GRANT AGREEMENT for an ACTION

AGREEMENT NUMBER - [...] 

The European Community, represented for the purposes of the signature of this agreement by the European Parliament, itself represented by [forename, name, function, DG/service]

of the one part,

and

[full official name]  
[official legal form]  
[official registration No]  
[official address in full]  
[VAT number],  
(“the beneficiary”), represented for the purposes of signature of this agreement by [name, forename and function]

of the other part,

HAVE AGREED

the Special Conditions and Annexes below:

Annex I Description of the action
Annex II Estimated budget of the action
Annex III General Conditions applicable to the Grant Agreement
which form an integral part of this agreement (“the agreement”).

The terms set out in the Special Conditions shall take precedence over those in the annexes of the agreement.
The terms of annex III shall take precedence over those in the other annexes.
ARTICLE I - SPECIAL CONDITIONS

ARTICLE I.1 – PURPOSE OF THE GRANT

I.1.1 The Parliament has decided to award a grant, under the terms and conditions set out in the Special Conditions, and the Annexes to the agreement, which the beneficiary hereby declares that he has taken note of and accepts, for the action entitled [...] (“the action”).

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

ARTICLE I.2 - DURATION

I.2.1 The agreement shall enter into force on the date when the last of the two parties signs.

I.2.2 The action shall run for months/days from [insert date] (“the starting date of the action”). The end date of the action is [insert date]. The date of the start and end of the action determine the period of eligibility of any expenditure. Expenditure incurred before the starting date or after the end date will not be considered eligible, except for certain specific budgeted costs related to the final report, such as printing and translation costs of the reports and/or external audit costs, where this is required according to the terms of the grant agreement.

ARTICLE I.3 - FINANCING THE ACTION

I.3.1 The total cost of the action is estimated at EUR [...], as shown in the estimated budget in Annex II. The estimated budget shall give a detailed breakdown of the costs that are eligible for Community funding under the terms of Annex III.14, and of all receipts, so that receipts and costs balance.

I.3.2 Option 1:

The total eligible costs of the action for which the Parliament grant is awarded are estimated at EUR [...], (equal to the total cost of the action) as shown in the estimated budget in Annex II. Indirect costs are eligible for flat-rate funding of not more than 7% of the total direct costs eligible, subject to the conditions laid down in Article III.14.3.

Option 2:

The total eligible costs of the action are estimated at EUR [...], which corresponds to the following items of expenditure as shown in the estimated budget in Annex II, applying the eligibility conditions laid down in Article III.14:

- ....
- ....
- ....

Indirect costs are eligible for flat-rate funding of not more than 7% of the total direct costs eligible, subject to the conditions laid down in Article III.14.3.
I.3.3 The Parliament shall contribute a maximum of EUR [...] equivalent to [...] % of the estimated total eligible costs indicated in paragraph I.3.2. The final amount of the grant shall be determined as specified in Article III.17, without prejudice to Article III.19.

The Community grant may not finance the entire costs of the action. The amounts and sources of cofinancing other than from Community funds shall be set out in the estimated budget referred to in paragraph 1.

I.3.4 Option 1:
(to be used for grants where the contribution of DG Communication amounts to 20,000 € or more)
By way of derogation from Article III.13, the beneficiary may, when carrying out the action, adjust the estimated budget by transfers between categories of eligible costs. This transfer may be made provided that this adjustment of expenditure does not affect implementation of the action and the transfer between categories does not exceed 20% of the amount foreseen for that category in the estimated budget and without exceeding the total eligible costs indicated in paragraph 1. He shall inform the Parliament in writing providing full details and explanations when presenting the final statement of expenditures. Any transfer representing a change of more than 20% of any cost category, or any introduction of a new cost category (not foreseen in estimated budget) shall require prior written authorization of the Parliament.

Option 2:
(to be used where the contribution of DG Communication amounts to less than 20,000 €)
By way of derogation from Article III.13, the beneficiary may, when carrying out the action, adjust the estimated budget by transfers between items of eligible costs, provided that this adjustment of expenditure does not affect implementation of the action and that the adjustment is fully justified and detailed in the final statement of expenditures incurred. Any introduction of a new cost category (not foreseen in estimated budget) shall require prior written authorization of the Parliament.

ARTICLE I.4 - PAYMENT ARRANGEMENTS

I.4.1 Pre-financing:
Within 45 days of receipt of a request for pre-financing and following the date when the last of the two parties signs the agreement a pre-financing payment of EUR [...] shall be made to the beneficiary, representing 40% of the amount specified in Article I.3.3.

I.4.2 Payment of the balance

Option 1:
(where the contribution of DG Communication is greater than or equal to 20,000 €)
The request for payment of the balance shall be accompanied by the final implementation report and financial statements specified in Article III.15.2, by a certificate on the action's financial statements and underlying accounts and a fully detailed list of all justifying documents used to present the final statement [and by an external audit report on the actions' accounts]. The Parliament shall have 30 days to approve or
reject the implementation report or to request additional supporting documents or information under the procedure laid down in Article III.15.2. In that case, the beneficiary shall have 30 days to submit the additional information or a new report.

A payment representing the balance of the grant determined in accordance with Article III.17 shall be made to the beneficiary within 45 days following approval by the Parliament of the technical implementation report accompanying the request for payment of the balance. The Parliament may suspend the period for payment in accordance with the procedure in Article III.16.2.

Option 2:
(replaces option 1 where applicable)
The request for payment of the balance shall be accompanied by the final implementation report and financial statements specified in Article III.15.2, by a certificate on the action's financial statements and underlying accounts and a fully detailed list of all justifying documents used to present the final statement. The final total amount of the grant will be determined in accordance with Article III.17. The Parliament shall have 45 days to approve or reject the implementation report, and to effect payment. The Parliament may suspend the period for payment, at any time by notifying the beneficiary that his payment request cannot be processed, either because it does not comply with the provisions of the agreement, or because additional supporting documents or information is required to complete the implementation report or the clarification and verification of the statement of expenditures. In that case, the beneficiary shall have 30 days to submit the additional information or a new report.

ARTICLE I.5 - SUBMISSION OF REPORTS AND OTHER DOCUMENTS

The final implementation report(s), financial statements of expenditure and income relating to the action, and other documents referred to in Article I.4.2 must be submitted in 1 original version and 1 copy in [language] to the Brussels address provided at article I.7 below. (within 2 months following the closing date of the action specified in Article I.2.2). [or before [insert date], covering the period [insert dates].

1 copy of the final implementation report and financial statements of expenditure and income relating to the action, and other documents referred to in Article I.10 (Specific conditions), must be submitted to the Information Office of the European Parliament at the address provided at article I.7 below.

ARTICLE I.6 - BANK ACCOUNT

Payments shall be made to the beneficiary's bank account denominated in euro, as indicated below:

Name of bank: […]
Address of branch: […]
Precise name of the account holder: […]
Full IBAN account number (including bank codes): […]

This account must identify the payments made by the Parliament for carrying out the action for which the grant is awarded. If the funds paid to this account yield interest or equivalent
benefits under the law of the State on whose territory the account is opened, such interest or benefits shall, if they are generated by pre-financing payments, be recovered by the Parliament as specified in Article III.16.4. To this effect the beneficiary will provide a declaration on honour as to the interest yielded by such payments, this declaration will accompany the request for the balance of the grant awarded.

ARTICLE I.7 - GENERAL ADMINISTRATIVE PROVISIONS

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

For the Parliament:

[Requests for payment and other financial information and the final reports must be addressed to:]

European Parliament
Directorate-General Communication
Budget Unit - MOY 05 T 004
Rue Wiertz 60
B-1047 Brussels
Belgium

One copy of the final implementation report and financial statements plus additional documents set out in the special conditions at article I.10 (Specific conditions) must be addressed to the Information Office of the European Parliament at the following address:

European Parliament - Information Office (.......)

Ordinary mail shall be considered to have been received by the Parliament on the date on which it is formally registered by the Parliament unit responsible referred to above.

For the Beneficiary:

Mr/Ms (…)
[Function]
[Official denomination]
[Full official address]
[Fax Nr]
[e-mail address]

ARTICLE I.8 - LAW APPLICABLE AND COMPETENT COURT

The grant is governed by the terms of the agreement, the Community rules applicable and, on a subsidiary basis, by the law of [country of the seat of the authorising officer responsible].

Any dispute between the European Parliament and the beneficiary relating to this agreement which the parties are unable to resolve by amicable settlement shall be submitted to the Court of First Instance of the European Communities, pursuant to Article 225 (1) of the EC Treaty.
ARTICLE I.9 – DATA PROTECTION

All personal data contained in the agreement shall be processed in accordance with 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. Such data shall be processed solely in connection with the implementation and follow-up of the agreement by [body responsible for checking data], without prejudice to the possibility of passing the data to the bodies responsible for inspection and audit in accordance with Community legislation. 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 [body responsible for checking data]. Beneficiaries may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time.

ARTICLE I.10 - SPECIFIC CONDITIONS

SIGNATURES

For the beneficiary
[name/forename/function]

[signature]

Done at [place], [date]

In duplicate in [language]

For the Parliament
[name/forename/function]

[signature]

Done at [place], [date]
ANNEX III - GENERAL CONDITIONS

PART A: LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE III.1  LIABILITY

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

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

III.1.3 Except in cases of force majeure, the beneficiary shall make good any damage sustained by the Parliament as a result of the execution or faulty execution of the action.

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

ARTICLE III.2  CONFLICT OF INTERESTS

The beneficiary undertakes to take all the necessary measures to prevent any risk of conflicts of interests which could affect the impartial and objective performance of the agreement. Such conflict of interests could arise in particular as a result of economic interest, political or national affinity, family or emotional reasons, or any other shared interest.

Any situation constituting or likely to lead to a conflict of interests during the performance of the agreement must be brought to the attention of the Parliament, in writing, without delay. The beneficiary shall undertake to take whatever steps are necessary to rectify this situation at once. The Parliament reserves the right to check that the measures taken are appropriate and may demand that the beneficiary take additional measures, if necessary, within a certain time.

ARTICLE III.3  OWNERSHIP/USE OF THE RESULTS

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

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

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

ARTICLE III.5  PUBLICITY

III.5.1 Unless the Parliament requests otherwise, any communication or publication by the beneficiary about the action, including at a conference or seminar, shall indicate that the action has received funding from the European Parliament.

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

III.5.2 The beneficiary authorises the Parliament to publish the following information in any form and medium, including via the Internet:
- the beneficiary's name and the address,
- the subject and purpose of the grant,
- the amount granted and the proportion of the action's total cost covered by the funding.

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

ARTICLE III.6  EVALUATION

Whenever the Parliament carries out an interim or final evaluation of the action's impact measured against the objectives as set out in the proposal concerned, the beneficiary undertakes to make available to the Parliament and/or persons authorised by it all such documents or information as will allow the evaluation to be successfully completed and to give them the rights of access specified in Article III.19.

ARTICLE III.7  SUSPENSION

III.7.1 The beneficiary may suspend implementation of the action if exceptional circumstances make this impossible or excessively difficult, notably in the event of force majeure. He shall inform the Parliament without delay, giving all the necessary reasons and details and the foreseeable date of resumption.

III.7.2 If the Parliament does not terminate the agreement under Article III.11.2, the beneficiary shall resume implementation once circumstances allow and shall inform the Parliament accordingly. The duration of the action shall be extended by a period equivalent to the length of the suspension. In accordance with Article III.13, a supplementary written agreement shall be concluded to extend the duration of the action and to make any amendments that may be necessary to adapt the action to the new implementing conditions.
ARTICLE III.8  

FORCE MAJEURE

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

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

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

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

ARTICLE III.9  

AWARD OF CONTRACTS

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

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

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

(b)  recourse to the award of contracts must be justified having regard to the nature of the action and what is necessary for its implementation;

(c)  the tasks concerned must be set out in Annex I and the corresponding estimated costs must be set out in detail in the budget in Annex II;

(d)  any recourse to the award of contracts while the action is under way, if not provided for in the initial grant application, shall be subject to prior written authorisation by the Parliament;

(e)  the beneficiary shall retain sole responsibility for carrying out the action and for compliance with the provisions of the agreement. The beneficiary must undertake to make the necessary arrangements to ensure that the contractor waives all rights in respect of the Parliament under the agreement;

(f)  the beneficiary must undertake to ensure that the conditions applicable to him under Articles III.1, III.2, III.3, III.4, III.5, III.6, III.10 and III.19 of the agreement are also applicable to the contractor.
ARTICLE III.10 ASSIGNMENT

Claims against the Parliament may not be transferred.

In exceptional circumstances, where the situation warrants it, the Parliament may authorise the assignment to a third party of the agreement and payments flowing from it following a written request to that effect, giving reasons, from the beneficiary. If the Parliament agrees, it must make its agreement known in writing before the proposed assignment takes place. In the absence of the above authorisation, or in the event of failure to observe the terms thereof, the assignment shall not be enforceable against and shall have no effect on the Parliament.

In no circumstances shall such an assignment release the beneficiary from his obligations to the Parliament.

ARTICLE III.11 TERMINATION OF THE AGREEMENT

III.11.1 Termination by the beneficiary

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

III.11.2 Termination by the Parliament

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

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

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

(c) in the event of force majeure, notified in accordance with Article III.8, or if the action has been suspended as a result of exceptional circumstances, notified in accordance with Article III.7;

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

(e) if the beneficiary is found guilty of an offence involving his professional conduct by a judgment having the force of res judicata or if he is guilty of grave professional misconduct proven by any justified means;

(f) if the beneficiary is guilty of misrepresentation or submits reports inconsistent with reality to obtain the grant provided for in the agreement;

(g) if the beneficiary has intentionally or by negligence committed a substantial irregularity in performing the agreement or in the event of fraud, corruption or any other illegal activity on the part of the beneficiary to the detriment of the European Communities' financial interests. A substantial irregularity consists of any infringement of a provision of an agreement or regulation resulting from an act or an omission on the part of the beneficiary which causes or might cause a loss to the Community budget.
III.11.3 Termination procedure

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

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

Where notice is given, termination shall take effect at the end of the period of notice, which shall start to run from the date when notification of the Parliament’s decision to terminate the agreement is received.

If notice is not given in the cases referred to in points (c), (e), (f) and (g) of paragraph 2, termination shall take effect from the day following the date on which notification of the Parliament’s decision to terminate the agreement is received.

III.11.4 Effects of termination

In the event of termination, payments by the Parliament shall be limited to the eligible costs actually incurred by the beneficiary up to the date when termination takes effect, in accordance with Article III.17. Costs relating to current commitments that are not due to be executed until after termination shall not be taken into account.

The beneficiary shall have 60 days from the date when termination takes effect, as notified by the Parliament, to produce a request for final payment in accordance with Article III.15.2. If no request for final payment is received within this time limit, the Parliament shall not reimburse the expenditure incurred by the beneficiary up to the date of termination and it shall recover any amount if its use is not substantiated by the technical implementation reports and financial statements approved by the Parliament.

By way of exception, at the end of the period of notice referred to in paragraph 3, where the Parliament is terminating the agreement on the grounds that the beneficiary has failed to produce the final technical implementation report and financial statement within the deadline stipulated in Article I.5 of the agreement and the beneficiary has still not complied with this obligation within 28 calendar days following the written reminder sent by the Parliament by registered letter with advice of delivery or equivalent, the Parliament shall not reimburse the expenditure incurred by the beneficiary up to the date on which the action ended and it shall recover any amount if its use is not substantiated by the technical implementation reports and financial statements approved by the Parliament.

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

ARTICLE III.12 FINANCIAL PENALTIES

By virtue of the Financial Regulation applicable to the general budget of the European Communities, any beneficiary declared to be in grave breach of his obligations shall be liable to financial penalties of between 2% and 10% of the value of the grant in question, with due regard for the principle of proportionality. This rate may be increased to between 4% and 20% in the event of a repeated breach in the five years following the first. The beneficiary shall be notified in writing of any decision by the Parliament to apply such financial penalties.
ARTICLE III.13 SUPPLEMENTARY AGREEMENTS

III.13.1 Any amendment to the grant conditions must be the subject of a written supplementary agreement. No oral agreement may bind the parties to this effect.

III.13.2 The supplementary agreement may not have the purpose or the effect of making changes to the agreement which might call into question the decision awarding the grant or result in unequal treatment of applicants.

III.13.3 If the request for amendment is made by the beneficiary, he must send it to the Parliament in good time before it is due to take effect and at all events one month before the closing date of the action, except in cases duly substantiated by the beneficiary and accepted by the Parliament.
ARTICLE III.14 ELIGIBLE COSTS

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

- they must be connected with the subject of the agreement and they must be provided for in the estimated budget annexed to it;
- they must be necessary for performance of the action covered by the agreement;
- they must be reasonable and justified and they must accord with the principles of sound financial management, in particular in terms of value for money and cost-effectiveness;
- they must be generated during the lifetime of the action as specified in Article I.2.2 of the agreement;
- they must be actually incurred by the beneficiary, be recorded in his accounts in accordance with the applicable accounting principles, and be declared in accordance with the requirements of the applicable tax and social legislation;
- they must be identifiable and verifiable.

The beneficiary’s internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action with the corresponding accounting statements and supporting documents.

III.14.2 The eligible direct costs for the action are those costs which, with due regard for the conditions of eligibility set out in Article III.14.1, are identifiable as specific costs directly linked to performance of the action and which can therefore be booked to it direct. In particular, the following direct costs are eligible provided that they satisfy the criteria set out in the previous paragraph:

- the cost of staff assigned to the action, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the beneficiary's usual policy on remuneration;
- travel and subsistence allowances for staff taking part in the action, provided that they are in line with the beneficiary's usual practices on travel costs;
- the purchase cost of equipment (new or second-hand), provided that it is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the portion of the equipment's depreciation 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 Parliament except where the nature and/or the context of its use justifies different treatment by the Parliament;
- costs of consumables and supplies, provided that they are identifiable and assigned to the action;
- costs entailed by other contracts awarded by the beneficiary for the purposes of carrying out the action, provided that the conditions laid down in Article III.9 are met;
- costs arising directly from requirements imposed by the agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction, etc.), including the costs of any financial services (especially the cost of financial guarantees);

III.14.3 The eligible indirect costs for the action are those costs which, with due regard for the conditions of eligibility described in Article III.14.1, are not identifiable as specific costs directly linked to performance of the action which can be booked to it direct, but which can be identified and justified by the beneficiary using his accounting system as having been incurred in connection with the eligible direct costs for the action. They may not include any eligible direct costs.

By way of derogation from Article III.14.1, the indirect costs incurred in carrying out the action may be eligible for flat-rate funding fixed at not more than 7% of the total eligible direct costs. If provision is made in Article I.3.2 of the agreement for flat-rate funding in respect of indirect costs, they need not be supported by accounting documents.

III.14.4 The following costs shall not be regarded as eligible and therefore not included by the European Parliament in the calculation of the total eligible cost:

- costs which result from transactions between departments of associated beneficiaries;
- invoicing between associated beneficiaries and between associated beneficiaries and the coordinating beneficiary;
- financial expenses or costs related to finding/obtaining alternative sources of co-financing;
- entertainment expenses, except such expenses accepted as being wholly and exclusively necessary for carrying out the work under the project;
- travel and accommodation expenses and any form of remuneration in the name of agents of the Community institutions, including Members of the European Parliament;
- return on capital;
- debt and debt service charges;
- provisions for losses or potential future liabilities;
- interest owed;
- doubtful debts;
- exchange rate losses;
- VAT, unless the beneficiary can show that he is unable to recover it;
- costs declared by the beneficiary and covered by another action or work programme receiving a Community grant;
- excessive or reckless expenditure.

III.14.5 Contributions in kind shall not constitute eligible costs. However, the Parliament may consider, in duly substantiated and exceptional cases, that the co-financing of the action referred to in Article I.3.3 of the agreement should be made up entirely or in part of contributions in kind. Such contributions must be clearly defined and accepted by the Parliament before the grant agreement is signed. In this case, the value calculated for such contributions must not exceed:

- the costs actually borne and duly supported by accounting documents of the third parties who made these contributions to the beneficiary free of charge but bear the corresponding costs;
- the costs generally accepted on the market in question for the type of contribution concerned when no costs are borne.

Contributions involving buildings shall not be covered by this possibility.

In the case of co-financing in kind, a financial value shall be placed on the contributions and the same amount will be included in the costs of the action as ineligible costs and in receipts from the action as co-financing in kind. The beneficiary shall undertake to obtain these contributions as provided for in the agreement.
III.14.6 By way of derogation from paragraph 3, indirect costs shall not be eligible under a project grant awarded to a beneficiary who already receives an operating grant from the Community budget during the period in question.

ARTICLE III.15 REQUESTS FOR PAYMENT

Payments shall be made in accordance with Article I.4 of the agreement.

III.15.1 Pre-financing

Pre-financing is intended to provide the beneficiary with a float.

The request for payment shall be drawn up in accordance with the relevant provisions in Article I.4.1 of the agreement and the annexes.

III.15.2 Payment of the balance

Payment of the balance, which may not be repeated, is made after the end of the action on the basis of the costs actually incurred by the beneficiary in carrying out the action. It may take the form of a recovery order where the total amount of earlier payments is greater than the amount of the final grant determined in accordance with Article III.17.

By the appropriate deadline indicated in Article I.5 of the agreement, the beneficiary shall submit a request for payment of the balance accompanied by the following documents:
- a final report on the implementation of the action;
- a final financial statement of the costs actually incurred, following the structure of the estimated budget breakdown;
- a full summary statement of the receipts and expenditure of the action;

where required by the provisions of Article I.4 of the agreement on payment of the balance, an external audit report on the action's accounts. The external audit shall be carried out by an independent body or expert officially authorised to carry out audits of accounts. The purpose of the audit is to certify that the financial documents submitted to the Parliament by the beneficiary comply with the financial provisions of the agreement, that the costs declared are the actual costs and that all receipts have been declared.

The documents accompanying the request for payment shall be drawn up in accordance with the provisions of Article I.5 of the agreement and the annexes. If an external audit of the action's accounts is not required, the beneficiary himself shall certify that the financial documents submitted to the Parliament comply with the financial provisions of the agreement, that the costs declared are the actual costs, and that all receipts have been declared.

On receipt of these documents, the Parliament shall have the period specified in Article I.4 of the agreement in order to:
- approve the final report on implementation of the action;
- ask the beneficiary for supporting documents or any additional information it deems necessary to allow the approval of the report;
- reject the report and ask for the submission of a new report.

Failing a written reply from the Parliament within the time limit for scrutiny indicated above, the report shall be deemed to have been approved. Approval of the report accompanying the request for payment shall not imply recognition of their regularity or of the authenticity, completeness and correctness of the declarations and information they contain.
Requests for additional information or a new report shall be notified to the beneficiary in writing. The beneficiary shall have the period laid down in Article I.4 of the agreement to submit the information or new documents requested. If additional information is requested, the time limit for scrutiny shall be extended by the time it takes to obtain this information. Where a report is rejected and a new report requested, the approval procedure described in this article shall apply. In the event of renewed rejection, the Parliament reserves the right to terminate the agreement by invoking Article III.11.2(b).

ARTICLE III.16 GENERAL PROVISIONS ON PAYMENTS

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

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

III.16.2 The Parliament may suspend the period for payment laid down in Article I.4 of the agreement at any time by notifying the beneficiary that his request for payment cannot be met, either because it does not comply with the provisions of the agreement, or because the appropriate supporting documents have not been produced or because there is a suspicion that some of the expenses in the financial statement are not eligible and additional checks are being conducted.

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

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

Suspension shall take effect on the date when notice is sent by the Parliament. The remaining payment period shall start to run again from the date when a properly constituted request for payment is registered, when the supporting documents requested are received, or at the end of the suspension period as notified by the Parliament.

III.16.3 On expiry of the period for payment specified in Article I.4 of the agreement, and without prejudice to paragraph 2 of this Article, the beneficiary may, within two months following the date of receipt of a late payment, request payment of interest on the late payment at the rate applied by the European Central Bank for its main refinancing operations in euros, plus three and a half points; the reference rate to which the increase applies shall be the rate in force on the first day of the month of the final date for payment, as published in the C series of the Official Journal of the European Union. This provision shall not apply to recipients of a grant which are public authorities of the Member States of the European Union.

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

III.16.5 The beneficiary shall have one month from the date of notification by the Parliament of the final amount of the grant determining the amount of the payment of the balance or the recovery order pursuant to Article III.17, or failing that of the date on which the payment of the balance was received, to request information in writing on the determination of the final grant, giving reasons for any disagreement. After this time such requests will no longer be considered. The Parliament undertakes to reply in writing within one month following the date on which the request for information is received, giving reasons for its reply. This procedure is without prejudice to the beneficiary’s right to appeal against the Parliament’s decision pursuant to Article I.8 of the agreement. Under the terms of Community legislation in this matter, such appeals must be lodged within two months following the notification of the decision to the applicant or, failing that, following the date on which the applicant learned of the decision.

ARTICLE III.17 DETERMINING THE FINAL GRANT

III.17.1 Without prejudice to information obtained subsequently pursuant to Article III.19, the Parliament shall adopt the amount of the final payment to be granted to the beneficiary on the basis of the documents referred to in Article II.15.4 which it has approved.

III.17.2 The total amount paid to the beneficiary by the Parliament may not in any circumstances exceed the maximum amount of the grant laid down in Article I.3.3 of the agreement, even if the total actual costs eligible exceed the estimated total eligible costs specified in Article I.3.2 of the agreement.

III.17.3 If the actual eligible costs when the action ends are lower than the estimated total eligible costs, the Parliament's contribution shall be limited to the amount obtained by applying the Community grant percentage specified in Article I.3.3 of the agreement to the actual eligible costs approved by the Parliament.

III.17.4 The beneficiary hereby agrees that the grant shall be limited to the amount necessary to balance the action's receipts and expenditure and that it may not in any circumstances produce a profit for him. Profit shall mean any surplus of total actual receipts attributable to the action over the total actual costs of the action. The actual receipts to be taken into account shall be those which have been established, generated or confirmed on the date on which the request for payment of the balance is drawn up by the beneficiary for financing other than the Community grant, to which shall be added the amount of the grant determined by applying the principles laid down in paragraphs 2 and 3 of this article. For the purposes of this article, only actual costs falling within the categories set out in the estimated budget referred to in Article I.3.1 of the agreement and contained in Annex II shall be taken into account; non-eligible costs shall always be covered by non-Community resources.

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

III.17.5 Without prejudice to the right to terminate the agreement under Article III.11, and without prejudice to the right of the Parliament to apply the penalties referred to in Article III.12, if the action is not implemented or is implemented poorly, partially or late, the Parliament may
reduce the grant initially provided for in line with the actual implementation of the action on the terms laid down in this agreement.

III.17.6 On the basis of the amount of the final payment determined in this way and of the aggregate amount of the payments already made under the terms of the agreement, the Parliament shall set the amount of the payment of the balance as being the amount still owing to the beneficiary. Where the aggregate amount of the payments already made exceeds the amount of the final grant, the Parliament shall issue a recovery order for the surplus.

ARTICLE III.18 RECOVERY

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

III.18.2 If the beneficiary fails to pay by the date set by the Parliament, the sum due shall bear interest at the rate indicated in Article III.16.3. Interest on late payment shall cover the period between the date set for payment, exclusive, and the date when the Parliament receives full payment of the amount owed, inclusive. This provision shall not apply to recipients of a grant which are public authorities of the Member States of the European Union.

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

III.18.3 If payment has not been made by the due date, sums owed to the Parliament may be recovered by offsetting them against any sums owed to the beneficiary, after informing him accordingly by registered letter with advice of delivery or equivalent. The beneficiary's prior consent shall not be required.

III.18.4 Bank charges occasioned by the recovery of the sums owed to the Parliament shall be borne solely by the beneficiary.

ARTICLE III.19 CHECKS AND AUDITS

III.19.1 The beneficiary undertakes to provide any detailed information requested by the Parliament or by any other outside body authorised by the Parliament to check that the action and the provisions of the agreement are being properly implemented.

III.19.2 The beneficiary shall keep at the Parliament's disposal all original documents, especially accounting and tax records, or, in exceptional and duly justified cases, certified copies of original documents relating to the agreement for a period of five years from the date of payment of the balance specified in Article I.4 of the agreement.

III.19.3 The beneficiary agrees that the Parliament may have an audit of the use made of the grant carried out either directly by its own staff or by any other outside body authorised to do so on its behalf. Such audits may be carried out throughout the period of implementation of the agreement until the balance is paid and for a period of five years from the date of payment of the balance. Where appropriate, the audit findings may lead to recovery decisions by the Parliament.
III.19.4 The beneficiary undertakes to allow Parliament staff and outside personnel authorised by the Parliament 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.

III.19.5 By virtue of Council Regulation (Euratom, EC) No 2185/96 and Regulation (EC) No 1073/1999 of the European Parliament and the Council, the European Anti-Fraud Office (OLAF) may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by Community law for the protection of the financial interests of the European Communities against fraud and other irregularities. Where appropriate, the inspection findings may lead to recovery decisions by the Parliament.

III.19.6 The European Court of Auditors shall have the same rights as the Parliament, notably right of access, as regards checks and audits.