



EUROPEAN UNION



**GRANT CONTRACT
- EXTERNAL ACTIONS OF THE EUROPEAN COMMUNITY -**

<Grant contract identification number>

The Government of Republic of Turkey, represented by the Central Finance and Contracts Unit (CFCU), Eskişehir Yolu 4.Km 2.Cad. (Halkbank Kampüsü) No: 63 C-Blok 06580 Söğütözü / Ankara, Turkey ("the Contracting Authority")

of the one part,

and

Full official name of the Beneficiary¹
Legal status
Organisation official registration number
Full official address>
VAT number, for VAT registered beneficiaries,
("the Beneficiary")

of the other part,

have agreed as follows:

Special conditions

Article 1 - Purpose

- 1.1 The purpose of this contract is the award of an IPA grant by the Contracting Authority for the implementation of the Action entitled: <title of the Action> ("the Action") described in Annex I.
- 1.2 The Contract is signed in accordance with the decision of the Joint Monitoring Committee of the Black Sea Basin Joint Operational Programme from <date/month/year> to award a grant to the Action.
- 1.3 The Beneficiary will be awarded the IPA grant on the terms and conditions set out in this contract, which consists of these special conditions ("Special Conditions") and the annexes, which the Beneficiary hereby declares it has noted and accepted.
- 1.4 The Beneficiary accepts the grant and undertakes to carry out the Action under its own responsibility.
- 1.5 The Beneficiary receives the IPA Grant from the Contracting Authority and ensures it is managed and distributed to the Turkish partners in accordance with the Special Conditions and its annexes.

Article 2 - Implementation period of the Action

- 2.1 This contract shall enter into force on the date when the last of the two Parties signs.
- 2.2 Implementation of the Action shall begin on **choose one of the following:**

¹ These data must be the same as those of the relevant Legal Entity sheet.



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-the day following that on which the last of the two Parties signs

- a later date,

- 2.3 The Action's implementation period, as laid down in Annex I, is <number of months>.
- 2.4 The execution period of this contract will end at the moment when final payment is paid by the Contracting Authority and in any case at the latest 18 months as from the end of the implementation period as stipulated in art 2.3 above.

Article 3 - Financing the Action

- 3.1 The total cost of the Action is estimated atEURO², as set out in Annex III.
- 3.2 The Contracting Authority undertakes to finance a maximum of <... ..EURO>, equivalent to 90% of the estimated total eligible cost of the Action.; the final amount of the eligible costs shall be established in accordance with Articles 14 and 17 of Annex II.
- 3.3 Pursuant to Article 14.4 of the Annex II, <...>% (maximum 7%)of the final amount of direct eligible costs of the Action established in accordance with Articles 14 and 17 of the Annex II, may be claimed by the Beneficiary as indirect costs without increasing the amount specified in article 3.2.]
- 3.4 Pursuant to Article 14.6 of Annex II, the Regulation under which this contract is financed authorises payment of taxes, including VAT, in the case the Beneficiary can show it cannot reclaim.

Article 4 - Reporting and payment arrangements

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

Option 1 (Actions with an implementation period not exceeding 12 months and where the financing provided by the Contracting Authority is between EUR 50 000 and 100 000)

Pre-financing payment: <... ..EURO>
(80% of the IPA Grant foreseen for the implementation of the Action as set out in Annex III)

Forecast final payment
(subject to the provisions of Annex II): <... ..EURO>

Option 2 (Actions with an implementation period not exceeding 24 months and where the financing provided by the Contracting Authority is over EUR 100 000 and up to 700 000)

First instalment of pre-financing: <... ..EURO>
(30% of the IPA Grant foreseen for the implementation of the Action as set out in Annex III)

Forecast second instalment(s) of pre-financing: <... ..EURO>
(maximum 50% of the IPA Grant foreseen for the implementation of the Action as set out in Annex III and subject to the provisions of Annex II)

Forecast final payment: <... ..EURO>
(maximum 20% or the balance of the IPA Grant foreseen for the implementation of the Action as set out in Annex III and subject to the provisions of Annex II)

² Please note that this article refers only to the IPA part of the Action.



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

4.4 The Beneficiary shall transfer the corresponding amounts of the Grant to its Turkish partners without delay as from the date of receipt of the instalment of Grant, proportionally to each partner's contribution to the Action, without making any deduction, retention or further specific charge, and shall submit the proof of transfer to the Contracting Authority within 7 days.

Article 5 - Contact addresses

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

For the Contracting Authority

Central Finance and Contracts Unit (CFCU)
Mr. Muhsin Altun
CFCU Director
Eskişehir Yolu 4.Km 2.Cad.
(Halkbank Kampüsü) No: 63 C-Blok
06580 Söğütözü / Ankara, Turkey

For the National Authority

Turkish International Cooperation and Development Agency (TİKA)
CBC Unit, Atatürk Bulvarı No:15
06050 Ulus/Ankara/TURKEY

Delegation of the European Commission to Turkey

Uğur Mumcu Cad. 88, 4th Floor,
Gaziosmanpaşa, 06700 Ankara, Turkey

For the Beneficiary

<address of the Beneficiary for correspondence>

A copy (both hard copy and soft copy) of the reports referred to in Article 4.1 must be sent to the National Authority in charge of monitoring the Action and to the EC Delegation to Turkey, at the aforementioned addresses.

5.2 The Beneficiary has to inform the Contracting Authority about the audit firms (which will carry out the verifications of expenditure referred to in Article 15.6 of Annex II (**name, contact responsible person, address, telephone and fax numbers**)). The Beneficiary shall notify in this respect the Contracting Authority as soon as possible, but not later than 45 days after the signature of this Contract.

Article 6 - Annexes

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

Annex I : Description of the Action

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

Annex III : Budget for the Action



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- Annex IV : Contract-award procedures
- Annex V : Standard request for payment and financial identification form
- Annex VI : Model narrative (progress) and financial report
- Annex VII : Model report of factual findings and terms of reference for an expenditure verification of an EC financed grant contract for external actions
Model report of factual findings and terms of reference for a consolidated expenditure verification of a grant contract
- Annex VIII : Tax and customs arrangements

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

Article 7 - Other specific conditions applying to the Action

7.1 The General Conditions are supplemented by the following:

7.1.1 In the Article 10 of General Conditions set out in Annex II the reference to “the Contracting Authority” shall be deemed to be reference to “the Joint Monitoring Committee (the JMC)”.

7.1.2 Article 3 of the General Conditions set out in Annex II shall be supplemented with the following paragraph:

3.3. The Beneficiary is liable towards the Contracting Authority for ensuring that all its partners and subcontractors fulfill their obligations under this contract. It is also liable towards the Contracting Authority for any infringements of obligations under this contract by its partners and subcontractors in the same way as for its own conduct.

7.1.3 In addition to Article 6.1, visibility measures shall also comply with the Visual Identity Manual for Joint Operational Programme «Black Sea 2007-2013».

7.1.4 In addition to Article 12.7, the JMC shall be notified by the Contracting Authority concerning eventual decisions to terminate a contract.

7.2. The following derogations from the General Conditions shall apply:

7.2.1 **By derogation from Article 1.3** the Beneficiary shall act in partnership with the Partners identified in the Description of the Action. **The Beneficiary and its partners** may subcontract a limited portion of the Action to third parties. The bulk of the Action must, however, be undertaken by the Beneficiary and its partners.

7.2.2 **By derogation from Article 2.1** the Beneficiary shall provide the Contracting Authority with an interim report for the first half of the project implementation and narrative progress reports every 4 months not later than one month after each reporting period. If there is an overlapping between the dates when the narrative progress report and the interim report or the final reports are due, only the interim or the final report shall be submitted

7.2.3 **By derogation from Article 2.3, the following paragraphs shall be read as follows:**

The reports shall be drafted in English language. They shall be submitted to the Contracting Authority at the following intervals:

- for grants of 50.000 up to 100.000 and up to 12 months:



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- a **narrative progress report** conforming to the model in Annex VI and covering every 4 months of the implementation period of the Action which shall be forwarded no later than one month after the above period has elapsed ;
- a **final report consisting of a narrative and financial section** conforming to the model in Annex VI shall be forwarded no later than three months after the implementation period as defined in Article 2 of the Special Conditions;

- for grants over 100.000 up to 700.000 and up to 24 months :

- a **narrative progress report** conforming to the model in Annex VI and covering every 4 months of the implementation period of the Action which shall be forwarded no later than one month after the above period has elapsed ;
- an **interim report consisting of a narrative and financial section conforming to the model in Annex VI** must accompany every request for payment;
- the **final report consisting of a narrative and financial section conforming to the model in Annex VI** shall be forwarded no later than three months after the implementation period as defined in Article 2 of the Special Conditions.

7.2.4 By derogation from Article 4, the following paragraphs shall be read as follows:

The Beneficiary undertakes to take all necessary precautions to avoid conflicts of interests and shall inform the Contracting Authority, **in writing**, without delay of any situation constituting or likely to lead to any such conflict. **The Beneficiary shall immediately take all necessary measures to neutralise any situation giving rise to a conflict of interest and shall take appropriate actions to remedy any negative effects of the conflict of interest within 30 days from the notification of the Contracting Authority.**

For the purpose of this Grant Contract, the conflict of interest shall mean any situation where there is a divergence between the fulfilment of responsibilities under this Grant Contract by the Parties and the private interest of the persons involved in the Contract , which may adversely affect the impartial and objective exercise of the functions of any person involved in the implementation/verification/control/audit of this Contract, for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.

7.2.5 By derogation from Article 5, the following paragraph shall be read as follows:

Subject to Article 16, the Contracting Authority and the Beneficiary undertake to preserve the confidentiality of any document, information or other material communicated to them in confidence until at least seven years after the final payment. **The European Commission will have access to all documents communicated to the Contracting Authority and will maintain the same confidentiality.**

7.2.6 By derogation from Article 7, the following paragraphs shall be read as follows:

7.1. Ownership of, and title and intellectual and industrial property rights to, the Action's results, reports and other documents relating to it shall be vested in the Beneficiary and its partners, unless mutually agreed otherwise.

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

7.2.7 In the Articles 8.1, 12.2, 12.3, 14.1, 14.5, 15.5, 16.1, and 17.3, the reference to the "beneficiary" shall be deemed to be reference to the "beneficiary and its partners".



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7.2.8 **By derogation from Article 9.1**, the Beneficiary must submit the request to the Contracting Authority two months before the date on which the amendment should enter into force.

7.2.9 **By derogation from Article 9.2**, the Beneficiary shall inform in writing in 7 days the Contracting Authority about the amendment in the budget.

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 the Contract was signed cast doubt on the auditor's independence or competence to undertake the assignment.

7.2.10 **By derogation from Article 11.1**, the Beneficiary may request an extension of the Action's implementation period no later than two months before it ends. The request must be approved by the Joint Monitoring Committee.

7.2.1 **By derogation from Article 12.3**, for the purpose of this article, "substantial error" shall mean any modification which adversely affects the nature or the implementation of the Action or confers an undue advantage to a third party.

7.2.2 **By derogation from Article 13.1**, Contract shall be governed by the law of Turkey, which is the seat of the Contracting Authority.

7.2.3 **By derogation from Article 13.2**, a Party must reply to a request for an amicable settlement within 30 days from the receiving date of the notification.

7.2.4 **By derogation from Article 13.4**, any disputes arising out of or relating to this contract shall be referred to the exclusive jurisdiction of the relevant courts in Ankara applying the national legislation of the Contracting Authority.

7.2.5 **By derogation from Article 15.1**, Payment procedures are set out in Article 4 of the Special Conditions and correspond to one of the two options below:

Option 1: Actions with an implementation period not exceeding 12 months and where the financing provided by the Contracting Authority is between EUR 50 000 and 100 000
The Contracting Authority will pay the grant to the Beneficiary in the following manner:

- pre-financing of 80% of the sum referred to in Article 3.2 of the Special Conditions following the provisions in Article 4.3 of the Special Conditions.
- the balance representing maximum 20% of the sum referred to in Article 3.2 of the Special Conditions within 45 days of the Contracting Authority approving the final report in accordance with Article 15.2, accompanied by a consolidated expenditure verification report and by a request for payment of the balance conforming to the model in Annex V.

The balance shall constitute the remaining amount of the Grant entitled to the Beneficiary as based on the total accepted eligible costs of the part of the Action and balanced with the installment of pre-financing.

Option 2: Actions with an implementation period not exceeding 24 months and where the financing provided by the Contracting Authority is over EUR 100 000 and up to 700 000

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

- an initial pre-financing instalment of 30% of the sum referred to in Article 3.2 of the Special Conditions, as specified in Article 4 of the Special Conditions, following the provisions in Article 4.3 of the Special Conditions.



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- further pre-financing installment **representing maximum 50% of the sum referred to in Article 3.2 of the Special Conditions**, within 45 days of the Contracting Authority approving an interim report in accordance with Article 15.2, accompanied by:
 - a request for payment conforming to the model in Annex V,
 - **a consolidated expenditure verification report under Article 15.6,**
 - a financial guarantee if required under Article 15.7;

- the balance **representing maximum 20% of the sum referred to in Article 3.2 of the Special Conditions** within 45 days of the Contracting Authority approving the final report in accordance with Article 15.2, accompanied by:
 - a request for payment of the balance conforming to the model in Annex V,
 - an expenditure verification report required under Article 15.6.

The balance shall constitute the remaining amount of the Grant entitled to the Beneficiary as based on the total accepted eligible costs of the part of the Action and balanced with the installment of pre-financing.

Further pre-financing may only be given if the part of the expenditure actually incurred which is financed by the Contracting Authority (by applying the percentage set out in Article 3.2 of the Special Conditions) stands at 70% at least of the previous payment (and at 100% of any previous payments) as supported by the corresponding interim report **and by a consolidated expenditure verification report** as specified in Article 15.6. Where the consumption of the previous pre-financing is less than 70%, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre financing payment.

The total sum of pre-financing under the Contract may not exceed **80%** of the amount referred to in Article 3.2 of the Special Conditions.

7.2.6 By derogation from Article 15.6, A consolidated report on the verification of the Action's expenditure - conforming to the model in **Annex VII (Annex 3B)** - produced by an **approved auditor** who meets the specific conditions of the Terms of Reference for the expenditure verification - shall be attached to:

- **any request for further pre-financing payments;**
- **any final report;**

The Beneficiary and its partners shall have auditors for each partner. Thus the Beneficiary will submit to the Contracting Authority **the report for consolidated expenditure verification with all the factual findings from all auditors**, conforming to the model in **Annex VII (Annex 3B)**. Each individual report will be attached to it as an annex.

The auditor examines whether the costs declared by the Beneficiary are real, accurately recorded and eligible in accordance with the Contract, as well as the revenue of the Action and issues an **expenditure verification report** conforming to the model in **Annex VII (Annex 3A)**. The Beneficiary grants the auditor all access rights mentioned in Article 16.2.

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

Based on the consolidated expenditure verification report - conforming to the model in Annex VII (Annex 3B) - the Contracting Authority determines the total amount of eligible expenditure and the amount of Contracting Authority funding, according to the provisions in article 3.2. of Special Conditions. The total sum of pre financing under the Contract is deducted from the total amount of Contracting Authority funding to establish the payable balance (clearance).

7.2.11 By derogation to article 15.9, Any interest accruing from pre financing paid by the Contracting Authority shall be assigned to the Action and deducted from the payment of the balance of the amounts due to the Beneficiary, unless the Contracting Authority requests



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the Beneficiary to reimburse the interest generated by pre-financing payments before the payment of the balance.

7.2.12 **By derogation from Article 14.2**, Subject to the above and where relevant to the provisions of Annex IV being respected, the following direct costs of the Beneficiary and its partners shall be eligible:

- the cost of staff assigned to the Action, corresponding to actual gross salaries including **statutory deductions**³ and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary or its partners, as the case may be, unless it is justified by showing that it is essential to carry out the action;
- 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 or its partners, as the case may be. Any flat-rate reimbursement of the subsistence costs must not exceed the rates set out in Annex III, which correspond to the scales published by the European Commission at the time of signing this contract;
- purchase (**new**) or rental (**new or used**) costs for equipment and supplies specifically for the purposes of the Action, and costs of services, provided they correspond to market rates;
- costs of consumables;
- subcontracting expenditure;
- costs deriving directly from the requirements of the Contract (dissemination of information, evaluation specific to the Action, **expenditure verification**, translation, reproduction, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees);
- **any other cost necessary for the implementation of the Action, in line with the national legislation and Budget of the Action.**

7.2.13 **By derogation from Article 14.3**, a contingency reserve not exceeding 2% of the direct eligible costs may be included in the Budget of the Action.

7.2.14 **By derogation from Article 14.6**, purchase of land and existing buildings shall not be considered eligible.

7.1.5 **By derogation from Article 15.8**, any conversion into Euro of the real costs borne in other currencies shall be done at the monthly rate published in InforEuro website <http://ec.europa.eu/budget/inforeuro>.

7.1.6 Article 15.10 and 15.12 shall not be applicable.

Done at Ankara in English in four originals one original being for the Contracting Authority, one original being for the European Commission, one original being for the Beneficiary and one original for the TİKA.

For the Beneficiary

Name :
Title :
Signature :
Date :

For the Contracting Authority

Name :
Title :
Signature :
Date :

³ According to their respective national legislation.