



GRANT CONTRACT - EXTERNAL ACTIONS OF THE EUROPEAN UNION -

<Grant contract identification number>

Ministry of the Regional Development and Local Governments of the Republic of Latvia,
Lacplesa Str. 27, LV 1011 Riga,

acting as the Joint Managing Authority of the Estonia – Latvia – Russia Cross Border Cooperation Programme within the European Neighbourhood and Partnership Instrument 2007-2013, ("the Contracting Authority")

of the one part,

and

<Full official name of the Beneficiary, as mentioned in the LEF>

[<Legal status (organisation)>]

[<Organisation official registration number>]

<Full official address>

[VAT number, for VAT registered beneficiaries] ,

("the Beneficiary")

of the other part,

have agreed as follows:

Special conditions

Article 1 - Purpose

- 1.1 The purpose of this contract is the award of a grant by the Contracting Authority for the implementation of the Action entitled: <title of the action> ("the Action") described in Annex I. The grant is financed from the Estonia-Latvia-Russia Cross Border Cooperation Programme within the European Neighbourhood and Partnership Instrument 2007-2013 ("the Programme").
- 1.2 This Contract is signed in accordance with the decision of the Joint Monitoring Committee of the Programme of <date/month/year> to award the grant to the Action.
- 1.3. The Beneficiary will be awarded the grant on the terms and conditions set out in this contract, which consists of these special conditions ("Special Conditions") and the annexes, which the Beneficiary hereby declares it has noted and accepted.

- 1.4. The Beneficiary accepts the grant and undertakes to carry out the Action under its own responsibility.

Article 2 - Implementation period of the Action

- 2.1 This contract shall enter into force on the date when the last of the two Parties signs.
- 2.2 Implementation of the Action shall begin – on: -
choose one of the following:
 - the day following that on which the last of the two Parties signs
 - a later date,
- 2.3 The Action's implementation period, as laid down in Annex I, is **<number of months>**.
- 2.4 The execution period of this contract will end at the moment when final payment is paid by the Contracting authority and in any case at the latest 18 months as from the end of the implementation period as stipulated in art 2.3 above.

Article 3 - Financing the Action

- 3.1. The total cost of the Action is estimated at **<... ..EURO>**, as set out in Annex III.
- 3.2. The Contracting Authority undertakes to finance a maximum of **<... ..EURO>**, equivalent to **<...>%** of the estimated total eligible cost of the Action; the final amount of the eligible costs shall be established in accordance with Articles 14 and 17 of Annex II.
- 3.3 Pursuant to Article 14.4 of the Annex II, **<...>%** (maximum 7%) of the final amount of direct eligible costs of the Action established in accordance with Articles 14 and 17 of the Annex II, may be claimed by the Beneficiary as indirect costs.
- 3.4 Pursuant to Article 14.6 of Annex II, the Regulation under which this contract is financed authorises payment of taxes, including VAT, in the case the Beneficiary and/or Partners can show the paid taxes cannot be reclaimed.
- 3.5 Pursuant to Article 14.5 contributions in kind are eligible and may be treated as co-financing by the Beneficiary and/or partners providing that these costs are justified in the Description of the Action and included in the Action budget based on real costs, calculated on *pro rata* basis according to duly justified and clear method and backed up by evidence documents The in kind contributions eligible under the programme are:
 - 3.5.1 use of the Beneficiary's and/or the project partner's own premises for implementation of the project activities;
 - 3.5.2 unpaid voluntary work.

In-kind contribution cannot exceed 10% of the Beneficiary's/ partner's eligible expenditure, but in any case it cannot exceed the Beneficiary's/ partner's own contribution to the project.

Article 4 - Narrative and financial reporting and payment arrangements

- 4.1 Narrative and financial reports shall be produced in support of payment requests, in compliance with Articles 2 and 15.1 of Annex II
- 4.2 Payment will be made in accordance with Article 15 of Annex II. Of the options referred to in Article 15.1, the following will apply:

[Option 1

Pre-financing payment: **<... ..EURO>**

Forecast further instalment(s) of pre-financing: <... ..EURO>

Forecast final payment

(subject to the provisions of Annex II): **<... ..EURO>**

[Option 2

First instalment of pre-financing (**40%** of the part of the forecast budget for the first 12 months of implementation financed by the Contracting Authority): <... ..EURO>

Forecast further instalment(s) of pre-financing: <... ..EURO>

(subject to the provisions of Annex II)

Forecast final payment

(subject to the provisions of Annex II): <... ..EURO>]

- 4.3 In case where the pre-financing instalments are to be paid by the Contracting authority, the first instalment of pre-financing will be paid to the Beneficiary within 45 days, as from the date of reception by the Contracting authority of signed contract accompanied by the financial guarantee if required in accordance with article 15.7 of the General Conditions.

Article 5 - Contact addresses

- 5.1 Any communication relating to this contract must be in writing, state the number and title of the Action and be sent to the following addresses:

For the Contracting Authority

Joint Technical Secretariat:

Address: Elizabetes Street 19, Riga, Latvia, LV – 1010

For the Beneficiary

<address of the Beneficiary for correspondence>

- 5.2 The audit firm which will carry out the verification(s) referred to in Article 15.6 of Annex II is <name, address, telephone and fax numbers>. **In case the mentioned audit firm has not been selected before the signature of this contract, the audit firm which will carry out the verifications referred to in Article 15.6 of Annex II and its contact details will be communicated by the Beneficiary to the Contracting Authority as soon as possible but not later than at the moment of the submission of the request for the initial pre-financing instalment to the Contracting Authority.**

Article 6 - Annexes

- 6.1 The following documents are annexed to these Special Conditions and form an integral part of the contract:

Annex I: Description of the Action

Annex II: General Conditions applicable to European Union-financed grant contracts for external Actions

Annex III: Budget for the Action

Annex IV: Contract-award procedures

Annex V: Standard request for payment and financial identification form

Annex VI: Model narrative and financial report

Annex VII: Model report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract for external actions

Annex VIII: Model financial guarantee

- 6.2 In the event of conflict between the provisions of the Annexes and those of the Special Conditions, the provisions of the Special Conditions shall take precedence. In the event of conflict between the provisions of Annex II and those of the other annexes, those of Annex II shall take precedence.

Article 7 - Other specific conditions applying to the Action

7.1 All the references to the "Contracting Authority" in the General Conditions shall be interpreted as referring to the "Joint Managing Authority".

7.2 The General Conditions are supplemented by the following:

7.2.1. The Article 2.2 shall be supplemented as follows:

"The Contracting Authority **and the Joint Technical Secretariat** may request additional information at any time and that information must be supplied within 30 days of the request."

7.2.2 The Article 6.4 shall be supplemented as follows:

"The Beneficiary authorises the Contracting Authority and the European Commission (where it is not the Contracting Authority) to publish its name and address, nationality, **partners' names and addresses, the purpose of the grant, description of the Action, its achievements and events and the outputs and results**, duration and location as well as the maximum amount of the grant and rate of funding of the Action's eligible costs, as laid down in the Article 3.2 of the Special Conditions. Derogation from publication of this information may be granted if it could endanger the Beneficiary **or any partner** or harm their commercial interests."

7.2.3 The Article 7.2 shall be supplemented as follows:

"Notwithstanding the provisions of Article 7.1 and subject to Article 5, the Beneficiary grants the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use freely **and free of charge** and as they see fit all documents deriving from the Action, whatever their form, provided it does not thereby breach existing industrial and intellectual property rights."7.2.4 The Article 8.1 shall be supplemented as follows:

"If the Commission/ **Contracting Authority/ Joint Technical Secretariat** carry out an interim or ex post evaluation or a monitoring mission, the Beneficiary shall undertake to provide **them** and/or the persons authorised by **them** with any document or information which will assist with the evaluation or monitoring mission, and grant them the access rights described in Article 16.2."

7.2.4 The first to third paragraphs of the Article 16.2 shall be supplemented as follows:

"The Beneficiary will allow the European Commission, the European Anti-Fraud Office, the European Court of Auditors, **the Contracting Authority/ Joint Technical Secretariat** and any external auditor authorised by the Contracting authority carrying out verifications as required per Article 15.6 to verify, by examining the documents or by means of on-the-spot checks, the implementation of the Action and conduct a full audit, if necessary, on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the Action. These inspections may take place up to 7 years after the payment of the balance. **The Beneficiary ensures that all original documents related to the implementation of the Action are made available until the above final date of possible inspections.**"

Furthermore, the Beneficiary will allow the European Anti-Fraud Office, **the Contracting Authority/ Joint Technical Secretariat** and any external auditor authorised by the Contracting Authority carrying out verifications as required per Article 15.6 to carry out checks and verification on the spot in accordance with the procedures set out in the European Union legislation for the protection of the financial interests of the European Union against fraud and other irregularities.

To this end, the Beneficiary undertakes to give appropriate access to staff or agents of the European Commission, of the European Anti-Fraud Office and of the European Court of Auditors, **the Contracting Authority/ Joint Technical Secretariat**, as well as to any external auditor authorised by the Contracting Authority carrying out verifications as required per Article 15.6 to the sites and locations at which the Action is implemented,

including its information systems, as well as all documents and databases concerning the technical and financial management of the Action and to take all steps to facilitate their work. Access given to agents of the European Commission, European Anti-Fraud Office and the European Court of Auditors, **to the Contracting Authority/ Joint Technical Secretariat** and to any external auditor authorised by the Contracting Authority carrying out verifications as required per Article 15.6 shall be on the basis of confidentiality with respect to third parties, without prejudice to the obligations of public law to which they are subject. Documents must be easily accessible and filed so as to facilitate their examination and the Beneficiary must inform the Contracting Authority of their precise location."

7.3 The following derogations from the General Conditions shall apply:

7.3.1 The Article 1.3 it shall be replaced as follows:

"The Beneficiary shall act in partnership with **partners identified in the Annex I**. It may subcontract a limited portion of the Action. The bulk of the Action must, however, be undertaken by the Beneficiary and, where applicable, its partners. **In duly justified cases, the subcontracting limit does not apply to Actions focused on investment activities.**"

Partners take part in the implementation of the Action, and the costs they incur are eligible in the same way as those incurred by the Beneficiary.

If the Beneficiary conclude the contracts in order to implement the Action as referred to in the first paragraph, the Beneficiary shall respect the contract-award procedures and rules of nationality and origin set out in Annex IV of this Contract. **In the case of Member States Beneficiaries and partners and Russian Beneficiaries and partners which are public entities, the rules governing sub-contracting for the implementation of the actions shall be in compliance with their national public procurement law and rules. In all cases, the nationality rule set out in the section 2.1 of the Annex IV of this Contract and the rule of origin set out in the section 2.2 of the Annex IV of this Contract must be applied by Beneficiary and partners.**

The Beneficiary alone shall be accountable to the Contracting Authority for the implementation of the Action. It shall undertake that the conditions applicable to it under Articles 1, 3, 4, 5, 6, 7, 8, 10, 14, 16, 17 shall also apply to its partners, and those applicable under Articles 1, 3, 4, 5, 6, 7, 8, 10 and 16 to all its subcontractors. **In particular, the Beneficiary shall undertake that the conditions applicable to it under Article 18.6 on the recovery procedure by the EU Member States and the Commission shall also apply to its partners.** It shall include provisions to that effect as appropriate in its contracts with them."

7.3.2 The Article 1.4 shall be replaced as follows:

"The Beneficiary and the Contracting Authority are the only parties (the "Parties") to this Contract. Where the European Commission is not the Contracting Authority, it is not Party to this Contract, which confers on it only the rights and obligations explicitly mentioned therein. Nevertheless it **ensures the financing of the Contracting Authority's grant from the European Union's budget, and the provisions in this Contract on visibility shall apply accordingly.** "

7.3.3. The Article 2.1. shall be replaced as follows:

"2.1 The Beneficiary must provide the Contracting Authority with all required information on the implementation of the Action. To that end, the Beneficiary must draw up interim reports and a final report. These reports shall consist of a narrative section and a financial section and shall conform to the model in Annex VI. They shall cover the Action as a whole, regardless of which part of it is financed by the Contracting Authority. Each report must provide a full account of all aspects of the Action's implementation for the period covered. The proofs of the transfers of ownership referred to in Art 7.3 are also annexed to the final report. **In case, where no expenditure verification report is**

required the Beneficiary has to provide a list of the financial and supporting documents covering the respective period and a printout of the project account showing project's income and expenditure and payments received in the period of the current Interim Report. The final report must be submitted together with the expenditure verification report issued by the auditor."

7.3.4 The Article 2.3 shall be replaced as follows:

"2.3. The reports shall be drafted in the language of the Contract. **Supporting Documents may be submitted in original languages.** They shall be submitted to the Contracting Authority at the following intervals:

- If payments are made in accordance with option 1 of Article 15.1:
 - **an interim report must accompany every request for payment;**
 - **the final report shall be forwarded no later than three months after the implementation period as defined in Article 2 of the Special Conditions.**
- If payments are made in accordance with option 2 of Article 15.1:
 - an interim report must **be submitted no later than one month after each six month period;**
 - The final report shall be forwarded no later than three months after the implementation period as defined in Article 2 of the Special Conditions."

7.3.5 The Article 6 shall be supplemented with the Article 6.5 as follows:

"6.5 The Beneficiary shall send to the Contracting Authority information on the upcoming major or public Action events prior to carrying out the events. The beneficiary shall publish the information on the Action and the produced outputs and results, where available, on its and/or Action's website. The partners shall publish the Action information on their websites, whenever possible."

7.3.6 The Article 7.3 shall be replaced as follows:

"Where a partner is located outside the Programme's eligible area and unless otherwise specified in the Special Conditions, the equipment, vehicles and supplies purchased by that partner and paid for by the Budget for this part of the Action must be transferred to the beneficiary and/or any partners located inside the Programme's eligible area and/or the final recipients of the Action, at the latest by the end of the implementation of the Action. Copies of the proofs of transfers of equipments and vehicles, the purchase cost of which was more than 5 000 Euros per item, must be attached to the final report. Such proofs must be kept for control in all other cases."

7.3.7 The point a) of the Article 14.1 shall be replaced as follows:

a) they are incurred during the implementation of the action as specified in Article 2 of the Special Conditions with the exception of costs relating to final reports, expenditure verification and evaluation of the action, **which can be incurred not later than the submission of the final report.** Procedures to award subcontracts for goods/services/works, as referred to in the article 1.3 paragraph 3, may have been initiated but contracts may not be concluded by the Beneficiary or its partners before the start of the implementation period of the Action, provided the provisions of Annex IV were respected.

7.3.8 The Article 14.6 shall be supplemented with the following bullet point:

"- fines and penalties."

7.3.9 The Article 15.1 shall be replaced as follows:

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

Option 1: Actions with an implementation period not exceeding **18 months and where the financing provided by the Contracting Authority does not exceed EUR 300 000**

The Contracting Authority will pay the grant to the Beneficiary in the following manner:

- **an initial pre-financing of maximum 40%** of the sum referred to in Article 3.2 of the Special Conditions following the provisions in Article 4.3 of the Special Conditions;
- **the next pre-financing instalments of the total amount specified in Article 4 of the Special Conditions and not exceeding 40% of the sum referred to in Article 3.2 of the Special Conditions, within 45 days of the Contracting Authority approving an interim report in accordance with Article 15.2, accompanied by:**
 - **a request for interim payment conforming to the model in Annex V,**
 - **list of the financial and supporting documents covering the respective period and a printout of the project account showing project's income and expenditure and payments received in the period of the current Interim Report,**
 - **a financial guarantee if required under Article 15.7;**
- the balance within 45 days of the Contracting Authority approving the final report in accordance with Article 15.2, accompanied by a request for payment of the balance conforming to the model in Annex V and an expenditure verification report required under Article 15.6

Option 2: Actions with an implementation period of more than **18 months** or where the financing provided by the Contracting Authority is more than EUR **300 000**

The Contracting Authority shall pay the grant to the Beneficiary in the following manner:

- an initial pre-financing instalment of **maximum 40%** of that part of the estimated budget for the first 12 months financed by the Contracting Authority, as specified in Article 4 of the Special Conditions, following the provisions in Article 4.3 of the Special Conditions;
- further pre-financing instalments of the amount specified in Article 4 of the Special Conditions and designed to normally cover the Beneficiary's financing needs for each twelve month period of implementation of the Action, within 45 days of the Contracting Authority approving an interim report in accordance with Article 15.2, accompanied by:
 - a request for payment conforming to the model in Annex V,
 - an expenditure verification report required under Article 15.6
 - a financial guarantee if required under Article 15.7;
- the balance within 45 days of the Contracting Authority approving the final report in accordance with Article 15.2, accompanied by:
 - a request for payment of the balance conforming to the model in Annex V,
 - an expenditure verification report required under Article 15.6.

Further pre-financing may only be given if the part of the expenditure actually incurred which is financed by the Contracting Authority (by applying the percentage set out in Article 3.2 of the Special Conditions) stands at 70% at least of the previous payment (and at 100% of any previous payments) as supported by the corresponding interim report and, where applicable, by an expenditure verification report as specified in Article 15.6. Where the consumption of the previous pre-financing is less than 70%, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre-financing payment. The total sum of pre-financing under the Contract may not exceed **80%** of the amount referred to in Article 3.2 of the Special Conditions."

7.3.10 The first paragraph of Article 15.6 shall be replaced as follows:

"A report on the verification of the Action's expenditure, produced by an approved auditor who meets the specific conditions of the Terms of Reference for the expenditure verification, shall be attached to:

- **any request for further pre-financing if payments are made in accordance with Option 2 of Article 15.1**
- **Any request for payment of the balance."**

7.3.11 The first paragraph of Article 15.9 shall be replaced as follows:

"Any interest or equivalent benefits accruing from pre-financing paid by the Contracting Authority to the Beneficiary shall be mentioned in the interim and final reports. Pursuant to the conditions laid down in the basic act, any interest accruing from pre-financing shall be assigned to the Action and deducted from the payment of the balance of the amounts due to the Beneficiary.

Interest shall not be due to the Contracting Authority for pre-financing paid to the EU Member States."

7.3.12 The Article 18 shall be supplemented with the Article 18.6 as follows:

"18.6 Where the recovery relates to a claim against a Beneficiary or partner established in an EU Member State and the Contracting Authority is unable to recover the debt within one year of issuing the recovery order, the EU Member State in which the Beneficiary or partner is established shall pay the amount owing to the Contracting Authority and claim it back from the Beneficiary or partner.

Where the recovery relates to a claim against a Beneficiary or partner established in a partner country and the Contracting Authority is unable to recover the debt within one year of the issuing of the recovery order, the Contracting Authority shall refer the case to the European Commission, which, on the basis of a complete file, shall take over the task of recovering the amounts owing from the Beneficiary or partner established in the partner country or directly from the national authorities of that country".

Done in English **in two originals** one original being for the Contracting Authority and one original being for the Beneficiary.

For the Beneficiary

Name

Title

Signature

Date

For the Contracting Authority

Name

Title

Signature

Date