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Call for projets ERDF-NDICI

INTERREG VI Indian Ocean Program

2021 – 2027

“Sustainable co-development and climate resilience in the Indian ocean zone”

CALL FOR PROJECTS OPENING DATE :

28 / 08 / 2025

DEADLINE FOR SUBMISSIONS :

28 / 11 / 2025

Application files must be submitted electronically via the regional European funds portal at the following address: <https://aides.regionreunion.com/reunion-portail/>



CONTEXT AND OBJECTIVES OF THE CALL FOR PROJECTS

I. The necessary complementarity between the financial instruments of the European Union's Cohesion Policy (INTERREG) its External Policy (NDICI)

Reunion, as an outermost region (RUP/EOR) of the European Union (EU) in the Indian Ocean, receives European structural and investment funds (ESIF) such as the European Regional Development Fund (ERDF). These funds finance the INTERREG Indian Ocean territorial cooperation program¹, managed by the Reunion Regional Council in partnership with the Directorate-General for Regional and Urban Policy (DG REGIO) of the European Commission (EC).

These ESIF funds serve as instruments of the EU's cohesion policy, aiming to reduce disparities in wealth and development across European regions. However, due to its geographic location, Reunion collaborates not with EU member states but with 'third-party countries' in the southwestern Indian Ocean. These countries² receive funds under the EU's external policy via the Neighbourhood, Development, and International Cooperation Instrument (NDICI³ - Global Europe).

For the 2021-2027 period, as part of the European Global Gateway strategy, the EU has outlined its priority cooperation areas and specific objectives for partner countries and regions through multi-annual indicative programs (MIP), either national or regional. The regional MIP for sub-Saharan Africa, covering 7 out of 11 partner countries in the INTERREG VI Indian Ocean program, is allocated €1.2 billion (NDICI), targeting areas that align with INTERREG VI IO, such as green transition, economic prosperity, research and innovation, and culture.

These thematic synergies highlight the need to coordinate the two funds (INTERREG and NDICI) to ensure projects share common objectives, stakeholders, and beneficiaries, and that actions funded under each program are complementary, creating a lasting impact in the Indian Ocean region.

To this end, the European Commission has decided to transfer €5 million from the NDICI (Sub-Saharan Africa multilateral envelope - South Africa and Indian Ocean budget line) to the Managing Authority of the Reunion Regional Council, to support projects jointly financed by the NDICI (benefiting third-country organizations) and the ERDF-INTERREG (for the Reunion or Mayotte lead partner⁴).

The topic chosen by all stakeholders involved (partner countries, the European Commission, and the Reunion Regional Council) is **climate resilience**.

¹ Partner countries and territories of the Interreg VI Indian Ocean program: Comoros, Madagascar, Mauritius, Seychelles, Kenya, Mozambique, Tanzania, Australia, India, Maldives, Sri Lanka, as well as Mayotte and the French Southern and Antarctic territories.

² The islands of Comoros, Madagascar, Mauritius and the Seychelles, as well as Kenya, Mozambique and Tanzania.

³ NDICI: acronym for "Neighbourhood, Development and International Cooperation Instrument" (in French IVCDI).

⁴ Concerning countries outside the geographic area of the Interreg Mozambique Channel program, managed by the departmental council of Mayotte.



II. The Impact of Climate Change in the Indian Ocean Region

The increasing concentration of greenhouse gases (GHG) in the atmosphere is disrupting long-term climate balances globally. This process traps more solar heat in the atmosphere, leading to rising surface temperatures until a new balance is reached. The phenomenon is the primary cause of global warming observed in recent decades.

While climate change is a global environmental issue, its severity and effects (temperature, rising sea-levels, frequency and extent of extreme meteorological phenomena) vary depending on the region and its vulnerability and are determined by factors such as climate type (hot/cold, humid/arid), geography (continental/coastal, rural/urban), and economic status (wealthy/poor).

The Indian Ocean region, home to several Small Island Developing States and Territories (SIDS), is particularly vulnerable to climate change, experiencing its effects in multiple ways:

1. Disruptions to Agricultural Production

Climate change has already had, and will continue to have, a severe negative impact on agriculture throughout the 21st century, due to rising temperatures, droughts, floods, pests, diseases, and soil degradation. These factors contribute to significant agricultural losses (lower yields) and a reduction in arable land.

While agriculture is heavily affected by climate change, it can also play a key role in the solution by adopting techniques that provide co-benefits in terms of adaptation, mitigation, and increased food production—such as agroecology.

2. Intensification of Natural Hazards

The Indian Ocean is highly exposed to natural disasters (cyclones, storms, volcanic eruptions, etc.). Between 1964 and 2020, the southwestern Indian Ocean experienced 100 major natural events, causing €2.87 billion (excluding overseas territories) in physical damage.

Climate-related disasters are becoming more intense. In February 2022, the Cyclones Batsirai and Emnati severely impacted Madagascar, destroying homes and livelihoods, drastically reducing crop yields and threatening food security. In December 2024, Tropical Cyclone Chido caused catastrophic damage in Mozambique and Mayotte, with significant casualties and widespread destruction of urban areas and infrastructure.

Droughts are also intensifying. In southern Madagascar in 2020, prolonged drought caused a severe famine (known as *Kéré*), affecting over 500,000 people.

These consequences of global warming are particularly severe in the Indian Ocean zone, where certain countries have limited resources and inadequate emergency supplies. They also lack preparedness for disaster response, with limited public awareness. Risk prevention is insufficiently integrated into practices (urban and territorial planning etc.). Strengthening disaster prevention and response capabilities in the face of natural disasters is therefore a major challenge for exposed countries.



CALL FOR PROJECTS – TERMS AND CONDITIONS

I. Objectives

Given the challenges outlined above, the objective of this call for projects is to strengthen the resilience⁵ to climate change of Indian Ocean countries and territories through two sub-actions:

Sub-Action 1 (5.1.1) – Sustainable Food Security

The challenges of climate change pose significant risks to both populations and their livelihoods in the Indian Ocean.

Research, a key tool in addressing these global disruptions, is one of the solutions implemented in the region.

A shift towards more sustainable and productive agricultural and food systems is essential. This sub-action aims to support collaborative research to implement improved agro-ecological practices, ensuring sufficient and high-quality food supply for populations in the IO region.

Sub-Action 2 (5.1.2) – Disaster risk prevention and reduction

Given the increasing intensity of natural disasters linked to climate change, this sub-action aims to strengthen the prevention, preparedness and response capacities of Indian Ocean stakeholders in disaster risk management. It also seeks to enhance regional monitoring and surveillance capacities on a regional level.

II. Complementarity of joint ERDF-NDICI projects

In order to facilitate the achievement of the objectives defined above, each ERDF-NDICI project must comprise two distinct but interconnected components (ERDF and NDICI) aimed at the same objective.

For the record, the NDICI contribution agreement stipulates in its annex 1, section 9 :

"The steering committee will decide, prior to the publication of the call for projects, on the roles and responsibilities of the main beneficiary (ERDF), who will also act as project coordinator for the IVCDICI-Global Europe funding component. After the call for projects is published, project applications will be submitted by the main beneficiary (ERDF), which will also act as project coordinator for the IVCDICI-Global Europe funding component."

Furthermore, in accordance with this provision and the Managing Authority's note on NDICI rules and procedures, the expected arrangement is as follows:

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⁵ "Resilience" as defined by the IPCC – Intergovernmental Panel on Climate Change:

"Resistance capacity of a social economic system to withstand a disruption or dangerous event, enabling it to respond or re-organise in such a way as to maintain its essential function, identity and structure, while retaining its abilities to adapt, learn and transform."



ERDF-NDICI PROJECT	
Common objectives, joint formulation and implementation of the two components.	
ERDF PART	NDICI PART
ERDF Beneficiary	Lead NDICI Beneficiary
<p>Under French law and originating from the territory of Réunion or Mayotte, in accordance with the rules relating to the applicable regulations on the ERDF and the characteristics of the INTERREG Indian Ocean program.</p> <p>The ERDF beneficiary is the coordinator of the ERDF-NDICI project for both of its components.</p> <p>The ERDF beneficiary may also be the lead NDICI beneficiary.</p>	<p>Beneficiary of a third country or national of the territory of Réunion or Mayotte.</p>
<p>Indicators common to both components, enabling the achievement of objectives to be determined for both the ERDF component and the NDICI component.</p> <p>Thus, even though the two beneficiaries, ERDF and NDICI, are distinct, the ERDF beneficiary is responsible for coordinating the reporting of predefined indicators.</p> <p>In doing so, the two beneficiaries, ERDF and NDICI, work together to achieve the overall project results, demonstrating the effectiveness of the cooperation approach.</p>	
<p><i>The Regional Council will sign an ERDF contract (agreement) with the ERDF beneficiary for the ERDF component.</i></p>	<p><i>The Regional Council will sign an NDICI contract (agreement) with the lead NDICI beneficiary for the NDICI component.</i></p>

The beneficiary(ies) will endeavor to demonstrate the complementarity of ERDF and NDICI interventions and budgets, and justify in the budget estimate that the chosen organization ensures that the same expenditure is not financed twice by the ERDF and NDICI.

• Functions and responsibilities of the main ERDF beneficiary, project coordinator for the NDICI financing component :

With regard to its duties as coordinating beneficiary, it is understood that the beneficiary undertakes to fulfill the following obligations for the proper implementation of the overall ERDF-NDICI project:

- The ERDF beneficiary coordinates the progress and successful completion of the overall ERDF-NDICI project;



- The ERDF beneficiary coordinates the smooth coordination between the two components for completion within the specified time frame;
- The ERDF beneficiary ensures that the objectives of the ERDF-NDICI project are met from both a quantitative and qualitative point of view and monitors the quality of the planned deliverables;
- The ERDF beneficiary reports to the GA, as necessary, on the progress of the overall project, and in particular on the agreed project indicators.

In the event that the ERDF beneficiary and the NDICI lead beneficiary are different, the NDICI lead beneficiary must report to the main ERDF beneficiary on the progress of the NDICI component at each stage.

III. Technical Description

Sub-Action 1: Sustainable Food Security

ERDF COMPONENT

TYPES OF ACTION

The following actions may, notably, be supported:

- Data collection and knowledge acquisition on regional agro-biodiversity to preserve, diversify and secure agriculture in the region—such as the inventory and promotion of agricultural plant genetic resources collections⁶.
- Development of plant health surveillance systems and pest control using biocontrol techniques.
- Conservation, preservation, and enhancement of natural and agri-food resources.
- Development of sustainable and healthy food systems in the region (production and consumption).
- Improvement of the socio-economic and environmental performance of agricultural production systems.

⁶ The genetic plant resources of traditional, major or neglected food species present in the Indian Ocean constitute the pool of biodiversity and genes that can be mobilised to ensure genetic progress in the context of agro-ecological transition.



ELIGIBLE BENEFICIARIES

Eligible beneficiaries include associations (non-profit bodies), public institutions, public-interest groups (GIP) or public research structures in Reunion or Mayotte⁷.

SCOPE OF ELIGIBLE AND NON-ELIGIBLE EXPENSES (Please refer to EU regulations 2021/1060 and 2021/1059, as well as the guide for project leaders.)

Eligible expenses:

- Direct internal costs: provided they are not funded otherwise and are clearly detailed during the project assessment (examples for personnel expenses: name, position, rate of remuneration, project involvement (time spent, and calculation method).
- Airfare and visa costs.
- Travel, accommodation, and meal expenses related to project activities (in application of the internal structure's scale, if available, otherwise in application of the French civil service scale, within EU limits).
- External services essential for the success of the project.
- Indirect costs eligible at a flat rate of 15% of direct eligible staff costs.

Non-Eligible Expenses:

- VAT.
- Fines, financial penalties, late interest payments and overdraft interest.
- Real estate-related expenses (construction, acquisition, extension or renovation of buildings).
- Second-hand equipment.
- Reconditioned equipment.
- Vehicles.
- Replacement of amortized assets.
- Legal fees related to disputes or tax rulings.
- Subscription and rental fees (including digital storage spaces, etc.).
- Event-related catering expenses.
- Office supplies and equipment.
- Cash payments.
- Routine office equipment.
- Any expense below €500 (excluding VAT) will not be considered, except for staff remuneration (including intern stipends) and travel expenses.

Note: External study costs will be capped at €1,000 per day per person (excluding VAT).

FUNDING CONDITIONS

Eligible Expenses	ERDF	CPN
<u>100%</u>	<u>85%</u>	<u>15%</u>

⁷ Provided that the NDICI partner is from a country outside the geographical area of the Interreg Mozambique Channel program.



NDICI COMPONENT

TYPES OF ACTION

The following actions may be supported:

- Support for stakeholders involved in the production of quality seeds and plants, ensuring they meet final standards for safe distribution;
- Actions related to the production and multiplication of healthy, climate-adapted and certified seeds and plants (such as pulses, tubers, maize, etc.)

ELIGIBLE BENEFICIARIES

Associations, public institutions, public-interest groups (GIP), and public research organizations of the territories of Reunion, Mayotte, or other eligible areas in the zone⁸.

SCOPE OF ELIGIBLE EXPENSES

(Please refer to Regulation (EU) 2021/947)

- Personnel expenses ;
- Air travel and visa costs;
- Travel, accommodation and catering costs related to the project (according to the structure's internal scale, if available, and failing that, according to the civil service scale, within the EU ceiling);
- External services required for the smooth running of the project
- Property-related expenses (construction, acquisition, extension, renovation of premises);
- Materials and equipment
- Equipment related to the renewal of depreciated assets;
- Expenses paid in cash (up to €1,000 excl. VAT);
- First-level" inspection expenses.

FUNDING CONDITIONS

Eligible Expenses	NDICI
<i>100%</i>	<i>100%</i>

⁸ The islands of Comoros, Madagascar, Mauritius and the Seychelles, as well as Kenya, Mozambique and Tanzania.



Sub-action 2: Disaster Risk Prevention and Reduction

ERDF COMPONENT

TYPES OF ACTION

The following actions may be supported:

- Training of institutional and associative actors involved in disaster risk management in Indian Ocean countries;
- Public awareness campaigns on natural hazards;
- Establishment of coordinated response mechanisms in the event of natural disasters;
- Coordination and networking activities for climate change monitoring, disaster preparedness and response to natural hazards.

ELIGIBLE BENEFICIARIES

Associations (non-profit bodies), public institutions, local, regional, or national public authorities in the territories of Reunion and Mayotte⁹.

SCOPE OF ELIGIBLE AND NON-ELIGIBLE EXPENSES

(Please refer to Regulations (EU) 2021/1060 and 2021/1059, as well as the guide for project leaders)

Eligible Expenses

- Direct internal expenses, provided they are not funded otherwise and are clearly presented during the evaluation phase (examples for personnel expenses: name, position, rate of remuneration, time spent on the project and calculation method);
- Air transport and visa fees;
- Travel, accommodation, and meal expenses related to actions (in application of the internal scale of the organization, or, in its absence, in application of the French public service scale, within the EU limit);
- External services necessary for the successful implementation of the project;
- Costs of organizing seminars, awareness campaigns, training sessions, and exchange programs;
- Expenses related to the development and implementation of materials (communication tools, educational materials, publications, etc.);
- Costs for project promotion and dissemination of results (outreach, communication, publication);
- Indirect costs eligible at a flat rate of 15% of direct eligible personnel costs.

Note: External study costs are capped at €1,000 per day per person (excluding VAT).

Non-Eligible Expenses

- VAT
- Fines, financial penalties, late fees, interest charges
- Real estate-related expenses (construction, acquisition, expansion, rehabilitation of premises)
- Second-hand equipment
- Refurbished equipment
- Vehicles

⁹ Providing that the NDICI partner is from a State outside the geographical area of the Interreg Mozambique Channel program.



- Equipment for replacing amortized assets
- Legal fees related to litigation or tax rulings
- Subscriptions/rentals (including digital storage spaces)
- Catering costs for events
- Office materials and equipment
- Expenses paid in cash
- Common office supplies
- Any expense under €500 (excluding VAT) will not be considered, except for staff remuneration (including intern stipends) and travel expenses.

FUNDING CONDITIONS

Eligible Expenses	ERDF	CPN
<u>100%</u>	<u>85%</u>	<u>15%</u>

NDICI COMPONENT

TYPES OF ACTIONS

The following actions may, notably, be supported:

- Training of institutional and associative actors involved in disaster risk management in Indian Ocean countries;
- Public awareness campaigns on natural hazards;
- Establishment of coordinated response mechanisms in the event of natural disasters;
- Coordination and networking activities for climate change monitoring and observation, disaster preparedness and response to natural hazards;
- Construction of warehouses or infrastructures ;
- Pre-position emergency equipment stocks.

ELIGIBLE BENEFICIARIES

Associations (non-profit bodies), public institutions, public-interest groups (GIP), local, regional, or national public authorities of the territories of Reunion, Mayotte, or other eligible areas in the zone ¹⁰.

SCOPE OF ELIGIBLE EXPENSES (Please refer to Regulation (EU) 2021/947)

- Personnel expenses ;
- Air travel and visa costs;
- Travel, accommodation and catering costs related to the project (according to the structure's internal scale, if available, and failing that, according to the civil service scale, within the EU ceiling);
- External services required for the smooth running of the project
- Property-related expenses (construction, acquisition, extension, renovation of premises);
- Materials and equipment
- Equipment related to the renewal of depreciated assets;
- Expenses paid in cash (up to €1,000 excl. VAT);
- First-level" inspection expenses.

¹⁰ The islands of Comoros, Madagascar, Mauritius and the Seychelles, as well as Kenya, Mozambique and Tanzania.



FUNDING CONDITIONS

Eligible Expenses	NDICI
<u>100%</u>	<u>100%</u>

IV. Geographical Scope

The actions undertaken will cover the territories of Reunion and Mayotte, as well as the following countries: Comoros, Madagascar, Mauritius, Seychelles, Tanzania, Mozambique and Kenya.

V. Indicators

In accordance with:

- Article 16 of Regulation (EU) 2021/1060
- Article 34 of Regulation (EU) 2021/1059

1. Sub-action 1: Sustainable Food Security

	Title	Values		
		Unit of measure	Intermediate (2024)	Target (2029)
Indicator of output	CO 007: Research organizations participating in joint research projects	Number of organizations		
	CO 116: Jointly developed solutions	Number of solutions		
Indicator of result	CR 104: Solutions adopted or developed by organizations	Number of organizations		

2. Sub-action 2: Disaster risk prevention and reduction

	Title	Values		
		Unit of measure	Intermediate (2024)	Target (2029)
Indicator of output	CO 024: Investments in new or upgraded systems for disaster monitoring, preparedness, alert, and response to natural hazards	Number of investments		26,540
	RCO 081: Participation in joint cross-border actions	Number of participations		5
	RCO 085 : Participation in joint training actions	Number of participations	0	10
Indicator of result	RCR 081: Completed joint training actions	Number of participants		10
Specific indicator of result	R 001: Population reached through awareness campaigns on natural and health risks	Number of individuals		1000



In addition, projects must contribute to the following indicators:

- The proportion of women participating in project implementation;
- The number of ultimate beneficiaries (target audiences) of joint NDICI-ERDF projects implemented within the framework of the program (disaggregated by gender).

VI. Project analysis and selection criteria

Project proposals will be analyzed and selected on the basis of the following criteria:

I. Eligibility criteria ¹¹

- ERDF cross-cutting and regulatory criteria

- Compliance with the Charter of Fundamental Rights of the European Union and the horizontal principles set out in Article 9 of Regulation (EU) 2021/1060 ;
- Contribution of the project to the objectives of the European Union and those of the INTERREG VI Indian Ocean program;
- Compliance with applicable law for any operation started prior to submission of the grant application to the managing authority: any operation started (excluding operations subject to state aid schemes) must not have been completed when the application is submitted;
- Where applicable, for projects subject to state aid, the projects supported must be compatible with state aid regulations;
- In the case of infrastructures and operations open to the public, the operations supported must systematically guarantee non-discriminatory access to the premises for the public concerned;
- Operations will be selected in line with the program's dividing lines, to ensure efficiency, optimum use and secure use of Community funds;
- The project must meet at least two of the following four cooperation criteria (recital 25 of regulation (EU) 2021/1059): joint development; joint implementation; staffing; joint financing;
- The beneficiary (ERDF section) must be from Réunion or Mayotte.

- NDICI transversal and regulatory criteria

- Compliance with the general principles set out in Article 8 of Regulation (EU) No. 2021/947 establishing the European Neighborhood, Development and International Cooperation Instrument;
- Compliance with the general conditions of the NDICI contribution agreement, in particular article 2.9 (cf. annex 4 attached)

¹¹ If these criteria are not met, the application will not be accepted.



*II. Qualitative criteria*¹²

- General criteria

- Beneficiaries must have the financial and administrative capacity to carry out the project;
- Beneficiaries must have at least some experience in coordinating European structural investment funds (ERDF) and EU external policy funds, as EDF or NDICI;
- Beneficiaries must have at least some experience of public procurement in accordance with PRAG rules;
- Projects must cover at least three countries in the area covered by NDICI funds (Comoros, Madagascar, Mauritius, Seychelles, Mozambique, Kenya, Tanzania).
- Beneficiaries and partners must have competence or experience in the project's field of activity;
- The project must be mature (project whose stages of completion allow for a quick start) ;
- The project must include a strategy for communicating and promoting the actions supported;
- The applicant must indicate the impact and spin-offs of the project for the area concerned and its local populations;
- The project is consistent with the EU's Global Gateway strategy and PIPs on the one hand, and with the priorities of the countries involved (national strategies, regional strategies) on the other hand.

- Specific thematic criteria

Sub-action 1: Sustainable food security

- The project will strengthen cooperation between regional players (institutions, researchers, farmers, non-profit organizations representing the private sector, etc.);
- The project will propose innovative solutions for a sustainable agricultural system adapted to each territory concerned;
- The project will involve civil society players and/or local populations (awareness-raising actions, scientific mediation, etc.).
- The project will enable the production/multiplication of seeds (improved but not genetically modified) and healthy seedlings of varieties adapted to local contexts;
- The project enables the large-scale distribution of these seeds and seedlings within a territory and in the Indian Ocean zone;
- The project promotes the implementation of national and regional strategies to ensure the reproducibility of results and the structuring of seed chains.

Sub-action 2: Disaster prevention and risk reduction

- The project will propose responses and/or ways of improving people's resilience to disasters, based on the national risk and disaster management strategies of the countries involved;
- The project should propose disaster watch and monitoring actions, highlighting initiatives that

¹² These criteria will be graded - see Annex 1.



incorporate local practices and give priority to low-tech and resilient solutions;

- The project should include “community” awareness-raising initiatives (schoolchildren, civil society, etc.);

- The project will promote the introduction of tools and systems to encourage networking between players in the field of risk management.

VII. Expense control procedures

Control procedures for expenditure incurred by NDICI beneficiaries :

NDICI expenditure incurred in third countries, under certain conditions, will be subject to audit by an international audit firm recognized by the European Commission and included in the list presented in Annex 2, in accordance with the procedures set out in Annex 3.

Terms and conditions to be met:

1. These expenditures will be eligible by nature if they are included in a payment request.
2. A reasonable period of time (approximately one month) should therefore be allowed for the submission of a request for an advance payment or balance payment, in order to enable the international audit firm to complete its checks.
3. To be eligible, the expense related to control must correspond to an invoice issued by an international audit firm recognized by the European Commission and included in the list in Annex 2, and must be included in the eligibility period of the operation.
4. It is therefore advisable to include this line of expenditure in the provisional budget when submitting the grant application.

VIII. Procedures for processing a request for advance/balance issued by an NDICI beneficiary

See diagram in annex 3.

IX. Presentation of Proposals

ERDF and NDICI Budgets

Presentation of budgets and timeframe:

In the single response file to the call for proposals on the two components, ERDF and NDICI, the bidder shall submit a joint provisional budget, in accordance with the following format :



Multi-year forecast budget in anticipation of expenditure for each component

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Total</u>	
NDICI operation					
ERDF operation					<i><u>ERDF data to be entered into the portal</u></i>
Total					

The phasing of the projected budget for the ERDF component in particular is important, in view of the automatic decommitment constraint facing the INTERREG program.

The EU amount requested must be equal to or greater than 2M euros (ERDF-CTE and NDICI).

If the applicant wishes to benefit from a national counterpart from the Regional Council of La Réunion within the framework of the ERDF component, this must be specified in the application.

Single grant application file (and response to the call for projects) : The single grant application file must be submitted by the main ERDF beneficiary and will cover both components of the overall ERDF-NDICI project.

The file must clearly identify the NDICI lead beneficiary and the cooperation scheme. The NDICI lead beneficiary must complete an “application form” for the NDICI component of the project, to be attached to the grant application (a template of which can be requested from the reviewing department).

Submission

Applications must be submitted by the main ERDF beneficiary, project coordinator for the NDICI funding component, electronically via the regional European funds portal at the following address: <https://aides.regionreunion.com/reunion-portal/>

Projects falling under sub-action 1 are covered by Interreg action sheet 1.1 of OS 1.1.

Projects falling under sub-action 2 are covered by Interreg action sheet 2.2 of OS 2.4.

The list of documents required for the grant application file shall include all the documents requested in this call for proposals. The reviewing department may request additional documents that it deems necessary for the review of the file, depending on the nature of the operation, the expenses presented, etc.

The applicant must undertake to request only the financial resources specified in its grant application.

As a reminder, a “Procedure sheet - account creation” and information on the INTERREG VI OI 2021-2027 program are available on the Réunion Region website at the following link: <https://www.regionreunion.com/aides-services/article/votre-projet-interreg-vi-2021-2027>.

Before submitting the grant application file, but also in the event of technical difficulties during submission, applicants should contact the following points of contact :



Contact - **Sub-action 1: Sustainable Food Security**
Direction FEDER Recherche Innovation (DFRI)
Tel: +262 2 62 30 87 48 Email: dfri@cr-reunion.fr

Contact - **Sub-action 2: Disaster Risk Prevention and Reduction**
Direction FEDER Développement Durable (DFDD)
Tel: +262 2 62 67 14 49 Email: dfdd@cr-reunion.fr

It is strongly recommended that applicants do not wait until the submission deadline to start (or finalize) their application. The Managing Authority will not be held responsible for any technical difficulties unless there is verifiable unavailability of the platform.

X. Competition rules for procurement (EU PRAG rules applicable to NDICI)

Project leaders are expected to be familiar with PRAG rules. However, they are encouraged to review the "PRAG" rules before submitting their project:
<https://wikis.ec.europa.eu/display/ExactExternalWikiFR/1.+Introduction>

Additionally, the European Commission has provided online training modules:
<https://webgate.ec.europa.eu/intpa-academy/enrol/index.php?id=55>

When submitting their project, project leaders are deemed to have read and understood these PRAG rules and commit to implementing and complying with them.

XI. Selection Procedure

- Validation of Call for Projects Results

Submitted applications will be assessed for eligibility and selected on the basis of the evaluation criteria and the analysis and scoring grid in Annex 1. The selection will be subject to the approval of the INTERREG VI program modification by the European Commission and commitment of the NDICI component.

Applications will be reviewed, within the limits of available funds, by the services of the Reunion Regional Council. The indicative budget for this Call for Projects is available on the Reunion Regional Council website <https://regionreunion.com>, under: "Preliminary shedule for Calls for Expressions of Interest/Calls for Projects". During this phase, technical and administrative clarifications may be requested from applicants to finalize the review process of files.

Eligible projects receiving a score above 15/20 will be pre-selected and subsequently presented for selection to the INTERREG-NDICI committee and the Reunion Regional Council standing committee for budget commitment, if applicable.



- Notification of the Managing Authority's decision

The project leader will be notified in writing of the decision taken by the managing authority and, in the event of rejection, of the reasons for this negative decision.

For projects selected with a complete financing plan, the financing agreement will be sent following notification of the managing authority's decision.

The project may have started prior to the selection of the project and from the publication of the present AAP.

No changes to the project that would have an impact on the selection or scoring criteria are permitted.



LIST OF ANNEXES

- **ANNEX 1 : SCORING GRID**

- **ANNEX 2 : LIST OF AUDIT FIRMS**

- **ANNEX 3 : PROCEDURES FOR PROCESSING A REQUEST FOR A DEPOSIT/BALANCE BY AN NDICI BENEFICIARY**

- **ANNEX 4 : GENERAL CONDITIONS FOR CONTRIBUTION AGREEMENTS** (*annex 2 of the NDICI contribution agreement*)



ANNEX 1 : SCORING GRID

Selection criteria	Scoring	Supporting documents
1. General criteria	From 0 to 12	
1.1 Beneficiaries have the financial and administrative capacity to successfully carry out the project	Yes : 1 No : 0*	Application file and other references
1.2 Beneficiaries must have at least some experience in coordinating European Structural Investment Funds (ERDF) and EU external policy funds as EDF or NDICI	Yes : 1 No : 0*	Application file and other references
1.3 Beneficiaries must have at least some experience in public procurement under PRAG rules	Yes : 1 No : 0*	Application file and other references
1.4 Projects must cover at least three countries in the NDICI-funded area (Comoros, Madagascar, Mauritius, Seychelles, Mozambique, Kenya, Tanzania)	Yes : 1 No : 0*	Application file and other references
1.5 Beneficiaries and partners have expertise or experience in the project's field of activity	More than 5 years of experience : 2 points Less than 5 years of experience : 1 point No experience in the project's field of activity : 0	Application file and other references
1.6 The project must be mature (project whose stages of completion allow for a quick start)	Yes : 2 No : 0	Application file
1.7 The project must include a communication and outreach strategy for the supported actions	Yes : 1 No : 0	Application file
1.8 The applicant must indicate the impacts and benefits of the project for the territory concerned and its local populations	- the impacts and benefits are clearly identified and objectified (1 point) - the impacts and benefits are not included in the application file (0*)	Application file
1.9 The project aligns with EU's Global Gateway strategy and PIPs on the one hand, and with the priorities of the countries involved (national strategies, regional strategies) on the other hand.	Yes : 2 Partially : 1 No : 0	Application file



SUBTOTAL		/12	
	2. Specific thematic criteria	From 0 to 8	
<i>Sub-action 1: Sustainable food security</i>	2.1 The project should strengthen cooperation between regional stakeholders (institutions, researchers, farmers, non-profit organizations representing the private sector, etc.)	Yes : 1 No : 0	Application file
	2.2 The project will propose innovative solutions for a sustainable agricultural system adapted to each territory concerned	Yes : 1 No : 0	Application file
	2.3 The project will involve civil society actors and/or local populations (awareness-raising activities, scientific mediation, etc.)	Yes : 2 No : 0	Application file
	2.4 The project will enable the production/multiplication of seeds (improved but not genetically modified) and healthy plants of varieties adapted to local contexts	Yes : 1 No : 0	Application file
	2.5 The project will enable the large-scale distribution of these seeds and seedlings within the territory and in the Indian Ocean region	Yes : 1 No : 0	Application file
	2.6 The project promotes the implementation of national and regional strategies to ensure the reproducibility of results and the structuring of seed sectors	Yes : 2 No : 0	Application file
	SUBTOTAL		/8
TOTAL		/20	

	2. Specific Thematic Criteria	From 0 to 8	
<i>Sub-action 2: Disaster Risk Prevention and Reduction</i>	2.1 The project must propose solutions and/or avenues for improving the resilience of populations to disasters, based on the national risk and disaster management strategy of the countries involved	Yes : 2 No : 0	Application file
	2.2 The project must propose disaster monitoring and surveillance actions, promoting initiatives that incorporate local practices and favor low-tech and resilient solutions	Yes : 2 No : 0	Application file
	2.3 The project must include community awareness-raising actions (school audiences, civil society, etc.)	Yes : 2 No : 0	Application file
	2.4 The project promotes the implementation of tools and mechanisms that encourage networking among actors in the field of risk management.	Yes : 2 No : 0	Application file
	SUBTOTAL		/8
TOTAL		/20	

* A score of 0 is eliminatory.

Applications scoring below the threshold of 15/20 will not be selected.

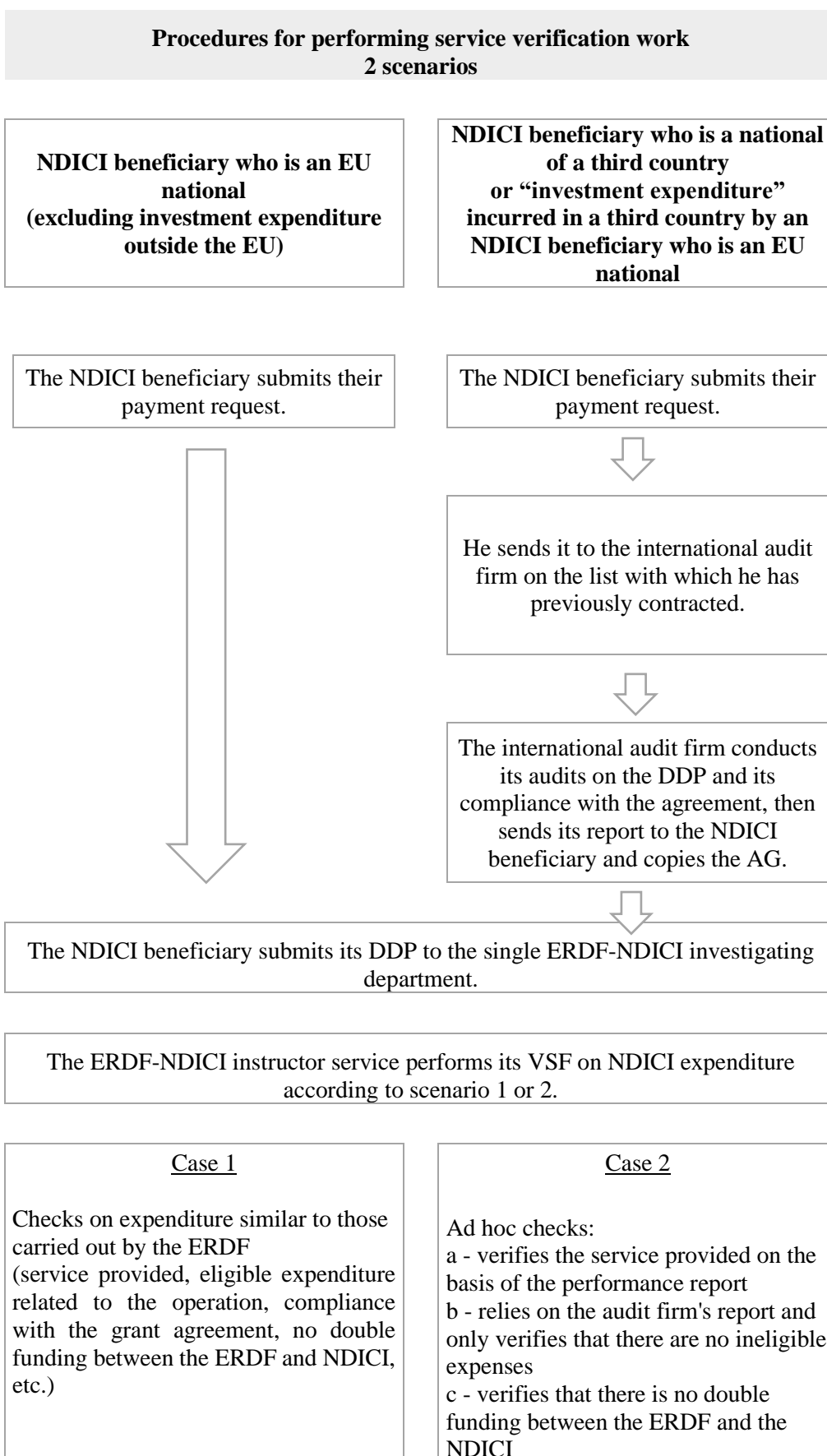


ANNEX 2 : LIST OF AUDIT FIRMS

- KMPG Auditores S.L
- MAF Auditores S.L.P
- Mazars SA
- Grant Thornton SAS
- PricewaterhousCoopers Audit OOD
- Deloitte
- Ernst and Young



**ANNEX 3 : PROCEDURES FOR PROCESSING A REQUEST FOR A DEPOSIT/BALANCE
BY AN NDICI BENEFICIARY**



ANNEX 4 : GENERAL CONDITIONS FOR CONTRIBUTION AGREEMENTS



ANNEX II - General Conditions for Contribution Agreements

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Article 1: Definitions

Action: the cooperation programme or project partly or wholly financed by the EU, which is carried out by the Organisation as described in Annex I. Where reference is made to the Action or part of the Action financed by the EU Contribution, this refers both (i) to activities exclusively financed by the EU Contribution and (ii) to activities jointly co-financed by the EU.

Contractor: a natural or legal person with whom a Procurement Contract has been signed.

Days: calendar days.

Early Detection and Exclusion System: a system set up by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015 on the financial rules applicable to the general budget of the Union (OJ L 286/1, 30.10.2015), which includes information on the early detection of risks threatening the EU financial interests, on the cases of exclusion from EU funding of legal and natural persons and on the cases of imposition of financial penalties.

End Date: the date by which the Agreement ends, i.e. the moment of the payment of the balance by the Contracting Authority in accordance with Article 17 or when the Organisation repays any amounts paid in excess of the final amount due pursuant to Article 18. If any of the Parties invokes a dispute settlement procedure in accordance with Article 13, the End Date shall be postponed until the completion of such procedure.

EU Financial Regulation Regulation (EU, Euratom) No. 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Council Regulation (EC, Euratom) No 996/2012 (OJ L 193, 30.7.2018, p. 1).

Ex-ante Pillar-Assessment: an assessment of the systems, rules and procedures carried out in order to check whether such entity demonstrates a level of protection of the EU financial interests equivalent to that existing when the European Commission implements the budget itself.

Final Beneficiary: a natural or legal person ultimately benefitting from the Action.

Force Majeure: any unforeseeable and exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under the Agreement, which may not be attributed to error or negligence on either part (or on the part of the Grant Beneficiaries, Partners, Contractors, agents or staff), and which could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making them available cannot be invoked as force majeure, unless they stem directly from a relevant case of force majeure. Labour disputes, strikes or financial problems of the Organisation cannot be invoked as force majeure by the defaulting Party.

Grant: a direct financial contribution by way of donation given by the Organisation or a Partner to finance third parties activities, including sub-granting and procurement for the implementation of these activities.

Grant Beneficiary:	a natural or legal person to whom a Grant has been awarded.
Grave Professional Misconduct:	any of: <ul style="list-style-type: none"> a violation of applicable laws or regulations, in particular the Organisation's Regulations and Rules, or ethical standards of the profession to which a person or entity belongs, including any conduct leading to sexual or other exploitation or abuse, or any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.
Impact:	the overall objective of the Action entailing positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator:	the quantitative and/or qualitative factor or variable that provides a simple and reliable means to measure progress in the achievement of the relevant Results of the Action. An indicator must have an agreed baseline, target and source of data.
Internal Control System:	a process applicable at all levels of management designed to provide reasonable assurance of achieving the following objectives: <ul style="list-style-type: none"> a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; e) adequate management of the risks relating to the legality and regularity of the financial operations, taking into account the multiannual character of programmes as well as the nature of the payments concerned.
International Organisation:	an international public-sector organisation set up by international agreement (including specialised agencies set up by such organisations), or an organisation assimilated to international organisations in accordance with the EU Financial Regulation.
Member State Organisation:	an entity established in a Member State of the European Union as a public law body or as a body governed by private law entrusted with a public service mission and provided with adequate financial guarantees from the Member State.
Multi-Donor Action:	an Action co-financed by the EU Contribution (whether or not earmarked) and other donor(s).
Outcome:	the specific objective of the Action entailing the likely or achieved short-term and medium-term effects of an Action's Outputs. For non-EU external actions "Outcomes" are synonymous of Results.
Output:	the products, capital goods and services which result from an Action's activities.
Partner:	an entity implementing part of the Action and being a party to the relevant Contribution Agreement together with the Organisation.
Procurement Contract:	a contract signed between the Contractor and either the Organisation or a Partner under which the Contractor provides services, supplies or works.

Regulations and Rules: regulations, rules, organisational directives, instructions and other parts of the regulatory framework of the Organisation.

Result: the Output, Outcome or Impact of an Action.

Sound Financial Management:

a principle overarching the implementation of this Agreement, namely economy, effectiveness and efficiency (including all aspects of internal control). The principle of economy requires that resources used in the pursuit of the implementation of the Action shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of effectiveness concerns the attainment of the specific objectives and the achievement of the intended results. The principle of efficiency concerns the best relationship between resources employed and results achieved.

Article 2: General obligations

Implementation of the Action

- 2.1 The Organisation is responsible for the implementation of the Action described in Annex I, regardless of whether the activities are performed by the Organisation itself, a Contractor or a Grant Beneficiary. Both Parties will endeavour to strengthen their mutual contacts with a view to foster the exchange of information throughout the implementation of the Action. To this end, the Organisation and the Contracting Authority shall participate in coordination meetings and other jointly organised common activities, and the Organisation shall invite the European Commission to join any donor committee which may be set up in relation to the Action.
- 2.2 In the performance of the activities and subject to ad-hoc provisions stipulated in the Special Conditions, if any, the Organisation shall apply its own rules and procedures, which have been subject to the Ex-ante Pillar-Assessment, as regards:
- a) internal control;
 - b) accounting system;
 - c) independent external audit;
 - d) exclusion from access to funding;
 - e) publication of information on recipients;
 - f) protection of personal data.

The Organisation may apply its own rules and procedures as regards the award and management of Grants and/or Procurement Contracts only if and to the extent provided for by the Special Conditions, including any ad hoc measures.

As regards the publication of information on recipients, the Organisation shall authorise the publication of the website where it publishes the information referred to in Article 3.8 d) on the European Commission's website.

- 2.3 Where the Organisation has been fully or partially exempted, by the European Commission, from undergoing the Ex-ante Pillar Assessment, it may apply its own rules and procedures in the areas provided for under Article 2.2, subject to ad-hoc provisions stipulated in the Special Conditions, if any.
- 2.4 The Organisation may use any Regulations and Rules which have not been subject to an Ex-ante Pillar Assessment to the extent that these Regulations and Rules are not in conflict with the provisions of this Agreement and with the rules and procedures which have been subject to the Ex-ante Pillar-Assessment.

Responsibility

- 2.5 The Organisation shall be responsible for the performance of the obligations under this Agreement with a due degree of professional care and diligence, which means that it shall apply the same level of duty and care which it applies in managing its own funds. The Organisation shall respect the principles of Sound Financial Management, transparency, non-discrimination and visibility of the European Union in the implementation of the Action.
- 2.6 The Organisation shall have full financial responsibility towards the Contracting Authority for all funds, including those unduly paid to or incorrectly used by Contractors or Grant Beneficiaries. The Organisation shall take measures to prevent, detect and correct irregularities and fraud when implementing the Action. To this end, the Organisation shall carry out, in accordance with the principle of proportionality and its positively assessed Regulations and Rules, ex-ante and/or ex-post controls including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions, to ensure that the Action financed by the EU Contribution is effectively carried out and implemented correctly. The Organisation shall inform the European Commission and the Contracting Authority of irregularities and fraud detected in the management of the EU Contribution and the measures taken. Where funds have been unduly paid to or incorrectly used by Contractors or Grant Beneficiaries, the Organisation shall take all applicable measures in accordance with its own Regulations and Rules to recover those funds, including, where appropriate, by bringing legal proceedings and by endeavouring to assign claims against its Contractors or Grant Beneficiaries to the Contracting Authority or the European Commission. Where the Organisation has exhausted such measures and the non-recovery is not the result of error or negligence on the part of the Organisation, the Contracting Authority will consider the amounts that could not be recovered from Contractors and/or Grant Beneficiaries as eligible costs.

Other obligations

- 2.7 The Organisation undertakes to ensure that the obligations stated in this Agreement under Articles 2.9-Other obligations, 5-Conflict of interests, 7- Visibility, and Article 15-Archiving, access and financial checks apply, where applicable, to all Contractors and Grant Beneficiaries.

In addition, the Organisation also undertakes to require Contractors and Grant Beneficiaries to: (i) comply with the relevant national laws and regulations as regards protection of personal data and (ii) ensure accurate and regular records and accounts.

- 2.8 The Organisation shall notify the Contracting Authority and the European Commission without delay of any substantial change in the rules, procedures and systems applied in the implementation of the Action. This obligation concerns in particular (i) substantial changes affecting the Ex-ante Pillar Assessment undergone by the Organisation or affecting the rules and procedures which have been assessed by the European Commission for the purpose of granting an exemption from the obligation to undergo an Ex-ante Pillar Assessment, or (ii) those that may affect the conditions for eligibility provided for in the applicable legal instruments of the EU. The Parties shall use their best efforts to resolve amicably any issues resulting from such changes. The Contracting Authority reserves the right to adopt or require additional measures in response to such changes. In the event an agreement on such measures or other solutions cannot be reached between the Parties, either Party may terminate the Agreement in accordance with Article 12.3.
- 2.9 The Organisation shall promote the respect of human rights and respect applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards. The Organisation shall not support activities that contribute to money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion.
- 2.10 Where the European Commission is not the Contracting Authority, it shall not be a party to this Agreement, with the consequence that rights and obligations are conferred upon it only

where explicitly stated. This is without prejudice to the European Commission's role in promoting a consistent interpretation of the terms of this Agreement.

Article 3: Obligations regarding information and reporting

General issues

- 3.1 The Organisation shall provide the Contracting Authority with full information on the implementation of the Action. To that end, the Organisation shall include in Annex I a work plan at least for the first year of the Implementation Period (or the whole Implementation Period where it is less than one (1) year). The Organisation shall submit to the Contracting Authority progress report(s) and a final report in accordance with the provisions below. These reports shall consist of a narrative part and a financial part.
- 3.2 Every report, whether progress or final, shall provide a complete account of all relevant aspects of the implementation of the Action for the period covered. The report shall describe the implementation of the Action according to the activities envisaged in Annex I as well as the degree of progress towards the achievement of its Results (Outputs, Outcomes and if possible, Impact) as measured by corresponding Indicators. The report shall be drafted in such a way as to allow monitoring of the Results, the means envisaged and employed. The level of detail in any report shall match that of Annexes I and III.
- 3.3 Where the overall action of the Organisation lasts longer than the Implementation Period of this Agreement, the Contracting Authority may request – in addition to the final reports to be submitted pursuant to Article 3.8 - the final reports of the overall action, once available. The Special Conditions shall lay down the rules concerning any remaining funds.
- 3.4 Any alternative or additional reporting requirement shall be set out in the Special Conditions.
- 3.5 The Contracting Authority may request additional information at any time, providing the reasons for that request. Subject to the Organisation's Regulations and Rules, such information shall be supplied within thirty (30) Days of receipt of the request. The Organisation may submit a duly motivated request to extend the 30-Day deadline.
- 3.6 The Organisation shall notify the Contracting Authority without delay of any circumstances likely to adversely affect the implementation and management of the Action, or to delay or jeopardise the performance of the activities.

Content of the reports

- 3.7 The progress report(s) shall relate directly to this Agreement and shall at least include:
 - a) summary and context of the Action;
 - b) actual Results: an updated table based on a logical framework matrix (as included in Annex I) including reporting of Results achieved by the Action (Outputs, Outcomes, and if possible, Impact) as measured by their corresponding Indicators, against agreed baselines and targets, and relevant data sources;
 - c) information on the activities directly related to the Action as described in Annex I and carried out during the reporting period;
 - d) information on the difficulties encountered and measures taken to overcome problems and eventual changes introduced;
 - e) information on measures taken to identify the EU as source of financing, in accordance with Article 7;
 - f) a breakdown of the total costs, following the structure set out in Annex III, incurred from the beginning of the Action as well as the legal commitments entered into by the Organisation during the reporting period;

- g) a summary of controls carried out and available final audit reports in line with the Organisation's policy on disclosure of such controls and audit reports. Where errors and weaknesses in systems were identified, an analysis of their nature and extent, as well as information on corrective measures taken or planned, shall also be provided;
- h) where applicable, a request for payment;
- i) work plan and budget forecast for the next reporting period.

3.8 The final report shall cover the entire Implementation Period and include:

- a) all the information requested in Article 3.7 a) to h);
- b) a summary of the Action's receipts, payments received and of the eligible costs incurred;
- c) where applicable, an overview of any funds unduly paid or incorrectly used which the Organisation could or could not recover itself;
- d) the exact link to the website referred to in last subparagraph of Article 2.2;
- e) if relevant, details of transfers of equipment, vehicles and remaining major supplies mentioned in Article 8;
- f) where the Action is a Multi-Donor Action and the EU Contribution is not earmarked, a confirmation from the Organisation that an amount corresponding to that paid by the Contracting Authority has been used in accordance with the obligations laid down in this Agreement and that costs that were not eligible for the EU Contribution have been covered by other donors' contributions;
- g) where applicable, a request for payment.

3.9 The Organisation shall submit a report for every reporting period as specified in the Special Conditions starting from the commencement of the Implementation Period, unless otherwise specified in the Special Conditions¹. Reporting, narrative as well as financial, shall cover the whole Action, regardless of whether this Action is entirely or partly financed by the EU Contribution. Unless otherwise specified in the Special Conditions, progress reports shall be submitted within sixty (60) Days after the period covered by such report and the final report shall be submitted, at the latest, six (6) months after the end of the Implementation Period.

Management declaration

3.10 Every progress and final report shall be accompanied by a management declaration in accordance with the template included in Annex VI, unless Article 1.5 of the Special Conditions states that a global management declaration shall be sent annually to the European Commission headquarters, separately from the reports provided under this Agreement.

Audit or control opinion for organisations other than International Organisations/Member State Organisations

3.11 In case the Organisation is neither an International Organisation, nor a Member State Organisation, the Organisation shall provide an audit or control opinion in accordance with internationally accepted audit standards, establishing whether the accounts give a true and fair view, whether the control systems in place function properly, and whether the underlying transactions are managed in accordance with the provisions of this Agreement. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration mentioned above.

3.12 Such audit or control opinion shall be provided up to one (1) month following the management declaration sent with every progress or final report, unless Article 1.5 of the Special Conditions states that the global management declaration and the global audit or control opinion shall be

¹ By default, the reporting period is every twelve (12) months as from the commencement of the Implementation Period.

sent annually to the European Commission headquarters separately from the reports provided under this Agreement.

Currency for reporting

- 3.13 The reports shall be submitted in the Currency of the Agreement as specified in Article 3 of the Special Conditions.
- 3.14 The Organisation shall convert legal commitments, the Action's receipts and costs incurred in currencies other than the accounting currency of the Organisation according to its usual accounting practices.

Failure to comply with reporting obligations

- 3.15 If the Organisation is unable to present a progress or final report, together with the accompanying documents, by the deadline set out in Article 3.9, the Organisation shall inform the Contracting Authority in writing of the reasons. The Organisation shall also provide a summary of the state of progress of the Action and, where applicable, a provisional work plan for the next period. If the Organisation fails to comply with this obligation for two (2) months, following the deadline set out in Article 3.9, the Contracting Authority may terminate the Agreement in accordance with Article 12, refuse to pay any outstanding amount and recover any amount unduly paid.

Article 4: Liability towards third parties

- 4.1 The European Commission shall not, 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 European Commission shall not therefore accept any claim for compensation or increase in payment in connection with such damage or injury.
- 4.2 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the implementation of the Action.
- 4.3 The Organisation shall discharge the European Commission of all liability associated with any claim or action brought as a result of an infringement of the Organisation's Regulations and Rules committed by the Organisation or Organisation's employees or individuals for whom those employees are responsible, or as a result of a violation of a third party's rights in the context of the implementation of the Action.

Article 5: Conflict of interests

- 5.1 The Organisation shall refrain, in accordance with its Regulations and Rules, from any action which may give rise to a conflict of interests.
- 5.2 A conflict of interest shall be deemed to arise where the impartial and objective exercise of the functions of any person implementing the Agreement is compromised.

Article 6: Confidentiality

- 6.1 The Contracting Authority and the Organisation shall both preserve the confidentiality of any document, information or other material directly related to the implementation of the Action that is communicated as confidential. The confidential nature of a document shall not prevent it from being communicated to a third party on a confidential basis when the rules binding the Parties, or the European Commission when it is not the Contracting Authority, so require. In no case can disclosure put in jeopardy the Parties' privileges and immunities or the safety and security of the Parties' staff, Contractors, Grant Beneficiaries or the Final Beneficiaries of the Action.

- 6.2 The Parties shall obtain each other's prior written consent before publicly disclosing such confidential information unless:
- a) the communicating Party agrees in writing to release the other Party from the earlier confidentiality obligations; or
 - b) the confidential information becomes public through other means than in breach of the confidentiality obligation by the Party bound by that obligation; or
 - c) the disclosure of confidential information is required by law or by Regulations and Rules established in accordance with the basic constitutive document of any of the Parties.
- 6.3 The Parties shall remain bound by confidentiality for five (5) years after the End Date of the Agreement, or longer as specified by the communicating Party at the time of communication.
- 6.4 Where the European Commission is not the Contracting Authority, it shall nonetheless have access to all documents communicated to the Contracting Authority, and shall maintain the same level of confidentiality.

Article 7: Visibility

Visibility

- 7.1 Unless the European Commission requests or agrees otherwise, the Organisation shall take all appropriate measures to publicise the fact that the Action has received funding from the EU. Such measures shall be carried out in accordance with the Visibility Requirements for EU External Action², as in effect at the time of entry into force of this Agreement or with any other guidelines agreed between the European Commission and the Organisation.
- 7.2 If, during the implementation of the Action, equipment, vehicles or major supplies are purchased using the EU Contribution, the Organisation shall display appropriate acknowledgement on such vehicles, equipment or major supplies, including the display of the EU emblem (twelve yellow stars on a blue background). Where such display could jeopardise the Organisation's privileges and immunities or the safety of the Organisation's staff or of the Final Beneficiaries, the Organisation shall propose appropriate alternative arrangements. The acknowledgement and the EU emblem shall be of such a size and prominence as to be clearly visible in a manner that shall not create any confusion regarding the identification of the Action as an activity of the Organisation, nor the ownership of the equipment, vehicles or major supplies by the Organisation.
- 7.3 If, pursuant to Article 8.5, the equipment, vehicles or remaining major supplies purchased with the EU Contribution have not been transferred to the local authorities, local Grant Beneficiaries or Final Beneficiaries when submitting the final report, the visibility requirements as regards this equipment, vehicles or major supplies (in particular display of the EU emblem) shall continue to apply between submission of the final report and the end of the overall action, if the latter is longer. Where the Organisation retains ownership in accordance with Article 8.6, the visibility requirements shall continue to apply as long as the relevant equipment, vehicles or remaining major supplies are used by the Organisation.
- 7.4 Unless otherwise provided in the Special Conditions, if disclosure risks threatening the Organisation's safety or harming its interests, the European Commission and the Contracting Authority (if other than the European Commission) may publish in any form and medium, including on its websites, the name and address of the Organisation, the purpose and amount of the EU Contribution.
- 7.5 The Organisation shall ensure that reports, publications, press releases and updates relevant to the Action are communicated to the addresses stated in the Special Conditions upon their issuance.

² Visibility in EU-financed external actions – Requirements for implementing partners (Projects), available at: https://ec.europa.eu/intpa/comm-visibility-requirements_en.

- 7.6 The Parties will consult immediately and endeavour to remedy any detected shortcomings in implementing the visibility requirements set out in this Article. This is without prejudice to measures the Contracting Authority may take in case of substantial breach of an obligation.

Communication

- 7.7 In addition to the obligations stipulated under Article 7.1 to 7.6, the Organisation shall implement, if applicable, communication activities as described in Annex I.

Article 8: Right to use results and transfer of equipment

Right to use

- 8.1 Ownership of the results of the Action shall not vest in the Contracting Authority. Subject to Article 6, the Organisation shall grant, and shall act to ensure that any third party concerned grants the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use free of charge the results of the Action, including the reports and other documents relating to it, which are subject to industrial or intellectual property rights.
- 8.2 Where the results mentioned in Article 8.1 include pre-existing rights and the Organisation cannot warrant the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use such results, the Organisation shall inform in writing the Contracting Authority (and the European Commission, where it is not the Contracting Authority) accordingly.

Transfer

- 8.3 The equipment, vehicles and remaining major supplies purchased with the EU Contribution shall be transferred to or remain with local authorities, local Grant Beneficiaries or Final Beneficiaries, at the latest when submitting the final report.
- 8.4 The documentary proof of those transfers shall not be presented with the final reports, but shall be kept for verification for the duration and along with the documents mentioned in Article 15.1.
- 8.5 By way of derogation from Article 8.3, the equipment, vehicles and remaining major supplies purchased with the EU Contribution in the framework of actions which continue after the end of the Implementation Period may be transferred at the end of the overall action. The Organisation shall use the equipment, vehicles and remaining major supplies for the benefit of the Final Beneficiaries. The Organisation shall inform the Contracting Authority on the end use of the equipment, vehicles and remaining major supplies in the final report.
- 8.6 In the event that there are no local authorities, local Grant Beneficiaries or Final Beneficiaries to whom the equipment, vehicles and remaining major supplies could be transferred, the Organisation may transfer them to another action funded by the EU or - exceptionally - retain ownership of the equipment, vehicles and remaining major supplies at the end of the Action or the overall action. In such cases, it shall submit a justified written request with an inventory listing of the items concerned and a proposal concerning their use in due course and - at the latest – together with the submission of the final report. In no event may the end use jeopardize the sustainability of the Action.

Article 9: Monitoring and evaluation of the Action

- 9.1 Keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement, the Organisation shall invite representatives of the European Commission and the Contracting Authority (if other than the European Commission) to participate at their own costs to the main monitoring missions and evaluation exercises related to the performance of the Action. Participation in evaluation exercises should be ensured by requesting comments

from the European Commission and the Contracting Authority on the terms of reference before the exercise takes place, and on the different deliverables related to an evaluation exercise prior to their final approval (as a minimum, on the final report). The Organisation shall send all monitoring and evaluation reports relating to the Action to the European Commission and the Contracting Authority once issued, subject to confidentiality.

- 9.2 Article 9.1 is without prejudice to any monitoring mission or evaluation exercise, which the European Commission as a donor, or the Contracting Authority, at their own costs, may wish to perform. Monitoring and evaluation missions by representatives of the European Commission or the Contracting Authority shall be planned ahead and completed in a collaborative manner between the staff of the Organisation and the European Commission's (or Contracting Authority's) representatives, keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement. The European Commission (or the Contracting Authority) and the Organisation shall agree on procedural matters in advance. The European Commission (or the Contracting Authority) shall make available to the Organisation the terms of reference of the evaluation exercise before it takes place, as well as the different deliverables (as a minimum, the draft final report) for comments prior to final issuance. The European Commission (or the Contracting Authority) shall send the final monitoring and evaluation report to the Organisation once issued.
- 9.3 In line with the spirit of partnership, the Organisation and the European Commission (and the Contracting Authority, if applicable), may also carry out joint monitoring and/or evaluation. Such arrangements will be discussed and agreed in due time, planned ahead and completed in a collaborative manner.
- 9.4 Representatives of the relevant partner country may, whenever possible, be invited to participate at their own costs in the main monitoring missions and evaluation exercises, unless such participation would be detrimental to the objectives of the Action or threaten the safety or harm the interests of Partners, Grant Beneficiaries or Final Beneficiaries.

Article 10: Amendment to the Agreement

- 10.1 Without prejudice to Articles 10.3 to 10.6, any amendment to this Agreement, including its annexes, shall be set out in writing in an addendum signed by both Parties. This Agreement can only be amended before the End Date.
- 10.2 The requesting Party shall request in writing any amendment at least thirty (30) Days before the amendment is intended to enter into force and no later than thirty (30) Days before the End Date, unless there are special circumstances, duly demonstrated by it, and accepted by the other Party. The other Party shall notify its decision regarding the amendment proposed in due time and in any case no later than thirty (30) Days after the date when the amendment request was received.
- 10.3 By way of derogation from Articles 10.1 and 10.2, where an amendment to Annex I and/or Annex III does not affect the main 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 25 % or less of the amount originally entered (or as amended by a written addendum) in relation to each concerned heading, the Organisation may unilaterally amend Annex I and/or Annex III and shall inform the Contracting Authority accordingly in writing, at the latest in the next report.
- 10.4 The method described in Article 10.3 shall be used neither to amend the contingency reserve referred to under Article 16.2, the rate for remuneration, nor the agreed methodology or fixed amounts/rates of simplified cost options.
- 10.5 The Organisation may, in agreement with the Contracting Authority and before the modification takes place, change the following without a formal addendum to the Agreement:

(a) Outputs, the Indicators and their related targets, baselines and sources of verification described in Annex I and in the logical framework if the change does not affect the main outcome of the Action;

(b) Communication activities described in Annex I.

Approved changes must be explained in the next report.

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

Article 11: Suspension

Suspension of the time limit for payment

11.1 The Contracting Authority may suspend the time limit for payment following a single payment request by notifying the Organisation that either:

- a) the amount is not due; or
- b) the appropriate supporting documents have not been provided and therefore the Contracting Authority needs to request clarifications, modifications or additional information to the narrative or financial reports. Such clarifications or additional information may notably be requested by the Contracting Authority if it has doubts about compliance by the Organisation with its obligations in the implementation of the Action; or
- c) credible information has come to the notice of the Contracting Authority that puts in doubt the eligibility of the reported expenditure; or
- d) credible information has come to the notice of the Contracting Authority that indicates a significant deficiency in the functioning of the Internal Control System of the Organisation or that the expenditure reported by the Organisation is linked to a serious irregularity and has not been corrected. In this case, the Contracting Authority may suspend the payment deadline if it is necessary to prevent significant damage to the EU's financial interests.

11.2 In the situations listed in Article 11.1, the Contracting Authority shall notify the Organisation as soon as possible, and in any case within thirty (30) Days from the date on which the payment request was received, of the reasons for the suspension, specifying - where applicable - the additional information required. Suspension shall take effect on the date when the Contracting Authority sends the notification stating the reasons for the suspension. The remaining payment period shall start to run again from the date on which the requested information or revised documents are received or the necessary further checks are carried out. If the requested information or documents are not provided within the deadline fixed in the notification or are incomplete, payment may be made on the basis of the partial information available.

Suspension of the Agreement by the Contracting Authority

11.3 The Contracting Authority may suspend the implementation of the Agreement, fully or partly, if:

- a) the Contracting Authority has proof that irregularities, fraud or breach of substantial obligations have been committed by the Organisation in the procedure of its selection, in its Ex-ante Pillar Assessment or in the implementation of the Action;
- b) the Contracting Authority has proof that irregularities, fraud or breach of obligations have occurred which call into question the reliability or effectiveness of the Organisation's Internal Control System or the legality and regularity of the underlying transactions;
- c) the Contracting Authority has proof that the Organisation has committed irregularities, fraud or breaches of obligations under other agreements funded by EU funds provided that

those irregularities, fraud or breaches of obligations have a material impact on this Agreement.

- 11.4 Before suspension, the Contracting Authority shall formally notify the Organisation of its intention to suspend, inviting the Organisation to make observations within ten (10) Days from the receipt of the notification. If the Organisation does not submit observations, or if - after examination of the observations submitted by the Organisation - the Contracting Authority decides to pursue the suspension, the Contracting Authority may suspend all or part of the implementation of this Agreement serving seven (7) Days' prior notice. In case of suspension of part of the implementation of the Agreement, upon request of the Organisation, the Parties shall enter into discussions in order to find the arrangements necessary to continue the part of the implementation that is not suspended. Any expenditures or costs incurred by the Organisation during the suspension and related to the part of the Agreement suspended shall not be reimbursed, nor be covered by the Contracting Authority. Following suspension of the implementation of the Agreement, the Contracting Authority may terminate the Agreement in accordance with Article 12.2, recover amounts unduly paid and/or, in agreement with the Organisation, resume implementation of the Agreement. In the latter case, the Parties will amend the Agreement where necessary.

Suspension for exceptional circumstances

- 11.5 The Organisation may decide to suspend the implementation of all or part of the Action if exceptional and unforeseen circumstances beyond the control of the Organisation make such implementation impossible or excessively difficult, such as in cases of Force Majeure. The Organisation shall inform the Contracting Authority immediately and provide all the necessary details, including the measures taken to minimise any possible damage, and the foreseeable effect and date of resumption.
- 11.6 The Contracting Authority may also notify the Organisation of the suspension of the implementation of the Agreement if exceptional circumstances so require, in particular:
- a) when a relevant EU Decision identifying a violation of human rights has been adopted; or
 - b) in cases such as crisis entailing a change of EU policy.
- 11.7 Neither of the Parties shall be held liable for breach of its obligations under the Agreement if Force Majeure or exceptional circumstances as set forth under Articles 11.5 and 11.6 prevent it from fulfilling said obligations, and provided it takes any measures to minimise any possible damage.
- 11.8 In the situations listed in Articles 11.5 and 11.6, the Parties shall minimise the duration of the suspension and shall resume implementation once the conditions allow. During the suspension period, the Organisation shall be entitled to the reimbursement of the minimum costs, including new legal commitments, necessary for a possible resumption of the implementation of the Agreement or of the Action. The Parties shall agree on such costs, including the reimbursement of legal commitments entered into for implementing the Action before the notification of the suspension was received which the Organisation cannot reasonably suspend, reallocate or terminate on legal grounds. This is without prejudice to any amendments to the Agreement that may be necessary to adapt the Action to the new implementing conditions, including, if possible, the extension of the Implementation Period or to the termination of the Agreement in accordance with Article 12.3. In case of suspension due to Force Majeure or if the Action is a Multi-Donor Action, the Implementation Period is automatically extended by an amount of time equivalent to the duration of the suspension.

Article 12: Termination

- 12.1 Without prejudice to any other provision of these General Conditions or penalties foreseen in the EU Financial Regulation, where applicable, and with due regard to the principle of proportionality, the Contracting Authority may terminate the Agreement if the Organisation:

- a) fails to fulfil a substantial obligation incumbent on it under the terms of the Agreement;
- b) is guilty of misrepresentation or submits false or incomplete statements to obtain the EU Contribution or provides reports that do not reflect reality to obtain or keep the EU Contribution without cause;
- c) is bankrupt or being wound up, or is subject to any other similar proceedings;
- d) is guilty of Grave Professional Misconduct proven by any justified means;
- e) has committed fraud, corruption or any other illegal activity to the detriment of the EU's financial interests on the basis of proof in the possession of the Contracting Authority;
- f) fails to comply with the reporting obligations in accordance with Article 3.15;
- g) has committed any of the failings described in Article 11.3 on the basis of proof in the possession of the Contracting Authority.

12.2 Before terminating the Agreement in accordance with Article 12.1, the Contracting Authority shall formally notify the Organisation of its intention to terminate, inviting the Organisation to make observations (including proposals for remedial measures) within thirty (30) Days from the receipt of the notification. During this period, and until the termination takes effect, the Contracting Authority may suspend the time limit for any payment in accordance with Article 11.2 as a precautionary measure informing the Organisation immediately in writing. If the Organisation does not submit observations, or if, after examination of the observations submitted by the Organisation, the Contracting Authority decides to pursue the termination, the Contracting Authority may terminate the Agreement serving seven (7) Days' prior notice. During that period, the Organisation may refer the matter to the responsible director in the European Commission. Where the Contracting Authority is the European Commission, the termination will take effect if and when confirmed by the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not suspend the effects of the decision of the Contracting Authority. In case of termination, the Contracting Authority may demand full repayment of any amounts paid in excess of the final amount determined in accordance with Article 18 after allowing the Organisation to submit its observations. Neither Party shall be entitled to claim indemnity by the other Party on account of the termination of this Agreement.

12.3 If, at any time, either Party believes that the purpose of the Agreement can no longer be effectively or appropriately performed, it shall consult the other Party. Failing agreement on a solution, either Party may terminate the Agreement by serving sixty (60) Days written notice. In this case, the final amount shall cover:

- a) payment only for the part of the Action carried out up to the date of termination;
- b) in the situations described in Articles 11.5 and 11.6, the unavoidable residual expenditures incurred during the notice period; and,
- c) in the situations described in Articles 11.5 and 11.6, reimbursement of legal commitments the Organisation entered into for implementing the Action before the written notice on termination was received by it and which the Organisation cannot reasonably terminate on legal grounds.

The Contracting Authority shall recover the remaining part in accordance with Article 14.

12.4 In the event of termination, a final report and a request for payment of the balance shall be submitted in accordance with Articles 3 and 17. The Contracting Authority shall not reimburse or cover any expenditure or costs which are not included or justified in a report approved by it.

Article 13: Applicable law and settlement of disputes

13.1 The Parties shall endeavour to settle amicably any disputes or complaints relating to the interpretation, application or validity of the Agreement, including its existence or termination.

- 13.2 Where the Organisation is not an International Organisation, and the European Commission is the Contracting Authority, this Agreement is governed by EU law, complemented - if necessary - by the relevant provisions of Belgian law. In the absence of an amicable settlement in accordance with Article 13.1 above, the General Court, or on appeal the Court of Justice of the European Union, has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU). Notwithstanding the foregoing sentence, where the Organisation is not established or incorporated in the EU, any of the Parties may bring before the Brussels courts any dispute between them concerning the interpretation, application or validity of the Agreement, if such dispute cannot be settled amicably. Where one party has brought proceedings before the Brussels courts, the other party may not bring a claim arising from the interpretation, application or validity of the Agreement in any other court than the Brussels courts before which the proceedings have already been brought.
- 13.3 Where the Organisation is not an International Organisation and the European Commission is not the Contracting Authority, the Agreement shall be governed by the law of the country of the Contracting Authority and the courts of the country of the Contracting Authority shall have exclusive jurisdiction, unless otherwise agreed by the Parties. The dispute may, by common agreement of the Parties, be submitted for conciliation to the European Commission. If no settlement is reached within one hundred and twenty (120) Days of the opening of the conciliation procedure, each Party may notify the other that it considers the procedure to have failed and may submit the dispute to the courts of the country of the Contracting Authority.
- 13.4 Where the Organisation is an International Organisation:
- a) nothing in the Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any Party by its constituent documents, privileges and immunities agreements or international law;
 - b) in the absence of an amicable settlement pursuant to Article 13.1 above, any dispute, controversy or claim arising out of or in relation to this Agreement, or the existence, interpretation, application, breach, termination, or invalidity thereof, shall be settled by final and binding arbitration in accordance with the 2012 Permanent Court of Arbitration Rules for Arbitration, as in effect on the date of entry into force of this Agreement. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration. The arbitration proceedings must take place in the Hague and the language used in the arbitral proceedings will be English. The arbitrator's decision shall be binding on all Parties and there shall be no appeal.

Article 14: Recovery

- 14.1 Where an amount is to be recovered under the terms of the Agreement, the Organisation shall repay the amount due to the Contracting Authority.
- 14.2 Before recovery, the Contracting Authority shall formally notify the Organisation of its intention to recover any undue amount, specifying the amount and the reasons for recovery and inviting the Organisation to make any observations within 30 Days from the date of receipt of the notification. If, after examination of the observations submitted by the Organisation or if the Organisation does not submit any observations, the Contracting Authority decides to pursue the recovery procedure, it may confirm recovery by formally notifying the Organisation. If there is a disagreement between the Organisation and the Contracting Authority on the amount to be repaid, the Organisation may refer the matter to the responsible director in the European Commission within thirty (30) Days. Where the Contracting Authority is the European Commission, a debit note specifying the terms and the date for payment may be issued after the deadline for the referral to the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not prevent the Contracting Authority from issuing the debit note.
- 14.3 If the Organisation does not make the payment by the date specified in the debit note, the Contracting Authority shall recover the amount due:

- a) by offsetting it against any amounts owed to the Organisation by the EU;
 - b) by taking legal action pursuant to Article 13;
 - c) in exceptional circumstances justified by the necessity to safeguard the financial interests of the EU, the Contracting Authority may, when it has justified grounds to believe that the amount due would be lost, recover by offsetting before the deadline specified in the debit note without the Organisation's prior consent.
- 14.4 If the Organisation fails to repay by the due date, the amount due shall be increased by late payment interest calculated at the rate indicated in Article 17.7(a). The interest shall be payable for the period elapsing from the day after the expiration of the time limit for payment up to and including the date when the Contracting Authority actually receives payment in full of the outstanding amount. Any partial payment shall first cover the interest.
- 14.5 Where the European Commission is not the Contracting Authority, it may, if necessary, proceed itself to the recovery.
- 14.6 The European Commission may waive the recovery in accordance with the principle of Sound Financial Management and proportionality or it shall cancel the amount in the event of a mistake.

Article 15: Archiving, access and financial checks

- 15.1 For a period of five (5) years from the End Date and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by the European Anti-Fraud Office (OLAF), if notified to the Organisation, has been disposed of, the Organisation shall keep and make available according to Article 15 all relevant financial information (originals or copies) related to the Agreement and to any Procurement Contracts and Grant agreements financed by the EU Contribution.
- 15.2 The Organisation shall allow the European Commission, or any authorised representatives, to conduct desk reviews and on-the-spot checks on the use made of the EU Contribution on the basis of supporting accounting documents and any other document related to the financing of the Action.
- 15.3 The Organisation agrees that OLAF may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions laid down by EU law for the protection of the financial interests of the EU against fraud, corruption and any other illegal activity.
- 15.4 The Organisation agrees that the execution of this Agreement may be subject to scrutiny by the Court of Auditors when the Court of Auditors audits the European Commission's implementation of EU expenditure. In such case the Organisation shall provide to the Court of Auditors access to the information that is required for the Court to perform its duties.
- 15.5 To that end, the Organisation undertakes to provide officials of the European Commission, OLAF and the European Court of Auditors and their authorised agents, upon request, information and access to any documents and computerised data concerning the technical and financial management of operations financed under the Agreement, as well as grant them access to sites and premises at which such operations are carried out. The Organisation shall take all necessary measures to facilitate these checks in accordance with its Regulations and Rules. The documents and computerised data may include information that the Organisation considers confidential in accordance with its own established Regulations and Rules or as governed by contractual agreement. Such information once provided to the European Commission, OLAF, the European Court of Auditors, or any other authorised representatives, shall be treated in accordance with EU confidentiality rules and legislation and Article 6. Documents must be accessible and filed in a manner permitting checks, the Organisation being bound to inform the European Commission, OLAF or the European Court of Auditors of the exact location at which they are kept. Where appropriate, the Parties may agree to send copies of such documents for a desk review.

- 15.6 Where applicable, the desk reviews, investigations, on-the-spot checks and inspections referred to in Article 15.2 to 15.5 shall refer to a verification that shall be performed in accordance with the verification clauses agreed between the Organisation and the European Commission. This is without prejudice to any cooperation arrangement between OLAF and the Organisation's anti-fraud bodies.
- 15.7 The European Commission shall inform the Organisation of the planned on-the-spot missions by agents appointed by the European Commission in due time in order to ensure adequate procedural matters are agreed upon in advance.
- 15.8 Failure to comply with the obligations set forth in Article 15 constitutes a case of breach of a substantial obligation under this Agreement.

Article 16: Eligibility of costs

- 16.1 Direct costs are eligible for EU financing if they meet all the following criteria:
- a) they are necessary for carrying out the Action, directly attributable to it, arising as a direct consequence of its implementation and charged in proportion to the actual use;
 - b) they are incurred in accordance with the provisions of this Agreement;
 - c) they are actually incurred by the Organisation, i.e. they represent real expenditure definitely and genuinely borne by the Organisation, without prejudice to Article 16.6;
 - d) they are reasonable, justified, comply with the principle of Sound Financial Management and are in line with the usual practices of the Organisation regardless of their source of funding;
 - e) they are incurred during the Implementation Period with the exception of costs related to final report, final evaluation, audit and other costs linked to the closure of the Action which may be incurred after the Implementation Period;
 - f) they are identifiable and backed by supporting documents, in particular determined and recorded in accordance with the accounting practices of the Organisation;
 - g) they are covered by one of the sub-headings indicated in the estimated budget in Annex III and by the activities described in Annex I; and
 - h) they comply with the applicable tax and social legislation taking into account the Organisation's privileges and immunities.
- 16.2 A reserve for contingencies and/or possible fluctuations in exchange rates - not exceeding 5 % of the direct eligible costs - may be included in Annex III to allow for adjustments necessary in the event of unforeseeable changes of circumstances on the ground. In such case, the reserve can be used only with the prior written authorisation of the Contracting Authority, upon a duly justified request from the Organisation.
- 16.3 The following costs may not be considered eligible direct costs, but may be charged as part of the remuneration: all eligible costs that, while necessary and arising as a consequence of implementation, are supporting the implementation of the Action and not considered part of the activities that the European Union finances as described in Annex I, including corporate management costs or other costs linked to the normal functioning of the Organisation, such as horizontal and support staff, office or equipment costs (except when duly justified and described in Annex I, such as a project office).
- 16.4 The remuneration shall be declared on the basis of a flat-rate which shall not exceed 7% of the total eligible direct costs to be reimbursed by the Contracting Authority. The remuneration does not need to be supported by accounting documents. For Multi-Donor and comparable actions, the remuneration shall not be higher than that charged by the Organisation to comparable contributions.

16.5 The following costs are ineligible for EU financing:

- a) bonuses, provisions, reserves or non-remuneration related costs. Employers' contributions to pension or to any other employee insurance funds run by the Organisation shall only be eligible to the extent they do not exceed the cost incurred during the reporting period, calculated following applicable international accounting standards;
- b) full-purchase cost of equipment and assets unless the asset or equipment is specifically purchased for the Action and ownership is transferred in accordance with Article 8;
- c) duties, taxes and charges, including VAT, that are recoverable/deductible by the Organisation;
- d) return of capital;
- e) negative remuneration (otherwise referred to as 'negative interest') charged by banks or other financial institutions;
- f) debts and debt service charges;
- g) provision for losses, debts or potential future liabilities;
- h) banking charges for the transfers from and to the Contracting Authority³;
- i) costs incurred during the suspension of the implementation of the Agreement except the minimum costs agreed on in accordance with Article 11.8;
- j) costs declared by the Organisation under another agreement financed by the European Union budget (including through the European Development Fund);
- k) in-kind contributions. The cost of staff assigned to the Action and actually incurred by the Organisation is not an in-kind contribution and may be declared as a direct eligible cost if it complies with the conditions set out in Article 16.1; and
- l) costs of purchase of land or buildings, unless otherwise provided in the Special Conditions.

Simplified cost options

16.6 Direct eligible costs may also be declared by using any or a combination of unit costs, lump sums and flat-rate financing.

16.7 The methods used by the Organisation to determine unit costs, lump sums or flat-rates shall comply with the principles provided in Articles 16.1, 16.3 and 16.5, be clearly described and substantiated in Annex III, shall avoid double funding of costs and shall respect the principle of Sound Financial Management. These methods shall be based on the Organisation's historical or actual accounting data, its usual accounting practices, an expert judgment or on statistical or other objective information where available and appropriate.

16.8 Costs declared under simplified cost options do not need to be backed by accounting or supporting documents except if they are necessary to demonstrate that the costs have been declared according to the declared method or cost accounting practices and that the qualitative and quantitative conditions defined in Annex I and III have been respected.

³ The party causing a repetition of a transfer bears all costs of the repeated transfer.

- 16.9 Simplified cost options not linked to the achievement of concrete Results shall only be eligible if they have been ex ante-assessed by the European Commission.
- 16.10 If a verification reveals that the methods used by the Organisation to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this Agreement, the Contracting Authority shall be entitled to recover proportionately up to the amount of the unit costs, lump sums or flat-rate financing.

Article 17: Payments

17.1 Payment procedures shall be as follows:

- a) the Contracting Authority shall provide a first pre-financing instalment as set out in Article 4.1 of the Special Conditions within thirty (30) Days of receiving the Agreement signed by both Parties;
- b) the Organisation may submit a request for further pre-financing instalment for the following reporting period in accordance with Article 4 of the Special Conditions; the following provisions apply:
 - i) the reporting period is intended as a twelve-month period, unless otherwise provided for in the Special Conditions. When the remaining period to the end of the Action is up to eighteen (18) months, the reporting period shall cover it entirely;
 - ii) if at the end of the reporting period less than 70% of the last payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party, the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the immediately preceding pre-financing payment (and 100% of previous payments, if any) and the part of the previous pre-financing payments which has been paid by the Organisation to its staff or has been subject to a legal commitment with a third party;
 - iii) the Organisation may submit a request for further pre-financing payment before the end of the reporting period, once more than 70 % of the immediately preceding payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party. In this case, the following reporting period starts anew from the end date of the period covered by this payment request;
- c) at the end of the Implementation Period, the Organisation shall submit a payment request for the balance, where applicable, together with the final report. The amount of the balance shall be determined according to Article 18 and following approval of the request for payment of the balance and of the final report; and
- d) the Contracting Authority shall pay the further pre-financing instalments and the balance within ninety (90) Days of receiving a payment request accompanied by a progress or final report, unless the time limit for payment was suspended according to Article 11 or 12.

17.2 Payment requests shall be accompanied by narrative and financial reports presented in accordance with Article 3. The requests for pre-financing payments and the request for the balance shall be drafted in the Currency of the Agreement as specified in the Special Conditions. Except for the first pre-financing instalment, the payments shall be made upon approval of the payment request accompanied by a progress or final report. The final amount shall be established in line with Article 18. If the balance is negative, the payment of the balance takes the form of recovery.

17.3 Approval of the requests for payment and of the accompanying reports shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information contained therein.

- 17.4 The Contracting Authority shall make payments in the Currency of the Agreement as specified in the Special Conditions to the bank account referred to in the financial identification form in Annex IV.
- 17.5 Payment arrangements for financing not linked to costs in accordance with Article 19 shall be set out in Article 4 of the Special Conditions and Annex I.
- 17.6 If no payment has been made by the Contracting Authority within two (2) years of the entry into force of the Agreement, the Agreement shall be terminated.

Late payment interest

- 17.7 In case of late payment of the amounts stated in Article 4 of the Special Conditions the following conditions apply:
- a) upon expiry of the time limits for payments specified in Article 17.1, if the Organisation is not a Member State Organisation, it shall receive interest on late payment based on the rate applied by the European Central Bank for its main refinancing operations in Euros (Reference Rate), increased by three and a half percentage points. The Reference Rate shall be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the Official Journal of the EU;
 - b) the suspension of the time limit for payment by the Contracting Authority in accordance with Article 11 or 12 shall not be considered as late payment;
 - c) interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article 17.1. Any partial payment shall first cover the interest;
 - d) by way of exception to point (c), when the interest calculated in accordance with this provision is lower than or equal to EUR 200, the Contracting Authority shall pay such interest to the Organisation only upon request from the Organisation submitted within two (2) months of it receiving late payment;
 - e) by way of exception to point (c), when the Contracting Authority is not the European Commission, and the European Commission does not make the payments, the Organisation shall be entitled to late payment interest upon its request submitted within two (2) months of it receiving late payment.

Article 18: Final amount of the EU Contribution

- 18.1 The Contracting Authority shall determine the final amount of the EU Contribution when approving the Organisation's final report. The Contracting Authority shall then determine the balance:
- a) to be paid to the Organisation in accordance with Article 17 where the final amount of the EU Contribution is higher than the total amount already paid to the Organisation; or
 - b) to be recovered from the Organisation in accordance with Article 14 where the final amount of the EU Contribution is lower than the total amount already paid to the Organisation.
- 18.2 The final amount shall be the lower of the following amounts:
- a) the maximum EU Contribution referred to in Article 3.1 of the Special Conditions in terms of absolute value;
 - b) the amount obtained after reduction of the EU Contribution in accordance with Article 18.3.
- 18.3 Where the Action (i) is not implemented, (ii) is not implemented in line with the Agreement or (iii) is implemented partially or late, the Contracting Authority may, after allowing the Organisation to submit its observations, reduce the EU Contribution in proportion to the

seriousness of the above mentioned situations. If there is a disagreement between the Organisation and the Contracting Authority on the reduction, the Organisation may refer the matter to the responsible director in the European Commission.

Article 19: Financing not linked to costs

- 19.1 The payment of the EU Contribution may be partly or entirely linked to the achievement of Results measured by reference to previously set milestones or through performance Indicators. Such financing not linked to costs is not subject to Article 16. The relevant Results and the means to measure their achievement shall be clearly described in Annex I.
- 19.2 The amount to be paid per achieved Result shall be set out in Annex III.
- 19.3 The Organisation shall not be obliged to report on costs linked to the achievement of Results. However, the Organisation shall submit any necessary supporting documents, including where relevant accounting documents, to prove that the Results triggering the payment as defined in Annex I and III have been achieved.
- 19.4 Articles 3.7 f), 3.8 b), 3.8 f), 10.3 and 10.5 do not apply to the part of the Action supported by way of financing not linked to costs.

Article 20: Contracting and Early Detection and Exclusion System

Contracting

- 20.1 Unless otherwise provided for in the Special Conditions, 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. However, and in any event, goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible. Without prejudice to the foregoing or to the Organisation's assessed Regulations and Rules, the Organisation shall promote the use of local contractors when implementing the Action.

Early Detection and Exclusion System

- 20.2 The Organisation shall inform the European Commission if, in relation to the implementation of the Action, it has detected a situation of exclusion pursuant to its rules and procedures referred to in Article 2.2 d) and any ad hoc measure stipulated in the Special Conditions or if it has detected a fraud and/or an irregularity pursuant to Article 2.6. This information may be used by the European Commission for the purpose of the Early Detection and Exclusion System. The Organisation shall inform the European Commission when it becomes aware that transmitted information needs to be rectified updated or removed. The Organisation shall ensure that the entity concerned is informed that its data was transmitted to the European Commission and may be included in the Early Detection and Exclusion System and be published on the website of the European Commission. These requirements cease at the end of the Implementation Period.
- 20.3 Without prejudice to the power of the European Commission to exclude a person or an entity from future procurement contracts and grants financed by the EU and/or to impose financial penalties according to the EU Financial Regulation, the Organisation may impose sanctions on third parties according to its own Regulations and Rules ensuring, where applicable, the right of defence of the third party.
- 20.4 The Organisation may take into account, as appropriate and on its own responsibility, the information contained in the Early Detection and Exclusion System, when implementing the EU Contribution. Access to that information can be provided through the authorised persons

or via consultation with the European Commission as referred in Article 5.6 of the Special Conditions.