



EUROPEAN UNION

DELEGATION TO GEORGIA

The Ambassador

Tbilisi, 03/10/2019
CH (2019)
Mes(2019)6122455

Giorgi Kldiashvili, Executive Director
Institute for Development of Freedom of Information
3, Griboedov Street, Tbilisi, 0108, Georgia
g.kldiashvili@idfi.ge

Our ref.: ENI/2019/ 409-956

Subject: Contract "Contributing to PAR through Civic Monitoring and Engagement"

Dear Mr. Kldiashvili,

Please find enclosed two originals of the contract mentioned above. I would be grateful if you could sign and date all originals and return one to the following address:

Finance, Contracts and Audit Section
Delegation of the EU to Georgia
38 Nino Chkheidze street, Tbilisi, Georgia

Please use a reliable courier service or registered mail to avoid any delays or loss of the documents.

Please be aware that the contract number assigned to your project is ENI/2019/409-996. Please refer to it in your future correspondence.

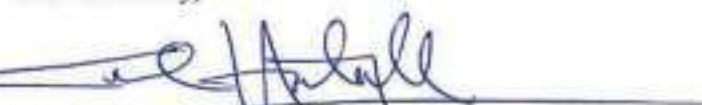
Please note that following the entry into force in December 2018 of the Regulation (EU) 2018/1725, several clauses aligning the new personal data protection requirements were inserted under Articles 7.2 and 7.3 of Special Conditions.

Your attention is drawn to the fact that the Contracting Authority will not be obliged to honour the signed contract in the event of any of the following:

- the contract is not returned to the above address within 30 days of the date of this letter, duly signed and dated by a signatory authorised to represent you. In this regard we kindly ask you to send back the signed contract as soon as possible and no later than Oct 25, 2019.
- any modifications to the text of the contract or its annexes.

Please note that the starting date of the implementation of the contract as foreseen in Article 2.2 of the Special Conditions is the day following that on which the second of the two parties signs.

Yours sincerely,



Carl Hartzel

GRANT CONTRACT
- EXTERNAL ACTIONS OF THE EUROPEAN UNION -
ENI/2019/ 409-956
(the 'contract')

The European Union, represented by the European Commission , (the 'contracting authority')

of the one part,

and

Institute for Development of Freedom of Information - IDFI

Non-Entrepreneurial (Non-Commercial)

Registration Number: 204569617

3 A Griboedov Street, 0108 Tbilisi, Georgia

VAT Number: GE204569617

hereinafter the 'coordinator'

and

Georgian Young Lawyers Association - GYLA

Non-Entrepreneurial (Non-Commercial)

Registration Number: 1672

Krilov Street 15, 0102 Tbilisi, Georgia

VAT Number: GE204861373

who have conferred powers of attorney for the purposes of the signature of the agreement to the coordinator¹, collectively referred to as 'beneficiary(ies)' where a provision applies without distinction to the coordinator and the co-beneficiary(ies)

of the other part,

(the 'parties')

have agreed as follows:

¹ Model mandate provided in Annex A to the guidelines for applicants.



Special conditions

Article 1 — Purpose

- 1.1 The purpose of this contract is the award of a grant by the contracting authority to the implementation of the action entitled: **Contributing to PAR through Civic Monitoring and Engagement** (the 'action') described in Annex I.
- 1.2 The beneficiary(ies) shall be awarded the grant on the terms and conditions set out in this contract, which consists of these special conditions (the 'special conditions') and the annexes, which the beneficiary(ies) hereby declares it has noted and accepted.
- 1.3 The beneficiary(ies) accepts the grant and undertakes to be responsible for carrying out the action.

Article 2 — Implementation period of the action

- 2.1 This contract shall enter into force on the date when the second of the two parties signs.
- 2.2 Implementation of the action shall begin on:
 - the day following that on which the second of the two parties signs
- 2.3 The implementation period of the action, as laid down in Annex I, is 24 months.
- 2.4 The execution period of this contract shall end when the payment of the balance is made by the contracting authority and, in any event, at the latest 18 months after the end of the implementation period as stipulated in Article 2.3 unless postponed in accordance with Article 12.5 of Annex II.

Article 3 — Financing the action

- 3.1 The total eligible costs are estimated at EUR 499,435.55, as set out in Annex III.
- 3.2 The contracting authority undertakes to finance a maximum amount of EUR 449,492.00.
The grant is further limited to 90% of the total eligible cost of the action specified in paragraph 1.
The final amount of the contracting authority's contribution shall be determined in accordance with Articles 14 and 17 of Annex II.
- 3.3 Pursuant to Article 14.7 of Annex II, 7% % of the final amount of direct eligible costs of the action established in accordance with Articles 14 and 17 of Annex II, may be claimed as indirect costs.

Article 4 — Reporting and payment arrangements

- 4.1 Payments shall be made in accordance with Article 15 of Annex II option no. 2 as set out in Article 15.1

Initial pre-financing payment:	EUR 250,618.50
Further pre-financing payment(s): (subject to the provisions of Annex II).	EUR 153,924.30
Balance of the final amount of the grant: (subject to the provisions of Annex II):	EUR 44,949.20
- 4.2 An electronic system will be used by the contracting authority and the beneficiary(ies) for all stages of implementation including, inter alia, management of the contract (amendments and notifications), reporting (including reporting on results) and payments. The beneficiary(ies) will be required to register in and use the appropriate electronic exchange system to allow for the e-management of the

contract. With regard to interim and final reports, the beneficiary(ies) will be expected to use the forms in the electronic system for encoding and submitting the reports.

The electronic management of the contract through the aforementioned system may commence on the date on which implementation of the contract starts, as described in Article 2 above, or at a later date. In the latter case, the contracting authority will inform the beneficiary(ies) in writing that he/they will be required to use the electronic system for all communications within a maximum period of 3 months.

Article 5 — Contact addresses

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

For the contracting authority

Delegation of the European Union to Georgia
For the attention of Finances, Contracts and Audit Section
Delegation of the European Union to Georgia
38 Nino Chkheidze Street
Tbilisi 0102, Georgia

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

Delegation of the European Union to Georgia
For the attention of Cooperation Section
38 Nino Chkheidze Street
Tbilisi 0102, Georgia

For the coordinator

Giorgi Kldiashvili, Executive Director
3, Griboedov Street, Tbilisi, 0108, Georgia.
info@idfi.ge +995 322 921514, +995 599770100

- 5.2 The expenditure verification(s) referred to in Article 15.7 of Annex II will be carried out by:

Moore Stephens AB, LLC
Address: 6 Marjanishvili Str., 0102 Tbilisi, Georgia
Contact Person: Sopho Abaiadze, Audit Manager
Tel: +995 32 2 000 123
Mob: +995 5 58 500 008
E-mail: sopho.abaiadze@moorestephens.ge

Article 6 — Annexes

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

- Annex I: Description of the action (including the logical framework of the project and the concept note)
Annex II: General conditions applicable to European Union-financed grant contracts for external actions
Annex III: Budget for the action (worksheets 1, 2 and 3)
Annex IV: Procurement rules for beneficiary(ies)

- Annex V: Standard request for payment and financial identification form
- Annex VI: Model narrative and financial report
- Annex VII: Terms of reference for an expenditure verification of a European Union financed grant contract for external actions and model report of factual findings
- Annex IX: Standard template for transfer of asset ownership

6.2 In the event of a conflict between the provisions of the present special conditions and any annex thereto, the special conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other annexes, those of Annex II shall take precedence.

Article 7 — Other specific conditions applying to the action

7.1 The general conditions in Annex II are supplemented by the following:

7.1.1 Financial support to third parties may only be awarded in compliance with the conditions set in the guidelines for applicants and in accordance with the criteria and conditions laid down in the description of the action in Annex I.

The maximum amount of financial support per each third party is limited to EUR 15,000.00

7.1.2 In the framework of financial support to third parties funds that are disbursed and the subject of a formal legal commitment between the coordinator (or its co-beneficiaries) and a third party are taken into account when calculating the thresholds allowing the release of the further prefinancing payment in accordance with conditions laid down by art 15, option 2, point (ii)

7.1.3 Where the implementation of the action requires the setting up or the use of local infrastructure in the partner country (project office), the beneficiary(ies) may declare as eligible only the portion of the capitalised and operating costs of the project office which corresponds to the duration of the Action and the rate of actual use of the project office for the purposes of the Action.

Costs of the project office not declared as actual costs are only eligible if they have been ex ante-assessed by the European Commission.

7.2 The following derogations to the General Conditions shall apply:

Articles 1.3 and 1.4 of Annex II shall be replaced by the following:

1.3 Processing of personal data by the Commission

Any personal data included in the grant contract must be processed by the Commission in accordance with Regulation (EU) No 2018/1725.

Such data must be processed by the data controller identified in the special conditions solely for implementing, managing and monitoring the grant contract or to protect the financial interests of the EU, including checks, audits and investigations in accordance with Article 16 of these general conditions.

The beneficiaries have the right to access, rectify or erase their own personal data and the right to restrict the processing of their personal data or, where applicable, the right to data portability or the right to object to data processing in accordance with Regulation (EU) No 2018/1725. For this purpose, they must send any queries about the processing of their personal data to the data controller identified in the special conditions.

The beneficiaries may have recourse at any time to the European Data Protection Supervisor.

1.4 Processing of personal data by the beneficiaries

The beneficiaries must process personal data under the Agreement in compliance with applicable EU and national law on data protection (including authorisations or notification requirements).

The beneficiaries may grant their personnel access only to data that is strictly necessary for implementing, managing and monitoring the grant contract. The beneficiary must ensure that the personnel authorised to process personal data has committed itself to confidentiality or is under appropriate statutory obligation of confidentiality.

The beneficiaries must adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing and to the nature, scope, context and purposes of processing of the personal data concerned. This is in order to ensure, as appropriate:

- (a) the pseudonymisation and encryption of personal data;
- (b) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services;
- (c) the ability to restore the availability and access to personal data in a timely manner in the event of a physical or technical incident;
- (d) a process for regularly testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing;
- (e) measures to protect personal data from accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to personal data transmitted, stored or otherwise processed.

7.3 The entity acting as a data controller as provided for in Article 1.3 and 1.4 of the general conditions is the Head of Unit of NEAR R4, Contracts and Finance (ENI): NEAR-R4@ec.europa.eu.

Done in English in two originals, one original being for the European Commission and one original being for the beneficiary(ies).

For the beneficiary(ies)²

Name *Giorgi Kldiashvili*
Title *Executive Director*
Signature *[Handwritten Signature]*
Date *10/10/2019*

For the contracting authority

Name *C. HANZOU*
Title *AMBASSADOR*
Signature *[Handwritten Signature]*
Date *3/10/2019*



² In accordance with the mandate conferred on the coordinator, (see application form), the coordinator signs this contract also on behalf of the other beneficiaries, who, therefore, do not need to individually sign this contract to become parties to it.

[Handwritten mark]

Annex I - ENI/2019/ 409-956

Title of the action:	Contributing to PAR through Civic Monitoring and Engagement
Name of the lead applicant	Institute for Development of Freedom of Information (IDFI)

Table of contents

FULL APPLICATION FORM	ERROR! BOOKMARK NOT DEFINED.
1 General information	2
2 The action	2
2.1. Description of the action	2
2.1.1. Description (max 13 pages)	2
2.1.2. Methodology (max 5 pages)	13
2.1.3. Indicative action plan for implementing the action (max 4 pages)	16
2.1.4. Sustainability of the action (max 3 pages)	20
2.1.5. Logical Framework	Error! Bookmark not defined.
2.1.6. Budget, amount requested from the contracting authority and other expected sources of funding	Error! Bookmark not defined.
2.2. Lead applicant's Experience	Error! Bookmark not defined.
3 Associates participating in the action	Error! Bookmark not defined.

1 General information

Name of the lead applicant	<i>Institute for Development of Freedom of Information (IDFI)</i>
Title of the action	<i>Contributing to PAR through Civic Monitoring and Engagement</i>

2 The action¹

2.1. Description of the action

2.1.1. Description (max 13 pages)

Relevance of the Action

The proposed action will promote the implementation of the Public Administration Reform through innovations, capacity building, multi-stakeholder dialogue and civil society engagement in monitoring and revision of the PAR Action Plan and Roadmap. This overall objective is in line with both the global, and specific objectives of this programme.

By facilitating and conducting comprehensive monitoring of the implementation of the reform with the participation of trained local organizations, the project will reflect local needs, challenges and opportunities. At the same time, studying best practices and advocating evidence-based policy recommendations will ensure that new commitments, incorporated in the revised/upcoming action plan of the reform, are specific, measurable, achievable, relevant and time-bound (SMART). The proposed action through its specific objectives, in particular: 1) Monitor the implementation of PAR through an innovative, inclusive approach; 2) Strengthen capacity of local CSOs to better contribute to oversight and implementation of PAR; 3) Facilitate PAR revision process through multi-stakeholder discussion and sharing of best practices, will contribute to the priorities of **LOT 1**.

In this respect, development of an interactive, regularly updated and online monitoring platform - PAR Tracker will be crucial for thorough assessment of PAR and demonstrating reform results, shortcomings and needed interventions. At the same time, capacity building activities and local actions implemented under small grants scheme will ensure that wider society is engaged in the process, and local context is better reflected in assessment and revision of the PAR implementation. In addition, studying best international practices and communicating elaborated policy recommendations with decision-makers will be instrumental in incorporating relevant, timely, innovative and evidence-based commitments in the upcoming action plan of the reform. Finally, public outreach activities will raise awareness about the reform, its results and challenges among wider society of Georgia.

All these efforts combined will ensure that contribution to and engagement of Georgia's civil society in the reform is effective, valuable and representative. The project will create a network of central and local stakeholders overseeing PAR implementation and advocating evidence-based policy changes with increased capacity to perform monitoring functions. This approach responds to priorities 1 and 5 identified in the "EU Roadmap for Engagement with Civil Society in Georgia 2018-2020".²

The Government of Georgia has recognised the significance of reforming the public administration by signing the EU-Georgia Association Agreement, which underlines the commitment for cooperation in good governance, including public administration and civil service reform. Georgia has been successful in good governance and control of corruption indexes, however, there has been deterioration regarding accountability.³ Even though the Government approved policy planning and monitoring methodology in 2017, the sectoral action plans are prepared without proper coordination and guidance. This causes overlapping

¹ The evaluation committee will refer to information provided in the concept note as regards objectives and the relevance of the action.

² EU Roadmap for Engagement with Civil Society in Georgia 2018-2020, p. 4. Available at: https://eeas.europa.eu/delegations/georgia/55742/eu-adopts-new-civil-society-roadmap-2018-2020_en

³ [World Governance Indicators](#) report (2018) of the World Bank Group.

among the commitments under various action plans, different implementing deadlines for the same activities, etc. The legal framework for monitoring and reporting is not comprehensive and does not clearly establish the requirement to publish reports.⁴ There is a common framework for monitoring, reporting and evaluation of government performance, but it is not sufficiently comprehensive. The existing monitoring reports do not provide information on progress on achievement of policy outcomes. No legal framework exists for public consultation on new policy proposals. Key CSO-s including IDFI and GYLA are members of the PAR Council, however, the involvement of CSOs from the initial phase of policy preparation remains a problem,⁵ thus advocacy to improve the public consultation process is very much needed.

Civil Service reform was initiated in 2014, with the purpose of creating merit-based civil service, ensuring principles of accountability, integrity and impartiality. Even though the law was adopted almost four years ago, its enforcement was delayed a few times, there was a lack of public consultations when preparing the concept of the reform and the draft laws on remuneration of the civil servants and the status of the legal persons. Civil servants and wider public lack awareness regarding the reform, thus the project will be aiming to raise awareness through the awareness raising campaigns regarding the main achievements as well as challenges of the implementation of the reforms.

New PAR Action Plan has been modified significantly in comparison with the last one. It has been improved in technical terms with more SMART objectives and indicators added to it. Despite this, the new PAR Action Plan does not provide for ambitious reforms, especially in terms of increasing transparency and accountability. Instead of determining commitments towards new reforms, the document copies the old commitments from previous policy documents, which have been left unimplemented for a few years now. This includes the objective on implementing Regulatory Impact Assessment (objective 1.4), which was supposed to be implemented by 2018 but this did not happen and the commitment was transferred to the new Action Plan. Lack of ambitiousness of the Action Plan is demonstrated by the objective 3.2 – improving access to the open data system. Only three agencies have been selected as responsible institutions for implementation of this objective (Civil Service Bureau, Ministry of Finance and Municipal Service Development Agency). This makes impossible to achieve the planned objective and demonstrates the unrealistic nature of the commitment. In terms of transparency and accountability one more important commitment is improving the access to public information (objective 3.5) by adopting an Act of Freedom of Information. The objective was to be completed a few years ago. The draft Freedom of Information Act was prepared in 2014 and has been shelved for almost five years despite the fact that it has been renewed several times and scheduled by the Anti-Corruption, Open Governance and Public Administration Reform Policy documents to be adopted in previous years. There are only two objectives foreseen by the PAR Action Plan in the direction of the local self-governance, with the Ministry of Regional Development and Infrastructure of Georgia determined as a responsible agency while municipalities are only referred as partners. This questions the possibility of achieving the objective. Finally, despite the fact that there is no obligation and common rule⁶ on conducting public consultation in the country (as well as quality and publication of monitoring reports), PAR's Action Plan does not determine it as a separate problem and does not set forth increasing the transparency and engagement as a special objective. The Anti-Corruption Action Plan no longer represents the part of the PAR,⁷ it was removed and replaced with only few unambitious objectives. Thus the project will concentrate on this part when advocating new commitments for the future PAR Action Plan.

The EU actively supports PAR through direct budgetary aid, as well as technical assistance and other activities. PAR has been one of the important components of the EU-Georgia Association Agreement and the Visa Liberalization Action Plan (VLAP). Moreover, the reform and its specific components are widely supported by other international organizations and partners, including USAID, Sida and the UK Government. The project will ensure consistency with other EU-funded programmes and other initiatives through strong coordination with ongoing projects. Also, this project will be complementary to the other relevant projects being implemented (or implemented) in Georgia with the support of the EU: "Support to the Public Administration Reform in Georgia" 2016-2019; EU-funded twinning project (2018-2020) aiming to strengthen CSB institutional and human resource capacities in implementing the reforms in civil service; EU funded technical assistance "Facility for the implementation of the Association Agreement in Georgia" 2015-2018; EU funded technical assistance "Legislative Impact Assessment, Drafting and Representation" 2015-2018; EU funded "G4G", "GGI" support legal approximation and Regulatory Impact Assessment (RIA).

⁴ PAR implementation report for 2017-2018 has not been published yet.

⁵ PAR Action Plan 2019-2020 was introduced for consultations only when the draft was already finalized.

⁶ It represented the accountability part of the PAR action plan.

To consider Georgia's context, the new electoral cycle is upcoming (Parliamentary 2020 and Municipal 2021 elections), and in order to ensure institutional memory and stability in transition, is critically important for the success of PAR. GYLA's connections to all major political parties (GYLA is the provider of free legal aid in electoral periods) will be instrumental in advocating with political parties that if they are elected, they must uphold commitment to PAR.

The action will be implemented by the IDFI and the Georgian Young Lawyers Association (GYLA), who have been engaged in PAR since its very launch, accumulating knowledge and experience, and having constant communication with the responsible state institutions throughout the process. The implementation period of the proposed action will be 24 months. The activities will be implemented in Tbilisi as well as in regions of Georgia (Akhmeta, Batumi, Kutaisi, Zugdidi, Poti and Marneuli).

Target Groups - Target groups of the action include representatives of civil society organizations, especially those based in the regions of Georgia (Akhmeta, Batumi, Kutaisi, Zugdidi, Poti and Marneuli), as well as representatives of central and local government. Even though a handful of Tbilisi-based civil society organizations are quite active in policy discussion regarding PAR implementation (mostly with central government institutions), majority of them, especially in regions, are left out of the process and can't contribute due to 1) lack of thorough understanding of the reform; 2) unavailability of flexible mechanisms to contribute to the process, and 3) insufficient capacities. As for the central and local government representatives, they sometimes lack comprehensive information about public concerns, implications of their implemented policies, and optimal solutions based on the local needs and best practices.

Civil servants and citizens of Georgia, including journalists, activists, academia, business representatives, researchers, civil society and grass root organizations' representatives are final beneficiaries of the action. In case of the public/citizens, the following constraints could be identified: 1) lack of awareness about the PAR and its implementation and 2) lack of effort to communicate their needs to the decision-makers.⁷ As for the civil servants, majority of them have heard about the reform itself, they are mostly unaware about the reform goals and possible implications.⁸

In order to remedy the mentioned challenges and constraints, IDFI and GYLA will use its existing network of CSOs based in Tbilisi and regions of Georgia, journalists, activists, foreign experts and government representatives to ensure participation of all relevant stakeholders in project activities. In addition, the implementing organizations will use already existing networks of civil society organizations and other local actors⁹ to reach out relatively remote areas and/or least integrated groups, including ethnic/religious minorities, further increase their oversight capacities, understanding of PAR and ensure their proper participation in the project. Some of them, selected via competition, will even have the possibility to monitor PAR implementation and contribute to PAR tracker platform.

Also, in order to promote and communicate the project outputs and policy recommendations with all relevant stakeholders, contribute to the improvement of future action plans and get more people informed about PAR and engaged in government oversight activities, the action will use various online and offline communication tools, including online advertisement, media coverage, tailored activities (workshops, trainings, roundtable discussions, conference, presentations, etc.).

The action will act as a bridging mechanism allowing target groups and beneficiaries to share their feedback and concerns with public institutions that are responsible for policy making, service delivery and PAR implementation. Moreover, the project awareness raising campaigns and interactive platform - PAR tracker will provide practical information about the ongoing reform, identified challenges and needed interventions to all target groups and final beneficiaries. While implemented reforms, future strategies, action plans and ambitious commitments with the consideration of best international practices will significantly increase effectiveness of public service and service delivery in the future.

Implementing organizations held consultations with government representatives and civil society organizations. In case of the former, they expressed interest and willingness to engage in awareness raising and other project activities, as well as consider our policy recommendations. As for communication with civil society organizations, consultations were held especially with ones working in ethnic minority areas.

⁷ "Public Perceptions towards Civil Service and Job Satisfaction of Civil Servants in Georgia". Analysis and Consulting Team (ACT). 2016. Available at: <https://bit.ly/2RJsJq6>

⁸ Ibid

⁹ E.g. regional CSO hubs supported by the EU, Corporate Social Responsibility (CSR) network supported by the EU and EMMI/USAID, and local monitors of Local Self-Government Index, established by IDFI and supported by Open Society Georgia Foundation

M

Feedback provided from Pankisi gorge (Akhmeta) from ethnic Kists / Muslims have been directly reflected in this proposal (they have asked to mediate with the local and regional authorities to enhance communication between the local population and the government).

The Overall Objective (OO) of the proposed action is to promote the implementation of the Public Administration Reform through innovations, capacity building, multi-stakeholder dialogue and civil society engagement in monitoring and revision of the PAR Action Plan and Roadmap. The general goal of the Public Administration Reform (PAR) is to improve the transparency, predictability, accountability and efficiency of the public administration of Georgia. However, for the past 4 years, successful implementation of PAR has been limited. According to the Government of Georgia (GoG), out of 122 activities of the PAR Action Plan 55 were fully accomplished, 33 - mostly accomplished, 22 - partially accomplished, and 12 were not fulfilled.¹⁰ It is noteworthy that the monitoring results of the PAR Action Plan have not been publicized, there have been no public discussions and limited civil sector involvement in the monitoring in general. PAR has been mostly focused on the central government level, leaving municipal level actors (local CSOs and local government bodies) only tangentially related to the reform. The proposed project will correct this shortcoming by engaging these actors in the process of monitoring, implementation and revision of PAR. Thus, to ensure that the third PAR action plan is implemented to the greatest extent possible, implementing organizations will be promoting civil society engagement in the monitoring and revision of the Public Administration Reform through innovations, capacity building and multi-stakeholder dialogue. In this process IDFI and GYLA will rely on their strong experience in monitoring, engagement and data analysis as well as its cooperation with the Government Administration.

Monitoring - Implementing organizations will elaborate the monitoring methodology in order to carry out supervision of the implementation of the PAR Action Plan based on a common approach. Implementing organizations will be monitoring the Public Administration Reform with particular focus on four components: policy development, accountability, public finance management and service delivery in order to identify the strengths and weaknesses of the implementation process, allowing for evidence-based revision. Current PAR action plan provides clearer commitments and performance indicators which will assist the project participants to carry out proper monitoring of the Action Plan. Implementing organizations of the project will assess the extent to which these performance indicators are met and whether the commitments are fulfilled. The assessment will serve as an alternative monitoring report, complementing and verifying the report of the GoG. Once unfulfilled commitments are identified, the project team will examine the principal reasons of failure and propose ways of addressing them. Successfully implemented commitments will also be assessed to identify enabling factors, which can then be used as blueprints for efficient implementation process. These observations will then be used by the implementing organizations for the revision of PAR and its action plan.

Interactive monitoring platform - A single interactive and dynamic monitoring platform will be an integral part of the monitoring process. Based on models of SDG Tracker,¹¹ LSG Index,¹² PAR tracker will serve as an online hub, where recent developments, updates, reports, monitoring results and assessments are displayed in a visual form. Most importantly, it will enable other organizations and the public to get up-to-date information about PAR performance, reform results, and get engaged through sharing their comments/feedback.

The logic behind the action is that by creating an online platform for monitoring PAR, CSOs which are part of the PAR Council will be equipped with an effective common monitoring tool, and other CSOs, not part of the process, with area-specific expertise will be given the opportunity to contribute to the reform. The PAR tracker will act as a bridging mechanism allowing target groups and beneficiaries to share their feedback and concerns with public institutions that are responsible for policy making, service delivery and PAR implementation. Hence, PAR Tracker will have additional added value, as the information about the process of PAR implementation will be directly and permanently accessible in a clear, organized, user-friendly manner to all stakeholders - especially those in the regions of Georgia, which have less physical access to the events at the policy-level center in Tbilisi. Thus, through permanent online engagement, PAR Tracker will allow people from remote areas to virtually engage in the process and raise their concerns.

This systematic and innovative approach to monitoring will help identify all key challenges related to the reform. IDFI and GYLA will then develop evidence-based recommendations to counter these challenges by

¹⁰ The report is not public and was presented at the PAR Council meeting.

¹¹ <https://sdg-tracker.org/peace-justice>

¹² <http://www.lsgindex.org/>

M

consolidating the feedback gathered through the PAR Tracker as well as studying best international practices. Finally, the recommendations for how to revise PAR will be advocated using all relevant channels.

Capacity Building - capacity building of the local CSOs is directly linked to the overall objective of the project. GYLA will train CSO representatives in at least 6 cities of Georgia (Akhmeta, Batumi, Kutaisi, Zugdidi, Poti and Marneuli), four of which have the self-governing status, while the fifth and sixth are populated by ethnic minorities (Muslim Kists in Akhmeta and Azerbaijanis in Marneuli). Training sessions will include information about the specifics of the Public Administration Reform in relation to local government and monitoring methods/methodology of the Action Plan including identification of opportunities for future PAR commitments on the local government level. One of the components of the training module will be "effective usage of PAR Tracking tool", to ensure that PAR Tracker is widely used for CSO engagement. This will allow to bring together live communication method in CSO capacity building, for better engagement with and of CSOs, combined with distance online monitoring tool. After the trainings, implementing organisations will select one CSO in each city via an open competition, and issue small grants to them to assess implementation of PAR reform at local level and identify shortcomings and opportunities through public discussions and workshops with the participation of all relevant local stakeholders. Sub-grant will involve institutional capacity building element and a tailored capacity building consultative package. The project will create a network of central and local stakeholders overseeing PAR implementation and advocating evidence-based policy changes with increased capacity to perform monitoring functions. This approach responds to priorities 1 and 5 identified in the "EU Roadmap for Engagement with Civil Society in Georgia 2018-2020"¹³ (providing access to funding to those civil society organizations, which cannot themselves apply for the EU funding, due to lack of capacity). IDFI and GYLA will then analyse and integrate the monitoring results produced by the grantee CSOs into the PAR Tracker.

Facilitation of the PAR revision and public outreach - in an effort to facilitate PAR reform revision process, IDFI and GYLA will study best practices on the most problematic issues identified by PAR Tracker and elaborate policy recommendations, which will be communicated to all relevant stakeholders and decision-makers through workshops and roundtable discussions. Studying the best practices and advocating evidence-based policy recommendations will ensure that new commitments, incorporated in the revised/upcoming action plan of the reform and the Roadmap, are specific, measurable, achievable, relevant and time-bound (SMART). IDFI will also make active use of its media network to raise awareness about the reform and its challenges, in an effort to stimulate public demand for more ambitious reform commitments. Finally, at the end of the project, IDFI and GYLA will hold a conference to gather all relevant stakeholders to advocate for improvements and ambitious commitments for the future of Public Administration Reform. Also, in order to promote and communicate the project outputs and policy recommendations with all relevant stakeholders, contribute to the improvement of future action plans and get more people engaged in the Government oversight activities, the action will use various online and offline communication tools, including online advertisement, media coverage, tailored activities (workshops, trainings, roundtable discussions, presentations, etc.).

Gender mainstreaming and inclusiveness - In addition to the four monitoring target areas, the project will also focus on the extent to which the implemented reforms contributed to the advancement of gender equality (especially in the public sector) and successful implementation of nationalized SDGs, through applying rights-based approach and gender mainstreaming, in accordance with the tool boxes and guidelines of the European Commission. Two of the focus locations of the project will be Marneuli and Pankisi gorge in Akhmeta, populated mostly by ethnic and religious minorities. Special attention will be paid to the civil society in Pankisi (Akhmeta) and in Marneuli, in order to make sure that the interests of the largest ethnic minority group in Georgia are taken into account during PAR implementation and revision.

Specific Objectives (SOs) of the action are the following: (SO1) Monitor the implementation of PAR through an innovative, inclusive approach; (SO2) Strengthen the capacity of local CSOs to better contribute to oversight and implementation of PAR; (SO3) Facilitate the PAR revision process through multi-stakeholder discussion and sharing of best practices. The SOs of the proposed action ultimately aim to successfully implement the PAR, empower CSOs and general public to be involved in this process resulting in the higher accountability of the GoG. Strengthened CSOs and public will be the core action driver in identifying, highlighting and advocating for urgent reforms to tackle challenges in the Public Administration, which will push for legislative and/or policy improvement, accountability and fulfilment of the PAR Action Plan. Capacity

¹³ EU Roadmap for Engagement with Civil Society in Georgia 2018-2020. p. 4. Available at: https://eeas.europa.eu/delegations/georgia/55742/eu-adopts-new-civil-society-roadmap-2018-2020_en

IM

building of CSOs, including on the regional level, will also serve as basis for sustainable action to take place after the project is completed in the area of PAR and policy implementation monitoring in general.

The success of the action will be analysed against the final two-year report on the implementation of the PAR Action Plan as well as the number of the policy recommendations prepared by the project participants taken into account by the GoG. Midterm achievement of the SOs will be measured against the results of the closed meetings, legislative/policy initiatives, quality of their findings in the PAR monitoring process, etc. The implementation of SOs as well as OO rests on the assumption that the GoG and relevant responsible agencies will show commitment to reinforce the implementation of the PAR Action Plan.

Expected Outputs (EO) and Impacts (EI)

EO 1.1. Public oversight and wider CSO engagement in the PAR monitoring process is ensured through innovative approaches

The output 1.1. anticipates increased public oversight and involvement of civil society in monitoring the PAR Action Plan and raising public awareness about and engagement in PAR implementation. Monitoring reports will help the GoG adjust Action-Plan implementation process according to the findings and observations of the CSOs (including from the regional level). PAR Council will be used a) to address the challenges of the implementation of the PAR Action Plan; b) to advocate for inclusion of new commitments aiming at improving the reform; and c) to present findings of the studied best practices. ACC and the OGP Forum will be used as an additional platform for discussing new commitments to the PAR Action Plan. In addition, IDFI will address challenges outlined by the OECD-ACN and GRECO reports and will regularly provide updates on the implementation of their recommendations.

When monitoring the implementation of the PAR Action Plan according to the performance indicators, unfulfilled commitments will be identified. The project team will examine the principal reasons of failure and propose ways to address them. A single interactive and dynamic monitoring platform - PAR Tracker - will be an integral part of the monitoring process, where monitoring and research results will be stored. With the help of the tracker, the public and all interested stakeholders will have ready access to comprehensive information about PAR implementation, as well as means to engage in the monitoring process.

As a result of the conducted monitoring, three mid-term alternative monitoring reports and final two-year alternative monitoring report on the implementation of the PAR Action-Plan will be prepared together with the findings of the studied best practice and policy recommendations.

Expected impact: continuous and participatory monitoring of the PAR Action Plan implementation will improve GoG's accountability to the public. On the other hand, CSOs, media and the wider public will be more engaged in the regular activities of the PAR reform.

Furthermore, engagement of the public in the implementation of the PAR Action-Plan will increase the accountability of the GoG, and will ensure that the voice of the public is heard in this process. More active involvement of the public including local CSOs will support sustainability of the action, collaboration between different target groups will create a more trustworthy platform, where each party is accountable, proactive and trustful.

The impact of this output will be analysed through four monitoring reports and implemented policy recommendations. The results of the monitoring will be presented to the GoG and to the public. After giving the grants to the regional CSOs, trainings on monitoring methodology and template will be provided to them. As a result, they will be able to produce comprehensive information on the relevant parts of the PAR Action Plan. This will ensure reflection of the local challenges in the monitoring reports and relevant recommendations. The impact will also be measured through new commitments taken by the GoG and other responsible agencies of the PAR Action Plan.

Technical Capacity: For this action, IDFI will team up with GYLA and rely on its eight years of expertise in monitoring the Anti-Corruption and Open Government Georgia's Action-Plans and over two decades of work in other good governance programs. The expertise of IDFI and GYLA in the field is key for successful implementation of the Project. For example, many recommendations of IDFI and GYLA have been directly reflected in government policies (for example, Anti-Corruption Strategy's chapter on procurements has been based directly on GYLA's research and recommendations, and many other examples). IDFI, as a member of the Anti-Corruption Council and the OGP Forum, is actively involved in the monitoring and elaboration of both action plans. IDFI actively advocates and cooperates with responsible institutions to ensure the implementation of its recommendations regarding the action plans. In the framework of one of the latest

CM

projects, IDFI elaborated Accountability and Integrity Action Plan and its monitoring methodology for the Ministry of Regional Development and Infrastructure. In addition, IDFI is successfully implementing the EU funded project which foresees alternative monitoring of the implementation of the Prosecutor's office Action Plan and will rely on the experience received from that project in terms of alternative monitoring. IDFI is also actively involved in the OECD-ACN and GRECO monitoring processes, through providing detailed information for the alternative monitoring reports and expert meetings during evaluation of the implementation of recommendations and elaboration of new round of monitoring reports.

IDFI has a long term experience of cooperating with GYLA on the issues of good governance and civil service reforms. For instance, in 2014 both organizations implemented USAID funded joint project which aimed to assist the Government of Georgia to effectively manage FOIA compliance, engage civil society in monitoring implementation of FOIA provisions, and publicize information on implementation and constraints to implementation of FOIA provisions. The project was dedicated to further improve e-transparency of public institutions that was implemented through statistical and case studies, NGO targeted focus groups and workshops, elaboration of recommendations and other.

GYLA and IDFI have a long standing experience of working in different coalitions which are focused on democratic development and good governance issues. These coalitions and platforms include Open Government Partnership (OGP) programme, Open Government Partnership programme of the Parliament of Georgia (OGP of the Parliament), Coalition for an Independent and Transparent Judiciary, Intergovernmental Anti-Corruption Council, PAR Council, Georgian Civil Society National Platform for Eastern Partnership, etc. IDFI and GYLA effectively use these platforms to monitor and contribute to ongoing reforms through monitoring government projects, revealing potential gaps and voicing their policy recommendations to improve good governance reforms in the country.

EO 1.2. Strengths and weaknesses of the implementation of the reform are identified, allowing for evidence-based revision

In an effort to facilitate PAR reform revision process, IDFI and GYLA will study best practices on the most problematic issues identified by PAR Tracker and elaborate policy recommendations, which will be communicated to all relevant stakeholders and decision-makers through workshops and roundtable discussions. IDFI will also make active use of its media network to raise awareness about the reform, in an effort to stimulate public demand for more ambitious reform commitments. Finally, at the end of the project, IDFI and GYLA will hold a conference to gather all relevant stakeholders to advocate for improvements and ambitious commitments for the future of Public Administration Reform.

This comprehensive and innovative approach to monitoring will help identify all key challenges facing the reform. IDFI and GYLA will then develop evidence-based recommendations to counter these challenges by consolidating the feedback gathered through the PAR Tracker as well as studying best international practices. Finally, the recommendations about how to revise PAR will be advocated with all relevant stakeholders through all relevant means of communication.

Expected impact: the expected impact of the EO 1.2. will be the improved PAR Action Plan with more evidence-based policy interventions. The impact of this output will be analysed through accepted policy recommendations including reflection of the local challenges in the new Action Plan. The impact will also be measured through new commitments taken by the GoG and other responsible agencies of the PAR Action Plan.

Technical capacity: Just like in the case of EO 1.1, for this output the expertise of IDFI and its partners in the field is of key importance. IDFI, as a member of the Anti-Corruption and PAR Council and the OGP Forum, is actively involved in the monitoring and elaboration of relevant action plans. IDFI actively advocates and cooperates with responsible institutions to improve the quality of the policy documents by undertaking more important commitments based on the situation analysis and needs in the relevant field. In addition, IDFI is successfully implementing the EU funded project which foresees alternative monitoring of the implementation of the Prosecutor's office Action Plan and will rely on the experience received from that project in terms of alternative monitoring. IDFI is also actively involved in the OECD-ACN and GRECO monitoring processes, through providing detailed information for the alternative monitoring reports and expert meetings during evaluation of the implementation of recommendations and elaboration of new round of monitoring reports.

EO 1.3. All relevant stakeholders are engaged and informed about ongoing reform and are given the opportunity to provide their feedback

Public consultations will be facilitated in different regions of Georgia involving all relevant thematic stakeholders (CSOs, media, academia, youth/youth organizations, private sector, etc). The main aim of this outreach will be to spread information on the ongoing reforms and promote public engagement in the reform process by gathering their ideas and advocating for their inclusion in the reform implementation process. Representatives of AoG and thematic/relevant state institutions will also be invited at the meetings, given the opportunity to share their feedback about the actions taken and the challenges encountered for/while the reform implementation process. Further, in order to promote and communicate the project outputs and policy recommendations with all relevant stakeholders, contribute to the improvement of future action plans and get more people engaged in the Government oversight activities, the action will use various online and tailored activities (workshops, trainings, roundtable discussions, conference, presentations, etc.) for all stakeholders (including media).

Expected impact: expected impact of the EO 1.3 will be following: the key thematic stakeholders will become more aware about the reform, how its implementation affects quality of life and public service delivery; the target audience will have better understanding about the challenges PAR implementation is facing and will be more engaged in overseeing the PAR implementation through interactive PAR Tracker platform.

Technical capacity: for successful implementation of this EO, IDFI will rely on its comprehensive experience of conducting various events with the participation of state and non-state actors (civil society, media, academia, etc.). IDFI has also established cooperation channels with some central and local public institutions, including the Administration of Government of Georgia, the MRDI, the Parliament of Georgia, the Prosecutor's Office of Georgia, several municipalities, etc.

EO 2.1. Local CSOs are equipped with the skills to monitor the PAR reform and identify local government needs

Competitively selected CSOs from the target municipalities will be intensively trained in various issues, related to PAR reform: PAR monitoring methodology, advocating for improvements in PAR instruments and implementation, as well as using the PAR Tracker.

Expected impact: local CSOs from various regions are equipped with relevant knowledge regarding the PAR, its implementation, potential challenges, monitoring methodology and are capable to provide valuable contribution to the PAR implementation.

Technical capacity: GYLA has wide and systemic outreach all over Georgia, with its 9 offices acting as regional hubs for permanent gatherings and networking of the civil society, including NGOs, media, experts, etc. GYLA representatives have accumulated the knowledge and experience on monitoring policy documents including the PAR action plan, which will be well-used to train the local CSOs.

EO 2.2. Local CSOs and grass-roots organizations are involved in PAR assessment, shortcomings and opportunities are identified

GYLA will competitively award sub-grants to trained CSOs, enabling access to financial resources for those CSOs, who cannot directly benefit from the EU funding. The sub-grants will be directed towards monitoring PAR, analysing its shortcomings and providing feedback from regional perspective. CSO engagement from the remote areas and target municipalities will enable engagement of ethnic minorities (Akhmeta, Marneuli), as well as other critical locations (such as Zugdidi, which is near ABL with occupied Abkhazia; Poti, etc.).

Expected impact: engagement of CSOs from all over Georgia (its strategic locations) will enable raising legitimacy and participation from the broad civil society community. At the same time, the capacity of CSOs will be strengthened through the involvement in the monitoring of PAR.

Technical capacity: GYLA has wide and systemic outreach all over Georgia, with its 9 offices acting as regional hubs for permanent gatherings and networking of the civil society, including NGOs, media, experts, etc. At the same time, GYLA has excellent administrative capacities - with its advanced USAID-supported sub-grant selection and management system, as well as advanced financial governance system (both adopted through USAID financial support, in accordance with international standards), GYLA has the capacity to issue sub-grants in transparent manner, following good financial practices. At the same time, GYLA's technical and thematic experience will be transferred to the grant recipient - smaller NGOs, allowing them to develop their capacities further.

EO 3.1. Policy recommendations elaborated as part of the project are in line with best international practice and commitments undertaken by Georgia

IDFI and GYLA will study best practices including OECD/SIGMA standards and recommendations and commitments undertaken by Georgia through various instruments (such as Association Agreement, GRECO and OECD-ACN reports, etc.) on the most problematic issues identified by PAR Tracker and elaborate policy recommendations, which will be communicated with all relevant stakeholders and decision-makers through workshops and roundtable discussions. In order to get deeper insight into the best practices, the project team will pay a visit to the country, identified as one of the most successful examples of implementing civil service reform and relevant for Georgian context during studying international best practices.

Expected impact: Studying the best practices and advocating evidence-based policy recommendations will ensure that crucial and pressing issues under the PAR are identified, analysed and later incorporated in the revised/upcoming action plan of the reform and the Roadmap.

Technical capacity: IDFI and GYLA have extensive experience of studying best international practices and advocating successful case studies on public administration reforms with the consideration of Georgian context. To this end, IDFI and GYLA have successfully utilized its international networks and platforms, including OGP, UNCAC, FOIANet, etc.

EO 3.2. Policy recommendations are communicated with and considered by the Government of Georgia and all relevant public institutions responsible for PAR implementation

In order to ensure maximal adoption of the policy recommendations, the project team will, on the one hand, directly engage with policy-makers at the central level, through meetings, consultations and workshops. On the other hand, for advocacy purposes, the project team will closely cooperate with CSOs, media, experts and other influencers to ensure public support for particular policy recommendations.

Expected impact: the expected impact of the EO will ensure that important challenging issues are brought to the attention of decision-makers and foreseen by the new Action Plan; new commitments, incorporated in the revised/upcoming action plan of the reform, are specific, measurable, achievable, relevant and time-bound (SMART).

Technical capacity: IDFI will make active use of its media network to raise awareness about the reform and its challenges, in an effort to stimulate public demand for more ambitious reform commitments. The action will use various online and offline communication tools, including online advertisement, media coverage, tailored activities (workshops, trainings, roundtable discussions, conference, presentations, etc.). IDFI and GYLA, as members of the Anti-Corruption and PAR Council and the OGP Forum, will actively use these platforms to advocate and cooperate with responsible institutions to improve the quality of the PAR Action Plan by undertaking more important commitments based on the situation analysis and needs in the relevant field.

EO 3.3. Wider society is better informed about PAR reform, its challenges and opportunities

Project team will leverage its visibility (i.e. both, IDFI and GYLA have good media coverage) to spread the information about the importance of PAR widely. While the citizens of Georgia acutely respond to various developments, it is essential to explain how PAR relates directly to their grievances, channel public requests in the right direction and enable constructive public dialogue and engagement.

Project team will develop a common Communication Strategy to maximally build up public engagement in PAR and ensure constructive civil process, allowing to push for positive changes.

A number of awareness raising and information campaigns will be held through using different communication methods (social/online quizzes and analytical contests for boosting public engagement in implementation and monitoring of the reform process, semi-annual newsletters capturing case/success stories, series of mini video visualizations showcasing the set actions of the PAR vs achieved commitments, etc) and channels (media and project partner organizations' social networks, e.g. Facebook (also using FB boosts), Twitter, etc). Promo video on PAR Tracker will be prepared and widely disseminated (mainly via social pages, also applying FB boost) to ensure maximum public reach. The project team will partner with major media outlets (TV, radio, online and printing; focusing more on regional media), participate in TV programs to spread the information about the ongoing reform, its achievements and challenges. At the same time, GYLA will leverage its capacity of regional outreach through its 8 regional offices and excellent regional connections, to enable live communication with local population, for face to face advocacy and maximal impact and media coverage.

CM

Project partners will also develop, translate, publish and disseminate alternative monitoring results, policy recommendations, study findings and visualisations on the implementation of reform and relevant Action Plan. The concluding activity of this ER will be a conference with active involvement of direct beneficiaries.

Expected impact: conducted various public outreach activities will make the Government Administration more open to discussions and more accountable to the public. On the other hand, CSOs, media and the wider public will be more informed and engaged in the PAR implementation.

Technical capacity: IDFI has years long experience of working with media using all available outlets for informing the public about its work and publications.¹⁴ The organization is also active in social networks.¹⁵ Therefore, IDFI will make an intensive use of its social network and media contacts to raise awareness about the project products, PAR reform, its challenges and achievements. GYLA will leverage its capacity of regional outreach through its 8 regional offices and excellent regional connections, to enable live communication with local population, for face to face advocacy and maximal impact.

EO 3.4. All relevant stakeholders are engaged in joint efforts to advocate for future ambitious commitments

Inclusiveness of the process, facilitated through the online PAR Tracker and the sub-grants, provided to CSOs, will be combined in the joint coordinated efforts for inclusive development of PAR process. These efforts will allow actors from various sectors (media, CSOs, experts), as well as various interest groups (women, ethnic minorities, representatives of remote villages, etc.) to be equally involved. GYLA, being the regional hub through its 9 offices (8 in regions), will serve the function of aggregating/umbrella and channeling knowledge, experience and access to policy-making process, as well as improving skills and capacity (including financial) for smaller CSOs active in the regions of Georgia.

Expected impact: the expected impact of the EO will be more inclusive process of the PAR Action Plan renewal and generally, of the implementation process of the Reform.

Technical capacity: The experience of IDFI and GYLA in conducting meetings and workshops with the participation of different stakeholders is extensive. PAR tracker and GYLA's as well as IDFI's regional connections will be the basis for engaging all relevant stakeholders in the process of advocating for future ambitious commitments.

Activities Related to the Expected Outputs

Activity 1. Launching event

A launching event will be conducted with the participation of project implementing partners, EU Delegation, representatives of the Government Administration, CSOs, journalists and other stakeholders to publicly announce the official start of the action and its objectives.

Activity 2. Development of monitoring methodology and shadow monitoring template for the PAR Action-Plan

IDFI and GYLA will study well-established monitoring methodologies, including OECD-SIGMA, OECD-ACN and GRECO monitoring methodology, together with the monitoring templates and will analyse the findings. In addition, IDFI and GYLA will analyse all relevant national policy documents, where the commitments related to the PAR roadmap is included. One meeting will be held with the Government Administration together with the representatives of IDFI and GYLA, to discuss the methodology and ways of alternative monitoring, including FoI requests, interviews, etc. One meeting will be held with the CSOs involved in the PAR Council, Anti-Corruption Council and OGP Georgia's Forum, to discuss the challenges associated with the alternative monitoring and share their experiences. The final draft of the methodology will be shared with the Government Administration and all other stakeholders to ensure its feasibility and credibility.

Activity 3. Development of interactive monitoring platform

A single interactive and dynamic monitoring platform - PAR Tracker - will be an integral part of the monitoring process. Monitoring and research results will be stored and regularly updated on this platform. When developing, IDFI will base models of other monitoring platforms, including SDG Tracker,¹⁶ LSG Index,¹⁷ etc.

¹⁴ IDFI's 2016-2018 media coverage: 28,340 - mentions in online and print media; 23,829 - mentions in TV and Radio.

¹⁵ Facebook: 27,189 likes; Twitter: 1,118 followers; Following 2018 data, 516,511 users visited IDFI website.

¹⁶ <https://sdg-tracker.org/peace-justice>

¹⁷ LSG Index platform was developed by IDFI: <http://www.lsgindex.org/>

Activity 4. Hold an open call for local CSOs to include in the monitoring process

Through competitive and open selection process, GYLA will select CSOs, for engaging in the PAR monitoring through PAR Tracker. Selection criteria will be divided in various blocs: technical capacity, thematic knowledge/experience and practical skills. GYLA will follow Sub-Grant Selection and Management Guideline, developed with USAID support, drawing upon the best international practices. GYLA will select those CSOs which are satisfying pre-determined, transparent criteria of the selection, while at the same time, GYLA will provide mentorship and support to the selected CSOs, to strengthen their technical and thematic capabilities for effective and efficient implementation of sub-grants. Sub-granted CSOs will share their preliminary reports to IDFI and GYLA for review: project partners will assemble the incoming information, verify it and make the final version of the alternative monitoring report of the PAR Action Plan.

Activity 5. Train local CSOs in monitoring of the implementation of the PAR Action Plan

GYLA will train competitively selected CSO representatives in at least 6 cities of Georgia (Akhmeta, Batumi, Kutaisi, Zugdidi, Poti and Marneuli). The training module will cover practical information about PAR reform, ongoing government programs in this direction, mechanisms and tools to monitor PAR implementation, commitments undertaken by local government institutions, use of PAR tracker in the monitoring process and other related topics needed for effective monitoring of the whole process of the reform.

Activity 6. Creation of alternative monitoring reports and publicize results to public and Government Administration

IDFI and GYLA will elaborate alternative monitoring reports of the PAR Action Plan twice a year. At the end of the action, IDFI and GYLA will elaborate two year monitoring report. Implementing organisations will utilize FoI requests, findings of various national and international organisations and other tools elaborated in the monitoring methodology to conduct alternative monitoring. The alternative monitorings will highlight the challenges associated with the implementation of the PAR Action Plan. The reports will be presented to the public and all stakeholders will be invited to the presentations.

Activity 7. Carry out the study of the best practices

IDFI and GYLA will study best practices including OECD/SIGMA standards and recommendations and commitments undertaken by Georgia through various instruments (such as Association Agreement, GRECO and OECD-ACN reports, etc.) on the most problematic issues identified by PAR Tracker and elaborate policy recommendations, which will be communicated with all relevant stakeholders and decision-makers through workshops and roundtable discussions.

Activity 8. Carry out the visit to the most successful country

In order to get better understanding about the best practices, the project team will pay a visit to the country, identified as one of the most successful ones in implementing civil service reform. The visit will last for 2-3 days and the team will receive detailed information regarding the civil service reform carried out in the country, the challenges they faced and the ways used to overcome those challenges, the inclusiveness of the reform, the ways for engaging CSOs and wider public in the process. The information received from the visit will be used in the study.

Activity 9. Elaboration of Policy Recommendations for the PAR Action Plan based on monitoring and research

IDFI and GYLA will elaborate policy recommendations based on the findings of alternative monitoring and study of the best practices and international standards. The document will include specific recommendations for the Government Administration and other agencies which have commitments under the PAR Action Plan. For advocacy purposes, IDFI and GYLA will conduct meetings/workshops with the representatives of the Government Administration and relevant agencies. IDFI will carry out reform outreach campaign through elaborating visualisations, spreading the information through media outlets, social networks, etc.

Activity 10. Use Anti-Corruption Council and Forum of Open Government Georgia (OGG) policy dialogue mechanisms to communicate on specific activities of the PAR Roadmap

IDFI and GYLA will continue active participation in the Anti-Corruption Council and OGG Forum. For the purpose of the action, IDFI and GYLA will conduct thorough monitoring of the activities related to the PAR Roadmap. During the Anti-Corruption Action Plan and OGG Action-Plan elaboration period, IDFI and GYLA will present policy recommendations on the new commitments and effectively use these platforms to communicate its policy recommendations with decision-makers even after the completion of the project.

CM

Activity 11. Participation in the PAR Council meetings on progress update of the implementation of the PAR Action-Plan

IDFI and GYLA will be participating in the PAR Council meetings on the discussions of the progress of implementation of the PAR Action Plan. The representatives of the implementing organizations will use these gatherings to once again voice monitoring results and policy recommendations regarding the reform.

Activity 12. Communicate challenging areas of the PAR implementation to the OECD-ACN progress updates and meetings

IDFI will continue producing alternative monitoring reports for OECD-ACN. They will attend Plenary Meetings of the OECD-ACN and bilateral consultations and preparatory meetings in the framework of the Plenary Meetings to present their alternative monitoring and to ensure that the findings of CSOs regarding PAR implementations are reflected in the final progress report.

Activity 13. Information campaign around major challenges and achievements of the PAR implementation

For each monitoring report, IDFI will be producing visualisations and videos on major challenges and achievements of PAR implementation.

Activity 14. Closing Conference

A closing conference will be held at the end of the action to announce the results of the alternative monitoring and policy recommendations, and conclusions of the project to the stakeholders and wider public, highlight the remaining challenges and encourage stakeholders, including CSOs, and wider public continue working on the Reform Implementation.

It is essential to consider possible risks that may hinder success of the action. First of all, there is a risk that the local CSOs selected for training and small grants fail to conduct high quality monitoring of their respective local government. The project aims to offset this risk by working closely with the selected CSOs beyond the training and assisting them with their obligations throughout the process. In addition, GYLA's regional offices in the target regions will be instrumental in this regard. Secondly, there is a risk that the decision-makers lack willingness to consider advocated ambitious revisions to PAR. The project aims to offset this risk by making sure that the revision recommendations are based on high quality evidence and best practice, and that all advocacy channels are fully utilized, including PAR Council, OGP, OECD-ACN, Eastern Partnership Civil Society Forum, etc.

The action rests on the general assumptions that: municipal level CSOs are motivated enough to devote the time and resources required for meaningful contribution; Decision-makers are willing to accept feedback and suggestions coming from non-policy-maker stakeholders; PAR implementing bodies are willing to provide all relevant information that would make it possible to assess the process accurately; CSO and other relevant stakeholders are willing to engage in PAR reform process and elaborate and offer feedback; Relevant stakeholders are comfortable with using a website dedicated to PAR monitoring; Municipal level CSOs are motivated enough to devote the time and resources required for meaningful contribution; Non-policy-maker stakeholders and the general public are responsive to the high degree of importance carried by the Public Administration Reform.

2.1.2. Methodology (max 5 pages)

The adopted methodological framework consists of methods complementing each other by engaging and building the capacity of different target groups, informing the public and strengthen the oversight over the PAR implementation, promoting information sharing and dialogue, collecting and bringing the views of the society to the Government with the help of innovative method - PAR tracker. Specifically, the project employs the following methods and approaches: 1. building the culture of alternative monitoring of policy implementation; 2. actively engaging CSOs, media and public in the policy monitoring and elaboration processes; 3. informing the public on the challenges as well as ongoing reforms in civil service; 4. building the capacity of CSOs to carry out monitoring and become more involved in the PAR implementation process.

At the stage of the concept note development a problem analysis was performed, which helped building the overall methodology for this action. The nature of the problem suggested leaning on participatory and engaging methods and approaches, which will not only help addressing the problems and gaining expected results by the end of the project, but also empowering and engaging different target groups together to start solving identified issues from the very start of the action. As mentioned above, the choice of the methods is

reasoned by the immediate need to engage the target groups, including the Government Administration, CSOs, media and wider public.

To systematize the monitoring process and share alternative monitoring practice with other CSOs in the future, the methodology and monitoring framework will be elaborated. The monitoring will be supplemented by the reports from the regions, so that the regional context is not left behind, it will also gather information from the Government Administration itself, other CSOs (through studying their reports and conducting thematic interviews if necessary) and other stakeholders. IDFI will carry out thematic study of the best practices including OECD/SIGMA standards and recommendations and commitments undertaken by Georgia through various Instruments (such as Association Agreement, GRECO and OECD-ACN reports, etc.) on the most problematic issues identified by PAR Tracker and elaborate policy recommendations. The results will then be transformed into policy recommendations and active outreach will engage the relevant institutions as well as wider public. All the results will then be spread nationally, not only through media outlets, but also through expert groups, Anti-Corruption Council and Open Government Georgia's Forum, and internationally through OECD-ACN progress reports.

Public outreach methods, including preparation of visualisations, informative videos, various public events, presentations and media coverage will aim to form engaged and interested public in the PAR implementation. The methods used to inform the public will guarantee that both challenges and important reforms are delivered to the wider public (including regions of Georgia).

Building upon the Results of Previous Action - IDFI and GYLA are members of the PAR Council that reviews draft Action Plans, as well as monitoring reports of the PAR implementation. The partner organisations have been actively involved in the monitoring as well as elaboration processes of the PAR Action Plan(s). In addition to that, IDFI and GYLA have been working on anti-corruption and open governance issues over the past years. IDFI has comprehensive experience of monitoring the implementation of the action plans and strategies, producing policy documents and advocating for the implementation of recommendations and elaborating commitments in the action plans. For instance, as a result of IDFI's advocacy efforts, an independent commission tasked with selecting public official asset declarations for further monitoring was established, important legislative proposals were considered while adopting new Law on Remuneration in Public Institutions and in general, new Law on Civil Service. Also, IDFI successfully advocated for the adoption of the Decree on Electronic Requests and Proactive Disclosure of Public Information.¹⁸

However, PAR implementation process lacks comprehensive and systemic civil society engagement and all these achievements were possible only as part of various small projects that were focusing only particular area of the reform. Therefore, there is a need for holistic and systemic approach and monitoring to ensure that the public (especially local stakeholders) is engaged in the process and the government is effectively held accountable. Such strategy will ensure that reform agenda and activities are meaningful, relevant and responds to public grievances.

Being a part of a larger programme - the EU actively supports PAR through direct budgetary aid, as well as technical assistance and other activities. PAR has been one of the important components of the EU-Georgia Association Agreement and the Visa Liberalization Action Plan (VLAP). Moreover, the reform and its specific components are widely supported by other international organizations and partners, including USAID, Sida and the UK Government. The project will ensure consistency with other EU-funded programmes and other initiatives through strong coordination with ongoing projects. Donor coordination Unit of the Administration of Government will also assist in this process.

This project will be complementary to the other relevant projects being implemented (or implemented) in Georgia with the support of the EU: "Support to the Public Administration Reform in Georgia" 2016-2019 with the objective to improve the efficiency, accountability and transparency of the public administration of Georgia; EU-funded twinning project (2018-2020) aiming to strengthen CSB institutional and human resource capacities in implementing the reforms in civil service; EU funded technical assistance "Facility for the implementation of the Association Agreement in Georgia" 2015-2018. EU funded technical assistance project "Legislative Impact Assessment, Drafting and Representation" 2015-2018; EU funded "G4G", "GGI" support legal approximation and Regulatory Impact Assessment (RIA).

¹⁸ More information about IDFI's strategic achievements could be found here: https://idfi.ge/en/idfi_achievements_2009_2018

Role and participation in the action of project partners - IDFI will concentrate on two directions of the PAR Action Plan: Policy Making and Accountability. Further, as the lead applicant, IDFI will take the overall responsibility for the successful implementation of the project. IDFI has extensive experience and expertise in monitoring the implementation of strategies and action plans, advocacy and outreach, producing alternative monitoring reports nationally as well as for the international monitoring teams, facilitating dialogue between different stakeholders, studying best practices and initiating policy recommendations. In addition, IDFI has good record of successfully advocated crucial reforms and initiatives, including on civil service reform. This is significantly attributed to IDFI's good reputation, partnerships and networks both locally and internationally. Apart from thematic expertise, IDFI has technical capacity and experience of developing and managing innovative and dynamic monitoring and reporting platforms (e.g. LSGIndex.org; DataLab.Ge).

Beyond the task division for the implementation of specific project activities, IDFI lead the project coordination drawing from its extensive experience in coordination and management of national and regional projects involving several project partners and key stakeholders from all segments of the society.

GYLA, the co-applicant: will be responsible for two directions of the Action Plan: Service Delivery and Public Finance Management. For these two directions, GYLA will carry out monitoring, best practice analysis and policy recommendation elaboration. Further, GYLA will play a crucial role in selecting and recruiting regional organizations, building their capacity and ensuring their participation in PAR implementation and monitoring. In addition, GYLA representatives will contribute to organizing advocacy activities of the action (e.g. workshops, discussions, conference) to ensure that revealed problematic issues and policy recommendations are effectively communicated with local and central decision-makers. GYLA's regional presence and good contacts with key stakeholders of the action, including media, citizens will be essential in conducting successful awareness raising campaigns and reaching out as much people as possible. GYLA's capacities include 9 regional hubs and connections with thousands of the key CSOs - including media, NGOs, local community leaders, etc., enabling effective and genuine people-to-people outreach.

Target groups of the action include representatives of civil society organizations, especially ones based in the regions of Georgia, as well as representatives of central and local government. Civil servants and citizens of Georgia, including journalists, activists, academia, business representatives, researchers, civil society and grass root organizations' representatives are final beneficiaries of the action. In addition, the implementing organizations will use already existing networks of civil society organizations and other local actors¹⁹ to reach out relatively remote areas and/or least integrated groups, including ethnic/religious minorities, further increase their oversight capacities, understanding of PAR and ensure their proper participation in the project. As for the public/citizens, far-reaching and a diverse type of information and awareness raising campaigns will enhance their understanding about the PAR.

Local CSOs: Selected and trained CSOs will be provided with small grants to monitor implementation of PAR on local levels via PAR tracker. Their engagement will ensure that the implications of PAR on local level are essentially reflected in monitoring and implementing the reform.

Organisational structure and the team for the implementation of the action will be following: IDFI will provide overall strategic management including financial management, communications, administration and information technology support. IDFI will provide overall project management, meanwhile implementing partners will be concentrated on relevant directions of the PAR Action Plan. The project partner GYLA will further contribute with involving and training regional organizations in the process.

Project team will consist of Project Manager (IDFI), Project Assistant (IDFI), one Policy and Accountability Experts (IDFI), Research Coordinator (IDFI), IT (IDFI). From GYLA's side, the project will entail 6 administrative positions and 3 programmatic staff. The project manager will provide direct programme management leadership. Project assistant will support the project manager in various tasks including planning working group meetings and interviews, organizing conferences and presentations, monitoring PAR tracker and retrieving relevant data for the researcher, performing other tasks with the request of the project manager related to the project implementation. One policy expert will prepare the monitoring methodology and framework document, carry out monitoring of the policy making and accountability parts of the PAR Action Plan and prepare monitoring reports in every six months and based on the monitoring reports, prepare policy recommendations. Public Finance and Service Delivery experts will be monitoring related

¹⁹ E.g. regional CSO hubs supported by the EU, Corporate Social Responsibility (CSR) network supported by the EU and EWM/USAID, and local monitors of Local Self-Government Index, established by IDFI and supported by Open Society Georgia Foundation

commitments of the PAR Action Plan and prepare monitoring reports in every six months and based on the monitoring reports, prepare policy recommendations. Research coordinator during one year period will carry out the study of the international standards and best practices in order to contribute to the preparation of policy recommendations by the project experts. The IT specialist will ensure the proper operation of the PAR tracker and assist the project staff within his/her capacity. The Executive Director will provide overall project implementation oversight and compliance. Communications manager will elaborate and carry out communication action plan which will include public outreach campaign. GYLA's administrative staff (directorate - 4 persons, chairman, financial manager) will ensure policy compliance, strong leadership and transparent financial management. GYLA's support staff (6 regional coordinators, international advocacy consultant and accountant, assistant) will provide support in various activities and components.

The project will purchase 1 laptop for IDFI project team and provide for administrative and programmatic costs for GYLA team. A vehicle will be rented for the transportation to the regions. Other material inputs include capacity building, awareness raising and advocacy, publications, banners for visibility, basic office supplies and training/conference supplies.

Follow up and internal/external evaluation procedures - the project team will monitor progress towards project indicators and activity implementation and prepare annual reports. SO-level indicators will be subject to a final evaluation. All project activities with the involvement of all project partners, stakeholders and beneficiaries will be monitored and evaluated by separate monitoring and evaluation schemes to allow for assessment of each project component separately. The M&E plan will apply a range of data collection methods to ensure adequacy of information, both for internal project management purposes and for measuring project impacts. Regular project monitoring will be carried out by the project management with the support of relevant staff member responsible for M&E. Updates will be reported in the internal monthly report, where activities and results are collected and consolidated. Mid-term and final evaluations will be conducted to assess and present results (output, outcome), conclusions, lessons learnt and recommendations. It will ensure accumulation of required data for comparative analysis of the project performance during the final external evaluation at the end of the project. Hence, a final evaluation with the involvement of an external evaluator will be conducted to measure the extent to which outcomes and goals have been achieved and the viability of the sustainability indicators. One external audit of the project will be conducted, as per EU requirements.

Visibility and EU contribution

The project implementing organizations and subgrants will ensure that the EU contribution to the project is conveyed to the public according to donor requirements. Following EU requirements, within the four weeks period of the Action kick-off IDFI will develop the Communication and Visibility Plan indicating strategic objectives, target groups and activities the Project implementing partners tend to achieve for action visibility. The document will also map all national and regional media contacts to ensure all project activities and its results are widely covered both at local and national levels.

EU contribution to the project will be ensured with the following:

- All project promo materials, e.g. banner, stickers, notebooks, pens, will acknowledge EU support through displaying its logo and disclaimer.
- Key planned communication materials, such as press releases, articles, reports, videos, visualizations will acknowledge EU support through displaying its logo and disclaimer.
- The EU Delegation representatives will be invited to open and/or participation in all project activities.
- Acknowledgement of EU support and the use of the EU logo will be incorporated into all project activities, including launching, workshops, trainings, discussion, conference, etc.
- The information about the project, its activities and donor will be published on the website of the implementing organizations in special section devoted to ongoing and implemented projects.

Action partner organizations will seek for EU's approval for all communications materials prior to publishing.

2.1.3. Indicative action plan for implementing the action (max 4 pages)

om

Year 1

Activity	Half-year 1						Half-year 2						
	1	2	3	4	5	6	7	8	9	10	11	12	
Activity 1. IDFI and GYLA prepare small analysis of challenges in the PAR implementation to present to the launching event													Implementing body
Activity 2. IDFI and GYLA hold project launching event													IDFI & GYLA
Activity 3. IDFI and GYLA start development of a monitoring methodology and alternative monitoring framework for PAR Action Plan													IDFI & GYLA
Activity 4. IDFI hires software specialist for developing PAR tracker and develops platform concept													IDFI
Activity 5. GYLA announces an open call for regional CSOs													GYLA
Activity 6. GYLA selects and announces winning regional CSOs													GYLA
Activity 7. GYLA visits regional CSOs to train them in PAR implementation monitoring methodology													GYLA
Activity 8. IDFI and GYLA carry out alternative monitoring of the first 6 months, send FoI requests and utilizes other methods of monitoring provided in the methodology													IDFI & GYLA
Activity 9. Software specialist develops the online platform – PAR tracker													IDFI
Activity 10. GYLA and IDFI receive and first six month PAR monitoring reports from local CSOs and process them													IDFI & GYLA
Activity 11. IDFI and GYLA finalize and publish alternative monitoring report													IDFI & GYLA
Activity 12. IDFI and GYLA present the results of alternative monitoring to the public													IDFI & GYLA
Activity 13. IDFI selects and hires a research coordinator													IDFI

Activity 14. IDFI and GYLA study the international standards and best practice on the most problematic issues identified by PAR Tracker													IDFI & GYLA
Activity 15. IDFI and GYLA identify the most successful country on the most problematic issues identified by PAR Tracker and starts preparation for the study visit													IDFI & GYLA
Activity 16. IDFI and GYLA report to the OECD-ACN (special focus on PAR implementation)													IDFI & GYLA
Activity 17. IDFI and GYLA attend OECD-ACN Plenary Session													IDFI & GYLA
Activity 18. IDFI carries out outreach campaign on problematic issues of PAR implementation													IDFI
Activity 19. IDFI conducts awareness raising campaign on the PAR reform													IDFI

Year 2

Activity	Half-year 1						Half-year 2						
	1	2	3	4	5	6	7	8	9	10	11	12	
Activity 1. IDFI and GYLA carry out alternative monitoring of the second six months, send Foi requests and utilize other methods of monitoring provided in the methodology													IDFI & GYLA
Activity 2. IDFI and GYLA start preparation of study visit													IDFI & GYLA
Activity 3. IDFI and GYLA receive and process reports of local CSOs on second six month monitoring of the PAR Action Plan													IDFI & GYLA
Activity 4. IDFI and GYLA finalize and publish the results of the second six months of alternative monitoring to the public													IDFI & GYLA
Activity 5. IDFI and GYLA carry out the study visit to the most successful country on the most problematic issues identified by PAR Tracker													IDFI & GYLA
Activity 6. IDFI and GYLA finalize and publish the study of the international standards and best practice on the most problematic													IDFI & GYLA

2.1.4. Sustainability of the action (max 3 pages)

The project aims to support and reinforce implementation of Public Administration reform through civil monitoring and engagement. The project aims at enforcing its impact at different interdependent levels to multiply the effects of its impact and make it sustain further. The project will emphasize public participation in PAR reform, advancing the capacities of all relevant stakeholders to better engage in the process, and facilitating multi-stakeholder dialogue in order to ensure that PAR revision process is inclusive and best international standards and practices are considered. To this end, the action will develop innovative, dynamic and inclusive tools for monitoring and reporting that will ensure contribution to and engagement of all relevant stakeholders, including wider society, in the implementation of the reform. This way their experience, concerns and needs will be considered while designing, implementing, evaluating and revising the reform agenda. In addition, the capacities of all relevant national and local stakeholders in overseeing government performance will be further improved. Apart from capacity building opportunities, they will be provided with technical and practical tools to get engaged in reform evaluation process and provide their feedback and insights into how the reform can be accelerated and revised. Finally, based on revealed challenges and identified best international practices, evidence-based, relevant and meaningful reforms and commitments will be advocated to ensure higher sustainability and effectiveness of the reform in the long-run.

The expected impact of the action at the **policy level** will be demonstrated through an improved PAR reform agenda and action plan, improved legislation and practices of good governance and public sector in the country. This change will be resulted from the system strengthening approach, as the capacities of different stakeholders (both state and non-state actors) will be significantly enhanced. They will be exposed to contemporary mechanisms and international standards of public sector reforms. At the same time, as a result of the action, new practices and standards of open government and civil service will be developed, implemented and observed through monitoring performance of PAR Strategy and Action Plan and elaborating policy recommendations. Last but not least, multi-stakeholder dialogue will ensure symbiotic interaction of strengthened and informed stakeholders from various sectors, which will create necessary grounds for commitment to the process and ultimately, to the policy change and implementation.

Integration of capacity building, multi-stakeholder approach and civic monitoring mechanisms will account for a strong **social level impact**. Since bottom-up and inclusive reform agenda and approaches are an essential part of the action, informed and strengthened stakeholders will take a fuller extent of ownership and input on changing existing challenges.

In the long run, enhanced civic participation in the PAR implementation and increased public awareness about the ongoing reform can generate more trust and confidence towards state and non-state actors. Additionally, inclusiveness of the process will ensure that developed practices and improved legislation will result in improved service delivery, well-functioning civil service and developed good governance practices. Whereas, increased capacity of all relevant stakeholders can affect the behaviour of key policy actors through their enhanced knowledge and experience, which will ensure effectiveness, sustainability and continuity of the implemented reforms.

To achieve maximum results and impacts, it is important to consider possible risks to have relevant mitigation plan and tools in place in advance. Several political, economic, social and physical risks and respective mitigation plan can be mentioned:

M

Risk	Type	Quality	Mitigation Plan
Government representatives are reluctant to participate in project activities and consider policy recommendations	Political	M	The implementing organizations have a reputation of being neutral, reliable and trustworthy among state and non-state actors. They have already good record of successfully advocated civil service reforms and policy recommendations. Also, they are members of local (including PAR Council) and international platforms and coalitions focused on open government and civil service reform. They will be effectively used for communicating policy recommendations with all relevant stakeholders and decision-makers. Also, government representatives are already informed about our plans of monitoring and contributing to PAR implementation and they have already expressed willingness to review our policy recommendations and participate in our project activities.
Political instability and change of priorities after the upcoming parliamentary elections	Political	M	Despite political demonstrations and political polarization, it is unlikely that political situation will be entirely reversed until the 2020 parliamentary elections. As for the implications of the upcoming parliamentary elections, the new Parliament will be likely composed of deputies from various political parties that may contribute to easing political polarization to some extent. As for risks of shifting government priorities, since PAR commitments are part of several international commitments, including Association Agreement with the EU, it is unlikely that priorities of the new government will be dramatically changed. Also, GYLA's connections to all major political parties (GYLA is the provider of free legal aid in electoral periods) will be instrumental in advocating with political parties that if they are elected, they must uphold commitment to PAR.
Key stakeholders, including ones from the regions, have less motivation to participate in project activities	Social	L	Information campaign of the action will ensure effective communication of project objectives, activities and final results with primary beneficiaries of the project. In addition, the implementing organizations will extensively use their networks and accumulated contacts in the regions in order to encourage active participation of all stakeholders. Most importantly, they will be provided with the opportunity to participate in small-grant scheme to further develop their experience and institutional capacities.
Key stakeholders lack the capacity to contribute to the process	Social	L	The system strengthening approach will be applied in order to increase capacity of all relevant stakeholders. It will enhance their understanding of the importance of their active participation in resolving local challenges and improving good governance practices.

People residing in remote areas are excluded from political processes	Physical	M	GYLA's 9 regional hubs and connections with thousands of key CSOs - including media, NGOs, local community leaders, etc., enable the project to effectively and genuinely outreach people in remote areas populated with least integrated groups, including ethnic/religious minorities. While, interactive and online monitoring and reporting PAR tracker will ensure that people can contribute to the reform distantly. While, comprehensive awareness raising campaign and media presence will increase their understanding and knowledge about the ongoing reforms and activities that will ensure that their participation and feedback is relevant and fruitful.
---	----------	---	--

With regard to sustainability of project results, the following factors should be highlighted:

a. Financial Sustainability: IDFI and GYLA team will be conducting active fundraising activities, which will include mobilizing funds for implementing similar projects with the same scope and nature. The experience gained and lessons learned from this project will ensure the success of these efforts. In addition, in case of successful completion, the action has a good potential for replication in other regions of Georgia.

With regard to regional organizations, through GYLA's mentorship and support, smaller regional CSOs will acquire and develop the financial management skills, project management, monitoring and reporting skills, which will significantly enhance their fundraising capability in the future.

b. Institutional Sustainability: through the creation of the PAR monitoring tool, the stakeholders (governmental and civil society sector) will have access to the systemic tool for permanent monitoring and improvement of the PAR reform. At the same time, the institutional dialogue and systemic outreach between the civil society and the government will be improved through PAR tool, as well as systemic events/activities, involving PAR monitoring.

c. Policy Level Sustainability: through providing evidence-based recommendations, using innovative PAR Tracker tool, the project team will contribute to the permanent improvement of the PAR process. Furthermore, the wide engagement of the civil society, among others, in some of the most underrepresented locations of Georgia, will ensure the legitimacy of the whole process, through strengthened dialogue and inclusive process. As a result, laws, policies and action plans will be improved towards more inclusive and legitimate process-based condition.

d. Environmental Sustainability: although the project does not directly relate to the environment protection, but the engagement of the wide range of regional actors/civil society will ensure improvement of the quality of the process of the policy and decision-making of the government; hence, variety of environment-related problems will be better addressed in the future by the government.

Dissemination of best practices: through networking and knowledge transfer, good practices and international standards will be shared across various stakeholders, including government representatives and local civil society organizations, for replication. Elaborated monitoring methodology of PAR and developed PAR tracker may become a hub of information regarding ongoing developments on PAR for all relevant stakeholders; government, civil society, business, media, etc. The established platform will play a crucial role in providing permanent access for any stakeholder to accumulated information, lessons learned, good practices and practical tool for engagement in the reform. While, policy recommendations as well as identified and studies best international practices will be used for further advocacy efforts in an attempt to achieve meaningful changes in Georgia's public sector in the long run.

Multiplier effect: The proposed action envisages that established network and elaborated comprehensive methodology and interactive platform for PAR monitoring acts as a catalyst of improved participation and dialogue between relevant stakeholders, which will result in effective, efficient and result-oriented problem reform agenda. Capacity building of CSOs in holding government accountable in the long run will create solid grounds for genuine reforms with the consideration of public concerns and needs. Dynamic, interactive and user-friendly character of the PAR tracker will enable the implementing organizations to expand its network and engage more organizations from different regions and sectors.

	Results chain	Indicator	Baseline (value & reference year)	Target (value & reference year)	Source and means of verification	Assumptions
Impact	PAR agenda, Action Plan is improved through Civic Monitoring and Engagement with more ambitious commitments resulting in improved legislation and practice of good governance and public sector	(a) # of CSOs monitoring PAR. (b) # of CSO recommendations considered by the Government. (c) Positive assessment of OECD-ACN on implementing relevant recommendations.	(a) Only two CSOs - IDFI and GYLA are actively involved in monitoring of PAR implementation, PAR action plan lacks ambitious commitments and thus, no significant changes are observed in practice (b) 0 (c) 0	(a) at least 13 (b) at least 8 (c) at least 5	(a) PAR tracker (b) PAR Action Plan (c) OECD-ACN progress and monitoring reports	Not applicable
Outcomes	1. Public oversight on PAR implementation ensured through an innovative, inclusive approach.	1.1. An inclusive and interactive online monitoring tool for tracking PAR reform (PAR Tracker).	1.1. There is no systemic approach or tool for monitoring PAR implementation as of now. Only PAR Council meeting participants are informed about the progress during annual gatherings, which are not systematic and not open for the general public	1.1. PAR Tracker is created, functional and used by the CSOs and the general public.	1.1. PAR Tracker	Relevant stakeholders are comfortable with using a website dedicated to PAR monitoring, where up-to-date information about implementation of the reform will be available for everyone.

M

M

	<p>2. Strengthened capacity of local CSOs to better contribute to oversight and implementation of PAR.</p>	<p>2.1. # of local/regional CSO representatives trained on PAR and its monitoring. 2.2. # of local CSOs are engaged in the work of PAR Council</p>	<p>2.1. Local CSOs do not attend PAR Council meetings, therefore they do not have enough information and skills for PAR monitoring 2.2. Local CSOs are not engaged in PAR Council meetings, therefore they are not engaged in PAR revision process</p>	<p>2.1. at least 90 2.2. at least 11</p>	<p>2.1. Registration sheets, agendas, etc. 2.2. PAR tracker and PAR Council meetings</p>	<p>Municipal level CSOs are motivated enough to devote the time and resources required for meaningful contribution. Also, they will be enabled to contribute to PAR monitoring through their understanding of local needs and challenges.</p>
	<p>3. All relevant stakeholders are engaged in PAR revision process and their experience/best practices are shared</p>	<p>3.1. # of workshops held on PAR issues/sharing experience. 3.2. # of stakeholders participating in the workshops and other Project related events.</p>	<p>3.1. 0 - Events regarding PAR is mostly organized by PAR Council, which is always lead by the government representatives, that is why these gatherings cannot be regarded as workshops for experience sharing, but rather for progress reporting 3.2. 10 - IDF1 and GYLA regularly attend PAR Council meetings. These meetings are usually attended by 10 participants representing local and international</p>	<p>3.1. at least 4 3.2. at least 70</p>	<p>3.1. Registration sheets, agendas, etc. 3.2. Registration sheets, agendas, etc.</p>	<p>Decision-makers are willing to accept feedback and suggestions coming from non-policy-maker stakeholders. Also, CSOs are eager to share their experience and best practices with government representatives to improve PAR agenda and Action Plan</p>

		organizations				
Outputs	<p>1.1. CSOs and public are engaged in the PAR monitoring process through innovative approaches.</p>	<p>1.1.1. # of CSOs who have provided to the PAR tracker their findings on PAR implementation,</p> <p>1.1.2. # of comments/inputs received from the public.</p>	<p>1.1.1. IDFI and GYLA regularly attend PAR Council meetings and provide feedback (together with 3 international organizations)</p> <p>1.1.2. 0 - public is not sufficiently engaged in the process as of now</p>	<p>1.1.1. at least 11</p> <p>1.1.2. at least 30</p>	<p>1.1.1. PAR tracker</p> <p>1.1.2. PAR tracker</p>	<p>CSO and the general public is willing to engage in PAR reform process and elaborate and offer feedback. To this end, public awareness raising will be designed in a way to ensure maximum outreach.</p>
	<p>1.2. Strengths and weaknesses of the implementation of the reform are identified, allowing for evidence-based revision.</p>	<p>1.2.1. # of recommendations provided for improvement of the PAR as a result of the monitoring.</p>	<p>1.2.1. 5 concerns were shared by IDFI representatives during the latest PAR Council meeting</p>	<p>1.2.1. at least 20</p>	<p>1.2.1. PAR tracker and monitoring reports</p>	<p>Implementing bodies are willing to provide all relevant information that would make it possible to assess the process accurately.</p>
	<p>1.3. All relevant stakeholders are engaged and informed about ongoing reform and are given the opportunity to provide their</p>	<p>1.3.1. # of relevant stakeholders who have been informed regarding the PAR monitoring opportunity</p> <p>1.3.2. # of monthly visits to the PAR</p>	<p>1.3.1. 10 - about 10 representatives of various local and international organizations regularly attend PAR Council meetings</p>	<p>1.3.1. at least 80</p> <p>1.3.2. at least 200 unique users</p> <p>1.3.3. at least 10</p>	<p>1.3.1. Invitation letters sent to the parties to attend the launching event</p> <p>1.3.2. IDFI webpage and the</p>	<p>Relevant stakeholders are comfortable with using a website dedicated to PAR monitoring. The Tracker will be dynamic and interactive with</p>

	<p>feedback.</p>	<p>tracker 1.3.3. # of ideas received from stakeholders regarding PAR implementation</p>	<p>1.3.2. not accessible 1.3.3. 0</p>		<p>PAR tracker (via Google analytics) 1.3.3. PAR tracker</p>	<p>regularly updated information about the reform that will ensure that all relevant stakeholders have complete information about ongoing reform.</p>
	<p>2.1. Local CSOs are equipped with the skills to monitor the PAR reform and identify local government needs.</p>	<p>2.1.1. # of CSO representatives trained in PAR implementation monitoring methodology. 2.1.2. # of CSOs who are using PAR implementation monitoring methodology.</p>	<p>2.1.1. 0 2.1.2. 0</p>	<p>2.1.1. at least 90 2.1.2. at least 13</p>	<p>2.1.1. registration sheets of trainings 2.1.2. proof of sending the document via email and PAR tracker</p>	<p>Municipal level CSOs are motivated enough to devote the time and resources required for meaningful contribution. To this end, sub-grants and trainings for their potential recipients will be designed and managed properly.</p>
	<p>2.2. Local CSOs and grass-roots organizations are involved in PAR assessment, shortcomings and opportunities are identified.</p>	<p>2.2.1. # of regional organisations involved in the PAR monitoring and assessment. 2.2.2. # of recommendations received from the regional organisations on improving the PAR reform.</p>	<p>2.2.1.0 2.2.2.0</p>	<p>2.2.1. at least 11 2.2.2. at least 20</p>	<p>2.2.1. PAR tracker 2.2.2. PAR tracker</p>	<p>CSO and other relevant stakeholders are willing to engage in PAR reform process and elaborate and offer feedback.</p>

	<p>3.1. Policy recommendations elaborated as part of the project brought in line with best international practice and commitments undertaken by Georgia.</p>	<p>3.1.1. # of best practice recommendations elaborated. 3.1.2. # of recommendation documents published.</p>	<p>3.1.1.0 3.1.2.0</p>	<p>3.1.1. at least 10 3.1.2. 4</p>	<p>3.1.1. The recommendations shall be published on the websites of IDFI, GYLA and PAR Tracker. 3.1.2. The documents shall be published on the websites of IDFI, GYLA and PAR Tracker.</p>	<p>Information on implementation of similar reforms in other countries is available</p>
	<p>3.2. Policy recommendations communicated with and considered by the Government of Georgia and all relevant public institutions responsible for PAR implementation.</p>	<p>3.2.1. # of recommendations taken into account by policy-makers. 3.2.2. # of meetings held with policy-makers. 3.2.3. # of PAR related joint statements with partner CSOs</p>	<p>3.2.1.0 3.2.2.0 3.2.3.0</p>	<p>3.2.1. at least 8 3.2.2. at least 5 3.2.3. at least 5</p>	<p>3.2.1. Results of each consultation meeting shall be published on the websites of IDFI, GYLA and PAR Tracker. 3.2.2. Information about each meeting shall be published on the websites of IDFI, GYLA and PAR Tracker. 3.2.3. All relevant statements shall be published on the websites of IDFI, GYLA and PAR Tracker.</p>	<p>Decision-makers are willing to engage with non-policy-maker stakeholders and hear their feedback and suggestions. Also, the Government remains committed to implement and reinforce PAR agenda.</p>

3

	<p>3.3. Wider society better informed about PAR reform, its challenges and opportunities.</p>	<p>3.3.1. # of media coverage on project related PAR activities. 3.3.2. # public engagement reached through social networks (using boost - where necessary) 3.3.3. # of participants reached through offline/e-mail communication methods.</p>	<p>3.3.1. 0 - PAR Council meetings are mostly invitation based, therefore they are not covered by media outlets 3.3.2. 0 - wider awareness raising campaign on PAR has not conducted until now 3.3.3. 0</p>	<p>3.3.1. at least 15 news/TV reports per promoted activity 3.3.2. at least 45,000 people are reached 3.3.3. at least 60 participants and theme related experts</p>	<p>3.3.1. Media monitoring service. 3.3.2. Social media and Google Analytics tools. 3.3.3. Registration sheets for each event and e-communication cords</p>	<p>Non-policy-maker stakeholders and the general public are responsive to the high degree of importance carried by the Public Administration Reform.</p>
	<p>3.4. All relevant stakeholders engaged in joint efforts to advocate for future ambitious commitments.</p>	<p>3.4.1. # of stakeholders engaged in advocacy actions. 3.4.2. # of stakeholders taking part in the final conference. 3.4.3. # of recommendations accepted by decision-makers for the upcoming PAR action plan.</p>	<p>3.4.1. 10 - about 10 representatives of various local and international organizations regularly attend PAR Council meetings 3.4.2. 10 - about 10 representatives of various local and international organizations regularly attend PAR Council meetings 3.4.3. 0</p>	<p>3.4.1. at least 50 3.4.2. at least 40 3.4.3. at least 5</p>	<p>3.4.1. Registration sheets for each event. 3.4.2. Conference registration sheet 3.4.3. PAR Action Plan.</p>	<p>Decision-makers are willing to accept feedback and suggestions coming from non-policy-maker stakeholders. While, more COs are willing to contribute to PAR implementation through sharing their experience.</p>

Activities	Description	Means and Costs	Assumptions
------------	-------------	-----------------	-------------

<p>Launching event (corresponds to output 1.1.)</p>	<p>Means - staff, venue, catering, equipment, supplies. Cost - 1,000 EUR</p>	<p>Non-policy-maker stakeholders and the general public are responsive to the high degree of importance carried by the Public Administration Reform to attend the launching event.</p>
<p>Information campaign around major challenges and achievements of the PAR implementation (corresponds to output 3.3.) and PAR tracker development (corresponds to output 1.1.)</p>	<p>Means - Visualizations, series of mini promo/info videos, analytical contest, newsletters, reports, research, analysis, policy documents on key findings of the AP, boosts, etc; PAR Tracker concept, design, web development, maintenance Cost - 38,000 EUR</p>	<p>CSO and the general public is willing to engage in PAR reform process and elaborate and offer feedback; Non-policy-maker stakeholders and the general public are responsive to the high degree of importance carried by the Public Administration Reform.</p>
<p>Engagement of stakeholders in PAR process: CSOs, media, academia, youth/youth organizations, private sector. (corresponds to output 1.3.)</p>	<p>Means - Workshops, roundtables, discussions, presentations. Cost - 5,000 EUR</p>	<p>Relevant stakeholders are comfortable with using a website dedicated to PAR monitoring.</p>
<p>Hold an open call for local CSOs to include in the monitoring process (corresponds to output 2.1.)</p>	<p>Means - staff, venue, catering, equipment, supplies. Cost - 115,020 EUR</p>	<p>Municipal level CSOs are motivated enough to devote the time and resources required for meaningful contribution.</p>
<p>Train local CSOs in monitoring of the implementation of the PAR Action Plan (corresponds to output 2.1.)</p>	<p>Means - staff, venue, catering, equipment, supplies. Cost - 115,020 EUR</p>	<p>Municipal level CSOs are motivated enough to devote the time and resources required for meaningful contribution.</p>
<p>Creation of alternative monitoring reports and publicize results to public and Government Administration (corresponds to output 2.2.)</p>	<p>Means - staff, venue, catering, equipment, supplies. Cost - 115,020 EUR</p>	<p>CSO and other relevant stakeholders are willing to engage in PAR reform process and elaborate and offer feedback.</p>
<p>Development of monitoring methodology and shadow monitoring template for the PAR Action-Plan (corresponds to output 1.2.)</p>		<p>Implementing bodies are willing to provide all relevant information that would make it possible to consider local context and existing commitments.</p>

<p>Study of the best practices (corresponds to output 3.1.)</p>		<p>Information on implementation of similar reforms in other countries is available</p>
<p>Elaboration of Policy Recommendations for the PAR Action Plan based on monitoring and research (corresponds to output 3.1.)</p>	<p>Means - staff, expert honorariums Cost - 226,950 EUR</p>	<p>Monitoring CSOs are motivated enough to devote the time and resources required for meaningful contribution.</p>
<p>Use Anti-Corruption Council and Forum of Open Government Georgia (OGG) policy dialogue mechanisms to communicate on specific activities of the PAR Roadmap (corresponds to output 3.2.)</p>		<p>Decision-makers are willing to engage with non-policy-maker stakeholders and hear their feedback and suggestions.</p>
<p>Participation in the PAR Council meetings on progress update of the implementation of the PAR Action-Plan (corresponds to output 3.2.)</p>	<p>Means - staff, travel, accommodation, per diem. Cost - 14,800 EUR</p>	<p>Relevant decision-makers in the target country are willing to devote the time needed to share their experience with successful reforms and high standards.</p>
<p>Visit to a country with most successful PAR (corresponds to output 3.1.)</p>	<p>Means - staff, travel, accommodation, per diem. Cost - 2,470 EUR</p>	<p>Decision-makers are willing to engage with non-policy-maker stakeholders and hear their feedback and suggestions.</p>
<p>Communicate challenging areas of the PAR implementation to the OECD-ACN progress updates and meetings (corresponds to output 3.2.)</p>		
<p>Closing conference and invitation of foreign experts (corresponds to output 3.4.)</p>	<p>Means - staff, venue, catering, equipment, supplies, foreign expert related costs. Cost - 7,000 EUR</p>	<p>Decision-makers are willing to accept feedback and suggestions coming from non-policy-maker stakeholders.</p>

ANNEX II

General conditions applicable to European Union-financed grant contracts for external actions

CONTENTS

Explanations of the terms used throughout these general conditions may be found in the 'Glossary of terms', Annex A1a to the practical guide.

In case of operating grants, the term 'action' should be understood as 'work programme'.

The term 'coordinator' refers to the beneficiary identified as the coordinator in the special conditions.

The term 'beneficiary(ies)' refers collectively to all beneficiaries, including the coordinator, of the action. When there is only one beneficiary of the action, the terms beneficiary(ies) and coordinator should both be understood as referring to the only beneficiary of the action.

The term 'party(ies) to this contract' refers to the party signatory of this contract (i.e. the beneficiary(ies) and the contracting authority).

All references to 'days' in this contract are to calendar days, unless otherwise specified.

Table of content

1.Article 1 - General Provisions	3
2.Article 2 - Obligation to provide financial and narrative reports	4
3.Article 3 - Liability	5
4.Article 4 - Conflict of interests and code of conduct.....	6
5.Article 5 - Confidentiality	7
6.article 6 - Visibility	7
7.article 7 - Ownership/use of results and assets.....	8
8.Article 8 – Evaluation/monitoring of the Action.....	9
9.Article 9 — Amendment of the Contract.....	9
10.Article 10 — Implementation	10
11.Article 11 – Extension and suspension.....	11
12.Article 12 — Termination of the Contract	12
13.Article 13 — Applicable law and dispute settlement.....	15
14.Article 14 — Eligible costs	15
15.Article 15 — Payment and interest on late payment.....	20
16.Article 16 — Accounts and technical and financial checks	25
17.Article 17 — Final amount of the grant	27
18.Article 18 — Recovery	28

GENERAL AND ADMINISTRATIVE PROVISIONS

ARTICLE 1 - GENERAL PROVISIONS

General principles

- 1.1. The beneficiary(ies) and the contracting authority are the only parties to this contract. Where the European Commission is not the contracting authority, it is not party to this contract, which confers on the European Commission only the rights and obligations explicitly mentioned in this contract.
- 1.2. This contract and the payments attached to it may not be assigned to a third party in any manner whatsoever without the prior written consent of the contracting authority.

Data protection

- 1.3. Any personal data will be processed solely for the purposes of the performance, management and monitoring of this contract by the contracting authority and may also be passed to the bodies charged with monitoring or inspection tasks under European Union law. Beneficiaries will have the right of access to their personal data and the right to rectify any such data. If the beneficiary(ies) have any queries concerning the processing of personal data, they shall address them to the contracting authority. The beneficiary(ies) will have right of recourse at any time to the European Data Protection Supervisor.
- 1.4. The beneficiary(ies) must process personal data under this contract in compliance with applicable EU and national law on data protection (including authorisations or notification requirements). The beneficiary(ies) 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.

Role of the beneficiary(ies)

- 1.5. The beneficiary(ies) shall:
 - a) carry out the action jointly and severally vis-a-vis the contracting authority taking all necessary and reasonable measures to ensure that the action is carried out in accordance with the description of the action in Annex I and the terms and conditions of this contract.

To this purpose, the beneficiary(ies) shall implement the action with the requisite care, efficiency, transparency and diligence, in line with the principle of sound financial management and with the best practices in the field.
 - b) be responsible for complying with any obligation incumbent on them from this contract jointly or individually;
 - c) forward to the coordinator the data needed to draw up the reports, financial statements and other information or documents required by this contract and the annexes thereto, as well as any information needed in the event of audits, checks, monitoring or evaluations, as described in Article 16;
 - d) ensure that all information to be provided and requests made to the contracting authority are sent via the coordinator;
 - e) agree upon appropriate internal arrangements for the internal coordination and representation of the beneficiary(ies) vis-a-vis the contracting authority for any matter concerning this contract, consistent with the provisions of this contract and in compliance with the applicable legislation(s).

1.5 bis. Grant beneficiaries and contractors must ensure that there is no detection of subcontractors, natural persons, including participants to workshops and/or trainings and recipients of financial support to third parties, in the lists of EU restrictive measures.

Role of the coordinator

1.6. The coordinator shall:

- a) monitor that the action is implemented in accordance with this contract and ensure coordination with all beneficiary(ies) in the implementation of the action;
- b) be the intermediary for all communications between the beneficiary(ies) and the contracting authority;
- c) be responsible for supplying all documents and information to the contracting authority which may be required under this contract, in particular in relation to the narrative reports and the requests for payment. Where information from the beneficiary(ies) is required, the coordinator shall be responsible for obtaining, verifying and consolidating this information before passing it on to the contracting authority.

Any information given, as well as any request made by the coordinator to the contracting authority, shall be deemed to have been given in agreement with all beneficiary(ies);

- d) inform the contracting authority of any event likely to affect or delay the implementation of the action;
- e) inform the contracting authority of any change in the legal, financial, technical, organisational or ownership situation of any of the beneficiary(ies), as well as, of any change in the name, address or legal representative of any of the beneficiary(ies);
- f) be responsible in the event of audits, checks, monitoring or evaluations, as described in Article 16 for providing all the necessary documents, including the accounts of the beneficiary(ies), copies of the most relevant supporting documents and signed copies of any contract concluded according to Article 10;
- g) have full financial responsibility for ensuring that the action is implemented in accordance with this contract;
- h) make the appropriate arrangements for providing the financial guarantee, when requested, under the provisions of Article 4.2 of the special conditions;
- i) establish the payment requests in accordance with the contract;
- j) be the sole recipient, on behalf of all of the beneficiary(ies), of the payments of the contracting authority. The coordinator shall ensure that the appropriate payments are then made to the beneficiary(ies) without unjustified delay;
- k) not delegate or subcontract any, or part of, these tasks to the beneficiary(ies) or other entities.

ARTICLE 2 - OBLIGATION TO PROVIDE FINANCIAL AND NARRATIVE REPORTS

- 2.1. The beneficiary(ies) shall provide the contracting authority with all required information on the implementation of the action. The report shall describe the implementation of the action according to the activities envisaged, difficulties encountered and measures taken to overcome problems, eventual changes introduced, as well as the degree of achievement of its results (impact, outcomes or outputs) as measured by corresponding indicators. The report shall be laid out in such a way as to allow monitoring of the objective(s), the means envisaged or employed and the budget details for the action. The level of detail in any report should match that of the description of the action and of the budget for the action.

The coordinator shall collect all the necessary information and draw up consolidated interim and final reports. These reports shall:

- a) cover the action as a whole, regardless of which part of it is financed by the contracting authority;
 - b) consist of a narrative and a financial report drafted using the templates provided in Annex VI;
 - c) provide a full account of all aspects of the action's implementation for the period covered, including in case of simplified cost options the qualitative and quantitative information needed to demonstrate the fulfilment of the conditions for reimbursement established in this contract;
 - d) include the current results within an updated table based on the logical framework matrix including the results achieved by the action (impact, outcomes or outputs) as measured by their corresponding indicators; agreed baselines and targets, and relevant sources of verification;
 - e) determine if the intervention logic is still valid and propose any relevant modification including regarding the logical framework matrix;
 - f) be drafted in the currency and language of this contract;
 - g) include any update on the communication plan as provided by Article 6.2;
 - h) include any relevant reports, publications, press releases and updates related to the action.
- 2.2. Additionally the final report shall:
- a) cover any period not covered by the previous reports;
 - b) include the proofs of the transfers of ownership as referred to in Article 7.5.
- 2.3. The special conditions may set out additional reporting requirements.
- 2.4. The contracting authority may request additional information at any time. The coordinator shall provide this information within 30 days of the request, in the language of the contract.
- 2.5. Reports shall be submitted with the payment requests, according to Article 15. If the coordinator fails to provide any report or fails to provide any additional information requested by the contracting authority within the set deadline without an acceptable and written explanation of the reasons, the contracting authority may terminate this contract according to Article 12.2 (a) and (f).

ARTICLE 3 - LIABILITY

- 3.1. The contracting authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the beneficiary(ies) while the action is being carried out or as a consequence of the action. The contracting authority cannot, therefore, accept any claim for compensation or increases in payment in connection with such damage or injury.
- 3.2. The beneficiary(ies) shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the action is being carried out or as a consequence of the action. The beneficiary(ies) shall discharge the contracting authority of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the beneficiary(ies) or the beneficiary(ies)'s 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 3 employees of the beneficiary(ies) shall be considered third parties.

ARTICLE 4 - CONFLICT OF INTERESTS AND CODE OF CONDUCT

- 4.1. The beneficiary(ies) shall take all necessary measures to prevent or end any situation that could compromise the impartial and objective performance of this contract. Such conflict of interests may arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest.
- 4.2. Any conflict of interests which may arise during performance of this contract must be notified in writing to the contracting authority without delay. In the event of such conflict, the coordinator shall immediately take all necessary steps to resolve it.
- 4.3. The contracting authority reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken if necessary.
- 4.4. The beneficiary(ies) shall ensure that its staff, including its management, is not placed in a situation which could give rise to conflict of interests. Without prejudice to its obligation under this contract, the beneficiary(ies) shall replace, immediately and without compensation from the contracting authority, any member of its staff in such a situation.
- 4.5. The beneficiary (ies) shall at all-time act impartially and as a faithful adviser in accordance with the code of conduct of its profession as well as with appropriate discretion. It shall refrain from making any public statements concerning the action or the services without the prior approval of the contracting authority. It shall not commit the contracting authority in any way whatsoever without its prior consent, and shall make this obligation clear to third parties.
- 4.6. Physical abuse or punishment, or threats of physical abuse, sexual abuse or exploitation, harassment and verbal abuse, as well as other forms of intimidation shall be prohibited. The beneficiary (ies) shall also inform the contracting authority of any breach of ethical standards or code of conduct as set in the present Article. In case the beneficiary (ies) is aware of any violations of the abovementioned standards it shall report in writing within 30 days to the contracting authority
- 4.7. The beneficiary(ies) and its/their staff shall respect human rights and environmental legislation applicable in the country(ies) where the action is taking place and internationally agreed core labour standards, e.g. the ILO core labour standards, conventions on freedom of association and collective bargaining, elimination of forced and compulsory labour, elimination of discrimination in respect of employment and occupation, and the abolition of child labour.
- 4.8. The beneficiary(ies) or any related person shall not abuse of its entrusted power for private gain. The beneficiary(ies) or any of its subcontractors, agents or staff shall not receive or agree to receive from any person or offer or agree to give to any person or procure for any person, gift, gratuity, commission or consideration of any kind as an inducement or reward for performing or refraining from performing any act relating to the performance of the contract or for showing favour or disfavour to any person in relation to the contract. The beneficiary(ies) shall comply with all applicable laws and regulations and codes relating to anti-bribery and anti-corruption.
- 4.9. The payments to the beneficiary(ies) under the contract shall constitute the only income or benefit it may derive in connection with the contract, with the exception of revenue generating activities. The beneficiary(ies) and its/their staff must not exercise any activity or receive any advantage inconsistent with their obligations under the contract.

- 4.10. The execution of the contract shall not give rise to unusual commercial expenses. Unusual commercial expenses are commissions not mentioned in the contract or not stemming from a properly concluded contract referring to the contract, commissions not paid in return for any actual and legitimate service, commissions remitted to a tax haven, commissions paid to a recipient who is not clearly identified or commission paid to a company which has every appearance of being a front company. The contracting authority and the European Commission may carry out documentary or on-the-spot checks they deem necessary to find evidence in case of suspected unusual commercial expenses
- 4.11. The respect of the code of conduct set out in the present Article constitutes a contractual obligation. Failure to comply with the code of conduct is always deemed to be a breach of the contract under Article 12 of the General Conditions. In addition, failure to comply with the provision set out in the present Article can be qualified as grave professional misconduct that may lead either to suspension or termination of the contract, without prejudice to the application of administrative sanctions, including exclusion from participation in future contract award procedures.

ARTICLE 5 - CONFIDENTIALITY

- 5.1. Subject to Article 16, the contracting authority and the beneficiary(ies) undertake to preserve the confidentiality of any information, notwithstanding its form, disclosed in writing or orally in relation to the implementation of this contract and identified in writing as confidential until at least 5 years after the payment of the balance.
- 5.2. The beneficiary(ies) shall not use confidential information for any aim other than fulfilling their obligations under this contract unless otherwise agreed with the contracting authority.
- 5.3. Where the European Commission is not the contracting authority it shall still have access to all documents communicated to the contracting authority and shall maintain the same level of confidentiality.

ARTICLE 6 - VISIBILITY

- 6.1. Unless the European Commission agrees or requests otherwise, the beneficiary(ies) shall take all necessary steps to publicise the fact that the European Union has financed or co-financed the action. Such measures shall comply with the Communication and Visibility Requirements for European Union External Actions laid down and published by the European Commission, that can be found at: https://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions_en or with any other guidelines agreed between the European Commission and the beneficiary(ies).
- 6.2. The coordinator shall submit a communication plan for the approval of the European Commission and report on its implementation in accordance with Article 2.
- 6.3. In particular, the beneficiary(ies) shall mention the action and the European Union's financial contribution in information given to the final recipients of the action, in its internal and annual reports, and in any dealings with the media. It shall display the European Union logo wherever appropriate.
- 6.4. Any notice or publication by the beneficiary(ies) concerning the action, including those given at conferences or seminars, shall specify that the action has received European

Union funding. Any publication by the beneficiary(ies), in whatever form and by whatever medium, including the internet, shall 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 < beneficiary(ies)'s name > and can under no circumstances be regarded as reflecting the position of the European Union.'

- 6.5. The beneficiary(ies) authorises the contracting authority and the European Commission (where it is not the contracting authority) to publish its name and address, nationality, the purpose of the grant, duration and location as well as the maximum amount of the grant and the rate of funding of the action's costs, as laid down in Article 3 of the special conditions. Derogation from publication of this information may be granted if it could endanger the beneficiary(ies) or harm their interests.

ARTICLE 7 - OWNERSHIP/USE OF RESULTS AND ASSETS

- 7.1. Unless otherwise stipulated in the special conditions, ownership of, and title and intellectual and industrial property rights to, the action's results, reports and other documents relating to it will be vested in the beneficiary(ies).
- 7.2. Without prejudice to Article 7.1, the beneficiary(ies) grant the contracting authority (and the European Commission where it is not this contracting authority) the right to use freely and as it sees fit, and in particular, to store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the action whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.
- 7.3. The beneficiary(ies) shall ensure that it has all rights to use any pre-existing intellectual property rights necessary to implement this contract.
- 7.4. In case natural, recognizable persons are depicted in a photograph or film, the coordinator shall, in the final report to the contracting authority, submit a statement of these persons giving their permissions for the described use of their images. The above does not refer to photographs taken or films shot in public places where random members of the public are identifiable only hypothetically and to public persons acting in their public activities.
- 7.5. Unless otherwise clearly specified in the description of the action in Annex I, the equipment, vehicles and supplies paid for by the budget for the action shall be transferred to the final beneficiaries of the action, at the latest when submitting the final report.

If there are no final beneficiaries of the action to whom the equipment, vehicles and supplies can be transferred, the beneficiary(ies) may transfer these items to:

- local authorities
- local beneficiary(ies)
- local affiliated entity(ies)
- another action funded by the European Union
- or, exceptionally, retain ownership of these items.

In such cases, the coordinator shall submit a justified written request for authorisation to the contracting authority, with an inventory listing the items concerned and a proposal concerning their use, in due time and at the latest with the submission of the final report.

In no event may the end use jeopardize the sustainability of the action or result in a profit for the beneficiary(ies).

- 7.6 Copies of the proofs of transfer of any equipment and vehicles for which the purchase cost was more than EUR 5000 per item, shall be attached to the final report. Proofs of transfer

of equipment and vehicles whose purchase cost was less than EUR 5000 per item shall be kept by the beneficiary(ies) for control purposes.

ARTICLE 8 – MONITORING AND EVALUATION OF THE ACTION

- 8.1. Annex I shall describe in detail the monitoring and evaluation arrangements that the Beneficiary(ies) will put in place.
- 8.2. If the European Commission carries out an interim or ex post evaluation or a monitoring exercise, the coordinator shall undertake to provide it and/or the persons authorised by it with the documents or information necessary for the evaluation or monitoring exercise.

Representatives of the European Commission shall be invited to participate in the main monitoring and in the evaluation exercises relating to the performance of the action performed by the beneficiary(ies). The European Commission shall be invited to comment the evaluation(s) terms of reference before the exercise is launched as well as the draft report(s) before they are finalised.

- 8.3. If either the beneficiary(ies) or the European Commission carries out or commissions an evaluation or monitoring exercise in the course of the action, it shall provide the other with a copy of the related report. All the evaluation and monitoring reports, including final values for each of the indicators in the logical framework, shall be submitted to the European Commission with the final narrative report (annex VI).

ARTICLE 9 — AMENDMENT OF THE CONTRACT.

- 9.1. Any amendment to this contract, including the annexes thereto, shall be set out in writing. This contract can be modified only during its execution period.
- 9.2. The amendment may not have the purpose or the effect of making changes to this contract that would call into question the grant award decision or be contrary to the equal treatment of applicants. The maximum grant referred to in Article 3.2 of the special conditions shall not be increased.
- 9.3. If an amendment is requested by the beneficiary(ies), the coordinator shall submit a duly justified request to the contracting authority thirty days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the contracting authority.
- 9.4. Where the amendment to the budget does not affect the expected results of the action (i.e. impact, outcomes, outputs), and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 25% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the coordinator may amend the budget and must inform the contracting authority accordingly, in writing and at the latest in the next report. This method may not be used to amend the headings for indirect costs, for the contingency reserve, for in-kind contributions or the amounts or rates of simplified cost options defined in the contract.

Changes in Description of the Action and the Logical Framework that affect the expected results (impact, outcomes, outputs) shall be agreed with the contracting authority before the modification takes place. Approved changes must be explained in the next report.

- 9.5. Changes of address, bank account or auditor may simply be notified by the coordinator. However, in duly substantiated circumstances, the contracting authority may oppose the coordinator's choice.
- 9.6. The contracting authority reserves the right to require that the auditor referred to in Article 5.2 of the special conditions be replaced if considerations which were unknown when this contract was signed cast doubt on the auditor's independence or professional standards.

ARTICLE 10 — IMPLEMENTATION

Implementation contracts

- 10.1. If the implementation of the action requires the beneficiary(ies) to procure goods, works or services, it shall respect the contract-award rules and rules of nationality and origin set out in Annex IV of this contract.
- 10.2. To the extent relevant, the beneficiary(ies) shall ensure that the conditions applicable to them under Articles 3, 4, 6 and 16 of these general conditions are also applicable to contractors awarded an implementation contract.
- 10.3. The coordinator shall provide in its report to the contracting authority a comprehensive and detailed report on the award and implementation of the contracts awarded under Article 10.1, in accordance with the reporting requirements in section 2 of Annex VI.

Subcontracting

- 10.4. Beneficiary(ies) may subcontract tasks forming part of the action. If it does so, it must ensure that, in addition to the conditions specified in Article 10.1, 10.2 and 10.3, the following conditions are also complied with:
- subcontracting does not cover core tasks of the action;
 - recourse to subcontracting is justified because of the nature of the action and what is necessary for its implementation;
 - the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex III;
 - [any recourse to subcontracting, if not provided for in Annex I, is communicated by the beneficiary and approved by the Contracting Authority].

Financial support to third parties

- 10.5. In order to support the achievement of the objectives of the action, and in particular where the implementation of the action requires financial support to be given to third parties, the beneficiary(ies) may award financial support if so provided by the special conditions.
- 10.6. The maximum amount of financial support shall be limited to EUR 60 000 per each third party, except where achieving the objectives of the actions would otherwise be impossible or overly difficult.
- 10.7. The description of the action, in conformity with the relevant instructions given in this regard by the contracting authority, shall define the types of entities eligible for financial support and include a fixed list with the types of activity which may be eligible for financial support. The criteria for the selection of the third parties recipient of this

financial support, including the criteria for determining its exact amount, shall also be specified.

- 10.8. The coordinator shall provide in its report to the contracting authority a comprehensive and detailed report on the award and implementation of any financial support given. These reports should provide, amongst other, information on the award procedures, on the identities of the recipient of financial support, the amount granted, the results achieved, the problems encountered and solutions found, the activities carried out as well as a timetable of the activities which still need to be carried out.
- 10.9. To the extent relevant, the beneficiary(ies) shall ensure that the conditions applicable to them under Articles 3, 4.1-4.4, 6 and 16 of these general conditions are also applicable to third parties awarded financial support.

ARTICLE 11 – EXTENSION AND SUSPENSION

Extension

- 11.1. The coordinator shall inform the contracting authority without delay of any circumstances likely to hamper or delay the implementation of the action. The coordinator may request an extension of the action's implementation period as laid down in Article 2 of the special conditions in accordance with Article 9. The request shall be accompanied by all the supporting evidence needed for its appraisal.

Suspension by the coordinator

- 11.2. The coordinator may suspend implementation of the action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. The coordinator shall inform the contracting authority without delay, stating the nature, probable duration and foreseeable effects of the suspension.
- 11.3. The coordinator or the contracting authority may then terminate this contract in accordance with Article 12.1. If the contract is not terminated, the beneficiary(ies) shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow, informing the contracting authority accordingly.

Suspension by the contracting authority

- 11.4. The contracting authority may request the beneficiary(ies) to suspend implementation of the action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. To this purpose, the contracting authority shall inform the coordinator stating the nature and probable duration of the suspension.
- 11.5. The coordinator or the contracting authority may then terminate this contract in accordance with Article 12.1. If the contract is not terminated, the beneficiary(ies) 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 contracting authority.
- 11.6. The contracting authority may also suspend this contract or the participation of a beneficiary(ies) in this contract if the contracting authority has evidence that, or if, for objective and well justified reasons, the contracting authority deems necessary to verify whether presumably:

- a) the grant award procedure or the implementation of the action have been subject to breach of obligations, irregularities or fraud;
 - b) the beneficiary(ies) have breached any substantial obligation under this contract.
- 11.7. The coordinator shall provide any requested information, clarification or document within 30 days of receipt of the requests sent by the contracting authority. If, notwithstanding the information, clarification or document provided by the coordinator, the award procedure or the implementation of the grant prove to have been subject to breach of obligations, irregularities, fraud, or breach of obligations, then the contracting authority may terminate this contract according to Article 12(2) h.

Force majeure

- 11.8. 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 acts of God, strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars whether declared or not, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosion. 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.
- 11.9. The beneficiary(ies) shall not be held in breach of its contractual obligations if it is prevented from fulfilling them by circumstances of force majeure.

Extension of the implementation period following a suspension.

- 11.10. In case of suspension according to Articles 11.2, 11.4 and 11.6, the implementation period of the action 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 action to the new implementing conditions. This Article 11.10 does not apply in case of an operating grant.

ARTICLE 12 — TERMINATION OF THE CONTRACT

Termination in case of force majeure

- 12.1. In the cases foreseen in Article 11.2 and 11.4, if the coordinator or the contracting authority believes that this contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the coordinator or the contracting authority may terminate this contract by serving two months written notice, without being required to pay indemnity.

Termination by the contracting authority

- 12.2. Without prejudice to Article 12.1, in the following circumstances the contracting authority may, after having duly consulted the coordinator, terminate this contract or the participation of any beneficiary(ies) in this contract without any indemnity on its part when:
- a) a beneficiary(ies) fails, 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 furnish a satisfactory explanation within 30 days of receipt of the letter;
 - b) a beneficiary(ies) or any person that assumes unlimited liability for the debts of the beneficiary(ies) is bankrupt, subject to insolvency or winding up procedures, is

having its assets administered by a liquidator or by the courts, has entered into an arrangement with creditors, has suspended business activities, or is in any analogous situation arising from a similar procedure provided for under any national law or regulations relevant to the beneficiary(ies);

- c) a beneficiary(ies), or any related entity or person, have been found guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- d) it has been established by a final judgment or a final administrative decision or by proof in possession of the contracting authority that the beneficiary(ies) has been guilty of fraud, corruption, involvement in a criminal organisation, money laundering or terrorist financing, terrorist related offences, child labour or other forms of trafficking in human beings or circumventing fiscal, social or any other applicable legal obligations, including through the creation of an entity for this purpose;
- e) a change to a beneficiary(ies)'s legal, financial, technical, organisational or ownership situation or the termination of the participation of a beneficiary(ies) substantially affects the implementation of this contract or calls into question the decision awarding the grant;
- f) a beneficiary(ies) or any related person, are guilty of misrepresentation in supplying the information required in the award procedure or in the implementation of the action or fail to supply – or fail to supply within the deadlines set under this contract - any information related to the action required by the contracting authority;
- g) a beneficiary(ies) has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established;
- h) the contracting authority has evidence that a beneficiary(ies), or any related entity or person, has committed breach of obligations, irregularities or fraud in the award procedure or in the implementation of the action;
- i) a beneficiary(ies) is subject to an administrative penalty referred to in Article 12.8;
- j) the contracting authority has evidence that a beneficiary(ies) is subject to a conflict of interests;
- k) the European Commission has evidence that a beneficiary(ies) has committed systemic or recurrent errors or irregularities, fraud, or serious breach of obligations under other grants financed by the European Union and awarded to that specific beneficiary(ies) under similar conditions, provided that those errors, irregularities, fraud or serious breach of obligations have a material impact on this grant.

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

- 12.3. In the cases referred to in points (c), (f), (h) and (k) above, any related person means any physical person with powers of representation, decision-making or control in relation to the beneficiary(ies). Any related entity means, in particular, any entity which meets the criteria laid down by Article 1 of the Seventh Council Directive No 83/349/EEC of 13 June 1983.

Termination of a beneficiary(ies) participation by the coordinator

- 12.4. In duly justified cases, the participation of a beneficiary(ies) in this contract may be also terminated by the coordinator. To this purpose, the coordinator shall communicate to the contracting authority the reasons for the termination of its participation and the date on

which the termination shall take effect, as well as a proposal on the reallocation of the tasks of the beneficiary(ies) whose participation is terminated, or on its possible replacement. The proposal shall be sent in good time before the termination is due to take effect. If the contracting authority agrees, the contract shall be amended accordingly in conformity with Article 9.

End date

- 12.5. The payment obligations of the European Union under this contract shall end 18 months after the implementation period laid down in Article 2 of the special conditions, unless this contract is terminated according to Article 12.

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

- 12.6. This contract will be terminated automatically if it has not given rise to any payment by the contracting authority within two years of its signature.

Effects of termination

- 12.7. Upon termination of this contract the coordinator shall take all immediate steps to bring the action to a close in a prompt and orderly manner and to reduce further expenditure to a minimum.

Without prejudice to Article 14, the beneficiary(ies) shall be entitled to payment only for the part of the action carried out, excluding costs relating to current commitments that are due to be executed after termination.

To this purpose, the coordinator shall introduce a payment request to the contracting authority within the time limit set by Article 15.2 starting from the date of termination.

In the event of termination according to Article 12.1, the contracting authority may agree to reimburse the unavoidable residual expenditures incurred during the notice period, provided, the first paragraph of this Article 12.7 has been properly executed.

In the cases of termination foreseen in Article 12.2 a), c), d), f), h) and k) the contracting authority may, after having properly consulted the coordinator and depending on the gravity of the failings, request full or partial repayment of amounts unduly paid for the action.

Administrative sanctions

- 12.8 Without prejudice to the application of other remedies laid down in the contract, a sanction of exclusion from all contracts and grants financed by the EU, may be imposed, after an adversarial procedure in line with the applicable Financial Regulation, upon the beneficiary(ies) who, in particular,

- a) is guilty of grave professional misconduct, has committed irregularities or has shown significant deficiencies in complying with the main obligations in the performance of the contract or has been circumventing fiscal, social or any other applicable legal obligations, including through the creation of an entity for this purpose. The duration of the exclusion shall not exceed the duration set by final judgement or final administrative decision or, in the absence thereof, three years;

b) is guilty of fraud, corruption, participation in a criminal organisation, money laundering, terrorist-related offences, child labour or trafficking in human beings. The duration of the exclusion shall not exceed the duration set by final judgement or final administrative decision or, in the absence thereof, five years;

- 12.9 In the situations mentioned in Article 12.8, in addition or in alternative to the sanction of exclusion, the beneficiary(ies) may also be subject to financial penalties up to 10% of the contract value.
- 12.10 Where the contracting authority is entitled to impose financial penalties, it may deduct such financial penalties from any sums due to the beneficiary(ies) or call on the appropriate guarantee.
- 12.11 The decision to impose administrative sanctions may be published on a dedicated internet-site, explicitly naming the beneficiary(ies).

ARTICLE 13 — APPLICABLE LAW AND DISPUTE SETTLEMENT

- 13.1. This contract shall be governed by the law of the country of the contracting authority or, where the contracting authority is the European Commission, by the applicable European Union law complemented where necessary by the law of Belgium.
- 13.2. The parties to this contract shall do everything possible to settle amicably any dispute arising between them during the implementation of this contract. To that end, they shall communicate their positions and any solution that they consider possible in writing, and meet each other at either's request. The coordinator and the contracting authority shall reply to a request sent for an amicable settlement within 30 days. Once this period has expired, or if the attempt to reach amicable settlement has not produced an agreement within 120 days of the first request, the coordinator or the contracting authority may notify the other part that it considers the procedure to have failed.
- 13.3. In the event of failure to reach an amicable agreement, the dispute may by common agreement of the coordinator and the contracting authority be submitted for conciliation by the European Commission if it is not the contracting authority. If no settlement is reached within 120 days of the opening of the conciliation procedure, each party may notify the other that it considers the procedure to have failed.
- 13.4. In the event of failure of the above procedures, each party to this contract may submit the dispute to the courts of the country of the contracting authority, or to the Brussels courts where the contracting authority is the European Commission.

FINANCIAL PROVISIONS

ARTICLE 14 — ELIGIBLE COSTS

Cost eligibility criteria

- 14.1. Eligible costs are actual costs incurred by the beneficiary(ies) which meet all the following criteria:
- a) they are incurred during the implementation of the action as specified in Article 2 of the special conditions. In particular:
 - (i) Costs 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 of 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 coordinator and/or the other beneficiary(ies) and/or affiliated entity(ies) may not be considered as costs incurred;

- (ii) Costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment;
 - (iii) An exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the action, which may be incurred after the implementation period of the action;
 - (iv) Procedures to award contracts, as referred to in Article 10, may have been initiated and contracts may be concluded by the beneficiary(ies) before the start of the implementation period of the action, provided the provisions of Annex IV have been respected.
- b) they are indicated in the estimated overall budget for the action;
 - c) they are necessary for the implementation of the action;
 - d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary(ies) and determined according to the accounting standards and the usual cost accounting practices applicable to the beneficiary(ies);
 - 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.

Eligible direct costs

14.2. Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the beneficiary(ies) shall be eligible:

- a) the cost of staff assigned to the action, corresponding to actual gross salaries including social security charges and other remuneration-related costs (excluding performance-based bonuses); salaries and costs shall not exceed those normally borne by the beneficiary(ies), unless it is justified by showing that it is essential to carry out the action;
- b) travel and subsistence costs for staff and other persons taking part in the action, provided they do not exceed those normally borne by the beneficiary(ies) according to its rules and regulations. In addition, the rates published by the European Commission at the time of contract signature may never be exceeded;
- c) purchase costs for equipment (new or used) and supplies specifically dedicated to the purposes of the action, provided that ownership is transferred at the end of the action when required in Article 7.5.
- d) depreciation, rental or leasing costs for equipment (new or used) and supplies specifically dedicated to the purposes of the action;
- e) rental costs related to project office, when a project office is foreseen, duly justified and described in the description of the action and in the special conditions;
- f) costs of consumables;
- g) costs of service, supply and work contracts awarded by the beneficiary(ies) for the purposes of the action referred to in Article 10; this includes the costs for mobilising expertise to improve the quality of the logical framework (e.g. accuracy of baselines,

monitoring systems, etc.), both at the beginning and during the implementation of the Action.

- h) costs deriving directly from the requirements of the contract (dissemination of information, evaluation specific to the action, audits, translation, reproduction, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees where required according to the contract);
- i) duties, taxes and charges, including VAT, paid and not recoverable by the beneficiary(ies), unless otherwise provided in the special conditions;
- j) overheads, in the case of an operating grant.

Performance-based financing

- 14.3. The payment of the EU contribution may be partly or entirely linked to the achievement of results measured by reference to previously set milestones or through performance indicators. Such performance-based financing is not subject to other sub-articles of Article 14. The relevant results and the means to measure their achievement shall be clearly described in Annex I.

The amount to be paid per achieved result shall be set out in Annex III. The method to determine the amount to be paid per achieved result shall be clearly described in Annex I, take into account the principle of sound financial management and avoid double-financing of costs.

The organisation shall not be obliged to report on costs linked to the achievement of results. However the organisation shall submit any necessary supporting documents, including where relevant accounting documents, to prove that the results triggering the payment as defined in Annex I and III have been achieved.

Articles 15.1 (schedule of payment), 15.7 (expenditure verification), 17.3 (no profit) do not apply to the part of the action supported by way of result-based financing.

Simplified cost options

- 14.4. In accordance with the detailed provisions in Annex III and Annex K, eligible costs may also be constituted by any or a combination of the following cost options:

- a) unit costs;
- b) lump sums;
- c) flat-rate financing;

- 14.5. The methods used by the beneficiary(ies) to determine unit costs, lump sums, flat-rates shall be clearly described and substantiated in Annex III and shall ensure compliance with the principle of co-financing and no double funding. The information used can be based on the beneficiary(ies)'s historical and/or actual accounting and cost accounting data, external information where available and appropriate, statistical data or expert judgment (provided by internally available experts or procured) or other objective information.

Where possible and appropriate, lump sums, unit costs or flat rates shall be determined in such a way as to allow their payment upon achievement of concrete outputs and/or results.

If a result entails several outputs or sub-results, it should be broken down into sub budget lines and each output or sub-result should be attributed a portion of the amount stated for the result to allow partial payments in case the result is not achieved.

Costs declared under simplified cost options shall satisfy the eligibility criteria set out in Article 14.1 and 14.2. They do not need to be backed by accounting or supporting documents, save those necessary to demonstrate the fulfillment of the conditions for reimbursement established in Annex I, III and K.

These costs may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of this contract.

The amounts or rates of unit costs, lump sums or flat-rates set out in Annex III may not be amended unilaterally and may not be challenged by ex post verifications.

- 14.6. Simplified cost options that are not result based shall not be authorized unless they have been ex ante-assessed in accordance with Annex K.

Contingency reserve

- 14.7. A reserve for contingencies and/or possible fluctuations in exchange rates not exceeding 5% of the direct eligible costs may be included in the budget for the action, to allow for adjustments necessary in the light of unforeseeable changes of circumstances on the ground. It can be used only with the prior written authorisation of the contracting authority, upon duly justified request by the coordinator.

Indirect costs

- 14.8. The indirect costs for the action are those eligible costs which may not be identified as specific costs directly linked to the implementation of the action and may not be booked to it directly according to the conditions of eligibility in Article 14.1. However, they are incurred by the beneficiary(ies) in connection with the eligible direct costs for the action. They may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of this contract.

A fixed percentage of the total amount of direct eligible costs of the action not exceeding the percentage laid down in Article 3 of the special conditions may be claimed to cover indirect costs for the action. Flat-rate funding in respect of indirect costs does not need to be supported by accounting documents. This amount shall not be taken into account with regard to the maximum amount of simplified cost options.

Indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant financed from the European Union budget during the period in question.

This Article 14.7 does not apply in the case of an operating grant.

In kind contributions

- 14.9. Any contributions in kind, which shall be listed separately in Annex III, do not represent actual expenditure and are not eligible costs. Unless otherwise specified in the special conditions, contributions in kind may not be treated as co-financing by the beneficiary(ies).

If contributions in kind are accepted as co-financing, the beneficiary(ies) shall ensure they comply with national tax and social security rules.

Notwithstanding the above, if the description of the action provides for contributions in kind, such contributions have to be provided.

Volunteers' work

- 14.10. The value of the work provided by volunteers can be recognised as eligible cost of the action and may be treated as co-financing by the beneficiary(ies).

Where the estimated eligible costs include costs for volunteers' work, the EC contribution shall not exceed the estimated eligible costs other than the costs for volunteers' work.

Beneficiaries shall declare personnel costs for the work carried out by volunteers on the basis of unit costs authorised in accordance with Article 14.4 and following¹.

Volunteers' work may comprise up to 50 % of the co-financing.

Non-eligible costs

- 14.11. The following costs shall not be considered eligible:

- a) debts and debt service charges (interest);
- b) provisions for losses, debts or potential future liabilities;
- c) costs declared by the beneficiary(ies) and financed by another action or work programme receiving a European Union grant (including through the European Development Fund);
- d) purchases of land or buildings, except where necessary for the direct implementation of the action and according to the conditions specified in the special conditions; in all cases the ownership shall be transferred in accordance with Article 7.5, at the latest at the end of the action;
- e) currency exchange losses;
- f) credits to third parties, unless otherwise specified in the special conditions;
- g) in kind contributions;
- h) salary costs of the personnel of national administrations, unless otherwise specified in the special conditions and only to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the action were not undertaken;
- i) performance-based bonuses included in costs of staff.

Affiliated entities

- 14.12. Where the special conditions contain a provision on entities affiliated to a beneficiary, costs incurred by such entity may be eligible, provided that they satisfy the same conditions under Articles 14 and 16, and that the beneficiary ensures that Articles 3, 4, 5, 6, 8, 10 and 16 are also applicable to the entity.

¹ The value of such unit costs will be determined by the Commission.

ARTICLE 15 — PAYMENT AND INTEREST ON LATE PAYMENT

Payment procedures

- 15.1. The contracting authority must pay the grant to the coordinator following one of the payment procedures below, as set out in Article 4 of the special conditions.

Option 1: Actions with an implementation period of 12 months or less or grant of EUR 100 000 or less

- (i) an initial pre-financing payment of 80 % of the maximum amount referred to in Article 3.2 of the special conditions (excluding contingencies);
- (ii) the balance of the final amount of the grant.

Option 2: Actions with an implementation period of more than 12 months and grant of more than EUR 100 000

- (i) an initial pre-financing payment of 100 % of the part of the estimated budget financed by the contracting authority for the first reporting period (excluding contingencies). The part of the budget financed by the contracting authority is calculated by applying the percentage set out in Article 3.2 of the special conditions;
- (ii) further pre-financing payments of 100 % of the part of the estimated budget financed by the contracting authority for the following reporting period (excluding not authorised contingencies):
 - the reporting period is intended as a twelve-month period unless otherwise provided for in the special conditions. When the remaining period to the end of the action is up to 18 months, the reporting period shall cover it entirely;
 - within 60 days following the end of the reporting period, the coordinator shall present an interim report or, if unable to do so, it shall inform the contracting authority of the reasons and provide a summary of progress of the action;
 - if at the end of the reporting period the part of the expenditure actually incurred which is financed by the contracting authority is less than 70 % of the previous payment (and 100 % of any previous payments), the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the previous pre-financing payment and the part of the expenditure actually incurred which is financed by the contracting authority;
 - the coordinator may submit a request for further pre-financing payment before the end of the reporting period, when the part of the expenditure actually incurred which is financed by the contracting authority is more than 70 % of the previous payment (and 100 % of any previous payments). In this case, the following reporting period starts anew from the end date of the period covered by this payment request;
 - in addition, for grants of more than EUR 5 000 000, a further pre-financing payment may be made only if the part financed by the contracting authority of the eligible costs approved is at least equal to the total amount of all the previous payments excluding the last one;

- the total sum of pre-financing payments may not exceed 90 % of the amount referred to in Article 3.2 of the special conditions, excluding not authorised contingencies;

(iii) the balance of the final amount of the grant.

Option 3: All actions

(i) the final amount of the grant.

Submission of final reports

- 15.2. The coordinator shall submit the final report to the contracting authority no later than three months after the implementation period as defined in Article 2 of the special conditions. The deadline for submission of the final report is extended to six months where the coordinator does not have its headquarters in the country where the action is implemented.

Payment request

- 15.3. The payment request shall be drafted using the model in Annex V and shall be accompanied by:
- a) a narrative and financial report in line with Article 2;
 - b) a forecast budget for the following reporting period in case of request of further pre-financing;
 - c) an expenditure verification report or a detailed breakdown of expenditure if required under Article 15.7;

For the purposes of the initial pre-financing payment, the signed contract serves as payment request. A financial guarantee shall be attached if required in the special conditions.

Payment shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information provided.

Payment deadlines

- 15.4. The initial pre-financing payment shall be made within 30 days of receipt of the payment request by the contracting authority.

Further pre-financing payments and payments of the balance shall be made within 60 days of receipt of the payment request by the contracting authority.

However, further pre-financing payments and payments of the balance shall be made within 90 days of receipt of the payment request by the contracting authority in any of the following cases:

- a) one beneficiary with affiliated entity(ies);
- b) if more than one beneficiary is party to this contract;
- c) if the Commission is not the contracting authority
- d) for grants exceeding EUR 5 000 000

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

Suspension of the period for payments

- 15.5. Without prejudice to Article 12, the time-limits for payments may be suspended by notifying the coordinator that:
- a) the amount indicated in its request of payments is not due, or;
 - b) proper supporting documents have not been supplied, or;
 - c) clarifications, modifications or additional information to the narrative or financial reports are needed, or;
 - d) there are doubts on the eligibility of expenditure and it is necessary to carry out additional checks, including on-the-spot checks or an audit to make sure that the expenditure is eligible, or;
 - e) it is necessary to verify, including through an OLAF investigation, whether presumed breach of obligations, irregularities or fraud have occurred in the grant award procedure or the implementation of the action, or;
 - f) it is necessary to verify whether the beneficiary(ies) have breached any substantial obligations under this contract, or;
 - g) the visibility obligations set out in Article 6 are not complied with.

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

If, notwithstanding the information, clarification or document provided by the coordinator, the payment request is still inadmissible, or if the award procedure or the implementation of the grant proves to have been subject to irregularities, fraud, or breach of obligations, then the contracting authority may suspend payments, and in the cases foreseen in Article 12, terminate accordingly this contract.

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

Interest on late payment

- 15.6. If the contracting authority pays the coordinator after the time limit, it shall pay default interest as follows:
- a) at the rediscount rate applied by the central bank of the country of the contracting authority if payments are in the currency of that country;
 - b) at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, C series, if payments are in euro;
 - c) on the first day of the month in which the time-limit expired, plus three and a half percentage points. The interest will be payable for the time elapsed between the expiry of the payment deadline and the date on which the contracting authority's account is debited.

By way of exception, when the interest calculated in accordance with this provision is lower than or equal to EUR 200, it will be paid to the coordinator only upon demand submitted within two months of receiving late payment.

The default interest is not considered as income for the purposes of Article 17.

This Article 15.6 does not apply if the coordinator is a European Union Member State, including regional and local government authorities or other public body acting in the name and on behalf of the Member State for the purpose of the contract.

Expenditure verification report

15.7. The coordinator must provide an expenditure verification report for:

- a) any request for further pre-financing payment in case of grants of more than EUR 5 000 000;
- b) any final report in the case of a grant of more than EUR 100 000.

The expenditure verification report shall conform to the model in Annex VII and shall be produced by an auditor approved or chosen by the contracting authority. The auditor shall meet the requirements set out in the terms of reference for expenditure verification in Annex VII.

The auditor shall examine whether the costs declared by the beneficiary(ies) and the revenue of the action are real, accurately recorded and eligible under this contract. The expenditure verification report shall cover all expenditure not covered by any previous expenditure verification report.

If no expenditure verification is required with requests for pre-financing payments, a detailed breakdown of expenditure covering the preceding reporting periods not already covered, shall be provided for every other request for further pre-financing payment and starting with the second request for further pre-financing payment (i.e. 3rd, 5th, 7th... pre-financing payment).

The detailed breakdown of expenditure shall provide the following information for each cost heading in the financial report and for all underlying entries and transactions: amount of the entry or transaction, accounting reference (e.g. ledger, journal or other relevant reference) description of the entry or transaction (detailing the nature of the expenditure) and reference to underlying documents (e.g. invoice number, salary slip or other relevant reference), in line with Article 16.1. It shall be provided in electronic form and spread sheet format (excel or similar) whenever possible.

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

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

When the grant takes the form of reimbursement of eligible costs actually incurred and is only expressed in terms of an absolute value (and not as a percentage of the EU contribution to the total eligible costs), verification can be limited to the amount paid by the Commission for the action concerned (i.e. it does not need to cover the whole action).

Where the coordinator is a government department or a public body, the contracting authority may accept to substitute the expenditure verification with a detailed breakdown of expenditure.

The expenditure verification report shall not be provided by the coordinator if the verification is directly done by the contracting authority's own staff, by the Commission

or by a body authorised to do so on their behalf, according to Article of 5.2 of the special conditions.

Financial guarantee

- 15.8. If the grant exceeds EUR 60 000 the contracting authority may request a financial guarantee for the amount of the initial pre-financing payment.

The guarantee shall be denominated in euro or in the currency of the contracting authority, conforming to the model in Annex VIII. The guarantee shall be provided by an approved bank or financial institution established in one of the Member States of the European Union. Where the coordinator is established in a third country, the contracting authority may agree that a bank or financial institution established in that third country may provide the guarantee if the contracting authority considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State of the European Union. This guarantee shall remain in force until its release by the contracting authority when the payment of the balance is made.

During the execution of the contract, if the natural or legal person providing the guarantee (i) is not able or willing to abide by its commitments, (ii) is not authorised to issue guarantees to contracting authorities, or (iii) appears not to be financially reliable, or the financial guarantee ceases to be valid, and the coordinator fails to replace it, either a deduction equal to the amount of the pre-financing may be made by the contracting authority from future payments due to the coordinator under the contract, or the contracting authority shall give formal notice to the coordinator to provide a new guarantee on the same terms as the previous one. Should the coordinator fail to provide a new guarantee, the contracting authority may terminate the contract.

This provision shall not apply if the coordinator is a non-profit organisation, an organisation which has signed a framework partnership agreement with the European Commission, a government department or public body, unless otherwise stipulated in the special conditions.

Rules for currency conversion

- 15.9. The contracting authority shall make payments to the coordinator to the bank account referred to in the financial identification form in Annex V, which allows the identification of the funds paid by the contracting authority. The contracting authority shall make payments in the currency set in the special conditions.

Reports shall be submitted in the currency set out in the special conditions, and may be drawn from financial statements denominated in other currencies, on the basis of the beneficiary(ies)'s applicable legislation and applicable accounting standards. In such case and for the purpose of reporting, conversion into the currency set in the special conditions shall be made using the rate of exchange at which each contracting authority's contribution was recorded in the beneficiary(ies)'s accounts, unless otherwise provided for in the special conditions. If at the end of the action, a part of the expenses is pre-financed by the beneficiary(ies) (or by other donors), the conversion rate to be applied to this balance is the one set in the special condition according to the beneficiary(ies)'s usual accounting practice. If no specific provision is foreseen in the special conditions, the exchange rate of the last instalment received from the contracting authority will be applied.

- 15.10. Unless otherwise provided for in the special conditions, costs incurred in other currencies than the one used in the beneficiary(ies)'s accounts for the action shall be converted according to its usual accounting practices, provided they respect the following basic requirements: (i) they are written down as an accounting rule, i.e. they are a standard

practice of the beneficiary, (ii) they are applied consistently, (iii) they give equal treatment to all types of transactions and funding sources, (iv) the system can be demonstrated and the exchange rates are easily accessible for verifications.

In the event of an exceptional exchange-rate fluctuation, the parties shall consult each other with a view to amending the action in order to lessen the impact of such a fluctuation. Where necessary, the contracting authority may take additional measures such as terminating the contract.

ARTICLE 16 — ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS

Accounts

- 16.1. The beneficiary(ies) shall keep accurate and regular accounts of the implementation of the action using an appropriate accounting and double-entry book-keeping system.

The accounts:

- a) may be an integrated part of or an adjunct to the beneficiary(ies)'s regular system;
 - b) shall comply with the accounting and bookkeeping policies and rules that apply in the country concerned;
 - c) shall enable income and expenditure relating to the action to be easily traced, identified and verified.
- 16.2. The coordinator shall ensure that any financial report as required under Article 2 can be properly and easily reconciled to the accounting and bookkeeping system and to the underlying accounting and other relevant records. For this purpose the beneficiary(ies) shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.

Right of access

- 16.3. The beneficiary(ies) shall allow verifications to be carried out by the European Commission, the European Anti-Fraud Office, the European Court of Auditors and any external auditor authorised by the contracting authority. The beneficiary(ies) have to take all steps to facilitate their work.
- 16.4. The beneficiary(ies) shall allow the above entities to:
- a) access the sites and locations at which the action is implemented;
 - b) examine its accounting and information systems, documents and databases concerning the technical and financial management of the action;
 - c) take copies of documents;
 - d) carry out on-the-spot-checks;
 - e) conduct a full audit on the basis of all accounting documents and any other document relevant to the financing of the action.
- 16.5. 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 European Commission.

- 16.6. Access given to agents of the European Commission, European Anti-Fraud Office and the European Court of Auditors and to any external auditor authorised by the contracting authority carrying out verifications as provided for by this article as well as by Article 15.7 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

- 16.7. The beneficiary(ies) shall keep all records, accounting and supporting documents related to this contract for five years following the payment of the balance and for three years in case of grants not exceeding EUR 60 000, 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 coordinator shall inform the contracting authority of their precise location.

- 16.8. All the supporting documents shall be available either in the original form, including in electronic form, or as a copy.
- 16.9. In addition to the reports mentioned in Article 2, the documents referred to in this article include:
- a) Accounting records (computerised or manual) from the beneficiary(ies)'s accounting system such as general ledger, sub-ledgers and payroll accounts, fixed assets registers and other relevant accounting information;
 - b) Proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;
 - c) Proof of commitments such as contracts and order forms;
 - d) Proof of delivery of services such as approved reports, time sheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates) etc.;
 - e) Proof of receipt of goods such as delivery slips from suppliers;
 - f) Proof of completion of works, such as acceptance certificates;
 - g) Proof of purchase such as invoices and receipts;
 - h) Proof of payment such as bank statements, debit notices, proof of settlement by the contractor;
 - i) Proof that taxes and/or VAT that have been paid cannot actually be reclaimed;
 - j) For fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs;
 - k) Staff and payroll records such as contracts, salary statements and time sheets. For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary. For expatriate and/or European-based staff (if the action is implemented in Europe) analyses and breakdowns of expenditure per month of actual work, assessed on the basis of unit prices per verifiable block of time worked and broken down into gross salary, social security charges, insurance and net salary.
- 16.10 Failure to comply with the obligations set forth in Article 16.1 to 16.9 constitutes a case of breach of a substantial obligation under this contract. In this case, the contracting authority may in particular suspend the contract, payments or the time-limit for a payment, terminate the contract and/or reduce the grant.

ARTICLE 17— FINAL AMOUNT OF THE GRANT

Final amount

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

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

- 17.2. In addition and without prejudice to its right to terminate this contract pursuant to Article 12, if the action is implemented poorly or partially - and therefore not in accordance with the description of the action in Annex I - or late, the contracting authority may, by a duly reasoned decision and after allowing the beneficiary(ies) to submit its observations, reduce the initial grant in line with the actual implementation of the action and in accordance with the terms of this contract. This applies as well with regards to the visibility obligations set out in Article 6. In case of breach of obligations, fraud or irregularities the contracting authority may also reduce the grant in proportion of the seriousness of breach of obligations, fraud or irregularities.

No profit

- 17.3. The grant may not produce a profit for the beneficiary(ies), unless specified otherwise in Article 7 of the special conditions. Profit is defined as a surplus of the receipts over the eligible costs approved by the contracting authority when the request for payment of the balance is made.
- 17.4. The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the balance is made by the coordinator which fall within one of the two following categories:
- a) EU grant;
 - b) income generated by the action; unless otherwise specified in the special conditions.
- 17.5. In case of an operating grant, amounts dedicated to the building up of reserves shall not be considered as a receipt.
- 17.6. Where the final amount of the grant determined in accordance with the contract would result in a profit, it shall be reduced by the percentage of the profit corresponding to the final European Union contribution to the eligible costs actually incurred approved by the contracting authority.
- 17.7. The provisions in Article 17.3 shall not apply to:
- a) actions the objective of which is the reinforcement of the financial capacity of a beneficiary, if specified in Article 7 of the special conditions;
 - b) actions which generate an income to ensure their continuity beyond the end of this contract, if specified in Article 7 of the special conditions;
 - c) actions implemented by non-profit organisations;
 - d) study, research or training scholarships paid to natural persons;
 - e) other direct support paid to natural persons in most need, such as unemployed persons and refugees, if specified in Article 7 of the special conditions;

- f) grants of EUR 60 000 or less.

ARTICLE 18 — RECOVERY

Recovery

- 18.1. If any amount is unduly paid to the coordinator, or if recovery is justified under the terms of this contract, the coordinator undertakes to repay the contracting authority these amounts.
- 18.2. In particular, payments made do not preclude the possibility for the contracting authority to issue a recovery order following an expenditure verification report, an audit or further verification of the payment request.
- 18.3. If a verification reveals that the methods used by the beneficiary(ies) to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this contract, the contracting authority shall be entitled to reduce the final amount of the grant proportionately up to the amount of the unit costs, lump sums or flat rate financing.
- 18.4. The coordinator undertakes to repay any amounts paid in excess of the final amount due to the contracting authority within 45 days of the issuing of the debit note, the latter being the letter by which the contracting authority requests the amount owed by the coordinator.

Interest on late payments

- 18.5. Should the coordinator fail to make repayment within the deadline set by the contracting authority, the contracting authority may increase the amounts due by adding interest:
 - a) at the rediscount rate applied by the central bank of the country of the contracting authority if payments are in the currency of that country;
 - b) at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, C series, where payments are in euros;

on the first day of the month in which the time-limit expired, plus three and a half percentage points. The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the contracting authority, and the date on which payment is actually made. Any partial payments shall first cover the interest thus established.

Offsetting

- 18.6. Amounts to be repaid to the contracting authority may be offset against amounts of any kind due to the coordinator, after informing it accordingly. This shall not affect the parties' right to agree on payment in instalments.

Other provisions

- 18.7. The repayment under Article 18.4 or the offsetting under Article 18.6 amount to the payment of the balance.
- 18.8. Bank charges incurred by the repayment of amounts due to the contracting authority shall be borne entirely by the coordinator.
- 18.9. The guarantee securing the prefinancing may be invoked in order to repay any amount owed by the Beneficiary(ies), and the guarantor shall not delay payment nor raise objections for any reason whatsoever.

18.10. Without prejudice to the prerogative of the contracting authority, if necessary, the European Union may, as donor, proceed itself to the recovery by any means.

1. Budget for the Action ENI/2018/409-956

Costs	Unit ¹³	# of units	All Years		Year 1 ²			
			Unit value (in EUR)	Total Cost (in EUR) ³	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)
1. Human Resources¹⁴								
1.1 Salaries (gross salaries, local staff) ⁴								
1.1.1 Technical								
1.1.1.1. Project Manager (IDFI)	Per month	24	€ 1,400.00	€ 33,600.00	Per month	12	€ 1,400.00	€ 16,800.00
1.1.1.2. Project Assistant (IDFI)	Per month	24	€ 750.00	€ 18,000.00	Per month	12	€ 750.00	€ 9,000.00
1.1.1.3. Policy and Accountability Officer (IDFI)	Per month	24	€ 1,100.00	€ 26,400.00	Per month	12	€ 1,100.00	€ 13,200.00
1.1.1.4. Research Coordinator (IDFI)	Per month	6	€ 1,100.00	€ 6,600.00	Per month	6	€ 1,100.00	€ 6,600.00
1.1.1.5. Project Coordinator (GYLA)	Per month	24	€ 880.00	€ 21,120.00	Per month	12	€ 880.00	€ 10,560.00
1.1.1.6. Project Analyst (GYLA)	Per month	24	€ 750.00	€ 18,000.00	Per month	12	€ 750.00	€ 9,000.00
1.1.1.7. Regional Coordinators (GYLA)	Per month	48	€ 500.00	€ 24,000.00	Per month	24	€ 500.00	€ 12,000.00
1.1.2 Administrative/Supporting Staff								
1.1.2.1. Executive Director (25%) (IDFI)	Per month	6	€ 3,000.00	€ 18,000.00	Per month	3	€ 3,000.00	€ 9,000.00
1.1.2.2. Finance Manager (25%) (IDFI)	Per month	6	€ 1,000.00	€ 6,000.00	Per month	3	€ 1,000.00	€ 3,000.00
1.1.2.3. PR Manager (25%) (IDFI)	Per month	6	€ 1,500.00	€ 9,000.00	Per month	3	€ 1,500.00	€ 4,500.00
1.1.2.4. Driver (25%) (IDFI)	Per month	6	€ 1,000.00	€ 6,000.00	Per month	3	€ 1,000.00	€ 3,000.00
1.1.2.5. Chairperson (5%) (GYLA)	Per month	1.2	€ 3,000.00	€ 3,600.00	Per month	0.6	€ 3,000.00	€ 1,800.00
1.1.2.6. Director of good governance program (10%) (GYLA)	Per month	2.4	€ 2,100.00	€ 5,040.00	Per month	1.2	€ 2,100.00	€ 2,520.00
1.1.2.7. Administrative director (10%) (GYLA)	Per month	2.4	€ 2,100.00	€ 5,040.00	Per month	1.2	€ 2,100.00	€ 2,520.00
1.1.2.8. Finance Manager (10%) (GYLA)	Per month	2.4	€ 950.00	€ 2,280.00	Per month	1.2	€ 950.00	€ 1,140.00
1.3 Per diems for missions/travel⁵								
1.3.1 Abroad (staff assigned to the Action)								
1.3.1.1. OECD-ACN Plenary Sessions (IDFI)	Per diem	6	€ 245.00	€ 1,470.00	Per diem	3	€ 245.00	€ 735.00
1.3.2 Local (staff assigned to the Action)								
1.3.2.1. Study Visit participants (IDFI)	Per diem	40	€ 270.00	€ 10,800.00	Per diem			€ -
Subtotal Human Resources				€ 214,950.00				€ 105,375.00
2. Travel⁶								
2.1. International travel (IDFI)	Per flight	10	€ 500.00	€ 5,000.00	Per flight	1	€ 500.00	€ 500.00
Subtotal Travel				€ 5,000.00				€ 500.00
3. Equipment and supplies⁷								
3.1 Furniture, computer equipment								
3.1.1. Computer equipment/Software updates (GYLA)	per item	1	€ 1,500.00	€ 1,500.00	per item		€ 1,500.00	€ 1,500.00
3.1.2. HR Software updates (GYLA)	per item	1	€ 1,500.00	€ 1,500.00	per item	1	€ 1,500.00	€ 1,500.00
3.2 Machines, tools								
3.2.1. Spare parts/equipment for machines, tools, printer cartridges, equipment maintenance (IDFI)	per month	20	€ 100.00	€ 2,000.00	per month	11	€ 100.00	€ 1,100.00
Subtotal Equipment and supplies				€ 5,000.00				€ 4,100.00

1. Budget for the Action ENI/2018/409-956

Costs	Unit ¹³	# of units	All Years		Year 1 ²			
			Unit value (in EUR)	Total Cost (in EUR)3	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)
4. Local office¹⁴								
4.1. Vehicle costs (IDFI)	per month	24	€ 100.00	€ 2,400.00	per month	12	€ 100.00	€ 1,200.00
4.2. Office rent								
4.2.1 Office rent (IDFI)	APPORTIONNEMENT	24	€ 200.00	€ 4,800.00	APPORTIONNEMENT	12	€ 200.00	€ 2,400.00
4.2.2 Office rent (GYLA)	APPORTIONNEMENT	24	€ 435.00	€ 10,440.00	APPORTIONNEMENT	12	€ 435.00	€ 5,220.00
4.3 Consumables								
4.3.1. Consumables - office supplies (IDFI)	per month	24	€ 50.00	€ 1,200.00	per month	12	€ 50.00	€ 600.00
4.3.2. Consumables - office supplies (GYLA)	per month	24	€ 50.00	€ 1,200.00	per month	12	€ 50.00	€ 600.00
4.4. Other services								
4.4.1. Other services (tel/fax, cell phones, FoI Requests, electricity/heating, maintenance) IDFI	APPORTIONNEMENT	24	€ 100.00	€ 2,400.00	APPORTIONNEMENT	12	€ 100.00	€ 1,200.00
4.4.2. Other services (tel/fax, cell phones, FoI Requests, electricity/heating, maintenance) GYLA	APPORTIONNEMENT	24	€ 100.00	€ 2,400.00	APPORTIONNEMENT	12	€ 100.00	€ 1,200.00
Subtotal Local office				€ 24,840.00				€ 12,420.00
5. Other costs, services⁵								
5.1 Publications⁵								
5.1.1 PAR monitoring reports, policy recommendations and study of the best practices - printing (IDFI)	Per unit	6	€ 600.00	€ 3,600.00	Per unit	2	€ 600.00	€ 1,200.00
5.2 Studies, research⁵								
5.2.1. Expert consultancy (IDFI)	Per unit	2	€ 4,000.00	€ 8,000.00	Per unit	1	€ 4,000.00	€ 4,000.00
5.2.2. Comparative analysis of best international practices (IDFI)	Per unit	1	€ 4,000.00	€ 4,000.00				
5.3 Financial Auditing cost								
5.3.1 Expenditure verification/Audit	Per audit	1	€ 5,000.00	€ 5,000.00				
5.4 Evaluation costs								
5.4.1 Impact Evaluation (IDFI)	Per month	1	€ 2,500.00	€ 2,500.00				
5.4.2 Impact Evaluation (GYLA)	Per month	1	€ 2,500.00	€ 2,500.00				
5.5 Translation, interpreters (IDFI)	Per Page	550	€ 15.00	€ 8,250.00	Per Page	150	€ 15.00	€ 2,250.00
5.6 Financial services								
5.6.1. Financial services (bank guarantee costs etc.) (IDFI)	Per month	24	€ 25.00	€ 600.00	Per month	12	€ 25.00	€ 300.00
5.6.2. Financial services (bank guarantee costs etc.) (GYLA)	Per month	24	€ 25.00	€ 600.00	Per month	12	€ 25.00	€ 300.00
5.7. Costs of conferences/seminars⁵								

1. Budget for the Action ENI/2018/409-956

Costs	Unit ¹³	# of units	All Years		Year 1 ²			
			Unit value (in EUR)	Total Cost (in EUR) ³	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)
5.7.1. Costs of final conference, foreign expert (IDFI)	Conference	1	€ 6,000.00	€ 6,000.00				
5.7.2. Accommodation and per diem costs (local CSOs attending the conference) (IDFI)	Per Person	15	€ 150.00	€ 2,250.00				
5.7.3. Project Launch event (IDFI)	Per Unit	1	€ 1,000.00	€ 1,000.00	Per Unit	1	€ 1,000.00	€ 1,000.00
5.7.4. Workshops (IDFI)	Per Unit	4	€ 500.00	€ 2,000.00	Per Unit	2	€ 500.00	€ 1,000.00
5.7.5. Costs of organizing trainings - travel, accommodation and per diem costs (GYLA)	Per event	6	€ 1,000.00	€ 6,000.00	Per event	6	€ 1,000.00	€ 6,000.00
5.7.6. Costs of organizing trainings - honorarium costs (GYLA)	Per event	6	€ 950.00	€ 5,700.00	Per event	6	€ 950.00	€ 5,700.00
5.7.7. Costs of organizing trainings - refreshment costs (GYLA)	Per event	6	€ 720.00	€ 4,320.00	Per event	6	€ 720.00	€ 4,320.00
5.7.8. Presentation of the Alternative Monitoring of PAR Action Plan Implementation Report (IDFI)	Per Unit	3	€ 1,000.00	€ 3,000.00	Per Unit	2	€ 1,000.00	€ 2,000.00
5.8 Visibility actions¹⁶								
5.8.1. PAR Tracker concept and technical description	Per Unit	1	€ 2,000.00	€ 2,000.00	Per Unit	1	€ 2,000.00	€ 2,000.00
5.8.2. PAR tracker development	Per Unit	1	€ 10,000.00	€ 10,000.00	Per Unit	1	€ 10,000.00	€ 10,000.00
5.8.3. Video about PAR tracker	Per Unit	3	€ 1,000.00	€ 3,000.00	Per Unit	3	€ 1,000.00	€ 3,000.00
5.8.4. Design of project promo materials, monitoring reports, visualizations and other project event-related materials	lump sum	1	€ 7,000.00	€ 7,000.00	lump sum	1	€ 3,000.00	€ 3,000.00
5.8.5. Contest about PAR	Per Unit	1	€ 4,000.00	€ 4,000.00				
5.8.6. Advertisement and boosts	lump sum	1	€ 1,000.00	€ 1,000.00	lump sum	1	€ 500.00	€ 500.00
5.8.7. Printing project promotion materials	lump sum	1	€ 6,000.00	€ 6,000.00	lump sum	1	€ 3,000.00	€ 3,000.00
5.8.8. Mini informational videos on reform	Per Unit	5	€ 1,000.00	€ 5,000.00	Per Unit	2	€ 1,000.00	€ 2,000.00
Subtotal Other costs, services				€ 103,320.00				€ 51,570.00
6. Other								
6.1. Sub Grants								
6.1.1 Sub Grants for the CSOs in regions	Project	11	€ 9,500.00	€ 104,500.00	Per Unit	11	€ 9,500.00	€ 104,500.00
7. Subtotal direct eligible costs of the Action (1-6)				€ 104,500.00				€ 104,500.00
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)				€ 457,610.00				€ 278,465.00
9. Total eligible costs of the Action, excluding reserve (7+ 8)				€ 32,032.70				€ 278,465.00
10. Provision for contingency reserve (maximum 5% of 7, subtotal of direct eligible costs of the Action)				€ 489,642.70				€ 278,465.00
11. Total eligible costs (9+10)				€ 9,792.85				€ 278,465.00
				€ 499,435.55				€ 278,465.00

1. Budget for the Action ENI/2018/409-956

Costs	All Years			Year 1 ²				
	Unit ¹³	# of units	Unit value (in EUR)	Total Cost (in EUR) ³	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)
12. - Taxes ¹¹								
- Contributions in kind ¹²								
13. Total accepted¹¹ costs of the Action (11+12)				€ 499,435.55				€ 278,465.00

- The description of items must be sufficiently detailed and all items broken down into their main components. The number of units and the unit value must be specified for each item depending on the indications provided. The budget has to include costs related to the Action as a whole, regardless the part financed by the Contracting Authority.
- This section must be completed if the Action is to be implemented over more than one reporting period (usually 12 months).
- The budget may be established in euro or in the currency of the country of the Contracting Authority. Costs and unit values are rounded to the nearest euro.
- If staff are not working full time on the Action, the percentage should be indicated alongside the description of the item and reflected in the number of units (not the unit value).
- Indicate the country where the per diems are incurred:
Per diems are not considered a simplified cost option for the purposes of Union financing when the Grant Beneficiary reimburses a fixed amount to its staff according to its staff rules and asks for the reimbursement of that same amount in the action budget. That is an actual cost.
Otherwise, if the Beneficiary proposes a reimbursement on the basis of simplified costs option (for instance a "unit cost"), it must specify "UNIT COST per diem" in the "unit value" column and the applicable rates (in any case the final eligible cost may not exceed the rates published by the E.C. at the time of such mission).
- Costs for CO2 offsetting of air travel may be included. CO2 offsetting shall in that case be achieved by supporting CDM/Gold Standard projects (evidence must be included as part of the supporting documents) or through airplane company programmes when available. Indicate the place of departure and the destination. If information is not available, enter a global amount.
- Please separate cost for purchase or rental.
- Specify the typology of costs or services. Global amounts will not be accepted.
- Only indicate here when fully subcontracted.
- Communication and visibility activities should be properly planned and budgeted at each stage of the project implementation.
- Only to be filled in when provided for in the Call for Proposal (i.e. taxes are not eligible and the beneficiary(ies) can show they cannot reclaim them). Please see glossary of terms (Annex A 1) of the Practical Guide to contract procedures for EU external actions for the definition of taxes. Please note that direct taxes are not included (such as taxes on salary of staff working for the action which are part of the gross salary). Note: Where the Call for Proposal does not exclude the coverage of taxes and the beneficiary can show it cannot reclaim, taxes may be eligible and should be included in each relevant heading. Taxes that can be reclaimed are not considered as eligible nor accepted costs.
- Only to be filled in when contributions in kind as may be accepted as co-financing. The amount indicated must be identical to the one indicated in worksheet 3 "expected sources of funding".
- Use "UNIT COST per flight/month/kil etc..." or "LUMPSUM" or "FLAT RATE" or "APPORTIONMENT" in case of simplified cost options. Use different lines for each type of simplified cost options and per beneficiary. In worksheet 2, the methods used to determine and calculate them must be clearly described and substantiated and the Beneficiary proposing and using them must be unvocally identified. (for more guidance see Annex K - Guidelines-Checklist for simplified cost options).
- Costs related to category 1 and 4 of the budget, when they relate to a Field office, can be declared on the basis of a simplified method of allocation. A description of the allocation method used to determine field office costs in accordance with the entity's usual accounting and management practices has to be prepared by the entity and annexed to the Budget on a separate sheet. The method will be assessed and approved by the Evaluation Committee and the Contracting Authority during the contracting phase. The Beneficiary proposing and using them must be unvocally identified. When costs are declared on the basis of such allocation method the amount charged to the Project is to be indicated in the column "TOTAL COSTS" and the mention "APPORTIONMENT" is to be indicated in the column "units".

1. Budget for the Action ENI/2018/409-956

Costs	All Years				Year 1 ²			
	Unit ¹³	# of units	Unit value (in EUR)	Total Cost (in EUR) ³	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)

NB: The Beneficiary(ies) alone are responsible for the correctness of the financial information provided in these tables.

2. Justification of the Budget for the Action

All Years

Costs	Clarification of the budget items	Justification of the estimated costs
1. Human Resources	<p><i>Provide a narrative clarification of each budget item demonstrating the necessity of the costs and how they relate to the action (e.g. through references to the activities and/or results in the Description of the Action).</i></p>	<p><i>Provide a justification of the calculation of the estimated costs. Note that the estimation should be based on real costs or on simplified cost options if allowed, as described in section 2.1.5 of the Guidelines for Grants Applicants.</i></p>
1.1.1.1. Project manager (IDFI)	Project Manager is responsible for the overall supervision of day to day work of the project staff (of IDFI and GYLA) and supervisions of work quality.	The cost of this budget item includes 1400 EUR salary per month at 100% work load
1.1.1.2. Project assistant (IDFI)	Project assistant will support the project manager in planning workshops, study visit, organizing conferences and presentations, monitoring PAR tracker etc	The cost of this budget item includes 750 EUR salary per month at 100% work load
1.1.1.3. Policy and Accountability Officer (IDFI)	will contribute to the preparation of the monitoring methodology and framework document, carry out monitoring of the policy making and accountability parts of the PAR Action Plan and prepare monitoring reports in every six months and based on the monitoring reports, prepare policy recommendations.	The cost of this budget item includes 1100 EUR salary per month at 100% work load
1.1.1.4. Research coordinator (IDFI)	Research coordinator during one year period will carry out the study of the international standards and best practices in order to contribute to the preparation of policy recommendations by project experts.	The cost of this budget item includes 1100 EUR salary per month at 50% work load
1.1.1.5. Project coordinator (GYLA)	Project coordinator is responsible for the overall supervision of day to day work of the GYLA project staff involved in the project	The cost of this budget item includes 880 EUR salary per month at 100% work load
1.1.1.6. Project analyst (GYLA)	Project analyst will monitor PAR and carry out monitoring of the Service Delivery and Public Finance Management of the PAR action plan and prepare monitoring reports in every six months and based on the monitoring reports, prepare policy recommendations	The cost of this budget item includes 750 EUR salary per month at 100% work load
1.1.1.7. Regional Coordinators (GYLA)	regional coordinators will coordinate the project activities on local level in selected regions and manage issuing of sub-grants	The cost of this budget item includes 500 EUR salary per month at 40% work load FOR 5 Regional coordinators
1.1.2.1. Executive Director (25%) (IDFI)	Executive director will be responsible for the overall supervision of the project, including the project manager.	The cost of this budget item includes 3000 EUR salary per month at 25%
1.1.2.2. Financial Manager (25%) (IDFI)	Financial Manager will prepare and review financial reports to the donor and will supervise overall accountability of the project	The cost of this budget item includes 1000 EUR salary per month at 25%
1.1.2.3. PR Manager (25%) (IDFI)	Communications manager will elaborate and carry out communication action plan which will include public outreach campaign	The cost of this budget item includes 1500 EUR salary per month at 25%
1.1.2.4. Driver (25%) (IDFI)	Driver will ensure transportation of goods and persons as directed by project staff	The cost of this budget item includes 1000 EUR salary per month at 25%
1.1.2.5. Chairperson (5%) (GYLA)	Chairperson will be responsible for the overall supervision of the project staff of GYLA, including the project coordinator	The cost of this budget item includes 3000 EUR salary per month at 5%

2. Justification of the Budget for the Action

Action	Costs	Clarification of the budget items	All Years	Justification of the estimated costs
1.1.2.6. Director of good governance program (10%) (GYLA)	Director of Good Governance program will supervise the project activities including research and monitoring of the PAR issues	Provide a narrative clarification of each budget item demonstrating the necessity of the costs and how they relate to the action (e.g. through references to the activities and/or results in the Description of the Action).	The cost of this budget item includes 2100 EUR salary per month at 10%	Provide a justification of the calculation of the estimated costs. Note that the estimation should be based on real costs or on simplified cost options if allowed, as described in section 2.1.5 of the Guidelines for Grants Applicants
1.1.2.7. Administrative director (10%) (GYLA)	Administrative Director is responsible for the overall supervision of administrative, sub-grants and financial activities of the project at GYLA.	The cost of this budget item includes 2100 EUR salary per month at 10% workload	The cost of this budget item includes 950 EUR salary per month at 10%	Per diem rates include accommodation and is based on EU per diem rates. This cost is share of IDFI. In total 2 five-day visits will be paid in France
1.1.2.8. Finance Manager (10%) (GYLA)	Finance Manager will prepare financial and accountability reports of the project (for GYLA activities) to present it to the project manager	One person from the project staff will attend OECD-ACN Plenary Meetings once a year	Per diem of EUR 270 includes lodging and is calculated according to the average EU per diem rates	Per diem of EUR 270 includes lodging and is calculated according to the average EU per diem rates
1.3.2.1. Study Visit participants	Per diem for 5 days of 8 participants of study visit	includes air travel of study visit participants and to the OECD plenary sessions for IDFI representative	EUR 500 per flight for 8 study visit participants and 1 OECD plenary representative from IDFI twice per year, total 10 travels	EUR 1500 is allocated per item
2. Travel				
2.1. International travel				
3. Equipment and supplies ⁷				
3.1.1. Computer equipment/Software updates (GYLA)	Computer equipment is necessary for performing duties by project staff.	HR software update is necessary for performing duties by project staff.	EUR 1500 is allocated for per item.	EUR 2000 is allocated for the project total costs of machines equipment, tools, cartridges etc.
3.1.2. HR Software updates (GYLA)				
3.2.1. Spare parts/equipment for machines, tools, printer cartridges, equipment maintenance (IDFI)		It is necessary for the project staff to be equipped by office materials such as cartridges, papers, and other basic means and tools	EUR 100 is determined for a month for fuel and car maintenance costs based on the experience of similar project implementation	EUR 200 is a monthly rate for the office rent for IDFI (see sheet 4)
4. Local office				
4.1. Vehicle costs (IDFI)	fuel and car maintenance cost will be necessary to carry out project activities	IDFI does not own the office, it needs to rent it for carrying out the project activities	EUR 435 is a monthly rate for GYLA for the rent of its offices (see sheet 4)	
4.2.1. Office rent (IDFI)				
4.2.2. Office rent (GYLA)		GYLA rents offices in regions. It is necessary for carrying out the project activities		

2. Justification of the Budget for the Action

Action	All Years	
Costs	Clarification of the budget items	Justification of the estimated costs
	<p>Provide a narrative clarification of each budget item demonstrating the necessity of the costs and how they relate to the action (e.g. through references to the activities and/or results in the Description of the Action).</p>	<p>Provide a justification of the calculation of the estimated costs. Note that the estimation should be based on real costs or on simplified cost options if allowed, as described in section 2.1.5 of the Guidelines for Grants Applicants.</p>
4.3.1. Consumables - office supplies (IDFI)	<p>This includes lunchroom, bathroom, cleaning supplies and is necessary for performing duties by project staff</p>	<p>EUR 50 per month for office supplies calculated to be sufficient. The calculation is based on our experience of implementation of similar projects. The costs will be backed by supporting documents</p>
4.3.2. Consumables - office supplies (GYLA)	<p>This includes lunchroom, bathroom, cleaning supplies and is necessary for performing duties by project staff</p>	<p>EUR 50 per month for office supplies calculated to be sufficient. The calculation is based on GYLA's experience of implementation of similar projects. The costs will be backed by supporting documents</p>
4.4.1. Other services (tel/fax, cell phones, FoI Requests, electricity/heating, maintenance) IDFI	<p>This includes costs for FoI request (postal costs), tel/fax communication costs, heating and electricity costs, etc.</p>	<p>EUR 100 per month for air/fax, cell phones, FoI Requests, electricity/heating, maintenance is about 18% of total amount. The costs of cell phones were calculated according to the engagement percentage of the project staff (see sheet 5)</p>
4.4.2. Other services (tel/fax, cell phones, FoI Requests, electricity/heating, maintenance) GYLA	<p>This includes costs for FoI request (postal costs), tel/fax communication costs, heating and electricity costs, etc.</p>	<p>EUR 100 per month for air/fax, cell phones, FoI Requests, electricity/heating, maintenance is about 17% of total amount. The costs of cell phones were calculated according to the engagement percentage of the project staff (see sheet 5)</p>
5. Other costs, services	<p>printing and publishing costs of five monitoring reports and one study of the best practices</p>	<p>EUR 600 for each item</p>
5.1.1 PAR monitoring reports, policy recommendations and study of the best practices - printing (IDFI)	<p>experts will be consulted on selected issues within the project to ensure high quality of prepared reports and policy documents. One of them will elaborate methodology of the PAR tracker, i.e. monitoring methodology of PAR Action Plan.</p>	<p>EUR 4000 is determined per consultancy fee</p>
5.2.1. Expert consultancy (IDFI)	<p>Expert/Experts will prepare comprehensive analysis of best international practices based on challenging issues identified by monitoring for the second year</p>	<p>EUR 4000 is determined per analysis</p>
5.2.2. Comparative analysis of best international practices (IDFI)	<p>The cost is for conducting audit of the EU project.</p>	<p>The Expenditure verification Audit costs estimated to EUR 5000. Calculation is based on preliminary negotiation with the auditor company and the market price of the audits of the similar scale projects</p>
5.3.1. Expenditure verification/Audit (IDFI)	<p>External professional will be contracted to carry out impact evaluation</p>	<p>EUR 2500 is the average fee for external impact evaluation</p>
5.4.1 Impact Evaluation (IDFI)		

2. Justification of the Budget for the Action

Action	Costs	All Years
	Clarification of the budget items	Justification of the estimated costs
5.4.2 Impact Evaluation (GYLA)	External professional will be contracted to carry out impact evaluation	EUR 2500 is the average fee for external impact evaluation
5.5. Translation, interpreters (IDFI)	Translation will be necessary for all the documents produced through the action. Interpretation will be necessary for every event of the action	EUR 15 is the average price for translation services
5.6.1. Financial services (bank guarantee costs etc.) (IDFI)	Bank fees will be incurred while making all necessary transactions	EUR 25 is calculated per month to cover bank charges. A total of EURO 600 is requested to cover the project's length - 24 months
5.6.2. Financial services (bank guarantee costs etc.) (GYLA)	Bank fees will be incurred while making all necessary transactions	EUR 25 is calculated per month to cover bank charges. A total of EURO 600 is requested to cover the project's length - 24 months
5.7.1. Costs of final conference, foreign expert (IDFI)	Conference will be held to present final monitoring report findings and project results	EUR 6000 is budgeted to rent a space for conference, including meals and coffee breaks, for average 80 people, plus attendance of foreign expert
5.7.2. Accommodation and per diem costs (local CSOs attending the conference) (IDFI)	regional organizations will be invited to attend the final conference, maximum 15 representatives might need accommodation	EUR 150 is determined for each person as accommodation and per diem costs
5.7.3. Project Launch event (IDFI)	Cost of the venue of the project launching event	EUR 1000 will be the average cost of renting the venue for the event
5.7.4. Workshops (IDFI)	at least 4 workshops on PAR issues will be organized by the IDFI to successfully implement the project	EUR 500 is foreseen for renting venue for each workshop
5.7.5. Costs of organizing trainings including travel, accommodation and per diem (GYLA)	Costs of accommodation and per diem	EUR 1000 is budgeted to cover accommodation and per diem, in total 6 trainings will be held each for 15 participants. Overall 90 participants
5.7.6. Costs of of the trainer honorarium costs (GYLA)	Cost of the trainer honorarium	EUR 950 is budgeted to cover of the trainer honorarium of trainers. Overall 6 training will be held
5.7.7. Costs of Cost of the training refreshments (GYLA)	Cost of the training refreshments	EUR 8 is budgeted to cover Cost of the training refreshments. Overall 90 participants*8 EUR= 720 EUR per event
5.7.8. Presentation of the Alternative Monitoring of PAR Action Plan Implementation Report (IDFI)	IDFI and GYLA will hold presentation of three midterm alternative reports before the final monitoring report	EUR 1000 will be the average cost of renting the venue for the event
5.8.1. PAR Tracker concept and technical description	costs related to elaboration PAR tracker concept and technical description based on best practices and monitoring platforms	EUR 2000 is foreseen for elaborating concept and technical description
5.8.2. PAR tracker development	Costs for developing PAR tracker - IT specialist and a designer/company will be hired to develop the platform based on the elaborated concept	EUR 10000 is foreseen for developing PAR tracker
5.8.3. Mid/about PAR tracker budget IDFI cit 409-956.xls	Three informative and graphical videos will be prepared about functions and opportunities of the PAR tracker	EUR 1000 is foreseen for each video

2. Justification of the Budget for the Action

Action	All Years	
Costs	Clarification of the budget items	Justification of the estimated costs
5.8.4. Design of project promo materials, monitoring reports, visualizations and other project event-related materials	Provide a narrative clarification of each budget item demonstrating the necessity of the costs and how they relate to the action (e.g. through references to the activities and/or results in the Description of the Action).	Provide a justification of the calculation of the estimated costs. Note that the estimation should be based on real costs or on simplified cost options if allowed, as described in section 2.1.5 of the Guidelines for Grants Applicants
5.8.5. Contest about PAR	Costs for preparing design of all project promo materials, monitoring reports, visualizations and other project event-related promo materials	A total of EUR 7000 is foreseen for designing all project materials
5.8.5. Contest about PAR	Costs for organizing contest about PAR implementation to promote use of PAR tracker and government oversight activity on PAR. Costs include expenses for awards for contest winners	EUR 3000 is foreseen for a contest
5.8.5. Advertisement and boosts	Costs include expenses for promotion and advertising project activities and products	EUR 1000 is foreseen for such costs
5.8.7. Printing project promotion materials:	Costs include printing various project materials including banner, stickers, pens, notebooks, business cards, visualizations	EUR 6000 average is foreseen for such costs. Average EUR 1 is budgeted for one pen, EUR 0.15 for one business card, EUR 300 for one banner, EUR 2 for one notebook and EUR 120 for each visualization. Quantity of the items will depend on the project needs
5.8.8. Mini informational videos on reform	Mini 5 videos about PAR implementation and monitoring results	EUR 1000 average is foreseen for each video. The average cost for each mini video is calculated based on the IDFI's experience on purchasing similar services for other projects
6.1.1. Sub Grants for the CSOs in regions	11 regional organizations will be contracted to ensure regional participation in implementation of the project activities	Average EUR 9500 is foreseen for each regional organization. Based on GYLA's experience, the prices for similar projects in regions vary between EUR 5000 and EUR 15 000

3. Expected sources of funding & summary of estimated costs¹

	Amount EUR	Percentage %
Expected sources of funding		
EU/EDF contribution sought in this application (A)	€ 449,492.00	90
Other contributions (Applicant, other Donors etc)		
Name	Conditions ⁶	
IDFI	€ 26,568.34	
GYLA	€ 23,375.22	
Revenue from the Action	0	
To be inserted if applicable and allowed by the guidelines: In-kind contributions ⁵	0	
Expected TOTAL CONTRIBUTIONS	€ 499,435.55	
Estimated Costs		
Estimated TOTAL ELIGIBLE COSTS ⁴ (B)	€ 499,435.55	
EU/EDF contribution expressed as a percentage of total eligible costs ⁴ (A/B x 100)		90
To be inserted if applicable and allowed by the guidelines: Taxes/In-kind contributions ⁵	0	
Estimated TOTAL ACCEPTED COSTS ³ (C)	€ 499,435.55	
EU/EDF contribution expressed as a percentage of total accepted costs ⁴ (A/C x 100)		90

1. Expected sources of funding and estimated costs must be in balance. It is reminded that the figures introduced in the table shall respect all the points included in the checklist for the full application form (part 7 of the full application form)

2. as per heading 11 of the Budget of the Action

3. as per heading 13 of the Budget of the Action

4. do not round, enter percentage with 2 decimals (e.g. 74,38%)

5. as per heading 12 of the Budget of the Action

6. with reference to art.17.4 (b) of the General Conditions

Office Rent Calculation for IDFI:

IDFI Office employees 23 personnel all national staff. Out of this team of 8 persons will be directly engaged and charged to the project implementation:

1. Project Manager - 100% engagement
2. Policy and Accountability Officer - 100%
3. Research Coordinator - 25%
4. Project Assistant - 100%
5. Executive Director - 25%
6. Finance Manager - 25%
7. PR Manager - 25%
8. Driver - 25%

Based on the total number of staff, each personnel requires 4.35 % (1/23rd) of the office space. Rent fee per month is fixed to 1,094 EURO. According to their commitment to the project rent cost for each of the above mentioned staff is the following:

Staff Position committed to the Project	Office space share/person (EUR)	Engagement in the project	Office rent share/person (EUR)	Nr. Of staff	Rent fee (EUR)
				23	1,094
Project Manager	4.35%	100%	47.57		
Policy and Accountability Officer	4.35%	100.00%	47.57		
Research Coordinator	4.35%	25.00%	11.89		
Project Assistant	4.35%	100.00%	47.57		
Executive Director	4.35%	25%	11.89		
Finance Manager	4.35%	25%	11.89		
PR Manager	4.35%	25%	11.89		
Driver	4.35%	25%	11.89		
			202.15		

The total sum of the rent fee share on these personnel is 202.15 EUR, which is roughly 18% of the monthly rental fee 1094 EUR. The same percentage applies to the other service costs, such as utilities, communication and maintenance. On average IDFI office spends 480 EUR per month on other services. The rates for cellphones were calculated according to the engagement percentage of project staff (see sheet 5.). Based on the above calculation, other services- 109.82 EUR per month will be charged on this project.

Thus for rent and other services IDFI Office is requesting following budget:

Costs	Unit	# of units	Unit value (in EUR)	Total cost (in EUR)
4.1.2 Office rent	Per month	24	202.15	4,851.65
4.1.4 Other services (tel/fax, electricity/heating, maintenance)	Per month	24	109.82	2,635.60
Total				7,487.25

Note: Copies of rent agreement can be provided upon request.

Office Rent Calculation for GYLA:

GYLA Offices directly engaged in this project - 5 and employees 25. Out of this team of 11 persons will be directly engaged and charged to the project implementation:

1. Project Coordinator - 100%;
2. Project analyst - 100%;
3. Regional Coordinator - 5 person - 40%;
4. Chairperson - 5%;
5. Director of good governance program - 10%;

Staff Position committed to the Project	Office space share/ person (EUR)	Engagem ent in the project	Office rent share/ person (EUR)	Nr. Of staff	Rent fee (EUR)
				25	2500
Project Coordinator	4.00%	100%	100.00		
Project Analyst	4.00%	100%	100.00		
Regional Coordinators (5 person)	20.00%	40%	200.00		
Chairperson	4.00%	5%	5.00		
Director of good governance program	4.00%	10%	10.00		
Administrative director	4.00%	10%	10.00		
Finance Manager	4.00%	10%	10.00		
			435.00		

The total sum of the rent fee share on these personnel is 435.00 EUR, which is roughly 17% of the monthly rental fee 2500 EUR. The same percentage applies to the other service costs, such as utilities, communication and maintenance. On average GYLA office spends 480 EUR per month on other services. The rates for cellphones were calculated according to the engagement percentage of project staff (see sheet 5.). Based on the above calculation, other services- 109.82 EUR per month will be charged on this project.

Thus for rent and other services GYLA Office is requesting following budget:

Costs	Unit	# of units	Unit value (in EUR)	Total cost (in EUR)
4.2.2 Office rent	Per month	24	435.00	10,440.00
4.4.2 Other services (tel/fax, electricity/heating, maintenance)	Per month	24	117.50	2820.00
Total				13,260.00

Other costs of IDFI	tel/fax	cell phones	electricity/heating	Fol Requests	maintenance	Total
	12.60 €	25.00 € Project Manager (100%) Policy and Accountability Officer	63.00 €	9.00 €	138.60 €	329.45 €
		6.25 € Research Coordinator				
		25.00 € Project Assistant				
		6.25 € Executive Director				
		6.25 € Finance Manager				
		6.25 € PR Manager				
		6.25 € Driver				
Total in EUR	€ 4.20	€ 35.42	€ 21.00	€ 3.00	€ 46.20	€ 109.82

Other costs of GYLA	tel/fax	cell phones	electricity/heating	Fol Requests	maintenance	Total
	11.90 €	25.00 € Project Coordinator (100%)	59.50 €	8.50 €	130.90 €	330.80 €
		25.00 € Project Analyst				
		60.00 € Regional Coordinators (5 person)				
		1.25 € Chairperson				
		2.50 € Director of good governance program				
		2.50 € Administrative director				
		3.75 € Finance Manager				
Total in EUR	€ 3.97	€ 40.00	€ 19.83	€ 2.83	€ 43.63	€ 110.27

ANNEX IV
Procurement by grant beneficiaries in the context of
European Union external actions

ENI/2019/ 409-956

1. PRINCIPLES

If the implementation of an action requires procurement by the beneficiary(ies), the contract must be awarded to the tender offering best value for money (i.e. the tender offering the best price-quality ratio) or, as appropriate, to the tender offering the lowest price. In doing so, the beneficiary(ies) shall avoid any conflict of interests and respect the following basic principles:

Where the beneficiary does not launch an open tender procedure it shall justify the choice of tenderers that are invited to submit an offer.

The beneficiary shall evaluate the offers received against objective criteria which enable measuring the quality of the offers and which take into account the price (the offer with the lowest price shall be awarded the highest score for the price criterion).

The beneficiary shall keep sufficient and appropriate documentation with regard to the procedures applied and which justify the decision on the pre-selection of tenderers (where an open tender procedure is not used) and the award decision.

With reference to Section 2.4 of PRAG, the beneficiary shall be responsible for the respect of EU restrictive measures in the award of contracts.

The beneficiary may decide to apply the procurement procedures set forth in the practical guide. If these procedures are correctly followed the principles above will be deemed to be complied with.

The European Commission will carry out *ex post* checks on beneficiary(ies)'s compliance with the principles above and the rules of section 2 below. Failure to comply with these principles or rules would render the related expenditure ineligible for EU/EDF funding.

The provisions of this Annex apply *mutatis mutandis* to contracts to be concluded by the beneficiary(ies)'s affiliated entity(ies).

2. ELIGIBILITY FOR CONTRACTS

2.1. The nationality rule

Participation in tender procedures managed by the beneficiary(ies) is open on equal terms to all natural and legal persons effectively established in a Member State or a country, territory or region mentioned as eligible by the relevant regulation/basic act governing the eligibility rules for the grant as per Annex a2 to the practical guide. Tenderers must state their nationality in their tenders and provide the usual proof of nationality under their national legislation.

This rule does not apply to the experts proposed under service tenders financed by the grant.

2.2. The rule of origin

If the basic act or the other instruments applicable to the programme under which the grant is financed contain rules of origin for supplies acquired by the beneficiary in the context of the grant¹, the tenderer must be requested to state the origin² of the supplies, and the selected contractor will always have to prove the origin of the supplies.

For equipment and vehicles of a unit cost on purchase of more than EUR 5 000, contractors must present proof of origin to the beneficiary(ies) at the latest when the first invoice is presented. The certificate of origin must be made out by the competent authorities of the country of origin of the supplies and must comply with the rules laid down by the relevant Union legislation. Failure to comply with this condition may result in the termination of the contract and/or suspension of payment.

Where supplies may originate from any country, no certificate of origin needs to be submitted.

2.3. Exceptions to the rules on nationality and origin

Where an agreement on widening the market for procurement of goods, works or services applies, access must also be open to nationals and goods originating from other countries under the conditions laid down in that agreement.

In addition, in duly substantiated exceptional cases foreseen by the applicable regulations, in order to give access to nationals or goods originating from countries other than those referred to in Sections 2.1 and 2.2, a prior authorization by the European Commission must be sought prior to the launch of the procedure, unless the action takes place in a country under a crisis declaration,

¹ Under the CIR (i.e. not IPA I) and the EDF supplies may originate from any country if the amount of the supplies to be procured is below EUR 100 000 per purchase.

² For the purpose of this annex, the term 'origin' is defined in Chapter 2 of Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the EU Customs Code (Modernised Customs Code).



FINANCIAL IDENTIFICATION

PRIVACY STATEMENT

http://ec.europa.eu/budget/library/contracts_grants/info_center/privacy_statement_en.pdf

Please use CAPITAL LETTERS and LATIN CHARACTERS when filling in the form.

BANKING DETAILS ①

ACCOUNT NAME ②	INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION (IDFI)		
IBAN/ACCOUNT NUMBER ③	GE62BG000000138095005		
CURRENCY	EUR		
BIC/SWIFT CODE	BAGAGE22	BRANCH CODE ④	
BANK NAME	BANK OF GEORGIA		
ADDRESS OF BANK BRANCH			
STREET & NUMBER	29A, GAGARIN STREET		
TOWN/CITY	TBILISI	POSTCODE	0160
COUNTRY	GEORGIA		

ACCOUNT HOLDER'S DATA

AS DECLARED TO THE BANK

ACCOUNT HOLDER	INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION		
STREET & NUMBER	3, A. GRIBOEDOV STREET		
TOWN/CITY	TBILISI	POSTCODE	0108
COUNTRY	GEORGIA		

REMARK

--

BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE ⑤

DATE (Obligatory)
14/08/2019

SIGNATURE OF ACCOUNT HOLDER (Obligatory)



- ① Enter the final bank data and not the data of the intermediary bank.
- ② This does not refer to the type of account. The account name is usually the one of the account holder. However, the account holder may have chosen to give a different name to its bank account.
- ③ Fill in the IBAN Code (International Bank Account Number) if it exists in the country where your bank is established.
- ④ Only applicable for US (ABA code), for AU/NZ (BSB code) and for CA (Transit code). Does not apply for other countries.
- ⑤ It is preferable to attach a copy of RECENT bank statement. Please note that the bank statement has to confirm all the information listed above under 'ACCOUNT NAME', 'ACCOUNT NUMBER/IBAN' and 'BANK NAME'. With an attached statement, the stamp of the bank and the signature of the bank's representative are not required. The signature of the account-holder and the date are ALWAYS mandatory.



საქართველოს ბანკი
BANK OF GEORGIA

სს "საქართველოს ბანკი" კლიენტის ანგარიშზე თანხების ეროვნულ ვალუტაში (ლარი)
ჩარიცხვისათვის აუცილებელი საბანკო რეკვიზიტები

მიმღების ბანკი: საექსპორტო საზოგადოება "საქართველოს ბანკი"; ბანკის კოდი: BAGAGE22; ვაგარინის ქ. 29ა, თბილისი, 0160, საქართველო
მიმღების დასახელება: ინფორმაციის თავისუფლების განვითარების ინსტიტუტი
მიმღების ანგარიშის ნომერი: GE62BG0000000138095005

ტელ: (995 32) 2444 444
ელფოსტა: welcome@bog.ge

სტანდარტული მიმდინარე ანგარიში



საქართველოს ბანკი
BANK OF GEORGIA

BANK DETAILS FOR TRANSFERS IN US DOLLAR IN FAVOUR OF CUSTOMERS OF
JSC BANK OF GEORGIA

Intermediary Bank: Citibank N.A., New York, USA; SWIFT: CITIUS33
Account With Institution: Bank of Georgia, SWIFT: BAGAGE22; 29a Gagarin street, Tbilisi 0160, Georgia
Beneficiary: INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION (IDFI)
Account: GE62BG0000000138095005

Tel: (995 32) 2444 444
E-Mail: welcome@bog.ge

სტანდარტული მიმდინარე ანგარიში



საქართველოს ბანკი
BANK OF GEORGIA

BANK DETAILS FOR TRANSFERS IN EURO IN FAVOUR OF CUSTOMERS OF JSC
BANK OF GEORGIA

Intermediary Bank: Commerzbank, Frankfurt, Germany; SWIFT: COBADEFF
Account With Institution: Bank of Georgia, SWIFT: BAGAGE22; 29a Gagarin street, Tbilisi 0160, Georgia
Beneficiary: INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION (IDFI)
Account: GE62BG0000000138095005

Tel: (995 32) 2444 444
E-Mail: welcome@bog.ge

სტანდარტული მიმდინარე ანგარიში

Handwritten signature and a stamp with the date 2006.

Letterhead from the Beneficiary (Coordinator)

ANNEX V

Request for payment for grant contract

European Union external actions

Letterhead from the Beneficiary (Coordinator)

**Request for payment for grant contract
European Union external actions**

<Date of the payment request >

For the attention of

<address of the contracting authority>

<Financial unit/section indicated in the contract
>¹

Reference number of the grant contract: ENI/2019/ 409-956

Title of the grant contract:

Name and address of the coordinator:

Payment request number:

Period covered by the payment request:

Dear Sir/Madam,

I hereby request [a further pre-financing payment] [payment of the balance] under the contract mentioned above.

The amount requested is <according to the option indicated in Article 4(1) of the special conditions of the contract/the following: ...>.

Please find attached the following supporting documents:

- detailed breakdown of expenditure (if required by Article 15.7 of the general conditions of the contract)
- narrative and financial interim report (for further pre-financing payments)
- a forecast budget for the subsequent reporting period (for further pre-financing payments)
- narrative and financial final report (for payment of the balance)
- expenditure verification report (for payment of the balance).

The payment should be made to the following bank account: <give the account number shown on the

¹ Please do not forget to send a copy of this letter to the entities mentioned in Article 5(1) of the special conditions of the contract, if any.

Letterhead from the Beneficiary (Coordinator)

financial identification form annexed to the contract²>

Declaration on honour

I hereby certify that the information contained in this payment request is full, reliable and true, and is substantiated by adequate supporting documents that can be checked.

I hereby certify that the costs declared have been incurred in accordance with this contract and that they can be considered as eligible in accordance with the contract.

Yours faithfully,

< Signature >

² In case a different bank account has to be used a new financial identification form has to be timely submitted.

ANNEX VI INTERIM NARRATIVE REPORT

- This report must be completed and signed by the contact person of the coordinator.
- The information provided below must correspond to the financial information that appears in the financial report.
- Please complete the report using a typewriter or computer (*you can find this form at the following address <specify>*).
- Please expand the paragraphs as necessary.
- *Please refer to the special conditions of your grant contract and send one copy of the report to each address mentioned.*
- The contracting authority will reject any incomplete or badly completed reports.
- The answer to all questions must cover the reporting period as specified in point 1.6.

Table of contents

List of acronyms used in the report

1. Description

- 1.1. Name of coordinator of the grant contract:
- 1.2. Name and title of the contact person:
- 1.3. Name of beneficiary(ies) and affiliated entity(ies) in the action:
- 1.4. Title of the action:
- 1.5. Contract number:
- 1.6. Start date and end date of the reporting period:
- 1.7. Target country(ies) or region(s):
- 1.8. Final beneficiaries &/or target groups¹ (if different) (including numbers of women and men):
- 1.9. Country(ies) in which the activities take place (if different from 1.7):

¹ 'Target groups' are the groups/entities who will be directly positively affected by the project at the project purpose level, and 'final beneficiaries' are those who will benefit from the project in the long term at the level of the society or sector at large.

2. Assessment of the implementation of the action activities and its results

2.1. Executive summary of the action

Please give a global overview of the action's implementation for the reporting period (no more than ½ page).

Referring to the updated logical framework matrix² (see point 2.3. below), please describe and comment the level of achievement of the outcome(s), if it is relevant at this stage and the likeliness of reaching the final target(s) related to the outcome(s) at the end of the action.

Please explain briefly if any changes should be or have been brought to the intervention logic and to the Logical framework matrix, giving the justification for such changes (complete explanation should be placed in the 2.2 section under the relevant level considered: outcomes, outputs, activities). Comment the likeliness of reaching the final target(s) related to the impact in the future (specify).

2.2. Results and activities

A. RESULTS

The narrative report should be based on the monitoring and evaluation system set up using as a basis the Logical framework matrix. As such, narrative report must inform all the indicators defined in the logical framework. Monitoring and/or evaluation reports relating to the performance of the Action shall be used and mentioned in the narrative reports.

What is your assessment of the results of the action so far? Include observations on the performance and the achievement of outputs, outcomes and impacts and whether the action has had any unforeseen positive or negative results.

Explain how the Action has mainstreamed cross-cutting issues such as promotion of human rights,³ gender equality,⁴ democracy, good governance, children's rights and indigenous peoples, youth, environmental sustainability⁵ and combating HIV/AIDS (if there is a strong prevalence in the target country/region).

Referring to the logical framework matrix (see point 2.3. below) please comment for each level of results (output, outcome, impact) the level of achievement of all the results on the basis of the corresponding current value of the indicators and all the related activities implemented during the reporting period.

- the level of achievement on the basis of the corresponding baseline, target and current value of the indicators, making reference to the assumptions and risks defined in the Logical framework

² The relevant terminology (i.e. outputs, outcome, indicators, etc.) is defined in the logical framework matrix template attached to the guidelines for applicants (Annex e3d).

³ Including those of people with disabilities. For more information, see 'Guidance note on disability and development' at https://ec.europa.eu/europeaid/disability-inclusive-development-cooperation-guidance-note-eu-staff_en

⁴ See Guidance on Gender equality at https://ec.europa.eu/europeaid/toolkit-mainstreaming-gender-equality-ec-development-cooperation_en

⁵ See Guidelines for environmental integration at: https://ec.europa.eu/europeaid/sectors/economic-growth/environment-and-green-economy/climate-change-and-environment_en

- the activities covered and implemented. Activities should be linked to corresponding output(s) through clear numbering.

In case of underperformance, please explain the reasons and the corrective measures.

Outcome (Oc) – "<Title of Outcome > "

<comment on current status of indicators associated to Oc and explain any changes, especially any underperformance; refer to assumptions in the Logframe>

(possibly) intermediary Outcome 1 (iOc 1) - "<Title of intermediary Outcome 1>"

(...)

Output 1.1. (Op 1.1.)

(...)

<Following the above assessment of results, please elaborate on all the topics/activities covered and implemented. >

B. ACTIVITIES

Activity 1.1.1.

<please explain any problems (e.g. delay, cancellation, postponement of activities) which have arisen and how they have been addressed> (if applicable)

<please list any risks that might have jeopardised the realisation of some activities and explain how they have been tackled> (if applicable)

Activity 1.1.2.

<...>

2.3. Logframe matrix updated

The Logical framework (logframe) matrix should evolve during the Action project (i.e. the projects) lifetime: new lines can be added for listing new activities as well as new columns for intermediary targets (milestones) when it is relevant and values will be regularly updated in the column foreseen for reporting purpose (see "Current value"). The term "results" refers to the outputs, outcome(s) and impact of the Action.

The logframe can be revised as necessary (in line with the provisions defined in Article 9.4 of the General Conditions).

<i>Result chain</i>	<i>Indicator</i>	<i>Baseline (value & reference year)</i>	<i>Target (value & reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Source and mean of verification</i>	<i>Assumptions</i>

	<i>Result chain</i>	<i>Indicator</i>	<i>Baseline (value & reference year)</i>	<i>Target (value & reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Source and mean of verification</i>	<i>Assumptions</i>
<i>Impact (Overall objective)</i>	<i>The broader, long-term change to which the action contributes at country, regional or sector level, in the political, social, economic and environmental global context which will stem from interventions of all relevant actors and stakeholders.</i>	<i>Quantitative and/or qualitative variable that provides a simple and reliable mean to measure the achievement of the corresponding result To be presented, when relevant, disaggregated by sex, age, urban/rural, disability, etc.</i>	<i>The value of the indicator(s) prior to the intervention against which progress can be assessed or comparisons made. (Ideally, to be drawn from the partner's strategy)</i>	<i>The intended final value of the indicator(s). (Ideally, to be drawn from the partner's strategy)</i>	<i>The latest available value of the indicator(s) at the time of reporting (* to be updated in interim and final reports)</i>	<i>Ideally to be drawn from the partner's strategy.</i>	<i>Not applicable</i>
<i>Outcome (s) (Specific objective(s))</i>	<i>The main medium-term effect of the intervention focusing on behavioural and institutional changes resulting from the Action (It is good practice to have one specific objective only, however for large Actions, other short term outcomes can be included here)</i>	<i>(see definition above)</i>	<i>The value of the indicator(s) prior to the intervention against which progress can be assessed or comparisons made.</i>	<i>The intended final value of the indicator(s).</i>	<i>(same as above)</i>	<i>Sources of information and methods used to collect and report (including who and when/how frequently).</i>	<i>Factors outside project management's control that may influence on the impact-outcome(s) linkage.</i>
<i>Outputs</i>	<i>The direct/tangible products (infrastructure, goods and services) delivered/generated by the intervention (*Outputs should in principle be linked to corresponding outcomes through clear numbering)</i>	<i>(same as above)</i>	<i>(same as above)</i>	<i>(same as above)</i>	<i>(same as above)</i>	<i>(same as above)</i>	<i>Factors outside project management's control that may influence on the other outcome(s)/outputs linkage.</i>

2.4. Activity Matrix

<p><i>What are the key activities to be carried out to produce the intended outputs?</i></p> <p><i>(*activities should in principle be linked to corresponding output(s) through clear numbering)</i></p>	<p>Means <i>What are the political, technical, financial, human and material resources required to implement these activities, e.g. staff, equipment, supplies, operational facilities, etc.</i></p> <p>Costs <i>What are the action costs? How are they classified? (Breakdown in the Budget for the Action)</i></p>	<p>Assumptions <i>Factors outside project management's control that may impact on the activities-outputs linkage.</i></p>
---	---	--

2.5. Please provide an updated action plan for the future activities of the project⁶

Year	Half-year 1						Half-year 2						Implementing body
Activity	Month 1	2	3	4	5	6	7	8	9	10	11	12	Example
<i>Example</i>	<i>example</i>												<i>Example</i>
Preparation Activity 1 (title)													Beneficiary or affiliated entity 1
Execution Activity 1 (title)													Beneficiary of affiliated entity 1
Preparation Activity 2 (title)													Beneficiary or affiliated entity 2
Etc.													

3. Beneficiaries/affiliated entities, trainees and other cooperation

- 3.1. How do you assess the relationship between the beneficiaries/affiliated entities of this grant contract (i.e. those having signed the mandate for the coordinator or the affiliated entity statement)? Please provide specific information for each beneficiary/affiliated entity.
- 3.2. How would you assess the relationship between your organisation and State authorities in the action countries? How has this relationship affected the action?
- 3.3. Where applicable, describe your relationship with any other organisations involved in implementing the action:
 - Associate(s) (if any)
 - Contractor(s) (if any)
 - Final beneficiaries and target groups
 - Other third parties involved (including other donors, other government agencies or local government units, NGOs, etc.)

⁶ This plan will cover the financial period between the interim report and the next report.

- 3.4. Where applicable, outline any links and synergies you have developed with other actions.
- 3.5. If your organisation has received previous EU grants in view of strengthening the same target group, in how far has this action been able to build upon/complement the previous one(s)? (List all previous relevant EU grants).
- 3.6. Where applicable, include a traineeship report on each traineeship which ended in the reporting period to be prepared by the trainee including the result of the traineeship and assessment of the qualifications obtained by the trainee with a view to his/her future employment.

4. Visibility

How is the visibility of the EU contribution being ensured in the action?

The European Commission may wish to publicise the results of actions. Do you have any objection to this report being published on the EuropeAid website? If so, please state your objections here.

Name of the contact person for the action:

.....

Signature:

Location:

Date report due:

Date report sent:

ANNEX VI FINAL NARRATIVE REPORT

- This report must be completed and signed by the contact person of the coordinator.
- The information provided below must correspond to the financial information that appears in the financial report.
- Please complete the report using a typewriter or computer (*you can find this form at the following address <specify>*).
- Please expand the paragraphs as necessary.
- *Please refer to the special conditions of your grant contract and send one copy of the report to each address mentioned.*
- The contracting authority will reject any incomplete or badly completed reports.
- Unless otherwise specified, the answer to all questions must cover the reporting period as specified in point 1.6.
- Please do not forget to attach to this report the proof of the transfers of ownership referred to in Article 7.5 of the general conditions.

Table of contents

List of acronyms used in the report

1. Description

- 1.1. Name of coordinator of the grant contract:
- 1.2. Name and title of the contact person:
- 1.3. Name of beneficiary(ies) and affiliated entity(ies) in the action:
- 1.4. Title of the action:
- 1.5. Contract number:
- 1.6. Start date and end date of the action:
- 1.7. Target country(ies) or region(s):
- 1.8. Final beneficiaries &/or target groups¹ (if different) (including numbers of women and men):
- 1.9. Country(ies) in which the activities take place (if different from 1.7):

¹ 'Target groups' are the groups/entities who will be directly positively affected by the project at the project purpose level, and 'final beneficiaries' are those who will benefit from the project in the long term at the level of the society or sector at large.

2. Assessment of the implementation of action activities and its results

2.1. Executive summary of the action

Please give a global overview of the action's implementation for the whole duration of the project

Referring to the updated final logical framework matrix² (see point 2.3. below), describe the level of achievement of the outcome(s) on both the final beneficiaries &/or target group (if different) and the situation in the target country or target region which the action addressed.

Please explain if the intervention logic has proved to be valid, including with the possible changes and their justifications presented in earlier reports, comment the likeliness of reaching the final target(s) related to the impact in a near future (specify).

Please indicate any modification that have be brought to the Logical framework matrix since the start of the Action and explain briefly why (complete explanation should be placed in the 2.2 section under the relevant level considered: outcomes, outputs, activities).

2.2. Results and activities

A. RESULTS

The narrative report should be based on the monitoring and evaluation system set up using as a basis the Logical framework matrix. As such, narrative reports must inform all the indicators defined in the logical framework. Monitoring and/or evaluation reports relating to the performance of the Action shall be used and mentioned in the narrative report. All the monitoring and/or evaluation reports shall be submitted to the Commission with the Final narrative report.

What is your assessment of the results of the action so far? Include observations on the performance and the achievement of outputs, outcomes and impact and whether the action has had any unforeseen positive or negative results.

Explain how the Action has mainstreamed cross-cutting issues such as promotion of human rights,³ gender equality,⁴ democracy, good governance, children's rights and indigenous peoples, youth, environmental sustainability⁵ and combating HIV/AIDS (if there is a strong prevalence in the target country/region).

Referring to the final updated logframe matrix (see point 2.3. below) please comment the level of achievement of all the results on the basis of the corresponding current value of the indicators and all the related activities implemented during the reporting period.

- the level of achievement on the basis of the corresponding baseline, target and current value of the indicators, making reference to the assumptions and risks defined in the Logical framework

² The relevant terminology (i.e. outputs, outcome, indicators, etc.) is defined in the logical framework matrix template attached to the guidelines for applicants (Annex e3d).

³ Including those of people with disabilities. For more information, see 'Guidance note on disability and development' at https://ec.europa.eu/europeaid/disability-inclusive-development-cooperation-guidance-note-eu-staff_en

⁴ See Guidance on Gender equality at https://ec.europa.eu/europeaid/toolkit-mainstreaming-gender-equality-ec-development-cooperation_en

⁵ See Guideline for environmental integration at https://ec.europa.eu/europeaid/sectors/economic-growth/environment-and-green-economy/climate-change-and-environment_en

- the activities covered and implemented. Activities should be linked to corresponding output(s) through clear numbering.

(...)

Outcome – "<Title of the Outcome>"

(...)

Comment on final status of indicators associated to Oc and explain any changes, especially any underperformance; refer to the indicators and assumptions in the Logframe:

(Possibly) intermediary Outcome 1 (iOc1) – "<Title of intermediary Outcome 1>"

(...)

Output 1.1. (Op 1.1.) – "Title of Output 1.1. "

(...)

Following the above assessment of results, please elaborate on all the topics/activities covered.

B. ACTIVITIES

Activity 1.1.1.

Please explain any problems (e.g. delay, cancellation, postponement of activities) which have arisen and how they have been addressed (if applicable)

Please list any risks that might have jeopardised the realisation of some activities and explain how they have been tackled.

Activity 1.1.2.

(...)

- 2.3.** What has your organisation or any actor involved in the Action learned from the Action and how has this learning (including evidence from monitoring and evaluations) -been utilised and disseminated? What has and has not worked?

Describe if the action will continue after the support from the European Union has ended. Are there any follow up activities envisaged? What will ensure the sustainability of the action?

- 2.4.** The Logical framework (logframe) matrix should evolve during the Action project (i.e. the projects) lifetime: new lines can be added for listing new activities as well as new columns for intermediary targets (milestones) when it is relevant and values will be regularly updated in the column foreseen for reporting purpose (see "Current value"). The term "results" refers to the outputs, outcome(s) and impact of the Action.

The logframe can be revised as necessary (in line with the provisions defined in Article 9.4 of the General Conditions).

	<i>Result chain</i>	<i>Indicator</i>	<i>Baseline (value & reference year)</i>	<i>Target (value & reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Source and mean of verification</i>	<i>Assumptions</i>
<i>Impact (Overall objective)</i>	<i>The broader, long-term change to which the action contributes at country, regional or sector level, in the political, social, economic and environmental global context which will stem from interventions of all relevant actors and stakeholders.</i>	<i>Quantitative and/or qualitative variable that provides a simple and reliable mean to measure the achievement of the corresponding result To be presented, when relevant, disaggregated by sex, age, urban/rural, disability, etc.</i>	<i>The value of the indicator(s) prior to the intervention against which progress can be assessed or comparisons made. (Ideally, to be drawn from the partner's strategy)</i>	<i>The intended final value of the indicator(s). (Ideally, to be drawn from the partner's strategy)</i>	<i>The latest available value of the indicator(s) at the time of reporting (* to be updated in interim and final reports)</i>	<i>Ideally to be drawn from the partner's strategy.</i>	<i>Not applicable</i>
<i>Outcome (s) (Specific objective(s))</i>	<i>The main medium-term effect of the intervention focusing on behavioural and institutional changes resulting from the Action (It is good practice to have one specific objective only, however for large Actions, other short term outcomes can be included here)</i>	<i>(see definition above)</i>	<i>The value of the indicator(s) prior to the intervention against which progress can be assessed or comparisons made.</i>	<i>The intended final value of the indicator(s).</i>	<i>(same as above)</i>	<i>Sources of information and methods used to collect and report (including who and when/how frequently).</i>	<i>Factors outside project management's control that may influence on the impact-outcome(s) linkage.</i>

	<i>Result chain</i>	<i>Indicator</i>	<i>Baseline (value & reference year)</i>	<i>Target (value & reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Source and mean of verification</i>	<i>Assumptions</i>
Outputs	<i>The direct/tangible products (infrastructure, goods and services) delivered/generated by the intervention (*Outputs should in principle be linked to corresponding outcomes through clear numbering)</i>	<i>(same as above)</i>	<i>(same as above)</i>	<i>(same as above)</i>	<i>(same as above)</i>	<i>(same as above)</i>	<i>Factors outside project management's control that may influence on the other outcome(s)/outputs linkage.</i>

2.5. Activity matrix

<i>What are the key activities to be carried out to produce the intended outputs? (*activities should in principle be linked to corresponding output(s) through clear numbering)</i>	<p>Means <i>What are the political, technical, financial, human and material resources required to implement these activities, e.g. staff, equipment, supplies, operational facilities, etc.</i></p> <p>Costs <i>What are the action costs? How are they classified? (Breakdown in the Budget for the Action)</i></p>	<i>Assumptions Factors outside project management's control that may impact on the activities-outputs linkage.</i>
---	---	--

- 2.6. Explain how the action has mainstreamed cross-cutting issues such as promotion of human rights,⁶ gender equality,⁷ democracy, good governance, children's rights and indigenous peoples, environmental sustainability⁸ and combating HIV/AIDS (if there is a strong prevalence in the target country/region)⁹.
- 2.7. How and by whom have the activities been monitored/evaluated? Please summarise the results of the feedback received from the beneficiaries and others.
- 2.8. What has your organisation or any actor involved in the action learned from the action and how has this learning been utilised and disseminated?

⁶ Including those of people with disabilities. For more information, see 'Guidance note on disability and development' at https://ec.europa.eu/europeaid/disability-inclusive-development-cooperation-guidance-note-eu-staff_en

⁷ https://ec.europa.eu/europeaid/toolkit-mainstreaming-gender-equality-ec-development-cooperation_en

⁸ Guidelines for environmental integration are available at: https://ec.europa.eu/europeaid/sectors/economic-growth/environment-and-green-economy/climate-change-and-environment_en

⁹ Please refer to EC Guidelines on gender equality, disabilities, etc.

- 2.9. Please list all materials (and number of copies) produced during the action on whatever format (please enclose a copy of each item, except if you have already done so in the past).

Please state how the items produced are being distributed and to whom.

- 2.10. Please list all contracts (works, supplies, services) above EUR 60000 awarded for the implementation of the action for the whole implementation period since the last interim report if any or during the reporting period, giving for each contract the amount, the name of the contractor and a brief description on how the contractor was selected, including compliance with EU restrictive measures.

3. Beneficiaries/affiliated entities, trainees and relations with Government/other cooperation

- 3.1. How do you assess the relationship between the beneficiaries/affiliated entities of this grant contract (i.e. those having signed the mandate for the coordinator or an affiliated entity statement)? Please provide specific information for each beneficiary/affiliated entity.
- 3.2. Is the above agreement between the signatories to the grant contract to continue? If so, how? If not, why?
- 3.3. How would you assess the relationship between your organisation and State authorities in the action countries? How has this relationship affected the action?
- 3.4. Where applicable, describe your relationship with any other organisations involved in implementing the action:
- Associate(s) (if any)
 - Contractor(s) (if any)
 - Final beneficiaries and target groups
 - Other third parties involved (including other donors, other government agencies or local government units, NGOs, etc.)
- 3.5. Where applicable, outline any links and synergies you have developed with other actions.
- 3.6. If your organisation has received previous EU grants in view of strengthening the same target group, in how far has this action been able to build upon/complement the previous one(s)? (List all previous relevant EU grants).
- 3.7. How do you evaluate cooperation with the services of the contracting authority?
- 3.8. Where applicable, include a traineeship report on each traineeship which ended in the reporting period to be prepared by the trainee including the result of the traineeship and assessment of the qualifications obtained by the trainee with a view to his/her future employment.

4. Visibility

How is the visibility of the EU contribution being ensured in the action?

The European Commission may wish to publicise the results of actions. Do you have any objection to this report being published on the EuropeAid website? If so, please state your objections here.

5. Location of records, accounting and supporting documents

Please indicate in a table the location of records, accounting and supporting documents for each beneficiary and affiliated entity entitled to incur costs.

The European Commission may wish to publicise the results of actions. Do you have any objection to this report being published on the website of DG International Cooperation and Development ? If so, please state your objections here.

Name of the contact person for the action:

Signature:Location:.....

Date report due:Date report sent:

Nota Bene

The beneficiary(ies) alone is responsible for ensuring that the financial information provided in these tables is correct.

Forecast budget and follow-up

In accordance with Article 15.3 of the General Conditions a forecast budget for the subsequent reporting period or for the remaining period (if shorter) must be provided with any request for payment of further pre-financing instalment.

Interim Report & Final Report

Additional information on expenditure incurred in local or other currencies than the euro (or the currency of the Contract) may be asked by the Contracting Authority

Addenda and use of contingencies

To be filled in case of an addendum and/or when contingencies are used.

ROUNDINGS

Figures have to be rounded to the nearest euro cent

Contract No: [XXXXXXXXXX]
 Implementation period of the contract (dd/mm/yyyy-dd/mm/yyyy)

Forecast Budget & follow-up

Expenditures	Previous period (dd/mm/yyyy-dd/mm/yyyy)			Forecast			Total Cost (in EUR)	Unit value (in EUR)	# Units	Unit value (in EUR)	# Units	Total Cost (in EUR)
	Unit	# Units	Total Cost (in EUR)	Unit value (in EUR)	# Units	Total Cost (in EUR)						
1. Human Resources												
1.1 Salaries, wages amounts, local staff												
1.1.1 Technical	Per month											
1.1.2 Administ/level support staff	Per month											
1.2 Salaries (gross amounts, expatriate staff)	Per month											
1.3 Per diem for expatriates	Per diem											
1.3.1 Abroad (staff assigned to the Action)	Per diem											
1.3.2 Local (staff assigned to the Action)	Per diem											
1.3.3 Senior/accessible participants	Per diem											
Subtotal Human Resources												
2. Travel												
2.1 International travel	Per flight											
2.2 Local transportation	Per month											
Subtotal Travel												
3. Equipment and supplies												
3.1 Purchase or rent of vehicles	Per vehicle											
3.2 Furniture, computer equipment												
3.3 Machines, tools...												
3.4 Spare parts/equipment for machines, tools												
3.5 Other (please specify)												
Subtotal Equipment and supplies												
4. Local office												
4.1 Vehicle costs	Per month											
4.2 Office rent	Per month											
4.3 Consumables - office supplies	Per month											
4.4 Other services (water, electricity/heating, maintenance)	Per month											
Subtotal Local office												
5. Other costs, services												
5.1 Publications												
5.2 Studies, research												
5.3 Expenses for conferences/seminars												
5.4 Evaluation costs												
5.5 Translation, interpretation												
5.6 Financial services (bank guarantee costs etc.)												
5.7 Costs of conferences/seminars												
5.8 Mobility actions												
Subtotal Other costs, services												
6. Other												
Subtotal Other												
7. Subtotal direct eligible costs of the Action (1+2+3+4+5+6)												
8. Indirect costs (maximum 7% of 7, multiple of direct eligible costs of the Action)												
9. Total eligible costs of the Action, excluding reserve (7+8)												
10. Provision for contingencies (maximum 2% of 9, multiple of direct eligible costs of the Action)												
11. Total eligible costs (9+10)												
12. - Taxes												
13. Total accepted costs of the action (11+12)												

Expenditures	Budget as per contract/last addendum signed			Use of contingencies/ addenda	Budget as per new addendum signed (only to be completed when an amendment is necessary)		
	Unit	# Units (a)	Total Cost (in EUR) (a)*(b)		Unit	# Units (a)	Total Cost (in EUR) (a)*(b)
1. Human Resources							
1.1 Salaries (gross salaries including social security charges and other related costs, local staff)	Per month				Per month		
1.1.1 Lectural	Per month				Per month		
1.1.2 Administration/support staff	Per month				Per month		
1.2 Salaries (gross amounts and social sec. charges and other related costs, temporary staff)	Per month				Per month		
1.3 Per diem for transport/travel	Per diem				Per diem		
1.3.1 Approved (staff assigned to the Action)	Per diem				Per diem		
1.3.2 Local (staff assigned to the Action)	Per diem				Per diem		
1.3.3 Short-term/contingency staff/per diem	Per diem				Per diem		
Subtotal Human Resources							
2. Travel							
2.1 International travel	Per flight				Per flight		
2.2 Local transportation	Per month				Per month		
Subtotal Travel							
3. Equipment and supplies							
3.1 Purchase or rent of vehicles	Per vehicle				Per vehicle		
3.2 Furniture, computer equipment							
3.3 Medical tools, etc.							
3.4 Space participation for materials, books							
3.5 Other (please specify)							
Subtotal Equipment and supplies							
4. Local office							
4.1 Vehicle costs	Per month				Per month		
4.2 Office rent	Per month				Per month		
4.3 Consumables - office supplies	Per month				Per month		
4.4 Other services (water, electricity/heating, maintenance)	Per month				Per month		
Subtotal Local office	Per month				Per month		
5. Other costs, services							
5.1 Publications							
5.2 Studies, research							
5.3 Expertise work/consulting							
5.4 Exhibition costs							
5.5 Translation, manuscripts							
5.6 Financial services (bank guarantee costs etc.)							
5.7 Code of conduct/certificates							
5.8 Voucher actions							
Subtotal Other costs, services							
6. Other							
Subtotal Other							
7. Subtotal direct eligible costs of the Action (1-6)							
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)							
9. Total eligible costs of the Action, excluding reserve (7+ 8)							
10. Provision for contingency reserve (maximum 5% of 7, subtotal of direct eligible costs of the Action)							
11. Total eligible costs (9+10)							
12. - Taxes							
- Contingency fund							
13. Total accepted costs of the Action (11+12)							

Contract No: _____
 Implementation period of the contract (dd/mm/yyyy-dd/mm/yyyy): _____

Interim financial report:
 period (dd/mm/yyyy-dd/mm/yyyy)

Expenditures	Budget as per contract/addendum				Reallocation	Expenditure Incurred						Variation in comparison with initial budget/reallocation	
	Unit	# Units	Unit value (in EUR)	Total Cost (in EUR)		allowed reallocation (article 9.4 of the GC)	# Units	Unit value (in EUR)	Total Cost (in EUR)	Cumulated costs (before current report) (in EUR)	Cumulated costs (from start of implementation to present report included) (in EUR)	Difference of cumulated costs till present and budget as per contract/addendum (in € for d. -)	Variation from budget as per contract/addendum (in % for p. %)
	(a)	(b)	(c)=a*b		(d)	(e)	(f)=e*b	(g)	(h)=c+d	(i)	(j)= (h / (c))		
1. Human Resources													
1.1 Science (gross amount, local staff)													
1.1.1 Technical	Per month												
1.1.2 Administrative support staff	Per month												
1.2 Salaries (gross amount, scientific staff)	Per month												
1.3 Per diems for international													
1.3.1 Allowed (staff assigned to the Action)	Per diem												
1.3.2 Local (staff assigned to the Action)	Per diem												
1.3.3 Seminars/seminar participants	Per diem												
2. Travel													
2.1 International travel	Per flight												
2.2 Local transportation	Per month												
Subtotal Travel													
3. Equipment and supplies													
3.1 Purchase or rent of vehicles	Per vehicle												
3.2 Furniture, computer equipment													
3.3 Machines, tools, etc.													
3.4 Small cartage/transport for machines, tools													
3.5 Other (please specify)													
Subtotal Equipment and supplies													
4. Local office													
4.1 Vehicle costs	Per month												
4.2 Office rent	Per month												
4.3 Consumables - office supplies	Per month												
4.4 Other services (water, electricity/heating, maintenance)	Per month												
Subtotal Local office													
5. Other costs, services													
5.1 Publications													
5.2 Studies, research													
5.3 Expenditure verification/audit													
5.4 Evaluation costs													
5.5 Translation, interpretation													
5.6 Financial services (bank guarantee costs etc.)													
5.7 Costs of conferences/seminars													
5.8 Vehicle actions													
Subtotal Other costs, services													
6. Other													
Subtotal Other													
7. Subtotal direct eligible costs of the Action (1-6)													
8. Indirect costs (maximum 7% of 7, net of direct eligible costs of the Action)													
9. Total eligible costs of the Action, excluding reserve (7+8)													
10. Not eligible													
11. Total eligible costs (9+10)													
12. - Taxes													
- Contributions in kind													
13. Total accepted costs of the action (11+12)													

Contract No. _____ Implementation period of the contract (dd/mm/yyyy-dd/mm/yyyy)													
Final financial report: period (dd/mm/yyyy-dd/mm/yyyy)		Budget as per contract/addendum				Reallocation		Expenditure incurred			Variations in comparison with initial budget/addendum		
		Unit	# Units (a)	Unit value (in EUR) (b)	Total Cost (in EUR) (c)=a*b	Reallocation allowed (Article 9.4 of the General Conditions)	# Units (a)	Unit value (in EUR) (b)	Total Cost (in EUR) (c)=a*b	Cumulated costs (before current report) (in EUR) (d)	Cumulated costs (from start of implementation to present report included) (in EUR) (f)=c+d	In absolute value in EUR	In %
Expenditures													
1. Human Resources													
1.1 Salaries (gross amounts, local staff)													
1.1.1 Technical													
1.1.2 Administrative support staff													
1.2 Salaries (gross amounts, expatriate staff)													
1.3 Per diems for missions/travel													
1.3.1 Abroad (staff assigned to the Action)													
1.3.2 Local (staff assigned to the Action)													
1.3.3 Seminars/conference participants													
2. Travel													
2.1 International travel													
2.2 Local transportation													
Subtotal Travel													
3. Equipment and supplies													
3.1 Purchase or rent of vehicles													
3.2 Furniture, computer equipment													
3.3 Machines, tools, etc.													
3.4 Spare consumables for machines, tools													
3.5 Other (please specify)													
Subtotal Equipment and supplies													
4. Local office													
4.1 Vehicle costs													
4.2 Office rent													
4.3 Consumables - office supplies													
4.4 Other services (tel/fax, electricity/heating, maintenance)													
Subtotal Local office													
5. Other costs, services													
5.1 Publications													
5.2 Studies, research													
5.3 Expenditure verification/travel													
5.4 Evaluation costs													
5.5 Translation, interpreters													
5.6 Financial services (bank guarantee costs etc.)													
5.7 Costs of conferences/seminars													
5.8 Visuality actions													
Subtotal Other costs, services													
6. Other													
Subtotal Other													
7. Subtotal direct eligible costs of the Action (1+4)													
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)													
9. Total eligible costs of the Action, excluding grants (7+8)													
10. Not applicable													
11. Total eligible costs (9+10)													
12. Taxes													
- Contributions in kind													
13. Total accepted costs of the action (11+12)													

Final sources of funding

	Amount EUR
Applicant contribution	
Other contributions (other Donors etc) Name	
Conditions	
Revenue from the Action	
To be inserted if applicable and allowed by the guidelines: In-kind contribution	

List of Pending payments (above 500 EUR)

Please list the following details: Name of the provider, Object of the contract (Final Audit, Works execution guarantee...), Amount in €, Due date, Reference document (Date and number of Invoice/contract), Explanation and comments (why still not paid?)

Name of the provider	Object of the contract	Amount in EUR	Due date	Reference document	Explanation and comments

We herewith commit to refund to the European Union, according to art. 16 of the General Conditions, any amount for which proof of payment cannot be provided upon request after the due date, unless reasonable justification is provided.

Signed



TERMS OF REFERENCE FOR AN EXPENDITURE VERIFICATION If there is a # of a Rfs <# of RfS>

The present terms of reference apply to the verification of expenditure declared in financial reports under the following contracts:

1) Contract¹ number / IT system: ENI/2019/ 409-956

[An audit of the design and operating effectiveness of the internal control system governed by ISAE 3000 is also requested for which the procedures described in annex 4 should be carried out and a systems audit report should be presented based on the template in annex 5.]

[2) Contract number / IT system: <example: 286637 / CRIS>]

An audit of the design and operating effectiveness of the internal control system governed by ISAE 3000 is also requested for which the procedures described in annex 4 should be carried out and a systems audit report should be presented based on the template in annex 5.]

<Repeat contracts/reports as applicable>

Detailed information is provided at the cover page of Annex 1

▪ **How the model should be completed by the Contracting Authority**

▪ (also applies to Annexes 1 and 2)

- **insert** the information requested between the <...>
- **choose** the optional text between [...] highlighted in grey when applicable or delete
- **delete** all yellow instructions and the present text box

The standard wording can only be modified in exceptional cases and after prior consultation of DEVCO R2, Audit & Control Unit.

¹ Contract in relation to which the financial report subject to verification is issued. The contract established with the expenditure verifier will be identified as "Verification Contract"

Table of Contents

1	INTRODUCTION	3
2	OBJECTIVES AND CONTEXT	3
3	STANDARDS AND ETHICS	3
4	REQUIREMENTS FOR THE EXPENDITURE VERIFIER	3
4.1	GENERAL PRINCIPLES.....	3
4.2	QUALIFICATIONS, EXPERIENCE AND TEAM COMPOSITION.....	4
4.2.1	<i>Qualifications and Experience</i>	4
4.2.2	<i>Team Composition</i>	5
4.2.3	<i>Categories of staff/experts</i>	5
4.2.4	<i>Curricula Vitae (CVs)</i>	5
5	SCOPE	5
5.1	CONTRACTS AND FINANCIAL REPORTS COVERED BY THESE TOR.....	5
5.2	CONDITIONS FOR ELIGIBILITY OF EXPENDITURE.....	6
6	VERIFICATION PROCESS AND METHODOLOGY	6
6.1	PREPARATION OF THE VERIFICATION.....	6
6.2	PREPARATORY MEETING, FIELDWORK, DESK REVIEW.....	6
6.2.1	<i>Engagement Context, Materiality, Risk Analysis, Sampling</i>	6
6.2.2	<i>Fieldwork / Desk Review</i>	7
6.2.3	<i>Debriefing Memo and Closing Meeting</i>	7
6.2.4	<i>Complementary Letter</i>	7
6.2.5	<i>Documentation and Verification Evidence</i>	8
6.3	REPORTING.....	8
6.3.1	<i>Structure and Content of the Report</i>	8
6.3.2	<i>Expenditure Verification Findings and Recommendations</i>	9
6.3.3	<i>[Debriefing Meeting with the Contracting Authority</i>	9
6.3.4	<i>Access to supporting documents</i>	9
7	OTHER MATTERS	9
7.1	CONTRADICTORY PROCEDURE AND FOLLOW-UP.....	9
7.2	SUBCONTRACTING.....	9
8	ANNEXES	10

1 Introduction

The present document and the Annexes listed in Section 8 are the terms of reference ('ToR') on which the **Contracting Authority** agrees to engage 'the Expenditure Verifier' to perform a verification of expenditure reported by Reporting Entities.

These ToR will become an integral part of the contract concluded between the Contracting Authority and the Expenditure Verifier.

They apply to expenditure verifications contracted by the Commission or by the Reporting Entity and cover the verification of expenditure incurred under the EU financed contracts on the cover sheet.

2 Objectives and context

The Expenditure Verifier is expected

- to carry out the agreed-upon procedures listed in Annex 2, and
- to issue reports based on the template in Annex 3 which will support the Contracting Authority's conclusions on the eligibility of the reported expenditure and the related follow-up.

The expenditure verification will be performed as [**<Choose either one or both>** a desk review or/and fieldwork at the location indicated in Annex 1.]

[Additional specific objectives taking the form of agreed-upon procedures can be included where the Expenditure Verifier is requested to report on specific matters.<Describe the additional objective>]

The Expenditure Verifier is not expected to provide an audit opinion.

3 Standards and Ethics

The Expenditure Verifier shall undertake this engagement in accordance with:

- the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- the IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards.

Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the Expenditure Verifier is independent from the Reporting Entity and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

4 Requirements for the Expenditure Verifier

4.1 General Principles

By agreeing these ToR, the Expenditure Verifier confirms meeting at least one of the following conditions:

- The Expenditure Verifier is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).
- The Expenditure Verifier is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Expenditure Verifier commits to undertake this expenditure verification in accordance with the IFAC standards and ethics set out in these ToR.
- The Expenditure Verifier is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state)².
- The Expenditure Verifier is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

4.2 *Qualifications, Experience and Team Composition*

4.2.1 *Qualifications and Experience*

The Expenditure Verifier will employ staff with appropriate professional qualifications and suitable experience with IFAC standards and with experience in verifying financial information of entities comparable in size and complexity to the Reporting Entity. In addition, the verification team as whole should have:

- Experience with programmes and projects related to External Relations funded by national and/or international donors and institutions. It is desirable that the team leader and, where applicable, the fieldwork team, i.e. either the audit manager (category 2) or the senior auditor (category 3) has experience with audits of EU funded External Relations actions.
- [Experience with audits/verifications in <specify geographic zone, country>]
- [Experience with audits/verifications of <specify sector or instrument>]
- [Sufficient knowledge of relevant laws, regulations and rules in the country concerned. This includes but is not limited to taxation, social security and labour regulations, accounting and reporting.]
- [Fluency in <language(s)>]
- [A good knowledge of <required knowledge>]

² Directive 2006/43 of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253 EEC.

4.2.2 Team Composition

The team of auditors required for this engagement will be composed of a category 1 auditor who has the ultimate responsibility for the expenditure verification and a team which is composed of an appropriate mix of category 2 – 4 auditors.

4.2.3 Categories of staff/experts

Category 1 – (Audit Partner)

A Category 1 expert (audit partner) should be a partner or another person in a position similar to that of a partner and be a highly qualified expert with relevant professional qualifications who assumes or has assumed senior and managerial responsibilities in public audit practice.

He/she should be a member of a national or international accounting or auditing body or institution. He/she must have at least 12 years of professional experience as a professional auditor or accountant in public audit practice. Experience with audit related services in beneficiary countries of EU External Action Programmes will particularly be taken into account for the evaluation at the level of specific contracts.

The audit partner will be the person who will be responsible for the specific contract and its performance as well as for the report that is issued on behalf of the firm. He/she has the appropriate authority from a professional, legal or regulatory body and is authorized to certify accounts by the laws of the country in which the audit firm is registered.

Category 2 – (e.g. Audit Manager)

Audit managers should be qualified experts with a relevant university degree or professional qualification. They should have at least 6 years of experience as a professional auditor or accountant in public audit practice including relevant managerial experience of leading audit teams.

He/she should be a member of a national or international accounting or auditing body or institution.

Category 3 – (e.g. Senior Auditor)

Senior auditors should be qualified experts with a relevant university degree or professional qualification and at least 3 years professional experience as a professional auditor or accountant in public audit practice.

Category 4 – (e.g. Assistant Auditor)

Assistant auditors should have a relevant university degree and at least 6 months professional experience in public audit practice.

4.2.4 Curricula Vitae (CVs)

The Expenditure Verifier will provide the Contracting Authority with CVs of the staff/experts involved in the expenditure verification. The CVs will include appropriate details for the purpose of the evaluation of the offer on the relevant specific experience for this expenditure verification and the qualifying work carried out in the past.

5 Scope

5.1 Contracts and Financial Reports covered by these ToR

The Contract(s) and Financial Reports subject to this expenditure verification are indicated on the cover sheet and in Annex 1.

5.2 Conditions for Eligibility of Expenditure

The conditions for eligibility are stipulated in the Contracts which are provided in Annex 1 (including riders).

Further documents (e.g. Financing Decisions, Financing Agreements, Framework Agreements) that the Expenditure Verifier might deem to be required for the purposes of this expenditure verification will be provided by the Contracting Authority on request.

Expenditure Verifiers will inform the Contracting Authority as soon as possible about any limitations in the scope of work they may find prior to or during the verification.

The Expenditure Verifier will report any attempt by the Reporting Entity or its staff to restrict the scope of the verification, or any lack of co-operation on the part of the Reporting Entity or its staff. The Expenditure Verifier will consult the Contracting Authority on what action may be required, whether or how the expenditure verification can be continued and whether changes in the verification scope or the timetable are necessary.

6 Verification Process and Methodology

6.1 Preparation of the Verification

The Expenditure Verifier shall contact the Reporting Entity as soon as possible (and no later than 7 calendar days) after the formal announcement by the Contracting Authority of the expenditure verification to the Reporting Entity, so as to prepare the verification and to agree on the timing for carrying out the expenditure verification, notably with regard to fieldwork (if any) (see Section 6.2. for applicable maximum time lags). The Expenditure Verifier will then also confirm with the Reporting Entity the location(s) indicated in Annex 1 and ensure that relevant supporting documents as well as key staff will be available during the verification.

6.2 Preparatory Meeting, Fieldwork, Desk Review

[The Contracting Authority foresees a preparatory meeting with the Expenditure Verifier which will be held [<Choose either one or both> by conference call or at <name and address of the meeting place should be clearly stated>.]

The field work or desk review shall commence as soon as possible and not later than <xx calendar> days after the signature of the verification contract or the date of availability of the Financial Report (i.e. financial report, supporting documents and other relevant information).

6.2.1 Engagement Context, Materiality, Risk Analysis, Sampling

The Expenditure Verifier's procedures should include:

- obtaining a sufficient understanding of the engagement context including the contractual conditions, the Reporting Entity and the applicable EC laws and regulations which are set out in Section 5 above (Scope). The Expenditure Verifier should pay specific attention to the contractual provisions relevant for the following aspects:
 - documentation, filing and record keeping for expenditure and income;
 - eligibility of expenditure and income;
 - procurement and origin rules insofar as these conditions are relevant to determine the eligibility of expenditure;

- asset management (management and control of fixed assets; e.g. equipment).
- cash and bank management (treasury);
- payroll and time management;
- accounting (including the use of exchange rates) and financial reporting of expenditure and income; and
- internal controls and notably financial internal controls.

The understanding should be sufficient to identify and assess the risks of material errors or misstatements in the expenditure and revenue stated in the Financial Report in order to determine the size and structure of the expenditure sample to be tested, whether caused by error or fraud, and sufficient to design and perform further verification procedures.

- performing a risk analysis (Annex 2).

The outcome of the risk analysis has to be clearly described in the Verification Report (Annex 3, Section 2.1);

- determining the sample size;

For the purpose of determining what the overall material misstatement or error is, the Expenditure Verifier will apply a materiality threshold of 2% of the total amount of the gross reported expenditure with a confidence level of 95%.

- establishing the sample and selecting the individual items for testing (Annex 2).

The link between the risk assessment and the size and composition of the sample, as well as the sampling method (statistical/non-statistical) must be clearly described in the Verification Report (Annex 3, Section 2.2);

6.2.2 Fieldwork / Desk Review

The main task during the fieldwork or desk review will be to perform the substantive tests (Annex 2, Section 2). Key information about the testing process must be provided in the Verification Report (Annex 3, Section 4.1).

6.2.3 Debriefing Memo and Closing Meeting

At the end of the fieldwork or desk review, the Expenditure Verifier should prepare a debriefing memo, organize a closing meeting with the Reporting Entity in order to discuss the findings, obtain its initial comments and agree on additional information to be provided at a later date. [If the Reporting Entity is not the Contracting Authority for the expenditure verification, the representative of the Commission in charge of the audit will be invited to attend the closing meeting.]

6.2.4 Complementary Letter

The Expenditure Verifier may at any time during the expenditure verification process draw up a complementary letter to inform the Commission about facts and issues that are considered of particular interest and importance. Suspicions of fraud or irregularity should be reported immediately.

6.2.5 Documentation and Verification Evidence

The evidence to be used for performing the procedures in Annex 2 is all financial and non-financial information which makes it possible to examine the expenditure declared in the Financial Report.

The Expenditure Verifier documents matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISRS 4400 and these ToR.

6.3 Reporting

6.3.1 Structure and Content of the Report

The use of the Expenditure Verification Report template in Annex 3 of these ToR, including the annexed tables, is **compulsory**.

If the verification scope covers Financial Reports related to different Contracts, a separate and specific report should be issued for each Contract.

The report should provide basic information about the Contract and should describe the outcome of the risk analysis and its implications on the sampling. The report should also give an overview of the substantive testing and fully disclose the information regarding the items included in the expenditure population and in the sample. The report should finally detail the findings identified through the performance of the agreed-upon procedures.

The report should be presented in <language>. [An executive summary of the report in <English/French> should be provided along with the report.]

[<Option 1: applies if the Reporting Entity is the Contracting Authority for the expenditure verification. If this is **not** the case the entire paragraph for option 1 should be removed>

The Expenditure Verifier will submit within 21 working days of the conclusion of the field work a draft report to the Reporting Entity for comments to be received within 21 working days. This delay expired, the Expenditure Verifier will provide the final report to the Reporting Entity within 7 working days from the receipt of the comments (if any).]

[<Option 2: applies if the Reporting Entity is not the Contracting Authority for the expenditure verification. If this is not the case the entire paragraph for option 2 should be removed>

The Expenditure Verifier will submit a draft report to the Contracting Authority within 21 working days of the conclusion of the fieldwork or desk review. After the authorisation to do so by the Contracting Authority, the Expenditure Verifier will submit the draft report to the Reporting Entity and ask for its comments to be received within 21 working days. The Contracting Authority may foresee a meeting with the Expenditure Verifier before authorising the transmission of the draft report to the Reporting Entity. The target date for the Contracting Authority's authorisation to transmit the draft report will be 21 calendar days after receiving the draft report.

7 calendar days after receiving the Reporting Entity's comments, the Expenditure Verifier will submit a pre-final report to the Contracting Authority for comment and approval. The Contracting Authority may request the Expenditure Verifier to carry out

additional work, in which case a reporting deadline should be agreed on a case-by-case basis

7 calendar days after receiving the Contracting Authority's comments, the Expenditure Verifier will submit the final report for the Contracting Authority's approval.]

6.3.2 Expenditure Verification Findings and Recommendations

The factual findings shall be reported in accordance with the formats and criteria specified in the Expenditure Verification Report template (Annex 3). The description of findings will include the standard applied (e.g. art. xx of the General Conditions of the Contract), the facts and the analysis of the Expenditure Verifier.

The verification report should include all financial findings made by the Expenditure Verifier, regardless of the amount involved. Changes in the financial findings occurring between the draft and the pre-final or final report as a result of the consultation procedure should be clearly and sequentially reported.

6.3.3 [Debriefing Meeting with the Contracting Authority

The Contracting Authority foresees a meeting with the Expenditure Verifier following receipt of the pre-final report. This meeting will be held [<Choose either one or both> by conference call or at <name and address of the service and the meeting place should be clearly indicated>.]

[<6.3.4 applies if the Reporting Entity is not the Contracting Authority for the expenditure verification. If this is not the case the entire paragraph should be removed>

6.3.4 Access to supporting documents

The Expenditure Verifier shall retain electronic copies of the supporting documents reviewed for all expenditure items included in the sample and provide them to the Contracting Authority upon request for a period of 5 years after the approval of the Final Verification Report.]

7 Other Matters

[<7.1 applies only if the Reporting Entity is not the Contracting Authority for the expenditure verification. To be deleted if the Reporting Entity is the Contracting Authority for the expenditure verification.>

7.1 Contradictory Procedure and Follow-Up

[After receipt of the final expenditure verification report the Commission will begin a formal contradictory procedure with the Reporting Entity. The purpose of this procedure is for the Commission to discuss and agree with the Reporting Entity the corrective measures and actions which arise from the findings in the final report. The Expenditure Verifier may, where appropriate, be requested to provide clarifications or additional information with regard to the final report.]

7.2 Subcontracting

The Expenditure Verifier will not subcontract without prior written authorisation from the Contracting Authority.

8 Annexes

Annex 1 - Engagement Context / Key Information

Annex 2 – Guidelines for Risk Analysis and Verification Procedures

Annex 3 - Model for Expenditure Verification Report

[The following annexes should only be included if an audit of the design and operating effectiveness of an internal control system is foreseen

Annex 4 – Guidelines for Systems Audit (take annex 2 of ToR for a systems audit of design and operating effectiveness)

Annex 5 – Model for Systems Audit Report (take annex 3 of ToR for a systems audit of design and operating effectiveness)]

TERMS OF REFERENCE FOR AN EXPENDITURE VERIFICATION

Annex 1/<...³>: Engagement Context / Key Information

Contract⁴ and report summary

Contract number / IT system:	<example: 286637 / CRIS>
Contract title:	<contract title>
Contract type:	<contract type>
Financial Report(s) subject to verification:	<DD/MM/YYYY-DD/MM/YYYY> <DD/MM/YYYY-DD/MM/YYYY> <DD/MM/YYYY-DD/MM/YYYY>
Reporting Entity:	<name>
Other Spending Entities ⁵	<name(s)>
Country:	<Country where the Contract is implemented>
Commission Service in charge of the Contract:	<DG-Unit/EUD>
Contracting Authority for the expenditure verification:	<EC (DG-Unit/EUD) or Reporting Entity>
[the following information is needed only for verifications launched by the Commission	
Audit Module record:	<example: 95592 / one record per Contract subject to verification>
Verification Contract number / IT system:	<example:385446/CRIS>]

³ Sequential number. Fill in a separate annex per contract covered.

⁴ Contract in relation to which the financial report subject to verification is issued. The contract established with the expenditure verifier will be identified as "Verification Contract".

⁵ The term "Other spending entities" identifies the entities, beyond the reporting one, which incurred part of the reported expenditure.

A Logistics		
Issue	Question	Reply
Locations	1. Where do the Reporting Entity and Other Spending Entities retain the accounting records?	
	2. Where do the Reporting Entity and Other Spending Entities retain the original supporting documents?	
	3. Where were contractual activities carried out?	
	4. Where are key project staff available to provide information and explanations?	
Languages	5. Which is the contractual language?	
	6. Which is the language of the accounting records?	
	7. Which are the languages of supporting documents?	
	8. Which languages are spoken by key project staff?	

B Contractual Conditions		
Contract amount	9. What is the total amount of the contract?	
EC contribution	10. What is the amount of the EC contribution?	
Other contributions	11. Which are the other sources of funding (including the Reporting Entity)?	Source 1 / amount
		Source 2 / amount
		Source 3 / amount
		Source 4 / amount
		Source 5 / amount

C Financial Report (enclosed as Annex 1.1)		
Financial report	12. Approximately how many expense transactions have been reported / are expected to be reported in the Financial Report?	
	13. What is the distribution of these transactions (e.g. capital expenditure, operating expenditure, fees, simplified costs, per diem, etc.). Are the transactions few/many of large/small value?	
	14. To what extent have Project transactions been carried out in cash?	[high, medium, low]
	15. In which currencies has expenditure been incurred?	

	16. What is the reporting currency?	
	17. How many other Financial Reports have already been presented by the Reporting Entity under this contract?	

D Procurement

Procurement	18. How many procurement procedures have been undertaken during the period covered by the Financial Report?	
	19. Was the EC involved in any of the procurement procedures referred to in question 18 (e.g. ex-ante verifications or derogations to the rule of origin)?	
	20. Are works done and supplies delivered under the contract located centrally or are they dispersed?	

E Previous contracts verifications, audits or monitoring

Previous verifications, audits or monitoring	21. Which previous experience did the Entity have with EC contracts and associated regulations?	
	22. How many of the previously presented Financial Reports (if any) have been subject to audit/verification by external consultants contracted by the Contracting Authority?	
	23. Have any verification, audit or monitoring exercises other than those referred to under numeral 22 been carried out with regard to the contract or the Reporting Entity that are relevant for the scope of the current verification?	
	24. Have any significant findings been raised under the exercises referred to in questions 22 and 23? If so, what are they?	
	25. Have any instances of fraud or irregularities been previously identified in dealings with the particular Entity?	

F Contact Details

Reporting Entity: <full name of the entity subject to audit>

Address		Country	
Phone		Fax	
Website			

Key contact

Annex 1/<...>.1: Financial Report(s) to be verified

Annex 1/<...>.2: Contract and riders

<Other documents to be sent to the Auditor, (e.g. narrative reports, previous audit reports)>



TERMS OF REFERENCE FOR AN EXPENDITURE VERIFICATION

Annex 2: Guidelines for risk analysis and verification procedures

Table of Contents

1. RISK ANALYSIS AND DETERMINATION OF THE SAMPLE	16
2. EXPENDITURE VERIFICATION PROCEDURES	16
2.1 THE EXPENDITURE WAS INCURRED BY AND PERTAINS TO THE ENTITY.....	16
2.2 THE EXPENDITURE IS RECORDED IN THE ACCOUNTING SYSTEM OF THE REPORTING ENTITY OR OF THE OTHER SPENDING ENTITIES.....	16
2.3 EXPENDITURE INCURRED DURING THE CONTRACTUAL ELIGIBILITY PERIOD.....	16
2.4 EXPENDITURE INDICATED IN THE CONTRACTUAL ESTIMATED BUDGET.....	17
2.5 EXPENDITURE NECESSARY FOR THE IMPLEMENTATION OF THE CONTRACTUAL ACTIVITIES, REASONABLE AND JUSTIFIED.....	17
2.6 EXPENDITURE IDENTIFIABLE AND VERIFIABLE.....	17
2.7 COMPLIANCE WITH PROCUREMENT PRINCIPLES AND NATIONALITY AND ORIGIN RULES.....	17
2.8 EXPENDITURE COMPLIES WITH THE REQUIREMENTS OF APPLICABLE TAX AND SOCIAL LEGISLATION 17	
2.9 FINANCIAL SUPPORT TO THIRD PARTIES (SUB-GRANTING).....	17
2.10 OTHER ELIGIBILITY REQUIREMENTS	18
2.11 ADDITIONAL CHECKS NOT INCLUDED IN THE STANDARD VERIFICATION PROCEDURE.....	18

1. RISK ANALYSIS AND DETERMINATION OF THE SAMPLE

The Expenditure Verifier should assess the risks of material errors or misstatements in the expenditure and revenue declared in the Financial Report in order to determine the size and structure of the expenditure sample to be tested according to the procedures described in Section 2.

This work involves an assessment of the inherent risks that:

- The Financial Report is not reliable, i.e. that it does not present, in all material aspects, the actual expenditure incurred and the revenue received in conformity with applicable conditions.
- Expenditure declared in the financial report has not, in all material aspects, been incurred in conformity with applicable contractual conditions.
- Revenues generated by the Reporting Entity in the execution of the contract are not deducted from the declared expenditure in conformity with applicable conditions.
- Fraud and irregularities have occurred which could have had an impact on expenditure and/or revenue reported under the contract.

The Expenditure Verifier should assess the inherent risk based, inter alia, on the number and complexity of the transactions, the complexity of the activities provided for by the Contract, the number of implementing Entities involved and the environment where the Contract is implemented. In addition the Expenditure Verifier, based inter alia on the information provided in annex 1 to the Terms of Reference (*Engagement Context / Key Information*) will consider the control risk, i.e. whether the design of the Internal Control System sufficiently mitigates the identified inherent risks and whether it is plausible that it is operating effectively.

2. EXPENDITURE VERIFICATION PROCEDURES

The following checks must be performed by the Expenditure Verifier unless they are irrelevant in relation to the eligibility criteria applicable to the contract type. Therefore the Expenditure Verifier is required to gain appropriate understanding of such requirements in order to carry out only the relevant checks and properly apply the relevant eligibility requirements.

2.1 The expenditure was incurred by and pertains to the Entity.

2.2 The expenditure is recorded in the accounting system of the Reporting Entity or of the Other Spending Entities.

The expenditure is recorded in the accounting system of the Reporting Entity or of the Other Spending Entities in accordance with the applicable accounting standards and the Reporting Entity's usual cost accounting practices.

2.3 Expenditure incurred during the contractual eligibility period

The expenditure declared in the financial report was incurred during the contractual implementation period of the Action, except for expenditure relating to final reports, expenditure verification, audit and evaluation. Expenditure paid after the submission of the financial report, is listed in the final report along with the estimated date of payment.

2.4 Expenditure indicated in the contractual estimated budget

The expenditure included in the financial report was indicated in the contractual budget.

The applicable budget ceilings were not exceeded.

The expenditure has been allocated to the correct heading of the Financial Report.

2.5 Expenditure necessary for the implementation of the contractual activities, reasonable and justified

It is plausible that the direct and indirect expenditures included in the financial report were necessary for the implementation of the contractual activities.

The amount of the expenditure items included in the financial report is reasonable and justified and respects the principle of sound financial management.

2.6 Expenditure identifiable and verifiable

The expenditure is backed up by sufficient supporting documentation (e.g. invoices, contracts, order forms, pay slips, time sheets) and proof of payment.

Where expenditure was apportioned, the applied allocation key was based on sufficient, appropriate and verifiable underlying information.

The expenditure is backed up by evidence of works done, goods received or services rendered. The existence of assets is verifiable.

2.7 Compliance with Procurement Principles and Nationality and Origin Rules

For the expenditure items concerned, the Reporting Entity has complied with the contractual requirements for procurement. Contractual nationality and origin rules have been applied, including those on derogations to be awarded by the Commission.

2.8 Expenditure complies with the requirements of applicable tax and social legislation

For the expenditure items concerned the Reporting Entity complies with the requirements of tax and social security legislation (for example: employer's part of taxes, pension premiums and social security charges).

2.9 Financial support to third parties (sub-granting)

Financial support to third parties is provided for by the contractual conditions and its amount does not exceed the contractual limits.

The expenditure incurred by the third parties meets the relevant eligibility requirements. In particular it was incurred by and pertains to the third party, during the contractual eligibility period, is necessary for the implementation of the contractual activities and is identifiable and verifiable (see definition at point 2.6).

2.10 Other eligibility requirements

Duties, taxes and charges, (e.g. VAT) included in the financial report cannot be recovered by the Entity unless otherwise provided for in the contractual conditions (accepted costs system). In the latter case these expenses are reported separately and relate to eligible direct expenditure.

The correct exchange rates are used where applicable.

The contingency reserve has been established in accordance to the contractual conditions and its use authorised by the Contracting Authority.

The indirect costs do not exceed the maximum contractual percentage of the eligible direct costs and do not include ineligible expenses or expenses already declared as direct ones.

Contributions in kind are not included in the financial report, unless otherwise provided for in the contractual conditions.

Expenditure specifically considered ineligible by the contractual conditions is not included in the financial report.

Expenditure declared under the simplified cost options respects the contractual requirements.

The revenues generated by the Reporting Entity in the execution of the contract are disclosed in the financial report and deducted from the declared expenditure, unless otherwise provided for in the contractual conditions.

[If additional checks are needed, notably in case specific objectives are established at point 2 of the Terms of Reference, then add the following:

2.11 Additional checks not included in the standard verification procedure

<Describe the additional checks>]

TERMS OF REFERENCE FOR AN EXPENDITURE VERIFICATION

<Annex 3: Model for >Expenditure verification Report

How this model should be completed by the Expenditure Verifier

- **insert** the information requested between the <...>
- **choose** the optional text between [...] highlighted in grey when applicable or delete
- **delete** all yellow instructions and the present text box
- **replace footer by "EVR <Year of Report>- Contract <...> - Page .../..."**

Apart from the addition of information and statements that reports on factual findings should contain in accordance with ISRS 4400, **the standard wording** can only be modified in exceptional cases and after prior consultation of DEVCO R2, Audit & Control Unit.

1. Background information

1.1. Short description of the action subject to verification

Contract number and title:	
Contract type	< e.g. grant contract, programme estimate, service contract...>
Financial Report(s) subject to verification	<DD/MM/YYYY-DD/MM/YYYY> <DD/MM/YYYY-DD/MM/YYYY> <DD/MM/YYYY-DD/MM/YYYY>
Reporting Entity and Other Spending Entities⁶	< Identify the Reporting Entity and Other Spending Entities and provide key information about their legal form, nationality, size, main field(s) of activity and other elements deemed relevant – max 200 words>
Location(s) where the Contract is implemented	
Contract execution period	
Contract implementation status	< indicate on-going or completed >
General and specific objectives of the Contract	
Synthetic description of the activities, outputs and target group	<max 300 words>

⁶ The term "Other spending entities" identifies the entities, beyond the reporting one, which incurred part of the reported expenditure

1.2. Basic financial information of the Contract (at the time of the verification)

1.2.1 Expenditure

Budget Headings	Budgeted Expenditure (amount)	Reported Expenditure (amount)
Budget Heading "..."		
...		
Total		

1.2.2 Contributions

Source of Contribution	Budgeted Contribution (amount)	Actual Contribution (amount)
EU		
Reporting Entity		
Spending Entity 1		
...		
Other Donor 1		
...		
Total		

1.2.3 Revenues

Revenue Types	Budgeted Revenues (amount)	Actual Revenues (amount)
Type "..."		
Type "..."		
...		
Total		

1.3.Verified Financial Reports/Invoices

See annex 3.1

2. Risk analysis

2.1. Outcome of risk analysis

Based on the risk analysis performed according to the Terms of Reference, provide succinct information about the identified risks possibly affecting the verified report, regarding the action, the context in which the latter is implemented, the beneficiaries and the target group.

<E.g. action implemented via complex procurement procedures, financial assistance to third parties (sub-grants) or revolving funds, transactions incurred in several currencies, technical complexity, high corruption perception index, instances of political interference, predominance of cash payments, number of parties involved, partners lacking administrative capacity, known weaknesses in internal control systems, lack of involvement or cooperation of the target group, history of fraud cases. (max. 300 words)>

In addition, please identify possible mitigating factors.

< E.g. previous audit or verification work, evidence of close follow up by the contracting authority, good results yielded in the past by the implementing partner, etc. (max. 150 words)>

2.2 Implications on the sampling

Explain how the identified risk factors are reflected in the structure and size of the sample.

<Based on the identified risk factors, describe how the sample was selected (e.g. statistical/judgemental sampling, stratification, etc.), what type of transactions were prioritised (e.g. amount above xx EUR, expensed declared by co-beneficiary XY, staff expenditure, payments to sub-grantees, etc.) what is the coverage ratio in amount and number of transaction (max. 200 words)>

3. Transaction population and sample

3.1 Sampling Highlights/Overview

The sample size was determined based on a materiality threshold of 2% of the total amount of reported expenditure with a confidence level of 95% and considering the risk analysis presented above.

Report/invoice: <indicate the report/invoice number and cut-off dates>		
	Population	Audited sample
Number of transactions		
Value of transactions EUR		

[If more than one financial report/invoice is verified, repeat as applicable]

A complete list of the transactions included in the population is to be included in Annex 3.2. The Contracting Authority may request the Expenditure Verifier to exclude from the population the transactions included in the financial report but already rejected during the ex-ante verifications.

Section 3.2 applies only if the Reporting Entity is not the Contracting Authority for the expenditure verification. If this is not the case the entire section 3.2 should be removed.

3.2 Reconciliation of the reports/invoices with the Commission accounting records

In case the report/invoice amount is different from that of the relevant accounting record (invoice, clearing, payment), fill in this table

Report/invoice: <indicate the report number and cut-off dates>	
Total amount of the verified report)
+/- corrections following external ex ante verifications	
+/- corrections following internal ex ante verifications	
Amount of the Commission's accounting record	

If more than one financial report/invoice is verified, repeat as applicable. If financial reports under different Contracts are verified, include the contracts reference

4. Substantive testing

4.1. Short description of the testing process

Compliance with the Terms of Reference and with the International Standard on Related Services (ISRS) 4400.

<Confirm that the testing procedures established in the annex 2 to the Terms of Reference were fully applied or disclose any scope limitation. Also confirm that the testing was executed in accordance with the International Standard on Related Services (ISRS) 4400, "Engagements to Perform Agreed-upon Procedures Regarding Financial Information".>

Provide the key information about the testing process.

<E.g. describe if the audit work took place at the implementing partner's premises, whether qualified representatives of the auditee were present, if they were cooperative, if the supporting documentation was available in full, if additional documents had to be received after the field mission, whether evidence of the equipment transfer is available, if physical inspections were performed, any scope limitations, etc. (max. 300 words)>

5. Summary of findings

5.1. Summary of errors detected

<Description of the main outcomes of the transaction testing (e.g. type of errors detected, type of transactions, geographic scope, sector, involved implementing partners, etc.) (max. 200 words)>

5.2. Classification of errors by compliance issue

No	Compliance issue / reason for ineligible expenditure	No of findings	Amount €
1	Missing / inadequate documentation		
2	Incorrect procurement procedure applied		
3	Expenditure outside contractual period		
4	Expenditure includes VAT / other taxes		
5	Incorrect exchange rate used		
6	Budget exceeded		
7	Expenditure not for project purposes		
8	Fraud and Irregularities		
9	Income not declared / not reported		
10	Other financial findings		
	Total financial findings		

5.3 Audit team

<List names and expert category levels for this report.>

<Name and signature of the Verifier>

<Verifier's address: office having responsibility for the audit>

[for final reports <Date of signature> the date when the final report is signed]

Annex 3.1: Financial reports/invoices provided by the auditee

Annex 3.2: Procedures performed

Annex 3.3: Table of transactions - provided as Excel file

Annex 3.4: Table of errors - provided as Excel file

Annex 4 Guidelines for System Audit (Systems Audit Procedures (design and operating effectiveness of Internal Control Systems))

4.1 Audit Documentation and Evidence

1 Audit Documentation (Working Papers)

The Auditor should in accordance with ISAE 3000, prepare audit documentation that provides:

- A sufficient and appropriate record of the basis for the auditor's report; and
- Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements.

Audit documentation or working papers means the record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached. Audit file means one or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation or working papers for a specific engagement.

2 Audit Evidence

The Auditor should in accordance with ISAE 3000, ensure that audit evidence is gathered to support the Auditor's opinion and evidence that the audit was carried out in accordance with the IFAC *International Framework for Assurance Engagements* and *International Standard on Assurance Engagements ('ISAE') 3000 for Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

The Auditor should obtain sufficient appropriate audit evidence to support audit findings and to draw reasonable conclusions on which to base the audit opinion. The Auditor uses professional judgment to determine whether audit evidence is sufficient and appropriate taking into account the Contractual Conditions.

3 Retention of Audit Documentation (Working Papers)

The Auditor should retain audit documentation for the engagement (including evidence for audit fees and expenses such as invoices for hotel accommodation, air plane boarding cards, ticket stubs, time sheets etc.) for inspection by the Commission for a period of 5 years from the date of payment by the Commission of the Auditor's final invoice for this engagement. The Commission shall, on request and in accordance with the legislation in the country where the office having responsibility for the audit is based, have access to the audit documentation within this 5 year period.

4 Access to Records and Documents of the Entity

The Auditor should have full and unrestricted access at any time to all records and documents (including accounting records, contracts, minutes of meetings, bank records, invoices etc.), to employees of the Entity and to the Entity's locations insofar as this is possible and relevant to the audit of the Project. The Auditor may request the Entity to get access to banks (e.g. to request a bank confirmation), consultants and other persons or firms engaged by the Entity.

4.2 Planning

1 Preparatory Meeting with the Commission

The Commission normally foresees a preparatory meeting with the Auditor. This meeting will take place at DEVCO Headquarters in Brussels, or in the EU Delegation concerned by the audit or at another place whichever location is most appropriate and convenient for both parties. The purpose of this meeting is to discuss the planning, fieldwork and reporting of the audit and to clarify outstanding issues. The Commission and the Auditor may agree to use alternative methods to prepare the audit (e.g. conference calls).

2 Opening Meeting with the Entity

The Auditor should arrange for an opening meeting with the Entity to discuss and explain the planning, fieldwork and reporting. The Auditor will explain the nature, objectives and scope of the audit. The Auditor should inform the Commission about this meeting which may be attended by Commission representatives including the Audit Task Manager ('ATM').

During the preparatory and opening meeting the Auditor may request additional information and documents that he/she considers necessary or useful for the planning and fieldwork of the audit. The Auditor may contact the Entity directly to obtain such information.

3 Planning Activities, Audit Plan and Audit Work Programmes

The Auditor should plan the audit so that it will be performed in an effective manner and efficient manner. Adequate planning involves that appropriate attention is devoted to important areas of the audit, that potential problems are identified and resolved on a timely basis and that the audit is properly organised and managed in order to be performed in an effective and efficient manner.

The Auditor should have an audit plan (or a similar planning document such as an audit work plan or a planning memorandum) documenting the audit approach and key principles of audit planning, fieldwork and reporting. The Auditor should have audit work programmes which detail and document the audit tests and procedures. The Auditor should provide copies of the audit plan and audit work programmes to the Commission's ATM on request.

4 Risk Assessment

The Auditor should assess the main risks to the achievement of the objectives of the Project including risks to the Project funding provided not being used in conformity with the applicable Contractual Conditions and the risk of error, irregularities and fraud with regard to Project funding. The assessment should be sufficient to design and perform further audit procedures and to determine the nature, timing and extent of test of controls.

The Auditor should assess whether the design of the Internal Control System sufficiently mitigates those risks and whether it is operating effectively.

The Auditor should consider the risks of weaknesses and deficiencies in the design or operating effectiveness of internal controls to determine the nature, timing and extent of evidence gathering procedures. A weakness or a deficiency in controls exists where an internal control or series of internal controls does not reasonably prevent or detect risks that could have an adverse impact on the objectives of the Project. A deficiency in internal control exists when:

- An internal control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, errors and misstatements in the financial report for the Project on a timely basis; or
- An internal control necessary to prevent, or detect and correct, errors and misstatements in the financial report for the Project on a timely basis is missing.

Risk assessment involves an assessment of the risks that:

- the Financial Report of the Project is not reliable i.e. that it does not present, in all material respects, the actual expenditure incurred and the revenue received for the Project in conformity with applicable Contractual Conditions;
- the Project funds provided by the Commission have not, in all material respects, been used in conformity with applicable Contractual Conditions;
- fraud and irregularities can occur or have occurred which have an impact on Project expenditure and income and which are not detected and corrected in a timely manner;
- the relevant Contractual Conditions for the Project are not complied with. For this purpose the Auditor can concentrate on the controls and control areas described in the ToR Section 6.2 (Planning and Fieldwork, obtaining an understanding of the engagement context).

4.3 *Fieldwork*

1 *Obtaining evidence regarding the design of controls*

The scope of work should include an assessment of whether the **design** of the Internal Control System sufficiently mitigates the risks to the achievement of the Project (see point 2.2.4 above).

The Auditor should concentrate only on the key internal controls of the Entity and specifically those relating to the Project which are designed to prevent and detect material errors, irregularities or fraud with regard to the Project funding. The Auditor should determine which of the internal controls at the Entity were necessary to achieve the internal control objectives and assess whether these internal controls are suitably designed.

The Auditor should consider qualitative as well as quantitative factors but this audit is not a performance audit and therefore the Auditor should concentrate on financial internal controls rather than operational controls.

Evaluating the design of an internal control involves considering whether a control, individually or in combination with other controls, is capable of effectively preventing, or detecting and correcting weaknesses and deficiencies.

Procedures to obtain evidence regarding the design of internal controls may include:

- Inquiring of Entity staff who may have relevant information;
- Evaluating whether descriptions of the Entity's internal controls, if available, fairly present the internal controls that have been designed and implemented;
- Inspecting Contractual Conditions;
- Observing operations and inspecting documents, reports, printed and electronic records of transaction processing, accounting procedures (e.g. bank reconciliation) and other key approval and internal control procedures (e.g. periodical expenditure reports, budget – actual comparisons, review and approval of timesheets etc.);

- Reperforming internal control procedures.

The Auditor may consider using flowcharts or questionnaires to facilitate assessing the design of the internal controls.

2 Tests of Controls

The scope of work should include an assessment of whether the Internal Control System is **operating effectively**.

The Auditor should test those internal controls that have been determined as necessary to achieve the internal control objectives and assess their operating effectiveness throughout the period.

An internal control is operating effectively if, individually or in combination with other controls, it provides reasonable assurance that

- The Entity's internal control objectives are achieved and in particular that risks to the achievement of the objectives of the Project are properly managed and controlled;
- The risks of error, irregularities and fraud with regard to Project funding are properly and timely prevented or detected.

When designing and performing tests of controls, the Auditor should:

- Perform other procedures in combination with inquiry to obtain evidence about:
 - How the internal control was applied;
 - The consistency with which the internal control was applied; and
 - By whom or by what means the internal control was applied;
- Determine whether internal controls to be tested depend upon other controls (indirect controls) and, if so, whether it is necessary to obtain evidence supporting the operating effectiveness of those indirect controls; and
- Determine means of selecting items for testing that are effective in meeting the objectives of the procedure.

When determining the extent of tests of controls, the Auditor shall consider matters including the characteristics of the population to be tested, which includes the nature of controls, the frequency of their application (for example, monthly, daily, a number of times per day), and the expected rate of deviation.

Audit procedures for tests of controls may include but are not limited to inspection (of records, documents and assets), observation, inquiry of management and others within the Entity, confirmation, recalculation and reperformance.

3 Sampling and other means of selecting items for testing

When designing and performing tests of controls the Auditor may apply audit sampling or other means of selecting items for testing. Audit sampling involves the application of audit procedures to less than 100% of items within a population of audit relevance (e.g. a class of transactions or account balance) such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.

Audit sampling can use either a statistical or non-statistical approach. The Auditor may use a judgmental selection of specific items from a population (e.g. high value or key items, all items over a certain amount, items to obtain information or items to test control activities). Selective examination does not constitute audit sampling.

While selective examination of specific items will often be an efficient means of obtaining evidence, it does not constitute sampling. The results of procedures applied to items selected in this way cannot be projected to the entire population; accordingly, selective examination of specific items does not provide evidence concerning the remainder of the population. Sampling, on the other hand, is designed to enable conclusions to be drawn about an entire population on the basis of testing a sample drawn from it.

4 Using the work of internal auditors

When the Auditor determines that an internal audit function is likely to be relevant for the audit he/she (a) determines whether, and to what extent specific work of the internal auditors can be used, and (b) if using the specific work of the internal auditors, whether that work is adequate for the purposes of the audit. The Auditor should comply with *ISA 610 'Using the Work of Internal Auditors'* insofar as this ISA is relevant to the audit.

5 Written representations

In assurance engagements other than audits or reviews of historical financial information (ISAE 3000) the auditor should obtain representations from the management. A written representation is a statement by the management provided to the Auditor to confirm certain matters or to support other audit evidence. The Commission does not require that the Auditor obtains written representations but this is recommended. The Auditor may request a letter of representation signed by the member(s) of the management of the Entity who have the primary responsibility for the Project and its financial aspects. The Auditor may request a letter of representation in cases where there is a specific point to obtain supplementary verification.

6 Fraud and irregularities

If Auditor may find that a fraud or irregularity has occurred or is likely to have occurred and such findings should be reported to the Commission in a complementary letter. The Commission will decide on follow-up measures including where appropriate the launching of an investigation by OLAF.

7 Complementary letter

The Auditor may at any time during the audit process draw up a complementary letter if he/she considers that the Commission should be informed about facts and issues that are or may be urgent or of particular interest and importance to the Commission.

This may cover issues that do not fall within the audit scope and/or the nature of which may be confidential or sensitive including for example indications and evidence of fraud or irregularities.

The Auditor should submit the complementary letter to the Commission as a separate and confidential letter independent of the audit report and solely addressed to the Commission. The ATM will ensure a proper and timely distribution to the relevant Commission services.

8 Debriefing Memorandum ('Aide Mémoire')

The Auditor will prepare a Debriefing Memo for discussion at the closing meeting. The Memo should outline the main audit findings which have resulted from the fieldwork and recommendations. A copy of the Memo should be sent to the ATM as soon.

9 Closing Meeting

The Auditor should organise a closing meeting with the Entity. The ATM and other Commission representatives can attend the meeting. The purpose of this meeting is to discuss the Debriefing Memo and to obtain the confirmation and initial comments of the Entity on the Auditor's findings and recommendations. The Auditor and the Entity can agree outstanding information to be provided by the Entity and where applicable a deadline for submission. The Auditor can inform the Entity about the reporting procedures. The Auditor should document any comments (verbal and written) made by the Entity and by Commission representatives and take these into account for the audit report.

4.4 Reporting

1 Basic Reporting Requirements and Language

The Auditor should report the results of the audit in accordance with the IFAC International Framework for Assurance Engagements and ISAE 3000, the practices of his/her audit firm and the requirements of these ToR.

The audit report should be objective, clear, concise, timely and constructive.

The report should be presented in the language as indicated in Section 6.3 of the ToR. If the language of the report is other than English or French the Auditor should also provide an executive summary of the report in English or French.

2 Date of the Audit Report and the Independent Auditor's Report

The date of draft and pre-final reports should be the date when these reports are sent for consultation. The date on the cover page of the final audit report should be the date when the final Independent Auditor's Report is signed.

Facts and events that have come to the Auditor's attention before the final Independent Auditor's Report is signed and which have an impact on that report (i.e. on the opinion and findings) must be taken into account. However, the auditor is under no obligation to enquire of the Entity's management and/or to carry out further audit procedures after the audit closing meeting and before the signature of the final report.

3 Procedure for the consultation and submission of the draft report

The Auditor should submit a draft report to the Commission (i.e. to the attention of the ATM) within 21 calendar days after the day of the closing meeting (i.e. the end of audit field work). The draft report should include the comments of the Entity insofar as these have already been obtained during the fieldwork of the audit and the closing meeting.

A paper and an electronic version of the draft report along with a cover letter should be submitted. The word 'draft' should be clearly indicated on all versions.

The Commission should provide comments on the draft report to the Auditor within 21 calendar days from receipt of the draft report. The ATM should collect the Commission's comments and ensure a proper and timely submission to the Auditor.

The Commission may request the Auditor to carry out additional audit work in which case a reporting deadline should be agreed on a case-by-case basis.

The Auditor should submit a draft report which takes into account the Commission's comments to the Entity (and a copy of that report with cover letter to the ATM) within 7 calendar days from receipt of the Commission's comments.

The Entity should submit comments to the Auditor within 21 calendar days from receipt of the draft report.

If the Entity's comments are not received within this deadline, the Auditor reminds the Entity until a written reply from the Entity is received. In the exceptional case where the Entity does not reply or where the absence of a reply leads to excessive delays in the consultation and reporting process, the Auditor contacts the Commission to discuss a solution. The Auditor should record and document causes and reasons for delays in the consultation of reports for which the Auditor is not responsible.

The Commission normally foresees a meeting with the Auditor after receipt of the draft audit report. This meeting will take place at DEVCO Headquarters in Brussels, or in the EU Delegation concerned by the audit or at another place whichever location is most appropriate and convenient for both parties. The purpose of this meeting is to discuss the draft report and any related issues that require specific attention. The Commission and the Auditor may agree to refer to alternative methods to discuss the report such as for example conference calls.

The Auditor may, where necessary or appropriate, propose a meeting with Commission and EU Delegation staff to discuss the draft report and the comments made thereon.

4 Procedure for the consultation and submission of the final report

If no additional audit fieldwork is required, the Auditor should submit a pre-final report to the Commission (i.e. to the attention of the ATM) within 7 calendar days from receipt of the Entity's comments on the draft report. The word 'pre-final' should be clearly indicated on the cover page of the pre-final report.

The Commission should inform the Auditor in writing whether it accepts the pre-final report within 14 calendar days from receipt of the pre-final report.

The Auditor should submit a final report within 7 calendar days from receipt of the Commission's comments on the pre-final report.

The Auditor should then submit three original paper versions (two bound versions and one loose-leaf) and one electronic version of the final report along with a cover note to the Commission. In the cover note the Auditor should confirm that two original paper versions of the final audit report have been sent to the Entity. The reports should be provided on original letterhead of the Auditor. The word 'final' should be clearly indicated on all versions. The Auditor should also send an electronic version of the final report i.e. a scanned copy (in PDF format) of the signed and dated final report with the Auditor's letterhead paper should also be sent to the ATM.

The ATM will ensure submission of the final audit report to the Commission services concerned.

The period between the audit closing meeting and the submission to the Commission of the final audit report should not exceed 98 calendar days or 14 weeks.

<Annex 5 Model for System Audit Report (Systems Audit Report (design and operating effectiveness of Internal Control Systems))>

<AUDITOR'S LETTERHEAD>

**EUROPEAN COMMISSION
EUROPEAID DEVELOPMENT AND COOPERATION
DIRECTORATE GENERAL ('DEVCO')**

[DRAFT, PRE-FINAL OR FINAL] REPORT⁷

[date]

**<for the final report this is the date on which the final Independent Auditor's Report is signed;
for a draft or pre-final report this is the date on which these reports are sent for consultation>**

**SYSTEMS AUDIT
Design and operating effectiveness of the Internal Control System
OF [TITLE OF THE PROJECT]**

Entity subject to Audit:	[Entity name]
Country:	[Country where the project is implemented]
Commission service :	[DEVCO Service/Unit or EU Delegation]
DEVCO Directorate:	[Indicate Directorate concerned]
Audit Framework Service Contract:	2013/S192-330430 (Lot N° 1) <remove if the Auditor has not signed an AFC>
Audit Module N°	[as per Audit Module]
Auditor:	[Audit firm and office having responsibility for the audit]
Period subject to audit:	[date] to [date]
Dates of audit fieldwork:	[[date] to [date]

⁷ The European Commission has requested this report. The views expressed in this report are those of the external auditor and in no way reflect the official opinion of the European Commission. This report is intended solely for the information and use of the European Commission for the purpose of its control of the use of funds of the project concerned by the audit. It may be disclosed to those EU official authorities having regulatory right of access to it, such as the European Court of Auditors, the Internal Audit Service and the European Anti Fraud Office. This report should not be used by any other party or for other than its intended purpose.

Table of Contents

<u>INDEPENDENT AUDITOR'S REPORT – SYSTEMS AUDIT</u>	36
<u>INDEPENDENT AUDITOR'S REPORT – SYSTEMS AUDIT</u>	38
<u>INDEPENDENT AUDITOR'S REPORT – SYSTEMS AUDIT</u>	39
<u>INDEPENDENT AUDITOR'S REPORT – SYSTEMS AUDIT</u>	42
1 <u>SUMMARY OF FINDINGS</u>	44
1.1 <u>SUMMARY OF INTERNAL CONTROL FINDINGS</u>	44
1.2 <u>KEY AUDIT DATA FOR THE AUDIT MODULE</u>	45
2 <u>THE ENGAGEMENT CONTEXT</u>	46
2.1 <u>REASON FOR THE AUDIT</u>	46
2.2 <u>CONTRACTUAL CONDITIONS</u>	46
2.3 <u>PROJECT SUBJECT TO AUDIT</u>	46
2.4 <u>ENTITY SUBJECT TO AUDIT</u>	46
2.5 <u>INTERNAL CONTROL SYSTEM SUBJECT TO AUDIT</u>	46
3 <u>THE AUDIT</u>	47
3.1 <u>AUDIT OBJECTIVES</u>	47
3.2 <u>AUDIT SCOPE</u>	47
3.3 <u>AUDIT PROCEDURES</u>	47
4 <u>FINDINGS AND RECOMMENDATIONS</u>	49
<u>ANNEXES</u>	50
<u>ANNEX 1: INTERNAL CONTROL SYSTEM SUBJECT TO AUDIT</u>	51
<u>ANNEX 2: OTHER INFORMATION</u>	52
<u>ANNEX 3: PERSONS CONTACTED OR INVOLVED IN THE AUDIT</u>	53

INSTRUCTIONS FOR USING THIS MODEL REPORT

This model report for a **systems audit** of the **design and operating effectiveness of the Internal Control System** provides a report format and structure for the Auditor and it also includes guidance for the content of the report sections.

- All grey shaded text in *<italic>* is guidance which should be removed.
- All text which is **not** grey shaded can be used by the Auditor for drawing up the report. The Auditor can modify text as he/she sees fit **except for the prescribed text of the Independent Auditor's report.**
- This model report includes **four** formats for the **Independent Auditor's Report** for a **Systems Audit** of the **design and operating effectiveness of the Internal Control System**: unqualified, qualified and adverse opinion and disclaimer of opinion.

Models which do not apply should be fully removed.

The prescribed text and wording of the Independent Auditor's Assurance Report for a Systems Audit should be respected at all times and not be changed.

This instruction page should be removed from the report

GUIDANCE FOR AUDIT OPINIONS

The Auditor should assess the magnitude (i.e. minor, significant or fundamental) of the weaknesses in the Internal Control System. For the purpose of determining what is a material weakness or deficiency in the Internal Control System the Auditor should assess whether the absence or failure of a control or a series of controls results in a significant risk of material error, irregularity or fraud in the use of the Project funds provided by the European Commission. The assessment of the magnitude of weaknesses in the Internal Control System is a matter of professional judgment of the Auditor.

If the Auditor's internal control findings relate to **minor weaknesses** in the Internal Control System which **do not** pose a significant risk to the achievement of the objectives of the Project, the effects of these weaknesses should be considered as **not material** in the context of the audit. The Auditor should express an **unqualified** opinion and use an **Emphasis of Matter** paragraph to draw the attention to findings for minor weaknesses in the Internal Control System, if any.

If the Auditor's internal control findings relate to **significant weaknesses** in the Internal Control System which pose a **substantial** risk to the achievement of the objectives of the Project, the effects of these should be considered as **material** in the context of the audit. The Auditor should express a **qualified** opinion.

If the Auditor's internal control findings relate to **fundamental weaknesses** in the Internal Control System which pose a **critical** risk to the achievement of the objectives of the Project, the effects of these should be considered as **material and pervasive** in the context of the audit. The Auditor should express an **adverse** opinion.

In cases of **scope limits** the Auditor should assess the uncertainty and the possible effects of the uncertainty on the design and operating effectiveness of the Internal Control System and decide whether it is appropriate to issue a **qualified, adverse or disclaimer of opinion**.

Independent Auditor's Report – Systems Audit

Design and operating effectiveness of the Internal Control System

<Format for an unqualified opinion>

European Commission

EuropeAid Development and Co-operation Directorate General *<or: Delegation of the European Union in country>*

Rue de la Loi / Wetstraat 41 *<or: address of EU Delegation concerned>*

B-1040 BRUSSELS

We have audited the Internal Control System set up and operated by [name], the 'Entity' for the project entitled [title of the project], the 'Project' and for the purpose of managing risks to the achievement of the objectives of the Project. These risks include risks to the Project funding provided by the European Commission not being used in conformity with the applicable Contractual Conditions as set out in section 2.2 of our report and the risk of error, irregularities and fraud with regard to Project funding.

This systems audit covers the design and operating effectiveness of the Internal Control System in the period from [date] to [date].

Our findings are set out in the relevant sections of our report, which is made solely to the European Commission in order to gain assurance that risks to the achievement of the objectives of the Project are properly managed and controlled.

Respective Responsibilities of the Entity's management and auditors

The Entity's management are responsible for the design, implementation and effective operation of the Internal Control System, including the management and control of risks to the achievement of the objectives to the Project.

Our responsibility is to audit the Internal Control System and to report our findings to the European Commission in accordance with the Terms of Reference for the audit engagement. These specify that we should carry out our work in accordance with the International Framework and Standards for Assurance Engagements (issued by the International Federation of Accountants) insofar as these standards can be applied in the specific context of a systems audit intended to provide assurance that risks to the achievement of the objectives of the Project are properly managed and controlled. These standards require us to observe applicable ethical standards in the conduct of our work.

Scope of the audit

The scope of our audit is set out in our Terms of Reference as noted in Section 3 of our report. It includes an assessment of the main risks to the achievement of the objectives of the Project including risks to the Project funding provided not being used in conformity with the applicable Contractual Conditions and the risk of error, irregularities and fraud with regard to Project funding. The scope of our audit includes an assessment of whether the design of the Internal Control System sufficiently mitigates those risks and whether it is operating effectively.

Our work is designed to concentrate only on the key internal controls of the Entity and specifically those relating to the Project which are designed to prevent and detect material errors, irregularities or fraud with regard to the Project funding.

For the purpose of determining what is a material weakness or deficiency in the Internal Control System we have assessed whether the absence or failure of a control or a series of controls results in a significant risk of material error, irregularity or fraud in the use of the Project funds provided by the European Commission.

Accordingly, our findings cannot be relied upon to disclose every weakness in internal control that may exist at the Entity or Project level. Additionally, although our audit scope includes consideration of qualitative as well as quantitative factors, it is not a performance audit and therefore concentrates on financial internal controls rather than operational controls.

We have taken into account all the available evidence presented to us during our fieldwork which we finalised on [date of closing meeting], including the subsequent comments and information of the Entity and of the European Commission up to the date of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion the Internal Control System set up and operated by the Entity for the purpose of managing material risks to the achievement of the objectives of the Project, was suitably designed and operated effectively in the period from [date] to [date].

Emphasis of Matter *<remove this paragraph if not applicable>*

Without qualifying our opinion we draw your attention to the findings as set out in Section 4 of our report detailing minor weaknesses in the Internal Control System. As these weaknesses do not pose a significant risk to the achievement of the objectives of the Project, they are not considered to be material in the context of our audit. Nevertheless, we report them to you in accordance with our Terms of Reference in order that they may be brought to the attention of the Entity and remedied in order to further strengthen the Internal Control System.

Distribution and Use

The European Commission has requested this report and it is intended solely for the information and use of the European Commission and the Entity.

Auditors' signature *<person or firm or both, as appropriate>*.

Name of Auditor signing *<person or firm or both, as appropriate>*.

Auditor's address *<office having responsibility for the audit>*.

Date of signature *<not be used for draft reports. The date when the final report is signed.>*

Independent Auditor's Report – Systems Audit

Design and operating effectiveness of the Internal Control System

<Format for a qualified opinion>

European Commission
EuropeAid Development and Co-operation Directorate General *<or: Delegation of the European Union in country>*
Rue de la Loi / Wetstraat 41 *<or: address of EU Delegation concerned>*
B-1040 BRUSSELS

We have audited the Internal Control System set up and operated by [name], the 'Entity' for the project entitled [title of the project], the 'Project' and for the purpose of managing risks to the achievement of the objectives of the Project. These risks include risks to the Project funding provided by the European Commission not being used in conformity with the applicable Contractual Conditions as set out in section 2.2 of our report and the risk of error, irregularities and fraud with regard to Project funding.

This systems audit covers the design and operating effectiveness of the Internal Control System in the period from [date] to [date].

Our findings are set out in the relevant sections of our report, which is made solely to the European Commission in order to gain assurance that risks to the achievement of the objectives of the Project are properly managed and controlled.

Respective Responsibilities of the Entity's management and auditors

The Entity's management are responsible for the design, implementation and effective operation of the Internal Control System, including the management and control of risks to the achievement of the objectives to the Project.

Our responsibility is to audit the Internal Control System and to report our findings to the European Commission in accordance with the Terms of Reference for the audit engagement. These specify that we should carry out our work in accordance with the International Framework and Standards for Assurance Engagements (issued by the International Federation of Accountants) insofar as these standards can be applied in the specific context of a systems audit intended to provide assurance that risks to the achievement of the objectives of the Project are properly managed and controlled. These standards require us to observe applicable ethical standards in the conduct of our work.

Scope of the audit

The scope of our audit is set out in our Terms of Reference as noted in Section 3 of our report. It includes an assessment of the main risks to the achievement of the objectives of the Project including risks to the Project funding provided not being used in conformity with the applicable Contractual Conditions and the risk of error, irregularities and fraud with regard to Project funding. The scope of our audit includes an assessment of whether the design of the Internal Control System sufficiently mitigates those risks and whether it is operating effectively.

Our work is designed to concentrate only on the key internal controls of the Entity and specifically those relating to the Project which are designed to prevent and detect material errors, irregularities or fraud with regard to the Project funding.

For the purpose of determining what is a material weakness or deficiency in the Internal Control System we have assessed whether the absence or failure of a control or a series of controls results in a significant risk of material error, irregularity or fraud in the use of the Project funds provided by the European Commission.

Accordingly, our findings cannot be relied upon to disclose every weakness in internal control that may exist at the Entity or Project level. Additionally, although our audit scope includes consideration of qualitative as well as quantitative factors, it is not a performance audit and therefore concentrates on financial internal controls rather than operational controls.

We have taken into account all the available evidence presented to us during our fieldwork which we finalised on [date of closing meeting], including the subsequent comments and information of the Entity and of the European Commission up to the date of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

We refer to our findings as set out in Section 1 (Summary of Findings) of our report detailing significant weaknesses in the Internal Control System and which therefore pose a substantial risk to the achievement of the objectives of the Project. The effects of these weaknesses to the design and operating effectiveness of the Internal Control System are considered to be material in the context of our audit.

[We were unable to obtain sufficient appropriate audit evidence about [describe issues] because [describe reasons / circumstances]. The effects of this to the design and operating effectiveness of the Internal Control System are material but not pervasive in the context of our audit.]

Qualified Opinion

In our opinion, except for the effects of the matters referred to in the preceding 'basis for qualified opinion' paragraph, the Internal Control System set up and operated by the Entity for the purpose of managing material risks to the achievement of the objectives of the Project was suitably designed and operated effectively in the period from [date] to [date].

Distribution and Use

The European Commission has requested this report and it is intended solely for the information and use of the European Commission and the Entity.

Auditors' signature <person or firm or both, as appropriate>.

Name of Auditor signing <person or firm or both, as appropriate>.

Auditor's address <office having responsibility for the audit>.

Date of signature <not be used for draft reports. The date when the final report is signed.>

Independent Auditor's Report – Systems Audit **Design and operating effectiveness of the Internal Control System**

<Format for an adverse opinion>

European Commission
EuropeAid Development and Co-operation Directorate General *<or: Delegation of the European Union in country>*
Rue de la Loi / Wetstraat 41 *<or: address of EU Delegation concerned>*
B-1040 BRUSSELS

We have audited the Internal Control System set up and operated by [name], the 'Entity' for the project entitled [title of the project], the 'Project' and for the purpose of managing risks to the achievement of the objectives of the Project. These risks include risks to the Project funding provided by the European Commission not being used in conformity with the applicable Contractual Conditions as set out in section 2.2 of our report and the risk of error, irregularities and fraud with regard to Project funding.

This systems audit covers the design and operating effectiveness of the Internal Control System in the period from [date] to [date].

Our findings are set out in the relevant sections of our report, which is made solely to the European Commission in order to gain assurance that risks to the achievement of the objectives of the Project are properly managed and controlled.

Respective Responsibilities of the Entity's management and auditors

The Entity's management are responsible for the design, implementation and effective operation of the Internal Control System, including the management and control of risks to the achievement of the objectives to the Project.

Our responsibility is to audit the Internal Control System and to report our findings to the European Commission in accordance with the Terms of Reference for the audit engagement. These specify that we should carry out our work in accordance with the International Framework and Standards for Assurance Engagements (issued by the International Federation of Accountants) insofar as these standards can be applied in the specific context of a systems audit intended to provide assurance that risks to the achievement of the objectives of the Project are properly managed and controlled. These standards require us to observe applicable ethical standards in the conduct of our work.

Scope of the audit

The scope of our audit is set out in our Terms of Reference as noted in Section 3 of our report. It includes an assessment of the main risks to the achievement of the objectives of the Project including risks to the Project funding provided not being used in conformity with the applicable Contractual Conditions and the risk of error, irregularities and fraud with regard to Project funding. The scope of our audit includes an assessment of whether the design of the Internal Control System sufficiently mitigates those risks and whether it is operating effectively.

Our work is designed to concentrate only on the key internal controls of the Entity and specifically those relating to the Project which are designed to prevent and detect material errors, irregularities or fraud with regard to the Project funding.

For the purpose of determining what is a material weakness or deficiency in the Internal Control System we have assessed whether the absence or failure of a control or a series of controls results in a significant risk of material error, irregularity or fraud in the use of the Project funds provided by the European Commission.

Accordingly, our findings cannot be relied upon to disclose every weakness in internal control that may exist at the Entity or Project level. Additionally, although our audit scope includes consideration of qualitative as well as quantitative factors, it is not a performance audit and therefore concentrates on financial internal controls rather than operational controls.

We have taken into account all the available evidence presented to us during our fieldwork which we finalised on [date of closing meeting], including the subsequent comments and information of the Entity and of the European Commission up to the date of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Basis for Adverse Opinion

We refer to our findings as set out in Section 1 (Summary of Findings) of our report detailing fundamental weaknesses in the Internal Control System and which therefore pose a critical risk to the achievement of the objectives of the Project. The effects of these weaknesses to the design and operating effectiveness of the Internal Control System are considered to be both material and pervasive in the context of our audit.

[We were unable to obtain sufficient appropriate audit evidence about [describe issues] because [describe reasons / circumstances]. The effects of this to the design and operating effectiveness of the Internal Control System are material and pervasive in the context of our audit.]

Adverse Opinion

In our opinion, because of the fundamental nature of the matters referred to in the preceding 'basis for adverse opinion' paragraph, the Internal Control System set up and operated by the Entity for the purpose of managing material risks to the achievement of the objectives of the Project was not suitably designed and did not operate effectively in the period from [date] to [date].

Distribution and Use

The European Commission has requested this report and it is intended solely for the information and use of the European Commission and the Entity.

Auditors' signature <person or firm or both, as appropriate>.

Name of Auditor signing <person or firm or both, as appropriate>.

Auditor's address <office having responsibility for the audit>.

Date of signature <not be used for draft reports; The date when the final report is signed.>

Independent Auditor's Report – Systems Audit

Design and operating effectiveness of the Internal Control System

<Format for a disclaimer of opinion>

European Commission
EuropeAid Development and Co-operation Directorate General *<or: Delegation of the European Union in country>*
Rue de la Loi / Wetstraat 41 *<or: address of EU Delegation concerned>*
B-1040 BRUSSELS

We have been engaged to audit the Internal Control System set up and operated by [name], the 'Entity' for the project entitled [title of the project], the 'Project' and for the purpose of managing risks to the achievement of the objectives of the Project. These risks include risks to the Project funding provided by the European Commission not being used in conformity with the applicable Contractual Conditions as set out in section 2.2 of our report and the risk of error, irregularities and fraud with regard to Project funding.

The purpose of this systems audit was to cover the design and operating effectiveness of the Internal Control System in the period from [date] to [date].

Respective Responsibilities of the Entity's management and auditors

The Entity's management are responsible for the design, implementation and effective operation of the Internal Control System, including the management and control of risks to the achievement of the objectives to the Project.

Our responsibility is to audit the Internal Control System and to report our findings to the European Commission in accordance with the Terms of Reference for the audit engagement. These specify that we should carry out our work in accordance with the International Framework and Standards for Assurance Engagements (issued by the International Federation of Accountants) insofar as these standards can be applied in the specific context of a systems audit intended to provide assurance that risks to the achievement of the objectives of the Project are properly managed and controlled. These standards require us to observe applicable ethical standards in the conduct of our work.

Basis for Disclaimer of Opinion

The scope of our audit is set out in the Terms of Reference as noted in Section 3 of our report. We were unable to obtain sufficient appropriate audit evidence about the [describe issues] because [describe reasons / circumstances]. The possible effects of this to the design and operating effectiveness of the Internal Control System could be both material and pervasive in the context of our audit. As a result of this uncertainty we do not have a basis for an opinion.

Disclaimer of Opinion

Because of the significance of the matters described in the 'basis for disclaimer of opinion' paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a

basis for an opinion. Accordingly, we do not express an opinion on the design and operating effectiveness of the Internal Control System in the period from [date] to [date].

Distribution and Use

The European Commission has requested this report and it is intended solely for the information and use of the European Commission and the Entity.

Auditors' signature <person or firm or both, as appropriate>.

Name of Auditor signing <person or firm or both, as appropriate>.

Auditor's address <office having responsibility for the audit>.

*Date of signature <not be used for draft reports. The date when the **final** report is signed.>*

1 Summary of Findings

<Provide a summary (2-3 pages) of the detailed internal control findings in Chapter 4.>

1.1 Summary of Internal Control Findings

Our detailed internal control findings in Section 4 can be summarised as follows:

Finding n°.	Internal control issue	Title	Priority (1)	Entity comments
1	[same as in Section 3.1]	[same title as in Section 4]	[level 1,2 or 3]	[agreed / disagreed]
2				
3				
Etc				

(1) Priority level of the recommendation (see Section 4).

1.2 Key Audit Data for the Audit Module

The summary tables below contain **key audit data** and are solely for **use of the Commission** for internal reporting purposes in the **Audit Module**.

Type of audit	Systems audit - design and operating effectiveness of the Internal Control System
Type of systems audit opinion	[Qualified, Unqualified, Adverse, Disclaimer]

Internal Control Findings					
N°	internal control issue	number (1) findings priority 1	number findings priority 2	number findings priority 3	total number of findings
1	No documentation or inadequate documentation				
2	Accounting system and procedures				
3	Financial reporting system and procedures				
4	IT systems and procedures (computerised information systems)				
5	Control environment				
6	Asset management including related procurement process and procedures				
7	Cash and bank management (treasury)				
8	Expenditure control including related procurement process and procedures				
9	Human resources and payroll management				
10	Other				
	Total internal control findings				

(1) This is the number of times a finding for the compliance issue concerned was made. For priority levels for ranking the recommendations relating to the findings see Section 4.

2 The Engagement Context

<This Chapter should contain a description of the engagement context of maximum 8 pages. Information in the ToR and related documents (e.g. ToR Annex) can be taken.>

2.1 Reason for the Audit

<Describe whether the audit was foreseen in a DEVCO Audit Plan and for what reason i.e. risk based or mandatory.>

2.2 Contractual Conditions

<Describe agreements, contracts and other regulatory and contractual documents which set out the Contractual Conditions for the Project. These may include:

- ✓ Basic Regulations, Financing and other Agreements and related documents*
- ✓ External aid contracts for works, services, supplies or grants, programme estimates and related documents*

Where applicable annexes and amendments (i.e. riders) to agreements, contracts etc. should be mentioned. If the Project is implemented through a series of contracts or other documents (e.g. programme estimates) describe which contracts were covered by the audit and which ones were excluded and for what reasons.>

2.3 Project subject to Audit

<Describe the characteristics of the Project subject to audit and its context including:

- ✓ The background and history of the Project*
- ✓ A description of the Project, objectives, results, main activities, Project locations and context (e.g. country, sector, type of project).*
- ✓ The implementation structure for the Project covering the roles and responsibilities of the Entity and of other parties, external stakeholders (e.g. ministries and departments of the partner government, agencies etc.) and specific instances such as for example project steering committees involved with the implementation of the project.*
- ✓ Duration, state of implementation and notable successes or problems*
- ✓ A financial report or analysis of the Project>*

2.4 Entity subject to Audit

<Briefly describe the Entity's organisation and management structure>

2.5 Internal Control System subject to Audit

<Provide a (summary) description of the Internal Control System focusing on the main / key internal controls designed and implemented by the Entity insofar these internal controls are relevant to the Project and to the objectives for the Project (see ToR Section 6.2, Planning and Fieldwork). The Auditor can provide further details of the Internal Control System in Annex I.>

Annex 1 contains details of the Entity's Internal Control System subject to audit.

3 The Audit

<Section 3 should contain a description of the audit of maximum 8 pages.>

We have been engaged by the European Commission to perform this audit in accordance with the terms of reference attached to the Commission's [request for services; or other document if the Audit Framework Contract was not used] of [date] and the Commission's [order form; or contract other document if the Audit Framework Contract was not used] of [date] with reference [order form number or reference of other document].

3.1 Audit Objectives

<The text on the audit objectives should normally be the same as in Section 2 (Objectives) of the ToR. Any changes to the audit objectives in the ToR should be agreed with the ATM and be addressed here.>

3.2 Audit Scope

<The text on the audit scope should normally be the as in Section 5 (Scope) of the ToR. Any changes to the audit scope in the ToR should be agreed with the ATM and be addressed here.>

3.2.1 Contractual Conditions

<Refer to the Contractual Conditions for the Project in Section 2.2.>

The Contractual Conditions for the Project are set out in Section 2.2 of this report. The scope of this audit included obtaining a sufficient understanding of the applicable EC laws and regulations for the Project, the Contractual Conditions and of the requirements for controls set out in Section 6.2 of the ToR (Planning and Fieldwork) for this audit engagement.

3.2.2 Scope of Work

The scope of work of this systems audit covered the design and operating effectiveness of the Internal Control System in the period from [date] to [date].

The Internal Control System subject to audit is described at Section 2.5 of this report.

The scope of work included specific considerations and procedures which are set out further below at Section 3.3.

3.2.3 Scope Limitations

<Describe scope limits if any.>

3.3 Audit Procedures

<Describe the specific considerations and procedures covered by the scope of work (Section 6.2 of the ToR, Planning and Fieldwork). For example, there are specific considerations for materiality and for risk assessment and for the internal controls and internal control areas which are relevant and appropriate to the Project and the Entity.

The latter include, but are not necessarily limited to key financial internal controls which are related to the revenue and expenditure categories in the financial report for the Project and the ones which are important for the management and control of the Project activities. This is critical in this specific context of a systems audit intended to provide assurance that risks to the achievement of the objectives of the Project are properly managed and controlled.

The structure provided below should be used (insofar applicable). Descriptions can be taken from section 6.2 of the ToR (Planning and Fieldwork) and Annex 2 to the ToR (Systems Audit Process and Procedures) and be complemented by the Auditor as he/she sees fit.>

The scope of work included the following specific considerations and procedures:

Obtaining an Understanding of the Engagement Context

[description]

Risk Assessment and Materiality

[description]

Obtaining Evidence regarding Design of Controls

[description]

Test of Controls

[description]

Sampling and other means of selecting items for testing

[description]

Using the work of Internal Auditors <remove if not applicable>

[description]

Obtaining Written Representations <remove if not applicable>

[description]

4 Findings and Recommendations

<The Auditor may use separate pages for each finding. Each finding should be given a sequence number.>

Our detailed internal control findings are set out below.

Finding n°: [number]	Title: [title of the finding]
Internal control issue: [internal control issue n° 1 – 10]	
Description of the finding: [describe in detail the finding covering <u>facts, criteria, cause and impact</u> . For <u>criteria</u> mention relevant article(s) / contractual provision(s) in the Contractual Conditions.]	
Recommendation: <description the recommendation> <recommendations should be designed to correct existing situations; to improve the management and internal control system of the Project or to better comply with established controls and/or best practice>.	
Recommendation priority: Priority 1 - Urgent remedial action is required; Priority 2 - Prompt specific action is required; Priority 3 - Specific remedial action is desirable <remove what is not applicable>	
Comments from the Entity: [state whether the Entity agrees or disagrees with the finding and describe Entity comments]	
Comments from the Commission: [describe Commission comments]	
Further comments of the Auditor: [complete only if the Entity does not agree with the finding of the Auditor but the Auditor still believes that the finding is valid. In that case the Auditor should rebut here the comments of the Entity and justify why the finding is still made>	

Priority levels for ranking recommendations

Priority 1 - Urgent remedial action is required. Key internal controls are absent or are not complied with on a regular basis. There is a fundamental weakness or deficiency in an internal control or in a series of internal controls which involves a substantial risk of either material error, or irregularity or fraud with regard to the expenditure and revenue stated in the Financial Report of the Project. There is a substantial risk of failure to achieve the control objectives for the Project which concern reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations notably the Contractual Conditions for the Project. Such risks could lead to an adverse impact on the financial report of the Project. Remedial action should be taken urgently.

Priority 2 - Prompt specific action is required. There is a weakness or deficiency in an internal control or in a series of internal controls which, although not fundamental, relates to shortcomings which expose specific internal control areas (e.g. cash and bank management or budgetary and expenditure control) to a less immediate level of risk of either error, or irregularity or fraud. Such a risk could impact on the effectiveness of the internal controls and on the internal control objectives and should be of concern to the Entity's management. Prompt specific action should be taken.

Priority 3 - Specific remedial action is desirable. There is a weakness or deficiency in internal control which individually has no major impact but where the Project would benefit from improved internal controls and/or where the Entity would have the opportunity to achieve greater effectiveness and/or efficiency. There is a possibility of undesirable effects at the process level, which, combined with other weaknesses, could give cause for concern.

Annexes

Annex 1: Internal Control System subject to Audit

<The Auditor can provide further details of the Internal Control System subject to audit in this Annex.>

Annex 2: Other Information

< Annex 2 can be used to include other relevant information.

The Auditor may add other Annexes to include additional information as he/she deems necessary or appropriate>

Annex 3: Persons contacted or involved in the Audit

The Auditor – [name of the audit firm]

[Name 1]	[Indicate position / title of the person in the audit firm who has ultimate responsibility for the engagement and its performance, and for the report that is issued on behalf of the firm, e.g. Partner, Director or equivalent]
[Name 2; optional]	[optional (If not in conflict with the practices and HR policies of the Audit Firm), Indicate position / title in the audit firm of the person in the audit firm who has been managing the audit, E.g. Senior Manager]

The Entity subject to audit – [name of the Entity]

[Name 1]	[Indicate position / title in the audited entity e.g. Director, Finance Manager, Accountant, Programme Manager]
[Name 2]	[as 1]
[Name 3 etc]	[as 1]

EuropeAid Development and Co-operation Directorate General

[Name 1]	Audit Task Manager. [to be completed only if the Audit Task manager works at DEVCO, indicate position and unit in DEVCO]
[Name 2]	[Indicate position / title and unit in DEVCO e.g. Head of Finance, Contracts and Audit]
[Name 3 etc]	[as 2]

Delegation of the European Union in [country]

[Name 1]	Audit Task Manager. [to be completed only if the Audit Task manager works in the EU Delegation. Indicate position in the EU Delegation]
[Name 2]	[Indicate position in the EU Delegation e.g. Head of Finance and Contracts, Programme Officer, Contracts Officer, Finance Officer etc]
[Name 3 etc]	[as 2]

[Indicate name of any other external organisation or person contacted or involved in the audit such as the Entity's statutory auditors or Technical Assistants. Remove this table if not applicable]

[Name 1]	[Indicate position / title in the organisation]
[Name 2 etc]	[as 1]

ANNEX IX

TRANSFER OF OWNERSHIP OF ASSETS

Grant contract identification number: ENI/2019/ 409-956
Title of the action:
Name of beneficiary:
Name of local beneficiary/local affiliated entity/final beneficiary of the action to whom the assets are transferred:

Assets	Description of item (> EUR 5 000)	Date of purchase	Purchase cost in EUR	Date of transfer / comments
1.				
2.				
3.				
4.				
Etc.				

The above list was drawn up to comply with Articles 2 and 7.5 of the general conditions applicable to EU-financed grant contracts for external action (Annex II of the contract). Ownership of each item listed has been transferred. The local beneficiary(ies) and/or the local affiliated Entity(ies) and/or final beneficiaries are in agreement with its content.

Done in : on

_____ (Beneficiary) (local beneficiary/local affiliated entity/final beneficiary of the action No 1)
 _____ (local beneficiary/local affiliated entity/final beneficiary of the action No 2 etc.)

Name & Position Name & Position

