

Contracting Authority:



Regional Youth Cooperation Office

Call for Project Proposals 2018

“A Better Region Starts with Youth”

Grant Contract

Tirana

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GRANT CONTRACT

Grant contract identification number:

(the 'Contract')

Regional Youth Cooperation Office (hereby referred to as RYCO), established by the Western Balkan 6 Participants (WB6), as an independently functioning institutional mechanism for youth cooperation among the Western Balkans participants, followed into the objectives set-out as part of the "Berlin Process", with registered offices at the address: Rruga "Skenderbej" 8/2/2, Tirana, Albania, legally represented by **Djuro Blanus**. (hereby referred to as: the 'Contracting Authority')

of the one part,

and

Applicant

Legal status (Civil Society Organization):

Organization official registration number:

Full official address:

VAT number, for VAT registered beneficiaries:

Legally represented by:

of the other part,

(the 'Parties')

have agreed as follows:

WHEREAS

- 1) Through the Open Call for Proposals, RYCO is establishing itself as a leading regional initiative for supporting young people in the Western Balkan;
- 2) RYCO wants to empower youth for setting the course to a better society in the Western Balkans and for ensuring further progress towards European integration of the region;
- 3) RYCO support the contribution to the process of reconciliation in the region of the Western Balkans through increasing youth mobility, cooperation and activism;
- 4) The Beneficiary, is a legal entity, non-profit-making, non-governmental organization (CSO) established in one of the WB6 (youth CSOs, other CSOs dealing with young people), at least one year prior to the launch of the current Call for Proposal, or a secondary school (private and public), established in the WB6, and be directly responsible for the preparation and management of the projects with the partners (not acting as an intermediary), as well as pursuing the Priority Areas set up in the current Open Call for Proposals of the Contracting Authority;
- 5) The parties herewith are willing to enter this Grant Contract pursuant to the terms and conditions provided below.

SPECIAL CONDITIONS

Article 1 PURPOSE

- 1.1 The purpose of this Contract is the award of a grant by the Contracting Authority to finance the implementation of the action entitled: (hereby referred as the “Action”), as described in Annex I “Application form”, of this contract.
- 1.2 The Beneficiary shall be awarded the grant on the terms and conditions set out in this Contract, which consists of these special conditions (hereby referred as the “Special Conditions”) and the annexes, which the Beneficiary hereby declares it has noted and accepted.
- 1.3 The Beneficiary accepts the grant and undertakes to be responsible for carrying out the Action.

Article 2 IMPLEMENTATION PERIOD OF THE ACTION

- 2.1 This Contract shall enter into force on the date when the second of the two Parties signs it.
- 2.2 Implementation of the Action _____.
- 2.3 The implementation period of the Action, as laid down in Annex I, is _____.
- 2.4 The execution period of this Contract shall end when the payment of the balance is made by the Contracting Authority and, in any event, at the latest 18 months after the end of the implementation period as stipulated in Article 2.3 unless postponed in accordance with Article 12.5 of Annex X “General Conditions”, of this Contract.

Article 3 FINANCING THE ACTION

- 3.1 The total eligible costs are estimated in EUR, as set out in Annex II “Budget Form” of this Contract.
- 3.2 The Contracting Authority undertakes to finance a maximum amount of _____ EUR.
The grant is further limited to _____% of the total eligible cost of the Action, as specified in paragraph 1 of this Article.
The final amount of the Contracting Authority’s contribution shall be determined in accordance with Articles 14 and 17 of Annex X.

Article 4
PAYMENT ARRANGEMENTS

- 4.1 Payments shall be made in accordance with Article 15.1 of Annex X.

Article 5
EXCHANGE RATE

- 5.1 For the purpose of reporting, conversion into the euro of the real costs borne in other currencies shall be made using the monthly exchange rate of InforEuro at which the RYCO's contribution was recorded in the Beneficiary's account.

Article 6
CONTACT ADDRESSES

- 6.1 Any communication relating to this Contract shall be by electronic means, or in writing, state the number and title of the Action and be sent to the following addresses:

For the Contracting Authority

Address of the Contracting Authority's:

Rruga "Skënderbej, 8/2/2", Tirana 1000, Albania

E-mail:

Payment requests and attached reports, including requests for changes to bank account arrangements shall be sent to: **Regional Youth Cooperation Office.**

For the Beneficiary

Address of the Beneficiary for correspondence:

e-mail:

- 6.2 The expenditure verification(s) referred to in Article 15.6 of Annex X will be carried out by the Contracting Authority or any external body authorized by the Contracting Authority.

Article 7
ANNEXES

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

Annex I: Grant Application Form;

Annex II: Budget Form;

- Annex III: Supporting Documents
- Annex IV: General Information on Call for Proposals;
- Annex V: Guidelines for Grant Applicants;
- Annex VI: Narrative Report Template;
- Annex VII: Financial Report Template;
- Annex VIII: Breakdown List of Expenditures
- Annex IX: Guidelines for Grantees;
- Annex X: General Conditions
- Annex XI: Standard Request for Payment;
- Annex XII: Financial Identification Form;
- Annex XIII: Legal Identification Form;

7.2 In the event of a conflict between the provisions of the present Special Conditions and any Annex thereto, the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex X and those of the other annexes, those of Annex X shall take precedence

7.3 If the implementation of the Action requires procurement by the Beneficiary, the contract must be awarded to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, the Beneficiary shall avoid any conflict of interests and respect the obligations under this Contract.

Done in English in one original being for the Contracting Authority, and one original being for the Beneficiary.

For the Contracting Authority

Djuro Blanusa
Secretary General

Signature.....

Date:

For the Beneficiary

Signature.....

Date:

Annex X

GENERAL AND ADMINISTRATIVE PROVISIONS

ARTICLE 1 GENERAL PROVISIONS

- 1.1 The Beneficiary and the Contracting Authority are the only parties to this Contract.
- 1.2 This Contract and the payments attached to it may not be assigned to a third party in any manner whatsoever without the prior written consent of the Contracting Authority.
- 1.3 Any personal data will be processed solely for the purposes of the performance, management and monitoring of this Contract by the Contracting Authority and may also be passed to the bodies charged with monitoring or inspection tasks under the respective law of the Republic of Albania. The Beneficiary will have the right of access to its personal data and the right to rectify any such data. If the Beneficiary has any queries concerning the processing of personal data, he shall address them to the Contracting Authority.
- 1.4 The Beneficiary shall limit access and use of personal data to that strictly necessary for the performance, management and monitoring of this Contract and shall adopt all appropriate technical and organizational security measures necessary to preserve the strictest confidentiality and limit access to this data.
- 1.5 The Beneficiary shall:
 - a) carry out the Action, taking all necessary and reasonable measures to ensure that the Action is carried out in accordance with the Application Form in Annex I and the terms and conditions of this Contract;
 - b) to this purpose, the Beneficiary shall implement the Action with the requisite care, efficiency, transparency and diligence, in line with the principle of sound financial management and with the best practices in the field;
 - c) be responsible for complying with any obligation incumbent on them from this Contract;
 - d) sent the data needed to draw up the reports, financial statements and other information or documents required by this Contract and the Annexes to the Contracting Authority;
 - e) agree upon appropriate internal arrangements for the internal coordination and representation of the Beneficiary vis-a-vis the Contracting Authority for any matter concerning this Contract, consistent with the provisions of this Contract and in compliance with the applicable legislation(s);
 - f) have full financial responsibility for ensuring that the Action is implemented in accordance with this Contract;
 - g) establish the payment requests in accordance with the Contract;
 - h) be the sole recipient, of the payments of the Contracting Authority.

ARTICLE 2
OBLIGATION TO PROVIDE FINANCIAL AND NARRATIVE REPORTS

- 2.1 The Beneficiary shall provide the Contracting Authority with all required information on the implementation of the Action. The report shall describe the implementation of the Action according to the activities envisaged, difficulties encountered, and measures taken to overcome problems, eventual changes introduced, as well as the degree of achievement of its results (impact, outcomes or outputs) as measured by corresponding indicators. The report shall be laid out in such a way as to allow monitoring of the objective(s), the means envisaged or employed and the budget details for the Action. The level of detail in any report should match that of the Application Form and of the Budget Form. The Beneficiary shall collect all the necessary information and draw up consolidated interim and final reports. These reports shall:
- a) cover the Action as a whole, regardless of which part of it is financed by the Contracting Authority;
 - b) consist of a narrative and a financial report drafted using the templates provided in Annex VI and Annex VII;
 - c) provide a full account of all aspects of the Action's implementation for the period covered, including the qualitative and quantitative information needed to demonstrate the fulfillment of the conditions for payment of the second installment as established in this Contract;
 - d) include the current results within the Narrative Report as provided in Annex VI, based on the Application Form, including the results achieved by the Action (impact, outcomes or outputs) as measured by their corresponding indicators; agreed baselines and targets, and relevant sources of verification;
 - e) determine if the intervention logic is still valid and propose any relevant modification including regarding the application form;
 - f) be drafted in the currency and language of this Contract;
 - g) include any relevant reports, publications, press releases and updates related to the Action.
- 2.2 Additionally, the final report shall cover any period not covered by the previous reports.
- 2.3 The Special Conditions may set out additional reporting requirements.
- 2.4 The Contracting Authority may request additional information at any time. The Beneficiary shall provide this information within 30 days of the request, in the language of the Contract.
- 2.5 Reports shall be submitted with the payment requests, according to Article 15. If the Beneficiary fails to provide any report or fails to provide any additional information requested by the Contracting Authority within the set deadline without an acceptable and written explanation of the reasons, the Contracting Authority may terminate this Contract according to Article 12.2 (a) and (f).

**ARTICLE 3
LIABILITY**

- 3.1 The Contracting Authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Beneficiary while the Action is being carried out or as a consequence of the Action. The Contracting Authority cannot, therefore, accept any claim for compensation or increases in payment in connection with such damage or injury.
- 3.2 The Beneficiary shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the Action is being carried out or as a consequence of the Action. The Beneficiary shall discharge the Contracting Authority of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the Beneficiary, or the Beneficiary employees or individuals for whom those employees are responsible, or as a result of violation of a third party's rights. For the purpose of this Article, employees of the Beneficiary shall be considered third parties.

**ARTICLE 4
CONFLICT OF INTERESTS AND GOOD CONDUCT**

- 4.1 The Beneficiary shall take all necessary measures to prevent or end any situation that could compromise the impartial and objective performance of this Contract. Such conflict of interests may arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest.
- 4.2 Any conflict of interests which may arise during performance of this Contract must be notified in writing to the Contracting Authority without delay. In the event of such conflict, the Beneficiary shall immediately take all necessary steps to resolve it.
- 4.3 The Contracting Authority reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken if necessary.
- 4.4 The Beneficiary shall ensure that its staff, including its management, is not placed in a situation which could give rise to conflict of interests. Without prejudice to its obligation under this Contract, the Beneficiary shall replace, immediately and without compensation from the Contracting Authority, any member of its staff in such a situation.
- 4.5 The Beneficiary shall respect human rights and applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labor standards.
- 4.6 The respective code of conduct set out in this present Article constitutes a contractual obligation. Failure to comply with the code of conduct is always deemed to be a breach of the contract.

**ARTICLE 5
CONFIDENTIALITY**

- 5.1 Subject to Article 16 of this Annex, the Contracting Authority and the Beneficiary undertake to preserve the confidentiality of any information, notwithstanding its form,

disclosed in writing or orally in relation to the implementation of this Contract and identified in writing as confidential until at least 5 years after the payment of the balance.

- 5.2 The Beneficiary shall not use confidential information for any aim other than fulfilling its obligations under this Contract unless otherwise agreed with the Contracting Authority.

ARTICLE 6 OWNERSHIP/USE OF RESULTS AND ASSETS

- 6.1 Unless otherwise stipulated in the Special Conditions, ownership of, and title and intellectual and industrial property rights to, the Action's results, reports and other documents relating to it will be vested in the Beneficiary.
- 6.2 Without prejudice to Article 6.1, the Beneficiary grant the Contracting Authority the right to use freely and as it sees fit, and in particular, to store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the Action whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.
- 6.3 The Beneficiary shall ensure that it has all rights to use any pre-existing intellectual property rights necessary to implement this Contract.

ARTICLE 7 EVALUATION/MONITORING OF THE ACTION

- 7.1 If the Contracting Authority carries out an interim or ex post evaluation or a monitoring mission, the Beneficiary shall undertake to provide it and/or the persons authorized by it, with the documents or information necessary for the evaluation or monitoring mission.
- 7.2 If the Contracting Authority carries out or commissions an evaluation in the course of the Action, it shall provide the Beneficiary with a copy of the evaluation report.

ARTICLE 8 AMENDMENT OF THE CONTRACT

- 8.1 Any amendment to this Contract, including the annexes thereto, shall be set out in writing. This Contract can be modified only during its execution period.
- 8.2 The amendment may not have the purpose or the effect of making changes to this Contract that would call into question the grant award decision or be contrary to the equal treatment of applicants. The maximum grant referred to in Article 3.2 of the Special Conditions may not be increased.
- 8.3 If an amendment is requested by the Beneficiary, the Beneficiary shall submit a duly justified request to the Contracting Authority thirty days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the Contracting Authority.

- 8.4 Where the amendment to the Budget or Application Form does not affect the basic purpose of the Action and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item involving a variation of 25% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the Beneficiary may amend the Budget or the Application Form only after prior approval by the Contracting Authority. In case where, the amendment to the Budget or Application Form, as provided in this paragraph, is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item involving a variation up to 5% of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the Beneficiary may amend the Budget or the Application Form unilaterally and inform the Contracting Authority accordingly, in writing and at the latest in the next report. In case of a transfer between main budget headings involving a variation of 10% or less of the amount originally entered in relation to each concerned main heading for eligible costs, the Beneficiary may amend the budget only after prior approval of the Contracting Authority. This method may not be used to amend the headings for indirect costs or rates of simplified cost options defined in the contract.
- 8.5 Changes of address or bank account shall simply be notified by the Beneficiary. However, in duly substantiated circumstances, the Contracting Authority may oppose the Beneficiary choice.
- 8.6 The Contracting Authority reserves the right to require that the auditor referred to in Article 5.2 of the Special Conditions be replaced if considerations which were unknown when this Contract was signed cast doubt on the auditor's independence or professional standards.

ARTICLE 9 IMPLEMENTATION

- 9.1 If the implementation of the Action requires the Beneficiary to procure goods and services, it shall respect the contract-award rules and the provisions of the Annex I, of this Contract.
- 9.2 To the extent relevant, the Beneficiary shall ensure that the conditions applicable to them under Articles 3, 4 and 15 of this Annex are also applicable to contractors awarded an implementation contract.
- 9.3 The Beneficiary shall provide in its report to the Contracting Authority a comprehensive and detailed report on the award and implementation of the contracts awarded under Article 9.1 of this Annex, in accordance with the reporting requirements in Annex VI, and Annex VII.
- 9.4 The Beneficiary may subcontract tasks forming part of the action. If it does so, it must ensure that, in addition to the conditions specified in Article 9.1, 9.2 and 9.3, the following conditions are also complied with:
- subcontracting does not cover core tasks of the action;
 - recourse to subcontracting is justified because of the nature of the action and what is necessary for its implementation;
 - the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex II

ARTICLE 10 EXTENSION

- 10.1 The Beneficiary shall inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action. The Beneficiary may request an extension of the Action's implementation period as laid down in Article 2 of the Special Conditions in accordance with Article 8.2 and 8.3. The request shall be accompanied by all the supporting evidence needed for its appraisal.
- 10.2 The request for an extension to the duration of the action will be approved when it is only given a clear added value for the project and/or where external events (not reasonably foreseeable at the point of signing the grant) mean that it is impossible to complete the work in the agreed timeframe.
- 10.3 Any demand for a grant extension may only be accepted for well-justified reasons
- 10.4 Retroactive demands for grant extensions are not accepted.

ARTICLE 11 SUSPENSION

- 11.1 The Beneficiary may suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. The Beneficiary shall inform the Contracting Authority without delay, stating the nature, probable duration and foreseeable effects of the suspension.
- 11.2 The Beneficiary or the Contracting Authority may then terminate this Contract in accordance with Article 12.1. If the Contract is not terminated, the Beneficiary shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow, informing the Contracting Authority accordingly.
- 11.3 The Contracting Authority may request the Beneficiary to suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. To this purpose, the Contracting Authority shall inform the Beneficiary stating the nature and probable duration of the suspension.
- 11.4 The Beneficiary or the Contracting Authority may then terminate this Contract in accordance with Article 12.1. If the Contract is not terminated, the Beneficiary shall endeavor to minimize the time of its suspension and any possible damage and shall resume implementation once circumstances allow and after having obtained the approval of the Contracting Authority.
- 11.5 The Contracting Authority may also suspend this Contract or the participation of the Beneficiary in this Contract if the Contracting Authority has evidence that, or if, for objective and well justified reasons, the Contracting Authority deems necessary to verify whether presumably:
 - a) the grant award procedure or the implementation of the Action have been subject to substantial errors, irregularities or fraud;
 - b) the Beneficiary has breached any substantial obligation under this Contract.

- 11.6 The Beneficiary shall provide any requested information, clarification or document within 30 days of receipt of the requests sent by the Contracting authority. If, notwithstanding the information, clarification or document provided by the Beneficiary, the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Contracting Authority may terminate this Contract according to Article 12(2) h.
- 11.7 The Beneficiary shall not be held in breach of its contractual obligations if it is prevented from fulfilling them by circumstances of force majeure. The term force majeure, as used herein covers any unforeseeable events, not within the control of either party to this Contract and which by the exercise of due diligence neither party is able to overcome such as acts of God, strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars whether declared or not, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosion.

ARTICLE 12 TERMINATION OF THE CONTRACT

- 12.1 In the cases foreseen in Article 11.1 and 11.3, if the Beneficiary or the Contracting Authority believes that this Contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the Beneficiary or the Contracting Authority may terminate this Contract by serving two months written notice, without being required to pay indemnity.
- 12.2 Without prejudice to Article 12.1, in the following circumstances the Contracting Authority may, after having duly consulted the Beneficiary, terminate this Contract without any indemnity on its part when:
- a) the Beneficiary fails, without justification, to fulfil any substantial obligation incumbent on it by this Contract and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of receipt of the letter;
 - b) the Beneficiary or any person that assumes unlimited liability for the debts of the Beneficiary is bankrupt, subject to insolvency or winding up procedures, is having its assets administered by a liquidator or by the courts, has entered into an arrangement with creditors, has suspended business activities, or is in any analogous situation arising from a similar procedure provided for under the national law or regulations relevant to the Beneficiary;
 - c) the Beneficiary, or any related entity or person, have been found guilty of an offence concerning their professional conduct proven by any means;
 - d) it has been established by a final judgment or a final administrative decision or by proof in possession of the Contracting Authority that the Beneficiary has been guilty of fraud, corruption, involvement in a criminal organisation, money laundering or terrorist financing, terrorist related offences, child labour or other forms of trafficking in human beings or has committed an irregularity;

- e) a change to a Beneficiary legal, financial, technical, organisational or ownership situation or the termination of the participation of a Beneficiary substantially affects the implementation of this Contract or calls into question the decision awarding the grant;
- f) the Beneficiary or any related person, are guilty of misrepresentation in supplying the information required in the award procedure or in the implementation of the Action or fail to supply within the deadlines set under this Contract, any information related to the Action required by the Contracting Authority;
- g) the Beneficiary has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the Beneficiary Contracting Party;
- h) the Contracting Authority has evidence that the Beneficiary, or any related entity or person, has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Action;
- i) the Contracting Authority has evidence that the Beneficiary is subject to a conflict of interests;
- j) the Contracting Authority has evidence that the Beneficiary has committed systemic or recurrent errors or irregularities, fraud, or serious breach of obligations under other grants financed by the Contracting Authority and awarded to that specific Beneficiary under similar conditions, provided that those errors, irregularities, fraud or serious breach of obligations have a material impact on this grant.

The cases of termination under points (b), (c), (d), (h), (i) and (j) may refer also to persons who are members of the administrative, management or supervisory body of the Beneficiary and/or to persons having powers of representation, decision or control with regard to the Beneficiary.

- 12.3 The payment obligations of the Contracting Authority under this Contract shall end not later than three months after the implementation period laid down in Article 2 of the Special Conditions, unless this Contract is terminated according to Article 12 of this Annex.

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

- 12.4 This Contract will be terminated automatically if it has not given rise to any payment by the Contracting Authority within one year of its signature.

- 12.5 Upon termination of this Contract the Beneficiary shall take all immediate steps to bring the Action to a close in a prompt and orderly manner and to reduce further expenditure to a minimum.

Without prejudice to Article 14 of this Annex, the Beneficiary shall be entitled to payment only for the part of the Action carried out, excluding costs relating to current commitments that are due to be executed after termination. To this purpose, the Beneficiary shall

introduce a payment request to the Contracting Authority within the time limit set by Article 15.2 of this Annex starting from the date of termination.

In the cases of termination foreseen in Article 12.2 a), c), d), f), h) and j) the Contracting Authority may, after having properly consulted the Beneficiary and depending on the gravity of the failings, request full or partial repayment of amounts unduly paid for the Action.

ARTICLE 13 ADMINISTRATIVE SANCTIONS

13.1 Without prejudice to the application of other remedies laid down in the contract, a sanction of exclusion from all contracts and grants financed by Contracting Authority may be imposed when:

- a. Beneficiary is guilty of grave professional misconduct, has committed irregularities or has shown significant deficiencies with the main obligations in the performance of the contract.
- b. Guilty of fraud, corruption, participation in criminal organisation, money laundering, terrorist-related offences, child labour or trafficking human beings.

13.2 In addition or in alternative to the situation mentioned in 13. 1, the Beneficiary may also be subject to financial penalties up to 10% of the grant contract value.

ARTICLE 14 APPLICABLE LAW AND DISPUTE SETTLEMENT

14.1 This Contract shall be governed by the law of the Republic of Albania.

14.2 The parties to this Contract shall do everything possible to settle amicably any dispute arising between them during the implementation of this Contract. To that end, they shall communicate their positions and any solution that they consider possible in writing and meet each other at either's request. The Beneficiary and the Contracting Authority shall reply to a request sent for an amicable settlement within 30 days. Once this period has expired, or if the attempt to reach amicable settlement has not produced an agreement within 120 days of the first request, the Beneficiary or the Contracting Authority may notify the other part that it considers the procedure to have failed.

14.3 In the event of failure of the above procedures, each party to this Contract may submit the dispute to the respective court, in the Republic of Albania.

ARTICLE 15 ELIGIBLE COSTS

15.1 Eligible costs are actual costs incurred by the Beneficiary which meet all the following criteria:

- a) they are incurred during the implementation of the Action as specified in Article 2 of the Special Conditions. In particular:
 - i. Costs related to goods and services shall relate to activities performed during the implementation period. Signature of a contract, placing an order or entering into a commitment for expenditure within the implementation period for future deliveries of goods and services after the expiry of the implementation period do not meet this requirement.
 - ii. costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment;
 - iii. an exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the Action, which may be incurred after the implementation period of the Action;
- b) they are indicated in the estimated overall budget for the Action;
- c) they are necessary for the implementation of the Action;
- d) they are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary and determined according to the accounting standards and the usual cost accounting practices applicable to the Beneficiary;
- e) they comply with the requirements of applicable tax and social legislation;
- f) they are reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

15.2 Subject to Article 14.1 and, where relevant, the following direct costs of the Beneficiary shall be eligible:

- a) Staff cost assigned to execute the action, corresponding to actual gross salaries including social security charges or other remuneration related costs
- b) travel and subsistence costs for staff and other persons taking part in the Action, provided they do not exceed those normally borne by the Beneficiary according to its rules and regulations;
- c) purchase or rental costs for equipment and supplies (new or old) specifically dedicated to the purposes of the Action;
- d) costs of consumables;
- e) costs of service and supply contracts awarded by the Beneficiary for the purposes of the Action referred to in Article 9 of this Annex;
- f) costs deriving directly from the requirements of the Contract (dissemination of information, evaluation specific to the Action, audits, translation, reproduction, insurance, etc.) including financial service costs;
- g) duties, taxes and charges, including VAT, paid and not recoverable by the Beneficiary, unless otherwise provided in the Special Conditions;

- 15.3 In accordance with the detailed provisions in Annex II, eligible costs may also be constituted by any or a combination of the following cost options:
- a) unit costs;
 - b) lump sums;
 - c) flat-rate financing;
 - d) apportionment for costs related to field offices.
- 15.4 The methods used by the Beneficiary to determine unit costs, lump sums, flat-rates or apportionment shall be clearly described and substantiated in Annex II and shall ensure compliance with the no-profit rule and shall avoid double funding of costs. The information used can be based on the Beneficiary's historical and/or actual accounting and cost accounting data or on external information where available and appropriate.
- The amounts or rates of unit costs, lump sums or flat-rates set out in Annex II may not be amended unilaterally and may not be challenged by ex post verifications.
- 15.5 The following costs shall not be considered eligible:
- a) customs and import duties, or any other charges;
 - b) purchases of land or buildings;
 - c) fines, financial penalties and expenses of litigation;
 - d) contribution in kind
 - e) debts and debt service charges (interest);
 - f) provisions for losses or potential future liabilities;
 - g) currency exchange losses;
 - h) any leasing costs
 - i) depreciation costs
 - j) credit to third parties.
 - k) performance based bonus staff
- 15.6 The indirect costs/administrative costs for the action are those eligible costs which may not be identified as specific costs directly linked to the implementation of the action and may not be booked to it directly according to the conditions of eligibility in Article 15.1. However, they are incurred by the beneficiary in connection with the eligible direct costs for the action. They may not include ineligible costs as referred to in Article 15.5 or costs already declared under another costs item or heading of the budget of this contract. A fixed percentage of the total amount of direct eligible costs of the action not exceeding 7% may be claimed to cover indirect costs for the action. Flat-rate funding in respect of indirect costs does not need to be supported by accounting documents.

ARTICLE 16

PAYMENT AND INTEREST ON LATE PAYMENT

- 16.1 The Contracting Authority must pay the grant to the Beneficiary, as set out in Article 4 of the Special Conditions, following the payment procedures:
- a) an initial pre-financing payment of 80 % of the maximum amount referred to in Article 3.2 of the Special Conditions;

- b) the balance of the final amount of the grant, upon the submission of the final report.
- 16.2 The Beneficiary shall submit the final report to the Contracting Authority no later than 30 days after the implementation period as defined in Article 2 of the Special Conditions.
- 16.3 The payment request shall be drafted using the model in Annex XI and shall be accompanied by:
- a) a narrative and financial report in line with Article 2 of this annex;
 - b) a detailed breakdown of expenditure, providing information for each cost heading

For the purposes of the initial pre-financing payment, the signed contract serves as payment request.

- 16.4 The initial pre-financing payment shall be made within 30 days of receipt of the payment request by the Contracting Authority. Payments of the balance shall be made within 60 days of receipt of the payment request by the Contracting Authority.

The payment request is deemed accepted if there is no written reply by the Contracting Authority within the deadlines set above.

- 16.5 Without prejudice to Article 12 of this annex, the time-limits for payments may be suspended by notifying the Beneficiary that:
- a) the amount indicated in its request of payments is not due, or;
 - b) proper supporting documents have not been supplied, or;
 - c) clarifications, modifications or additional information to the narrative or financial reports are needed, or;
 - d) there are doubts on the eligibility of expenditure and it is necessary to carry out additional checks, including on-the-spot checks to make sure that the expenditure is eligible, or;
 - e) it is necessary to verify whether presumed substantial errors, irregularities or fraud have occurred in the grant award procedure or the implementation of the Action, or;
 - f) it is necessary to verify whether the Beneficiary have breached any substantial obligations under this Contract.

The suspension of the time-limits for payments starts when the above notification is sent to the Beneficiary. The time-limit starts running again on the date on which a correctly formulated request for payment is recorded. The Beneficiary shall provide any requested information, clarification or document within 30 days of the request.

If, notwithstanding the information, clarification or document provided by the Beneficiary, the payment request is still inadmissible, or if the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Contracting Authority may refuse to proceed further with

payments and may, in the cases foreseen in Article 12 of this Contract, terminate accordingly this Contract.

In addition, the Contracting Authority may also suspend payments as a precautionary measure without prior notice, prior to, or instead of, terminating this Contract as provided for in Article 12 of this Contract.

- 16.6 The Beneficiary must provide an expenditure verification report for the final report. The expenditure verification report shall cover all expenditure not covered by any previous expenditure verification report, if not otherwise foreseen in this Contract.

The detailed breakdown of expenditure shall be supported by a declaration of honor by the Beneficiary that the information in the payment request is full, reliable and true and that the costs declared have been incurred and can be considered as eligible in accordance to this Contract.

The final report shall in all cases include a detailed breakdown of expenditure covering the whole Action.

- 16.8 The expenditure verification report shall not be provided by the Beneficiary if the verification is directly done by the Contracting Authority's own staff, or by a body authorized to do so on its behalf, according to Article of 5.2 of the Special Conditions.

- 16.9 The Contracting Authority shall make payments to the Beneficiary to the bank account referred to in the Financial Identification Form in Annex XII, which allows the identification of the funds paid by the Contracting Authority. The Contracting Authority shall make payments in the currency set in the Special Conditions.

- 16.10 Unless otherwise provided for in the Special Conditions, costs incurred in other currencies than the one used in the Beneficiary's accounts for the Action shall be converted according to its usual accounting practices, provided they respect the following basic requirements:

- a) they are written down as an accounting rule, i.e. they are a standard practice of the Beneficiary;
- b) they are applied consistently;
- c) they give equal treatment to all types of transactions and funding sources;
- d) the system can be demonstrated, and the exchange rates are easily accessible for verifications.

In the event of an exceptional exchange-rate fluctuation, the Parties shall consult each other with a view to amending the Action in order to lessen the impact of such a fluctuation. Where necessary, the Contracting Authority may take additional measures such as terminating the Contract.

ARTICLE 17

ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS

- 17.1 The Beneficiary shall keep accurate and regular accounts of the implementation of the Action using an appropriate accounting and double-entry book-keeping system. The accounts:

- a) may be an integrated part of or an adjunct to the Beneficiary's regular system;
 - b) shall comply with the accounting and bookkeeping policies and rules that apply in the Beneficiary Contracting Party;
 - c) shall enable income and expenditure relating to the Action to be easily traced, identified and verified.
- 17.2 The Beneficiary shall ensure that any financial report as required under Article 2 of this Annex can be properly and easily reconciled to the accounting and bookkeeping system and to the underlying accounting and other relevant records. For this purpose the Beneficiary shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.
- 17.3 The Beneficiary shall allow the -Contracting Authority or any external auditor to:
- a) access the sites and locations at which the Action is implemented;
 - b) examine its accounting and information systems, documents and databases concerning the technical and financial management of the Action;
 - c) take copies of documents;
 - d) carry out on the-spot-checks;
 - e) conduct a full audit on the basis of all accounting documents and any other document relevant to the financing of the Action.
- 17.4 The Beneficiary shall keep all records, accounting and supporting documents related to this Contract for five years following the payment of the balance, and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim has been disposed of. They shall be easily accessible and filed so as to facilitate their examination and the Beneficiary shall inform the Contracting Authority of their precise location.
- 17.5 All the supporting documents shall be available either in the original form, including in electronic form, or as a copy.
- 17.6 In addition to the reports mentioned in Article 2 of this Annex, the documents referred to in this Article include:
- a) accounting records (computerized or manual) from the Beneficiary's accounting system such as general ledger, sub-ledgers and payroll accounts, fixed assets registers and other relevant accounting information;
 - b) proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;
 - c) proof of commitments such as contracts and order forms;
 - d) proof of delivery of services such as approved reports, time sheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates) etc;
 - e) proof of receipt of goods such as delivery slips from suppliers;
 - f) proof of completion of works, such as acceptance certificates;
 - g) proof of purchase such as invoices and receipts;
 - h) proof of payment such as bank statements, debit notices, proof of settlement by the contractor;
 - i) proof that taxes and/or VAT that have been paid cannot actually be reclaimed;

- j) for fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs;
 - k) staff and payroll records such as contracts, salary statements and time sheets. For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary.
- 17.7 Failure to comply with the obligations set forth in paragraph 16.1 to 16.6 constitutes a case of breach of a substantial obligation under this Contract. In this case, the Contracting Authority may in particular suspend the Contract, payments or the time-limit for a payment, terminate the Contract and/or reduce the grant.

ARTICLE 18

FINAL AMOUNT OF THE GRANT

- 18.1 The grant may not exceed the maximum ceiling in Article 3.2 of the Special Conditions either in terms of the absolute value or the percentage stated therein. If the eligible costs of the Action at the end of the Action are less than the estimated eligible costs as referred to in Article 3.1 of the Special Conditions, the grant shall be limited to the amount obtained by applying the percentage laid down in Article 3.2 of the Special Conditions to the eligible costs of the Action approved by the Contracting Authority.
- 18.2 In addition and without prejudice to its right to terminate this Contract pursuant to Article 12 of this Annex, if the Action is implemented poorly or partially - and therefore not in accordance with the provisions of Annex I - or late, the Contracting Authority may, by a duly reasoned decision and after allowing the Beneficiary to submit its observations, reduce the initial grant in line with the actual implementation of the Action and in accordance with the terms of this Contract.
- 18.3 The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the balance is made by the Beneficiary that fall within one of the two following categories:
- a) income generated by the Action, unless otherwise specified in the Special Conditions;
 - b) financial contributions specifically assigned by the Beneficiary to the financing of the same eligible costs financed by this Contract and declared by the Beneficiary as actual costs under this Contract. Any financial contribution that may be used by the Beneficiary to cover costs other than those eligible under this Contract or that are not due to the Contracting Authority where unused at the end of the Action are not to be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the Beneficiary.
- 18.4 Where the final amount of the grant determined in accordance with the Contract would result in a profit, it shall be reduced by the percentage of the profit corresponding to the final Beneficiary contribution to the eligible costs actually incurred approved by the Contracting Authority.

**ARTICLE 19
RECOVERY**

- 19.1 If any amount is unduly paid to the Beneficiary, or if recovery is justified under the terms of this Contract, the Beneficiary undertakes to repay the Contracting Authority these amounts.
- 19.2 In particular, payments made do not preclude the possibility for the Contracting Authority to issue a recovery order following an expenditure verification report, an audit or further verification of the payment request.
- 19.3 If a verification reveals that the methods used by the Beneficiary to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this Contract, the Contracting Authority shall be entitled to reduce the final amount of the grant proportionately up to the amount of the unit costs, lump sums or flat rate financing.
- 19.4 The Beneficiary undertakes to repay any amounts paid in excess of the final amount due to the Contracting Authority within 45 days of the issuing of the debit note, the latter being the letter by which the Contracting Authority requests the amount owed by the Beneficiary.
- 19.5 Should the Beneficiary fail to make repayment within the deadline set by the Contracting Authority, the Contracting Authority may increase the amounts due by adding interest at the rediscount rate applied by Albanian Central Bank, on the first day of the month in which the time-limit expired, plus three and a half percentage points.
- 19.6 The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the Contracting Authority, and the date on which payment is actually made. Any partial payments shall first cover the interest thus established.
- 19.7 Amounts to be repaid to the Contracting Authority may be offset against amounts of any kind due to the Beneficiary, after informing it accordingly. This shall not affect the Parties' right to agree on payment in installments.
- 19.8 The repayment under paragraph 18.4 or the offsetting under paragraph 18.7, amount to the payment of the balance.
- 19.9 Bank charges incurred by the repayment of amounts due to the Contracting Authority shall be borne entirely by the Beneficiary.

For the Contracting Authority

For the Beneficiary

Djuro Blanus

Secretary General

Signature.....

Signature.....

Date:

Date:
