II.3.1**.
  - to transfers between direct and indirect costs if no flat rate for indirect costs is applicable.
3. The Commission shall approve or refuse the request, or request additional information within 60 calendar days of the date of receipt of the request. If additional information is requested, the beneficiary has 30 calendar days to provide the additional information. Should the Commission fail to reply within 60 calendar days, the request shall be deemed to have been accepted. If the Commission has accepted the request, an amendment of the Decision in accordance with paragraph 2 is not required.
4. For changes to the cost breakdown as referred to in **Article II.3.3**, the beneficiary shall send any such request to the Commission at the latest together with the request for the payment of the balance.

### III.2.8.2 Other changes to the action

1. Notwithstanding paragraph 1 of **Article III.2.8.1**, any change in the conditions of the Union financial aid shall be subject to an amendment of this Decision.
2. Any request to the Commission by the beneficiary for amendment of this Decision to grant Union financial aid shall take the form of a specific letter, even if the beneficiary has already mentioned the changes in the reports referred to in **Article I.3**. If the beneficiary is not a Member State, a joint undertaking or an international organisation, such a request for an amendment requires the prior approval of the Member State concerned referred to in **Article 4 of this Decision**.
3. Amendments shall not have the purpose or the effect of calling into question the Decision to grant the Union financial aid and shall not result in unequal treatment of applicants.
4. If the request for an amendment is made by the beneficiary it must be duly justified and submitted to the Commission in due time prior to the moment it will take effect and no later than three months before the completion date of the action as referred to in **Article II.2.1**, except in cases duly substantiated by the beneficiary and accepted by the Commission.
5. A transfer of rights and obligations shall be valid only if the third party fulfils all the eligibility criteria applicable at the time of the selection of the action for receiving financial aid.

### III.2.9 Force majeure

1. ‘*Force majeure*’ shall mean any unforeseeable exceptional situation or event beyond the parties’ control which prevents either of them from fulfilling an obligation under the Decision granting financial aid, which is not attributable to error or negligence on their part or on the part of subcontractors, affiliated entities or third parties involved in the implementation and which proves to be inevitable in spite of exercising all due diligence. Disruption of a service, defects in equipment or material or delays in making them available, unless they stem directly from a relevant case of *force majeure*, cannot be invoked as *force majeure*. The same applies to labour disputes, strikes or financial difficulties.

### III.2.10 Liability for damages

1. The Commission shall not be held liable for any damage caused or sustained by the beneficiary, including any damage caused to third parties as a consequence, or during the implementation, of the action.
2. Except in cases of *force majeure*, the beneficiary may be requested to compensate the Commission for any damage sustained by it as a result of the implementation of the action or because the action was not implemented or was implemented poorly, partially or late.

## Article III.3: Payments

### III.3.1 Payments and bank account

1. Payments shall be made in line with the conditions laid down in Article 10 of Regulation (EC) No 680/2007.
2. The bank account to which the Union financial aid shall be paid is the one submitted on the financial identification form.
3. Each beneficiary is responsible for the correctness of the bank account details submitted to the Commission. Whenever a change to the information given on the financial identification form is required, the beneficiary shall send a newly completed form to the Commission by registered letter with acknowledgement of receipt.

### III.3.2 Pre-financing

1. Pre-financing is intended to provide the beneficiary with a float.
2. Without prejudice to **Articles III.3.8** and **III.3.9**, where **Article I.2.1** provides for pre-financing payment upon adoption of the Decision granting financial aid, the Commission will pay the pre-financing to the beneficiary within 30 days of receipt of the notified Decision or, where required by **Article I.2.1**, of receipt of the financial guarantee.
3. Where payment of pre-financing is conditional on receipt of a financial guarantee, the financial guarantee shall fulfil the following conditions:
  - (a) be provided by a bank or an approved financial institution established in one of the Member States of the Union or, at the request of the coordinator and after acceptance by the Commission, by a third party;
  - (b) the guarantor stands as first-call guarantor without requiring the Commission to have recourse against the principal debtor (the beneficiary concerned); and
  - (c) the financial guarantee shall remain in force until the pre-financing payment is cleared against interim payments or payment of the balance by the Commission. The Commission undertakes to release the guarantee within the following month. Should the payment of the balance be made in the form of a debit note, the financial guarantee shall be released within one month of the settlement of the debit note.

### III.3.3 Further pre-financing payments

1. Where the financing is divided into several instalments, further pre-financing payments may be made against each subsequent instalment (as foreseen in **Article II.3.5**) depending on the following criteria:
  - (a) the availability of Union funding;
  - (b) the total actual eligible cost incurred in implementing the action over the previous periods;
  - (c) an assessment of the Action Status Report referred to in **Article I.3.2** on technical and financial implementation of the action;
  - (d) where required by **Article I.2.1**, a financial guarantee.
2. Not applicable.

3. Without prejudice to paragraph 1 of this Article and **Articles I.2.1, III.3.8 and III.3.9**, the Commission will pay the beneficiary the new pre-financing instalment within 90 days of receipt of all supporting documents.
4. The Commission will inform the beneficiary of the amount of each further pre-financing payment at the time it decides on the instalment for the period concerned.
5. Under no circumstances may further pre-financing instalments be authorised if more than two previous pre-financing payments remain uncleared.
6. Where the statement on the use of the previous pre-financing instalment submitted in accordance with **Article III.3.2** shows that less than 70% of the previous pre-financing instalment paid has been used to cover costs of the action, the amount of the new pre-financing to be paid shall be reduced by the difference between the 70% threshold and the amount used.

### **III.3.4 Interim payments**

#### *III.3.4.1 General provisions for interim payments*

1. Interim payments are intended to reimburse or cover the eligible costs incurred in implementing the action during the corresponding reporting periods.
2. Any request for interim payment shall be supported by the following documents:
  - (a) an Action Status Report which must contain the information needed to justify the eligible costs declared;
  - (b) an Interim Financial Statement which must include a consolidated statement as well as a breakdown of the amounts claimed by each beneficiary and their affiliated entities; they must be drawn up in accordance with the structure of the estimated budget set out in **Annex II** and detail the amounts for each of the forms of grant set out in **Article I.1** for the reporting period concerned.
3. The beneficiary shall certify that the information provided in the request for interim payment is full, reliable and true. It shall also certify that the costs incurred can be considered eligible in accordance with the Decision granting financial aid 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 III.6**.
4. This amount shall be determined following approval of the request for interim payment and of the accompanying documents and in accordance with the fifth, sixth and seventh subparagraphs. Approval of the request for interim payment and of the accompanying documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information it contains.
5. Without prejudice to any ceiling set out in **Article I.1** and to **Articles III.3.8 and III.3.9**, the amount due as interim payment shall be determined as follows:
  - the amount due as interim payment shall be the amount obtained by application of the reimbursement rate specified in **Article I.1** to the eligible costs of the action approved by the Commission for the reporting period concerned and the corresponding categories of costs, beneficiaries and affiliated entities;
6. Where **Article I.1** provides for a combination of different forms of grant, these amounts shall be cumulated.

7. Where the interim payment clears all or part of the pre-financing paid to the beneficiaries, the amount of pre-financing to be cleared shall be deducted from the amount due as interim payment, as determined in accordance with the fifth and sixth subparagraphs.
8. Without prejudice to **Articles III.3.8** and **III.3.9**, on receipt of the documents referred to in **Article III.3.4**, the Commission will pay the beneficiary the amount due as interim payment within the time limit specified in **Article I.2.2**.

#### *III.3.4.2 Interim payments for multi-annual actions*

1. The beneficiary shall submit a request for an interim payment within 3 months of the notification of the approval of the Action Status Report by the Commission following the end of each reporting period for which an interim payment is due.
2. Without prejudice to **Article III.3.4.1**, interim payments shall only be admissible if all the following criteria are met:
  - (a) the Commission has notified the acceptance of the corresponding Action Status Report(s) as referred to in **Article I.3.2**;
  - (b) the request for payment is submitted in the form required by the Commission in accordance with **Article I.3.1 (1)** within the time-limits laid down in paragraph **1** and includes all additional information stated therein;
  - (c) the eligible costs incurred and declared exceed the amount of the corresponding budget for the earliest instalment that has not been fully paid.

#### **III.3.5 Payment of the balance**

1. The payment of the balance, which may not be repeated, is intended to reimburse or cover, after the end of the period set out in **Article I.2.2**, the remaining part of the eligible costs incurred by the beneficiaries in implementing the action. Where the total amount of earlier payments is greater than the final amount of the grant determined in accordance with **Article III.3.18**, the payment of the balance may take the form of a recovery as provided for by **Article III.3.19**.

The beneficiary shall submit a request for payment of the balance within 12 months of the end of the reporting period as specified in **Article II.2.1(2)**, the payment of the balance is due.

2. The request must be accompanied by the following documents:
  - (a) a final report on implementation of the action ('Final Technical Report'), which must contain the information needed to justify the eligible costs declared;
  - (b) a Final Financial Statement; which must include a consolidated financial statement as well as a breakdown of the amounts claimed by each beneficiary and their affiliated entities; they must be drawn up in accordance with the structure of the estimated budget set out in **Annex II.3.3** for the implementation of the Action.
3. The beneficiary shall certify that the information provided in the request for payment of the balance is complete, reliable and true. It shall also certify that the costs incurred can be considered eligible in accordance with the Decision granting financial aid 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 III.6.** In addition, for the payment of the balance, it shall certify that all the receipts referred to in **Article III.3.18.3.2** have been declared.

4. Without prejudice to **Articles III.3.8** and **III.3.9**, on receipt of the documents referred to in paragraph 2, the Commission will pay the amount due as the balance within 90 days.
5. The amount will be determined following approval of the request for payment of the balance and of the accompanying documents and in accordance with Article III.3.18. Approval of the request for payment of the balance and of the accompanying documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and of the information it contains.
6. The amount due as the balance shall be determined by deducting, from the final amount of the grant determined in accordance with **Article III.3.18**, the total amount of pre-financing and interim payments already made.

### **III.3.6 Failure to submit documents**

Where the beneficiary has failed to submit a request for interim payment or payment of the balance accompanied by the documents referred to in **Article III.3.5** within the respective deadline set following the end of the corresponding reporting period, and where the beneficiary still fails to submit such a request within 60 days of being sent a written reminder by the Commission, the Commission reserves the right to terminate the Decision granting financial aid in accordance with **Article III.4.4.2.4(c)**, with the effects described in the paragraphs 3 and 4 of **Article III.4.4.4**.

### **III.3.7 Currency for requests for payment and financial statements and conversion into euro**

Payments due by the Commission will be made in euro. Any conversion of actual costs into euro will 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 Decision granting financial aid lays down specific provisions.

### **III.3.8 Suspension of the time limit for payment**

1. The Commission may suspend the time limit for payment laid down in the Decision granting financial aid at any time by formally notifying the beneficiary that its request for payment cannot be met, either because it does not comply with the provisions of the Decision granting financial aid, because the appropriate supporting documents have not been produced or because there is doubt about the eligibility of the costs declared in the financial statement.
2. The Commission will inform the beneficiary as soon as possible of any such suspension, stating why this action is being taken, by registered letter with acknowledgement of receipt or equivalent.
3. Suspension shall take effect on the date the notification is sent by the Commission. The remaining payment period shall restart on the date the requested information or revised documents are received, or the necessary further verification, including on-the-spot checks, is carried out. Where the suspension exceeds two months, the coordinator may request a decision by the Commission on whether the suspension is to be continued.

4. Where the time limit for payment has been suspended following the rejection of one of the technical reports or financial statements provided for in **Article III.3** and the new report or statement submitted is also rejected, the Commission reserves the right to terminate the Decision granting financial aid in accordance with **Article III.4.4.2.4(c)**, with the effects described in **Article III.4.4.4**.

### **III.3.9 Suspension of payments**

1. The Commission may, at any time during the implementation of the Decision granting financial aid, suspend the pre-financing payments, interim payments or payment of the balance for all beneficiaries, or suspend the pre-financing payments or interim payments for one or more beneficiaries in the following cases:
  - (a) if the Commission has evidence that a beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the grant, or if a beneficiary fails to comply with its obligations under the Decision granting financial aid;
  - (b) if the Commission has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or by the European Atomic Energy Community which were awarded to that beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant; or
  - (c) if the Commission suspects substantial errors, irregularities, fraud or breach of obligations committed by a beneficiary in the award procedure or in the implementation of the Decision granting financial aid and needs to verify whether they have actually occurred.
2. Before suspending payments, the Commission will formally notify the beneficiary of its intention to suspend payments, explaining why this action is being taken and, in the cases referred to in points **(a)** and **(b)** of paragraph **1**, what needs to be done before payments can be resumed. The beneficiary will be invited to make any observations within 30 calendar days of receipt of this notification.
3. If, after examination of the observations submitted by the beneficiary, the Commission decides to stop the payment-suspension procedure, the Commission will formally notify the beneficiary accordingly.
4. If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the payment-suspension procedure, it may suspend payments by formally notifying the beneficiary, specifying the reasons for the suspension and, in the cases referred to in points **(a)** and **(b)** of paragraph **1**, what needs to be done before payments can be resumed or, in the case referred to in point **(c)** of paragraph **1**, when the necessary verification is expected to be completed.
5. The suspension of payments shall take effect on the date the notification is sent by the Commission.
6. So that payments can be resumed, the beneficiary shall endeavour to meet the notified conditions as soon as possible and shall inform the Commission of any progress made in this respect.

7. The Commission will, as soon as it considers that the conditions for resuming payments have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the beneficiary accordingly.
8. During the period of suspension of payments, and without prejudice to the right to suspend implementation of the action in accordance with **Article III.4.1** or to terminate the Decision granting financial aid or the participation of a beneficiary in accordance with **Article III.4.1**, the beneficiary is not entitled to submit any requests for payments and supporting documents as referred to in **Article III.3** or, where the suspension concerns exclusively the pre-financing payments or interim payments for one or more beneficiaries, any requests for payments and supporting documents relating to the participation of the action's beneficiary or beneficiaries concerned.
9. 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 the Decision granting financial aid.

### **III.3.10 Notification of amounts due**

The Commission will formally notify the amounts due, specifying whether the payment concerned is a further pre-financing payment, an interim payment or the payment of the balance. In the case of payment of the balance, it will also specify the final amount of the grant determined in accordance with **Article III.3.18**.

### **III.3.11 Interest on late payment**

1. On expiry of the time limits for payment specified in the Decision granting financial aid, and without prejudice to **Articles III.3.8** and **III.3.9**, the beneficiary is entitled to interest on the late payment at the rate applied by the European Central Bank for their main refinancing operations in euros ('the reference rate'), plus three and a half points. The reference rate shall be 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.
2. Paragraph **1** shall not apply to recipients of financial aid which are public authorities of the Member States of the Union, including regional and local government authorities and other public bodies acting in the name and on behalf of the Member State for the purpose of the Decision granting financial aid.
3. The suspension of the time limit for payment in accordance with **Article III.3.8** or of payment by the Commission in accordance with **Article III.3.9** may not be considered late payment.
4. Interest on late payment shall cover the period from the day following the due date for payment, up to and including the date of actual payment as determined in **Article III.3.13**. The interest shall not be considered for the purposes of determining the final amount of a grant within the meaning of **Article III.3.18.3**.
5. By way of derogation from paragraph **1**, if the calculated interest does not exceed EUR 200, it shall be paid to the beneficiary only upon request submitted within two months of receiving late payment.

### **III.3.12 Currency for payments**

Payments by the Commission will be made in euro.

### III.3.13 Date of payment

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

### III.3.14 Costs of payment transfers

Costs of the payment transfers shall be borne in the following manner:

- (a) transfer costs charged by the Commission's bank shall be borne by the Commission;
- (b) transfer costs charged by the beneficiary's bank shall be borne by the beneficiary;
- (c) all costs of repeated transfers caused by one of the parties shall be borne by the party which caused the repetition of the transfer.

### III.3.15 Payments to the coordinator

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

### III.3.16 Eligibility of costs

1. **Eligible costs of the action are costs actually incurred by the beneficiary.** To be considered eligible, costs must satisfy the following general criteria:
  - (a) they are incurred during the action as specified in the Decision granting financial aid, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in **Article III.3.5**, and to audit certificates;
  - (b) they concern the subject of the action and they are mentioned in the estimated overall budget of the action;
  - (c) they are incurred in connection with the action as described in **Annex II** and are necessary for the implementation of the action;
  - (d) they are identifiable and verifiable, in particular being 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 accounting practices;
  - (e) they comply with applicable tax and social-security legislation;
  - (f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.
2. The eligible direct costs for the action are those that are directly linked to implementation of the action and which can therefore be attributed to it directly. They may not include any indirect costs.
  - (a) In particular, provided that they satisfy the conditions of eligibility set out in paragraph 1, the following direct costs are eligible: the cost of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, comprising actual salaries plus social-security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the beneficiary's usual policy on remuneration; those costs may also include additional remuneration, 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, irrespective of the source of funding used;

- (b) the costs of natural persons working under a contract with the beneficiary other than an employment contract may be assimilated to such personnel costs, provided that the following conditions are fulfilled:
    - (i) the natural person works under the direction of the beneficiary and, unless otherwise agreed with the beneficiary, on the beneficiary's premises;
    - (ii) the result of the work belongs to the beneficiary; and
    - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary.
  - (c) costs of travel and subsistence allowances for personnel taking part in the action, provided that they are in line with the beneficiary's usual practices concerning travel;
  - (d)
    - (i) the depreciation costs of equipment or other assets (new or second-hand), as recorded in the beneficiary's accounting statements, provided that the asset has been purchased in accordance with **Article III.2.5** and that it is written off in accordance with international accounting standards and the beneficiary's usual accounting practices; the costs of rental or lease of 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;
    - (ii) only that portion of the equipment's depreciation, rental or lease costs corresponding to the duration of the action and the rate of actual use for the purposes of the action may be taken into account by the Commission. By way of exception, the special conditions of this Decision granting financial aid may provide for the eligibility of the full cost of purchase of equipment where this is justified by the nature of the action and the context of the use of the equipment or assets;
  - (e) costs of consumables and supplies, provided that they are purchased in accordance with **Article III.2.5** and are directly assigned to the action;
  - (f) costs entailed by subcontracts within the meaning of **Article III.2.6** provided that the conditions laid down in that article are met;
  - (g) costs arising directly from requirements imposed by the Decision granting financial aid (dissemination of information, specific evaluation of the action, audits, translations, reproduction, etc.), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with **Article III.2.5**;
  - (h) the costs of rental and/or leasing of land and/or buildings are also eligible provided that these are specifically rented/leased for the implementation of the action and for the purpose of the performance of works.
3. The eligible indirect costs for the action are those costs which are not specific costs directly linked to implementation of the action and therefore not attributed to it directly. They may not include any eligible direct costs.

4. To be eligible the indirect costs must represent a fair proportion of the overall overheads of the beneficiary and must comply with the eligibility conditions set out in paragraph 1. As specified in **Article I.1**, eligible indirect costs shall be declared on the basis of a flat rate of not more than 7 % of the total eligible direct costs.
5. Without prejudice to paragraph 1, the following costs shall not be considered eligible:
  - (a) return on capital;
  - (b) debt and debt-service charges;
  - (c) provisions for losses or debts;
  - (d) interest owed;
  - (e) doubtful debts;
  - (f) exchange losses;
  - (g) VAT, unless the beneficiary can show that he is unable to recover it (Article 10(2) of Regulation (EC) No 680/2007). VAT paid by public bodies is not an eligible cost.
  - (h) costs declared by the beneficiary as part of another action or work programme receiving Union financial aid (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Commission for the purpose of implementing the Union budget); in particular, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary already in receipt of an operating grant financed from the Union budget during the period in question;
  - (i) excessive or reckless expenditure;
  - (j) contributions in kind;
  - (k) costs of land and building acquisition (including expropriation costs).
6. Where the special conditions contain a provision concerning entities affiliated to the beneficiary, costs incurred by such an entity are eligible, provided that they satisfy the same conditions under paragraphs 1-6 and **Article III.3.17** as those which apply to the beneficiary, and that the beneficiary the entity is affiliated to ensures that the conditions applicable to it under **Articles III.2.2, III.2.3, III.2.4, III.2.5, III.2.6, III.2.7, III.2.10, III.5** and **III.6** are also applicable to the entity.

### **III.3.17 Identifiability and verifiability of the amounts declared**

1. Where, in accordance with **Article I.1**, the grant takes the form of the reimbursement of actual costs, the beneficiary must declare as eligible costs the costs it actually incurred in carrying out the action.
2. If requested to do so in the context of the checks or audits described in **Article III.6**, the beneficiary must be able to provide adequate supporting documents to prove the costs declared as actually incurred, 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 as well as with the amounts shown in the supporting documents.

3. Where, in accordance with **Article I.1**, the grant takes the form of the reimbursement of flat-rate costs, the beneficiary must declare as eligible costs or as requested contribution the amount obtained by applying the flat rate specified in **Article I.1**.

### **III.3.18 Determining the final amount of the grant**

#### *III.3.18.1 Calculation of the final amount*

Without prejudice to **Articles III.3.18.2, III.3.18.3** and **III.3.18.4**, the final amount of the grant shall be determined as follows:

- the final amount of the grant shall be the amount obtained by application of the reimbursement rate specified in **Article I.1** to the eligible costs of the action approved by the Commission for the corresponding categories of costs, beneficiaries and affiliated entities;

Where **Article I.1** provides for a combination of different forms of grant, these amounts shall be cumulated.

#### *III.3.18.2 Maximum amount*

1. The total amount paid to the beneficiary by the Commission may under no circumstances exceed the maximum amount of the financial aid laid down in **Article 2**.
2. Where the amount determined in accordance with **Article III.3.18.1** exceeds the maximum amount referred to in paragraph 1, the final amount of the grant shall be limited to the maximum amount specified in **Article 2** of the Decision granting financial aid.

#### *III.3.18.3 No-profit rule and taking receipts into account*

1. The grant may not produce a profit for the beneficiary unless specified otherwise in the special conditions. ‘Profit’ shall mean a surplus of the receipts over the eligible costs of the action.
2. The receipts to be taken into account are the consolidated receipts prepared, generated or confirmed on the date on which the request for payment of the balance is drawn up by the beneficiary, which fall within one of the following two categories:
  - (a) income generated by the action during the period of implementation as referred to it in **Article II.2.1**; or
  - (b) financial contributions specifically assigned by the donors to the financing of the actual eligible costs of the action during the implementation period as referred to in **Article II.2.1**.
3. The following shall not be considered as receipts to be taken into account for the purpose of verifying whether the grant produces a profit for the beneficiaries:
  - (a) financial contributions referred to in point (b) of paragraph 2 of **Article III.3.18.3**, which may be used by the beneficiaries to cover costs other than eligible costs under the grant Decision;
  - (b) financial contributions referred to in point (b) of paragraph 2 of **Article III.3.18.3**, the unused part of which is not due to the donors at the end of the period set out in **Article II.2.1**.

4. The eligible costs to be taken into account are the consolidated eligible costs approved by the Commission for the categories of costs reimbursed in accordance with **Articles I.1.2** and **I.1.3**.
5. If the final amount of the grant determined in accordance with **Articles III.3.18.1** and **III.3.18.2** would result in a profit for the beneficiaries, the profit shall be deducted 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 **Articles I.1.2** and **I.1.3**. This final rate shall be calculated on the basis of the final amount of the grant in the form referred to in **Articles I.1.2** and **I.1.3**, as determined in accordance with **Articles III.3.18.1** and **III.3.18.2**.

#### *III.3.18.4 Reduction for poor, partial or late implementation*

If the action is not implemented or is implemented poorly, partially or late, the Commission may reduce the grant initially provided for, taking into account the extent to which the objectives of the action have been achieved.

### **III.3.19 Recovery**

#### *III.3.19.1 Recovery when paying the balance*

Where the payment of the balance takes the form of a recovery, the beneficiary shall repay the Commission the amount in question, even if it has not been the final recipient of the amount due.

#### *III.3.19.2 Recovery after payment of the balance*

1. Where an amount is to be recovered in accordance with **Articles III.6.8, III.6.9** and **III.6.10**, the beneficiary that is the subject of the audit or OLAF findings shall repay the Commission the amount in question.
2. Each beneficiary shall be responsible for the repayment of any amount unduly paid by the Commission as a contribution towards the costs incurred by their affiliated entities.

#### *III.3.19.3 Recovery procedure*

1. Before recovery, the Commission will formally notify the beneficiary concerned of its intention to recover the amount unduly paid, specifying the amount due and the reasons for recovery and inviting the beneficiary to make any observations within 30 days.
2. 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 formally notifying to the beneficiary a debit note ('debit note'), specifying the terms and the payment deadline.
3. 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 against any amounts owed by the Union to the beneficiary concerned ('offsetting');
  - (b) by drawing on the financial guarantee where provided for in accordance with **Article I.2.1** ('drawing on the financial guarantee').
4. In exceptional circumstances, justified by the necessity to safeguard the financial interests of the Union, the Commission may undertake recovery by offsetting before the due date without obtaining the beneficiary's prior consent. An action to challenge

such offsetting may be brought before the General Court of the European Union pursuant to Article 263 TFEU;

#### *III.3.19.4 Interest on late payment*

If payment has not been made by the date set out in the debit note, the amount due shall bear interest at the rate indicated in **Article III.3.11**. Interest on late payment shall cover the period running from the day following the due date for payment up to and including the date when the Commission actually receives full payment of the outstanding amount.

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

#### *III.3.19.5 Bank charges*

Bank charges incurred in connection with the recovery of the sums owed to the Commission shall be borne by the beneficiary concerned except where Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007<sup>4</sup> applies.

### **III.3.20 Administrative and financial penalties**

1. By virtue of Articles 109 and 131(4) of Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012<sup>5</sup> and with due regard to the principle of proportionality, a beneficiary which has committed substantial errors, irregularities or fraud, has made false declarations when supplying required information or has failed to supply such information when submitting the application or during the implementation of the grant, or has been found to be in serious breach of its obligations under the Decision granting financial aid, shall be liable to one or all of the following:
  - (a) administrative penalties consisting of exclusion from all contracts and grants financed by the Union budget for a maximum of five years from the date on which the infringement is identified and confirmed following a contradictory procedure with the beneficiary; and/or
  - (b) financial penalties comprising between 2% and 10% of the value of the contribution to which the beneficiary concerned is entitled in accordance with the estimated budget set out in **Annex II**.
2. In the event of another infringement within five years following identification of the first infringement, the exclusion period under point **(a) of paragraph 1** may be extended to 10 years and the range of the rate referred to in point **(b) of that paragraph** may be increased to between 4% and 20%.
3. The Commission will formally notify the beneficiary concerned of any decision to apply such penalties.
4. The Commission is entitled to publish such a decision under the conditions and within the limits specified in Article 109(3) of Regulation (EU, EURATOM) No 966/2012.

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<sup>4</sup> 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 (OJ L 319, 5.12.2007, p.1)

<sup>5</sup> Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (OJ L 298, 26.10.2012, p.1).

5. An action may be brought against such a decision before the General Court of the European Union, pursuant to Article 263 Treaty on the Functioning of the European Union ('TFEU').

## **Article III.4: Suspension, reduction, cancellation and discontinuance of Union financial aid**

### **III.4.1 Suspension by the beneficiary of implementation**

1. The beneficiary may suspend implementation of the action, or any part thereof, if exceptional circumstances make such implementation impossible or excessively difficult, notably in the event of *force majeure*. The beneficiary shall inform the Commission without delay, giving all the necessary reasons and details and the foreseeable date of resumption.
2. Unless the Decision granting financial aid is terminated, the beneficiary, shall, once circumstances make it possible to resume implementation of the action, inform the Commission immediately and present a request for an amendment of the Decision granting financial aid as provided for in **Article III.4.3**.

### **III.4.2 Suspension by the Commission of implementation**

The Commission may decide to suspend or reduce the amount of the financial aid in line with the provisions of Article 13 of Regulation (EC) No 680/2007 (see **Article III.4.4.2** paragraphs 1 and 2).

1. The Commission may suspend implementation of the action or any part thereof:
  - (a) if the Commission has evidence that a beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Decision granting financial aid or if a beneficiary fails to comply with its obligations under the Decision granting financial aid;
  - (b) if the Commission has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union, which were awarded to that beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant; or
  - (c) if the Commission suspects substantial errors, irregularities, fraud or breach of obligations committed by a beneficiary in the award procedure or in the implementation of the Decision granting financial aid and needs to verify whether they have actually occurred.
2. Before suspending implementation the Commission will formally notify the beneficiary of its intention to suspend, explaining why this action is being taken, and, in the cases referred to in points (a) and (b) of **Article III.4.2.1**, what needs to be done before implementation can resume. The beneficiary will be invited to submit observations within 30 calendar days of receipt of this notification.
3. If, after examination of the observations submitted by the beneficiary, the Commission decides to stop the suspension procedure, it will formally notify the beneficiary accordingly.
4. If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the suspension procedure, it may

suspend implementation by formally notifying the beneficiary that it is taking this action, specifying the reasons for the suspension and, in the cases referred to in points (a) and (b) of **Article III.4.2.1**, what needs to be done before implementation can resume or, in the case referred to in point (c) of **Article III.4.2.1**, when the necessary verification is expected to be completed.

5. The suspension shall take effect five calendar days after receipt of the notification by the beneficiary or on a later date, where the notification so provides.
6. In order to resume implementation, the beneficiaries shall endeavour to meet the notified conditions as soon as possible and shall inform the Commission of any progress made in this respect.
7. Unless the Decision granting financial aid or the participation of a beneficiary is terminated, the Commission will, as soon as it considers that the conditions for resuming the implementation have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the beneficiary accordingly and invite it to present a request for an amendment of the Decision granting financial aid as provided for in **Article III.4.3**.

### **III.4.3 Effects of the suspension**

1. If implementation of the action can be resumed and the Decision granting financial aid is not terminated, an amendment to the Decision granting financial aid shall be made in accordance with **Article III.2.8** in order to determine the date on which the action is to be resumed, to extend the duration of the action and to make any other modifications that may be necessary to adapt the action to the new implementing conditions.
2. The suspension is deemed lifted from the date of resumption of the action agreed by the parties in accordance with the first paragraph. This date may be before the date on which the amendment enters into force.
3. Any costs incurred by the beneficiaries during the period of suspension for the implementation of the suspended action or the suspended part thereof shall be neither reimbursed nor covered by the grant.
4. The right of the Commission to suspend implementation is without prejudice to its right to terminate the Decision granting financial aid or the participation of a beneficiary in accordance with **Article III.4.4.2**, or to its right to reduce the grant or recover amounts unduly paid in accordance with **Articles III.3.18.4** and **III.3.19**.
5. Neither party shall be entitled to claim compensation on the grounds of a suspension by the other party.

### **III.4.4 Termination of the Decision granting financial aid**

#### *III.4.4.1 By the beneficiary*

1. In duly justified cases, the beneficiary may terminate the Decision granting financial aid by formally notifying the Commission accordingly, clearly stating the reasons and specifying the date on which the termination is to take effect. The notification shall be sent before the termination is due to take effect.
2. If no reasons are given or if the Commission considers that the reasons given do not justify the termination, the Commission will formally notify the beneficiary stating why it takes this view and the Decision granting financial aid shall be deemed to

have been terminated improperly, with the consequences set out in paragraph 5 of **Article III.4.4.4.**

*III.4.4.2 Termination of the Decision or of the participation of one or more beneficiaries by the Commission*

1. The conditions under which the Commission may cancel, terminate or discontinue the financial aid are stipulated in Article 13 of Regulation (EC) No 680/2007.
2. In particular, Article 13 of Regulation (EC) No 680/2007 provides that after appropriate examination and after having informed the beneficiaries and Member States concerned in order that they may present their observations within a given time, the Commission:
  - (a) will cancel, except in duly justified cases, financial aid granted for actions that have not been started in the two years following the start date of the action described in the conditions governing the granting of financial aid;
  - (b) may suspend, reduce or discontinue the financial aid:
    - (i) in the event of an irregularity committed in the implementation of the action with regard to the provisions of Union law; and
    - (ii) in the event of failure to comply with the conditions governing the financial aid, in particular if a major change affecting the nature of an action or implementation procedures has been made without the approval of the Commission.
  - (c) may, taking account of all relevant factors, request the reimbursement of the financial aid granted if, within four years of the finishing date stated in the conditions governing the granting of financial aid, the implementation of the action receiving the financial aid has not been completed.
3. The Commission may recover all or part of the sums already paid:
  - (a) if this is necessary, notably following cancellation, discontinuation or reduction of the financial aid or a request for reimbursement of financial aid; or
  - (b) in the event of cumulation of Union aid for an action.
4. The Commission may, in addition to the actions it may take on the grounds referred to in paragraph 2, decide to cancel, discontinue or terminate the Decision granting financial aid or part thereof or the participation of one or more beneficiaries participating in the action, under the following circumstances:
  - (a) in the event of a change to the beneficiary's legal, financial, technical, organisational or ownership situation that is likely to affect the implementation of the Decision granting financial aid substantially or to call into question the Decision to award the financial aid;
  - (b) if, following termination of the participation of one or more beneficiaries, the necessary modifications to the Decision granting financial aid would call into question the decision awarding the grant or would result in unequal treatment of applicants;
  - (c) if the beneficiary does not implement the action as specified in **Annex II** or if the beneficiary fails to comply with another substantial obligation under the terms of the Decision granting financial aid, including its annexes;

- (d) in the event of *force majeure*, notified in accordance with **Article III.2.9**, or in the event of suspension by the beneficiary as a result of exceptional circumstances, notified in accordance with **Article III.4.1**, where resuming the implementation is impossible or where the necessary amendments to the Decision granting financial aid would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (e) if the beneficiary is declared bankrupt, is being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of any other similar financial proceedings, or is in an analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (f) if the beneficiary or any related person, as defined in the second subparagraph, has been shown to be guilty of professional misconduct;
- (g) if the beneficiary has not fulfilled obligations relating to the payment of social-security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established or in which the action is implemented;
- (h) if the Commission has evidence that the beneficiary or any related person has been guilty of fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity detrimental to the Union's financial interests;
- (i) if the Commission has evidence that the beneficiary or any related person, as defined in the second subparagraph, has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Decision granting financial aid, including the submission of false information or failure to submit required information in order to obtain the grant provided for in the Decision granting financial aid, or
- (j) if the Commission has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or breaches of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to that beneficiary under similar conditions, provided that those errors, irregularities, fraud or breaches of obligations have a material impact on this grant.

For the purposes of points **(f)**, **(h)**, and **(i)** of this paragraph, 'any related person' shall mean any natural person empowered to represent the beneficiary or to take decisions on its behalf.

#### *III.4.4.3 Termination procedure*

1. Before terminating the Decision granting financial aid or the participation of a beneficiary, the Commission will formally notify the beneficiary of its intention to terminate, explaining why this action is being taken and inviting the beneficiary to submit observations within 45 calendar days of the receipt of the notification and, in the case of point **(c)** of **Article III.4.4.2.4**, to inform the Commission about the measures taken to ensure that the beneficiary continues to fulfil its obligations under the Decision granting financial aid.
2. If, after examination of the observations submitted by the beneficiary, the Commission decides to stop the termination procedure, it shall formally notify the beneficiary accordingly.

3. If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the termination procedure, it may terminate the Decision granting financial aid or the participation of one or more beneficiaries by formally notifying the beneficiary accordingly, specifying the reasons for the termination.
4. The termination shall take effect on the day following the date on which the formal notification was received by the beneficiary.

#### *III.4.4.4 Effects of termination*

1. In the event of termination, payments by the Commission shall be limited to the amount determined in accordance with **Article III.3.18** on the basis of the eligible costs incurred by the beneficiary and the actual level of implementation of the action on the date termination takes effect. Costs relating to current commitments that are not due for execution until after termination shall not be taken into account.
2. The beneficiary shall have 60 calendar days from the date when termination takes effect, as notified by the Commission, to produce a request for final payment in accordance with the Decision granting financial aid. If no request for final payment is received within this time limit, the Commission may decide not to reimburse or cover any costs which are not included in a financial statement approved by it or which are not justified in a technical report approved by it. In accordance with **Article III.3.19**, the Commission will recover any amount already paid if its use is not substantiated by the technical implementation reports and where applicable by the financial statements approved by the Commission.
3. Where the participation of a beneficiary is terminated, the beneficiary concerned shall submit to the Commission a technical report and, where applicable, a financial statement covering the period from the beginning of the last reporting period according to **Article I.3** for which a report has been submitted to the Commission to the date on which the termination takes effect. Only those costs incurred by the beneficiary concerned prior to the date when termination of its participation takes effect shall be reimbursed or covered by the grant. Costs relating to current commitments, which were not due for execution until after the termination, shall not be taken into account.
4. Where the Commission in accordance with point (c) of **Article III.4.4.2.4**, is terminating the financial aid on the grounds that the beneficiary has failed to produce the request for final payment and, despite a reminder, has still not complied with this obligation by the deadline set out in **Article III.3.6**, the first paragraph of this article shall apply, subject to the following:
  - (a) there shall be no additional time period from the date when the termination of the Decision granting financial aid takes effect to produce a request for payment of the balance in accordance with **Article III.3.5**; and
  - (b) the Commission will not reimburse or cover any costs incurred by the beneficiary up to the date of termination or up to the date on which the action ended, whichever is the earlier, which are not included in a financial statement approved by it or which are not justified in a technical report approved by it.
5. In addition to paragraphs **1**, **2** and **3**, where the Decision granting financial aid or the participation of a beneficiary is terminated improperly by the beneficiary within the meaning of **Article III.4.4.1**, or where the Decision granting financial aid or the participation of a beneficiary is terminated by the Commission on the grounds set out

in points (c), (f), (h), (i) and (j) of **Article III.4.4.2.4**, the Commission may also reduce the grant or recover amounts unduly paid in accordance with **Articles III.3.18.4** and **III.3.19**, in proportion to the gravity of the failings in question and after allowing the coordinator, and where relevant the beneficiaries concerned, to submit their observations.

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

#### **III.4.5 Time allowed before cancellation**

Except in duly justified cases, accepted as such by the Commission, Union financial aid granted to an action which has not started within two years of the starting date specified in **Article II.2.1** shall be cancelled by the Commission (**Article III.4.4.2.2 (a)**). It shall be repaid to the Commission within the period referred to in **Article III.3.19**.

#### **III.4.6 Reimbursement of Union financial aid**

If, within four years of the completion date of the action as referred to in **Article II.2.1**, the action in question has not been completed, the Commission may demand reimbursement of the Union financial aid paid, with due regard for the principle of proportionality, taking into account all relevant factors (Article 13(1)(c) of Regulation (EC) No 680/2007).

#### **III.4.7 Right to be heard**

1. Before suspending, reducing or cancelling a Decision to award Union financial aid, in particular pursuant to Article 13 of Regulation (EC) No 680/2007, the Commission will ask the beneficiary for its comments.
2. If the beneficiary is not a Member State, a joint undertaking or an international organisation, the Commission will also ask the Member State concerned referred to in **Article 4 of this Decision** for their comments.

### **Article III.5: Assignment of claims for payments**

1. Beneficiaries' claims against the Commission for payments may not be assigned to third parties, except in duly justified cases where the situation warrants it.
2. The assignment shall only be enforceable against the Commission if it has accepted the assignment on the basis of a written and reasoned request to that effect made by the beneficiary or the coordinator on behalf of the beneficiaries. In the absence of such acceptance, or in the event of failure to observe the terms thereof, the assignment shall have no effect on the Commission.
3. Under no circumstances shall any such assignment release the beneficiary from its obligations under the terms of the Decision.

### **Article III.6: Checks and audits**

#### **III.6.1 Access to site**

1. The beneficiary shall grant unlimited access to Commission staff, or to any other outside body authorised to seek access on its behalf, to the place of performance of the action while respecting the applicable safety and emergency provisions.

2. The beneficiary shall also cooperate fully in facilitating the supervisory task of Commission staff and shall make all reasonable efforts to fulfil requests for access to documents, information, works, etc.

### **III.6.2 Obligations of the Member State concerned**

In accordance with Article 11(2) of Regulation (EC) No 680/2007, the Member State concerned as defined in **Article 4 of this Decision** shall undertake the technical monitoring and financial control of actions in close cooperation with the Commission and shall certify the reality and the conformity of the expenditure incurred in respect of actions. The Member States may request the participation of the Commission during on-the-spot checks.

### **III.6.3 Technical and financial checks, audits, interim and final evaluations**

1. The Commission may carry out technical and financial checks and audits in relation to the use of the grant. It may also check the statutory records of the beneficiaries for the purpose of periodic assessments of flat-rate amounts.
2. Information and documents provided in the course of checks or audits shall be treated as confidential.
3. 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.
4. Checks, audits or evaluations made by the Commission may be carried out either directly by its own staff or by any other outside body authorised to do so on its behalf.
5. Such checks, audits or evaluations may be initiated during the implementation of the Decision granting financial aid and for a period of five years starting from the date of payment of the balance. This period shall be limited to three years if the maximum amount specified in **Article 2** does not exceed EUR 60 000.
6. The check, audit or evaluation procedure shall be deemed to be initiated on the date of receipt of the Commission's letter announcing it. Where appropriate, the audit findings may lead to recovery decisions by the Commission.

### **III.6.4 Duty to keep documents**

1. The beneficiary shall keep at the Commission's disposal all original documents, especially accounting and tax records stored on any appropriate medium, including digitalised originals where these are authorised by its national law and under the conditions laid down therein, for a period of five years starting from the date of payment of the balance.
2. The period referred to in paragraph 1, shall be limited to three years if the maximum amount specified in **Article 2** is not more than EUR 60 000.
3. The periods set out in paragraphs 1 and 2 shall be extended if there are on-going audits, appeals, litigation or pursuit of claims concerning the grant, including in the case referred to in **Article III.6.9**. In such cases, the beneficiaries shall keep the documents until such audits, appeals, litigation or pursuit of claims are closed.

### **III.6.5 Obligation to provide information**

1. The beneficiary shall provide any information or documents, including information in electronic format, requested by the Commission or by any other outside body authorised by it.

2. Where a check or audit is initiated after payment of the balance, such information shall be provided by the beneficiary concerned.
3. Should the beneficiary concerned fail to comply with the obligations set out in the paragraphs 1 and 2, the Commission may regard:
  - (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
  - (b) a flat rate insufficiently substantiated by information provided by the beneficiary as undue.

### **III.6.6 On-the-spot visits**

The beneficiary undertakes to grant 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. The beneficiary shall ensure that the information is readily available at the time of the on-the-spot visit and that information requested is made available in an appropriate form.

### **III.6.7 Contradictory audit procedure**

On the basis of the audit findings, a provisional report ('draft audit report') will be drawn up. It will be sent by the Commission or its authorised representative to the beneficiary concerned, which shall have 30 days from the date of receipt to submit observations. Unless the complexity of the observations requires a longer period, the final report ('final audit report') shall be sent to the beneficiary concerned within 60 days of expiry of the time limit for submission of observations.

### **III.6.8 Effects of audit findings**

1. On the basis of the final audit findings, the Commission may take the measures which 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 it made in accordance with **Article III.3.19**.
2. In the case of final audit findings made after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with **Article III.3.18**, and the total amount paid to the beneficiary under the Decision granting financial aid for the implementation of the action.

### **III.6.9 Correction of systemic or recurrent errors, irregularities, fraud or breach of obligations**

1. The Commission may take all measures which 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 it made under the Decision granting financial aid, in accordance with **Article III.3.19**, where the following conditions are fulfilled:
  - (a) the beneficiary is found, on the basis of an audit of other grants awarded to it under similar conditions, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant; and

- (b) the final audit report containing the findings of the systemic or recurrent errors, irregularities, fraud or breach of obligations has been received by the beneficiary within the period referred to in **Article III.6.9.1**.

2. The Commission shall determine the amount to be corrected under the Decision granting financial aid:

- (a) wherever possible and practicable, on the basis of costs unduly declared as eligible under the Decision granting financial aid.

For that purpose, the beneficiary concerned shall revise the financial statements submitted under the Decision granting financial aid, so as to take account of the findings, and resubmit them to the Commission within 60 days of the date of receipt of the final audit report containing the findings of systemic or recurrent errors, irregularities, fraud or breach of obligations.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with **Article III.3.18** on the basis of the revised eligible costs declared by the beneficiary and approved by the Commission, and the total amount paid to the beneficiaries under the Decision granting financial aid for the implementation of the action;

- (b) where it is not possible or practicable to quantify precisely the amount of ineligible costs under the Decision granting financial aid, the Commission shall determine the amount to be corrected by extrapolating the correction rate applied to the eligible costs for the grants for which the systemic or recurrent errors or irregularities have been found.

The Commission shall formally notify the beneficiary concerned which extrapolation method is to be applied, the beneficiary having 60 days from the date of receipt of the notification to submit observations and to propose a duly substantiated alternative method.

If the Commission accepts the alternative method proposed by the beneficiary, it shall formally notify the beneficiary concerned accordingly and determine the revised eligible costs by applying the accepted alternative method.

If no observations have been submitted or if the Commission does not accept the observations or the alternative method proposed by the Beneficiary, the Commission shall formally notify the beneficiary concerned accordingly and determine the revised eligible costs by applying the extrapolation method initially notified to the beneficiary.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with **Article III.3.18** on the basis of the revised eligible costs after extrapolation, and the total amount paid to the beneficiaries under the Decision granting financial aid for the implementation of the action; or

- (c) if ineligible costs cannot serve as a basis for determining the amount to be corrected, by applying a flat-rate correction to the maximum amount of the

grant specified in **Article 2** or part thereof, having regard to the principle of proportionality.

The Commission shall formally notify the beneficiary concerned which flat rate is to be applied, the beneficiary having 60 days from the date of receipt of the notification to submit observations and to propose a duly substantiated alternative flat rate.

If the Commission accepts the alternative flat rate proposed by the beneficiary, it shall formally notify the beneficiary concerned accordingly and correct the grant amount by applying the accepted alternative flat rate.

If no observations have been submitted or if the Commission does not accept the observations or the alternative flat rate proposed by the beneficiary, the Commission shall formally notify the beneficiary concerned accordingly and correct the grant amount by applying the flat rate initially notified to the beneficiary.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant after flat-rate correction and the total amount paid to the beneficiaries under the Decision granting financial aid for the implementation of the action.

#### **III.6.10 OLAF**

The European Anti-fraud Office (OLAF) shall have the same rights as the Commission, notably right of access, for the purpose of checks and audits.

By virtue of Council Regulation (Euratom, EC) No 2185/96 and Regulation (EC) No 1073/1999 of the European Parliament and the Council, and in conformity with Article 14 of Regulation (EC) No 680/2007, OLAF may also carry out on-the-spot controls and checks 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, the inspection findings may lead to recovery decisions by the Commission.

#### **III.6.11 European Court of Auditors**

The conditions governing the granting of Union financial aid may, in particular, provide for monitoring and financial checks to be undertaken by the Commission or any representative authorised by it, and for audits to be undertaken by the European Court of Auditors, which shall have the same rights as the Commission, notably right of access, as regards checks and audits.

#### **III.6.12 Exchange of information**

The Member State concerned and the Commission shall immediately exchange all relevant information concerning the results of the checks undertaken.

### **Article III.7: Data protection**

1. The entities acting as data controllers shall be: the European Commission and the Innovation and Networks Executive Agency (INEA). Contact details are set out under **Article III.1.1**.

2. All personal data contained in the Decision granting financial aid and its annexes shall be processed by the Commission and the Innovation and Networks Agency (INEA) in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council<sup>6</sup>. Such data shall be processed by the data controllers identified in paragraph 1 solely in connection with the implementation and follow-up of the Commission Decision granting financial aid, without prejudice to the possibility of passing the data to internal audit services, to the European Court of Auditors, to the Financial Irregularities Panel, to the European Anti-Fraud Office (OLAF) and/or to other bodies charged with the monitoring or inspection tasks in application of Union law for the purposes of safeguarding the financial interests of the Union.
3. Beneficiaries may, on written request, gain access to their personal data and correct any information that is inaccurate or incomplete. They should address any questions regarding the processing of their personal data to the data controllers, identified in paragraph 1. Beneficiaries may at any time lodge a complaint against the processing of their personal data with the European Data Protection Supervisor.
4. If the Decision granting financial aid requires the processing of personal data by the beneficiaries, the beneficiaries may act only under the supervision of the data controllers identified in paragraph 1, in particular with regard to the purpose of the processing, the categories of data which may be processed, the recipients of the data and the means by which the data subject may exercise his or her rights.
5. The access to data that the beneficiaries grant to their personnel shall be limited to the extent strictly necessary for the implementation, management and monitoring of the Decision granting financial aid.
6. The beneficiaries undertake to adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing of the personal data concerned, and its nature, in order to:
  - (a) prevent any unauthorised person from gaining access to computer systems processing personal data, and especially:
    - (i) unauthorised reading, copying, alteration or removal of storage media;
    - (ii) unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored personal data;
    - (iii) the use by unauthorised persons of data-processing systems by means of data-transmission facilities;
  - (b) ensure that authorised users of a data-processing system can access only the personal data to which their access rights refer;
  - (c) record which personal data have been communicated, when and to whom;
  - (d) ensure that personal data being processed on behalf of third parties can be processed only in the manner prescribed by the Commission;
  - (e) ensure that, during communication of personal data and transport of storage media, the data cannot be read, copied or erased without authorisation;

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<sup>6</sup> Regulation (EC) No 45/2001 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001, p 1)

- (f) design their organisational structure in such a way that it meets data protection requirements.

### **Article III.8: Settlement of disputes — competent court**

1. Under Article 263 of the Treaty on the Functioning of the European Union, this Decision granting financial aid shall be governed by Union law.
2. In the event of legal proceedings regarding Decisions taken by the Commission concerning the application of the Decision granting financial aid, the General Court of the European Union and, in the event of appeal, the Court of Justice of the European Union, shall be the competent jurisdiction.
3. The beneficiary understands that under Article 299 of the Treaty on the Functioning of the European Union, the Commission may adopt an enforceable Decision formally establishing an amount as receivable from persons other than States. An action against such a decision may be brought before the General Court of the European Union.