

**CONTRACT N° RE/BiH/07/49/99**

**GRANT - EXTERNAL AID**

The European Community (the "Community"), represented by the European Commission, represented by Mr. H. J. Kretschmer, Head of Delegation of the European Commission to Bosnia and Herzegovina, Union Bank Building, Dubrovacka 6, 71000 Sarajevo, on behalf of the Government of Bosnia and Herzegovina,

hereinafter referred to as the "Commission"

of the one part,

and

Ai.Bi. Amici dei Bambini, represented by , Head of Office, with its office at Dervisa Numica 38, 71000 Sarajevo, Bosnia and Herzegovina,

hereinafter referred to as the "Beneficiary"

of the other part,

have agreed as follows:

**Special Conditions**

*Article 1*

**SUBJECT**

- 1.1 The subject of this Contract is a Community grant for the implementation of the operation entitled: "WEB za Mir" ("A WEB for Peace") (the "Operation").
- 1.2 The Beneficiary will be awarded the grant on the terms and conditions set out in this Contract, which consists of these special conditions ("Special Conditions") and their Annexes I, II, III, IV and V, which the Beneficiary hereby declares it has taken note of and accepts.
- 1.3 The Beneficiary accepts the grant and undertakes to carry out the Operation under its own responsibility.

*Article 2*

**DURATION OF EXECUTION**

- 2.1 Implementation of the Operation will begin on 1<sup>st</sup> September 2001.
- 2.2 The Operation's duration of execution, as laid down in Annex I, is limited to the maximum of 6 (six) months.

*Article 3*


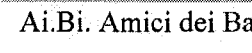
**FINANCING THE OPERATION**

- 3.1 The total cost of the Operation eligible for Community financing is estimated at **49,715.98 Euro**, as set out in Annex III.

- 3.2 The Community undertakes to provide a maximum of **49,715.98 Euro**, towards the estimated total eligible cost specified in Paragraph 1; the final sum will be established in accordance with Article 17 of Annex II.

#### *Article 4*

#### **TECHNICAL AND FINANCIAL REPORTING AND PAYMENT ARRANGEMENTS**

- 4.1 Technical and financial reports shall be produced to back up final payment request, in compliance with Articles 2 and 15.1 of Annex II. In addition a brief report form showing the progress of execution and disbursement will be produced every two months.
- 4.2 Payment will be made in accordance with Article 15 of Annex II:
- Advance of 80% upon written request : **39,772.78 €**  
(Advance Payment may be requested no earlier than 45 days prior to commencement of the Operation )
  - Forecast final payment up to 20% upon completed execution: **9,943.20 €**  
(subject to the provisions of Annex II)
- 4.3 Payments will be made into the following bank account:
- |                         |   |
|-------------------------|---|
| Bank Name:              | Central Profit Banka DD Sarajevo  |
| Bank Address:           | Zelenih Beretki 24<br>71000 Sarajevo<br>Bosnia and Herzegovina                      |
| SWIFT Code:             |  |
| Account Number:         |  |
| Name of Account Holder: | Ai.Bi. Amici dei Bambini  |

#### *Article 5*

#### **CONTACT ADDRESSES**

Any communication relating to this Contract must be in writing, must state the number and title of the Operation, and must use the following addresses:

##### **For the Commission**

Payment requests and the reports attached to them, plus requests for changes to bank account arrangements should be sent to:

Delegation of the European Commission to Bosnia and Herzegovina  
Section Control and Finance  
Union Bank Building  
Dubrovacka, 6  
71000 Sarajevo  
Bosnia and Herzegovina

Tel: + 387 33 666 044  
Fax: + 387 33 447 582

Any modification to bank details during implementation of the Contract must be notified to the Commission in accordance with the format provided for in Annex V.

Copies of the documents referred to above, and correspondence of any other nature, should be sent to:

Delegation of the European Commission to Bosnia and Herzegovina  
Attn. [REDACTED]  
Task Manager  
Union Bank Building  
Dubrovacka, 6  
71000 Sarajevo  
Bosnia and Herzegovina

Tel: + 387 33 666 044  
Fax: + 387 33 447 582

For the Beneficiary

Ai.Bi. Amici dei Bambini  
Attn. [REDACTED]  
Head of Office  
Dervisa Numica 38  
71000 Sarajevo  
Bosnia and Herzegovina

Tel/fax: + 387 33 613 426

*Article 6*

**ANNEXES**

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

Annex I:	Description of the Operation
Annex II:	General Conditions applicable to European Community Grant Contracts for External Aid
Annex III:	Budget for the Operation
Annex IV:	Contract-Award Procedures
Annex V:	Financial Identification Form

6.2 If a conflict arises between the provisions of the Annexes and those of the Special Conditions, the provisions of the Special Conditions shall take precedence. If a conflict arises between the provisions of Annexes I, III, IV and V and those of Annex II, the provisions of Annex II shall take precedence.

*Article 7*

**OTHER SPECIFIC CONDITIONS APPLYING TO THE OPERATION**

7.1 The following shall supplement the General Conditions (Annex II):

**7.1.1 Limit of the Community's Contribution**

The Community's contribution shall be managed in accordance with the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (as amended); it shall be set out in these Special Conditions and any annexes attached hereto. The Community's contribution shall not be used to meet the cost of operations already financed by the Beneficiary,

or by another body or for expenditure incurred before the entry into force of this Contract or after its expiry.

#### 7.1.2 Conclusion of Contracts and Subcontracts to be let by the Beneficiary

The Beneficiary shall ensure that all Community funds are used in the way most appropriate in terms of nature, quality, cost, compatibility with local needs and rules, availability of equipment, maintenance, reasonable subsequent operating costs and contribution to the Operation. The Beneficiary shall follow the procedures specified in Annex IV in awarding supply, works or service contracts.

7.2 The following derogations from the General Conditions (Annex II) shall apply:

##### 7.2.1 Indirect Costs

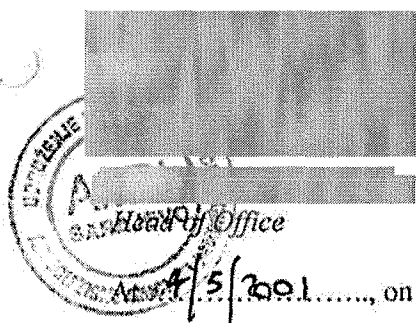
By derogation to Article 14.3 of the General Conditions, overhead/indirect costs are not eligible.

##### 7.2.2 Payment Arrangements

By derogation to Article 17.2 of the General Conditions, the Community contribution shall be limited to the amount of actual eligible expenditure up to the maximum amount laid down in Article 3.2 of the Special Conditions.

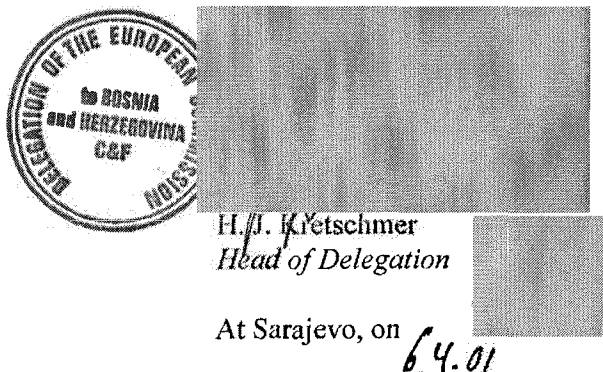
Done in three originals in the English language, two originals being for the Commission and one original being for the Beneficiary.

For the Beneficiary



Head of Office  
4/5/2001, on

For the Commission



H./J. Kretschmer  
Head of Delegation  
At Sarajevo, on 6.4.01

**ADDENDUM No 1**  
**TO CONTRACT No. RE/BIH/07/49/99**  
**A Web for Peace**

Between the European Community represented by the European Commission represented by Mr H.J. Kretschmer, Head of Delegation of the European Commission to Bosnia and Herzegovina, Union Bank Building, Dubrovacka 6, 71000 Sarajevo, acting on behalf of the Government of Bosnia and Herzegovina,

hereinafter referred to as "the Contracting Authority"

and Amici dei Bambini, represented by [REDACTED], Head of Office, with its office at Dervisa Numica 38, 71 Sarajevo, Bosnia and Herzegovina

hereinafter referred to as "the Contractor"

IT IS AGREED THAT:

**Article 1**

The objective of this addendum is to amend the contract as follows:

- Replacement of Article 2.2 - Duration of Execution
- Replacement of Annex D – Breakdown of Prices

**Article 2**

Article 2.2 of the contract shall be deleted and replaced by: The operation's duration of execution is limited to the maximum of **7 (seven) months**.

**Article 3**

Annex D of the contract shall be replaced by the revised Breakdown of Prices attached to the present Addendum as Annex D.1.

**Article 4**

All other terms and conditions of the Contract remain unchanged.

This amendment shall enter into force on the date on which the last of the two parties signs.

Read and approved for the  
Contracting Authority

Date: 9/12/01

At: Sarajevo



Mr. H.J. KRETSCHMER  
Head of Delegation

Read and approved for the  
Contractor

Date:

At:



Ms. [REDACTED]  
Head of Office

12.12.2001

[illegible]

<b>SUB TOTAL B</b>	Lump Sum			Lump Sum			
<b>C: Publications:</b>							
Handbook on the project, 250 copies							
<b>SUB TOTAL C</b>	Lump Sum			Lump Sum			
<b>D: Project Implementation Costs:</b>							
Partial reimbursment of administrative costs of AiBi's office in Sarajevo- 6 months (renting, utilities, stationarey,use of equipment, etc.)	Lump Sum			Lump Sum			
Visibility costs	Lump Sum			Lump Sum			
Inauguration costs (2 ceremonies in 2 schools)	Lump Sum			Lump Sum			
Bank charges	Lump Sum			Lump Sum			
<b>SUB TOTAL D</b>							
<b>E: Other Costs:</b>							
Partial reimbursment of fuel for transportation cars provided by AiBi)							
Bus renting for pupils visit, 10 bus tours							
<b>SUB TOTAL E</b>	Lump Sum						
<b>TOTAL BUDGET:</b>			<b>49,715.98</b>			<b>49,715.98</b>	<b>0.00</b>

**General Condition applicable to European Community  
Grant Contracts for external aid**

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## **General and Administrative Provisions**

### *Article 1*

#### **GENERAL OBLIGATIONS**

- 1.1 The Beneficiary shall ensure that the Operation is carried out in accordance with the Description of the Operation contained in Annex I, either alone or in partnership with one or more NGOs or institutions.

The Beneficiary may subcontract a limited portion of the Operation (works and services), preferably to local firms. The bulk of the Operation must, however, be undertaken by the Beneficiary.

If implementation of the Operation involves the conclusion of contracts by the Beneficiary, the contract-award procedures set out in Annex IV shall apply. The partners, the subcontractors and the supplies must originate in the Community or the country or countries eligible for grants under the programme of which the Operation is part.

The Community recognises no contractual link between itself and the Beneficiary's partner(s) or between itself and a subcontractor. The Beneficiary alone shall be accountable to the Commission for the implementation of the Operation. The Beneficiary undertakes to ensure that the conditions imposed upon him under this Contract also apply to all partners and subcontractors involved.

- 1.2 The Beneficiary must implement the Operation with the requisite degree of care, efficiency and diligence, as required by best practice in the field concerned, and in compliance with this Contract.

To that end, the Beneficiary shall mobilise all the financial, human and material resources required for full implementation of the project, as specified in the Description of the Operation, endeavouring to use local human and material resources.

- 1.3 If the Beneficiary or any of the Beneficiary's partners, subcontractors or agents indulges in corrupt practices in connection with this or any other Operation financed by the Commission, the latter may suspend the Operation or terminate the Contract in accordance with Article 11.3.

### *Article 2*

#### **OBLIGATIONS REGARDING INFORMATION AND FINANCIAL AND TECHNICAL REPORTS**

- 2.1 The Beneficiary must provide the Commission with full information on the implementation of the Operation. To that end, the Beneficiary must draw up intermediate reports and a final report. These reports shall consist of a technical portion and a financial portion. The Commission may request additional information at any time; that information must be supplied within 30 days of the request.
- 2.2 The Beneficiary must send the Commission intermediate reports in accordance with the provisions below. Every report must provide a complete account of all aspects of implementation for the period covered.

The report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed, the results expected and obtained and the budget details for the Operation. The report must be accompanied by a plan of action for the next phase of the Operation's implementation.

- 2.3 The final report must contain a detailed description of the conditions in which the Operation took place, information on the steps taken to identify the Community as the source of financing and on considerations which could be used to evaluate the Operation's impact, plus a full summary of the Operation's income and expenditure and payments received.
- 2.4 The reports shall be presented in the same language as the Contract and in triplicate. They shall be submitted at the following intervals:
- A) if payments follow Option 1 or Option 3 in Article 15.1:
    - a single and final report shall be forwarded to the Commission within six months of the end of the Operation's duration of execution as defined in Article 2 of the Special Conditions;
  - B) if payments follow option 2 in Article 15.1:
    - an intermediate report must accompany every request for payment;
    - the final report shall be forwarded to the Commission within six months of the end of the Operation's duration of execution as defined in Article 2 of the Special Conditions.
- 2.5 The Special Conditions may stipulate that the Beneficiary must supply an extra copy of the reports for the Commission Delegation in charge of monitoring the Operation.
- 2.6 If the Beneficiary fails to supply a final report by the final report deadline laid down in Article 2.4, and fails to furnish an acceptable and sufficient written explanation of the reasons why he is unable to comply with this obligation, the Commission may terminate the Contract in accordance with the first indent of Article 11.3 and recover the sums due.

Furthermore, where payments follow Option 2 in Article 15.1 and the Beneficiary fails to present an intermediate report and a request for payment by the end of each twelve-month period following the date laid down in Article 2.1 of the Special Conditions, the Beneficiary must inform the Commission of the reasons why he is unable to do so, and must provide a summary of the state of progress of the Operation. If the Beneficiary fails to comply with this obligation, the Commission may terminate the Contract in accordance with the first indent of Article 11.3 and recover the sums due.

### *Article 3*

#### **LIABILITY**

- 3.1 The Community 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 Operation is being carried out. The Community 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 Operation is being carried out. The Beneficiary shall discharge the Community of all liability associated with any claim or action brought as a result of an infringement by the Beneficiary or the Beneficiary's employees or individuals for whom those employees are responsible of rules or regulations, or as a result of violation of a third party's rights.

*Article 4*

**CONFUSION OF INTERESTS**

The Beneficiary undertakes to take all precautions necessary to avoid confusion of interests and shall inform the Commission immediately of any situation giving rise to or likely to give rise to any such confusion.

*Article 5*

**CONFIDENTIALITY**

The Commission and the Beneficiary undertake to preserve the confidentiality of the reports referred to in Article 2 and of any document, information or other material communicated to them in confidence.

*Article 6*

**PUBLICITY**

- 6.1 Unless the Commission requests otherwise, any notice or publication by the Beneficiary concerning the Operation, including at a conference or seminar, must specify that the Operation has received funding from the European Community.

The Beneficiary must take all necessary steps to publicise the fact that the Community has financed or co-financed the Operation. To that end, the Beneficiary shall refer to the Operation and the Community financial contribution in information given to the final recipients of the Operation, in internal and final reports and in any dealings with the media.

- 6.2 Any publication by the Beneficiary, in whatever form and by whatever medium, including the Internet, must carry the following warning: "This document has been produced with the financial assistance of the European Community. The views expressed herein are those of [name of Beneficiary] and can therefore in no way be taken to reflect the official opinion of the European Community."

*Article 7*

**OWNERSHIP/USE OF RESULTS AND EQUIPMENT**

- 7.1 Ownership, title and industrial and intellectual property rights in the results of the Operation and the reports and other documents relating to it shall vest in the Beneficiary.
- 7.2 Notwithstanding the provisions of the first paragraph, the Beneficiary shall grant the Commission the right to use freely and as it sees fit all documents deriving from the Operation, whatever their form.
- 7.3 By the end of the implementation period for the Operation, the equipment, vehicles and supplies paid for by the Community grant must be transferred to any local partners of the Beneficiary or to the final recipients of the Operation. Copies of the title transfers must be attached to the final report.

*Article 8*

**EVALUATION OF THE OPERATION**

- 8.1 If the Commission performs an intermediate or subsequent (ex-post) evaluation, the Beneficiary must undertake to provide the Commission or its authorised agents with any document or information likely to help that evaluation to be successfully concluded. The Beneficiary must also provide the Commission or its authorised agents with the access rights described in Article 16.2.
- 8.2 If one party carries out or commissions an evaluation in the context of the Operation, it must provide the other party with a copy of the evaluation report.

*Article 9*

**AMENDMENT OF THE CONTRACT**

- 9.1 Any amendment of the Contract, including the annexes thereto, must be set out in an addendum, to be concluded on the same terms as the original Contract.

If the request for an amendment comes from the Beneficiary, the latter must submit that request to the Commission two months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.

- 9.2 Where the amendment does not affect the basic purpose of the Operation and the financial impact is limited to a transfer within a single budget heading or a transfer between budget headings involving a variation of less than 10% of the amount originally entered under a heading for eligible costs, the Beneficiary may apply the amendment and shall inform the Commission accordingly without delay. This method may not be used to amend headings for administrative costs or the contingency reserve.

Changes of address, changes of bank account and changes of auditor may simply be notified, although this does not affect the Commission's option to oppose the Beneficiary's choice of bank account or auditor.

The Commission reserves the right to require that the auditor referred to in Article 7.1 of the Special Conditions be replaced if considerations which were unknown when the Contract was signed cast doubt on the auditor's independence or professional standards.

*Article 10*

**ASSIGNMENT**

The Contract and the payments attached to it may not be transferred or assigned to a third party in any manner whatsoever without the prior written consent of the Commission.

*Article 11*

**TERMINATION OF THE CONTRACT**

- 11.1 The Beneficiary may terminate the Contract at any time by serving two months' written notice. In this event, the Beneficiary shall be entitled to payment of the grant only for the part of the Operation carried out, although this does not affect the Commission's right in cases of wrongful termination to claim full or partial repayment of sums already paid out.

- 11.2 In exceptional and duly justified cases, the Commission may decide to terminate the Contract by serving two months' written notice, without being required to pay compensation. In this event, the Beneficiary shall be entitled to payment of the grant only for the part of the Operation carried out.
- 11.3 The Commission may terminate the Contract, without giving notice and without paying compensation of any kind, where the Beneficiary:
- fails, without justification, to fulfil any of the obligations imposed and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of sending of the letter;
  - is declared bankrupt, is wound up or is the subject of any similar proceeding;
  - changes legal personality, unless an addendum acknowledging that fact is drawn up;
  - fails to comply with Articles 4 or 10 or falls into the situations described in Articles 1.3 or 16.6;
  - makes false or incomplete statements to obtain the grant provided for in the Contract or provides reports that do not reflect reality;
  - commits financial irregularities.

In that event the Commission may demand full or partial repayment of the sums already paid out under the Contract.

Prior to or instead of terminating the Contract as provided for in this Article, the Commission may suspend payments as a precautionary measure, without prior notice.

- 11.4 Termination of the Contract for financial irregularities shall be without prejudice to the application of other administrative measures or penalties which may be imposed in accordance with Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests.

### *Article 12*

#### **DURATION OF EXECUTION OF THE OPERATION, EXTENSION, SUSPENSION AND END DATE**

- 12.1 The Beneficiary must inform the Commission without delay of any circumstances likely to hamper or delay the implementation of the Operation. The Beneficiary may make a request, no later than two months before the end of the Operation's duration of execution, for the latter to be extended. The request must be accompanied by all the supporting evidence needed for it to be considered.
- 12.2 The Beneficiary may suspend implementation of the Operation if circumstances (chiefly *force majeure*) make it too difficult or dangerous to continue. The Beneficiary must inform the Commission without delay and provide all the necessary details. The Commission may terminate the Contract in accordance with Article 11.2. If the Contract is not terminated, the Beneficiary may resume implementation of the Operation once the conditions are right, after informing the Commission. The Operation's duration of execution is extended by an amount of time equivalent to the duration of the suspension. This is without prejudice to any amendments to the Contract which may be required to adapt the Operation to new circumstances of implementation.
- 12.3 The Contract shall come to an end 24 months after the end of the Operation's duration of execution, as defined in Article 2 of the Special Conditions.

The Commission notifies the Beneficiary of any postponement of the end date.

*Article 13*

**APPLICABLE LAW AND COMPETENT COURTS**

- 13.1 This Contract shall be governed by Belgian law.
- 13.2 Any dispute between the Commission and the Beneficiary which arises from implementation of this Contract and to which no amicable settlement could be found shall be referred to the Brussels courts.

**Financial Provisions**

*Article 14*

**ELIGIBLE COSTS**

- 14.1 To be considered eligible in the context of the Operation, costs must:
- be necessary for carrying out the Operation, be provided for in the Contract and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
  - have been incurred during the duration of execution of the Operation, as defined in Article 2 of the Special Conditions;
  - have actually been incurred, be recorded in the Beneficiary's or Beneficiary's partners' accounts, be identifiable and verifiable, and be backed by originals of supporting evidence.
- 14.2 The following direct costs shall be eligible:
- the cost of staff assigned to the Operation, corresponding to actual salaries plus social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary, and rates must not exceed those generally accepted on the market in question;
  - travel and subsistence costs for staff taking part in the Operation, provided they correspond to market rates and do not exceed the scales generally accepted by the Commission (including economy-class air fares);
  - purchase costs for equipment (new or used) and services (transport, rent, etc.), provided they correspond to market rates;
  - costs of consumables and supplies;
  - expenditure on subcontracting or expenditure incurred by the Beneficiary's partners;
  - costs deriving directly from the requirements of the Contract (dissemination of information, specific evaluation of the Operation, audit, translation, reproduction, insurance, targeted training for those involved in the Operation, etc.) including financial service costs (in particular the cost of transfers and financial guarantees);
  - taxes, without prejudice to the terms of Article 14.4;
  - a contingency reserve of no more than 5% of eligible direct costs, which can be used only with the prior written (by letter) authorisation of the Commission.
- 14.3 A fixed percentage of the Beneficiary's overheads up to a maximum of 7% of the total amount of eligible direct costs shall be eligible as indirect costs.

Indirect costs shall be eligible provided that they do not include costs assigned to another heading of the budget provided for by the Contract.

Indirect costs shall not be eligible where the Contract concerns the financing of an Operation conducted by a body which is already receiving an operating grant from the Commission.

14.4 The following costs shall not be considered eligible:

- provisions for possible future losses or debts;
- interest owed;
- purchases of land or buildings, except where necessary for the direct implementation of the Operation, in which case ownership must be transferred to the Beneficiary's local partners (where applicable) or the final recipients of the Operation once the latter has come to an end;
- currency exchange losses, without prejudice to the terms of Article 15.7;
- VAT which the Beneficiary is able to reclaim.

14.5 Any contributions in kind made by the Beneficiary and listed separately in Annex III shall not be considered eligible costs for Community financing.

The Beneficiary must, however, undertake to make such contributions in accordance with the terms of this Contract.

#### *Article 15*

#### **PAYMENT AND INTEREST ON LATE PAYMENT**

15.1 Payment procedures are set out in Article 4 of the Special Conditions and follow one of the three options below:

Option 1: Operations not exceeding 12 months' duration or involving Community financing of EUR 100,000 or less

The Commission will make grant payments to the Beneficiary in the following manner:

- an advance of 80% of the sum referred to in Article 3.2 of the Special Conditions within 60 days of receipt by the Commission of the Contract signed by both parties and, where applicable, of a financial guarantee, as defined in Article 15.4;
- the balance within 60 days of the authorising department's recording a request for payment / accompanied by the final report, subject to approval of that report in accordance with Article 15.2.

Option 2: Operations exceeding 12 months' duration and involving Community financing of over EUR 100,000

The Commission will make grant payments to the Beneficiary in the following manner:

- an advance of 80% of that part of the forecast budget for Operation's first 12 months which is being financed by the Community, within 60 days of receipt by the Commission of the Contract signed by both parties and, where applicable, of a financial guarantee, as defined in Article 15.4;

- intermediate payments of the amount indicated in Article 4 of the Special Conditions, within 60 days of the authorising department's recording a request for payment accompanied by an intermediate report, subject to approval of that report in accordance with Article 15.2;
- the balance within 60 days of the authorising department's recording a request for final payment accompanied by the final report, subject to approval of that report in accordance with Article 15.2.

Intermediate payments can be made only if the expenditure actually incurred represents at least 70% of the amount of the previous payment, as proven by the relevant intermediate report. The amount of the advance and the intermediate payments cannot exceed 90% of the sum referred to in Article 3.2 of the Special Conditions.

### Option 3: All Operations

The Beneficiary will receive the grant from the Commission as a lump sum within 60 days of the authorising department's recording a request for final payment accompanied by the final report, subject to approval of that report in accordance with Article 15.2.

Reports must be presented in accordance with the stipulations of Article 2.

- 15.2 The payment deadline of 60 calendar days referred to in Article 15.1 above shall expire on the date on which the Commission's account is debited. Without prejudice to the terms of Article 11.3, the Commission may halt the countdown towards this deadline by notifying the Beneficiary that the request for payment is inadmissible, either because the amount in question is not due or because the relevant report cannot be approved and the Commission thinks it necessary to conduct further checks. In such cases, the Commission may request clarification, alteration or additional information, which must be produced within 30 days of the request. The countdown towards the deadline will resume on the date on which a correctly formulated request for payment is recorded.
- 15.3 Once the deadline referred to above has expired, the Beneficiary (unless the Beneficiary is a government department or public body in a Community Member State) may, within two months of late payment, claim late-payment interest at the rate applied by the European Central Bank to its main refinancing transactions in Euro, plus one and a half percentage points. The late-payment interest shall apply to the time which elapses between the date of the payment deadline (inclusive), and the date on which the Commission's account is debited (exclusive). This interest shall not be considered income for the purposes of Article 17.3.
- 15.4 Advances of EUR 1 million or more must be fully secured by a financial guarantee remaining valid until it is released by the Commission following final payment. This provision shall not apply if the Beneficiary is a government department or public body in a Community Member State.
- 15.5 The financial guarantee shall be in conformity with or match the model below:



## Specimen Financial Guarantee for the Repayment of Advances

To the Commission of the European Communities,  
SCR, *[name and address of the relevant financial unit]*  
200 rue de la Loi B-1049 Brussels, hereinafter referred to as the "Commission",

**Subject:** Guarantee n°...

**Financial guarantee for the repayment of advances payable under grant Contract**  
**..... *[Contract number and title (quote number and title in all***  
***correspondence)***

We the undersigned, ..... *[name and address of financial institution]* hereby irrevocably declare that we guarantee as primary obligor, and not merely as a surety, on behalf of ..... *[name and address of the Beneficiary]*, hereinafter referred to as the "Beneficiary", payment to the Commission of ..... *[amount of the advance in the currency in which it must be paid]*, this amount representing the part of the cost of the Operation payable as an advance under grant Contract ..... *[Contract number and title]* concluded between the Beneficiary and the Commission.

Payment shall be made into account ..... *[account number]* held by the Commission, without objection or legal proceedings of any kind, upon receipt of your first written claim (sent by registered letter with confirmation of receipt) stating that the Beneficiary has not repaid the advance on request or that the Contract has been terminated for any reason whatsoever. We shall not delay the payment, nor shall we oppose it for any reason whatsoever. We shall inform you in writing as soon as payment has been made.

We note that the Guarantee will be released 60 days at the latest after the final payment provided for in the Contract.

The law applicable to this Guarantee shall be that of ..... *[name of the European Union Member State in which the financial institution issuing the Guarantee is established, or "Belgium" if the financial institution is established outside the European Union]*. Any dispute arising out of or in connection with this Guarantee shall be referred to the Brussels courts.

This Guarantee will come into force and will take effect on receipt of the advance in the account designated in the Contract by the Beneficiary to receive payments.

.....  
*[place and date]*

.....  
*[signature]<sup>1</sup>*

<sup>1</sup> The name and title of the person(s) signing for the Guarantor should be added in printed characters.

15.6 Payments due from the Commission shall be made into the bank account referred to in Article 4.3 of the Special Conditions. Where provision is made for the payment of an advance of EUR 1 million or more, a bank account must be opened specifically for the Operation.

15.7 The Commission will make payments in Euro. Where necessary, actual expenditure will be converted into Euro at the rate published by the European Central Bank in the "C" series of the Official Journal on the first working day of the month in which the request for payment is made. In the case of currencies not quoted in the Official Journal, conversion shall be based on the rates published in the Financial Times on the first Tuesday of the month in which the payment is made.

If there is an exceptionally wide fluctuation in exchange rates, the Commission may at the Beneficiary's request take appropriate steps to offset its effects.

15.8 Any interest accruing from the advances paid to the Beneficiary by the Commission shall be considered income for the purposes of Article 17.3. It may be used to cover eligible costs of the Operation.

### *Article 16*

#### **ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS**

16.1 The Beneficiary must keep accurate and regular records and accounts of the implementation of the Operation using a dedicated double-entry book-keeping system as part of or as an adjunct to the Beneficiary's own accounts. This dedicated system shall follow the procedures dictated by professional practice. Separate accounts must be kept for each Operation, and must detail all income and expenditure. They must provide precise details of interest accruing on funds paid by the Commission.

16.2 The Beneficiary must consent to record-based or on-the-spot inspections by the Commission or the Court of Auditors of the use made of the grant, in accordance with the financial regulation applicable to the general budget of the Community (or as the case may be with the financial regulation applicable to the ACP-EC co-operation), until five years after the end date.

To that end, the Beneficiary must undertake to provide the staff of the Commission or the Court of Auditors, or their authorised agents, with appropriate rights of access to the sites and locations in which the Operation is being implemented, including access to computer systems, as well as access to all documents and computer files relating to the financial and technical management of the Operation. Access by authorised agents of the Commission or Court of Auditors shall be kept strictly confidential with regard to third parties, without prejudice to public law obligations to which the Commission is subject. Documents must be easily accessible and filed in a manner which allows easy verification; the Beneficiary is obliged to inform the Commission of the precise location in which they are kept.

16.3 The documents referred to in Article 16.2 include:

#### A) Works supplies and services

- bids from suppliers;
- Contracts or order forms;
- invoices and proofs of payment or settled invoices; if supplies come from the Beneficiary's stocks, invoices shall reflect the price paid at the time of purchase; a copy of the purchase invoice must be attached;
- for fuel and oil, the Beneficiary shall keep a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs.

B) Staffing costs

- a statement of expenditure on expatriate and/or European-based staff (where implementation is taking place in Europe) per month of effective work; expenditure will be assessed on the basis of unit prices per verifiable block of time worked and will be broken down into gross salary, social security charges, insurance and net salary;
- a statement of expenditure on locally recruited staff on fixed-term Contracts, with details of remuneration paid in cash or kind, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary.

16.4 If the size of the grant is EUR 100,000 or more, a final audit will be carried out when the Operation ends. Furthermore, if the Operation's duration of execution exceeds 18 months, an annual audit will be carried out for every 12-month period of implementation after the start of the Operation.

Every audit report must cover:

- Analysis and checking of the nature, legality and regularity of expenditure;
- Checking of the utilisation of advances;
- Audit of third-party accounts;
- Reconciliation of expenditure with the dedicated accounts referred to in Article 16.1 above and with the Budget for the Operation;
- Checking of the project's income (including Community advances, interest on advances, co-financing and other income generated by the project);
- Information on the precise physical location of the original documentary evidence for use in the event of checks by the Commission and Court of Auditors.

The auditor will in addition perform physical spot-checks (of genuine existence and of conformity) on certain activities. The Commission Delegation responsible for supervising the Operation, or any other Commission department, will determine the activities to be spot-checked at the Beneficiary's request and before the audit takes place.

Without prejudice to the terms of Article 11.3, the audit must not interrupt the implementation of the Operation. It must be carried out in accordance with international standards in the field.

16.5 The Beneficiary may fulfil the obligations referred to in Article 16.4 by submitting either audit reports for the Operation or its own annual audit report, provided that the audit is carried out by the independent audit practice referred to in Article 7 of the Special Conditions.

16.6 If the Beneficiary fails to comply with the fundamental obligations set out in this Article 16, the Commission may terminate the Contract in accordance with Article 11.3. In addition, the Beneficiary may be ruled ineligible for further Community financing for a period determined by the Commission.

*Article 17*

FINAL AMOUNT OF COMMUNITY FINANCING

17.1 The total sum to be paid by the Commission to the Beneficiary may not exceed the maximum grant established by Article 3.2 of the Special Conditions, even if the overall actual expenditure exceeds the estimated total budget set out in Annex III.

17.2 If the eligible costs at the end of the Operation are less than the estimated total cost specified in Article 3.1 of the Special Conditions, the Community contribution shall be limited to the amount

produced by multiplying the actual expenditure by the percentage laid down in Article 3.2 of the Special Conditions.

- 17.3 The Beneficiary accepts that the grant can under no circumstances result in a profit for the Beneficiary, and must be limited to the amount required to balance income and expenditure for the Operation.

### *Article 18*

#### **REPAYMENT OF THE GRANT**

- 18.1 In the cases referred to in Articles 11.1 (except wrongful termination), 11.2 and 17, the Beneficiary undertakes to repay to the Commission within 60 days of receiving a request from the latter any amounts paid in excess of the final amount due.
- 18.2 In the event of wrongful termination of the Contract by the Beneficiary, and in the cases specified in Article 11.3, the Commission may request full or partial repayment of sums paid to the Beneficiary. The Commission shall determine the manner and the deadline for such full or partial repayment.
- 18.3 Should the Beneficiary fail to repay such amounts within the deadline set by the Commission, the Commission may (unless the Beneficiary is a government department or public body in a Community Member State) increase the sums due by adding interest at the rate applied by the European Central Bank on the first day of the month in which the deadline expires to its main refinancing transactions in Euro, plus one and a half percentage points. The late-payment interest shall apply to the time which elapses between the date of the payment deadline set by the Commission (inclusive), and the date on which payment is actually made (exclusive).
- 18.4 Bank charges incurred by the repayment of sums due to the Commission shall be borne entirely by the Beneficiary.
- 18.5 The recovery decision drawn up by the Commission and transmitted to the Beneficiary owing a repayment to the Commission shall be enforceable within the meaning of Article 256 of the EC Treaty.
- 18.6 Amounts to be repaid to the Commission may be offset against amounts of any kind due to the Beneficiary. This shall not affect the parties' option to agree on payment in instalments.

## Small Scale Operations Programme

## Budget for the Operation

No.	Item	Unit	No. of Units	Price per Unit	Total Price	Total Per Category
<b>A</b>	<b>Personnel:</b>					
	Project Manager	Man- Month				
	Assistant to the Project Manager	Man- Month				
	Assistant to the Computer Teacher	Man-Hour				
	Expert MDD	Man-Day				
	Workshop animators (2 to be paid from the SSO budget)	Man-Month				
	Computer Technical Assistance	Man-hour				
	<b>Total A</b>					
<b>B</b>	<b>Equipment, Services, Supplies:</b>					
	PC with monitor, 32 units					
	Printer, 4 Units					
	Serial HUB, 32 units					
	Telephone line, 4 lines					
	Internet subscription, 4 units					
	Internet connection, 400 units					
	Telephone connection, 400 units					
	Renting of web space from Internet provider, 6 months					
	A4 paper (box of 500 papers), 10 units					
	Printer cartridge, 4 units					
	Floppy disk, 240 units					
	CD Rom, 100 units					
	EC T-shirt, 50 units					
	Photo film, 12 units					
	<b>Total B</b>	Lump Sum				
<b>C</b>	<b>Publications:</b>					
	Handbook on the project, 250 copies					
	<b>Total C</b>	Lump Sum				
<b>D</b>	<b>Project implementation Costs:</b>					
	Partial reimbursement of administrative costs of Ai.Bi.'s office in Sarajevo-6 months (renting, utilities, stationery, use of equipment, etc.)	Lump Sum				
	Visibility costs	Lump Sum				
	Inauguration costs(2 ceremonies in 2 schools))	Lump Sum				
	Bank charges	Lump Sum				
	<b>Total D</b>					
<b>E</b>	<b>Other Costs:</b>					
	Partial reimbursement of fuel for transportation (cars provided by Ai.Bi.)					
	Bus renting for pupils visit, 10 bus tours					
	<b>Total E</b>	Lump Sum				
	<b>TOTAL BUDGET</b>					<b>49,715.98</b>

<sup>1</sup> This may include bank charges directly related to the implementation of the project

## **Small Scale Operations Programme**

### **Contract-Award Procedures**

In placing contracts the following procedures shall apply:

#### **1. *Supplies***

For contracts with a value up to 5,000 Euro direct shopping, providing that purchase price is in accordance with prevailing market prices.

For contracts with a value between 5,001 and 30,000 Euro informal consultation of at least 3 appropriate suppliers is required. The Commission may request to receive copies of correspondence confirming that the informal consultation was undertaken and that the economically most advantageous offer was selected.

For contracts with a value of greater than 30,000 Euro, the Beneficiary should consult the Delegation.

#### **2. *Works***

For contracts with a value up to 5,000 Euro direct agreement, providing that contracting price is in accordance with prevailing market prices.

For contracts with a value between 5,001 and 50,000 Euro informal consultation of at least 3 appropriate contractors is required. The Commission may request to receive copies of correspondence confirming that the informal consultation was undertaken and that the economically most advantageous offer was selected.

#### **3. *Services***

For contracts with a value up to 5,000 Euro direct agreement, providing that service supply price is in accordance with prevailing market prices.

For contracts with a value between 5,001 and 50,000 Euro informal consultation of at least 3 appropriate service providers is required. The Commission may request to receive copies of correspondence confirming that the informal consultation was undertaken and that the economically most advantageous offer was selected.

#### **4. *Nationality of Contractors and origin of supplies***

- A) Participation in the Invitation to Tender shall be open on equal terms only to natural and legal persons of the Member States of the European Community, or one of the countries eligible to participate in the OBNOVA programme (see annexed list).
- B) Rules of Origin: The goods must originate in a Member State of the European Community, or in one of the countries eligible to participate in the OBNOVA programme (see annexed list).

Derogation from the above rules requires the prior written approval of the Contracting Authority.

5. *Nationality of Contractors and origin of supplies-the list of eligible countries:***The Fifteen European Union Member States**

Austria	Belgium	Denmark
Finland	France	Germany
Greece	Italy	Ireland
Luxembourg	Netherlands	Portugal
Spain	Sweden	United Kingdom

**The OBNOVA Countries**

Bosnia and Herzegovina	Croatia
Federal Republic of Yugoslavia	Former Yugoslav Republic of Macedonia

**The PHARE Countries**

<b><u>CANDIDATE</u></b>		
Bulgaria	Czech Republic	Albania
Estonia	Hungary	Bosnia and Herzegovina
Latvia	Lithuania	Croatia
Poland	Romania	Federal Republic of Yugoslavia
Slovakia	Slovenia	Former Yugoslav Republic of Macedonia

**South-East Europe**

Cyprus
Turkey
Malta

## Bank Details

If bank details change during the implementation of the Contract, the Beneficiary is required to fill in the attached FINANCIAL IDENTIFICATION FORM.

This form must be completed in full and signed by the person authorised to sign the Contract.

Please note that the EC will not be responsible for any delays in payment of your invoices in the following cases:

- If the bank details indicated on your invoices are not correctly stated or do not correspond fully to the ones mentioned in the Contract;
- If a request for change of bank account is submitted within the duration of the Contract.

*Indeed, the introduction of bank details within the EC computerised system (SINCOM) requires a procedure, which must be repeated for any modification on these details, therefore leading to delays of payment.*

In addition, it is important that you provide us with your organisation's own bank account number and not the general account number of the bank. The EC will not be responsible for problems arising due to the use of a general bank account number.



## Financial Identification

**Contractor Name:****Contract Number:**

### ACCOUNT HOLDER

NAME	<input type="text"/>
ADDRESS	<input type="text"/>
TOWN/CITY	<input type="text"/>
POSTCODE	<input type="text"/>
CONTACT PERSON	<input type="text"/>
TELEPHONE	<input type="text"/>
FAX	<input type="text"/>
VAT NUMBER	<input type="text"/>

### FINAL BANK DETAILS

FULL NAME	<input type="text"/>
COMPLETE ADDRESS	<input type="text"/>
TOWN/CITY	<input type="text"/>
POSTCODE	<input type="text"/>
ACCOUNT NAME (IF ANY)	<input type="text"/>
ACCOUNT NUMBER	<input type="text"/>
SORTING CODE	<input type="text"/>
CURRENCY	<input type="text"/>
SWIFT CODE	<input type="text"/>

### INTERMEDIARY BANK DETAILS

FULL NAME	<input type="text"/>
COMPLETE ADDRESS	<input type="text"/>
SWIFT CODE	<input type="text"/>

**REMARKS****DATE**

**SIGNATURE OF BENEFICIARY**  
*(Person authorised to sign the Contract)*

**TO BE FILLED BY COMMISSION ONLY**

TEMPORARY SINCOM No.

GESTIONNAIRE