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GRANT CONTRACT

- from ENI -

BSB 908

(the 'Contract')

Ministry of Public Works, Development and Administration

16 Libertatii Blvd, Bucharest, Romania, postal code 050706, fiscal code 26369185

acting as the Managing Authority for the Joint Operational Programme Black Sea Basin 2014-2020 ("the MA"), represented by Ion ȘTEFAN, Minister

of the one part,

Pieriki Anaptixiaki S.A.-O.L.A.

Local Development Agency (body governed by public law)

16th Oktobriou Street, no. 17b, Katerini, postal code 60100, Greece, VAT Number EL094310917

acting as Lead Beneficiary ("the Lead Beneficiary"), represented by Sofia Mavridou, President of the Board of Directors

of the other part,

have agreed as follows:

Article 1 - Purpose of the contract and general provisions

- 1.1 The purpose of this Contract is the award of an ENI grant by the MA for the implementation of the project entitled: "Jointly preparing the conditions in the agricultural and connected sectors in the BSB area for the digital transformation (BSB Smart Farming)" ("the project") described in Annex I.
- 1.2 The Contract is signed in accordance with the decision of the Joint Monitoring Committee of the Joint Operational Programme Black Sea Basin 2014-2020 ("the Programme") from 17.09.2019 to award a grant to the project.
- 1.3 The Lead Beneficiary will be awarded the ENI grant on the terms and conditions set out in this Contract and its annexes, which the Lead Beneficiary hereby declares it has noted and accepted.
- 1.4 The Lead Beneficiary accepts the ENI grant and assumes responsibility for ensuring the implementation of the entire project.
- 1.5 The Lead Beneficiary shall implement the project jointly with the Beneficiaries with the requisite care, transparency and diligence, in line with the principles of sound financial management and with the best practices in the field. The Lead Beneficiary and the



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Beneficiaries shall mobilise all the financial, human and material resources required for its implementation.

- 1.6 The Lead Beneficiary receives the ENI grant from the MA and ensures it is managed and distributed in accordance with the grant Contract and its annexes.
- 1.7 The Lead Beneficiary and the MA are the only parties (the “Parties”) to this Contract. The European Commission is not Party to this Contract being conferred only the rights and obligations explicitly mentioned in this Contract.
- 1.8 This Contract and the payments attached to it may not be assigned to a third-party in any manner whatsoever.
- 1.9 Any personal data will be processed solely for the purposes of the performance, management and monitoring of this Contract by the MA and may also be passed to the bodies in charge with monitoring or inspection tasks according to Article 33 of the Commission Implementing Regulation (EU) No 897/2014 of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument (“Regulation no 897/2014”) or any bodies/entities authorised by the MA. The Lead Beneficiary and the Beneficiaries will have the right of access to their personal data and the right to rectify any such data. If the Lead Beneficiary and the Beneficiaries have any queries concerning the processing of personal data, they shall address them to the MA.
- 1.10 The Lead Beneficiary and the Beneficiaries 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 organisational security measures necessary to preserve the strictest confidentiality and limit access to this data.
- 1.11 The Lead Beneficiary and the Beneficiaries understand and agree that the Managing Authority may delegate tasks related to monitoring of the project implementation to the Joint Technical Secretariat of the Programme (“the JTS”). The Lead Beneficiary and the Beneficiaries must answer all written requests from the Managing Authority/Joint Technical Secretariat, within the deadline stipulated in the respective request and must also support the MA/JTS in fulfilling their tasks, including on-site visits and other tasks related to the monitoring, evaluation and implementation of the Programme and the project.
- 1.12 The Lead Beneficiary and the Beneficiaries understand and agree that, for the sound implementation of the Contract, the Managing Authority, either directly or through the Joint Technical Secretariat, may issue mandatory instructions, guidelines, manuals, etc., in line with the provisions of the Contract.
- 1.13 The Lead Beneficiary and the Beneficiaries must use the control system established at national level for the verification of their expenditures.
- 1.14 The Lead Beneficiary and the Beneficiaries shall upload and validate data in the electronic system of the Programme in accordance with the MA/JTS instructions.
- 1.15 All references to days in this grant Contract are to calendar days, except when it is not specified otherwise.
- 1.16 In exceptional circumstances, when the contract is signed based on documents submitted electronically by the Lead Beneficiary, instead of originals, as requested by the provisions of the Chapter 5 Pre-contractual conditions comprised in the Guidelines for Grant Applicants, the Lead Beneficiary must submit to the JTS, within 30 days from the end date of the emergency situation as communicated by the national authorities in each country, in original and copies



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certified as in accordance with the original confirmed through signature and stamp¹ by the legal representative or the mandated person, having in this respect a legal mandate, in order to comply with the above mentioned provisions of the Guidelines of Applicants and programme rules.

In the absence of submitting the documents, as mentioned above, the payment of the interim instalment will not be made and the Contract may be terminated and the advance payment recovered in accordance with Article 17.

Article 2 - Duration of the grant contract

- 2.1 This Contract shall enter into force on the date when the last of the two Parties signs.
- 2.2 Implementation of the project shall begin on the day following that on which the last of the two Parties signs.
- 2.3 The project's implementation period, as laid down in Annex I, is 20 months.
- 2.4 The execution period of this Contract shall end at the moment when final payment is paid by the MA and in any case at the latest 18 months as from the end of the implementation period as stipulated in Article 2.3 above, unless postponed in accordance with Article 4.13 of the Contract.
- 2.5 The validity period of this Contract shall end five years from the date of payment of the balance for the Programme. MA will inform the Lead Beneficiary about this date.

Article 3 - Project budget

- 3.1 The total eligible cost of the project is estimated at 697.695,40 EURO, as set out in Annex II.
- 3.2 The MA undertakes to finance a maximum of 641.879,76 EURO, equivalent to maximum <92%> of the estimated total eligible cost of the project; the final amount of the eligible costs shall be established in accordance with Articles 8 and 12. The Lead Beneficiary and the Beneficiaries shall provide the same percentage of co-financing (at least 8%).
- 3.3 Pursuant to Article 8.3, 6,85% (*maximum 7%*) of the final amount of direct eligible costs of the project, excluding costs incurred in relation to the provision of infrastructure, established in accordance with Articles 8 and 12 may be claimed by the Lead Beneficiary and the Beneficiaries as indirect costs without increasing the amount specified in Article 3.2.
- 3.4 The total share of grant used for activities implemented outside the Programme area may not exceed maximum 15% of the grant.

Article 4 - Payment arrangements

- 4.1 Payment will be made by the MA as follows:
 - Prefinancing instalment: 256.751,90 EURO (40% of the ENI Grant foreseen for the implementation of the project as set out in Annex II);
 - Interim instalment: 256.751,90 EURO (maximum 40% of the ENI Grant foreseen for the implementation of the project as set out in Annex II);
 - Final balance: 128.375,96 EURO (maximum 20% or the balance of the ENI Grant foreseen for the implementation of the project as set out in Annex II).
- 4.2 The total sum of prefinancing and interim payments may not exceed 80% of the amount referred to in Article 3.2.

¹ According to the national legislation in force of each Beneficiary



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- 4.3 In case of projects including an infrastructure, the Lead Beneficiary must submit, within 6 months from the Contract signature, but no later than the submission of the interim payment request, the building permit and any other execution details, technical documentation, approved architectural and engineering drawings, consents, approvals, authorizations and agreements, following the issue of the building permit if requested by the national laws of the respective country.
- 4.4 In the absence of the documents mentioned in Article 4.3, the payment of the interim instalment will not be made and the Contract may be terminated in accordance with Article 17.
- 4.5 The prefinancing instalment will be paid by the MA to the Lead Beneficiary within 30 days, as from the date of reception by the MA of signed Contract accompanied by the prefinancing payment request.
- 4.6 The Lead Beneficiary shall transfer the corresponding amounts of the Grant to the Beneficiaries without delay as from the date of receipt of the instalment of Grant, proportionally to each Beneficiary's contribution to the project, in accordance with the provisions of the Partnership Agreements, without making any deduction, retention or further specific charge, and shall submit the proof of transfer to MA within 7 days from the date of transfer.
- 4.7 No amount shall be deducted or withheld by the MA, unless supported by the signed Contract, and no specific charge or other charge with equivalent effect shall be levied reducing these payments.
- 4.8 If exceptional circumstances occur, the MA may retain the payment to the Lead Beneficiary or request the Lead Beneficiary to retain the payment to the Beneficiaries.
- 4.9 The MA shall make each payment under the condition of availability of funds.

Payment request

- 4.10 The payment request shall be drafted using the model in Annex IV and, for interim and final payment request, it shall be accompanied by:
 - a) a narrative and financial report in line with Article 5;
 - b) an expenditure verification report in line with Article 4.11.

Expenditure verification report

- 4.11 A report on the expenditure verification for Lead Beneficiary and each Beneficiary, conforming to the instructions of the MA according to Article 1.12, produced by a controller appointed in accordance with the control system established at national level, shall be attached to:
 - the request for interim payment;
 - the final report.

The controller examines whether the costs declared by the Lead Beneficiary and the Beneficiaries are real, accurately recorded and eligible, including necessary for the implementation of the project, in accordance with the Contract, as well as the revenue of the project and issues an expenditure verification report conforming to the instructions of the MA according to Article 1.12.

The Lead Beneficiary will submit to the MA the reports for expenditure verification with all the factual findings issued from all Beneficiaries' controllers involved in the project.



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The expenditure verification reports accompanying a request for payment of the final balance covers all expenditures not covered by any previous expenditure verification report.

Based on the expenditure verification reports, conforming to the instructions of the MA according to Article 1.12, the Managing Authority determines the total amount of eligible expenditure and the amount of Managing Authority contribution, according to the provisions of Article 3.2.

The Lead Beneficiary and the Beneficiaries grant the controller all access rights necessary for the verification.

Payment deadlines

- 4.12 The prefinancing payment shall be made by the MA within 30 days of receipt of the payment request from the Lead Beneficiary.

Payments of the interim instalment and of the final balance shall be made by the MA within 90 days of receipt of the payment request from the Lead Beneficiary, subject to the approval by the MA of the accompanying interim and final reports.

- 4.13 The payment obligations of the Managing Authority under this Contract shall end 18 months after the implementation period laid down in Article 2 unless this Contract is terminated according to Article 17.

Notwithstanding the first paragraph, the MA may postpone this end date to be able to fulfil its payment obligations, in all cases where the Lead 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 23 or in other exceptional circumstances. The MA shall notify the Lead Beneficiary of any postponement of the end date.

Suspension of the period for payments

- 4.14 Without prejudice to Article 17, the MA may suspend the time-limits for payments by notifying the Lead 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) the MA needs to request clarifications, modifications or additional information to the narrative or financial reports, or;
- d) the MA has doubts on the eligibility of expenditure and needs 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, fraud or corruption have occurred in the grant award procedure or the implementation of the project, or;
- f) it is necessary to verify whether the Lead Beneficiary and/or the Beneficiaries have breached any substantial obligations under this Contract.

The suspension of the time-limits for payments starts when the above notification is sent by the MA to the Lead Beneficiary. The Lead Beneficiary shall provide any requested information, clarification or document within the deadline stipulated in the request, but no more than 30 days of the request. The time-limit starts running again on the date on which the requested information, clarification or document is recorded.



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If, notwithstanding the information, clarification or document provided by the Lead 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, corruption or breach of obligations, then the MA may refuse to proceed further with payments and may, in the cases foreseen in Article 17, terminate accordingly this Contract.

In addition, the MA may also suspend fully or partially payments as a precautionary measure, with prior notice of the Lead Beneficiary, prior to, or instead of, terminating this Contract as provided for in Article 17.

Moreover, where the award procedure or performance of the Contract is vitiated by substantial errors or irregularities or by fraud or corruption attributable to the Lead Beneficiary and/or the Beneficiaries, the Managing Authority may refuse to make payments or may recover amounts already paid, in proportion to the seriousness of the errors, irregularities, fraud or corruption.

Rules for currency conversion

4.15 The MA shall make payments in euro to the Lead Beneficiary to the bank account referred to in the financial identification form in Annex IV, which allows the identification of the funds paid by the MA.

Reports shall be submitted in euro. For the purpose of reporting, conversion into euro shall be made using the monthly accounting exchange rate of the European Commission of the month during which the expenditure was submitted for verification in accordance with Article 4.11.

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

Article 5 - Obligation to provide information and reports

5.1 The Lead Beneficiary and the Beneficiaries shall provide the MA/JTS with all required information on the implementation of the project, in the language of the Contract. To that end, the Lead Beneficiary must draw up interim and final reports, progress reports and provide any other information requested by MA/JTS.

5.2 If the Lead Beneficiary fails to provide any report or fails to provide any additional information requested by the MA within the set deadline without an acceptable and sufficient written explanation of the reasons, the MA may terminate this Contract according to Article 17.2 a).

Interim and final reports

5.3 The interim and final reports shall describe the implementation of the project according to the activities envisaged, difficulties encountered and measures taken to overcome problems, any changes introduced, as well as the level of achievement of its outputs (including the specification of the results that the outputs are related to) as measured by corresponding indicators. The level of detail in any report should match that of the Description of the project and of the Budget for the project. The Lead Beneficiary shall collect from the Beneficiaries all the necessary information and draw up consolidated interim and final reports. These reports shall:

- a) cover the project as a whole, regardless of which part of it is financed by the MA;
- b) consist of a narrative and a financial report;



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- c) provide a full account of all aspects of the project's implementation for the period covered;
- d) include the outputs achieved by the project as measured by their corresponding indicators;
- e) propose any relevant measures necessary for performing the activities of the project, producing the intended results, achieving the purpose/s of the intervention;
- f) be drafted in the currency and language of this Contract;
- g) include any update on the communication plan according to Article 10;
- h) include a status of the procurement procedures and implementation of the contracts awarded under Article 9.

When submitting a payment request, the Lead Beneficiary shall ensure that all the Beneficiaries have the same reporting period.

5.4 Additionally, the final report shall cover any period not covered by the interim report.

5.5 Reports shall be submitted accompanied by the payment request conforming to the model in Annex IV and an expenditure verification report as specified in Article 4.11, taking into account the following reporting periods:

a) in case of interim report:

- the interim reporting period is intended as the period elapsed until the part of the expenditure actually incurred and paid which is financed by the MA is at least 70 % of the previous payment;
- within 90 days following the end of the reporting period specified above, the Lead Beneficiary shall present the interim report;
- if half of the implementation period has elapsed and the part of the expenditure actually incurred and paid which is financed by the MA is less than 70 % of the previous payment, the Lead Beneficiary shall present an interim report within 90 days following this period; the interim payment shall be reduced by the amount corresponding to the difference between the 70 % of the previous payment and the part of the expenditure actually incurred and paid which is financed by the MA. In this case, the following reporting period starts from the next day following the end of the period covered by this payment request;
- the Lead Beneficiary may submit an interim report before the end of the half of the implementation period, if the part of the expenditure actually incurred which is financed by the MA is less than 70 % of the previous payment; the interim payment shall be reduced by the amount corresponding to the difference between the 70 % of the previous payment and the part of the expenditure actually incurred which is financed by the MA. In this case, the following reporting period starts anew from the end date of the period covered by this payment request;

b) in case of final report:

- no later than six months after the implementation period as defined in Article 2, the Lead Beneficiary shall present a final report. If needed, this period may be reduced through the MA's instruction as provided for in Article 1.12.

5.6 The Lead Beneficiary and the Beneficiaries shall ensure that any information provided is complete, reliable and true and is substantiated by adequate supporting documents that can



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be checked and that the costs declared have been incurred and paid and can be considered as eligible in accordance to this Contract.

- 5.7 Approval of the reports by the MA shall not imply recognition of their regularity nor of the authenticity, completeness and correctness of the declarations and information they contain.

Progress reports

- 5.8 The progress report, covering every 4 months of the implementation period of the project, shall be submitted no later than 30 days after the above period has elapsed. If there is an overlapping between the months when the progress report and the interim report or the final report is due, only the interim or the final report shall be submitted.

The progress reports shall be drawn up *mutatis mutandis* in accordance with Article 5.3, with the exception of the provisions related to financial report.

Reports on sustainability

- 5.9 In case of a project including an infrastructure component, the Lead Beneficiary shall provide the MA/JTS with all required information related to ensuring the sustainability of the project, in accordance with Article 13.3 of this Contract.
- 5.10 In this respect, the Lead Beneficiary shall submit the sustainability reports for the five years following the project closure, within 30 days after the anniversary date of payment of the final balance for the project, starting with the year following the year of payment.

Other information to be provided

- 5.11 The MA/JTS may request additional information at any time. The Lead Beneficiary shall provide this information within the deadline stipulated by the request, but not later than 30 days of the request.
- 5.12 The Lead Beneficiary/Beneficiaries shall support the JTS/MA and EC in performing the results oriented missions at the level of the project/Programme, including, but not limited to, by providing/ensuring the provision of all the information required within the deadlines requested.
- 5.13 The Lead Beneficiary shall inform the Joint Technical Secretariat on the upcoming major project events with sufficient time before, but not less than 10 working days prior to carrying out the event.

Article 6 - Role of the Lead Beneficiary

- 6.1 The Lead Beneficiary shall:

a) assume responsibility for ensuring implementation of the entire project, respectively monitor and ensure that the entire project is implemented in accordance with this Contract, the Guidelines for Grant Applicants, the Programme and the EU and applicable national legislation and ensure coordination with all Beneficiaries in the implementation of the project;

b) be the intermediary for all communications between the Beneficiaries and the MA. Notwithstanding the provisions of this point, the MA/JTS may address directly any of the Beneficiaries if the Programme rules or circumstances require this measure in the process of fulfilling its tasks, with copy to the Lead Beneficiary;

c) be liable towards the Managing Authority for ensuring that all the Beneficiaries and contractors fulfil their obligations under and in accordance with this Contract. It is also liable



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towards the Managing Authority for any infringements of obligations under this Contract by the Beneficiaries and contractors in the same way as for its own conduct;

d) be responsible for supplying or uploading in the electronic system of the Programme all documents and information to the MA/JTS which may be required under this Contract, in particular in relation to the reports, modification requests and the requests for payment. Where information from the Beneficiaries is required, the Lead Beneficiary shall be responsible for obtaining, verifying and consolidating this information before passing it on to the MA.

Any information provided, as well as any request made by the Lead Beneficiary to the MA, shall be deemed to have the agreement of all the Beneficiaries;

e) inform the MA of any event likely to affect or delay the implementation of the project;

f) inform the MA of any change in the legal, financial, technical, organisational or ownership situation of the Lead Beneficiary or of any of the Beneficiaries, as well as, of any change in the name, address or legal representative of the Lead Beneficiary or of any of the Beneficiaries;

g) be responsible in the event of audits, checks, monitoring missions or evaluations, as described in Article 11 for ensuring the provision of all the necessary documents, including the accounts of the Beneficiaries, copies of the supporting documents and signed copies of any contract concluded according to Article 9;

h) ensure that the expenditure presented by the beneficiaries has been incurred for the purpose of implementing the project and corresponds to activities set in the grant contract and agreed between all beneficiaries;

i) verify that the expenditure presented by the beneficiaries has been examined pursuant to Article 4.11;

j) submit to the MA the payment requests in accordance with the Contract;

k) be the sole recipient, on behalf of all of the Beneficiaries, of the payments from the MA. The Lead Beneficiary shall ensure that the appropriate payments are then made to the Beneficiaries without delay and in full accordance with the arrangements laid down in the Partnership Agreement (Annex III). No amount shall be deducted or withheld and no specific charge with equivalent effect shall be levied that would reduce those amounts for the Beneficiaries. Notwithstanding the provisions of this paragraph, the provisions of Article 4.8 shall apply;

l) not delegate any, or part of, these tasks to the Beneficiaries or other entities;

m) commits itself to take the necessary measures to ensure that all beneficiaries ensure their own contribution and the non-eligible expenditures, as well as the temporary availability of funds for the proper implementation of the project until they are reimbursed by the MA.

Article 7 - Liability

7.1 The MA cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Lead Beneficiary and of the Beneficiaries while the project is being carried out or as a consequence of the project. The MA cannot accept any claim for compensation or increases in payment in connection with such damage or injury.



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7.2 The Lead Beneficiary and the Beneficiaries shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the project is being carried out or as a consequence of the project. The Lead Beneficiary and the Beneficiaries shall discharge the MA of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the Lead Beneficiary and by the Beneficiaries or the Lead Beneficiary's and the Beneficiaries' 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 7, employees of the Lead Beneficiary and of the Beneficiaries shall be considered third parties.

Article 8 - Eligible Costs

Cost eligibility criteria

8.1 Eligible costs are actual costs incurred by the Lead Beneficiary and/or the Beneficiaries which meet all the following criteria:

a) they are incurred during the implementation period of the project as specified in Article 2. In particular:

(i) Costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing an order or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement. Cash transfers between the Lead Beneficiary and/or the Beneficiaries may not be considered as costs incurred;

(ii) Costs incurred should be paid before the submission of the final reports;

(iii) An exception is made for costs relating to final reports, only for expenditure verification, and, if the case, final evaluation of the project, which may be incurred after the implementation period of the project;

(iv) If it is not foreseen otherwise in the national legislation of the Lead Beneficiary and/or the Beneficiaries, procedures to award contracts, as referred to in Article 9, may have been initiated and contracts may be concluded by the Lead Beneficiary and/or the Beneficiaries before the start of the implementation period of the project, provided the provisions of Article 9 have been respected;

b) they are indicated in the estimated overall budget for the project;

c) they are necessary for the implementation of the project;

d) they are identifiable and verifiable, in particular being recorded in the accounting records of the Lead Beneficiary and/or the Beneficiaries and determined according to the accounting standards and the usual cost accounting practices applicable to the Lead Beneficiary and/or the Beneficiaries;

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, and with the visibility requirements;

g) they are supported by invoices, proof of payment and/or documents of equivalent probative value;



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h) Notwithstanding letter (a) of paragraph 1, costs related to studies and documentation for projects including an infrastructure component are eligible even if they are incurred during the project preparation period which starts on the date of the approval of the Programme, respectively 18 December 2015.

Eligible direct costs

8.2 Subject to Article 8.1 and, where relevant, to the provisions of Article 9 being respected, the following direct costs of the Lead Beneficiary and/or the Beneficiaries shall be eligible:

a) the cost of staff assigned to the project, under the following cumulative conditions:

- they relate to the costs of activities which the Lead Beneficiary and the Beneficiaries would not carry out if the project was not undertaken;

- they must not exceed those normally borne by the Lead Beneficiary and the Beneficiaries unless it is demonstrated that this is essential to carrying out the project;

- they relate to actual gross salaries including social security charges and other remuneration-related costs;

b) travel and subsistence costs for staff and other persons taking part in the project, provided they do not exceed neither i) the costs normally paid by the Lead Beneficiary and/or the Beneficiaries according to their national rules and regulations nor ii) the rates published by the Commission at the time of the mission;

c) purchase (new) or rental costs for equipment and supplies specifically for the purposes of the project, provided they correspond to market prices;

d) costs of consumables (other than office supplies) specifically purchased for the project;

e) costs entailed by contracts awarded by the Lead Beneficiary and the Beneficiaries for the purposes of the project, provided the provisions of Article 9 are respected;

f) costs deriving directly from the requirements of the Contract (such as information and visibility activities, evaluation specific to the project, expenditure verification, translation, reproduction).

Indirect costs

8.3 The indirect costs for the project are those eligible costs which may not be identified as specific costs directly linked to the implementation of the project and may not be booked to it directly according to the conditions of eligibility in Article 8.1. However, they are incurred by the Lead Beneficiary and/or the Beneficiaries in connection with the eligible direct costs for the project. They may not include ineligible costs as referred to in Article 8.5 or costs already declared under another costs item or line of the budget of this Contract.

A fixed percentage of the total amount of direct eligible costs of the project, excluding costs incurred in relation to the provision of infrastructure and not exceeding the percentage laid down in Article 3, may be claimed to cover indirect costs for the project provided that the rate is calculated on the basis of a fair, equitable and verifiable calculation method. The amount of indirect costs established before the signature of the Contract may not exceed the maximum ceiling in Article 3.3 either in terms of the absolute value or the percentage stated therein at project level.

Flat-rate funding in respect of indirect costs does not need to be supported by accounting documents.



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In kind contributions

8.4 Any contributions in kind do not represent actual expenditure and are not eligible costs.

Notwithstanding the above, if the Description of the project foresees contributions in kind, such contributions have to be provided.

Non-eligible costs

8.5 The following costs shall not be considered eligible:

- a) debts and debt service charges (interest);
- b) provisions for losses or liabilities;
- c) costs declared by the Lead Beneficiary and/or the Beneficiaries and financed by another project or programme from any other sources;
- d) purchases of land or buildings;
- e) exchange-rate losses;
- f) duties, taxes and charges, including VAT, except where non-recoverable under national legislation, unless otherwise provided in appropriate provisions negotiated with CBC partner countries and as identified in the related Financing Agreement;
- g) loans to third parties;
- h) fines, financial penalties and expenses of litigation;
- i) contributions in kind as defined in Article 14(1) of the Regulation no 897/2014.
- j) costs exceeding the threshold of 15% of the EU contribution established for activities outside the Programme eligible area;
- k) used purchased equipment.

8.6 In case the project is not finalized during the eligibility period of expenditures, the Lead Beneficiary and the Beneficiaries shall ensure from their own budget the necessary funds for the finalization of the project.

Article 9 - Procurement rules

- 9.1 If the Lead Beneficiary and the Beneficiaries have to conclude procurement contracts with contractors in order to carry out certain project activities, they shall respect the procurement rules set out in Regulation no 897/2014.
- 9.2 Contracting authorities or contracting entities (within the meaning of the Union legislation applicable to procurement procedures) in Member States, shall apply national laws, regulations and administrative provisions adopted in connection with Union legislation, as laid down in Article 52.1 of the Regulation no 897/2014.
- 9.3 In all other cases, the public or private beneficiaries shall apply the provisions set out in Articles 52.2 to 56 of the Regulation no 897/2014, supplemented by:
 - a) in case of Lead Beneficiaries / Beneficiaries established in a CBC Partner Country, the provisions of the Financing Agreement concluded by the respective CBC Partner Country with the European Commission. If no otherwise foreseen in the Financing Agreements, the provisions of the Procurement and grants for European Union external actions (PRAG) in force at the moment of the launch of the relevant procurement procedure by the Lead Beneficiary



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or the Beneficiaries, regarding the templates and details for the types of procedures, shall be applicable;

b) in case of Lead Beneficiaries / Beneficiaries which are not contracting authorities or contracting entities (within the meaning of the Union legislation applicable to procurement procedures) established in a Member State, the provisions of the Procurement and grants for European Union external actions (PRAG) in force at the moment of the launch of the relevant procurement procedure by the Lead Beneficiary or the Beneficiaries, regarding the templates and details for the types of procedures, shall be applicable.

Notwithstanding the paragraph above, in case of Lead Beneficiaries / Beneficiaries required to use the Procurement and grants for European Union external actions (PRAG), for contracts not exceeding 60 000 euro, the provisions in force at the moment of the launch of the relevant procurement procedure by the Lead Beneficiary or the Beneficiaries, regarding the templates and details for the types of procedures, shall be applicable.

As concerns the provisions regarding publication, as foreseen by Articles 53 to 55 of the Regulation no 897/2014, the Lead Beneficiary/Beneficiaries mentioned at paragraph 9.3 must submit the procurement notice for publication to the Joint Technical Secretariat in electronic form at least 15 days before the intended date of publication and must arrange simultaneous publication of identical procurement notices in any other appropriate media directly.

- 9.4 In all cases, the rules on nationality and origin set out in Articles 8 and 9 of Regulation (EU) No 236/2014 shall apply.
- 9.5 The Lead Beneficiaries and the Beneficiaries shall ensure that the conditions applicable to them under Articles 7, 10, 11, 13, 14, 20 and 21 of this Contract are also applicable to contractors awarded a procurement contract.

Article 10 - Visibility and transparency

- 10.1 The Lead Beneficiary and the Beneficiaries must take all necessary steps to publicise the fact that the European Union has financed or co-financed the project. Such measures must comply with the Communication and Visibility Manual for the Joint Operational Programme Black Sea Basin 2014-2020.
- 10.2 In particular, the Lead Beneficiary and the Beneficiaries shall mention the project and the European Union's financial contribution in information given to the final recipients of the project, in their internal and annual reports, and in any dealings with the media. They shall display the EU flag and the Programme logo wherever appropriate.
- 10.3 Any notice or publication by the Lead Beneficiary and the Beneficiaries concerning the project, including those given at conferences or seminars must specify that the project has received EU funding. Any publication by the Lead Beneficiary and the Beneficiaries, in whatever form and by whatever medium, including the internet, must include the following statement: "This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of < Lead Beneficiary's/Beneficiaries' name > and can in no way be taken to reflect the views of the European Union".
- 10.4 The Lead Beneficiary and the Beneficiaries shall publish the information on the project and the produced outputs and results, where available, on their and/or project's website.



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10.5 The Lead Beneficiary and the Beneficiaries shall make public upon request and authorise the MA and the European Commission to make public and/or publish at least, but not limited at, their name and address, nationality, project name, project summary, the purpose of the grant, duration, project postcode or other appropriate location indicator, geographical coverage, the total eligible expenditure, the maximum amount of the grant and rate of funding of the project's costs, as laid down in the Article 3.2.

Article 11 - Accounts and technical and financial checks

11.1 The Managing Authority and/or the Joint Technical Secretariat reserve the right to check, at any time, the conformity of the Programme funds' commitment and disbursement with the rules. In particular, MA and/or JTS verifies that services, supplies or works have been performed, delivered and/or installed and whether expenditure declared by the Lead Beneficiary and the Beneficiaries has been paid by them and that this complies with applicable law, Programme rules and conditions for support of the projects. Verifications shall include administrative verifications for each payment requested by beneficiaries and on-the-spot project verifications.

Accounts

11.2 The Lead Beneficiary and the Beneficiaries shall keep accurate and regular accounts of the implementation of the project using an appropriate accounting and double-entry book-keeping system.

The accounts:

- a) may be an integrated part of or an adjunct to the Lead Beneficiary and the Beneficiaries' regular system;
- b) shall comply with the accounting and bookkeeping policies and rules that apply in the country concerned;
- c) shall enable revenue and expenditure relating to the project to be easily traced, identified and verified.

11.3 The Lead Beneficiary shall ensure that any financial report as required under Article 5 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 Lead Beneficiary and the Beneficiaries shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.

Right of access

11.4 The Lead Beneficiary and the Beneficiaries shall allow verifications to be carried out by the Audit Authority, the European Commission, the European Anti-Fraud Office, the European Court of Auditors, the relevant authorities in the countries participating in the Programme, the MA and any bodies / entities authorised by the MA or the above mentioned institutions and bodies that may exercise their power of control concerning premises, documents and information irrespective of the medium in which they are stored. The Lead Beneficiary and the Beneficiaries have to take all steps to facilitate their work.

The verifications described above shall also apply to the activities of contractors, subcontractors and any recipient of Union financing. To this end, the Lead Beneficiary and the Beneficiaries shall ensure, through contractual provisions and any other means at its disposal, that these persons are legally bound by the same obligations as the Lead Beneficiary and the Beneficiary itself toward the Audit Authority, the European Commission,



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the European Anti-Fraud Office, the European Court of Auditors, the relevant authorities in the countries participating in the Programme, the Managing Authority and any bodies / entities authorised by the MA or the above mentioned institutions and bodies, and that its own documentation can remedy any shortcoming to the effective enforcement of the said obligations.

11.5 The Lead Beneficiary and the Beneficiaries shall allow the entities mentioned in Article 11.4 to:

- a) access the sites and locations at which the project is implemented;
- b) examine its accounting and information systems, documents and databases concerning the technical and financial management of the project;
- 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 project.

11.6 Additionally the European Anti-Fraud Office shall be allowed to carry out on-the-spot checks and inspections in accordance with the procedures laid down by the European Union legislation for the protection of the financial interests of the European Union against fraud and other irregularities.

Where appropriate, the findings may lead to recovery by the MA.

11.7 Access given to agents of the Audit Authority, the European Commission, European Anti-Fraud Office and the European Court of Auditors, the relevant authorities in the countries participating in the Programme, the MA and to any bodies / entities authorised by the MA carrying out verifications as provided for by this Article as well as by Article 4.11 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.

Record keeping

11.8 The Lead Beneficiary and the Beneficiaries shall keep all records, accounting and supporting documents related to this Contract for five years following the payment of the balance of the Programme, 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 Lead Beneficiary and the Beneficiaries shall inform the MA of their precise location upon request.

11.9 All the supporting documents shall be available in the original form and in electronic form if so requested.

11.10 In addition to the reports mentioned in Article 5, the documents referred to in this Article include, *inter alia*:

- a) Accounting records (computerised or manual) from the Lead Beneficiary and the Beneficiaries' accounting system such as general ledger, sub-ledgers and analytical accounting sheet, cash flow statement 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;



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- c) Proof of commitments such as contracts and order forms;
- d) Proof of delivery of services such as approved reports, studies, publications, time sheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates), proof of organisation of meetings (invitations, agenda, minutes, list of participants) 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, time sheets and any other documents related to the remuneration paid.

Article 12 - Final amount of the grant

Final amount

- 12.1 The grant may not exceed the maximum ceiling in Article 3.2 either in terms of the absolute value or the percentage stated therein.

If the eligible costs of the project at the end of the project are less than the estimated eligible costs as referred to in Article 3.1, the grant shall be limited to the amount obtained by applying the percentage laid down in Article 3.2 to the eligible costs of the project approved by the MA.

- 12.2 In addition and without prejudice to its right to terminate this Contract pursuant to Article 17, if the project is implemented poorly or partially - and therefore not in accordance with the Description of the project in Annex I - or late, the MA may, by a duly reasoned decision and after allowing the Lead Beneficiary to submit its observations, reduce the initial grant in line with the actual implementation of the project and in accordance with the terms of this Contract. This applies as well with regards to the visibility obligations set out in Article 10.

No profit

- 12.3 The grant may not produce a profit for the Lead Beneficiary and the Beneficiaries. Profit is defined as a surplus of the receipts over the eligible costs approved by the MA when the request for payment of the final balance is made.

- 12.4 The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the final balance is made by the Lead Beneficiary that fall within one of the three following categories:

- a) revenue generated by the project;
- b) financial contributions specifically assigned by the donors to the financing of the same eligible costs financed by this Contract. Any financial contribution that may be used by the Lead Beneficiary and/or the Beneficiaries to cover costs other than those eligible under this Contract or that are not due to the donor where unused at the end of the project are not to



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be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the Lead Beneficiary and/or the Beneficiaries;

c) interest produced by the prefinancing and interim payments received from the MA.

12.5 Any interest or equivalent benefits accruing from prefinancing and interim instalments paid by the MA to the Lead Beneficiary shall be mentioned in the interim and final reports. It shall be deducted from the payment of the final balance of the amounts due to the Lead Beneficiary.

Article 13 - Sustainability, ownership/use of results and assets

13.1 The sustainability arrangements declared and assumed in the project are binding for the Lead Beneficiary and the Beneficiaries and shall be monitored and verified accordingly by the MA.

13.2 The MA is entitled to verify the sustainability of the project after the payment of the final balance, including by requesting relevant reports or other documents.

13.3 In case the project includes an infrastructure component, if, within five years of the project closure, the project is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives, the Lead Beneficiary shall repay to the MA the ENI grant. Sums unduly paid in respect of the project shall be recovered by the MA in proportion to the period for which the requirement has not been fulfilled.

13.4 Ownership of, and title and intellectual and industrial property rights to, the project's results, reports and other documents relating to it will be vested in the Lead Beneficiary and the Beneficiaries. The Lead Beneficiary and the Beneficiaries are responsible for the purposeful use of equipment after its receipt.

13.5 Without prejudice to Article 13.4, the Lead Beneficiary and the Beneficiaries shall grant the MA, the National Authorities of the countries participating in the Programme and the European Commission the right to use freely and as they see 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 project whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.

13.6 The Lead Beneficiary and the Beneficiaries shall ensure that they have all rights to use any pre-existing intellectual property rights necessary to implement this Contract.

Article 14 - Evaluation/monitoring of the project

14.1 If the MA/JTS or the European Commission carries out an interim or ex post evaluation or a monitoring mission, the Lead Beneficiary and the Beneficiaries shall undertake to provide it and/or the persons authorised by it with any document or information which will assist with the evaluation or monitoring mission, and grant them the access rights described in Article 11.

Article 15 - Amendment of the Contract

15.1 Any amendment to the Contract, including the annexes thereto, must be set out in writing in an addendum. This Contract can be modified during its execution period.

15.2 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 may not be increased.



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- 15.3 If an amendment is requested by the Lead Beneficiary, the Lead Beneficiary shall submit a duly justified request to the MA with 45 days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the MA.
- 15.4 Notwithstanding the provisions of Article 15.1, changes of address, bank account or auditor or correction of material errors or inconsistencies between different parts of the project or minor changes to the Partnership Agreement may simply be notified by the Lead Beneficiary. However, the MA may oppose the Lead Beneficiary's or the Beneficiaries' choice.
- 15.5 The MA reserves the right to require that the auditor referred to in Article 32.1 of the Regulation no 897/2014 be replaced if considerations which were unknown cast doubt on the auditor's independence or professional standards, inter alia due to the non-reliability of the submitted reports, if so detected by the Control Contact Point, MA or the Audit Authority.

Article 16 - Extension and Suspension

Extension

- 16.1 The Lead Beneficiary shall inform the MA without delay of any circumstances likely to hamper or delay the implementation of the project. The Lead Beneficiary may request an extension of the project's implementation period as laid down in Article 2 in accordance to Article 15 no later than 45 days before it ends, unless circumstances duly justified and accepted by the MA occur. The request shall be accompanied by all the supporting evidence needed for its appraisal. A final decision on such requests is a subject of approval by the Joint Monitoring Committee.

Suspension by the Lead Beneficiary

- 16.2 The Lead Beneficiary may suspend implementation of the project, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. The Lead Beneficiary shall inform the MA without delay, stating the nature, probable duration and foreseeable effects of the suspension.
- 16.3 The Lead Beneficiary or the MA may then terminate this Contract in accordance with Article 17.1. If the Contract is not terminated, the Lead Beneficiary and/or the Beneficiaries shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow, informing the MA accordingly.

Suspension by the Managing Authority

- 16.4 The MA may request the Lead Beneficiary to suspend implementation of the project, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. To this purpose, the MA shall inform the Lead Beneficiary stating the nature and probable duration of the suspension.
- 16.5 The MA or the Lead Beneficiary may then terminate this Contract in accordance with Article 17.1. If the Contract is not terminated, the Lead Beneficiary and/or the Beneficiaries shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow and after having obtained the approval of the MA.
- 16.6 The MA may also suspend this Contract or any part thereof if the MA has evidence that, or if, for objective and well justified reasons, the MA deems necessary to verify whether presumably:
- a) the grant award procedure or the implementation of the project have been subject to substantial errors, irregularities, fraud or corruption;



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b) the Lead Beneficiary and/or the Beneficiaries have breached any substantial obligation under this Contract.

16.7 The Lead Beneficiary shall provide any requested information, clarification or document within the deadline stipulated in the request, but no more than 30 days of receipt of the requests sent by the MA. If, notwithstanding the information, clarification or document provided by the Lead Beneficiary, the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, corruption or breach of obligations, then the MA may terminate this Contract according to Article 17.2.

Force majeure

16.8 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 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. A decision of the European Union to suspend the cooperation with the partner country is considered to be a case of force majeure when it implies suspending funding under this Contract.

Extension of the implementation period following a suspension

16.9 In case of suspension according to Articles 16.2, 16.4 and 16.6, the implementation period of the project shall be extended by a period equivalent to the length of suspension, without prejudice to any amendment to the Contract that may be necessary to adapt the project to the new implementing conditions.

Article 17 - Termination of the Contract

Termination in case of exceptional circumstances

17.1 In the cases foreseen in Article 16.2 and 16.4, if the Lead Beneficiary or the MA believes that this Contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the Lead Beneficiary or the MA may terminate this Contract by serving two months' written notice, without being required to pay indemnity.

Termination by the Managing Authority

17.2 Without prejudice to Article 17.1, in the following circumstances the MA may, after having duly consulted the Lead Beneficiary, terminate this Contract without any indemnity on its part when:

a) the Lead Beneficiary and/or the Beneficiaries fail, without justification, to fulfil any substantial obligation incumbent on them individually or collectively by this Contract and, after being given notice by letter to comply with those obligations, still fails to do so or to provide a satisfactory explanation within 30 days of receipt of the letter;

b) the activities of the project fall under the State aid rules;

c) the Lead Beneficiary or the Beneficiaries have impeded or prevented the auditing, control or monitoring mission or the recommendations resulted from these missions are not observed;

d) the Lead Beneficiary and/or the Beneficiaries are bankrupt, subject to insolvency or winding-up procedures, where their assets are being administered by a liquidator or by a court, where they are in an arrangement with creditors, where their activities are



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suspended, subject to the EU/national laws or regulations, or where they are in any analogous situation arising from a similar procedure provided for under EU/national laws or regulations, if not forbidden by EU/national laws;

e) it has been established by a final judgment or a final administrative decision that the Lead Beneficiary and/or the Beneficiaries are in breach of their obligations relating to the payment of taxes or social security contributions in accordance with the law of the country in which it is established or those of the country of the performance of the contract;

f) it has been established by a final judgment or a final administrative decision that the Lead Beneficiary and/or the Beneficiaries are guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the Lead Beneficiary and/or the Beneficiaries belong, or by having engaged in any wrongful conduct which has an impact on their professional credibility where such conduct denotes wrongful intent or gross negligence, including, in particular, any of the following:

- (i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract;
- (ii) violating intellectual property rights;
- (iii) attempting to influence the decision-making process during the evaluation process;
- (iv) attempting to obtain confidential information that may confer upon it undue advantages in the evaluation process;

g) it has been established by a final judgment that the Lead Beneficiary and/or the Beneficiaries are guilty of any of the following:

- (i) fraud, within the meaning of Article 3 of Directive (EU) 2017/1371 of the European Parliament and of the Council (1) and of Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995²;
- (ii) corruption, as defined in Article 4(2) of Directive (EU) 2017/1371 or active corruption within the meaning of Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997³, and in Article 2(1) of Council Framework Decision 2003/568/JHA⁴, or corruption as defined in the law of the country where the MA is located, or the country in which the Lead Beneficiary and/or the Beneficiaries are established or the country of the performance of the contract;
- (iii) participation in a criminal organisation, as defined in Article 2 of Council Framework Decision 2008/841/JHA⁵;
- (iv) money laundering or terrorist financing, as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council⁶;
- (v) terrorist-related offences or offences linked to terrorist activities, as defined in

² OJ C 316, 27.11.1995, p. 48

³ OJ C 195, 25.6.1997, p. 1

⁴ Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector (OJ L 192, 31.7.2003, p. 54).

⁵ Council Framework Decision 2008/841/JHA of 24 October 2008 on the fight against organised crime (OJ L 300, 11.11.2008, p. 42).

⁶ Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (OJ L 309, 25.11.2005, p. 15).



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Articles 1 and 3 of Council Framework Decision 2002/475/JHA⁷, respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;

(vi) child labour or other forms of trafficking in human beings as defined in Article 2 of Directive 2011/36/EU of the European Parliament and of the Council⁸;

h) the Lead Beneficiary and/or the Beneficiaries have shown significant deficiencies in complying with main obligations in the performance of a contract financed by the European Union budget, which has led to its early termination or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks, audits or investigations by an authorising officer, OLAF or the European Court of Auditors;

i) it has been established by a final judgment or final administrative decision that the Lead Beneficiary and/or the Beneficiaries have committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95⁹.

j) the Lead Beneficiary and/or the Beneficiaries have misrepresented the information required as a condition for participating in the call for proposals;

k) the European Commission decides to discontinue the Programme.

17.3 The MA shall exclude the Lead Beneficiary and/or the Beneficiaries where a person who is a member of the administrative, management or supervisory body of that Lead Beneficiary and/or Beneficiaries, or who has powers of representation, decision or control with regard to that Lead Beneficiary and/or Beneficiaries, is in one or more of the situations referred to in points f) to j) of Article 17.2.

17.4 This Contract will be terminated automatically if it has not given rise to any payment by the MA within two years of its signature.

Effects of termination

17.5 Upon termination of this Contract, the Lead Beneficiary shall take all immediate steps to bring the project to a close in a prompt and orderly manner and to reduce further expenditure to a minimum.

Without prejudice to Article 8, following a case by case analysis, the MA may agree that the Lead Beneficiary and the Beneficiaries might be entitled to payment only for the part of the project carried out, proportionally to the achieved indicators, excluding costs relating to current commitments that are due to be executed after termination, subject to the approval of the Joint Monitoring Committee.

In such cases, the Lead Beneficiary shall submit a payment request to the MA within the time limit set by Article 5.5 b) starting from the date of termination.

In the event of termination according to Article 17.1, the MA may agree to reimburse the unavoidable residual expenditures incurred during the notice period, provided that the first paragraph of this Article 17.5 has been properly executed.

⁷ Council Framework Decision 2002/475/JHA of 13 June 2002 on combating terrorism (OJ L 164, 22.6.2002, p. 3).

⁸ Directive 2011/36/EU of the European Parliament and of the Council of 5 April 2011 on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2002/629/JHA (OJ L 101, 15.4.2011, p. 1).

⁹ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).



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Article 18 - Administrative and financial penalties

- 18.1 Without prejudice to the application of other remedies laid down in the Contract, the Lead Beneficiary and/or the Beneficiaries who have made false declarations, were subject to fraud or corruption or were in serious breach of its contractual obligations may be excluded from all contracts and grants financed by the MA.
- 18.2 In addition or in alternative to the administrative sanctions laid down in Article 18.1, the Lead Beneficiary and/or the Beneficiaries may also be subject to financial penalties.
- 18.3 The MA shall apply the financial corrections required in connection with individual or systemic irregularities detected in the project. The financial corrections shall consist of cancelling all or part of the Union contribution to the project. The MA shall take into account the nature and gravity of the irregularities and the financial loss and shall apply a proportionate financial correction.
- 18.4 The criteria for establishing the level of financial correction to be applied and the criteria for applying flat rates or extrapolated financial correction are those adopted in accordance with Regulation (EU) No 1303/2013¹⁰, in particular Article 144, as well as those contained in the Commission Decision of 19 December 2013¹¹.
- 18.5 The MA shall formally notify the Lead Beneficiary and/or the Beneficiaries concerned of any decision to apply such penalties.
- 18.6 In case the European Commission applies individual financial corrections to the Programme according to Article 72 of Regulation no 897/2014, the MA may decide to cancel part of the grant, in order to cover these corrections from the projects' budgets, concerned by the corrections.
- 18.7 In case the European Commission applies financial corrections to the Programme according to Article 72 of Regulation no 897/2014 and the financial corrections relate to systemic deficiencies in the programme management and control system, the MA may decide to cancel part of the grant, in order to cover these corrections from the project' budget, as follows:
- a) if the systemic deficiency concerns one specific country, the Lead Beneficiary and/or the Beneficiaries established in the respective country shall be responsible for reimbursing to the Programme accounts the amount identified as a result of the financial correction;
 - b) if the systemic deficiency concerns the whole system, the Lead Beneficiary and each Beneficiary shall be responsible for reimbursing to the Programme accounts the amount representing the percentage of the financial correction applied to the expenditure incurred by the Lead Beneficiary and the Beneficiaries and declared by the MA to the European Commission at the date of the decision to apply the financial correction.
- 18.8 In case of a decision to cancel a part of the grant, the Lead Beneficiary shall submit to the MA a revised budget, within 14 days following the receipt of MA's notification. In case of failure to respect the deadline, the cancellation shall be applied proportionally to all

¹⁰ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

¹¹ Commission Decision of 19 December 2013 on the setting out and approval of the guidelines for determining financial corrections to be made by the Commission to expenditure financed by the Union under shared management for non-compliance with the rules on public procurement (C(2013)9527).



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budgetary lines. The modification of the contract in case of cancellation at project level shall take the form of a decision of the representative of the Managing Authority signing the contract, which will be notified to the Lead Beneficiary, and which becomes part of the Contract.

- 18.9 Subject to Article 61 and 62 of Regulation no 897/2014, the MA has the right to temporarily withhold payments to a particular beneficiary (Lead Beneficiary or Beneficiary) or the project as a whole. Payment suspension(s) shall be lifted as soon as observations and/or reservations raised by the Commission have been withdrawn and the MA has received sufficient evidence on the solution of the systemic error(s) detected.

Article 19 - Recovery

- 19.1 If recovery is justified under the terms of this Contract, including where the award procedure or performance of the Contract is vitiated by substantial errors or irregularities or by fraud or corruption attributable to the Lead Beneficiary and/or the Beneficiaries or if any amount is unduly paid to the Lead Beneficiary and/or to the Beneficiaries or if any amount paid by the MA falls under the State aid rules, the Lead Beneficiary undertakes to repay the MA these amounts, within 45 days of the communication of the MA of the debit note, the latter being the letter by which the MA requests the amount owed by the Lead Beneficiary and/or by the Beneficiaries, including bank charges incurred by the MA for the payment to the Lead Beneficiary of the amounts which become due to the MA.
- 19.2 Payments made do not preclude the possibility for the MA to issue a debit note following an expenditure verification report, an audit or further verification of the payment request or any other type of verifications.
- 19.3 If a verification reveals that the methods used by the Lead Beneficiary and/or the Beneficiaries to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this Contract and, therefore an undue payment has been made, the MA shall be entitled to recover from the Lead Beneficiary proportionately up to the amount of the unit costs, lump sums or flat rate financing.
- 19.4 The Lead Beneficiary undertakes to repay any amounts paid in excess of the final amount due to the MA within 45 days of the communication of the MA of the debit note, the latter being the letter by which the MA requests the amount owed by the Lead Beneficiary, including bank charges incurred by the MA for the payment to the Lead Beneficiary of the amounts which become due to the MA.
- 19.5 For the irregularities committed by a Beneficiary, the Lead Beneficiary is entitled to request these amounts from the responsible Beneficiary in order to be repaid to the MA. In specific cases, for irregularities discovered after payment of the final reimbursement claim, the Beneficiaries may repay the due amounts directly to the MA, notifying the Lead Beneficiary about this option.
- 19.6 If the MA demands repayment of grant funds in accordance with this Contract, the Lead Beneficiary shall be liable to the MA for the total amount of the grant under this Contract, including the share of the grant entitled to the Beneficiaries.
- 19.7 Without prejudice to the prerogative of the MA, if necessary, the Member State or the CBC partner country where the Lead Beneficiary and/or the concerned Beneficiary is established may proceed itself to the recovery by any means from the respective Lead Beneficiary and/or Beneficiary.



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- 19.8 Without prejudice to the prerogative of the MA, if necessary, the European Union may, as donor, proceed itself to the recovery by any means from the respective Lead Beneficiary and/or Beneficiary.

Interest on late payments

- 19.9 Should the Lead Beneficiary fail to make repayment within the deadline set by the MA, the MA may increase the amounts due by adding interest of three and a half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the MA, and the date on which payment is actually made. Any partial payments shall first cover the interest thus established.

Offsetting

- 19.10 Amounts to be repaid to the MA may be offset against amounts of any kind due to the Lead Beneficiary, after informing it accordingly.

Other provisions

- 19.11 The repayment under Article 19.4 or the offsetting under Article 19.9 amount to the payment of the balance.
- 19.12 Bank charges incurred by the repayment of amounts due to the MA shall be borne entirely by the Lead Beneficiary.

Article 20 - Conflict of interests and good conduct

- 20.1 For the purpose of this Contract, the conflict of interest shall mean any situation where there is a divergence between the fulfilment of responsibilities under this grant Contract by the Parties and the private interest of the persons involved in the Contract, which may adversely affect the impartial and objective exercise of the functions of any person involved in the implementation/verification/control/audit of this Contract, for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.
- 20.2 The Lead Beneficiary and the Beneficiaries shall prevent or end any situation that could compromise the impartial and objective performance of this Contract. Any conflict of interests which may arise during performance of this Contract must be notified in writing to the MA without delay. The Lead Beneficiary and the Beneficiaries shall take appropriate actions to remedy any negative effects of the conflict of interest within 30 days from the notification of the MA.
- 20.3 The MA reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken if necessary.
- 20.4 The Lead Beneficiary and the Beneficiaries shall ensure that their staff, including their management, is not placed in a situation which could give rise to conflict of interests. Without prejudice to their obligation under this Contract, the Lead Beneficiary and the Beneficiaries shall replace, immediately and without compensation from the MA, any member of their staff in such a situation.
- 20.5 The Lead Beneficiary and the Beneficiaries shall respect human rights and applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards.



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Article 21 - Confidentiality

- 21.1 Subject to Article 11, the MA and the Lead Beneficiary and the Beneficiaries 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 the end of the validity period of this Contract as defined by Article 2.5 above.
- 21.2 As an exception from the rule provided in the previous paragraph, the data used for visibility purposes, for informing on and promoting the use of ENI funds, shall not be considered as having confidential status.
- 21.3 Notwithstanding the obligations set forth by this contract and its Annexes concerning the provision of information and documents required by the authorized institutions/departments in order to perform audit and control activities, the parties hereby undertake to preserve the confidential nature of the Personal Data, according to the provisions of Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, detection, investigation or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA and according to the provisions of the Regulation No 679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
- 21.4 The Parties shall bare no responsibility for releasing information on the Contract if:
- a) the information was released with the written agreement of the other Party; or
 - b) the Party was legally forced to release the information.
- 21.5 The Lead Beneficiary and the Beneficiaries shall not use confidential information for any aim other than fulfilling their obligations under this Contract unless otherwise agreed with the MA.

Article 22 - Protection of personal data

- 22.1 Personal Data collection, processing and storage shall be performed according to the provisions of the Regulation No 679/2016¹² for the purpose of project implementation and monitoring, fulfilment of its objectives, as well as statistical purpose.
- 22.2 Personal Data, as classified by Regulation No 679/2016, shall be processed in accordance with the legislation aforementioned throughout the contractual period, including during the period of monitoring and verification of the contractual objectives, for the purpose and the legal basis for which this contract was concluded.
- 22.3 The Lead Beneficiary and the Beneficiaries shall take appropriate technical and organizational actions, according to their own responsibilities and institutional competencies, in order to ensure a proper Personal Data security level, during their processing and re-processing, their transfer to third-parties and publishing on internal or external public sources.

¹² Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)



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- 22.4 The Lead Beneficiary and the Beneficiaries shall ensure, according to their own responsibilities and institutional competencies, all the technical and organizational conditions to preserve the confidentiality, integrity and availability of Personal Data.
- 22.5 The Lead Beneficiary and the Beneficiaries shall inform and notify the Managing Authority about any security breaches regarding the processing of Personal Data related to their contract, in order to be urgently adopted the required technical and organizational actions and to be notified the Romanian National Supervisory Authority for Personal Data Processing (ANSPCDCP), according to the obligations arising from the provisions of Regulation No 679/2016.
- 22.6 The Lead Beneficiary and the Beneficiaries, through their representatives assigned to process the Personal Data related to this contract and its possible addenda, shall keep records of the processing activities according to Article 30 of the Regulation No 679/2016.
- 22.7 In order to maintain security and to prevent processing in infringement of the Regulation No 679/2016, the Lead Beneficiary and the Beneficiaries shall evaluate the risks related to Personal Data collection, processing and storage and implement measures to mitigate those risks. When a high risk results, it is necessary to carry out an assessment of the impact of the envisaged processing operations on the protection of personal data, as foreseen by art 35 of Regulation No 679/2016.
- 22.8 Each Lead Beneficiary and the Beneficiaries has the obligation of obtaining and keeping the records of the acknowledgements of the persons which are part of the project's target group, as well as of all the persons involved in the implementation of the project whose Personal Data are being used (e.g project team members, external experts, guests to events, etc.), for the activities in their responsibility, for the attainment and implementation of the project's objectives.

Article 23 - Applicable Law and Dispute Settlement

- 23.1 This Contract shall be governed by the law of the country of the MA.
- 23.2 The parties to this Contract shall do everything possible to settle amicably any dispute arising regarding 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 Lead Beneficiary and the MA 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 Lead Beneficiary or the MA may notify the other part that it considers the procedure to have failed.
- 23.3 In the event of failure of the above procedures, each party to this Contract may submit the dispute to the courts of Bucharest.

Article 24 - Contact addresses

- 24.1 Any communication relating to this Contract must be in English language, in writing, state the number and title of the project and be sent to the following addresses:

For the MA:

Ministry of Public Works, Development and Administration
Directorate General European Territorial Cooperation



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Bulevardul Libertatii nr. 16
050706 Bucuresti, sector 5

Romania

For the Joint Technical Secretariat:

Joint Technical Secretariat

Bulevardul Tomis, nr. 48, Constanta

900742 Constanta

Romania

For the Lead Beneficiary:

Pieriki Anaptixiaki S.A.-O.L.A.

16th Oktobriou Street, no. 17b, Katerini, postal code 60100, Greece,

E-mail: pieriki@otenet.gr

Article 25 - Annexes

25.1 The following documents are annexed to this Contract and form an integral part of the Contract:

Annex I: Description of the project

Annex II: Budget for the project

Annex III: Partnership Agreements between the Lead Beneficiary and the Beneficiaries

Annex IV: Standard request for payment and financial identification form

Annex V: Declaration by the Lead Beneficiary

25.2 In the event of conflict between the provisions of the Annexes and those of the grant Contract, the provisions of the grant Contract shall take precedence.

Done in English in two originals, one original being for the MA and one original being for the Lead Beneficiary.

For the Lead Beneficiary

Pieriki Anaptixiaki S.A.-O.L.A.

Name: Sofia MAVRIDOU

Title: President of the Board of Directors

Signature

Date

For the MA

Ministry of Public Works, Development and
Administration

Name: Ion ȘTEFAN

Title: Minister of Public Works, Development and
Administration

Signature p.

Date