



EUROPEAN UNION

European Commission Technical Assistance Office  
(West bank and Gaza)

Financial Management and Procurement Section

Jerusalem, 17<sup>th</sup> May 2010  
RN/tt/641/2010

Mr. Jens Toyberg-Frandzen  
Head of office  
UNDP  
Jerusalem

**SUBJECT: SIGNATURE OF CONTRIBUTION AGREEMENT 2010/233-236**

Dear Mr. Toyberg-Frandzen,

We are pleased to inform you that the contribution agreement in subject, established between UNDP and the European Commission has been signed.

You will find enclosed three originals of the aforementioned document. Please retain one original and return the other two, duly signed and dated, to the following address:


Financial Management and Procurement Section  
European Commission Technical Assistance Office  
5 George Adam Smith Street  
Jerusalem

In order to avoid any delay or loss of the documents, please use express courier.

Your attention is drawn to the fact that the Contracting Authority will not be obliged to honour the signed contract in the event of any of the following:

- the addendum is not returned to the above address within 30 days of the date of this letter, duly signed and dated by a signatory authorised to represent you;
- any modifications to the text of the contract or its annexes.

Yours sincerely,



Reinirus Nieland  
Head of Section

Encl.: 3 originals.

# EUROPEAN UNION CONTRIBUTION AGREEMENT WITH AN INTERNATIONAL ORGANISATION

2010 – 233 236

The European Union, represented by the Commission of the European Union (“the Contracting Authority”)

of the one part,

and

the United Nations Development Programme (UNDP) with its Head office at One UN Plaza, New-York, NY 10017, United States of America, (“the Organisation”)

of the other part,

have agreed as follows:

## Special Conditions

### Article 1 - Purpose

- 1(1) The purpose of this Agreement is a contribution by the Contracting Authority for the implementation of the action entitled: *Extension of the Governance Strategy Group Coordinator* (“the Action”) as described in Annex I.
- 1(2) The Organisation will be awarded the contribution on the terms and conditions set out in this Agreement, which complies with the provisions of the Financial and Administrative Framework Agreement (FAFA) signed on 29 April 2003 between the European Community and the United Nations and consists of these special conditions (“Special Conditions”) and their annexes.
- 1(3) The Organisation accepts the contribution and undertakes to do everything in its power to implement the Action under its own responsibility.
- 1(4) The Action *is not* a Joint Management Action for all purposes of this Agreement.
- 1(5) The Action *is not* a Multi-donor Action for all purposes of this Agreement.

### Article 2 – Entry into force and Implementation Period

- 2(1) This Agreement shall enter into force on the date when the last of the two Parties signs.
- 2(2) The implementation of this Agreement will begin on 20 May 2010.
- 2(3) The implementation period of this Agreement, as laid down in Annex I, is 10 months.

### Article 3 - Financing the Action

- 3(1) The total cost of the Action eligible for financing by the Contracting Authority is estimated at **EUR 126,893.00**, as set out in Annex III.
- 3(2) The Contracting Authority undertakes to finance a maximum of **EUR 126,893.00**, equivalent to 100 % of the estimated total eligible cost specified in paragraph 1; the final amount will be established in accordance with Articles 14 and 17 of Annex II.

- 3(3) Pursuant to Article 14(4) of Annex II, 7 % of the final amount of direct eligible costs of the Action to be reimbursed by the Contracting Authority to the Organisation in accordance with Articles 14 and 17 of Annex II, may be claimed by the Organisation as indirect costs.

#### **Article 4 - Narrative and financial reporting and payment arrangements**

- 4(1) Narrative and financial reports shall be produced in support of payment requests, in compliance with Articles 2 and 15(1) of Annex II.
- 4(2) Payment will be made in accordance with Article 15 of Annex II; of the options referred to in Article 15(1), the following will apply:

##### Option 1

Pre-financing	EUR 107,850.00
Forecast final payment (subject to the provisions of Annex II)	EUR 19,043.00

#### **Article 5 - Contact addresses**

Any communication relating to this Agreement shall be in writing, shall state the number and title of the Action, and shall use the following addresses

##### For the Contracting Authority:

Payment requests and attached reports, including requests for changes to bank account arrangements shall be sent to:

The EU Representative  
Office of the European Representative  
West Bank & Gaza Strip  
George Adam Smith Street 5  
P.O. Box 22207, Mount of Olives  
Jerusalem (via Israel)

##### For the Organisation:

Special Representative  
United Nations Development Programme/  
Programme of Assistance to the Palestinian People  
4 A Yakubi St.  
P.O. Box 51359  
Jerusalem (via Israel)

#### **Article 6 - Annexes**

- 6(1) The following documents are annexed to these Special Conditions and form an integral part of the Agreement:

Annex I:	Description of the Action
Annex II:	General Conditions applicable to European Union contribution agreements with international organisations
Annex III:	Budget for the Action

Annex IV: Financial identification form

Annex V: Standard request for payment

6(2) In the event of a conflict between the provisions of the Annexes and those of the Special Conditions, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other annexes, the provisions of Annex II shall take precedence.

Done in Jerusalem in three originals in the English language, two for the Contracting Authority and one for the Organisation.

**For the Organisation**

Name Jens Toyberg-Frandzen

Position Special Representative

Signature

Date



The signature is written in blue ink over a pink circular stamp. The stamp contains the text "UNITED NATIONS DEVELOPMENT PROGRAMME" around a central emblem.

**For the Contracting Authority**

Name Roy Dickinson

Position Head of Cooperation

Signature

Date



The signature is written in blue ink, and the date "15/05/10" is written below it.



## Annex I – Description of the Action

### BACKGROUND INFORMATION:

#### 1.1 Beneficiary country

West Bank & Gaza Strip

#### 1.2 Contracting authority

The Contracting authority is the European Union Representative Office for the West Bank and Gaza Strip.

#### 1.3 Relevant country background

The occupied Palestinian territory (oPt) is politically divided between the emergency government ruling the West Bank under Prime Minister Salam Fayyad and the Hamas-run de-facto government in the Gaza Strip. In absence of a reconciliation process, presidential and parliamentary elections, scheduled for January 2010, have been postponed. The political split continues to paralyze the parliament as a legislator and thus many governance related reforms. Parallel systems continue to emerge and develop in the Gaza Strip, making reconciliation more difficult as time passes by.

While the Government of Israel has recently announced a partial and limited settlement freeze, Israeli settlement activities in Jerusalem, incursions in the West Bank and the continued siege on the Gaza Strip have not created an atmosphere conducive to negotiations about a final status agreement.

Meanwhile, the 13<sup>th</sup> government under PM Fayyad has taken the initiative to proactively define a political agenda and continue the process of developing Palestinian institutions as the foundation for statehood. The government program, presented in August 2009 and titled "Ending the Occupation, Establishing the State", centers around the objective of "building strong state institutions (...) despite the occupation" in order to establish a de facto state apparatus by mid-2011. Governance related priorities and objectives are at the core of the PA's state-building endeavor. Democracy, pluralism, separation of power, equality, protection of citizens' rights and freedoms, as well as rule of law are the guiding principles of the program.

Donors unanimously expressed their strong support for the agenda outlined by the Palestinian government. Similar to other donors who share the vision of the PA as expressed in its plan, the EC as the co-chair of the Governance Strategy Group welcomed the plan in line with the EU's stated policy of a two-state solution to the Middle East conflict. Much has been achieved in 2009 towards establishing a de-facto state apparatus. Of particular significance are the achievements in the justice and security sector, where cooperation between the PA institutions on one hand, and between the PA and the donors on the other hand, has improved and progressed.

Despite the progress over the past two years the challenges remain formidable: the PA has not yet elaborated a detailed plan for its administrative and human resource set-up and policies. While cooperation in the justice sector has improved tremendously, the roles and

responsibilities of the three justice bodies require further clarification to achieve sustainable results. In the security sector achieving effective administrative and financial control over the security services is a difficult task. And above, all the separation between the West Bank and the Gaza Strip continues to foil parliamentary and presidential elections, the prerequisite for democratic governance.

## **1.4 Related programmes and other donor activities**

### **Project context**

#### *The donor coordination arrangements*

To strengthen PA-donor partnership and to streamline the aid management system in line with the OECD-DAC Paris Declaration on Aid Effectiveness the Ad-Hoc Liaison Committee (AHLC) meeting in London on 14 December, 2005 adopted a revised donor coordination structure. The new structure aims to facilitate the elaboration and implementation of the PA's national development plans.

At the center of the local aid management system is the Local Development Forum (LDF). Four strategy groups (SG), on Governance, Economic Policy, Social Development & Humanitarian Assistance and Infrastructure Development are dealing with practical policy formulation, programmatic coordination and also perusing greater integration of donor projects with PA priorities in their respected areas. The LDF as well as the SG's are supported by the Local Aid Coordination Secretariat (LACS).

The overall mandate of the Governance Strategy Group (GSG) is to support the building of a viable Palestinian state. This means a state with genuine separation of powers, based on the rule of law, empowered with law enforcement capabilities and supported by a transparent, accountable, merit based and efficient administration.

The GSG is co-chaired by the European Union and the Ministry of Planning and Administrative Development.

The Election Working Group and three Sector Working Groups (SWGs) currently operate under the umbrella of the GSG. These are the Security Sector Working Group (SSWG), the Justice Sector Working Group (JSWG), and the Public Administration and Civil Service Sector Working Group (PACS SWG). In addition the Fiscal SWG and the Municipal Development & Local Governance SWG, although under different Strategy Groups, also report to the GSG.

The Governance Strategy Group and its Sector Working Groups will be guided by the generic ToRs for Strategy Groups (as per February 2006). It is however recognized that these ToRs – as well as SWG ToRs – are currently being revised within the Guidelines for the Aid Coordination Structure. This might be accompanied by a revision of the specific ToRs for the GSG.

The sectoral coordination is based in the framework of the PA's Palestinian Reform and Development Plan (PRDP) 2008-2010 and its successor, the Palestinian National Plan (PNP) 2011-2013. The PRDP had been presented in December 2007 and has since been at the heart of donor-PA discussions on sectoral policies, activities and aid.

*Generic Terms of Reference for the Strategy Groups as per February 2006*

[Note: a revision of the generic ToRs and the specific GSG ToRs is currently being discussed]



The main objectives of the four strategy groups are to improve aid effectiveness and strengthen PA-donor partnerships by:

- contributing towards policy formulation;
- increasing donor harmonization and alignment with PA sectoral policies, priorities and plans;
- supporting and monitoring the implementation of MTDP priorities and programme areas;
- improving communications and transparency between the PA and donors
- developing and ensuring global standards of good development practice (Paris Principles)

Strategy Group priorities, plans and activities will be guided and informed by the objectives, priorities and targets set out in the Medium Term Development Plan and other PA plans.

All groups should determine the balance of priorities and activities between development and humanitarian work. They should also ensure good linkages with the Social Development and Humanitarian Group on humanitarian issues.

Each Group will develop a set of tasks that are specific to their scope of work. They will also carry out a number of generic tasks to ensure consistency and coherence between the work of all four groups. These are set out below.

However, the type of coordination and working relationships that is detailed below will also be under review in light of developments on the ground.

#### *Tasks for the Strategy Groups*

The main generic tasks for each group will be as follows:

- agree the numbers and scope of Sector Working Groups that should operate within the remit of the broader Strategy Group;
- develop and implement realistic group work plans that take account of the evolving socio-economic and political context;
- ensure donor investments in the MTDP are harmonized and take action to reduce overlap or duplication;
- contribute to adjustment of MTDP priorities as required;
- support the development or updating of sector wide policy papers and strategies, within the MTDP framework (with detailed work to be taken forward by relevant Sector Working Groups), supporting practical policy formulation and programmatic coordination, greater integration of donor projects with PA priorities and greater harmonization of donor procedures
- develop and implement work monitoring and reporting systems that are consistent with MTDP targets and indicators and will support the MOP's monitoring role;
- actively support the development of integrated planning and budgeting processes across all sectors and line ministries over the medium term;
- develop indicators for monitoring progress towards better harmonization and alignment;
- determine ways of ensuring good cross-sectoral coordination and policy formulation;
- devise and implement effective communications and information sharing systems for use inside the group and externally, promoting a sector-wide dialogue with key stakeholders (donors, civil society reps., etc.) on assistance policy, priorities and impact/effectiveness.

- ensure good coherence with the work plans of other Strategy Groups;
- report regularly to the Local Development Forum on the group's work.

#### *Deliverables for the Strategy Groups*

These arrangements should lead to the following improvements after 12 months:

- Sector strategies and thinking integrated into PA policies
- more efficient institutional mechanisms for providing donor feedback on PA plans and priorities;
- increased PA and donor awareness of each others' policies and plans;
- greater alignment of donor and PA policies and plans in key sectors.

A review of the role and progress of all four groups should take place after 6 months, and then again at 12 months, and their role and tasks adjusted as required to take account of lessons learnt.

## **2. OBJECTIVE , PURPOSE & EXPECTED RESULTS**

### **2.1 Overall objective**

The overall objective is to assist the PA, through the local aid coordination structure, in the coordination of activities relating to Governance and, in particular, to provide strategic, analytical and coordination input to the GSG, its SWGs and to the Ministry of Planning and Administrative Development.

### **2.2 Purpose**

The purpose of the project is to assist in the co-ordination of international aid through the Governance Strategy Group and its Sector Working Groups. In particular, but not exclusively, the project will facilitate the interaction of appropriate PA bodies with governance relevant donors in aligning with and implementing national objectives related to the governance sector. Of specific importance is the assistance to donors and the PA to lead a constructive dialogue on the PA's three-year plan in the run-up to the finalization of the Palestinian National Plan 2011-2013.

### **2.3 Results to be achieved**

#### *Specific deliverables for the Governance Strategy Group*

UNDP shall employ, in accordance with its applicable rules, the Governance Group Coordinator, in consultation with the EU. With the active support of the Coordinator, the Governance Strategy Group's objective will be to synchronize strategic dialogue between donors and the PNA, align donor funding with PNA priorities, agree upon activities geared towards the attainment of national objectives in the governance sector, identify funding gaps, and promote aid effectiveness with special focus on donor-PA dialogue in the PNP 2011-2013 process.

To this end the Governance Strategy Group Coordinator will develop ideas, concepts and operational plans for improving the performance of the aid effectiveness structure in the field



of governance and support the Ministry of Planning and Administrative Development in governance and aid effectiveness.

Provisional outputs for the Governance Strategy Group should be in the areas of: rule of law and security system reform, public administration/administrative development (incl. civil service reform), electoral issues, public finance management, and local governance – all in line with the PA's definition of governance.

The feasibility of common delivery mechanisms in the respective sub-sectors will continue to be explored bearing in mind that the key priority will be to continuously support the reform process.

### **3. ASSUMPTIONS & RISKS**

The main assumption is that the PA will continue to be committed towards the development of democratic institutions and governance in the PA, and have access to resources, both domestic and international, which would facilitate this.

The main risks for the implementation of this project are:

- Increase of political instability in West Bank and Gaza that could lead to further deterioration of the social, humanitarian and economic situation.
- A situation in which donors would again disengage with the PA government which would prevent the international community from cooperating with the Palestinian government in a meaningful way on large parts of the governance agenda.
- The continuation of the current political stalemate with the absence of progress on the Israeli-Palestinian track, of a Palestinian parliament and an elected Palestinian government. The prolongation of such a situation would not only jeopardize the sustainability of current reforms, but moreover the achievement of the roadmap vision of a two-state solution.

### **4. SCOPE OF WORK**

#### **4.1 General activities**

The main activity will be the provision of the coordinator for the Governance Strategy Group to enhance the Palestinian Authority's strategic reform efforts in the field of governance.

#### **4.2 Specific activities**

*Key tasks for the Governance Group Coordinator are outlined in the Terms of References listed below. These tasks will be fulfilled in close coordination with the PA co-chair of the GSG, the Ministry of Planning and Administrative Development, the donor co-chair of the GSG, the European Union, the Sector Working Group co-chairs, LACS as well as GSG and SWG members.*

*Key additional activities*

A budget is included for publications and conferences linked to the work of the Governance Strategy Group. Individual activities under these budget lines would need the prior approval of the European Union. It is planned that under this activity, the GSG Coordinator would conduct trips to the Gaza Strip, for which DSA might be necessary, as well as up to one

international mission in the context of implementation of aid effectiveness principles in the oPt. Any of those missions shall require prior approval by the EU. Furthermore, two publications, three studies or researches conducted by civil society or associations and up to three conferences shall be organized for in the context of this activity and for the benefit of the GSG Coordination mechanism. These activities also require prior approval by the EU.

By August 2010, the GSG Coordinator will also prepare a mid- to long-term strategy on the future of the GSG Coordination mechanism. This document will reflect on possible scenarios and specifically about the PA's own capacities to coordinate donors and donor-PA dialogue. This paper should serve as a basis for the European Union to phase out this specific support activity in the long-term and focus its technical assistance in the framework on the GSG on strengthening the PA's own capacities.

### **4.3 Project management**

#### *4.3.1 Executing agency*

UNDP

#### *4.3.2 Management structure*

UNDP will, in consultation with the coordinator and the EC Representative, as co-chair of the GSG, update and monitor the key results for the GSG Coordinator.

This technical assistance is based on coordination between the donor co-chair of the GSG, whose responsibility it is to provide a full-time Strategy Group Coordinator, the PA co-chair of the Governance Strategy Group, line ministries and donors contributing to governance reform, and the UN.

## **5. LOGISTIC AND TIMING**

### **5.1 Location**

The main location of the assignment will be the Ministry of Planning and Administrative Development, where the GSG as a forum will meet on a regular basis and where the GSG Coordinator has been provided with office space. Project review meetings may take place at ECTAO's or UNDP's premises in Jerusalem. Work may also be undertaken elsewhere in Jerusalem, the West Bank and the Gaza Strip.

### **5.2 Commencement date & period of execution**

The date for commencing implementation shall be that foreseen in the Special Conditions of this agreement.

The implementation of the project will last 10 months from the commencement date.

## **6. REQUIREMENTS**



This job description encompasses the necessary functions to be carried out by one governance expert to enable effective implementation of the project. The expert will work in the MoPAD office in Ramallah to enable ease of access to stakeholders.

## 6.1 Personnel

### *1. Governance Strategy Group Coordinator*

The requested profile is as follows:

- Masters degree in a relevant discipline, such as economics, political science, public administration, law etc.
- Experience in donor relations and project coordination. Experience in conflict, post-conflict, or "fragile state" environments would be a distinct advantage
- At least five years of work experience in coordination, management, planning and other project related activities especially in the areas of governance reform and public administration.
- Excellent knowledge of the economic and political situation and the role of international donors and agencies in the West Bank and Gaza Strip.
- Fluency in English, including excellent drafting skills in English.
- Excellent reporting, communication and public relations skills.

The terms of reference are:

Under the overall guidance of the European Commission Representative in Jerusalem who co-chairs the Governance Strategy Group (GSG) and UNDP-PAPP the Coordinator will:

- Facilitate the regular work of the aid coordination forums for the governance sector, namely the Governance Strategy Group, Sector Working Groups related to the GSG, as well as other formal or informal forums.
- Guided by global aid effectiveness principles and national processes and development plans facilitate aid coordination within the umbrella of the Governance Strategy Group, its Sector Working Groups and other formal or informal forums.
- Jointly with MoPAD and LACS identify areas where donor support is required against national plans and assist in facilitating the identification of concrete donor programmes and projects.
- Assist in the development of institutional mechanisms which will enable Palestinian leadership in the design, implementation and monitoring of governance reform whilst at the same time enhancing non-governmental actors' role in the process.
- Assist the Ministry of Planning and Administrative Development, as well as other governance related line ministries, upon request in the field of governance (incl. support to various aspects of the planning and budgeting process in the governance sector, to M&E systems, etc.)
- Assist the Ministry of Planning and Administrative Development upon request in aid effectiveness (incl. processes of aid management, alignment with national priorities



and modalities, donor harmonization, aid predictability, aid transparency, mutual accountability, etc.)

- In agreement with the co-chairs of the GSG and SWGs assist in developing Terms of Reference, and forward looking action plans, which can deliver meaningful improvements over the immediate, short and medium terms in the areas of governance (e.g. security system reform, rule of law, public administration and civil service, etc.).
- Work to expand the knowledge and understanding of donor staff and government officials on aid effectiveness principles, such as the PD, the AAA, the Principles for Good International Engagement in Fragile States and Situations, programme-based approaches, etc.
- Advise on the development of in-depth analyses regarding donor performance vis-à-vis Palestinian needs and against PD indicators.
- Promote and conduct government-donor dialogue at all levels to achieve mutual understanding on aid coordination issues in the governance field.
- Support further development as necessary of the national aid assistance management system. Perform other analytical and administrative tasks or any other duties reflecting the overall purpose of improving assistance strategies in the governance field

## **7. REPORTING**

### **7.1 Reporting requirements**

The GSG Coordinator will submit analytical activity reports on a weekly basis to ECTAO and UNDP. Further reports will be submitted upon request.

All other reports will be provided as set out in accordance with Article 2 of the General Conditions

### **7.2 Submission and approval of reports:**

UNDP will submit to ECTAO for approval 2 hard copies and one electronic version of the narrative reports in accordance with Article 2 of the General Conditions.

## **8. MONITORING AND EVALUATION**

### **8.1 Monitoring and evaluation**

ECTAO may request an evaluation of the project, however such a request will be in line with Article 8 of the General Conditions. The eventual cost of such an evaluation is not foreseen under this agreement.

Any evaluation will be a collaborative effort between the parties in order to take into account any recommendation that may result. The EC and UNDP shall analyse the conclusions and recommendations of any evaluation and jointly decide on the follow-up action to be taken.

## ANNEX II

### General Conditions applicable to European Union contribution agreements with international organisations

#### General and administrative provisions

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## GENERAL AND ADMINISTRATIVE PROVISIONS

### *Article 1 - GENERAL OBLIGATIONS*

- 1.1 The Organisation shall ensure that the Action is carried out in accordance with the Description of the Action contained in Annex 1 and is responsible for achieving the objectives set out therein. The Organisation shall report on the indicators of achievement specified in the Description of the Action.
- 1.2 The Organisation shall implement the Action with the requisite degree of care, efficiency, transparency and diligence, as required by best practice in the field concerned, and in compliance with this Agreement.

The Organisation shall make every effort to mobilise all the financial, human and material resources required for full implementation of the Action, as specified in the Description of the Action.

- 1.3 The Organisation may act either alone or in partnership with one or more organisations mentioned in the Description of the Action. It may also contract parts of the Action, in accordance with the provisions of article 10 hereof.

Partners participate in implementing the Action, and the costs they incur are eligible under the same conditions as those incurred by the Organisation.

The Organisation is fully responsible for the co-ordination and execution of all contracted activities.

- 1.4 The Organisation undertakes to ensure that the conditions imposed upon it under Articles 1, 3, 4, 5, 6, 7, 14, 16 and 17 of this Agreement also apply to all partners and, where applicable, contractors involved.
- 1.5 The Organisation shall take appropriate measures to prevent irregularities, fraud, corruption or any other illegal activity in the management of the Action. All suspected and actual cases of irregularity, fraud and corruption related to this Agreement as well as measures related thereto taken by the Organisation must be reported to the Contracting Authority without delay.

Where appropriate the Organisation shall terminate contracts with partners, contractors or agents involved in fraudulent behaviour or corrupt practices in connection with this or any other actions implemented by the Organisation and financed by the European Union or the Contracting Authority, and take all reasonable measures to recover funds unduly paid.

- 1.6 Without prejudice to Articles 1.3 and 10, the Agreement and the payments attached to it may not be assigned to a third party in any manner whatsoever without the prior written consent of the Contracting Authority.
- 1.7 The provisions regarding "Joint Management Actions" in these General Conditions may be applied where at least one of the following conditions is met:
  - the performance of the Action requires the pooling of resources from a number of donors, and where it is not reasonably possible or appropriate to assign the share contributed by each donor to each type of expenditure (hereinafter, "Multi-donor





Actions”). Article 3(2) of the Special Conditions will not show the percentage of estimated total eligible cost, to which the Contracting Authority contributes, where the final funding of the Action is not known at the time of signing the Agreement, or

- the European Commission and the Organisation are bound by a long-term framework agreement laying down the administrative and financial arrangements for their cooperation; or
- the European Commission and the Organisation have jointly assessed the feasibility and defined the implementation of the Action.

1.8 Where the European Union is not the Contracting Authority, it shall not be a party to this Agreement, which shall only confer on it rights and obligations where explicitly stated. It will nevertheless endorse the Agreement to ensure that the Contracting Authority’s contribution is eventually paid by the EU budget<sup>1</sup>, and the provisions on visibility in this Agreement will apply accordingly.

## **Article 2 - OBLIGATIONS REGARDING INFORMATION AND FINANCIAL AND NARRATIVE REPORTS**

- 2.1 The Organisation shall provide the Contracting Authority with full information on the implementation of the Action. To that end, the Organisation shall provide before signature of this Agreement a work plan for the first period of implementation as specified in the Description of the Action. The Organisation shall also draw up progress reports and a final report. These reports shall consist of a narrative part and a financial part. Reporting, narrative as well as financial, shall cover the whole of the Action, regardless of whether this Action is wholly financed or co-financed by the Contracting Authority.
- 2.2 The Contracting Authority may request additional information at any time, providing the reasons for the request. Such information shall be supplied within 30 days of the request.
- 2.3 The Organisation shall send the Contracting Authority progress reports in accordance with the provisions below. Every report shall provide a complete account of all aspects of implementation for the period covered.

The report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed (in particular all expenses actually incurred by the Organisation), the results expected and obtained and the budget details for the Action. The level of detail in any report should match that of the Description of the Action and of the Budget for the Action.

- 2.4 The narrative report shall directly relate to this Agreement and shall at least include:
- Summary and context of the Action;
  - Activities carried out during the reporting period (i.e. directly related to the Action description and activities foreseen in this Agreement);

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<sup>1</sup> Where the contribution is financed out of the European Development Fund, mentions of European Community financing must be read as referring to European Development Fund financing.



- Difficulties encountered and measures taken to overcome problems;
  - Changes introduced in implementation;
  - Achievements/results by using the indicators included in this Agreement;
  - Work plan for the following period including objectives and indicators of achievement. If the report is sent after the end of the period covered by the preceding work plan, a new work plan, albeit provisional, is always required before such date.
- 2.5 The final report shall contain the above information (excluding the last indent) covering the whole implementation period of this Agreement, information on the measures taken to identify the European Union as the source of financing and details on the transfers of assets mentioned in article 7.3 if relevant, plus a full summary of the Action's income and expenditure and payments received.
- 2.6 The reports shall be presented in the same language as the Agreement. They shall be submitted at the following intervals:
- if payments follow option 1 in Article 15.1:
- a progress report shall be forwarded to the Contracting Authority at the end of every twelve-month period, where the implementation period of this Agreement is longer;
  - a final report shall be forwarded to the Contracting Authority within six months of the end of the implementation period of this Agreement as defined in Article 2 of the Special Conditions;
- if payments follow option 2 in Article 15.1:
- a progress report shall accompany every request for further instalment of pre-financing;
  - the final report shall be forwarded to the Contracting Authority within six months of the end of the implementation period of this Agreement as defined in Article 2 of the Special Conditions.
- 2.7 Reports will be submitted in Euro, and may be drawn from financial statements denominated in other currencies as per the Organisation's legislative requirements. Where necessary, actual expenditure will be converted into Euro using the rate of exchange at which the Contracting Authority's contribution was recorded in the Organisation's accounts, unless otherwise specified in article 4(3) of the Special Conditions.
- 2.8 Any additional reporting requirement will be set out in the Special Conditions.
- 2.9 If the Organisation fails to supply a final report by the final report deadline laid down in Article 2.6, and fails to furnish an acceptable written explanation of the reasons why it is unable to comply with this obligation, the Contracting Authority may refuse to pay any outstanding amount and recover any amounts unduly paid.

Furthermore, where the Organisation fails to present a progress report and where relevant a request for payment by the end of each twelve-month period following the date laid down in Article 2(2) of the Special Conditions, the Organisation shall inform the Contracting Authority of the reasons why it is unable to do so, and shall provide a



summary of the state of progress of the Action. If the Organisation fails to comply with this obligation, the Contracting Authority may terminate the Agreement in accordance with the first indent of Article 12.2, refuse to pay any outstanding amount and recover any amounts unduly paid.

- 2.10 In addition to the above mentioned reports, the Organisation will ensure that progress and situation reports, publications, press releases and updates, relevant to this Agreement, are communicated to the Contracting Authority as and when they are issued.

The Organisation and the Contracting Authority (the "Parties") will further endeavour to promote close collaboration and exchange of information on the Action. The Organisation will invite the European Commission to join any donor committee which may be set up in connection with Multi-Donor Actions.

- 2.11 In any event the Organisation shall inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action.

### ***Article 3 - LIABILITY***

- 3.1 The Organisation shall have sole responsibility for complying with any legal obligation incumbent on it.
- 3.2 The Contracting Authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Organisation while the Action is being carried out or as a consequence of the Action. The Contracting Authority cannot therefore accept any claim for compensation or increases in payment in connection with such damage or injury.
- 3.3 Subject to the rules governing the Organisation's privileges and immunities, the Organisation shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the Action. The Organisation shall discharge the Contracting Authority of all liability associated with any claim or action brought as a result of an infringement by the Organisation or the Organisation's employees or individuals for whom those employees are responsible of rules or regulations, or as a result of violation of a third party's rights.

### ***Article 4 - CONFLICT OF INTERESTS***

The Organisation undertakes to take all necessary precautions to avoid conflicts of interests and shall inform the Contracting Authority without delay of any situation constituting or likely to lead to any such conflict.

There is a conflict of interests where the impartial and objective exercise of the functions of any person under this Agreement is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another party.

### ***Article 5 - CONFIDENTIALITY***

Subject to article 16, the Contracting Authority and the Organisation undertake to preserve the confidentiality of any document, information or other material directly related to the Agreement and duly classified as confidential, until at least five years after the end date as specified in article 12.5. Where the European Commission is not the



Contracting Authority, it shall still have access to all documents communicated to the Contracting Authority, and will maintain the same confidentiality.

#### **Article 6 - VISIBILITY AND TRANSPARENCY**

- 6.1 Unless the European Commission requests or agrees otherwise, the Organisation shall take all appropriate measures to publicise the fact that an Action has received funding from the European Union. Information given to the press, the beneficiaries of an Action, all related publicity material, official notices, reports and publications, shall acknowledge that the Action was carried out "with funding by the European Union" and shall display in an appropriate way the European logo (twelve yellow stars on a blue background).

It is understood that the Organisation's equipment and vehicles may routinely carry its emblem and other indications of ownership prominently displayed. In cases where equipment or vehicles and major supplies have been purchased using funds provided by the European Union, the Organisation shall include appropriate acknowledgement on such vehicles, equipment and major supplies (including display of the European logo (twelve yellow stars on a blue background) provided that such actions do not jeopardise the Organisation's privileges and immunities and the safety and security of the Organisation's staff.

- 6.2 The size and prominence of the acknowledgement and European Union logo shall be clearly visible in a manner that will not create any confusion regarding the identification of the Action as an activity of the Organisation, the ownership of the equipment and supplies by the Organisation, and the application to the Action of the Organisation's privileges and immunities.
- 6.3 All publications by the Organisation pertaining to Actions that have received funding from the European Union, in whatever form and whatever medium, including the internet, shall carry the following or a similar disclaimer: "This document has been produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union."
- 6.4 If the equipment bought with a European Union contribution is not transferred to local partners of the Organisation or the final recipient of the Action at the end of the implementation period of this Agreement, the visibility requirements as regards this equipment (in particular display of the European logo) shall continue to apply between the end of the implementation period of this Agreement and the end of the overall Action, if the latter is longer.
- 6.5 Publicity pertaining to European Union contributions shall quote these contributions in Euro, in parenthesis if necessary. The Organisation's publications and reports prepared in response to, and in accordance with, its legislative directives are excluded from this provision.
- 6.6 The Organisation accepts that the Contracting Authority and the European Commission (where it is not the Contracting Authority) publish in any form and medium, including on their websites the name and address of the Organisation, the purpose of the contribution as well as the amount contributed and if relevant the percentage of co-financing.

Upon a duly substantiated request by the Organisation, the European Commission may agree to forego such publicity if disclosure of the above information would risk threatening the Organisation's safety or harming its interests.

- 6.7 With due regard to the applicable rules on confidentiality, security and protection of personal data, the Organisation shall publish, on an annual basis, including by electronic means such as Internet, the following information on grant and procurement contracts financed by the Contracting Authority: title of the contract/project, name and nationality of the contractor or grant beneficiary and amounts of the contract/project. For Multi-donor Actions, the level of information will comply with the Organisation's rules and procedures pertaining to ex-post publicity.

The Organisation shall provide to the Contracting Authority the address of the website where this information can be found and shall authorise the publication of such address in the Contracting Authority's internet site.

The Organisation ensures that the obligation to publish this information is also applied by its implementing partners as described in Annex I of this Agreement, with regard to their own grant and procurement contracts financed by the Contracting Authority.

#### ***Article 7 - OWNERSHIP/USE OF RESULTS AND EQUIPMENT***

- 7.1 Ownership, title and industrial and intellectual property rights in the results of the Action and the reports and other documents relating to it shall vest in the Organisation, as the case may be together with third parties or as may otherwise be agreed by the Organisation.
- 7.2 Notwithstanding the provisions of the first paragraph and subject to Article 5, the Organisation grants the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use free of charge and as it sees fit all documents deriving from the Action, whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.
- 7.3 Unless otherwise specified in the Special Conditions, the equipment, vehicles and supplies paid for by the Contracting Authority's funding shall be transferred to local authorities or partners (excluding commercial contractors) of the Organisation or to the final recipients of the Action by the end of the Action. The documentary proof of those transfers shall be kept for verification along with the documents mentioned in article 16.3.

#### ***Article 8 - EVALUATION OF THE ACTION***

- 8.1 Representatives of the European Commission shall be invited to participate in the main monitoring and in the evaluation missions relating to the performance of the Action. The results of such missions shall be reported to the European Commission.
- 8.2 This is without prejudice to any evaluation mission which the European Commission as a donor may wish to perform. Evaluation missions by representatives of the European Commission should be planned and completed in a collaborative manner between the Organisation's staff and the European Commission's representatives, keeping in mind the commitment of the Parties to the effective and efficient operation of this Agreement. These missions are to be planned ahead and procedural matters are to be agreed upon by the European Commission and the Organisation in advance. The mission will offer to make a draft of its report available to the Organisation for comments prior to final issuance.



## **Article 9 - AMENDMENT OF THE AGREEMENT**

- 9.1 Any modification of the Agreement, including the annexes thereto, shall be set out in writing in an amendment.

If the request for an amendment comes from the Organisation, the latter shall submit that request to the Contracting Authority one month before the amendment is intended to enter into force, unless there are special circumstances duly substantiated by the Organisation and accepted by the Contracting Authority. A request to extend the implementation period of this Agreement must be duly justified and submitted no later than one month before the end of it.

- 9.2 Where a modification to the Description of the Action and/or the Budget does not affect the basic purpose of the Action and the financial impact is limited to a transfer within a single budget heading, including cancellation or introduction of an item, or a transfer between budget headings involving a variation (as the case may be in cumulative terms) of 15 % or less of the amount originally entered (or as modified by a formal amendment) in relation to each concerned heading for eligible costs, the Organisation may amend the Budget and shall inform the Contracting Authority accordingly in writing. This method may not be used to amend headings for administrative costs or the contingency reserve.

Changes of address and changes of bank account may simply be notified in writing to the Contracting Authority. Changes of bank account must be specified in the request for payment, using the financial identification form attached as Annex IV.

## **Article 10 - CONTRACTING**

- 10.1 If parts of the Action are contracted, the contracting arrangements, including in particular the principles for the award of procurement and grants, will be as specified in the Description of the Action. If they are not specified therein, the Organisation will present them to the Contracting Authority as soon as they are available. The Organisation will also inform the Contracting Authority, with as much prior notice as possible, of changes in these arrangements. The Organisation will provide detailed information on contracting arrangements in the final report.

- 10.2 Unless otherwise agreed by the Parties in writing, the procurement of any goods, works or services and the award of grants by the Organisation and its partners in the context of the Action shall be carried out in accordance with the applicable rules and procedures adopted by the Organisation.

This is based on the understanding that the Organisation's rules and procedures conform to internationally accepted standards, in compliance with the principles of transparency, proportionality, sound financial management, equal treatment and non discrimination, care being taken to avoid any conflict of interests.

Without prejudice to the specific procedures and exceptions applied by the Organisation, the award by the Organisation of grants financed by the Contracting Authority's contribution shall comply with the following principles:

- may not be cumulative, awarded retrospectively or have the purpose or effect of producing a profit for the grant beneficiary;
- must involve co-financing from other donors, save in cases of humanitarian and crisis situation, the protection of health and fundamental rights of people, where the grant



beneficiaries are third countries or other international organisations and where it is in the interest of the European Commission to be the sole donor.

- 10.3 If allowed by the applicable regulatory provisions of the European Union, the origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Action shall be determined in accordance with the Organisation's relevant rules. In any event goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible.

In all other cases the partners, contractors, experts and goods, the cost of which are financed out of the Contracting Authority's contribution, shall originate in the European Union or the country or countries eligible under the programme of which the Action is part. Any departure from the rules of origin and nationality set out above is subject to the specific provisions of the applicable regulatory provisions of the European Union.

- 10.4 The Organisation shall adopt reasonable measures, in accordance with its own procedures, to ensure that potential candidates or tenderers and grant beneficiaries shall be excluded from the participation in a procurement or award procedure financed by the Contracting Authority's contribution, if:

- they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- they have been convicted of an offence concerning their professional conduct by a judgement which has the force of *res judicata*;
- they have been the subject of a judgement which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the EU's financial interests;
- they are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or fail to supply this information.
- are subject to a conflict of interest.

- 10.5 In the event of failure to comply with the above provisions the relevant costs shall not be eligible for funding by the Contracting Authority.

**Article 11 - IMPLEMENTATION PERIOD OF THE AGREEMENT, SUSPENSION, FORCE MAJEURE**

- 11.1 Irrespective of the starting date and implementation period of the Action, the implementation period of this Agreement shall be as set out in Article 2 of the Special Conditions

- 11.2 The Organisation may suspend implementation of all or part of the Action if circumstances (chiefly *force majeure*) make it too difficult or dangerous to continue. It shall inform the Contracting Authority without delay and provide all the necessary details. This Agreement may be terminated in accordance with Article 12.1. If the Agreement is not terminated, the Organisation shall endeavour to minimise the duration

of the suspension and may resume implementation of the Action once the conditions allow, and shall inform the Contracting Authority accordingly.

- 11.3 The Contracting Authority may request the Organisation to suspend implementation of all or part of the Action if circumstances (chiefly *force majeure*) make it impossible or too difficult or dangerous to continue. This Agreement may be terminated in accordance with Article 12.1. If the Agreement is not terminated, the Organisation shall endeavour to minimise the duration of the suspension and shall resume implementation of the Action once the conditions allow, with the prior written approval of the Contracting Authority.
- 11.4 The implementation period of this Agreement is automatically extended by an amount of time equivalent to the duration of the suspension. This is without prejudice to any amendments to the Agreement which may be necessary to adapt the Action to the new implementing conditions.
- 11.5 *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 (or of their partners, contractors, agents or employees), and could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial problems cannot be invoked as *force majeure* by the defaulting party. Neither of the Parties shall be held liable for breach of its obligations under the Agreement if it is prevented from fulfilling them by *force majeure*. Without prejudice to Articles 11.2 and 11.3 above, the Party invoking *force majeure* shall notify the other without delay, stating the nature, likely duration and foreseeable effect, and take any measure to minimise possible damage.

## **Article 12 - TERMINATION OF THE AGREEMENT**

- 12.1 If, at any time, either Party believes that the purposes of this Agreement can no longer be effectively or appropriately carried out, it shall consult the other Party. Failing agreement on a solution, either Party may terminate this Agreement by serving two months' written notice. In this event, the Organisation shall be entitled to payment of the contribution only for the part of the Action carried out, and to reimbursement of commitments entered into by the Organisation for the implementation of the Action, which the Organisation cannot reasonably terminate on legal grounds.
- 12.2 Where the Organisation:
- fails, without justification, to fulfil any of the obligations incumbent on it and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of sending of the letter;
  - fails to comply with articles 1.5, 1.6 or 4;
  - makes false or incomplete statements to obtain the contribution provided for in the Agreement or provides reports that do not reflect reality;
  - commits financial irregularities or is guilty of grave professional misconduct;
  - undergoes legal, financial, technical or organisational change that is liable to affect this Agreement substantially or to call the award decision into question;



the Contracting Authority will enter into discussions with the Organisation and, failing a proper solution within one month, may terminate this Agreement, without prior notice and without paying compensation of any kind. In that event the Contracting Authority may demand full or partial repayment of any amounts unduly paid, after allowing the Organisation to submit its observations.

- 12.3 Prior to or instead of terminating the Agreement as provided for in Article 12.2, the Contracting Authority may suspend payments or (exceptionally) the eligibility of expenses as a precautionary measure, informing the Organisation immediately.
- 12.4 This Agreement shall be automatically terminated if it has not given rise to a payment by the Contracting Authority (including pre-financing) within three years of its signature.
- 12.5 Unless this Agreement is earlier terminated pursuant to this Article 12.2, the payment obligations of the European Union hereunder shall cease at the “end date”, which shall occur 18 months after the end of the implementation period as defined in Article 2 of the Special Conditions.

The Contracting Authority notifies the Organisation of any postponement of the end date. The Contracting Authority shall postpone the end date, so as to be able to fulfil its payment obligations, in all cases where the Organisation has filed the payment request in accordance with contractual provisions or, in case of dispute, until completion of the dispute settlement procedure provided for in article 13.

#### **Article 13 - SETTLEMENT OF DISPUTES**

- 13.1 The Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or fulfilment of this Agreement, including its existence, validity or termination. In default of amicable settlement, any Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Agreement.
- 13.2 The language to be used in the arbitral proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator’s decision shall be binding on all Parties and there shall be no appeal.
- 13.3 Nothing in this Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any Party hereto by its constituent documents or international law.

### **FINANCIAL PROVISIONS**

#### **Article 14 - ELIGIBLE COSTS**

- 14.1 To be considered eligible as direct costs under this Agreement, costs must:
- be necessary for carrying out the Action, be provided for specifically in this Agreement and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;



- have actually been incurred during the implementation period of this Agreement as defined in article 2 of the Special Conditions, whatever the time of actual disbursement by the Organisation;
- be recorded in the Organisation's or Organisation's partners' accounts, be identifiable, backed by originals of supporting evidence (as the case may be in electronic form), and verifiable pursuant to the provisions of article 16.4.

14.2 Subject to the above and without prejudice to article 10.4, the following direct costs of the Organisation or its implementing partners may in particular be eligible:

- the cost of staff assigned to the Action, corresponding to actual salaries plus social security charges and other remuneration-related costs (including in the form of provisions made in accordance with the Organisation accounting rules in case of Joint Management Action). Identifiable personnel costs at headquarters level arising as a direct consequence of the Action may be included. Salaries and costs will not exceed those normally borne by the Organisation or partners;
- travel and subsistence costs for staff taking part in the Action, provided they do not exceed those normally borne by the Organisation or partners;
- purchase costs for equipment (new or used) which are attributable to the Action;
- purchase costs for goods and services (transport, storage and distributing, rent of equipment, etc.) which are directly attributable to the Action;
- costs directly arising out of, or related to, accepting or distributing contributions in kind;
- costs of consumables and supplies directly attributable to the Action;
- expenditure on contracting directly attributable to the Action;
- the proportion of field office costs that corresponds to the amount of activity directly attributable to the Action or to the proportion of funding by the Contracting Authority;
- costs deriving directly from the requirements of this Agreement (dissemination of information, evaluation specific to the Action, specific reporting for the needs of the Contracting Authority, translation, reproduction, insurance, targeted training for those involved in the Action, etc.) including financial service costs (in particular bank fees for transfers).

14.3 The following costs shall not be considered eligible:

- debts and provisions for possible future losses or debts;
- interest owed by the Organisation to any third party;
- items already financed from other sources;
- purchases of land or buildings;
- currency exchange losses;

- taxes, duties and charges charged to the Organisation (unless the Organisation is not able to reclaim them and if allowed by the applicable regulatory provisions of the European Union).

14.4 A fixed percentage of direct eligible costs, not exceeding 7 %, may be claimed as indirect costs by the Organisation to cover the administrative overheads incurred for the Action.

Subject to the above, for comparable Actions and Actions where there is more than one donor the amount recovered shall not, in percentage terms, be higher or lower than for other comparable contributions.

Indirect costs are eligible provided that they do not include costs assigned to another heading of the budget of this Agreement.

Indirect costs may be charged on the value of in-kind commodities delivered by the Contracting Authority, including their associated costs.

Where the rates applied in accordance with the Organisation's governing bodies' decisions exceed 7%, the Organisation may recover the balance as direct eligible costs, subject to the provisions governing direct eligible costs referred to in this article 14 being fulfilled.

Indirect costs shall not be eligible where the Agreement concerns the financing of an Action where the Organisation is already receiving an operating grant from the European Union during the period in question.

14.5 A contingency reserve may be included in the Budget of the Action, to cover any adjustment necessary in the light of changed circumstances on the ground. The contingency reserve should not be higher than 5% of eligible costs and can only be used with the prior written (by letter) authorisation of the Contracting Authority, upon a duly justified request from the Organisation.

14.6 In the case of co-financing, contributions in kind made by the Organisation or its partners may neither be considered as co-financing nor as eligible costs. The cost of staff assigned to the Action is not a contribution in kind and may be considered as co-financing in the Budget for the Action when paid by the Organisation or its partners.

## **Article 15 - PAYMENTS**

15.1 Payment procedures are set out in Article 4 of the Special Conditions and follow one of the two options below:

Option 1: When the implementation period of the Agreement does not exceed 12 months or the contribution is less than EUR 100 000

The Contracting Authority will provide a payment of pre-financing of from 80% up to 95% of the sum referred to in Article 3(2) of the Special Conditions less contingencies within 45 days of receiving the Agreement signed by both Parties and accompanied by a request for payment conforming to the model attached as Annex V.

The Contracting Authority will pay the balance within 45 days of approving the final report.



Option 2: When the implementation period of the Agreement exceeds 12 months and the contribution is of EUR 100 000 or more

The Contracting Authority will provide a payment of pre-financing of from 80% to 95% of that part of the forecast budget for the first 12 months of an Action which is being financed by it (excluding contingencies) within 45 days of receiving the Agreement signed by both Parties and accompanied by a request for payment conforming to the model attached as Annex V.

Each further instalment of pre-financing will cover the remainder of the Contracting Authority's part of the planned budget for the previous period (including any approved contingencies) plus a pre-financing of from 80% to 95% of that part of the forecast budget for the subsequent 12-month period (or of the remaining period if shorter as regards the last instalment of pre-financing) which is financed by it (excluding contingencies), and be made by the Contracting Authority within 45 days of approving a progress report, provided that at least 70% of the immediately preceding payment (and 100% of previous payments if any) has been incurred, as proven by the relevant report. For the purpose of this provision funds are incurred when they are the subject of a formal legal commitment between the Organisation (or its partners) and a third party.

The Contracting Authority will pay the balance within 45 days of approving the final report.

- 15.2 Any report will be deemed approved 45 days after receipt, accompanied by a request for payment conforming to the model attached as Annex V, if the Contracting Authority has not reacted.

If the Contracting Authority does not intend to approve a report, as submitted, it shall revert to the Organisation with a request explaining the reason and specifying the additional information it requires within the first 45-day period. The deadline for approving the report shall be suspended pending the receipt of the requested information. If the Contracting Authority deems that a payment request cannot be met, it shall revert to the Organisation with a request explaining the reason and specifying the additional information it requires within the second 45-day period. The payment period shall be suspended pending the registration of a properly formulated payment request.

Reports shall be presented in accordance with the stipulations of Article 2.

Approval of a report does not imply recognition of the regularity, authenticity, completeness and correctness of the declarations and information contained therein.

- 15.3 On expiry of the payment period specified in article 15.1, the Organisation may, within two months of receiving late payment, demand interest at the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union on the first day of the month in which payment was due, increased by three and a half percentage points.

The interest shall be payable for the period elapsing from the day following expiry of the time limit for payment up to the day of payment. Any partial payment shall first cover the interest.

The interest shall not be treated as an income for the purposes of determining the final amount of European Union financing within the meaning of article 17. The suspension of payment by the Contracting Authority may not be considered as late payment.



- 15.4 The level of pre-financing referred to in article 15.1 above shall be set at a level of between 80% and 95 % in 5% increments taking into account past record of the Organisation in particular as regards timely submission of the final report.
- 15.5 The Contracting Authority will make payments in EUR into the bank account referred to in the financial identification form in Annex IV. Where payment is to be made to a bank account which is already known to the Contracting Authority, the Beneficiary may provide a copy of the relevant financial identification form.
- 15.6 Where feasible, the funds paid by the Contracting Authority shall be maintained in Euro denominated bank accounts. They may be pooled together with contributions from other donors. They may be exchanged for other currencies in order to facilitate their disbursement.
- 15.7 For Joint Management and/or Multi-Donor Actions, the Organisation's rules and procedures pertaining to bank interest shall apply, and an equal treatment among donors shall be ensured. This is based on the understanding that these rules and procedures conform to internationally accepted standards.

In all other cases, interest earned by the Organisation on funds received from the Contracting Authority shall be identified as such and reflected in reports to the Contracting Authority. In such cases, subject to the conditions provided for in the applicable regulations of the European Union:

- for pre-financing payments equal or below EUR 250 000 (or for crisis management, equal or below EUR 750 000 per agreement at the end of each financial year and for projects of a duration of more than 12 months), interests earned on such pre-financing payments shall not be due to the Contracting Authority.
- for pre-financing payments exceeding the amounts indicated above and below EUR 750 000 (except in case of crisis management), interest earned on such pre-financing payments shall be assigned to the Action and deducted from the payment of the balance of the amounts due to the Organisation, unless the Contracting Authority requests the Organisation to reimburse the interest generated by pre-financing payments before the payment of the balance.
- for pre-financing payments exceeding EUR 750 000 per agreement at the end of the financial year, the amount of earned interests on such pre-financing payments shall be recovered by the Contracting Authority for each reporting period following the implementation of the Agreement.

**Article 16 - ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS**

16.1 The Organisation shall keep accurate and regular records and accounts of the implementation of the Action. Separate accounts shall be kept for each Action, and shall detail all income and expenditure.

For Joint Management and/or Multi-Donor Actions, the accounting regulations and rules of the Organisation shall apply. This is based on the understanding that these regulations and rules conform to internationally accepted standards.

In all other cases the Organisation shall use a dedicated double-entry book-keeping system as part of or as an adjunct to the Organisation's own accounts. This dedicated system shall follow the procedures dictated by professional practice and provide precise details of interest accruing on funds paid by the Contracting Authority.

16.2 Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of the Organisation. A copy of the audited financial statements shall be submitted to the European Commission by the Organisation.

16.3 The Organisation shall, until at least five years after the end date as specified in article 12.5:

- keep financial accounting documents concerning the activities financed by the contribution and,
- make available to the competent bodies of the European Union, upon request, all relevant financial information, including statements of accounts concerning the Action, whether they are executed by the Organisation or by its implementing partners or contractors.

16.4 In conformity with its financial regulations, the European Union, including its Court of Auditors, may undertake, including on the spot, checks related to the Actions financed by the Contracting authority.

16.5 These provisions shall be applied in accordance with any specific agreement concluded in this respect by the Organisation and the European Union.

**Article 17 - FINAL AMOUNT OF FINANCING BY THE CONTRACTING AUTHORITY**

17.1 The total amount to be paid by the Contracting Authority to the Organisation may not exceed the maximum contribution established by Article 3(2) of the Special Conditions, even if the overall actual expenditure exceeds the estimated total budget set out in Annex III.

17.2 Where Article 3(2) of the Special Conditions sets out a maximum percentage of estimated total eligible cost to be financed by the Contracting Authority, and if the eligible costs at the end of the Action are less than the estimated total cost specified in Article 3(1) of the Special Conditions, the contribution of the Contracting Authority may be limited to the amount produced by multiplying the actual expenditure by the percentage laid down in Article 3(2) of the Special Conditions.

Where the percentage set out in article 3(2) of the Special Conditions is likely to change in the course of implementation, the Organisation will consult the Contracting Authority without delay so as to agree on appropriate measures, in accordance with Article 9.

- 17.3 The Organisation accepts that the contribution of the Contracting Authority shall be limited to the amount required to balance income and expenditure for the Action and that it may not in any circumstances result in a surplus for the Organisation.
- 17.4 In cases where the Action is suspended or not completed within the implementation period of this Agreement, the funds that remain unexpended after all liabilities incurred in this period have been satisfied, including interest earned where applicable, will be reimbursed to the Contracting Authority.
- 17.5 Where the Action is not carried out at all, or is not carried out properly, in full or on time and without prejudice to its right to terminate this Agreement pursuant to article 12.2, the Contracting Authority may, after allowing the Organisation to submit its observations and without prejudice to article 13, reduce the contribution pro rata the actual implementation of the Action on the terms laid down in this Agreement.

#### **Article 18 - RECOVERY**

- 18.1 Where recovery is justified, the Organisation undertakes to repay to the Contracting Authority within 45 days of the issuing of the debit note, the latter being the letter by which the Contracting Authority requests the amount owed by the Organisation, any amounts paid in excess of the final amount due.
- 18.2 If the Organisation fails to repay by the due date, the sum due shall bear interest at the rate indicated in article 15.3. The interest shall be payable for the period elapsing from the day following expiry of the time limit for payment up to the day of payment. Any partial payment shall first cover the interest.
- 18.3 Amounts to be repaid to the Contracting Authority may be offset against amounts of any kind due to the Organisation, after informing it accordingly. The Organisation's prior consent is not required. This shall not affect the Parties' option to agree on payment in instalments.
- 18.4 Bank charges incurred by the repayment of amounts due to the Contracting Authority shall be borne entirely by the Organisation.



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Expenses		10 months		
	Unit	# of units	Unit rate (in EUR)	Costs (in EUR)
<b>1. Human Resources</b>				
1.1 Salaries (gross amounts, local staff) <sup>4</sup>				
1.1.1 Administrative/ support staff	Per month	8	1,613	12,904
1.2 Salaries (gross amounts, expat/int. staff)	Per month	8	8,031	64,248
1.3 Per diems for missions/travel as required to Gaza Strip or to international mission, subject to prior approval by EU <sup>5</sup>				
1.3.1 Abroad (staff assigned to the Action)	Per diem	10	250	2,500
1.3.2 Local (staff assigned to the Action) 6 days DSA e.g. Gaza)	Per diem	6	133.4	800
<b>Subtotal Human Resources</b>				<b>80,452</b>
<b>2. Travel<sup>6</sup></b>				
2.1. International travel for mission (subject to prior EU approval)	Per flight	1	1,200	1,200
2.1.1. Incoming/outgoing ticket, annual return ticket	Per flight	1	1,670	1,670
2.1.2. Annual travel benefits and R&R	Per R&R	2	1,600	3,200
<b>Subtotal Travel</b>				<b>6,070</b>
<b>3. Equipment and supplies<sup>7</sup></b>				
3.1 Vehicle	Per vehicle	1	15,800.00	15,800
3.2 Furniture, computer equipment (only in case currently used equipment breaks)	Per laptop	1	1,500	1,500
<b>Subtotal Equipment and supplies</b>				<b>17,300</b>
<b>4. Local office/Action costs<sup>8</sup></b>				
4.1 Vehicle costs ( fuel, insurance, etc...)	Per month	8	300	2,400
4.2 Consumables - office supplies (printer cartridges, spare parts, etc...)	Per month	8	37.5	300
<b>Subtotal Local office/Action costs</b>				<b>2,700</b>
<b>5. Other costs, services<sup>9</sup></b>				
5.1 Publications for Visibility <sup>10</sup>	Per publication	2	500	1,000
5.2 Studies, research <sup>10</sup>	Per study	3	1000	3,000
5.3 Translation	Per page	210	17	3,570
5.4 Interpreters	Per interpretation	10	150	1,500
5.6 Costs of conferences/seminars (room rent, meals and refreshments) including visibility <sup>10</sup>	Per conference	3	1000	3,000
<b>Subtotal Other costs, services</b>				<b>12,070</b>

Expenses	Year 1			Costs (in EUR)
	Unit	# of units	Unit rate (in EUR)	
6. Other (lump sum mobilisation, medical exam) <sup>11</sup>			0.00	0
<b>Subtotal Other</b>				0
<b>7. Subtotal direct costs of the Action (1-6)</b>				118,592
8. Administrative costs (maximum 7% of 7, total direct eligible costs of the Action)				8,300
<b>9. Total eligible costs of the Action (7+ 8)</b>				126,893
11. Contingency reserve* (maximum 5 % of 10., total eligible project costs)				0
<b>12. Total costs(10.+11.)</b>				126,893

1. The Budget must cover all eligible costs of the Action, not just the Contracting Authority's contribution. All items must be broken down into their individual components. The number of units for each component must be specified.

2. This section must be completed if the Action is to be implemented over a period of more than 12 months.

3. If the Contracting Authority is not the European Commission, the budget may be established in euro or in the currency of the country of the Contracting Authority.

4. If staff are not working full time on the Action, the percentage should be indicated alongside the description of the item and reflected in the number of units (not the unit rate).

5. Indicate the country where the per diems are incurred and the applicable rates (which must not exceed the scales approved by the European Commission). Per diems cover accommodation, meals and local travel within the place of the mission and sundry expenses.

6. Indicate the place of departure and the destination.

7. Costs of purchase or rental

8. These costs may cover only premises rented especially for the Action. The normal rental and service costs of participating bodies are administrative expenditure under heading 8.

9. Specify. Lump sums will not be accepted.

10. Only indicate here when fully subcontracted.

11. Mobilisation composed of 2 portions: Daily Subsistence Allowance (DSA) portion (DSA x 30 days for the staff member)+ (50% of DSA x 30 days for each dependent) and lump sum portion (one month of net remuneration). Medical exam is \$250 equivalent

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## FINANCIAL IDENTIFICATION

PRIVACY STATEMENT

[http://ec.europa.eu/budget/execution/ftiers\\_fr.htm](http://ec.europa.eu/budget/execution/ftiers_fr.htm)

## ACCOUNT NAME

ACCOUNT NAME(1) UNITED NATIONS DEVELOPMENT PROGRAMME

ADDRESS ONE UNITED NATIONS PLAZA

TOWN/CITY NEW YORK POSTCODE NY 10017

COUNTRY UNITED STATES

CONTACT Ms. Julie Anne Mejia, Treasurer

TELEPHONE +1-212-906-5690 FAX +1-212-906-5645

E - MAIL julie.anne.mejia@undp.org

## BANK

BANK NAME ING Belgium SA/NV

BRANCH ADDRESS 60 COURS ST MICHEL

TOWN/CITY BRUSSELS POSTCODE 1040

COUNTRY BELGIUM

ACCOUNT NUMBER 301-0186139-77

IBAN(2) BE80301018613977

REMARKS:

## BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE

(Both Obligatory)(3)

Antoinette D'YVE  
Relationship Manager  
Institutionals

**ING Belgium SA/NV**  
avenue Marnixlaan, 24  
1000 BRUSSELS  
Phone 02/547.21.11

## DATE + SIGNATURE ACCOUNT HOLDER :

(Obligatory)

DATE

1 FEB. 2009

- (1) The name or title under which the account has been opened and not the name of the authorized agent  
 (2) If the IBAN Code (International Bank account number) is applied in the country where your bank is situated  
 (3) It is preferable to attach a copy of recent bank statement, in which event the stamp of the bank and the signature of the bank's representative are not required. The signature of the account-holder is obligatory in all cases.



## ANNEX V

### Request for payment for contribution agreement with an international organisation

Date of the request for payment <.....>

For the attention of  
<Address of the Contracting Authority>  
<Financial unit indicated in the Agreement><sup>1</sup>

Reference number of the Agreement: ...

Title of the Agreement: ...

Name and address of the Organisation: ...

Request for payment number: ...

Period covered by the request for payment: ...

Dear Sir/Madam,

I hereby request payment of the first prefinancing/further instalment of prefinancing/balance<sup>2</sup> under the Agreement mentioned above.

The amount requested is [as indicated in Article 4.2 of the Special Conditions of the Agreement/the following: ...]<sup>3</sup>

Please find attached the following supporting documents:

- signed Agreement (for the payment of the first prefinancing)
- narrative and financial progress report (for further instalments of pre-financing)
- final implementation report (for payment of the balance)<sup>4</sup>

The payment should be made to the following bank account:...<sup>5</sup>

I hereby certify on honour that the information contained in this request for payment is full, reliable and true, that the costs incurred can be considered eligible in accordance with the Agreement and that this request for payment is substantiated by adequate supporting documents that can be checked.

Yours faithfully,

<signature>

<sup>1</sup> Please do not forget to address a copy of this letter to the Commission delegation mentioned in Article 5.1 of the Special Conditions of the Agreement.

<sup>2</sup> Delete the two options which do not apply.

<sup>3</sup> Delete the option which does not apply.

<sup>4</sup> Delete the items which do not apply.

<sup>5</sup> Indicate the account number shown on the identification form annexed to the Agreement. In the event of change of bank account, please complete and attach a new identification form as per model.

N.B.: Further instalments of prefinancing and final payments are subject to the approval of the corresponding report (see Article 15(1) of the General Conditions of Agreement)