

ANNEX I: THE ACTION

1. DESCRIPTION

1.1. Title

“Support to Public Defender’s Regional Offices”

1.2. Location(s)

Georgia: Akhalkalaki, Zugdidi, Tbilisi

1.3. Summary

Total duration of the action	12 months
Objectives of the action	<p><u>Overall objective</u></p> <p>The overall objective of the project is enhancing effective protection and promotion of human rights throughout Georgia through strengthening Public Defender’s offices and expanding the institution’s geographic outreach.</p> <p><u>Specific objectives:</u></p> <p>The specific objectives of the project include:</p> <ol style="list-style-type: none">1. Strengthening capacities of the PDO to effectively address & monitor human rights violations in Samtskhe-Javakheti and Samegrelo-Zemo Svaneti regions.2. Support PDO in increasing public awareness on human rights in respective regions.3. Strengthening PDO technical capacities for monitoring.
Partner(s)	Public Defender’s Office in Georgia; Civil Society Organizations
Target group(s)	The target groups vary depending on the specific objectives of the project. they include: a) individuals residing in respective regions b) PDO and its staff members b) local non-governmental organizations c) local state institutions d) self-government d) students e) local media.

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Final beneficiaries	population at large
Estimated results	<ul style="list-style-type: none"> • PDO regional offices in Samtskhe-Javakheti & Samegrelo-Zemo Svaneti renovated and fully operational; • Technical capacities of PDO are strengthened and effectiveness of monitoring is increased; • Capacity of selected PDO regional offices strengthened, immediate response to human rights violations in respective regions ensured; • Better understanding of human rights and their protection related key issues and problems among the local authorities, NGOs, media, students achieved; • Enhanced relationship between PDO and local authorities;
Main activities	<ul style="list-style-type: none"> • Renovation /refurbishment of PDO regional offices; • Discussions/seminars/round tables on major human rights issues/concerns of the regions.

1.4. Objectives (max 1 page)

The overall objective of the project is enhancing effective protection and promotion of human rights throughout Georgia through strengthening Public Defender's regional offices in Akhalkalaki and Zugdidi and thus expanding the institution's geographic outreach. **Specific objectives** to be achieved are: 1) Strengthening operational capacities of PDO to effectively address & monitor human rights violations in Samtskhe-Javakheti and Samegrelo-Zemo Svaneti regions; 2) Support PDO in increasing public awareness on human rights in respective regions; 3) Strengthening PDO technical capacities for monitoring.

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Human Rights Situation in Georgia (biannual reports submitted to the Parliament) are also alarming. The need for particularly strong and functional NHRI is therefore obvious. At the same time, due to the effectiveness and high level of public trust the institution has already gained, the criteria upon which the PDO will be assessed are likely to become more rigorous.

The PDO is currently facing a number of challenges to be dealt with. The institution needs to be formed as a sustainable organization with strong regional network, unified complaints handling system and continuous institutional memory, which has been a crucial problem for the institution over the years. The staff turnover is still high caused quite often by the low salaries. According to the information provided by the Administrative and Financial Service of the PDO, at this stage the organization has 60 permanent staff members and four operational regional offices in Kutaisi, Batumi, Zugdidi and Gori. Additional offices are planned to be opened in Marneuli and Akhalkalaki. Another factor diversifying PDO's activities and requiring more support to the institution is the fact that the discussions are ongoing to assign the PDO as a National Preventive Mechanism in the framework of the Optional Protocol to the Convention against Torture. At the same time according to the new strategy of the organization (drafted in Spring 2008) the PDO needs to intensify its efforts directed at human rights popularization and civic education.

Taking into consideration the aforementioned factors indicating to the quantity and quality of the work the organization needs to carry out, as well as the limited budgetary resources, the PDO still requires active assistance in order to maintain current intensity and sustainability of the work aimed at human rights protection and promotion, particularly in regional offices, where the technical as well as operational capacities of the organization are still limited. Furthermore, both Zugdidi and Akhalkalaki are especially vulnerable areas in terms of human rights protection. Emphasis is made on Zugdidi due to the specificities of human rights protection in the conflict affected areas and neighboring zones. Special focus is made on Akhalkalaki due to the fact that the area is densely populated by minority representatives and specific tailored approach and policy needs to be developed and implemented by the PDO in the relevant area. Further capacity building efforts are therefore essential to enable the institution to better streamline its activities aimed at effective oversight of respect for human rights in the above regions.

The beneficiaries of the proposed action are the local population in Samegrelo and Samtskhe-Javakheti regions. They will benefit from better protected rights and freedoms through support provided by PDO respective offices.

The target groups vary according to particular activities encompassed by the action. Primary target group will be PDO regional office staff members that will be enabled to operate effectively in the appropriate working environment. Furthermore, the action will target individual victims of human rights breaches in respective regions to enhance effective support provided to them by PDO in restoration of their violated rights. Local authorities, civil society, media and students are target groups of the action, in particular as regards to human rights awareness raising components.

The challenges faced by the PDO in respective regions stem from the limited resources of the organization. Limited budgetary resources significantly hinder effective implementation of the institution's mandate at the local level. Along with the technical assistance such as renovation of office spaces owned by the PDO in Akhalkalaki and Zugdidi, capacity development activities need to be undertaken to enhance the ability of the local offices to operate in accordance with the mandate and bearing in mind local needs. Similar to PDO regional offices, civil society is particularly weak in respective areas, human rights issues

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have relatively low priority due to insufficient knowledge or lack of ability/resources to address the problems where required. Interaction between local authorities, PDO and civil society is to be improved to guarantee prompt and effective resolution of basic problems and needs. At the same time new PDO offices could serve as focal points for organizing different forums on human rights issues in the respective region.

1.6.1 Description of the action and its effectiveness (max 14 pages)

The overall objective of the proposed action is to enhance effective protection and promotion of human rights throughout Georgia through strengthening Public Defender's offices and expanding the institution's geographic outreach.

The below-mentioned specific objectives to be attained will be addressed in a consistent and progressive manner by UNDP:

Specific Objective 1. Strengthening operational capacities of the PDO to effectively address & monitor human rights violations in Samtskhe-Javakheti and Samegrelo-Zemo Svaneti regions;

Proposed specific action: Specific objective 1 will be achieved through carrying out renovation works in PDO regional offices in Akhalkalaki and Zugdidi and equipping them with primary office facilities to make the offices operational.

Specific Objective 2. Support PDO in increasing public awareness on human rights in respective regions.

Proposed specific action: Support PDO regional offices in organizing regional round table meetings/discussions/seminars for specific local target groups with the aim of discussing main human rights issues and challenges, as well as existing problems in the respective field, conducting awareness raising campaigns and producing relevant material.

Specific Objective 3. Strengthening PDO technical capacities for monitoring.

Proposed specific action: Purchase of equipment for PDO to better accomplish its monitoring functions.

1.2.2. Outputs and Expected Results

It is expected that at the end of the programme the following specific results will be achieved:

Specific result 1: PDO capacities to effectively address & monitor human rights situation in Samtskhe-Javakheti and Samegrelo regions is strengthened, prompt and effective reaction to the facts of human rights violations in respective regions and timely provision of relevant institutions with respective suggestions/recommendations by PDO are ensured;

Outputs of Specific action 1: Renovated and operational PDO offices in Akhalkalaki and Zugdidi.

Specific result 2: PDO capacities aimed at ensuring better understanding of human rights key issues and problems among the local authorities, NGOs, media, students are strengthened;

Output of Specific action 2: The PDO regional offices are key focal points for local civil society, media and population in general on human rights awareness issues, they serve as forums for major human rights discussions and events.

Specific result 3. PDO technical capacities are strengthened;

Output of Specific action 3: Monitoring functions are effectively accomplished by PDO.

1.6.3. Activities and their effectiveness

<i>Activities</i>	
➤ Activity 1	Renovation of Akhalkalaki and Zugdidi Offices
Description of Activity 1.	The project will ensure recruitment of the civil engineer to conduct the needs assessment and provide detailed description of the works to be carried out for renovation of the two regional offices of PDO in Akhalkalaki and Zugdidi. According to the results of the preliminary assessment a detailed work plan will be developed. The tender will be conducted to reveal and hire appropriate company to carry out a tailored renovation of two offices. The renovation works will be supervised by the civil engineer and project management in close cooperation with the PDO management and local staff Towards the end of the renovation works, the basic office furniture will be purchased to make the offices operational and suitable for carrying out regional capacity development activities.
➤ Activity 2	Support PDO regional offices in human rights awareness raising
Description of Activity 2	At least three awareness raising campaigns/events in the selected regions will be organized with participation of local civil society, self-government, media and students with the aim of discussing main human rights issues and challenges, as well as existing problems in the respective field. With this purpose specific awareness raising material (including material in minority languages) will be developed. In that framework, based on the results of surveys as well as reports from the PDO regional office staff, the most problematic areas to be covered through awareness raising activities will be identified. Seminars/round tables/discussions will be organized with participation of the Public Defender and a number of human rights experts.
Sub-Activity 2. 1.	At least three discussions/round table meetings/seminars with participation of local civil society representatives, media and self-government will be conducted to discuss the most problematic human rights issues in the regional context.
Sub-Activity 2. 2.	A cycle of discussions/seminars for local students in line with the PDO civic education strategy implemented in other PDO offices will be organized, relevant material will be prepared and distributed.
Sub-Activity 2.3.	Specific awareness raising material (borchures/reports (including material in minority languages) will be developed and distributed.
➤ Activity 3	Purchase of equipment for PDO
Description of Activity 2	The project will ensure procurement of equipment for PDO offices based on the needs identified by PDO.

1.7 Methodology (max 4 pages)

1.7.1 The methods of implementation

For the implementation of the activities, special attention will be paid to the identification of concrete and practical results directly applicable to the local realities. Beneficiaries will be consulted to enable them to better link themselves with the results obtained and strengthen their ownership. Experience gained from conducting similar activities in other regions of Georgia will be used to the maximum extent. Procurement of services and equipment will be carried out in accordance with UNDP rules and regulations. The whole set of activities will be adapted according to the findings made through the preliminary assessment. Qualified civil engineer will be recruited to ensure appropriate implementation of all renovation related tasks.

1.7.2 The procedures for follow up and internal/external evaluation

A rigorous reporting system will be put in place in order to provide the project team, the PDO, the European Commission with an up-to-date insight on the progress achieved or possible constraints identified during project implementation. It will also allow the involved actors to be promptly informed about any external factor that may have an impact on the activities. For each activity contracted persons/companies will be asked to provide detailed reports to project team and PDO senior management.

1.7.3 Role and participation of various actors and stakeholders

As described above, the project team will favor working methods and mechanisms that foster to a high degree the involvement of all relevant beneficiaries and external actors. It will, inter alia, be necessary to establish strong partnership links with the beneficiaries to follow and comment on the preparation, progress and results of the project activities. Evaluation forms, reports of local organizations, PDO reports and other relevant applicable tools will be used to assess the degree of satisfaction of the relevant local actors and stakeholders.

1.7.4 Management and Organizational Structure

A Project Board (PB) will be established and convene twice during the project duration with the first meeting to be held after the first three months of project implementation and the second meeting to be held nine months of project implementation. UNDP takes responsibility to invite the Project Board members and draft and send out the minutes of the meetings. The Board's main task is to review the progress made by the project team towards achieving the planned targets. The Project Board will be consulted by the UNDP Project Manager in order to receive necessary decisions, if any, in case revisions become necessary.

The PB will be composed of representatives of UNDP and the Public Defender's Office as well as the project manager of the EC Delegation. The Team Leader and Deputy Team Leader for the EC funded project "Support to the Public Defender's Office" (EC contract 164670) will also be invited to attend as guest the Project Board meeting, in order to ensure coherence between the two projects. Representatives of the civil society might be invited to attend the PB meetings.

UNDP Programme staff will hold the Project Assurance role to support the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures that appropriate project management milestones are managed and completed.

UNDP, in consultation with the Public Defender's Office will assign a Project Manager (UNDP Project Manager) to be responsible for day-to-day management and decision-making for the project.

The UNDP Project Manager will hold the primary responsibility to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and other relevant. The UNDP Project Manager will be supported by Financial/Administrative Associate and Civil Engineer recruited for accomplishment of specific tasks.

The project manager will be responsible to ensure proper visibility of the EC as donor of the Action in line with EC guidelines relevant for this contract. Publications and public events will be arranged in advance and in close cooperation with the Press and Information Officer of the EC Delegation as well as the responsible EC project manager.

1.7.5 Attitudes of all stakeholders towards the action

Beneficiaries' commitment has been reiterated to the UNDP during various meetings and discussions aiming at elaborating the concrete activities for the proposal at hand. The PDO senior management has been consulted during the preparation of the concrete project interventions, also with regard to their role in the action and their commitment towards the project objectives. Such commitment further evidences the partner's interest and motivation to contribute to the successful outcome of the action.

1.8 Duration and indicative action plan for implementing the action

The duration of the action will be 12 months.

Indicative Action Plan

Year 1													Implementing body
Activity 1 Renovation works in Akhalkalaki and Zugdidi Offices	Month 1	Semester 1					Semester 2						
	2	3	4	5	6	7	8	9	10	11	12		
Recruitment of the civil engineer													UNDP project team
Needs assessment and preparation of the work plan													UNDP project team in cooperation with the PDO
Tender and selection of the service provider													UNDP project team in cooperation with the PDO
Renovation works													Selected company under the overall control by the UNDP project team and PDO
Purchase the basic furniture for the offices													UNDP project team in cooperation with the PDO

3	Limited local service providers	Economic	Medium
4	Difficult climate conditions	Environmental	Low

1. *Change of the political and human rights situation in the country:* changes in political situation may significantly hinder project implementation. On one hand it might be physically impossible to implement planned activities, on the other hand the PDO schedule may change and focus on emergency problems (such as oversight of particular processes occurred in such emergency situations). Political developments may also prioritize particular areas for PDO involvement, resulting in significant workload for the institution and lessening its attention toward the planned project activities.

Mitigation Measure: The project team will make all efforts to follow the action plan and mobilize all resources at their disposal to ensure that the planned activities are implemented even if the PDO involvement level is decreased given the unforeseen developments.

2. *Delay with a recruitment of the PDO regional staff (in Akhalkalaki)/staff turnover:* At the present the PDO does not have regional staff members for Akhalkalaki office. Recruitment might be delayed given the limited budgetary resources of the PDO and problems related to the lack of local human resources, as well as language issues. At the same time high staff turnover has been a common problem in the PDO during the recent years, thus endangering project activities, which given their specificity need to be implemented in close co-operation with the PDO staff at the local level.

Mitigation Measure: The project team will make all efforts to emphasize the need of systematic cooperation with local staff as a precondition for successful implementation of the project. In case there is a significant delay in recruitment, involvement of senior officials from UNDP, EC will be secured if needed. At the same time the project work plan shall be firmly approved by the PDO senior management to ensure that activities planned are implemented with their consent and therefore will not be subject to substantial changes even if the local staff is changed and therefore new needs have emerged.

3. *Limited local service providers:* Opportunities offered by the local market might be limited for selecting service providers for the renovation works and office furniture at the local level.

Mitigation Measure: UNDP together with the PDO will take active measures to identify all possible local providers. In case it is not possible to conduct the selection process at the local level in compliance with UNDP procedures due to the limited competitive environment, the selection area will be enlarged respectively.

4. *Difficult climate conditions:* Severe winter conditions may endanger the works to be conducted in the offices.

Mitigation Measure: Upon prior agreement from the PDO, winter months will be to the maximum extent used for the preparatory phase. The renovation works will start in spring and will last until the end of summer.

ANNEX 3 LOGICAL FRAMEWORK

Overall Objective	Intervention logic	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
<p>Specific objective 1</p> <p>To strengthen operational capacities of PDO to effectively address & monitor human rights violations in Samtskhe-Javakheti and Samegrelo-Zemo Svaneti regions</p>	<p>To enhance effective protection and promotion of human rights throughout Georgia through strengthening Public Defender's regional offices in Akhalkalaki and Zugdidi by expanding the institution's geographic outreach</p>	<ul style="list-style-type: none"> • human rights violation in Samtskhe-Javakheti and Samegrelo-Zemo Svaneti regions revealed by PDO and follow up actions undertaken. • Local population awareness on human rights increased 	<ul style="list-style-type: none"> • PDO reports, recommendations, proposals. • Human Rights reports by international and local stakeholders. • Project progress and final reports. 	<ul style="list-style-type: none"> • High commitment and continued cooperation from PDO central and local offices • Cooperation with local authorities, civil society, media
<p>Specific objective 2</p> <p>To support PDO in increasing public awareness on human rights in respective regions</p>	<p>To strengthen PDO technical capacities for monitoring</p>	<ul style="list-style-type: none"> • Number of monitoring visits conducted. • Specific recommendations and proposals, complaints from individuals submitted by regional offices to PDO head office. 	<ul style="list-style-type: none"> • Information received by PDO in Tbilisi from respective regional offices. • Project progress and final reports. • PDO reports, recommendations, proposals, statistics. • Minutes of the meetings. • Evaluation forms filled in by participants of seminars. • Project progress and final reports. 	<p>Timely recruitment and training of staff member(s) in Akhalkalaki needs to be ensured by PDO</p>
<p>Specific objective 3</p> <p>To strengthen PDO technical capacities for monitoring</p>	<p>At the end of the action at least three regional round table meetings/discussions/ awareness raising campaigns on main human rights issues and challenges for specific local target groups organized in PDO regional offices.</p>	<ul style="list-style-type: none"> • At the end of the action PDO can better accomplish its monitoring functions and conduct awareness raising activities through the procured equipment • PDO regional offices effectively address human rights violation 	<ul style="list-style-type: none"> • Project progress and final reports. • Project progress and final reports. • Statistics from regional offices. • Reports provided to PDO from regional staff members. • Project progress and final reports. 	<ul style="list-style-type: none"> • Cooperation and commitment of PDO to design and implement awareness raising activities • PDO Human Rights Awareness Civic Education policy developed based on the results of the Human Rights Awareness Baseline Survey • Procured equipment meets technical specifications • Continued commitment of PDO to minimize delays in recruitment of staff/avoid turnover • PDO priorities and needs are clearly defined and communicated to the project
<p>Specific result 1</p> <p>PDO capacities to effectively address & monitor human rights situation in Samtskhe-Javakheti and Samegrelo regions strengthened</p>	<p>At the end of the action PDO can better accomplish its monitoring functions and conduct awareness raising activities through the procured equipment</p>	<p>Human rights related increased knowledge will be increasingly applied by local civil society representatives, authorities and media in their daily work</p>	<ul style="list-style-type: none"> • PDO reports. • Reports of relevant NGOs working in the regions. • Local media reviews. • Project progress and final reports. 	<ul style="list-style-type: none"> • Continued interest from local population to participate in the project activities • Willingness of local authorities to cooperate with PDO • Active participation of PDO Civic Education Center in design and planning of awareness raising events/campaigns • Language related issues might require specific expertise and expenses to be undertaken by the project • Sensitivity of the situation in respective regions shall be taken into consideration
<p>Specific result 3</p> <p>PDO technical capacities are strengthened.</p>	<p>At the end of the action, PDO regional and Tbilisi offices equipped according to the needs identified in the agreement</p>	<p>Equipment inventory list</p>	<p>Equipment inventory list</p>	<p>Procured equipment works according to the technical specifications</p>

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Activities	Means	Sources of information	Assumptions
<p>ACTIVITY 1 RENOVATION OF Akhalkalaki and Zugdidi Offices</p>	<p>Human resources • Project coordinator, project financial administrative assistant, • Civil engineer, • Service providers hired by the project.</p> <p>Equipment • Equipment for PDO Tbilisi, Akhalkalaki and Zugdidi Offices</p>	<p>Project documentation and workplan, Progress and final reports Minutes and reports of seminars, round table meetings discussions Renovated PDO regional offices in Akhalkalaki and Batumi, Public awareness and project visibility materials, Inventory list and invoices Audit reports</p>	<p>Availability of PDO staff High quality renovation works carried out by local service providers in line with the terms and specifications of the contract Timely delivery of equipment and other services</p>
<p>ACTIVITY 2 Support PDO regional offices in human rights awareness raising</p> <p>1.1 At least three discussions/round table meetings/seminars with participation of local civil society representatives, media and self-government will be conducted to discuss the most problematic human rights issues in the regional context</p> <p>1.2 A cycle of discussions/seminars for local students in line with the PDO civic education strategy, implemented in other PDO offices will be organized, relevant material will be prepared and distributed</p> <p>1.3 Specific awareness raising material (brochures/reports (including material in minority languages) will be developed and distributed</p>			
<p>ACTIVITY 3 Purchase of equipment for PDO</p>		<p>Total cost of the action EUR 130,000 Human resources EUR 28,461 Equipment and supplies EUR 21,974 Local office' action costs EUR 2,316 Other costs EUR 68,744 Administrative costs EUR 8,505</p>	<p>Pre-condition before project start Relative political stability at national and regional level</p>

ANNEX II

General Conditions applicable to European Community 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 Community 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 Community 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 European Community budget¹, 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;

¹ 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.

- Activities carried out during the reporting period (i.e. directly related to the Action description and activities foreseen in this Agreement);
 - 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 Community, 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 Community, 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 Community 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 Community 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 cofinancing.

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.

- 6.8 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 Community, 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 Community 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 Community 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 Community.

- 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 Community'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 Community 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 Community).

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 Community 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 Community 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 Community:

- 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 Communities, 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 Communities, 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 Community.

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.

