



Innovation and Networks Executive Agency

Department C - Connecting Europe Facility (CEF)

**GRANT AGREEMENT
UNDER THE CONNECTING EUROPE FACILITY (CEF) - TRANSPORT SECTOR**

AGREEMENT No INEA/CEF/TRAN/M2014/1045990

The **Innovation and Networks Executive Agency (INEA)** ("the Agency"), under the powers delegated by the European Commission ("the Commission"), represented for the purposes of signature of this Agreement by the Director of the Agency, Dirk Beckers,

on the one part,

and

1. RB Rail AS (RB Rail)
Joint Stock Company
Registration No 40103845025
Gogola street 3
LV-1050 Riga
Latvia
VAT No LV40103845025,

hereinafter referred to as "the coordinator", represented for the purposes of signature of this Agreement by Chairperson of the Management Board and Chief Executive Officer, Baiba Anda Rubesa

and the following other beneficiaries:

2. Ministry of Economic Affairs and Communications of the Republic of Estonia (Min EAC - EE) - established in Estonia

3. Ministry of Transport of the Republic of Latvia (Min Tran - LV) - established in Latvia

4. Ministry of Transport and Communications of the Republic of Lithuania (MoTC - LT) - established in Lithuania

duly represented by the coordinator by virtue of the mandates included in Annex IV for the signature of this Agreement,

hereinafter referred to collectively as "the beneficiaries", and individually as "beneficiary" for the purposes of this Agreement where a provision applies without distinction between the coordinator or another beneficiary,

on the other part,

HAVE AGREED

to the Special Conditions (hereinafter referred to as “the Special Conditions”) and the following Annexes:

- Annex I Description of the action
- Annex II General Conditions (hereinafter referred to as “the General Conditions”)
- Annex III Estimated budget of the action
- Annex IV Mandates provided to the coordinator by the other beneficiaries
- Annex V Model final report
- Annex VI Model financial statement(s)
- Annex VII Model terms of reference for the certificate on the financial statements

which form an integral part of this Agreement, hereinafter referred to as "the Agreement".

The terms set out in the Special Conditions shall take precedence over those set out in the Annexes.

The terms of Annex II "General Conditions" shall take precedence over the other Annexes.

SPECIAL CONDITIONS

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ARTICLE 1 – SUBJECT MATTER OF THE AGREEMENT

The Commission has decided to award a grant, under the terms and conditions set out in the Special Conditions, the General Conditions and the other Annexes to the Agreement, for the action entitled "**Development of a 1435 mm standard gauge railway line in the Rail Baltic/Rail Baltica (RB) corridor through Estonia, Latvia and Lithuania**" ("the action"), action number **2014-EU-TMC-0560-M** as described in Annex I.

With the signature of the Agreement, the beneficiaries accept the grant and agree to implement the action, acting on their own responsibility.

ARTICLE 2 – ENTRY INTO FORCE OF THE AGREEMENT AND DURATION OF THE ACTION

2.1 The Agreement shall enter into force on the date on which the last party signs.

2.2 The action shall run from 01/03/2015 ("the starting date") until 31/12/2020 ("the completion date").

ARTICLE 3 - MAXIMUM AMOUNT AND FORM OF THE GRANT

The grant for the action shall be of a **maximum amount of EUR 442,230,615**.

The grant shall take the form of:

- (a) the reimbursement of the eligible costs of the action ("reimbursement of eligible costs"), which are estimated at EUR 540,427,656, according to the following conditions:
 - (a1) Reimbursement of 81% of the eligible costs for the direct costs of the following activities: Activity 25, Activity 26, Activity 27, Activity 28, Activity 29, Activity 30, Activity 31, Activity 32, Activity 33, Activity 37, Activity 38, which are
 - (i) actually incurred ("reimbursement of actual costs")
 - (ii) reimbursement of unit costs: not applicable
 - (iii) reimbursement of lump sum costs: not applicable
 - (iv) reimbursement of flat-rate costs: not applicable
 - (v) declared on the basis of an amount per unit calculated in accordance with the beneficiary's usual cost accounting practices ("reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices") for personnel costs
 - (a2) Reimbursement of 85% of the eligible costs for the direct costs of the following activities: Activity 1, Activity 2, Activity 3, Activity 4, Activity 5, Activity 6, Activity 7, Activity 8, Activity 9, Activity 10, Activity 11, Activity 12, Activity 13, Activity 14, Activity 15, Activity 16, Activity 17, Activity 18, Activity 19, Activity 20, Activity 21, Activity 22, Activity 23, Activity 24, Activity 34, Activity 35, Activity 36, Activity 39, Activity 40, Activity 41, which are
 - (i) actually incurred ("reimbursement of actual costs")
 - (ii) reimbursement of unit costs: not applicable
 - (iii) reimbursement of lump sum costs: not applicable

- (iv) reimbursement of flat-rate costs: not applicable
 - (v) declared on the basis of an amount per unit calculated in accordance with the beneficiary's usual cost accounting practices ("reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices") for personnel costs
- (b) unit contribution: not applicable
- (c) lump sum contribution: not applicable
- (d) flat-rate contribution: not applicable

ARTICLE 4 – ADDITIONAL PROVISIONS ON REPORTING, PAYMENTS AND PAYMENT ARRANGEMENTS

4.1 Reporting periods and payments

In addition to the provisions set out in Articles II.23 and II.24, the following reporting and payment arrangements shall apply:

4.1.1 Reporting periods

The action is divided into the following reporting periods:

- Reporting period 1 from the starting date of the action to 31 December 2015;
- Reporting period 2 from 1 January 2016 to 31 December 2016;
- Reporting period 3 from 1 January 2017 to 31 December 2017;
- Reporting period 4 from 1 January 2018 to 31 December 2018;
- Reporting period 5 from 1 January 2019 to 31 December 2019;
- Last reporting period from 1 January 2020 to the completion date of the action.

4.1.2 Payments

Upon entry into force of the Agreement, the Agency shall make a first pre-financing payment of 50% of the amount of the first annual instalment of the maximum CEF contribution as indicated in Annex III to the coordinator in accordance with Article II.24.1.2.

At the end of each reporting period, except the last reporting period, the coordinator may submit a request for further pre-financing payment in accordance with Article II.23.1.2. The further pre-financing payment shall be calculated on the basis of 50% of the cumulated financing needs and in accordance with Article II.24.1.3. The Agency shall make the further pre-financing payment to the coordinator in accordance with Article II.24.1.3.

At the end of at least every two reporting periods, the coordinator shall submit a request for interim payment in accordance with Article II.23.2.1. The Agency shall make an interim payment to the coordinator in accordance with Article II.24.2.

At the end of the last reporting period, the coordinator shall submit the request for payment of the balance in accordance with Article II.23.2.2. The Agency shall make the payment of the balance to the coordinator in accordance with Article II.24.3.

4.1.3 Ceiling for pre-financing and interim payments

The total amount of pre-financing and interim payments shall not exceed 80% of the maximum grant amount set out in Article 3.

4.2 Time limit for payments

The time limit for the Agency to make the interim payment(s) and payment of the balance is 90 days.

4.3 Language and submission means of requests for payment, reports and financial statements

All requests for payments, reports and financial statements shall be submitted in English.

The Action Status Report referred to in Article II.23.1 shall be submitted via TEN-Tec.

Other documents or, if applicable, scanned copies of the original signed paper versions and electronic files, shall be sent via e-mail to the address specified in Article 6.2.

ARTICLE 5 – BANK ACCOUNT FOR PAYMENTS

All payments shall be made to the coordinator's bank account as indicated below:

Name of bank: Nordea Bank AB Latvijas filiāle

Address of branch: Kr. Valdemara street 62, 1013 Riga, Latvia

Precise denomination of the account holder: RB Rail AS - Coordinator's account

Full account number (including bank codes): LV53NDEA0000084619682

BIC code: NDEALV2X

ARTICLE 6 - DATA CONTROLLER AND COMMUNICATION DETAILS OF THE PARTIES

6.1 Data controller

The entity acting as a data controller according to Article II.6 shall be the Director of the Agency.

6.2 Communication details of the Agency

Any communication addressed to the Agency by post or e-mail shall be sent to the following address:

Innovation and Networks Executive Agency (INEA)
Department C - Connecting Europe Facility (CEF)
Unit C1 Transport
B-1049 Brussels
Fax: +32(0)2 297 37 27

E-Mail addresses:

For general communication: inea@ec.europa.eu

For the submission of requests for payment, reports (except ASRs) and financial statements: INEA-C1@ec.europa.eu

Any communication addressed to the Agency by registered mail, courier service or hand-delivery shall be sent to the following address:

Innovation and Networks Executive Agency (INEA)
Avenue du Bourget, 1
B-1140 Brussels (Evere)

TEN-Tec shall be accessed via the following URL:

<https://webgate.ec.europa.eu/tentec/>

6.3 Communication details of the beneficiaries

Any communication from the Agency to the beneficiaries shall be sent to the following addresses:

For RB Rail AS:

Caune Arturs

Project manager - coordinator

Gogola street 3, LV-1050 Riga, Latvia

E-mail address: arturs.caune@railbaltica.org

ARTICLE 7 – ENTITIES AFFILIATED TO THE BENEFICIARIES

Not applicable.

ARTICLE 8 - IMPLEMENTING BODIES DESIGNATED BY THE BENEFICIARIES

For the purpose of this Agreement, the following entities are considered as implementing bodies:

- Estonian Technical Regulatory Authority, designated by Min EAC - EE;
- Rail Baltic Estonia OU, designated by Min EAC - EE;
- SIA Eiropas dzelzceļa līnijas, designated by Min Tran - LV;
- AB „Lietuvos geležinkeliai”, designated by MoTC - LT;
- UAB „Rail Baltica statyba”, designated by MoTC - LT.

ARTICLE 9 - MONO-BENEFICIARY GRANT

Not applicable.

ARTICLE 10 – ADDITIONAL PROVISIONS ON REIMBURSEMENT OF COSTS DECLARED ON THE BASIS OF THE BENEFICIARY'S USUAL COST ACCOUNTING PRACTICES

Not applicable.

ARTICLE 11 – ADDITIONAL PROVISIONS ON USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

In addition to the provisions of Article II.8.3, the beneficiaries shall warrant that the Agency has the rights to:

- summarise the results of the action and distribute the summary;
- extract a part (e.g. audio or video files) of, divide into parts or compile the results of the action.

ARTICLE 12 – OBLIGATION TO CONCLUDE AN INTERNAL CO-OPERATION AGREEMENT

Not applicable.

ARTICLE 13 - INAPPLICABILITY OF THE NO-PROFIT PRINCIPLE

Not applicable.

ARTICLE 14 - INELIGIBILITY OF VALUE ADDED TAX

Not applicable.

ARTICLE 15 - SPECIAL PROVISIONS ON ELIGIBLE COSTS

By way of derogation from point (l) of Article II.19.4, the following costs may be eligible:

- (i) costs of purchase of land not built on and land built on, up to 10 % of the total eligible costs of the action,
- (ii) costs of purchase of derelict sites and purchase of sites formerly in industrial use which comprise buildings, up to 15 % of the total eligible costs of the action.

ARTICLE 16 – WAIVING OF THE OBLIGATION TO PROVIDE CERTIFICATES ON THE FINANCIAL STATEMENTS

Not applicable.

ARTICLE 17 - FINANCIAL SUPPORT TO THIRD PARTIES

Article II.11 is not applicable.

ARTICLE 18 — IMPLEMENTATION OF ACTION TASKS BY BENEFICIARIES NOT RECEIVING EU FUNDING

Not applicable.

ARTICLE 19 – SETTLEMENT OF DISPUTES WITH NON EU BENEFICIARIES

Not applicable.

ARTICLE 20 – BENEFICIARIES WHICH ARE INTERNATIONAL ORGANISATIONS

Not applicable.

ARTICLE 21 – JOINT AND SEVERAL FINANCIAL LIABILITY FOR RECOVERIES

Not applicable.

SIGNATURES

For the coordinator

For the Agency

Baiba Anda Rubesa

Dirk Beckers

Done at Riga, on

Done at Brussels, on

In duplicate in English

ANNEX I

DESCRIPTION OF THE ACTION

ARTICLE I.1 – IMPLEMENTATION OF THE TEN-T NETWORK

The action contributes to the implementation of:

- the core network
 - Corridor(s): North Sea - Baltic.
 - Pre-identified section(s) on the core network corridor(s):
 - Tallinn - Riga - Kaunas - Warszawa

ARTICLE I.2 – LOCATION OF THE ACTION

- I.2.1 Member State(s): Estonia, Latvia, Lithuania
- I.2.2 Region(s) (using the NUTS2 nomenclature): Latvija (LV00), Lietuva (LT00), Eesti (EE00)
- I.2.3 Third country(ies): not applicable

ARTICLE I.3 – SCOPE AND OBJECTIVES OF THE ACTION

The Action is part of the pre-identified, cross-border "Rail Baltic/Rail Baltica" project connecting the three Baltic States with Central Europe along the North Sea – Baltic Corridor. The aim of the Global Project "Rail Baltic/Rail Baltica" (Tallinn-Riga-Kaunas-Warsaw axis) is to develop a new, EU gauge double-track electrified railway line to eliminate the technical bottleneck due to the gauge differences (1520 mm vs. EU 1435 mm) matching the requirements of the TSI INF traffic codes P2/F1 as of 2015.

As the second phase of the Global Project, the Action includes technical designs, assessments and studies, land acquisition, project implementation support measures, preliminary construction works, supervision, communication and PR tasks.

The aim of this Action is to implement all the necessary preparatory activities (for example technical designs, building permit, land acquisition, etc.) to start construction works of the railway line and Phase I construction works (preparatory construction works, start of construction of railway and civil structures in pre-selected sections of the railway line) and to prepare for the main construction phases of the railway line. The activities of the Action are located on several sites in Estonia, in Latvia on the Central section and Riga area, and on the Lithuanian section of Kaunas (RRT) – Panevėžys – Lithuanian/Latvian state border.

The main objectives of this Action are the following:

- Preparation of the technical design of the track and railway related structures in full compliance with agreed TSI INF traffic codes P2/F1 (design speed of up to 240 km/h for passenger traffic and up to 120 km/h for freight traffic, axle load 22,5 t and length of freight train from 740 m to 1050 m) and the relevant EU and domestic legislations;
- Technical consultancy for designs vis-à-vis the technical requirements;

- Completion of the railway route related studies to ensure a successful implementation of the project;
- Planning of the land acquisition activities alongside the planned RB route and land acquisition (phase I);
- Construction of a new railway line on Tallinn – EE/LV border, Phase I - embankment and grade-level crossings, to complete the preliminary works for the railway superstructure;
- Construction of Ülemiste and Pärnu passenger terminals, Riga Central Railway junction and related civil structures and Riga International Airport RB passenger station civil structures and junction to complete the preliminary works for the railway superstructure; Construction of a railway connection between Riga Central Station and Riga International Airport (Phase I –works).
- Construction of a section of the new railway line Kaunas (RRT)- Panevėžys - Lithuania/Latvia state border (Phase I, approximately 3 km single track);
- Implementation of a communication plan in order to keep stakeholders and the public informed of the progress of the project;
- Supervision of works to ensure that the construction is in compliance with technical design;
- Contribution to the implementation of the North Sea-Baltic Core Network Corridor and the development of the EU internal market.

The fulfilment of EU environmental law, in particular, the provisions of Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild flora and fauna, Directive 2000/60/EC establishing a framework for community policy in the field of water, is a pre-condition for the disbursement of EU financial aid to the Action. The compulsory assessments must be duly completed and approved by the competent authorities according to national law and in line with requirements of relevant EU legislation before the start of the physical intervention. If this information is not provided or is not positively assessed by the Commission services, the Agency may suspend, reduce, recover or terminate financial assistance in accordance with articles II.15, II.16, II.24.5 and II.25.4.

ARTICLE I.4 – ACTIVITIES

I.4.1 Activities timetable

Activity number	Activity title	Indicative start date	Indicative end date	Milestone number
1	A1.1.1. Development of new CBA of the global project along the entire track (RBR)	01/06/2015	30/04/2017	1, 2
2	A1.1.2. Preparation of the operational plan of the railway (RBR)	01/01/2017	31/12/2018	3, 4
3	A1.1.3. Preparation of business plan (RBR)	01/10/2015	31/12/2017	5, 6
4	A1.1.4. Study on contracting scheme for the RB works across all Baltic States (RBR)	01/03/2015	31/12/2015	7, 8
5	A1.1.5. Preparation of common	01/05/2015	31/03/2016	9, 10

	technical standards for systems and subsystems in accordance with TSI and preparation of technical specifications for detailed design phase (RBR)			
6	A1.1.6. Commercialization plan and market studies including route promotion (RBR)	01/01/2016	31/12/2020	11, 12
7	A1.2.1. Technical assessment of technical design (EE)	01/07/2017	30/09/2018	13, 14
8	A1.2.2. Study of ensuring the supply of raw materials and mineral resources (sand, etc.) (EE)	01/01/2016	31/12/2017	15, 16
9	A1.2.3. Study on environmental mitigation measures (EE)	01/01/2016	31/12/2017	17, 18
10	A1.2.4. Archaeological studies of relevant areas along the planned route (EE)	01/01/2016	31/12/2018	19, 20
11	A1.2.5. Update of technical mitigation requirements package based on national SEA/EIA results (EE)	01/01/2016	31/12/2018	21, 22
12	A1.2.6. Update of the Environmental Impact Assessment (EE)	01/01/2016	31/12/2018	23, 24
13	A1.2.7. Study and detailed plan on technical parameters and functionalities for maintenance depot (EE)	01/01/2017	31/12/2019	25, 26
14	A1.2.8. Conformity Assessment (technical validation) (EE)	01/01/2017	31/12/2020	27, 28
15	A1.3.1. Development of land acquisition plan - central section (LV)	01/01/2016	01/07/2017	29, 30
16	A1.3.2. Technical assessment of the technical design (LV)	01/07/2016	31/12/2018	31, 32
17	A2.2.1. Detailed technical design of Ülemiste and Pärnu passenger terminal buildings (EE)	01/01/2016	31/12/2018	33, 34, 35, 36
18	A2.2.2. Detailed spatial plan, detailed technical design, CBA and environmental studies of Muuga TEN-T Port freight terminal (EE)	01/01/2016	31/12/2019	37, 38, 39
19	A2.2.3. Detailed technical design of the rolling stock maintenance depot (EE)	01/01/2016	31/12/2018	40, 41, 42
20	A2.2.4. Detailed technical design (including building permits) of the entire railway line (EE)	01/01/2016	30/09/2018	43, 44, 45
21	A2.3.1. Detailed technical design of Riga Central Railway junction, related civil structures and buildings (LV)	01/01/2016	31/12/2018	46, 47
22	A2.3.2. Detailed technical design of Riga International Airport RB passenger station civil structures, buildings and	01/01/2016	31/12/2018	48, 49

	junction (LV)			
23	A2.3.3. Detailed technical design for railway line in Central section (LV)	01/01/2016	31/12/2018	50, 51, 52
24	A2.4.1. The technical design for the construction of the new line from Kaunas to LT/LV border (LT)	18/05/2018	31/12/2020	53, 54
25	A3.2.1. Construction of the embankment, Phase I (EE)	01/01/2019	31/12/2020	55, 56, 57
26	A3.2.2. Construction of grade-level crossings - eoducts, electricity system's infrastructure, viaducts and bridges, Phase I (EE)	01/01/2019	31/12/2020	58, 59, 60
27	A3.2.3. Ülemiste and Pärnu passenger terminal building works (EE)	01/01/2019	31/12/2020	61, 62, 63
28	A3.3.1. Construction of Riga Central Railway junction and related civil structures (LV)	30/07/2018	31/12/2020	64, 65, 66
29	A3.3.2. Construction of Riga International Airport RB passenger station civil structures and junction (LV)	31/05/2018	31/12/2020	67, 68, 69
30	A3.3.3. Construction of railway line Central section's subsection: Riga Central Station to Riga International Airport, Phase I (LV)	31/08/2018	31/12/2020	70, 71, 72
31	A3.4.1. Construction of the section Kaunas (RRT)-Panevėžys-LT/LV border, Phase I (LT)	30/11/2019	31/12/2020	73, 74, 75
32	A4.2.1. Land acquisition, Phase I (EE)	01/01/2016	31/12/2018	76
33	A4.3.1. Land acquisition, Phase I (LV)	01/10/2016	31/12/2019	77
34	A5.1.1. Project implementation support measures (RBR)	01/03/2015	31/12/2020	80
35	A5.2.1. Project implementation support measures (EE)	01/08/2015	31/12/2020	80
36	A5.3.1. Project implementation support measures (LV)	01/08/2015	31/12/2020	80
37	A6.2.1. Construction works supervision (EE)	01/01/2019	31/12/2020	78, 79
38	A6.3.1. Owner's supervision (LV)	01/09/2018	31/12/2020	81, 82
39	A7.1.1. Communication and PR plan with the public (RBR)	01/10/2015	31/12/2020	83
40	A7.2.1. Communication and PR plan with the public (EE)	01/01/2016	31/12/2020	84
41	A7.3.1. Communication and PR plan with the public (LV)	01/01/2016	31/12/2020	84

I.4.2 Activities description

Activity 1: A1.1.1. Development of new CBA of the global project along the entire track

(RBR)

The activity concerns the updating of an existing cost-benefit analysis (CBA) of the Global Project (AECOM study of 2011) along the entire Rail Baltic (RB) line. The activity also includes demand forecast, investigation on interoperability assessment, financial analysis, coordination with national CBA studies and an implementation plan. A new CBA is a prerequisite for the future funding applications for the activities of the Global Project.

The result of the activity will be the new CBA of the Global Project.

(Responsible beneficiary: Joint Venture RB Rail AS)

Activity 2: A1.1.2. Preparation of the operational plan of the railway (RBR)

The activity is about preparing of an operational plan in accordance with a revised traffic modelling acquired through the update of CBA.

The operational plan includes the study of interoperability, organization of maintenance and management of traffic flow. The study analyses the services of the railway and the resulting need for amendment of environmental impact models (e.g. impact on revised traffic models on noise, vibration, etc.). The operational plan will define all relevant aspects of railway operations on a fully interoperable railway line in the post-construction phase thus providing inputs for design and construction phases (standards, specifications, requirements etc.)

The operational plan will be prepared according to the results of technical studies, SEA / EIA procedures and preliminary design. The operational plan will be subsequently updated after completion of the detailed technical design and further studies. The operational plan will give input for risk analysis of the infrastructure manager, planning the traffic of the railway as well as organization of the services.

Completion of the updated operational plan is a prerequisite for the building permit applications. The result of the activity is the prepared and subsequently updated operational plan.

(Responsible beneficiary: Joint Venture RB Rail AS)

Activity 3: A1.1.3. Preparation of business plan (RBR)

The business plan includes market overview (incl. market demand analysis), customer and competitive analysis, market and financial plan (incl. finance and revenue model, sales projections and readiness). Business plan is a prerequisite for the successful implementation of the current action and for the future funding applications for the activities of the Global Project.

After completion of the updated/new CBA, as part of the business plan a consolidated analysis of the cargo flows between the freight terminals shall be carried out, in order to facilitate the movements of additional freight flows through the multimodal freight terminals and cross different transport modes.

The result of the activity is a completed business plan.

(Responsible beneficiary: Joint Venture RB Rail AS)

Activity 4: A1.1.4. Study on contracting scheme for the RB works across all Baltic States (RBR)

This study will include analyses on governance model, legal structure, funding/financing flow, procurement strategy, tax implications. The study on the contracting scheme is a

prerequisite for the successful implementation of the current Action and division of roles and responsibilities.

The result of the activity is the study on contracting scheme and resulting standard cooperation agreements between the Coordinator, beneficiaries and implementing bodies (if required by the contracting scheme) for Rail Baltic/Rail Baltica.

(Responsible beneficiary: Joint Venture RB Rail AS)

Activity 5: A1.1.5. Preparation of common technical standards for systems and subsystems in accordance with TSI and preparation of technical specifications for detailed design phase (RBR)

The activity includes definition of detailed technical specifications and operational standards as design guidelines of railway systems and subsystems by considering TSI and relevant national standards for the technical design and the operational stages. These specifications and standards are to comply fully with the agreed TSI INF traffic codes P2/F1 as of 2015 (design speed of up to 240 km/h for passenger traffic and up to 120 km/h for freight traffic, axle load 22,5 t and length of freight train from 740 m to 1050 m).

The results of the activity are common technical standards for systems and subsystems and technical specifications for detailed designs.

(Responsible beneficiary: Joint Venture Rail Baltic AS)

Activity 6: A1.1.6. Commercialization plan and market studies including route promotion (RBR)

The commercialization plan and market studies include targeted market demand analysis, finance and revenue model, sales projections and readiness, if necessary, on the basis of Detailed Technical Design results, as well as support to pilot activities related to creation of traffic flows in the Rail Baltic corridor.

This will enable to perform pilot activities related to creation of traffic flows (and increase of passenger and cargo volumes for the RB operation) which is of importance to achieve sustainability of the RB railway connection over long term.

(Responsible beneficiary: Joint Venture RB Rail AS).

Activity 7: A1.2.1. Technical assessment of technical design (EE)

Within this activity an independent body will assess the compliance of the technical design to the predefined parameters. According to the National Building Act the technical design must be prepared by a competent specialist specified in the Building Act or assessed by a competent specialist.

Furthermore the design must be fully conform to Technical Specifications for Interoperability. It is envisaged to conform simultaneously to both national and EU requirements.

Completion of the technical expert assessment is a prerequisite for preparation of procurement documents and for construction works.

The result of the activity is the technical expert assessment report.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 8: A1.2.2. Study of ensuring the supply of raw materials and mineral resources

(sand, etc.) (EE)

This study will focus on technical and physical-chemical quality of available active and passive mineral deposits and minings (mainly sand, gravel, limestone) in Estonia.

Comparative analyses of needed amounts of building materials with exact parameters versus accessibility and availability of such mineral resources will be conducted. Also the possible need and necessity of processing of natural materials will be the part of the study. The study shall analyse the availability of those natural resources in Estonia and in particular in the vicinity of the construction works. The study shall also investigate the possible options, economic effects and propose the most feasible option in order to enable sufficient supply without causing unacceptable negative impact on the environment.

The result of the activity is the study on supply of raw materials.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 9: A1.2.3. Study on environmental mitigation measures (EE)

The studies included in this activity will provide measures supporting conservational goals in the areas that are according to Strategic Environmental Assessment forecast are to be affected by the construction and/or operation of Rail Baltic/Rail Baltica railway. Actions are planned to be carried out before the construction and before taking into use of the railway.

The study will cover the monitoring of mitigation measures' performance defined by the SEA, and the construction's impact on the natural environment.

These activities are under supervision of the Environmental Board in Estonia.

The result of the activity is the study about environmental mitigation measures.

(Responsible body: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 10: A1.2.4. Archaeological studies of relevant areas along the planned route (EE)

Detailed archaeological surveys will be conducted according to the Strategic Environmental Assessment forecast. In addition to the base studies, archaeological studies (with limited excavations where necessary) in predefined areas of different sizes beneath the alignment in Estonia will be performed.

The results of the activity are the completed archaeological studies.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 11: A1.2.5. Update of technical mitigation requirements package based on national SEA/EIA results (EE)

The activity is about updating of the technical mitigation package in accordance with preliminary design parameters and revised traffic modelling - acquired through update of CBA.

Update of technical mitigation requirements package will be based on national SEA/EIA results and also build on the updated operational plan developed by RB Rail and resulting from the preliminary technical design as well as the updated EIA under Activity 12: A1.2.6 Update of the Environmental Impact Assessment (EE).

The potential technical mitigation requirements package may, depending on the mentioned input documents, be related to interoperability, organization of maintenance and management of traffic flow. The technical mitigation requirements package depends on the services of the railway and the resulting need for amendment of environmental impact models (e.g. impact on revised traffic models on noise, vibration, etc.).

The package will define all relevant aspects of railway operations on a fully interoperable railway line in the post-construction phase thus providing inputs for design and construction phases (standards, specifications, requirements, etc.)

The technical mitigation requirements package will be subsequently updated after completion of the detailed technical design and further studies. The package will give input for risk analysis of the infrastructure manager, planning the traffic of the railway as well as organization of the services.

Completion of the updated package is a prerequisite for the building permit applications. The result of the activity is the updated technical mitigation requirements package.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 12: A1.2.6. Update of the Environmental Impact Assessment (EE)

An EIA is performed and completed as part of the ongoing TEN-T project, 2007-EE-27010-S.

This activity is necessary in order to review the EIA based on the information that becomes available after the completion of the technical design.

The most likely aspects prompting the potential updates are noise and vibration, however, other factors might be relevant too, depending on the results of the detailed technical design. The exact levels of them could be determined after the detailed technical design has been carried out.

The final EIA Report needs to be approved by the relevant environmental authority.

Completion of the revised Environmental Impact Assessment is a prerequisite for the building permit applications.

The result of the activity is the updated Environmental Impact Assessment.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 13: A1.2.7. Study and detailed plan on technical parameters and functionalities for maintenance depot (EE)

The Activity includes a study and detailed plan on technical parameters and functionalities for railway infrastructure maintenance depot.

The exact location and the technical parameters of the maintenance depot shall be determined by the study, on the basis of preliminary route/spatial planning results. The depot is necessary to perform maintenance of the railway tracks. The location will be determined in a way that it shall be economically efficient from the point of view of the operations on the railway and also based on the optimization across the whole RB route within the Baltic countries.

The results of the activity are the study and detailed plan on technical parameters and functionalities for railway maintenance depot.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 14: A1.2.8. Conformity Assessment (technical validation) (EE)

The assessment of conformity of subsystems and interoperability constituents is necessary in accordance with Directive 2008/57/EC. The conformity assessment procedure is required to ensure interoperability between the Global Project and the European railway network.

The assessment is carried out by an independent body (independent bodies) with required competence. Assessment of conformity will start with detailed technical design and ends with formal certification of each separate completed railway subsystem by the Notified Body (NoBo).

The result of the activity is the conformity assessment report.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 15: A1.3.1. Development of land acquisition plan - central section (LV)

The Activity will include the studies of the land ownership along the approved RB alignment in the Central section of Latvia (Riga area) in order to initiate the necessary procedures for the land acquisition.

The result of the activity is the design for the land acquisition plan, submitted to and approved by the Ministry of Transport.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 16: A1.3.2. Technical assessment of the technical design (LV)

Within this activity an independent body will assess the compliance of the technical design to the predefined parameters. According to the National Building Act the technical design must be prepared by a competent specialist specified in the Building Act or assessed by a competent specialist. Furthermore the design must be fully conform to Technical Specifications for Interoperability. It is envisaged to conform simultaneously to both national and EU requirements.

Completion of the technical expert assessment is a prerequisite for preparation of procurement documents and for construction works.

The result of the activity is the technical expert assessment report.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 17: A2.2.1. Detailed technical design of Ülemiste and Pärnu passenger terminal buildings (EE)

There are two stations for passengers planned along the RB railway line in Estonia: Ülemiste and Pärnu. The technical design documentation for passenger terminal buildings is prepared in three stages: the draft plan, the preliminary design, and the principal design.

With the objective to optimize the scope and focus of the draft plan (in view of the potential passenger flows, the related services and the future maintenance costs of the terminals), the design will be preceded by a study of options for possible scope, economic viability and the governance models of the later terminals under this activity.

The technical design documentation contains the following parts with the respective degree of accuracy: the layout plan, the architectural part, a part on fire safety, the structural part, a part on heating and ventilation systems, a part on water supply and sewage systems, a part on electrical installations, a part on gas supply and, if necessary, other important parts (accesses,

etc.) related to the construction work.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 18: A2.2.2. Detailed spatial plan, detailed technical design, CBA and environmental studies of Muuga TEN-T Port freight terminal (EE)

The North Sea-Baltic Core Network Corridor starts at the harbours in the Gulf of Finland in Helsinki (Vuosaari) and Tallinn (Muuga). It is therefore important to develop the intermodal connections at the Port of Muuga within the framework of the Global Project.

The technical design documentation is prepared in four stages: spatial plan and environmental studies, draft detailed plan, preliminary and detailed technical design. The technical design documentation contains all the various aspects that are needed to operate the Muuga freight terminal.

The results of the activity are completed detailed spatial plan, detailed technical design, CBA and environmental studies of Muuga TEN-T Port freight terminal and approved building permit.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 19: A2.2.3. Detailed technical design of the rolling stock maintenance depot (EE)

The level of passenger services planned on the new 1435 mm gauge Rail Baltic/Rail Baltica railway line requires constant maintenance of passenger rolling stock. The existing railway network uses 1520 mm gauge and the geographical location of existing maintenance facilities is not optimal for the new railway line.

The spatial planning process and draft design for a new 1435 mm rolling stock maintenance depot near Ulemiste passenger station is prepared in the framework of Action No 2012-EE-27001-S, leaving next phases to the current Action.

The technical design documentation will continue in two stages: preliminary and principal design.

The technical design documentation contains the following parts with the respective degree of accuracy: layout plan, architectural part, a part on fire safety, structural part, a part on heating and ventilation systems, a part on water supply and sewage systems, a part on electrical installations, a part on gas supply and, if necessary, other important parts related to the construction work.

The result of the activity is the detailed technical design of the maintenance depot and approved building permit.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 20: A2.2.4. Detailed technical design (including building permits) of the entire railway line (EE)

According to the Estonian National Railways Act § 31 the building of railway civil engineering works shall be based on building design documentation. Upon construction of a new railway, preliminary railway design documentation which determines the location of the railway shall be prepared as the first stage of railway design documentation. The preliminary

design phase will be completed within Action No 2012-EE-27001-S.

The next phase is the scope of this activity and it includes detailed technical design based on the preliminary design. The detailed technical design will be compiled in accordance with technical specification for line category P2/F1 (design speed of 240 km/h for passenger traffic and 120 km/h for freight traffic). In addition to detailed technical design this activity includes applications for building permits required for works to begin.

The result of the activity is the detailed technical design of the railway and approved building permits.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 21: A2.3.1. Detailed technical design of Riga Central Railway junction, related civil structures and buildings (LV)

The technical design documentation contains all the required parts under national legal acts and covers railway structures, systems and subsystems, road structures, civil structures, buildings and related communications and systems.

Within this activity the detailed technical design of Riga Central Railway junction and related civil structures, buildings will be performed. This is prerequisite for construction works of Riga Central Railway junction and related civil structures.

The detailed technical design of the Riga Central Railway junction and related civil structures will be based on the outcome of current studies under the Action 2012-LV-27120-S which is expected to be finished by the end of 2015.

The ongoing studies within the Action 2012-LV-27120-S will provide the technical and spatial planning solution for the multimodal interchange taking into account the forecasted demand for transport services and external and internal (within the interchange) passenger flows. The study will cover solutions for colocation of 1435 mm and 1520 mm gauge railways, and intermodality (international and national coach services, public transport and personal transport).

The result of the activity is the detailed technical design of Riga Central Railway junction and related civil structures necessary to start the construction works.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 22: A2.3.2. Detailed technical design of Riga International Airport RB passenger station civil structures, buildings and junction (LV)

The technical design documentation contains all the required parts under national legal acts and covers railway structures, systems and subsystems, road structures, civil structures, buildings and related communications and systems.

The detailed technical design of the Riga International Airport RB passenger station will be based on the outcome of current studies under the Action Nr. 2012-LV-27120-S which is expected to be finished by the end of 2015.

Within this activity the detailed technical design of Riga International Airport RB passenger station will be performed, this is prerequisite for construction works of Riga International Airport RB passenger station railway junction and related civil structures.

The result of the activity is the detailed technical design of Riga International Airport RB passenger station necessary to start the construction works.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 23: A2.3.3. Detailed technical design for railway line in Central section (LV)

The activity includes the detailed technical design of the alignment of the railway for the Central section of Latvia.

The technical design documentation contains all the required parts under national legal acts and covers railway structures, systems and subsystems, road structures, civil structures, buildings and related communications and systems.

This activity, according to the Latvian legislation, is dependent on completion of building permit(s) acquirement and land acquisition planning. Technical design, land acquisition planning and land acquisition are performed in parallel. Building permit(s) for technical design is acquired prior to the technical design. The detailed technical design is prerequisite for construction works of Central section.

The result of the activity is the detailed technical design of Central section necessary to start the construction works.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 24: A2.4.1. The technical design for the construction of the new line from Kaunas to LT/LV border (LT)

The activity foresees the preparation of all the necessary documentation to prepare for the construction of the new fast RB railway line in Lithuania, from Kaunas to the Latvian border according to the best feasible option of the AECOM study.

During the implementation of this activity it is planned to prepare all the necessary documentation for the construction works of the Rail Baltic/Rail Baltica line according to the solutions of the Spatial Plan including the EIA (currently in progress of preparation within the Action 2007-LT-27040-S); prepare the technical project and obtain building permit.

The implementation of this activity will enable Lithuania to start the construction works for the EU gauge railway line from Palemonas railway station (where the EU gauge Kaunas RRT is located) to the Lithuanian – Latvian state border.

The land acquisition along this section is not part of this action, as it is included in action 2014-LT-TMC-0109-M.

The expected results of this activity are completed technical project design and approved building permit(s). The activity includes the necessary project management.

(Responsible beneficiary: Ministry of Transport and Communications of the Republic of Lithuania)

Activity 25: A3.2.1. Construction of the embankment, Phase I (EE)

The activity includes the following works: soil stripping; technical marking out of embankment proportions; soil works; construction of the embankment; construction of ditches and related land improvement systems; preparation for electrification and signalling and communications access. Works are implemented from January 2019 to December 2020, an earlier start of the works will be considered.

The activity will be implemented in two phases based on the available funding according to national envelopes. Construction will be started within this Action, based on the detailed technical design expected to be completed in 2018. The consecutive construction activities to complete the Global Project will be covered outside this Action, under the next applications.

The technical characteristics of Rail Baltic/Rail Baltica in Estonia are: length of the railway is approx. 213 km. The number of grade level crossings is 65-70 and about 10 pedestrian and

bicycle tunnels or viaducts. The number of ecoducts is 25-30. The total length of the roads rerouted or the new access roads is approx. 75-85 km.

The result of the works is the construction of the embankment that is a prerequisite for the construction of grade-level crossings.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 26: A3.2.2. Construction of grade-level crossings - ecoducts, electricity system's infrastructure, viaducts and bridges, Phase I (EE)

Description of the works in stages is the following:

- 1) site preparation including removal of the forest;
- 2) removal of the topsoil and planning and thickening of the subsoil, strengthening and/or replacement of the subsoil, if necessary;
- 3) construction of drainage facilities and culverts;
- 4) construction of the embankment in the extent necessary, including mining, transportation; installation and thickening of the filling;
- 5) construction of the foundation;
- 6) construction of ecoducts, viaducts and bridges;
- 7) electricity system's infrastructure.

The activity will be implemented in two phases based on the available funding according to national envelopes. The first phase will be started within this Action, based on the detailed technical design expected to be completed in 2018. The consecutive construction activities to complete the Global Project will be covered outside this Action, under the next applications.

The results of the works are grade-level crossings, such as ecoducts, electricity system's infrastructure, viaducts and bridges. The activity is a prerequisite for the construction of railway superstructure in the Global Project.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 27: A3.2.3. Ülemiste and Pärnu passenger terminal building works (EE)

Construction works for the passenger terminal buildings and area will start after the completion of the principal design. The passenger terminals will serve as passenger hubs and connection points of the existing railway network to planned 1435 mm gauge line, therefore the terminals can be used before completion of the new railway line.

For the Pärnu and Ülemiste passenger terminal building the architecture competitions and the spatial plans have been prepared within the ongoing TEN-T project, 2012-EE-27001-S. The construction sub-activities will be put forward by the detailed technical design of the passenger terminal buildings. The spatial plans have yielded the exact locations and the general parameters of the buildings. The Pärnu terminal shall have the maximum capacity of 1070 m². The Ülemiste terminal shall have the maximum capacity of 2300 m².

The results of the construction works are finished Ülemiste and Pärnu passenger terminal buildings. This activity is linked with a separate project for the construction of the tram connection between the Ülemiste rail terminal and the Tallinn International Airport. The two major TEN-T nodes shall be connected to one another and fully integrated to the urban transport system.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 28: A3.3.1. Construction of Riga Central Railway junction and related civil structures (LV)

The activity will start after the detailed technical design is finalized and building permit(s) for construction obtained. This activity will involve the following works (indicative list before the completion of the studies under the Action 2012-LV-27120-S and prior the development consent and detailed design):

- Construction of the West estacade (4 tracks) and preparatory works including the preparation of the construction area, including dismantling of the existing railway superstructure to accommodate Rail Baltic/Rail Baltica. In order to provide full integration into urban environment it is planned to replace the existing embankment with elevated structure for 4 tracks (2 new, 2 existing) between the Riga Central interchange and the bridge over Daugava.
- Construction of the RB superstructure tracks and platforms including catenary, signalling etc.
- Where necessary, reconstruction of the existing 1520 infrastructure (tracks, platforms, catenary, signalling etc.) resulting from need to accommodate RB.
- Reconstruction and adaption of accessibility paths (tunnels, exits, running pathways etc.) from/to other types of transport, including upgrades where necessary.
- Development of and/or integration with the existing passenger information system.
- Construction of weather and noise protection barriers.
- Construction of access infrastructure to other types of transport.
- Construction of other necessary infrastructure, i.e. infrastructure which cannot be specified at present but will be necessary based on the results of the technical design and is functionally linked to the other works already defined.
- Related engineering services (site supervision, construction expertise, etc.).

The result of the works is Riga Central Railway junction and related civil structures.
(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 29: A3.3.2. Construction of Riga International Airport RB passenger station civil structures and junction (LV)

The activity will start after the detailed technical design is finalized and building permit for construction is obtained. This activity will involve the following works (indicative list before the completion of the studies under the Action 2012-LV-27120-S and prior the development consent and detailed design):

- Preparatory works including the preparation of the construction area.
- Construction of passenger station structures (estacade or tunnel, buildings, etc.).
- Construction of the RB railway superstructures - tracks and platforms including catenary, signaling etc.
- Construction of accessibility paths (tunnels if necessary, exits, running pathways etc.) from/to Airport and other types of transport.
- Development of and/or integration with the existing passenger information system.
- Construction of other necessary infrastructure, i.e. infrastructure which cannot be specified at present but will be necessary based on the results of the technical design and is functionally

linked to the other works already defined.

- Related engineering services (site supervision, construction expertise, etc.)

The result of the works is Riga International Airport passenger station building.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 30: A3.3.3. Construction of railway line Central section's subsection: Riga Central Station to Riga International Airport, Phase I (LV)

This activity will start after the detailed technical design is finalized and building permit for construction is obtained. It is the first phase of construction of railway connection in Central subsection from Riga Central Station to Riga International Airport and will involve the following works (indicative list before the completion of the studies under the Action 2012-LV-27120-S and prior the development consent and detailed design):

- Preparatory works including the preparation of the construction area;
- Construction of bridges, tunnels and overpasses;
- Construction of embankments including preparatory ground works;
- Construction of superstructure elements – constructive layers and rail passes;
- Preparatory ground works for the signalling and train control system;
- Electrification of the line;
- Construction of other necessary infrastructure, i.e. infrastructure which cannot be specified at present but will be necessary based on the results of the technical design and is functionally linked to the other works already defined;
- Related engineering services (site supervision, technical expertise, etc.).

Construction will start within this Action, based on the detailed technical design expected to be completed in 2018.

The activity will be implemented in phases based on the available funding according to national envelopes. The consecutive construction activities to complete the Global Project will be covered outside this Action, under the next applications.

For the works included in this Action an earlier start date will be considered.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 31: A3.4.1. Construction of the section Kaunas (RRT)-Panevėžys-LT/LV border, Phase I (LT)

During the implementation of activity the following works are planned:

- Preparatory works including the preparation of the construction area;
- Construction of railway infrastructure structures (culverts, bridges, overpasses, etc.);
- Construction of embankments including preparatory ground works;
- Construction of superstructure elements – constructive layers and rail passes;
- Preparatory ground works for the signalling and train control system;
- Preparatory works for the electrification of the line.

The planned works include: approximately 2,9 km of single standard gauge main line connection and dual standard/broad gauge auxiliary line in section “Kaunas RRT - marshaling yard”, 2-3 x 750-1050 m marshaling tracks, 8 railway switches for standard railway tracks, earthworks, including construction of drainage system, culverts, noise barriers, other necessary works. The activity includes the necessary project management.

(Responsible beneficiary: Ministry of Transport and Communications of the Republic of Lithuania)

Activity 32: A4.2.1. Land acquisition, Phase I (EE)

The activity is about the procedures for land purchases and expropriation of immovables that are needed for building the first phase of the railway, i.e. not all land acquisition will be performed within this action.

Due to legal requirements, land acquisition will be performed by national (transport) authorities in each of the Baltic States. Based on all relevant national planning approvals, the Baltic States carry out acquisition of land to build the railway.

The design of the railway line and its structures will determine the exact location of the railway and its facilities necessary for the operation. The latter includes the land built on, which is needed for the railway and the associated infrastructure, as well as the land partly not built on, which is necessary for safety areas. The land acquisition also provides for the land necessary for the infrastructure directly linked with the operation of the railway, the lands adjacent to the planned railway, and the lands necessary to ensure adequate access of the citizens in the vicinity of the railway. During the land acquisition each case will be approached individually to reach an agreement that satisfies both parties.

The result of the activity is acquired land for construction of the railway line and its facilities necessary for the operation in Estonia.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 33: A4.3.1. Land acquisition, Phase I (LV)

The activity is about the procedures for land purchases and expropriation of immovables that are needed for building the first phase, of the railway i.e. not all land acquisition will be performed within this action.

Due to legal requirements, land acquisition will be performed by national (transport) authorities in each of the Baltic States. Based on all relevant national planning approvals, the Baltic States carry out acquisition of land to build the railway. The design of the railway line and its structures will determine the exact location of the railway and its facilities necessary for the operation. The latter includes the land built on, which is needed for the railway and the associated infrastructure, as well as the land partly not built on, which is necessary for safety areas.

The land acquisition also provides for the land necessary for the infrastructure directly linked with the operation of the railway, the lands adjacent to the planned railway, and the lands necessary to ensure adequate access of the citizens in the vicinity of the railway. During the land acquisition each case will be approached individually to reach an agreement that satisfies both parties.

The result of the activity is acquired land for construction of the railway line and its facilities necessary for the operation in Latvia.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 34: A5.1.1. Project implementation support measures (RBR)

Project implementation support measures include preparation of procurement documentation for activities A1, A2, A3 and A6, and project management. This activity also includes all necessary administrative and management sub-activities that will be carried out by Joint Venture RB Rail AS and three Baltic States.

Project managers ensure that the planned activities are completed on time, with planned quality and in accordance to the planned budget. The goal is to ensure that the milestones are reached within the planned budget and according to the deadlines set in the time schedule. Legal support and analyses will also be performed under this activity.

The result of the activity is successfully implemented project in accordance with all required regulations.

(Responsible beneficiary: Joint Venture RB Rail AS)

Activity 35: A5.2.1. Project implementation support measures (EE)

Project implementation support measures include preparation of procurement documentation for activities A1, A2, A3 and A6, and project management (including the cost of staff).

Project managers ensure that the planned activities are completed on time, with planned quality and in accordance to the planned budget. The goal is to ensure that the milestones are reached within the planned budget and according to the deadlines set in the time schedule. Legal support and analyses will also be performed under this activity.

The result of the activity is successfully implemented project in accordance with all required regulations.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 36: A5.3.1. Project implementation support measures (LV)

Project implementation support measures include preparation of procurement documentation for activities A1, A2, A3 and A6, and project management (including the cost of staff).

Project managers ensure that the planned activities are completed on time, with planned quality and in accordance to the planned budget. The goal is to ensure that the milestones are reached within the planned budget and according to the deadlines set in the time schedule. Legal support and analyses will also be performed under this activity.

The result of the activity is successfully implemented project in accordance with all required regulations.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

Activity 37: A6.2.1. Construction works supervision (EE)

The activity consists of the owner's supervision in accordance with the National Building Act and related administrative tasks. This activity will be carried out by independent bodies with required competence.

Owner's supervision will cover the entire construction phase.

The result of the activity is finished owner's supervision report for construction works in Estonia.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 38: A6.3.1. Owner's supervision (LV)

The activity consists of the owner's supervision in accordance with the National Building Act, agreed technical and engineering standards and related administrative tasks.

It includes construction oversight and supervision both outsourced to FIDIC engineer and

carried out by own experts, and provision for independent external expert assessments. Owner's supervision will cover the entire design and construction phase.

The result of the activity is finished owner's supervision report for construction works in Latvia. The strategic tangible result is that the construction works are performed according to the relevant standards and in line with the relevant law.

(Responsible body: Ministry of Transport of the Republic of Latvia)

Activity 39: A7.1.1. Communication and PR plan with the public (RBR)

The activity covers the promotion of public awareness of the railway and its objectives via different communication means, such as brochures, study visits, public communication, website of the project, public hearings and monitoring of public awareness. The joint communication / PR plan will be worked out and updated on a rolling basis. The frequency of the updates shall be not less than once a year.

Furthermore a physical or virtual information office during the construction phase will be installed to inform the public on on-going works.

To reach the target audience the communication efforts will be carried out towards the local residents and local governments in all three Baltic States. In the next stages of the Global Project the scope of communication will expand to Polish and Finnish population in general.

Another specific target group addressed is entrepreneurs and key figures in the logistics sector, as the new railroad connection will benefit them most directly and the ultimate success of RB project is determined by volume of passengers and cargo.

Also the EU co-funding is mentioned in every interview given by project team members and should be also noted in all published articles. All press releases include information on CEF Transport co-financing.

The main information channel is the project's webpage(s). The webpage is used as a communication channel to actively inform about ongoing progress of the project and communicate with public shareholders. Also the website contains publically available documents regarding to the project.

(Responsible beneficiary: Joint Venture RB Rail AS)

Activity 40: A7.2.1. Communication and PR plan with the public (EE)

The activity covers the promotion of public awareness of the railway and its objectives via different communication means, such as brochures, study visits, public communication, website of the project, public hearings and monitoring of public awareness. The joint communication / PR plan will be worked out and updated on a rolling basis. The frequency of the updates shall be not less than once a year.

Furthermore a physical or virtual information office during the construction phase will be installed to inform the public on on-going works.

To reach the target audience the communication efforts will be carried out towards the local residents and local governments in all three Baltic States. In the next stages of the Global Project the scope of communication will expand to Polish and Finnish population in general.

Another specific target group addressed is entrepreneurs and key figures in the logistics sector, as the new railroad connection will benefit them most directly and the ultimate success of RB project is determined by volume of passengers and cargo.

Also the EU co-funding is mentioned in every interview given by project team members and should be also noted in all published articles. All press releases include information on CEF Transport co-financing.

The main information channel is the project's webpage (s). The webpage is used as a communication channel to actively inform about ongoing progress of the project and communicate with public shareholders. Also the website contains publically available documents regarding to the project.

(Responsible beneficiary: Ministry of Economic Affairs and Communications of the Republic of Estonia)

Activity 41: A7.3.1. Communication and PR plan with the public (LV)

The activity covers the promotion of public awareness of the railway and its objectives via different communication means, such as brochures, study visits, public communication, website of the project, public hearings and monitoring of public awareness. The joint communication / PR plan will be worked out and updated on a rolling basis. The frequency of the updates shall be not less than once a year.

Furthermore a physical or virtual information office during the construction phase will be installed to inform the public on on-going works.

To reach the target audience the communication efforts will be carried out towards the local residents and local governments in all three Baltic States. In the next stages of the Global Project the scope of communication will expand to Polish and Finnish population in general.

Another specific target group addressed is entrepreneurs and key figures in the logistics sector, as the new railroad connection will benefit them most directly and the ultimate success of RB project is determined by volume of passengers and cargo.

Also the EU co-funding is mentioned in every interview given by project team members and should be also noted in all published articles. All press releases include information on CEF Transport co-financing.

The main information channel is the project's webpage (s). The webpage is used as a communication channel to actively inform about ongoing progress of the project and communicate with public shareholders. Also the website contains publically available documents regarding to the project.

(Responsible beneficiary: Ministry of Transport of the Republic of Latvia)

ARTICLE I.5 – MILESTONES AND MEANS OF VERIFICATION

Milestone number	Milestone description	Indicative completion date	Means of verification
1	Contract for the new CBA is signed	30/09/2015	Contract signed by the parties
2	Submission of the new CBA final report to RB Rail	30/04/2017	CBA final report accepted by RB Rail SB and the Beneficiaries informed of the results
3	Contract signed for the preparation of the operational plan	30/11/2017	Contract signed by the parties
4	Submission of the updated operational plan	31/12/2018	Operational plan accepted by RB Rail
5	Contract signed for the preparation of a	31/12/2015	Contract signed by

	business plan		the parties
6	Submission of the business plan to RB Rail	31/12/2017	Business plan approved by RB Rail
7	Contract signed for the preparation of the study on contracting scheme	31/05/2015	Contract signed by the parties
8	Submission of the study on contracting scheme	31/12/2015	Final report of study on contracting scheme submitted to RB Rail, submission accepted by RB Rail and confirmed by the beneficiaries
9	Contract signed for technical standards definition	31/10/2015	Contract signed by the parties
10	Submission of technical standards definition report	31/03/2016	Final report of the study accepted and common technical standards approved by RB Rail and by the beneficiaries
11	Signed contract for the commercialization plan and market studies	30/06/2016	Contract signed by the parties
12	Submission of the commercialization plan and market studies	31/12/2020	Commercialisation plan and pilot activity results approved by RB Rail
13	Contract signed for the technical assessment of the technical design	31/10/2017	Contract signed by the parties
14	Submission of the technical assessment report	30/09/2018	Technical assessment report accepted by the EE beneficiary
15	Contract signed for the study of ensuring the supply of raw materials and mineral resources	30/04/2016	Contract signed by the parties
16	Submission of the study of ensuring the supply of raw materials and mineral resources	31/12/2017	Technical assessment report accepted by the EE beneficiary
17	Contract signed for the study of environmental mitigation measures	30/04/2016	Contract signed by the parties
18	Submission of the study of environmental mitigation measures	31/12/2017	Final report of the study accepted by the EE shareholder
19	Contract signed for the archaeological studies	30/04/2016	Contract signed by the parties
20	Submission of the archaeological studies report	31/12/2018	Final report of the study accepted by the EE beneficiary

21	Signed contract for the preparation of update of technical mitigation requirements package based on national SEA/EIA results	30/09/2016	Contract signed by the parties
22	Final report completed for update of technical mitigation requirements package based on national SEA/EIA results	31/12/2018	Final report of the study accepted by the EE beneficiary
23	Contract signed for the preparatin of an updated environmental impact assessment	30/09/2016	Contract signed by the parties
24	Submission of the updated environmental impact assessment report and updated technical mitigation requirements package based on national SEA/EIA results	31/12/2018	Technical assessment reports accepted by the EE beneficiary
25	Contract signed for the preparation of the study and detailed plan on technical parameters and functionalities for railway maintenance depot	30/04/2017	Contract signed by the parties
26	Submission of the study and detailed plan on technical parameters and functionalities for railway maintenance depot	31/12/2019	Technical assessment report accepted by the EE beneficiary
27	Contract signed for the conformity assessment	30/04/2017	Contract signed by the parties
28	Completion of the conformity assessment	31/12/2020	Final report of the study accepted by the EE beneficiary
29	Contract signed for study on the land acquisition plan	31/10/2016	Contract signed by the parties
30	Design for the land acquisition plan submitted	01/07/2017	Design report submitted to and accepted by the LV beneficiary
31	Contract signed for the technical assessment of the technical design	31/10/2016	Contract signed by the parties
32	Submission of the technical assessment report	31/12/2018	Technical assessment report submitted to and accepted by the LV beneficiary
33	Contracts signed for preliminary design works of Ülemiste and Pärnu passenger terminal buildings	31/12/2016	Contract signed by the parties
34	Preliminary designs of the Ülemiste and Pärnu passenger terminal buildings completed	31/12/2017	Preliminary design accepted by the EE beneficiary
35	Contracts signed for the detailed technical design of Ülemiste and Pärnu passenger terminal buildings	31/12/2017	Contract signed by the parties
36	Building permit obtained for Ülemiste and Pärnu passenger terminal buildings	31/12/2018	Awarded building permit

37	Contract signed for the preparation of the spatial plan, detailed technical design, CBA and environmental studies of Muuga TEN-T Port freight terminal	30/06/2016	Contract signed by the parties
38	Submission of the spatial plan, detailed technical design, CBA and environmental studies of Muuga TEN-T Port freight terminal	31/12/2019	The date of a submission act of the spatial plan, detailed technical design, CBA and environmental studies of Muuga freight terminal
39	Building permit obtained for Muuga TEN-T Port freight terminal	31/12/2019	Awarded building permit
40	Contract signed for the preparation of the detailed technical design of the maintenance depot	30/09/2016	Contract signed by the parties
41	Submission of the detailed technical design of the maintenance depot	31/12/2018	Detailed technical design of railway maintenance depot approved by the EE beneficiary
42	Building permit obtained for the maintenance depot	31/12/2018	Awarded building permit
43	Contract signed for the preparation of the detailed technical design of the railway	30/09/2016	Contract signed by the parties
44	Submission of the detailed technical design of the railway line	30/09/2018	Detailed technical design of railway line approved by the EE beneficiary
45	Building permit obtained for the railway line	30/09/2018	Awarded building permit
46	Contract signed for the detailed technical design of Riga Central Railway junction, related civil structures and buildings	30/09/2016	Contract signed by the parties
47	Submission of detailed technical design of Riga Central Railway junction, related civil structures and buildings	31/12/2018	Detailed technical design of Riga Central Railway junction, related civil structures and buildings submitted to and approved by the LV beneficiary
48	Contract signed for the detailed technical design project of Riga International Airport RB passenger station civil structures, buildings and junction	30/09/2016	Contract signed by the parties
49	Submission of the detailed technical design of Riga International Airport RB passenger	31/12/2018	Detailed technical design of Riga

	station civil structures, buildings and junction		International Airport RB passenger station civil structures, buildings and junction submitted to and approved by the LV beneficiary
50	Contract signed for the detailed technical design of Central section	30/09/2016	Contract signed by the parties
51	Submission of the detailed technical design of the railway line Central section	31/12/2018	Detailed technical design of railway line Central section submitted to and approved by the LV beneficiary
52	Submission of the detailed technical design of the railway line Central section's subsection Riga Central Station to Riga International Airport, Phase I	31/12/2018	Detailed technical design of railway line Central section's subsection Riga Central Station to Riga International Airport, Phase I submitted to and approved by the LV beneficiary. Awarded building permit(s) for construction
53	Contract signed for the preparation of the technical design for construction of the railway line from Kaunas to LT/LV border	31/12/2018	Contract signed by the parties
54	Building permit(s) obtained for railway line from Kaunas to LT/LV border	31/12/2020	Awarded building permit(s)
55	Tender for construction of the embankment published	28/02/2019	Tender notice
56	Contract signed for the construction of embankment	30/06/2019	Contract signed by the parties
57	Construction of embankment for grade-level crossings finished	31/12/2020	Acceptance act of the construction works
58	Tender for construction of grade-level crossings, electricity system's infrastructure, ecoducts, viaducts, bridges published	28/02/2019	Tender notice
59	Contract signed for the construction of grade-level crossings, electricity system's infrastructure, ecoducts, viaducts, bridges	30/06/2019	Contract signed by the parties
60	Construction of grade-level crossings, electricity system's infrastructure,	31/12/2020	Acceptance act of the construction

	ecoducts, viaducts, bridges finished		works
61	Tender for construction of Ülemiste and Pärnu passenger terminal buildings published	28/02/2019	Tender notice
62	Contract signed for the construction of Ülemiste and Pärnu passenger terminal buildings	30/06/2019	Contract signed by the parties
63	Construction of Ülemiste and Pärnu passenger terminal buildings finished	31/12/2020	Acceptance act of the construction works
64	Tender for construction of Riga Central Railway junction, related civil structures and buildings published	30/07/2018	Tender notice
65	Contract signed for construction works of Riga Central Railway junction, related civil structures and buildings	31/03/2019	Contract signed by the parties
66	Construction works of Riga Central Railway junction, related civil structures and buildings finished	31/12/2020	Acceptance act of the construction works
67	Tender published for construction of Riga International Airport RB passenger station civil structures, buildings and junction	31/05/2018	Tender notice
68	Contract signed for construction works of Riga International Airport RB passenger station civil structures, buildings and junction	30/01/2019	Contract signed by the parties
69	Construction works of Riga International Airport RB passenger station civil structures, buildings and junction finished	31/12/2020	Acceptance act of the construction works
70	Tender published for construction of railway line Central section's subsection: Riga Central Station - Riga International Airport, Phase I	31/08/2018	Tender notice
71	Contract signed for construction works of railway line Central section's subsection: Riga Central Station - Riga International Airport, Phase I	31/03/2019	Contract signed by the parties
72	Construction works of railway line Central section's subsection: Riga Central Station - Riga International Airport, Phase I finished	31/12/2020	Acceptance act of the construction works
73	Tender published for construction works of railway line on section Kaunas - Panevežys - LT/LV border (Phase I)	30/11/2019	Tender notice
74	Contract signed for construction works of railway line on section Kaunas - Panevežys - LT/LV border (Phase I)	30/04/2020	Contract signed by the parties
75	Construction works on section Kaunas - Panevežys - LT/LV border (Phase I) completed	31/12/2020	Acceptance act of the construction works

76	Land acquisition for construction finished	31/12/2018	The land is registered as state property
77	Land acquisition (Phase I) finished	31/12/2019	The land is registered as state property
78	Tender published for construction works supervision	30/06/2019	Tender notice
79	Construction works supervision implemented	31/12/2020	Supervision report submitted to the EE beneficiary
80	Submission of project reports	31/12/2020	Project reports submitted to the beneficiary
81	Tender published for owner's supervision	31/03/2019	Tender notice
82	Owner's supervision implemented	31/12/2020	Supervision report submitted to the LV beneficiary
83	Communication and PR plan prepared	31/12/2015	Communication and PR plan approved by RB Rail and the beneficiaries
84	Signed contracts for the communication activities	31/01/2016	Contract signed by the parties

ANNEX II

GENERAL CONDITIONS

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PART A – LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE II.1 – GENERAL OBLIGATIONS AND ROLES OF THE BENEFICIARIES

II.1.1 General obligations and role of the beneficiaries

The beneficiaries shall:

- (a) be jointly and severally responsible for carrying out the action in accordance with the terms and conditions of the Agreement;
- (b) be responsible for complying with any legal obligations incumbent on them jointly or individually under applicable EU, international and national law;
- (c) make appropriate internal arrangements for the proper implementation of the action, consistent with the provisions of this Agreement; where provided for in the Special Conditions, those arrangements shall take the form of an internal co-operation agreement between the beneficiaries.

II.1.2 General obligations and role of each beneficiary

Each beneficiary shall:

- (a) inform the coordinator immediately of any change likely to affect or delay the implementation of the action of which the beneficiary is aware;
- (b) inform the coordinator immediately of any change in its legal, financial, technical, organisational or ownership situation or of its affiliated entities and of any change in its name, address or legal representative or of its affiliated entities;
- (c) submit in due time to the coordinator:
 - (i) the data needed to draw up the reports, financial statements and other documents provided for in the Agreement;
 - (ii) all the necessary documents in the event of audits, checks or evaluation in accordance with Article II.27;
 - (iii) any other information to be provided to the Agency according to the Agreement, except where the Agreement requires that such information is submitted directly by the beneficiary to the Agency.

II.1.3 General obligations and role of the coordinator

The coordinator shall:

- (a) monitor that the action is implemented in accordance with the Agreement;

- (b) be the intermediary for all communications between the beneficiaries and the Agency, except where provided otherwise in the Agreement, and, in particular, the coordinator shall:
 - (i) immediately provide the Agency with the information related to any change in the name, address, legal representative as well as in the legal, financial, technical, organisational or ownership situation of any of the beneficiaries or of its affiliated entities, or to any event likely to affect or delay the implementation of the action, of which the coordinator is aware;
 - (ii) bear responsibility for supplying all documents and information to the Agency which may be required under the Agreement, except where provided otherwise in the Agreement; this includes responsibility for submitting the deliverables identified in Annex I, in accordance with the timing and conditions set out in it; where information is required from the other beneficiaries, the coordinator shall bear responsibility for obtaining and verifying this information before passing it on to the Agency;
- (c) make the appropriate arrangements for providing any financial guarantees required under the Agreement;
- (d) establish the requests for payment in accordance with the Agreement;
- (e) ensure that all the appropriate payments are made to the other beneficiaries without unjustified delay;
- (f) bear responsibility for providing all the necessary documents in the event of checks and audits initiated before the payment of the balance, and in the event of evaluation in accordance with Article II.27.

The coordinator shall not subcontract any part of its tasks to the other beneficiaries or to any other party.

ARTICLE II.2 – COMMUNICATIONS BETWEEN THE PARTIES

II.2.1 Form and means of communications

Any communication relating to the Agreement or to its implementation shall be made in writing (in paper or electronic form), shall bear the number of the Agreement and shall be made using the communication details identified in Article 6.

Electronic communications shall be confirmed by an original signed paper version of that communication if requested by any of the parties provided that this request is submitted without unjustified delay. The sender shall send the original signed paper version without unjustified delay.

Formal notifications shall be made by registered mail with return receipt or equivalent, or by equivalent electronic means.

II.2.2 Date of communications

Any communication is deemed to have been made when it is received by the receiving party, unless the agreement refers to the date when the communication was sent.

Electronic communication is deemed to have been received by the receiving party on the day of successful dispatch of that communication, provided that it is sent to the addressees listed in Article 6. Dispatch shall be deemed unsuccessful if the sending party receives a message of non-delivery. In this case, the sending party shall immediately send again such communication to any of the other addresses listed in Article 6. In case of unsuccessful dispatch, the sending party shall not be held in breach of its obligation to send such communication within a specified deadline.

Mail sent to the Agency using the postal services is considered to have been received by the Agency on the date on which it is registered by the department identified in Article 6.2.

Formal notifications made by registered mail with return receipt or equivalent, or by equivalent electronic means, shall be considered to have been received by the receiving party on the date of receipt indicated on the return receipt or equivalent.

ARTICLE II.3 – LIABILITY FOR DAMAGES

II.3.1 The Agency shall not be held liable for any damage caused or sustained by any of the beneficiaries, including any damage caused to third parties as a consequence of or during the implementation of the action.

II.3.2 Except in cases of force majeure, the beneficiaries shall compensate the Agency for any damage sustained by it as a result of the implementation of the action or because the action was not implemented or implemented poorly, partially or late.

ARTICLE II.4 - CONFLICT OF INTERESTS

II.4.1 The beneficiaries shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Agreement is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest (“conflict of interests”).

II.4.2 Any situation constituting or likely to lead to a conflict of interests during the implementation of the Agreement shall be notified to the Agency, in writing, without delay. The beneficiaries shall immediately take all the necessary steps to rectify this situation. The Agency reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken within a specified deadline.

ARTICLE II.5 – CONFIDENTIALITY

II.5.1 The Agency and the beneficiaries shall preserve the confidentiality of any information and documents, in any form, which are disclosed in writing or orally in relation to the implementation of the Agreement and which are explicitly indicated in writing as

confidential.

II.5.2 The beneficiaries shall not use confidential information and documents for any reason other than fulfilling their obligations under the Agreement, unless otherwise agreed with the Agency in writing.

II.5.3 The Agency and the beneficiaries shall be bound by the obligations referred to in Articles II.5.1 and II.5.2 during the implementation of the Agreement and for a period of five years starting from the payment of the balance, unless:

- (a) the party concerned agrees to release the other party from the confidentiality obligations earlier;
- (b) the confidential information becomes public through other means than in breach of the confidentiality obligation through disclosure by the party bound by that obligation;
- (c) the disclosure of the confidential information is required by law.

ARTICLE II.6 – PROCESSING OF PERSONAL DATA

II.6.1 Processing of personal data by the Agency

Any personal data included in the Agreement shall be processed by the Agency pursuant to Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.

Such data shall be processed by the data controller identified in Article 6.1 solely for the purposes of the implementation, management and monitoring of the Agreement, without prejudice to possible transmission to the bodies charged with the monitoring or inspection tasks in application of Union law.

The beneficiaries shall have the right of access to their personal data and the right to rectify any such data. Should the beneficiaries have any queries concerning the processing of their personal data, they shall address them to the data controller, identified in Article 6.1.

The beneficiaries shall have the right of recourse at any time to the European Data Protection Supervisor.

II.6.2 Processing of personal data by the beneficiaries

Where the Agreement requires the processing of personal data by the beneficiaries, the beneficiaries may act only under the supervision of the data controller identified in Article 6.1, in particular with regard to the purpose of the processing, the categories of data which may be processed, the recipients of the data and the means by which the data subject may exercise his or her rights.

The access to data that the beneficiaries grant to their personnel shall be limited to the extent

strictly necessary for the implementation, management and monitoring of the Agreement.

The beneficiaries undertake to adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing and to the nature of the personal data concerned, in order to:

- (a) prevent any unauthorised person from gaining access to computer systems processing personal data, and especially:
 - (i) unauthorised reading, copying, alteration or removal of storage media;
 - (ii) unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored personal data;
 - (iii) unauthorised persons from using data-processing systems by means of data transmission facilities;
- (b) ensure that authorised users of a data-processing system can access only the personal data to which their access right refers;
- (c) record which personal data have been communicated, when and to whom;
- (d) ensure that personal data being processed on behalf of third parties can be processed only in the manner prescribed by the Agency;
- (e) ensure that, during communication of personal data and transport of storage media, the data cannot be read, copied or erased without authorisation;
- (f) design their organisational structure in such a way that it meets data protection requirements.

ARTICLE II.7 – VISIBILITY OF UNION FUNDING

II.7.1 Information on Union funding and use of European Union emblem

Unless the Agency requests or agrees otherwise, any communication or publication related to the action, made by the beneficiaries jointly or individually, including at conferences, seminars or in any information or promotional materials (such as brochures, leaflets, posters, presentations, etc.), shall indicate that the action has received funding from the Union and shall display the European Union emblem.

When displayed in association with another logo, the European Union emblem must have appropriate prominence.

The obligation to display the European Union emblem does not confer to the beneficiaries a right of exclusive use. The beneficiaries shall not appropriate the European Union emblem or any similar trademark or logo, either by registration or by any other means.

For the purposes of the first, second and third subparagraphs and under the conditions

specified therein, the beneficiaries are exempted from the obligation to obtain prior permission from the Agency to use the European Union emblem.

II.7.2 Disclaimers excluding Agency responsibility

Any communication or publication related to the action, made by the beneficiaries jointly or individually in any form and using any means, shall indicate that it reflects only the author's view and that the Agency is not responsible for any use that may be made of the information it contains.

ARTICLE II.8 – PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

II.8.1 Ownership of the results by the beneficiaries

Unless stipulated otherwise in the Agreement, ownership of the results of the action, including industrial and intellectual property rights, and of the reports and other documents relating to it, shall be vested in the beneficiaries.

II.8.2 Pre-existing industrial and intellectual property rights

Where industrial and intellectual property rights, including rights of third parties, exist prior to the conclusion of the Agreement, the beneficiaries shall establish a list which shall specify all rights of ownership and use of the pre-existing industrial and intellectual property rights and disclose it to the Agency at the latest before the commencement of implementation.

The beneficiaries shall ensure that they or their affiliated entities have all the rights to use any pre-existing industrial and intellectual property rights during the implementation of the Agreement.

II.8.3 Rights of use of the results and of pre-existing rights by the Agency

Without prejudice to Articles II.1.1, II.3 and II.8.1, the beneficiaries grant the Agency the right to use the results of the action for the following purposes:

- (a) use for its own purposes, and in particular, making available to persons working for the Agency, Union institutions, other Union agencies and bodies and to Member States' institutions, as well as copying and reproducing in whole or in part and in unlimited number of copies;
- (b) distribution to the public, and in particular, publication in hard copies and in electronic or digital format, publication on the internet, including on the Europa website, as a downloadable or non-downloadable file, broadcasting by any kind of technique of transmission, public display or presentation, communication through press information services, inclusion in widely accessible databases or indexes;
- (c) translation;

- (d) giving access upon individual requests without the right to reproduce or exploit, as provided for by Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents;
- (e) storage in paper, electronic or other format;
- (f) archiving in line with the document management rules applicable to the Agency;
- (g) rights to authorise or sub-licence the modes of exploitation set out in points (b) and (c) to third parties.

Additional rights of use for the Agency may be provided for in the Special Conditions.

The beneficiaries shall warrant that the Agency has the right to use any pre-existing industrial and intellectual property rights, which have been included in the results of the action. Unless specified otherwise in the Special Conditions, those pre-existing rights shall be used for the same purposes and under the same conditions applicable to the rights of use of the results of the action.

Information about the copyright owner shall be inserted when the result is divulged by the Agency. The copyright information shall read: "© – [year] – [name of the copyright owner]. All rights reserved. Licenced to the Innovation and Networks Executive Agency under conditions."

ARTICLE II.9 – AWARD OF CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE ACTION

II.9.1 Where the implementation of the action requires the procurement of goods, works or services, the beneficiaries shall award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, they shall avoid any conflict of interests.

The beneficiaries shall ensure that the Agency, the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors may exercise their rights under Article II.27 also towards the contractor.

II.9.2 Beneficiaries acting in their capacity of contracting authorities within the meaning of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts or contracting entities within the meaning of Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors shall abide by the applicable national public procurement rules.

II.9.3 The beneficiaries shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Agreement. The beneficiaries shall ensure that any procurement contract contains provisions stipulating that the contractor has no

rights vis-à-vis the Agency under the Agreement.

II.9.4 The beneficiaries shall ensure that the conditions applicable to them under Articles II.3, II.4, II.5 and II.8 are also applicable to the contractor.

II.9.5 Where, in accordance with Article 3(a), the grant takes the form of the reimbursement of eligible costs:

- If a beneficiary breaches any of its obligations under Article II.9.1, the costs related to the contract concerned shall be ineligible;
- If a beneficiary breaches any of its obligations under Article II.9.2, II.9.3 or II.9.4, the grant may be reduced in proportion to the seriousness of the breach of obligations.

Where, in accordance with Article 3(b), (c) or (d) the grant takes the form of a unit, lump sum or flat-rate contribution, if a beneficiary breaches any of its obligations under Article II.9.1, II.9.2, II.9.3 or II.9.4, the grant may be reduced in proportion to the seriousness of the breach of obligations.

ARTICLE II.10 – SUBCONTRACTING OF TASKS FORMING PART OF THE ACTION

II.10.1 A "subcontract" is a procurement contract within the meaning of Article II.9, which covers the implementation by a third party of tasks forming part of the action as described in Annex I.

II.10.2 Beneficiaries may subcontract tasks forming part of the action, provided that, in addition to the conditions specified in Article II.9.1, the following conditions are complied with:

- (a) subcontracting only covers the implementation of a limited part of the action;
- (b) recourse to subcontracting is justified having regard to the nature of the action and what is necessary for its implementation;
- (c) not applicable;
- (d) any recourse to subcontracting, if not provided for in Annex I, is communicated by the coordinator and approved by the Agency without prejudice to Article II.12.2.

II.10.3 Beneficiaries acting in their capacity of contracting authorities within the meaning of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts or contracting entities within the meaning of Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors shall abide by the applicable

national public procurement rules.

II.10.4 The beneficiaries shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Agreement. The beneficiaries shall ensure that any subcontract contains provisions stipulating that the subcontractor has no rights vis-à-vis the Agency under the Agreement.

II.10.5 The beneficiaries shall ensure that the conditions applicable to them under Articles II.3, II.4, II.5, II.7 and II.8 are also applicable to the subcontractor.

II.10.6 Where, in accordance with Article 3(a), the grant takes the form of the reimbursement of eligible costs:

- If a beneficiary breaches any of its obligations under Article II.10.2, the costs related to the subcontract concerned shall be ineligible;
- If a beneficiary breaches any of its obligations under Article II.10.3, II.10.4 or II.10.5, the grant may be reduced in proportion to the seriousness of the breach of obligations.

Where, in accordance with Article 3(b), (c) or (d) the grant takes the form of a unit, lump sum or flat-rate contribution if a beneficiary breaches any of its obligations under Article II.10.2, II.10.3, II.10.4 or II.10.5, the grant may be reduced in proportion to the seriousness of the breach of obligations.

ARTICLE II.11 - FINANCIAL SUPPORT TO THIRD PARTIES

II.11.1 Where the implementation of the action requires giving financial support to third parties, the beneficiaries shall give such financial support in accordance with the conditions specified in Annex I, which shall at least contain:

- (a) the maximum amount of financial support, which shall not exceed EUR 60 000 for each third party except where the financial support is the primary aim of the action as specified in Annex I;
- (b) the criteria for determining the exact amount of the financial support;
- (c) the different types of activity that may receive financial support, on the basis of a fixed list;
- (d) the definition of the persons or categories of persons which may receive financial support;
- (e) the criteria for giving the financial support.

The beneficiaries shall ensure that the Agency, the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors may exercise their rights under Article II.27 also towards the third parties receiving financial support.

II.11.2 By way of derogation from Article II.11.1, in case the financial support takes the form of a prize, the beneficiaries shall give such financial support in accordance with the conditions specified in Annex I, which shall at least contain:

- (a) the conditions for participation;
- (b) the award criteria;
- (c) the amount of the prize;
- (d) the payment arrangements.

The beneficiaries shall ensure that the Agency, the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors may exercise their rights under Article II.27 also towards the third parties receiving a prize.

II.11.3 The beneficiaries shall ensure that the conditions applicable to them under Articles II.3, II.4, II.5, II.7 and II.8 are also applicable to the third parties receiving financial support.

II.11.4 Where, in accordance with Article 3(a), the grant takes the form of the reimbursement of eligible costs:

- If a beneficiary breaches any of its obligations under Article II.11.1 or II.11.2, the costs related to the financial support shall be ineligible;
- If a beneficiary breaches any of its obligations under Article II.11.3, the grant may be reduced in proportion to the seriousness of the breach of obligations.

Where, in accordance with Article 3(b), (c) or (d) the grant takes the form of a unit, lump sum or flat-rate contribution if a beneficiary breaches any of its obligations under Article II.11.1 II.11.2 or II.11.3, the grant may be reduced in proportion to the seriousness of the breach of obligations.

ARTICLE II.12 – AMENDMENTS TO THE AGREEMENT

II.12.1 Any amendment to the Agreement shall be made in writing.

II.12.2 An amendment may not have the purpose or the effect of making changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants.

II.12.3 Any request for amendment shall be duly justified and shall be sent to the other party in due time before it is due to take effect, and in any case three months before the end of the period set out in Article 2.2, except in cases duly substantiated by the party requesting the amendment and accepted by the other party.

II.12.4 A request for amendment on behalf of the beneficiaries shall be submitted by the coordinator. If a change of coordinator is requested without its agreement, the request

shall be jointly submitted by all other beneficiaries or shall be submitted by a beneficiary acting on behalf of all beneficiaries.

II.12.5 Amendments shall enter into force on the date on which the last party signs or on the date of approval of the request for amendment.

Amendments shall take effect on a date agreed by the parties or, in the absence of such an agreed date, on the date on which the amendment enters into force.

ARTICLE II.13 – ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES

II.13.1 Claims for payments of the beneficiaries against the Agency may not be assigned to third parties, except in duly justified cases where the situation warrants it.

The assignment shall only be enforceable against the Agency if it has accepted the assignment on the basis of a written and reasoned request to that effect made by the coordinator on behalf of the beneficiaries.

In the absence of such an acceptance, or in the event of failure to observe the terms thereof, the assignment shall have no effect on the Agency.

II.13.2 In no circumstances shall such an assignment release the beneficiaries from their obligations towards the Agency.

ARTICLE II.14 – FORCE MAJEURE

II.14.1 "*Force majeure*" shall mean any unforeseeable exceptional situation or event beyond the parties' control, which prevents either of them from fulfilling any of their obligations under the Agreement, which was not attributable to error or negligence on their part or on the part of subcontractors, affiliated entities, implementing bodies or third parties involved in the implementation and which proves to be inevitable in spite of exercising all due diligence. Any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure, as well as labour disputes, strikes or financial difficulties cannot be invoked as *force majeure*.

II.14.2 A party faced with *force majeure* shall formally notify the other party without delay, stating the nature, likely duration and foreseeable effects.

II.14.3 The parties shall take the necessary measures to limit any damage due to *force majeure*. They shall do their best to resume the implementation of the action as soon as possible.

II.14.4 The party faced with *force majeure* shall not be held to be in breach of its obligations under the Agreement if it has been prevented from fulfilling them by *force majeure*.

ARTICLE II.15 – SUSPENSION OF THE IMPLEMENTATION OF THE ACTION

II.15.1 Suspension of the implementation by the beneficiaries

The coordinator, on behalf of the beneficiaries, may suspend the implementation of the action or any part thereof, if exceptional circumstances make such implementation impossible or excessively difficult, in particular in the event of *force majeure*. The coordinator shall inform the Agency without delay, giving all the necessary reasons and details and the foreseeable date of resumption.

Unless the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.16.1, II.16.2 or points (c) or (d) of Article II.16.3.1, the coordinator shall, once the circumstances allow resuming the implementation of the action, inform the Agency immediately and present a request for amendment of the Agreement as provided for in Article II.15.3.

II.15.2 Suspension of the implementation by the Agency

II.15.2.1 The Agency may suspend the implementation of the action or any part thereof:

- (a) if the Agency has evidence that a beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Agreement or if a beneficiary fails to comply with its obligations under the Agreement;
- (b) if the Agency has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to that beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant;
- (c) if the Agency suspects substantial errors, irregularities, fraud or breach of obligations committed by a beneficiary in the award procedure or in the implementation of the Agreement and needs to verify whether they have actually occurred;
- (d) following an evaluation of the progress of the project, in particular in the event of major delays in the implementation of the action; or
- (e) if the Agency does not receive all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy on environmental protection).

II.15.2.2 Before suspending the implementation the Agency shall formally notify the

coordinator of its intention to suspend, specifying the reasons thereof, and, in the cases referred to in points (a), (b), (d) and (e) of Article II.15.2.1, the necessary conditions for resuming the implementation. The coordinator shall be invited to submit observations on behalf of all beneficiaries within 30 calendar days from receipt of this notification.

If, after examination of the observations submitted by the coordinator, the Agency decides to stop the suspension procedure, it shall formally notify the coordinator thereof.

If no observations have been submitted or if, despite the observations submitted by the coordinator, the Agency decides to pursue the suspension procedure, it may suspend the implementation by formally notifying the coordinator thereof, specifying the reasons for the suspension and, in the cases referred to in points (a), (b), (d) and (e) of Article II.15.2.1, the definitive conditions for resuming the implementation or, in the case referred to in point (c) of Article II.15.2.1, the indicative date of completion of the necessary verification.

The coordinator shall inform the other beneficiaries immediately. The suspension shall take effect five calendar days after the receipt of the notification by the coordinator or on a later date, where the notification so provides.

In order to resume the implementation, the beneficiaries shall endeavour to meet the notified conditions as soon as possible and shall inform the Agency of any progress made in this respect.

Unless the Agreement or the participation of a beneficiary is terminated in accordance with Articles II.16.1, II.16.2 or points (c), (i), (j), (k) or (m) of Article II.16.3.1, the Agency shall, as soon as it considers that the conditions for resuming the implementation have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the coordinator thereof and invite the coordinator to present a request for amendment of the Agreement as provided for in Article II.15.3.

II.15.3 Effects of the suspension

If the implementation of the action can be resumed and the Agreement is not terminated, an amendment to the Agreement shall be made in accordance with Article II.12 in order to establish the date on which the action shall be resumed, to extend the duration of the action and to make any other modifications that may be necessary to adapt the action to the new implementing conditions.

The suspension is deemed lifted as from the date of resumption of the action agreed by the parties in accordance with the first subparagraph. Such a date may be before the date on which the amendment enters into force.

Any costs incurred by the beneficiaries, during the period of suspension, for the implementation of the suspended action or the suspended part thereof, shall not be reimbursed or covered by the grant.

The right of the Agency to suspend the implementation is without prejudice to its right to terminate the Agreement or the participation of a beneficiary in accordance with Article II.16.3 and its right to reduce the grant or recover amounts unduly paid in accordance with Articles II.25.4 and II.26.

Neither party shall be entitled to claim compensation on account of a suspension by the other party.

ARTICLE II.16 – TERMINATION OF THE AGREEMENT

II.16.1 Termination of the Agreement by the coordinator

In duly justified cases, the coordinator, on behalf of all beneficiaries, may terminate the Agreement by formally notifying the Agency thereof, stating clearly the reasons and specifying the date on which the termination shall take effect. The notification shall be sent before the termination is due to take effect.

If no reasons are given or if the Agency considers that the reasons exposed cannot justify the termination, it shall formally notify the coordinator, specifying the grounds thereof, and the Agreement shall be deemed to have been terminated improperly, with the consequences set out in the fourth subparagraph of Article II.16.4.1.

II.16.2 Termination of the participation of one or more beneficiaries by the coordinator

In duly justified cases, the participation of any one or several beneficiaries in the Agreement may be terminated by the coordinator, acting on request of that beneficiary or those beneficiaries, or on behalf of all the other beneficiaries. When notifying such termination to the Agency, the coordinator shall include the reasons for the termination of the participation, the opinion of the beneficiary or beneficiaries the participation of which is terminated, the date on which the termination shall take effect and the proposal of the remaining beneficiaries relating to the reallocation of the tasks of that beneficiary or those beneficiaries or, where relevant, to the nomination of one or more replacements which shall succeed that beneficiary or those beneficiaries in all their rights and obligations under the Agreement. The notification shall be sent before the termination is due to take effect.

If the coordinator's participation is terminated without its agreement, the formal notification must be done by another beneficiary (acting on behalf of the other beneficiaries).

If no reasons are given or if the Agency considers that the reasons exposed cannot justify the termination, it shall formally notify the coordinator, specifying the grounds thereof, and the participation shall be deemed to have been terminated improperly, with the consequences set out in the fourth subparagraph of Article II.16.4.1.

Without prejudice to Article II.12.2, an amendment to the Agreement shall be made, in order to introduce the necessary modifications.

II.16.3 Termination of the Agreement or the participation of one or more beneficiaries by the Agency

II.16.3.1 The Agency may decide to terminate the Agreement or the participation of any one or several beneficiaries participating in the action, in the following circumstances:

- (a) if a change to the beneficiary's legal, financial, technical, organisational or ownership situation is likely to affect the implementation of the Agreement substantially or calls into question the decision to award the grant;
- (b) if, following the termination of the participation of any one or several beneficiaries, the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (c) if the beneficiaries do not implement the action as specified in Annex I or if a beneficiary fails to comply with another substantial obligation incumbent on it under the terms of the Agreement;
- (d) in the event of *force majeure*, notified in accordance with Article II.14, or in the event of suspension by the coordinator as a result of exceptional circumstances, notified in accordance with Article II.15, where resuming the implementation is impossible or where the necessary modifications to the Agreement would call into question the decision awarding the grant or would result in unequal treatment of applicants;
- (e) if a beneficiary is declared bankrupt, is being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of any other similar proceedings concerning those matters, or is in an analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (f) if a beneficiary or any related person, as defined in the second subparagraph, have been found guilty of professional misconduct proven by any means;
- (g) if a beneficiary is not in compliance with its 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 or in which the action is implemented;
- (h) if the Agency has evidence that a beneficiary or any related person, as defined in the second subparagraph, have committed fraud, corruption, or are involved in a criminal organisation, money laundering or any other illegal activity detrimental to the Union's financial interests;
- (i) if the Agency has evidence that a beneficiary or any related person, as defined in the second subparagraph, have committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Agreement, including in the event of submission of false information or

failure to submit required information in order to obtain the grant provided for in the Agreement;

- (j) if the Agency has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or the European Atomic Energy Community which were awarded to that beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant;
- (k) following an evaluation of the progress of the project, in particular in the event of major delays in the implementation of the action;
- (l) if the action has not started within two years of the starting date set out in Article 2.2 or, for grants for studies, if the action has not started within one year of the starting date set out in Article 2.2;
- (m) if the Agency does not receive all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy on environmental protection).

For the purposes of points (f), (h) and (i), "any related person" shall mean any natural person who has the power to represent the beneficiary or to take decisions on its behalf.

II.16.3.2 Before terminating the Agreement or the participation of any one or several beneficiaries, the Agency shall formally notify the coordinator of its intention to terminate, specifying the reasons thereof and inviting the coordinator, within 45 calendar days from receipt of the notification, to submit observations on behalf of all beneficiaries and, in the case of point (c) of Article II.16.3.1, to inform the Agency about the measures taken to ensure that the beneficiaries continue to fulfil their obligations under the Agreement.

If, after examination of the observations submitted by the coordinator, the Agency decides to stop the termination procedure, it shall formally notify the coordinator thereof.

If no observations have been submitted or if, despite the observations submitted by the coordinator, the Agency decides to pursue the termination procedure, it may terminate the Agreement or the participation of any one or several beneficiaries by formally notifying the coordinator thereof, specifying the reasons for the termination.

In the cases referred to in points (a), (b), (c), (e), (g) and (k) of Article II.16.3.1,

the formal notification shall specify the date on which the termination takes effect. In the cases referred to in points (d), (f), (h), (i), (j), (l) and (m) of Article II.16.3.1, the termination shall take effect on the day following the date on which the formal notification was received by the coordinator.

II.16.4 Effects of termination

II.16.4.1 Where the Agreement is terminated, payments by the Agency shall be limited to the amount determined in accordance with Article II.25 on the basis of the eligible costs incurred by the beneficiaries and the actual level of implementation of the action on the date when the termination takes effect. Costs relating to current commitments, which are not due for execution until after the termination, shall not be taken into account. The coordinator shall have 60 days from the date when the termination of the Agreement takes effect, as provided for in Articles II.16.1 and II.16.3.2, to produce a request for payment of the balance in accordance with Article II.23.2. If no request for payment of the balance is received within this time limit, the Agency shall not reimburse or cover any costs which are not included in a financial statement approved by it or which are not justified in an ASR or the final report approved by it. In accordance with Article II.26, the Agency shall recover any amount already paid, if its use is not substantiated by ASRs or the final report and, where applicable, by the financial statements approved by the Agency.

Where the participation of a beneficiary is terminated the beneficiary concerned shall submit to the coordinator an ASR and, where applicable, a financial statement covering the period from the end of the last reporting period according to Article 4.1.1 for which a report has been submitted to the Agency to the date on which the termination takes effect. The ASR and the financial statement shall be submitted in due time to allow the coordinator to draw up the corresponding payment request. Only those costs incurred by the beneficiary concerned up to the date when termination of its participation takes effect shall be reimbursed or covered by the grant. Costs relating to current commitments, which were not due for execution until after the termination, shall not be taken into account. The request for payment for the beneficiary concerned shall be included in the next payment request submitted by the coordinator in accordance with the schedule laid down in Article 4.

Where the Agency, in accordance with point (c) of Article II.16.3.1, is terminating the Agreement on the grounds that the coordinator has failed to produce the request for payment and, after a reminder, has still not complied with this obligation within the deadline set out in Article II.23.3, the first subparagraph shall apply, subject to the following:

- (a) there shall be no additional time period from the date when the termination of the Agreement takes effect for the coordinator to produce a request for payment of the balance in accordance with Article II.23.2; and
- (b) the Agency shall not reimburse or cover any costs incurred by the beneficiaries up to the date of termination or up to the end of the period set

out in Article 2.2, whichever is the earlier, which are not included in a financial statement approved by it or which are not justified in an ASR approved by it.

In addition to the first, second and third subparagraphs, where the Agreement or the participation of a beneficiary is terminated improperly by the coordinator within the meaning of Articles II.16.1 and II.16.2, or where the Agreement or the participation of a beneficiary is terminated by the Agency on the grounds set out in points (c), (f), (h), (i), (j), (k) and (m) of Article II.16.3.1, the Agency may also reduce the grant or recover amounts unduly paid in accordance with Articles II.25.4 and II.26, in proportion to the gravity of the failings in question and after allowing the coordinator, and, where relevant, the beneficiaries concerned, to submit their observations.

II.16.4.2 Where the Agency, in accordance with point (l) of Article II.16.3.1, is terminating the Agreement on the ground that the action has not started by the set deadline, the following shall apply:

- (a) the coordinator shall not produce a request for payment of the balance; and
- (b) the final amount of the grant shall be EUR 0 (zero euro). The Agency shall recover any amounts unduly paid in accordance with Article II.26.

II.16.4.3 Neither party shall be entitled to claim compensation on account of a termination by the other party.

ARTICLE II.17 – ADMINISTRATIVE AND FINANCIAL PENALTIES

II.17.1 By virtue of Articles 109 and 131(4) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and with due regard to the principle of proportionality, a beneficiary which has committed substantial errors, irregularities or fraud, has made false declarations in supplying required information or has failed to supply such information at the moment of the submission of the application or during the implementation of the grant, or has been found in serious breach of its obligations under the Agreement shall be liable to:

- (a) administrative penalties consisting of exclusion from all contracts and grants financed by the Union budget for a maximum of five years from the date on which the infringement is established and confirmed following a contradictory procedure with the beneficiary; and/or
- (b) financial penalties of 2% to 10% of the estimated CEF contribution it is entitled to receive, as indicated in Table 3 of Annex III as last amended or, if the grant takes exclusively the form of a lump sum, of the maximum amount of the grant as set out in Article 3.

In the event of another infringement within five years following the establishment of the first infringement, the period of exclusion under point (a) may be extended to 10

years and the range of the rate referred to in point (b) may be increased to 4% to 20%.

II.17.2 The Agency shall formally notify the beneficiary concerned of any decision to apply such penalties.

The Agency is entitled to publish such decision under the conditions and within the limits specified in Article 109(3) of Regulation (EU, Euratom) No 966/2012.

An action may be brought against such decision before the General Court of the European Union, pursuant to Article 263 of the Treaty on the Functioning of the European Union ("TFEU").

ARTICLE II.18 – APPLICABLE LAW, SETTLEMENT OF DISPUTES AND ENFORCEABLE DECISION

II.18.1 The Agreement is governed by the applicable Union law complemented, where necessary, by the law of Belgium.

II.18.2 Pursuant to Article 272 TFEU, the General Court or, on appeal, the Court of Justice of the European Union, shall have sole jurisdiction to hear any dispute between the Union and any beneficiary concerning the interpretation, application or validity of this Agreement, if such dispute cannot be settled amicably.

II.18.3 By virtue of Article 299 TFEU, for the purposes of recoveries within the meaning of Article II.26 or financial penalties, the Commission may adopt an enforceable decision to impose pecuniary obligations on persons other than States. An action may be brought against such decision before the General Court of the European Union pursuant to Article 263 TFEU.

PART B – FINANCIAL PROVISIONS

ARTICLE II.19 – ELIGIBLE COSTS

II.19.1 Conditions for the eligibility of costs

"Eligible costs" of the action are costs actually incurred by the beneficiary which meet the following criteria:

- (a) they are incurred in the period set out in Article 2.2, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in Article II.23.2.

Costs of contracts for goods, works or services or of subcontracts are considered to be incurred when the contract or subcontract (or a part of it) is executed, i.e. when the goods, works or services (including studies) are supplied, delivered or provided;

- (b) they are indicated in the estimated budget of the action set out in Annex III;
- (c) they are incurred in connection with the action as described in Annex I and are necessary for its implementation; in particular, for the costs of contracts for goods, the goods are supplied in a Member State or in any other countries where the action is implemented as described in Annex I; for the costs of contracts for works, the works are delivered in a Member State or in any other countries where the action is implemented as described in Annex I; for the costs of contracts for services (including studies), the services provided concern a Member State or any other countries where the action is implemented as described in Annex I;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and with the usual cost accounting practices of the beneficiary;
- (e) they comply with the requirements of applicable tax and social legislation; and
- (f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

II.19.2 Eligible direct costs

"Direct costs" of the action are those specific costs which are directly linked to the implementation of the action and can therefore be attributed directly to it. They may not include any indirect costs.

To be eligible, direct costs shall comply with the conditions of eligibility set out in Article II.19.1.

In particular, the following categories of costs are eligible direct costs, provided that they satisfy the conditions of eligibility set out in Article II.19.1 as well as the following

conditions:

- (a) the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, comprising actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the beneficiary's usual policy on remuneration; those costs may also include additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used;

The costs of natural persons working under a contract with the beneficiary other than an employment contract may be assimilated to such costs of personnel, provided that the following conditions are fulfilled:

- (i) the natural person works under the instructions of the beneficiary and, unless otherwise agreed with the beneficiary, in the premises of the beneficiary;
 - (ii) the result of the work belongs to the beneficiary; and
 - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;
- (b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;
 - (c) the full costs of purchase of equipment and other assets shall be eligible, provided that they are treated as capital expenditure in accordance with the tax and accounting rules applicable to the beneficiary and are recorded in the fixed assets account of its balance sheet and if the asset has been purchased in accordance with Article II.9.1.

The costs of rental or lease of equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;

- (d) costs of consumables and supplies, provided that they are purchased in accordance with the first subparagraph of Article II.9.1 and are directly assigned to the action;
- (e) costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with the first subparagraph of Article II.9.1;
- (f) costs entailed by service contracts, including costs of environmental studies on the protection of the environment and on compliance with the relevant Union law, provided that the corresponding services are purchased in accordance with the first subparagraph of Article II.9.1 and costs entailed by subcontracts within the meaning of Article II.10, provided that the conditions laid down in Article II.10.2 are met;

- (g) costs of financial support to third parties within the meaning of Article II.11, provided that the conditions laid down in Article II.11.1 or II.11.2 are met;
- (h) duties, taxes and charges paid by the beneficiary, notably non-recoverable value added tax (VAT) under national VAT legislation, provided that they are included in eligible direct costs.

II.19.3 Indirect costs

"Indirect costs" of the action are those costs which are not specific costs directly linked to the implementation of the action and can therefore not be attributed directly to it. They may not include any costs identifiable or declared as eligible direct costs.

Indirect costs shall not be eligible.

II.19.4 Ineligible costs

In addition to any other costs which do not fulfill the conditions set out in Article II.19.1, the following costs shall not be considered eligible:

- (a) return on capital;
- (b) debt and debt service charges;
- (c) provisions for losses or debts;
- (d) interest owed;
- (e) doubtful debts;
- (f) exchange losses;
- (g) costs of transfers from the Agency charged by the bank of a beneficiary;
- (h) costs declared by the beneficiary in the framework of another action receiving a grant financed from the Union budget (including grants awarded by a Member State and financed from the Union budget and grants awarded by other bodies than the Commission for the purpose of implementing the Union budget); in particular, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary which already receives an operating grant financed from the Union budget during the period in question;
- (i) contributions in kind from third parties;
- (j) excessive or reckless expenditure;
- (k) recoverable VAT under national VAT legislation;
- (l) costs of land and building acquisition (including expropriation costs).

ARTICLE II.20 – IDENTIFIABILITY AND VERIFIABILITY OF THE AMOUNTS DECLARED

II.20.1 Reimbursement of actual costs

Where, in accordance with Article 3(a)(i), the grant takes the form of the reimbursement of actual costs, the beneficiary must declare as eligible costs the costs it actually incurred for the action.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the costs declared, such as contracts, invoices and accounting records. In addition, the beneficiary's usual accounting and internal control procedures must permit direct reconciliation of the amounts declared with the amounts recorded in its accounting statements as well as with the amounts indicated in the supporting documents.

II.20.2 Reimbursement of pre-determined unit costs or pre-determined unit contribution

Where, in accordance with Article 3(a)(ii) or (b), the grant takes the form of the reimbursement of unit costs or of a unit contribution, the beneficiary must declare as eligible costs or as requested contribution the amount obtained by multiplying the amount per unit specified in Article 3(a)(ii) or (b) by the actual number of units used or produced.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the number of units declared. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, to prove the amount declared per unit.

II.20.3 Reimbursement of pre-determined lump sum costs or pre-determined lump sum contribution

Where, in accordance with Article 3(a)(iii) or (c), the grant takes the form of the reimbursement of lump sum costs or of a lump sum contribution, the beneficiary must declare as eligible costs or as requested contribution the global amount specified in Article 3(a)(iii) or (c), subject to the proper implementation of the corresponding tasks or part of the action as described in Annex I.

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the proper implementation. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, to prove the amount declared as lump sum.

II.20.4 Reimbursement of pre-determined flat-rate costs or pre-determined flat-rate contribution

Where, in accordance with Article 3(a)(iv) or (d), the grant takes the form of the reimbursement of flat-rate costs or of a flat-rate contribution, the beneficiary must declare as eligible costs or as requested contribution the amount obtained by applying the flat rate specified in Article 3(a)(iv) or (d).

If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the eligible costs or requested contribution to which the flat rate applies. However, the beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, notably accounting statements, for the flat rate applied.

II.20.5 Reimbursement of costs declared on the basis of the beneficiary's usual cost accounting practices

Where, in accordance with Article 3(a)(v), the grant takes the form of the reimbursement of unit costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the amount obtained by multiplying the amount per unit calculated in accordance with its usual cost accounting practices by the actual number of units used or produced. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the number of units declared.

Where, in accordance with Article 3(a)(v), the grant takes the form of the reimbursement of lump sum costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the global amount calculated in accordance with its usual cost accounting practices, subject to the proper implementation of the corresponding tasks or part of the action. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the proper implementation.

Where, in accordance with Article 3(a)(v), the grant takes the form of the reimbursement of flat-rate costs declared on the basis of the beneficiary's usual cost accounting practices, the beneficiary must declare as eligible costs the amount obtained by applying the flat rate calculated in accordance with its usual cost accounting practices. If requested to do so in the context of the checks or audits described in Article II.27, the beneficiary must be able to provide adequate supporting documents to prove the eligible costs to which the flat rate applies.

In all three cases provided for in the first, second and third subparagraphs, the beneficiary does not need to identify the actual eligible costs covered, but it must ensure that the cost accounting practices used for the purpose of declaring eligible costs are in compliance with the following conditions:

- (a) the cost accounting practices used constitute its usual cost accounting practices and are applied in a consistent manner, based on objective criteria independent from the source of funding;

- (b) the costs declared can be directly reconciled with the amounts recorded in its general accounts; and
- (c) the categories of costs used for the purpose of determining the costs declared are exclusive of any ineligible cost or costs covered by other forms of grant in accordance with Article 3.

ARTICLE II.21 – ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE BENEFICIARIES AND OF IMPLEMENTING BODIES DESIGNATED BY THE BENEFICIARIES

II.21.1 Where the Special Conditions contain a provision on entities affiliated to the beneficiaries or a provision on implementing bodies, costs incurred by such an entity or body are eligible, provided that they satisfy the same conditions under Articles II.19 and II.20 as apply to the beneficiary, and that the beneficiary to which the entity is affiliated or by which the implementing body is designated ensures that the Agency, the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors may exercise their rights under Article II.27 also towards the entity or body.

II.21.2 The beneficiary to which the entity is affiliated or by which the implementing body is designated shall ensure that the conditions applicable to it under Articles II.3, II.4, II.5, II.7, II.9 and II.10 are also applicable to the entity or body.

II.21.3 The beneficiaries shall retain sole responsibility for carrying out the action and for compliance with the provisions of the Agreement. The beneficiaries shall ensure that any agreement or contract with an affiliated entity or implementing body contains provisions stipulating that the affiliated entity or implementing body has no right vis-à-vis the Agency under the Agreement.

ARTICLE II.22 – BUDGET TRANSFERS

The estimated budget set out in Table 2 of Annex III may be adjusted by transfers of amounts between beneficiaries and between budget categories, without this adjustment being considered as an amendment of the Agreement within the meaning of Article II.12, provided that the action is implemented as described in Annex I.

The beneficiaries may not however adjust amounts which, in accordance with Article 3(a)(iii) or (c), take the form of lump sums.

By way of derogation from the first subparagraph, should beneficiaries want to modify the value of the estimated CEF contribution that each of them is entitled to as referred to in point (b) of Article II.17.1 and point (c) of II.26.3, the coordinator shall request an amendment in accordance to Article II.12.

ARTICLE II.23 – TECHNICAL AND FINANCIAL REPORTING – REQUESTS FOR PAYMENT AND SUPPORTING DOCUMENTS

II.23.1 Action Status Reports - Requests for further pre-financing payments and supporting documents

II.23.1.1 The coordinator shall submit an Action Status Report (ASR) no later than 31 March following the end of each reporting period.

The ASR shall be drawn up in accordance with the template provided by the Agency via TEN-Tec and include the following:

- (a) the Agreement number, the action number, the transport mode and the project of common interest it relates to;
- (b) the name and contact details of the author of the ASR;
- (c) information on the progress achieved by the action;
- (d) the updated indicative breakdown by activity of the estimated eligible costs of the action referred to in Annex III, including:
 - i. the estimated eligible costs incurred for the implementation of the action during the previous reporting periods,
 - ii. the updated estimated eligible costs to be incurred for the implementation of the action during the on-going reporting period and for each of the next reporting periods;
- (e) the financing needs per reporting period calculated as the amount obtained by application of the reimbursement rate(s) set out in Article 3 to the eligible costs referred to in indents (i) and (ii) of point (d);
- (f) the cumulated financing needs until the end of the on-going reporting period;
- (g) information on the contracts awarded for the implementation of the action and on compliance with the requirements set out in Articles II.9 and II.10;
- (h) environmental information;
- (i) information about measures taken to publicise the action;
- (j) for beneficiaries established in the European Union, the certification by the Member State in which the beneficiary is established that the information provided in the ASR is full, reliable and true; in exceptional cases, at the request of the beneficiary, the certification may be provided by the Member State in which the action is implemented;
- (k) in the first ASR, information on implementation schedule (such as critical path, key performance rates and risk analysis), governance and monitoring of the action (such as organisational structure, internal coordination, communication and reporting, and decision making process), and other relevant administrative provisions (such as quality controls and audits);
- (l) in subsequent ASRs, information on any modifications and, if applicable, on the progress of implementation of the arrangements referred to in point (k).

II.23.1.2 Where Article 4.1 provides for further pre-financing payments, the coordinator may submit a request for a further pre-financing payment together with the ASR referred to in Article II.23.1.1.

The request for a further pre-financing payment shall be accompanied by:

- (a) a statement on the amount of the previous pre-financing payments used to cover costs of the action;
- (b) where required by Article 4.1, a financial guarantee.

II.23.2 Interim and final reports - Requests for interim payments or for payment of the balance and supporting documents

II.23.2.1 Interim reports - Requests for interim payments and supporting documents

The coordinator shall submit a request for interim payment at least every two reporting periods. The request for interim payment shall be submitted within 8 months following the end of the reporting period.

The request for interim payment shall be accompanied by the following documents:

- (a) an interim financial statement drawn up in accordance with Annex VI and containing a consolidated statement of the eligible costs incurred for the implementation of the action during the reporting period or the two reporting periods covered as well as a breakdown of the eligible costs incurred by each beneficiary, its affiliated entities and its implementing bodies;
- (b) unless the Special Conditions provide otherwise, for each beneficiary for which the total contribution in the form of reimbursement of actual costs is at least EUR 750 000 and which requests a reimbursement in that form of at least EUR 325 000 (when adding all previous reimbursements in that form for which a certificate on the financial statements has not been submitted), a certificate on the financial statements and underlying accounts (“certificate on the financial statements”).

This certificate shall be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VII. It shall certify that the costs declared in the interim financial statement by the beneficiary concerned, its affiliated entities or its implementing bodies for the categories of costs reimbursed on the basis of actual costs are real, accurately recorded and eligible in accordance with the Agreement.

The coordinator shall certify that the information provided in the request for interim payment is full, reliable and true. It shall also certify that the costs declared in the interim financial statement are real and eligible in accordance with the Agreement and that the request for payment is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27.

II.23.2.2 Final report - Request for payment of the balance and supporting documents

The coordinator shall submit a request for payment of the balance within 12 months following the completion date of the action as referred to in Article 2.2.

The request for payment of the balance shall be accompanied by the following documents:

- (a) the final report drawn up in accordance with Annex V and containing the following:
- (i) the Agreement number, the action number, the transport mode and the project of common interest it relates to;
 - (ii) the name and contact details of the author of the report;
 - (iii) the objectives of the action (if any deviation is reported);
 - (iv) technical information on how the action was implemented and fulfilled its objectives;
 - (v) information on the contracts awarded for the implementation of the action and on compliance with the requirements set out in Articles II.9 and II.10;
 - (vi) environmental information;
 - (vii) information about measures taken to publicise the action;
 - (viii) information on other sources of Union funds (CEF, ERDF, Cohesion Fund, H2020, TEN-T, EIPA, etc.) that have been used for the global project (e.g. previous or subsequent phases not covered by this Agreement).
- (b) the final financial statement drawn up in accordance with Annex VI and containing:
- (i) a consolidated statement of the eligible costs incurred for the implementation of the action during the last reporting period or the last two reporting periods since the last interim financial statement as well as a breakdown of the eligible costs incurred by each beneficiary, its affiliated entities and its implementing bodies;
 - (ii) a summary financial statement (“summary financial statement”); this statement must include a consolidated financial statement and a breakdown of the amounts declared or requested by each beneficiary, its affiliated entities and its implementing bodies, aggregating the financial statements already submitted previously and indicating the receipts referred to in Article II.25.3.2 for each beneficiary, its affiliated entities and its implementing bodies; it must be drawn up in accordance with Annex VI.
- (c) for beneficiaries established in the European Union, the certification by the Member State in which the beneficiary is established that i) the information provided is full, reliable and true and ii) the costs declared in the final financial statement are real and eligible in accordance with this Agreement; in exceptional cases, at the request of the beneficiary, the certification may be provided by the Member State in which the action is implemented;
- (d) unless the Special Conditions provide otherwise, for each beneficiary for which the total contribution in the form of reimbursement of actual costs is at least EUR 750 000 and which requests a reimbursement in that form of at least EUR 325 000 (when adding all previous reimbursements in that form for which a certificate on the financial statements has not been submitted) a certificate on the financial statements and underlying accounts (“certificate on the financial statements”).

This certificate shall be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VII. It shall certify that the costs declared in the final financial statement by the beneficiary concerned, its affiliated entities and its implementing bodies for the categories of costs reimbursed on the basis of actual costs are real, accurately recorded and eligible in accordance with the Agreement. It shall also certify that all the receipts referred to in Article II.25.3.2 have been declared.

The coordinator shall certify that the information provided in the request for payment of the balance is complete, reliable and true. It shall also certify that the costs incurred can be considered eligible in accordance with the Agreement and that the request for payment is substantiated by adequate supporting documents that can be produced in the context of the checks or audits described in Article II.27. In addition, it shall certify that all the receipts referred to in Article II.25.3.2 have been declared.

II.23.3 Non-submission of documents

Where the coordinator has failed to submit a request for interim payment or payment of the balance accompanied by the documents referred to above by the deadline set out in Article II.23.2 and where the coordinator still fails to submit such a request within 60 days following a written reminder sent by the Agency, the Agency reserves the right to terminate the Agreement in accordance with Article II.16.3.1(c), with the effects described in the third and the fourth subparagraphs of Article II.16.4.1.

II.23.4 Currency for requests for payment and financial statements and conversion into euro

Requests for payment and financial statements shall be drafted in euro.

Beneficiaries with general accounts in a currency other than the euro shall convert costs incurred in another currency into euro at the average of the daily exchange rates published in the C series of *Official Journal of the European Union*, determined over the corresponding reporting period. Where no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, conversion shall be made at the average of the monthly accounting rates established by the Commission and published on its website (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm), determined over the corresponding reporting period.

Beneficiaries with general accounts in euro shall convert costs incurred in another currency into euro according to their usual accounting practices.

ARTICLE II.24 – PAYMENTS AND PAYMENT ARRANGEMENTS

II.24.1 Pre-financing

II.24.1.1 The pre-financing is intended to provide the beneficiaries with a float. It remains the property of the Union until it is cleared against interim payments or payment of the balance to the coordinator.

Where payment of pre-financing is conditional on receipt of a financial guarantee, the financial guarantee shall fulfill the following conditions:

- (a) it is provided by an approved bank or an approved financial institution. The guarantee shall be denominated in euros. Where a beneficiary is established in a third country, the Agency may agree that a bank or a financial institution established in that third country may provide the guarantee if it considered 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. At the request of the coordinator and acceptance by the Agency, the financial guarantee may be replaced by a joint and several guarantee by a third party;
- (b) the guarantor stands as first-call guarantor and does not require the Agency to have recourse against the principal debtor (i.e. the beneficiary concerned); and
- (c) it provides that it remains in force until the pre-financing is cleared against interim payments or payment of the balance by the Agency and, in case the payment of the balance is made in the form of a debit note, three months after the debit note is notified to the coordinator. The Agency shall release the guarantee within the following month.

II.24.1.2 First pre-financing payment

Without prejudice to Article II.24.5, where Article 4.1 provides for a first pre-financing payment upon entry into force of the Agreement or following a later date, the Agency shall pay to the coordinator within 30 days following that date or, where required by Article 4.1, following receipt of the request for pre-financing payment or of the financial guarantee, whichever is the latest.

II.24.1.3 Further pre-financing payments

Where Article 4.1.2 provides for further pre-financing payments, the amount of the further pre-financing payment shall be calculated as follows:

- (a) the percentage specified in Article 4.1.2 shall be applied to the cumulated financing needs referred to in point (f) of Article II.23.1.1;
- (b) the total amount of previous pre-financing payments already made shall be deducted from the amount obtained in accordance with point (a);
- (c) where the statement on the amount of the previous pre-financing payments used submitted in accordance with Article II.23.1.2 shows that less than 70 % of the total amount of the previous pre-financing payments already made has been used, the amount obtained in accordance with points (a) and (b) shall be reduced by the difference between the 70 % threshold and the amount used;
- (d) the amount obtained in accordance with points (a), (b) and (c) shall be limited to the difference between the ceiling for pre-financing and interim payments set out in Article

4.1.3 and the total amount of pre-financing and interim payments already made.

Without prejudice to Articles II.24.4 and II.24.5, the Agency shall pay to the coordinator the amount due as further pre-financing payment within 60 days following receipt of the request for further pre-financing payment and of documents referred to in Article II.23.1.1 or, where required by Article 4.1, following receipt of the financial guarantee.

II.24.2 Interim payments

Interim payments are intended to reimburse the eligible costs incurred in implementing the action during the corresponding reporting periods.

Without prejudice to Articles II.24.4 and II.24.5, on receipt of the documents referred to in Article II.23.2, the Agency shall pay to the coordinator the amount due as interim payment within the time limit specified in Article 4.2.

This amount shall be determined following approval of the request for interim payment and the accompanying documents and of the ASR for the reporting period or the two reporting periods covered. Approval of those documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information they contain.

The amount due as interim payment shall be determined as follows:

- (a) the following amounts, which depends on the form of the grant, shall be added:
 - (i) where, in accordance with Article 3(a), the grant takes the form of the reimbursement of eligible costs, the amount obtained by application of the reimbursement rate(s) specified in that Article to the eligible costs of the action approved by the Agency for the concerned reporting period(s) and the corresponding categories of costs, beneficiaries, affiliated entities and implementing bodies;
 - (ii) where, in accordance with Article 3(b), the grant takes the form of a unit contribution, the amount obtained by multiplying the unit contribution specified in that Article by the actual number of units approved by the Agency for the concerned reporting period(s) and for the corresponding beneficiaries, affiliated entities and implementing bodies;
 - (iii) where, in accordance with Article 3(c), the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the corresponding beneficiaries, affiliated entities and implementing bodies, subject to approval by the Agency of the proper implementation during the concerned reporting period(s) of the corresponding tasks or part of the action in accordance with Annex I;
 - (iv) where, in accordance with Article 3(d), the grant takes the form of a flat-rate contribution, the amount obtained by applying the flat rate referred to in that Article to the eligible costs or to the contribution accepted by the Agency for the

concerned reporting period(s) and the corresponding beneficiaries, affiliated entities and implementing bodies.

- (b) the interim payment shall clear 100% of the pre-financing payments already made for the reporting periods covered by the request for interim payment or previous interim payments and which have not been cleared against previous interim payments. The amount of the pre-financing payments to be cleared shall be deducted from the amount obtained in accordance with point (a);
- (c) the amount obtained in accordance with points (a) and (b) shall be limited to the difference between the ceiling for pre-financing and interim payments set out in Article 4.1.3 and the total amount of the pre-financing and interim payments already made.

II.24.3 Payment of the balance

The payment of the balance, which may not be repeated, is intended to reimburse or cover after the end of the period set out in Article 2.2 the remaining part of the eligible costs incurred by the beneficiaries for its implementation. Where the total amount of earlier payments is greater than the final amount of the grant determined in accordance with Article II.25, the payment of the balance may take the form of a recovery as provided for by Article II.26.

Without prejudice to Articles II.24.4 and II.24.5, on receipt of the documents referred to in Article II.23.2, the Agency shall pay the amount due as the balance within the time limit specified in Article 4.2.

This amount shall be determined following approval of the request for payment of the balance and of the accompanying documents and in accordance with the fourth subparagraph. Approval of the request for payment of the balance and of the accompanying documents shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information they contain.

The amount due as the balance shall be determined by deducting, from the final amount of the grant determined in accordance with Article II.25, the total amount of pre-financing and interim payments already made.

II.24.4 Suspension of the time limit for payment

The Agency may suspend the time limit for payment specified in Articles 4.2 and II.24.1.3, at any time by formally notifying the coordinator that its request for payment cannot be met, either because it does not comply with the provisions of the Agreement, or because the appropriate supporting documents have not been produced, or because there is doubt about the eligibility of the costs declared in the financial statement.

The coordinator shall be notified as soon as possible of any such suspension, together with the reasons thereof.

Suspension shall take effect on the date when notification is sent by the Agency. The remaining payment period shall start to run again from the date on which the requested

information or revised documents are received or the necessary further verification, including on-the-spot checks, is carried out. Where the suspension exceeds two months, the coordinator may request a decision by the Agency on whether the suspension is to be continued.

Where the time limit for payment has been suspended following the rejection of one of the ASRs, the final report or one of the financial statements provided for by Article II.23 and the new report or statement submitted is also rejected, the Agency reserves the right to terminate the Agreement in accordance with Article II.16.3.1(c), with the effects described in Article II.16.4.

II.24.5 Suspension of payments

II.24.5.1 The Agency may, at any time during the implementation of the Agreement, suspend the pre-financing payments, interim payments or payment of the balance for all beneficiaries, or suspend the pre-financing payments or interim payments for any one or several beneficiaries:

- (a) if the Agency has evidence that a beneficiary has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the grant, or if a beneficiary fails to comply with its obligations under the Agreement;
- (b) if the Agency has evidence that a beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other grants funded by the Union or by the European Atomic Energy Community which were awarded to that beneficiary under similar conditions, provided that those errors, irregularities, fraud or breach of obligations have a material impact on this grant;
- (c) if the Agency suspects substantial errors, irregularities, fraud or breach of obligations committed by a beneficiary in the award procedure or in the implementation of the Agreement and needs to verify whether they have actually occurred;
- (d) following an evaluation of the progress of the project, in particular in the event of major delays in the implementation of the action; or
- (e) if the Agency does not receive all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy on environmental protection).

II.24.5.2 Before suspending payments, the Agency shall formally notify the coordinator of its intention to suspend payments, specifying the reasons thereof and, in the cases referred to in points (a), (b), (d) and (e) of Article II.24.5.1, the necessary

conditions for resuming payments. The coordinator shall be invited to make any observations on behalf of all beneficiaries within 30 calendar days from receipt of this notification.

If, after examination of the observations submitted by the coordinator, the Agency decides to stop the procedure of payment suspension, the Agency shall formally notify the coordinator thereof.

If no observations have been submitted or if, despite the observations submitted by the coordinator, the Agency decides to pursue the procedure of payment suspension, it may suspend payments by formally notifying the coordinator, specifying the reasons for the suspension and, in the cases referred to in points (a), (b), (d) and (e) of Article II.24.5.1, the definitive conditions for resuming payments or, in the case referred to in point (c) of Article II.24.5.1, the indicative date of completion of the necessary verification.

The coordinator shall inform the other beneficiaries immediately. The suspension of payments shall take effect on the date when the notification is sent by the Agency.

In order to resume payments, the beneficiaries shall endeavour to meet the notified conditions as soon as possible and shall inform the Agency of any progress made in this respect.

The Agency shall, as soon as it considers that the conditions for resuming payments have been met or the necessary verification, including on-the-spot checks, has been carried out, formally notify the coordinator thereof.

During the period of suspension of payments and without prejudice to the right to suspend the implementation of the action in accordance with Article II.15.1 or to terminate the Agreement or the participation of a beneficiary in accordance with Article II.16.1 and Article II.16.2, the coordinator is not entitled to submit any requests for payments or, where the suspension concerns the pre-financing payments or interim payments for one or several beneficiaries only, any requests for payments and supporting documents relating to the participation of the concerned beneficiary or beneficiaries in the action.

The corresponding requests for payments and supporting documents may be submitted as soon as possible after resumption of payments or may be included in the first request for payment due following resumption of payments in accordance with the schedule laid down in Article 4.1.

II.24.6 Notification of amounts due

The Agency shall formally notify the amounts due, specifying whether it is a further pre-financing payment, an interim payment or the payment of the balance. In the case of payment of the balance, it shall also specify the final amount of the grant determined in accordance with Article II.25.

II.24.7 Interest on late payment

On expiry of the time limits for payment specified in Articles 4.2 and II.24.1, and without prejudice to Articles II.24.4 and II.24.5, the beneficiaries are entitled to interest on late payment at the rate applied by the European Central Bank for its main refinancing operations in euros ("the reference rate"), plus three and a half points. The reference rate shall be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the *Official Journal of the European Union*.

The first subparagraph shall not apply where all beneficiaries are Member States of the Union, including regional and local government authorities and other public bodies acting in the name and on behalf of the Member State for the purpose of this Agreement.

The suspension of the time limit for payment in accordance with Article II.24.4 or of payment by the Agency in accordance with Article II.24.5 may not be considered as late payment.

Interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article II.24.9. The interest payable shall not be considered for the purposes of determining the final amount of grant within the meaning of Article II.25.3.

By way of derogation from the first subparagraph, when the calculated interest is lower than or equal to EUR 200, it shall be paid only upon request submitted by the coordinator within two months of the late payment.

II.24.8 Currency for payments

Payments by the Agency shall be made in euro.

II.24.9 Date of payment

Payments by the Agency shall be deemed to be effected on the date when they are debited to the Agency's account.

II.24.10 Costs of payment transfers

Costs of the payment transfers shall be borne in the following way:

- (a) costs of transfer charged by the bank of the Agency shall be borne by the Agency;
- (b) costs of transfer charged by the bank of a beneficiary shall be borne by the beneficiary;
- (c) all costs of repeated transfers caused by one of the parties shall be borne by the party which caused the repetition of the transfer.

II.24.11 Payments to the coordinator

The Agency shall make all payments to the coordinator. Payments to the coordinator shall discharge the Agency from its payment obligation.

ARTICLE II.25 – DETERMINING THE FINAL AMOUNT OF THE GRANT

II.25.1 Calculation of the final amount

Without prejudice to Articles II.25.2, II.25.3 and II.25.4, the final amount of the grant shall be determined as follows:

- (a) where, in accordance with Article 3(a), the grant takes the form of the reimbursement of eligible costs, the amount obtained by application of the reimbursement rate(s) specified in that Article to the eligible costs of the action approved by the Agency for the corresponding categories of costs, beneficiaries, affiliated entities and implementing bodies;
- (b) where, in accordance with Article 3(b), the grant takes the form of a unit contribution, the amount obtained by multiplying the unit contribution specified in that Article by the actual number of units approved by the Agency for the corresponding beneficiaries, affiliated entities and implementing bodies;
- (c) where, in accordance with Article 3(c), the grant takes the form of a lump sum contribution, the lump sum specified in that Article for the corresponding beneficiaries, affiliated entities and implementing bodies, subject to approval by the Agency of the proper implementation of the corresponding tasks or part of the action in accordance with Annex I;
- (d) where, in accordance with Article 3(d), the grant takes the form of a flat-rate contribution, the amount obtained by applying the flat rate referred to in that Article to the eligible costs or to the contribution accepted by the Agency for the corresponding beneficiaries, affiliated entities and implementing bodies.

Where Article 3 provides for a combination of different forms of grant, these amounts shall be added.

II.25.2 Maximum amount

The total amount paid by the Agency for the action may in no circumstances exceed the maximum amount of the grant specified in Article 3.

Where the amount determined in accordance with Article II.25.1 exceeds this maximum amount, the final amount of the grant shall be limited to the maximum amount specified in Article 3.

II.25.3 No-profit rule and taking into account of receipts

II.25.3.1 The grant may not produce a profit for the beneficiaries, unless specified otherwise in the Special Conditions. "Profit" shall mean a surplus of the receipts over the eligible costs of the action.

II.25.3.2 The receipts to be taken into account are the consolidated receipts established,

generated or confirmed on the date on which the request for payment of the balance is drawn up by the coordinator, which fall within one of the following two categories:

- (a) income generated by the action; or
- (b) financial contributions specifically assigned by the donors to the financing of the eligible costs of the action reimbursed by the Agency in accordance with Article 3(a)(i).

II.25.3.3 The following shall not be considered as receipts to be taken into account for the purpose of verifying whether the grant produces a profit for the beneficiaries:

- (a) financial contributions referred to in point (b) of Article II.25.3.2, which may be used by the beneficiaries to cover costs other than the eligible costs under the Agreement;
- (b) financial contributions referred to in point (b) of Article II.25.3.2, the unused part of which is not due to the donors at the end of the period set out in Article 2.2.

II.25.3.4 The eligible costs to be taken into account are the consolidated eligible costs approved by the Agency for the categories of costs reimbursed in accordance with Article 3(a).

II.25.3.5 Where the final amount of the grant determined in accordance with Articles II.25.1 and II.25.2 would result in a profit for the beneficiaries, the profit shall be deducted in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Agency for the categories of costs referred to in Article 3(a)(i). This final rate shall be calculated on the basis of the final amount of the grant in the form referred to in Article 3(a)(i), as determined in accordance with Articles II.25.1 and II.25.2.

II.25.4 Reduction for poor, partial or late implementation, or breach of contractual obligations

If the action is not implemented properly in accordance with Annex I, or if any beneficiary fails to comply with any other obligations under this Agreement, the Agency may reduce the grant amount set out in Article 3 in proportion to the improper implementation of the action or to the seriousness of the breach of obligations.

This includes the case where the Agency does not receive all the documents required under Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, Directive 2000/60/EC establishing a framework for Community policy in the field of water, or any other relevant environmental legislation as listed in the application form (the section concerning compliance with Union policy on environmental protection).

ARTICLE II.26 – RECOVERY

II.26.1 Recovery at the time of payment of the balance

Where the payment of the balance takes the form of a recovery, the Agency shall formally notify the coordinator of its intention to recover the amount unduly paid:

- (a) specifying the amount due and the reasons for recovery;
- (b) inviting the coordinator to make any observations within a specified period ; and
- (c) requesting the coordinator to submit a report on the distribution of payments to the beneficiaries within a specified period.

If no observations have been submitted or if, despite the observations submitted by the coordinator, the Agency decides to pursue the recovery procedure, the Agency may confirm recovery by formally notifying to the coordinator a debit note (“debit note”), specifying the terms and the date for payment.

If the coordinator does not repay the Agency by the date specified in the debit note and has not submitted the report on the distribution of payments, the Agency or the Commission shall recover the amount due from the coordinator in accordance with Article II.26.3, even if it has not been the final recipient of the amount due.

If the coordinator does not repay the Agency by the date specified in the debit note but has submitted the report on the distribution of payments made to the beneficiaries, the Agency shall recover the amount due from the beneficiary which has been the final recipient of the amount due.

For that purpose, the Agency shall:

- (a) where, in accordance with Article 3(a), the grant takes the form of the reimbursement of eligible costs:
 - (i) identify the beneficiaries for which the amount calculated as follows is negative:
 - { { { {Beneficiary's costs (including the costs of its affiliated entities and implementing bodies if applicable) declared in the final financial statement and approved by the Agency multiplied by the reimbursement rate(s) set out in Article 3(a) for the beneficiary concerned}
 - divided by
 - the amount calculated according to Article II.25.1}
 - multiplied by
 - the final grant amount calculated according to Article II.25},
 - minus

the pre-financing and interim payments received by the beneficiary }

- (ii) formally notify to each beneficiary identified according to point (i) a debit note specifying the terms and date for payment. The amount of the debit note shall be calculated as follows:
- $$\left\{ \begin{array}{l} \text{\{ amount calculated according to point (i) for the beneficiary} \\ \text{concerned} \\ \text{divided by} \\ \text{the sum of the amounts calculated according to point (i) for all the} \\ \text{beneficiaries identified according to point (i) } \\ \text{multiplied by} \\ \text{the amount set out in the debit note formally notified to the} \\ \text{coordinator } \end{array} \right\}$$
- (b) where, in accordance with Article 3(b), (c) or (d) the grant takes the form of a unit, lump sum or flat-rate contribution, formally notify to each beneficiary a debit note specifying the terms and date for payment. The amount of the debit note shall be calculated as follows:
- $$\left\{ \begin{array}{l} \text{\{ the pre-financing and interim payments received by the beneficiary} \\ \text{divided by} \\ \text{the total amount of pre-financing and interim payments paid by the Agency} \\ \text{multiplied by} \\ \text{the amount set out in the debit note formally notified to the coordinator } \end{array} \right\};$$
- (c) where Article 3 provides for a combination of different forms of grant, these amounts shall be added.

If the beneficiary concerned does not repay the Agency by the date specified in the debit note, the Agency or the Commission shall recover the amount due from the beneficiary in accordance with Article II.26.3.

II.26.2 Recovery after payment of the balance

Where an amount is to be recovered in accordance with Articles II.27.6, II.27.7 and II.27.8, the beneficiary concerned by the audit or OLAF findings shall repay the Agency the amount in question.

Where the audit findings do not concern a specific beneficiary, the coordinator shall repay the Agency the amount in question, even if it has not been the final recipient of the amount due.

Before recovery, the Agency shall formally notify the beneficiary concerned or the coordinator of its intention to recover the amount unduly paid:

- (a) specifying the amount due (including any amount unduly paid by the Agency as a contribution towards the costs incurred by its affiliated entities or its implementing bodies) and the reasons for recovery;
- (b) inviting the beneficiary concerned or the coordinator to make any observations within a specified period.

If no observations have been submitted or if, despite the observations submitted by the beneficiary concerned or the coordinator, the Agency decides to pursue the recovery procedure, the Agency may confirm recovery by formally notifying to the beneficiary concerned or the coordinator a debit note (“debit note”), specifying the terms and the date for payment.

If the beneficiary concerned or the coordinator does not repay the Agency by the date specified in the debit note, the Agency shall recover the amount due from the beneficiary concerned or the coordinator in accordance with Article II.26.3.

II.26.3 Recovery procedure failing repayment by the date specified in the debit note

If payment has not been made by the date specified in the debit note, the Agency or the Commission shall recover the amount due:

- (a) by offsetting it against any amounts owed to the beneficiary concerned by the Union or the European Atomic Energy Community (Euratom) (“offsetting”); in exceptional circumstances, justified by the necessity to safeguard the financial interests of the Union, the Agency may recover by offsetting before the due date; the beneficiary’s prior consent shall not be required; an action may be brought against such offsetting before the General Court of the European Union pursuant to Article 263 TFEU;
- (b) by drawing on the financial guarantee where provided for in accordance with Article 4.1 (“drawing on the financial guarantee”);
- (c) where provided for in the Special Conditions, by holding the beneficiaries jointly and severally liable;
- (d) by taking legal action in accordance with Article II.18.2 or with the Special Conditions or by adopting an enforceable decision in accordance with Article II.18.3.

II.26.4 Interest on late payment

If payment has not been made by the date set out in the debit note, the amount due shall bear interest at the rate established in Article II.24.7. Interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date when the Agency or the Commission actually receives payment in full of the outstanding amount.

Any partial payment shall first be appropriated against charges and interest on late payment and then against the principal.

II.26.5 Bank charges

Bank charges incurred in connection with the recovery of the sums owed to the Agency shall be borne by the beneficiary concerned except where Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC applies.

ARTICLE II.27 – CHECKS, AUDITS AND EVALUATION

II.27.1 Technical and financial checks, audits, interim and final evaluations

The Commission or the Agency may carry out technical and financial checks and audits in relation to the use of the grant. It may also check the statutory records of the beneficiaries for the purpose of periodic assessments of lump sum, unit cost or flat-rate amounts.

Information and documents provided in the framework of checks or audits shall be treated on a confidential basis.

In addition, the Commission or the Agency may carry out interim or final evaluation of the impact of the action measured against the objective of the Union programme concerned, in order to assess whether the objectives, including those relating to environmental protection, have been attained.

Checks, audits or evaluations made by the Commission or the Agency may be carried out either directly by its own staff or by any other outside body authorised to do so on its behalf.

Such checks, audits or evaluations may be initiated during the implementation of the Agreement and for a period of five years starting from the date of payment of the balance. This period shall be limited to three years if the maximum amount specified in Article 3 is not more than EUR 60 000.

The check, audit or evaluation procedure shall be deemed to be initiated on the date of receipt of the letter of the Commission or the Agency announcing it.

II.27.2 Duty to keep documents

The beneficiaries shall keep all original documents, especially accounting and tax records, stored on any appropriate medium, including digitalised originals when they are authorised by their respective national law and under the conditions laid down therein, for a period of five years starting from the date of payment of the balance.

This period shall be limited to three years if the maximum amount specified in Article 3 is not more than EUR 60 000.

The periods set out in the first and second subparagraphs shall be longer if there are on-going audits, appeals, litigation or pursuit of claims concerning the grant, including in the case referred to in Article II.27.7. In such cases, the beneficiaries shall keep the documents until

such audits, appeals, litigation or pursuit of claims are closed.

II.27.3 Obligation to provide information

Where a check or audit is initiated before the payment of the balance, the coordinator shall provide any information, including information in electronic format, requested by the Commission or the Agency, or by any other outside body authorised by it. Where appropriate, the Commission or the Agency may request such information to be provided directly by a beneficiary. Where a check or audit is initiated after payment of the balance, such information shall be provided by the beneficiary concerned.

For an evaluation, the coordinator shall provide any information, including information in electronic format, requested by the Commission or the Agency, or by any other outside body authorised by it. Where appropriate, the Commission or the Agency may request such information to be provided directly by a beneficiary.

In case the beneficiary concerned does not comply with the obligations set out in the first and second subparagraphs, the Commission or the Agency may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.4 On-the-spot visits

During an on-the-spot visit, the beneficiaries shall allow Commission or Agency staff and outside personnel authorised by the Commission or the Agency to have access to the sites and premises where the action is or was carried out, and to all the necessary information, including information in electronic format.

They shall ensure that the information is readily available at the moment of the on-the-spot visit and that information requested is handed over in an appropriate form.

In case a beneficiary refuses to provide access to the sites, premises and information in accordance with the first and second subparagraphs, the Commission or the Agency may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

II.27.5 Contradictory audit procedure

On the basis of the findings made during the audit, a provisional report (“draft audit report”) shall be drawn up. It shall be sent by the Commission or the Agency or its authorised

representative to the beneficiary concerned, which shall have 30 days from the date of receipt to submit observations. The final report (“final audit report”) shall be sent to the beneficiary concerned within 60 days of expiry of the time limit for submission of observations.

II.27.6 Effects of audit findings

On the basis of the final audit findings, the Commission or the Agency may take the measures which it considers necessary, including recovery at the time of payment of the balance or after payment of the balance of all or part of the payments made by it, in accordance with Article II.26.

In the case of final audit findings made after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with Article II.25, and the total amount paid to the beneficiaries under the Agreement for the implementation of the action.

II.27.7 Correction of systemic or recurrent errors, irregularities, fraud or breach of obligations

II.27.7.1 The Commission or the Agency may take all measures which it considers necessary, including recovery at the time of payment of the balance or after payment of the balance of all or part of the payments made by it under the Agreement, in accordance with Article II.26, where the following conditions are fulfilled:

- (a) the beneficiary is found, on the basis of an audit of other grants awarded to it under similar conditions, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant; and
- (b) the final audit report containing the findings of the systemic or recurrent errors, irregularities, fraud or breach of obligations is received by the beneficiary within the period referred to in Article II.27.1.

II.27.7.2 The Commission or the Agency shall determine the amount to be corrected under the Agreement:

- (a) wherever possible and practicable, on the basis of costs unduly declared as eligible under the Agreement.

For that purpose, the beneficiary concerned shall revise the financial statements submitted under the Agreement taking account of the findings and resubmit them to the Commission or the Agency within 60 days from the date of receipt of the final audit report containing the findings of the systemic or recurrent errors, irregularities, fraud or breach of obligations.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final

amount of the grant, determined in accordance with Article II.25 on the basis of the revised eligible costs declared by the beneficiary and approved by the Commission or the Agency, and the total amount paid to the beneficiaries under the Agreement for the implementation of the action;

- (b) where it is not possible or practicable to quantify precisely the amount of ineligible costs under the Agreement, by extrapolating the correction rate applied to the eligible costs for the grants for which the systemic or recurrent errors or irregularities have been found.

The Commission or the Agency shall formally notify the extrapolation method to be applied to the beneficiary concerned, which shall have 60 days from the date of receipt of the notification to submit observations and to propose a duly substantiated alternative method.

If the Commission or the Agency accepts the alternative method proposed by the beneficiary, it shall formally notify the beneficiary concerned thereof and determine the revised eligible costs by applying the accepted alternative method.

If no observations have been submitted or if the Commission or the Agency does not accept the observations or the alternative method proposed by the beneficiary, the Commission or the Agency shall formally notify the beneficiary concerned thereof and determine the revised eligible costs by applying the extrapolation method initially notified to the beneficiary.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant, determined in accordance with Article II.25 on the basis of the revised eligible costs after extrapolation, and the total amount paid to the beneficiaries under the Agreement for the implementation of the action; or

- (c) where ineligible costs cannot serve as a basis for determining the amount to be corrected, by applying a flat rate correction to the maximum amount of the grant specified in Article 3 or part thereof, having regard to the principle of proportionality.

The Commission or the Agency shall formally notify the flat rate to be applied to the beneficiary concerned, which shall have 60 days from the date of receipt of the notification to submit observations and to propose a duly substantiated alternative flat rate.

If the Commission or the Agency accepts the alternative flat rate proposed by the beneficiary, it shall formally notify the beneficiary concerned thereof and correct the grant amount by applying the accepted alternative flat rate.

If no observations have been submitted or if the Commission or the Agency

does not accept the observations or the alternative flat rate proposed by the beneficiary, the Commission or the Agency shall formally notify the beneficiary concerned thereof and correct the grant amount by applying the flat rate initially notified to the beneficiary.

In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations found after the payment of the balance, the amount to be recovered shall correspond to the difference between the revised final amount of the grant after flat-rate correction and the total amount paid to the beneficiaries under the Agreement for the implementation of the action.

II.27.8 Checks and inspections by OLAF

The European Anti-Fraud Office (OLAF) shall have the same rights as the Commission and the Agency, notably right of access, for the purpose of checks and investigations.

By virtue of Council Regulation (Euratom, EC) No 2185/96¹ of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EU) No 883/2013² of the European Parliament and the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF), OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by Union law for the protection of the financial interests of the Union against fraud and other irregularities.

Where appropriate, OLAF findings may lead to recovery by the Agency. They may also lead to criminal prosecution under national law.

II.27.9 Checks and audits by the European Court of Auditors

The European Court of Auditors shall have the same rights as the Agency and the Commission, notably right of access, for the purpose of checks and audits.

¹ OJ L 292, 15.11.1996, p.2

² OJ L 248, 18.09.2013, p.1

ANNEX III
ESTIMATED BUDGET OF THE ACTION

Table 1: Planned sources of financing of the eligible costs of the action

Financing sources	Amount of financial contribution to the action eligible costs (EUR)	Amount of financial contribution to the action eligible costs (EUR)	Amount of financial contribution to the action eligible costs (EUR)	Amount of financial contribution to the action eligible costs (EUR)
	RB Rail	Min EAC - EE	Min Tran - LV	MoTC - LT
1. CEF-Transport financing	5,950,000	175,390,775	237,510,990	23,378,850
2. Beneficiary's own resources	0	0	0	0
of which:				
(a) EIB loan	0	0	0	0
3. State budget(s)	1,050,000	38,146,725	54,248,010	4,752,306
4. Regional/ local budget(s)	0	0	0	0
5. Income generated by the action	0	0	0	0
6. Other sources	0	0	0	0
TOTAL	7,000,000	213,537,500	291,759,000	28,131,156

Table 2: Indicative breakdown per activity and per beneficiary of estimated eligible costs of the action by activity (EUR)

Activities	2015	2016	2017	2018	2019	2020	Total	Pro-rata share of the estimated eligible costs (%)
ELIGIBLE DIRECT COSTS								
Activity 1	50,000	400,000	250,000	0	0	0	700,000	0.13
RB Rail	50,000	400,000	250,000	0	0	0	700,000	0.13
Activity 2	0	0	100,000	400,000	0	0	500,000	0.09
RB Rail	0	0	100,000	400,000	0	0	500,000	0.09
Activity 3	30,000	135,000	135,000	0	0	0	300,000	0.06
RB Rail	30,000	135,000	135,000	0	0	0	300,000	0.06
Activity 4	100,000	0	0	0	0	0	100,000	0.02
RB Rail	100,000	0	0	0	0	0	100,000	0.02
Activity 5	100,000	400,000	0	0	0	0	500,000	0.09
RB Rail	100,000	400,000	0	0	0	0	500,000	0.09
Activity 6	0	100,000	200,000	200,000	200,000	200,000	900,000	0.17
RB Rail	0	100,000	200,000	200,000	200,000	200,000	900,000	0.17
Activity 7	0	0	550,000	550,000	0	0	1,100,000	0.2
Min EAC - EE	0	0	550,000	550,000	0	0	1,100,000	0.2
Activity 8	0	500,000	1,500,000	0	0	0	2,000,000	0.37
Min EAC - EE	0	500,000	1,500,000	0	0	0	2,000,000	0.37
Activity 9	0	45,000	45,000	0	0	0	90,000	0.02

Min EAC - EE	0	45,000	45,000	0	0	0	90,000	0.02
Activity 10	0	200,000	400,000	400,000	0	0	1,000,000	0.19
Min EAC - EE	0	200,000	400,000	400,000	0	0	1,000,000	0.19
Activity 11	0	100,000	200,000	200,000	0	0	500,000	0.09
Min EAC - EE	0	100,000	200,000	200,000	0	0	500,000	0.09
Activity 12	0	75,000	75,000	75,000	0	0	225,000	0.04
Min EAC - EE	0	75,000	75,000	75,000	0	0	225,000	0.04
Activity 13	0	0	50,000	100,000	100,000	0	250,000	0.05
Min EAC - EE	0	0	50,000	100,000	100,000	0	250,000	0.05
Activity 14	0	0	1,100,000	1,800,000	1,800,000	1,800,000	6,500,000	1.2
Min EAC - EE	0	0	1,100,000	1,800,000	1,800,000	1,800,000	6,500,000	1.2
Activity 15	0	100,000	0	0	0	0	100,000	0.02
Min Tran - LV	0	100,000	0	0	0	0	100,000	0.02
Activity 16	0	0	300,000	480,000	0	0	780,000	0.14
Min Tran - LV	0	0	300,000	480,000	0	0	780,000	0.14
Activity 17	0	270,000	270,000	0	0	0	540,000	0.1
Min EAC - EE	0	270,000	270,000	0	0	0	540,000	0.1
Activity 18	0	121,000	121,000	121,500	121,500	0	485,000	0.09
Min EAC - EE	0	121,000	121,000	121,500	121,500	0	485,000	0.09
Activity 19	0	140,000	340,000	340,000	0	0	820,000	0.15
Min EAC - EE	0	140,000	340,000	340,000	0	0	820,000	0.15
Activity 20	0	6,500,000	18,750,000	18,750,000	0	0	44,000,000	8.14
Min EAC - EE	0	6,500,000	18,750,000	18,750,000	0	0	44,000,000	8.14
Activity 21	0	240,000	720,000	1,440,000	0	0	2,400,000	0.44

Min Tran - LV	0	240,000	720,000	1,440,000	0	0	2,400,000	0.44
Activity 22	0	35,000	105,000	210,000	0	0	350,000	0.06
Min Tran - LV	0	35,000	105,000	210,000	0	0	350,000	0.06
Activity 23	0	2,021,400	7,064,200	13,414,400	0	0	22,500,000	4.16
Min Tran - LV	0	2,021,400	7,064,200	13,414,400	0	0	22,500,000	4.16
Activity 24	0	0	0	92,170	1,574,323	13,148,848	14,815,341	2.74
MoTC - LT	0	0	0	92,170	1,574,323	13,148,848	14,815,341	2.74
Activity 25	0	0	0	0	900,000	14,100,000	15,000,000	2.78
Min EAC - EE	0	0	0	0	900,000	14,100,000	15,000,000	2.78
Activity 26	0	0	0	0	15,300,000	60,170,000	75,470,000	13.96
Min EAC - EE	0	0	0	0	15,300,000	60,170,000	75,470,000	13.96
Activity 27	0	0	0	0	2,500,000	37,500,000	40,000,000	7.4
Min EAC - EE	0	0	0	0	2,500,000	37,500,000	40,000,000	7.4
Activity 28	0	0	0	4,130,000	12,390,000	66,080,000	82,600,000	15.28
Min Tran - LV	0	0	0	4,130,000	12,390,000	66,080,000	82,600,000	15.28
Activity 29	0	0	0	930,000	2,790,000	14,880,000	18,600,000	3.44
Min Tran - LV	0	0	0	930,000	2,790,000	14,880,000	18,600,000	3.44
Activity 30	0	0	0	7,600,000	22,000,000	113,140,000	142,740,000	26.41
Min Tran - LV	0	0	0	7,600,000	22,000,000	113,140,000	142,740,000	26.41
Activity 31	0	0	0	0	101,876	13,213,939	13,315,815	2.46
MoTC - LT	0	0	0	0	101,876	13,213,939	13,315,815	2.46
Activity 32	0	8,170,000	6,498,000	6,498,000	0	0	21,166,000	3.92
Min EAC - EE	0	8,170,000	6,498,000	6,498,000	0	0	21,166,000	3.92
Activity 33	0	0	3,000,000	7,382,000	5,382,000	0	15,764,000	2.92

Min Tran - LV	0	0	3,000,000	7,382,000	5,382,000	0	15,764,000	2.92
Activity 34	515,000	617,000	617,000	617,000	617,000	617,000	3,600,000	0.67
RB Rail	515,000	617,000	617,000	617,000	617,000	617,000	3,600,000	0.67
Activity 35	500,000	400,000	400,000	400,000	400,000	400,000	2,500,000	0.46
Min EAC - EE	500,000	400,000	400,000	400,000	400,000	400,000	2,500,000	0.46
Activity 36	0	415,000	415,000	415,000	415,000	1,240,000	2,900,000	0.54
Min Tran - LV	0	415,000	415,000	415,000	415,000	1,240,000	2,900,000	0.54
Activity 37	0	0	0	0	250,000	1,016,500	1,266,500	0.23
Min EAC - EE	0	0	0	0	250,000	1,016,500	1,266,500	0.23
Activity 38	0	0	0	120,000	360,000	1,920,000	2,400,000	0.44
Min Tran - LV	0	0	0	120,000	360,000	1,920,000	2,400,000	0.44
Activity 39	20,000	76,000	76,000	76,000	76,000	76,000	400,000	0.07
RB Rail	20,000	76,000	76,000	76,000	76,000	76,000	400,000	0.07
Activity 40	0	125,000	125,000	125,000	125,000	125,000	625,000	0.12
Min EAC - EE	0	125,000	125,000	125,000	125,000	125,000	625,000	0.12
Activity 41	0	125,000	125,000	125,000	125,000	125,000	625,000	0.12
Min Tran - LV	0	125,000	125,000	125,000	125,000	125,000	625,000	0.12
TOTAL ELIGIBLE DIRECT COSTS	1,315,000	21,310,400	43,531,200	66,991,070	67,527,699	339,752,287	540,427,656	100
RB Rail	815,000	1,728,000	1,378,000	1,293,000	893,000	893,000	7,000,000	1.3
Min EAC - EE	500,000	16,646,000	30,424,000	29,359,500	21,496,500	115,111,500	213,537,500	39.51
Min Tran - LV	0	2,936,400	11,729,200	36,246,400	43,462,000	197,385,000	291,759,000	53.99
MoTC - LT	0	0	0	92,170	1,676,199	26,362,787	28,131,156	5.21
Annual instalments of maximum CEF	18,904,790	0	36,621,600	55,876,009.5	54,919,589.11	275,908,626.39	442,230,615	81.83

contribution								
RB Rail	2,161,550	0	1,171,300	1,099,050	759,050	759,050	5,950,000	1.1
Min EAC - EE	14,247,300	0	25,600,480	24,695,655	17,514,025	93,333,315	175,390,775	32.45
Min Tran - LV	2,495,940	0	9,849,820	30,002,960	35,225,820	159,936,450	237,510,990	43.95
MoTC - LT	0	0	0	78,344.5	1,420,694.11	21,879,811.39	23,378,850	4.33

Table 3: Indicative breakdown per beneficiary of the maximum CEF contribution (EUR)

	Estimated contribution	Pro-rata share of the maximum CEF contribution (%)
RB Rail	5,950,000	1.35%
Min EAC - EE	175,390,775	39.66%
Min Tran - LV	237,510,990	53.71%
MoTC - LT	23,378,850	5.29%
Total	442,230,615	100%

ANNEX IV
MANDATE 1

I, the undersigned,

Merike Saks, Secretary General of the Ministry of Economic Affairs and Communications,
representing,

Ministry of Economic Affairs and Communications of the Republic of Estonia (Min EAC - EE)

Harju 11
15072 Tallinn
Estonia

hereinafter referred to as "the beneficiary",

for the purposes of the signature and the implementation of the grant agreement No INEA/CEF/TRAN/M2014/1045990 for the Action No 2014-EU-TMC-0560-M entitled "Development of a 1435 mm standard gauge railway line in the Rail Baltic/Rail Baltica (RB) corridor through Estonia, Latvia and Lithuania" with the Innovation and Networks Executive Agency (hereinafter referred to as "the grant agreement")

hereby mandate:

RB Rail AS (RB Rail)
Joint Stock Company
Registration No 40103845025
Gogola street 3
LV-1050 Riga
Latvia

VAT No LV40103845025,

represented by Baiba Anda Rubesa, Chairperson of the Management Board and Chief Executive Officer (hereinafter referred to as "the coordinator")

1. to sign in my name and on my behalf the grant agreement and its possible subsequent amendments with the Innovation and Networks Executive Agency,

and

2. to act on behalf of the beneficiary in compliance with the grant agreement.

I hereby confirm that the beneficiary accepts all terms and conditions of the grant agreement and, in particular, all provisions affecting the coordinator and the other beneficiaries. In particular, I acknowledge that, by virtue of this mandate, the coordinator alone is entitled to receive funds from the Innovation and Networks Executive Agency and distribute the amounts corresponding to the beneficiary's participation in the action.

I hereby accept that the beneficiary will do everything in its power to help the coordinator fulfil its obligations under the grant agreement, and in particular, to provide to the coordinator, on its request, whatever documents or information may be required.

I hereby declare that the beneficiary agrees that the provisions of the grant agreement, including this mandate, shall take precedence over any other agreement between the beneficiary and the coordinator which may have an effect on the implementation of the grant agreement.

This mandate shall be annexed to the grant agreement and shall form an integral part thereof.

SIGNATURE

Merike Saks, Secretary General of the Ministry of Economic Affairs and Communications

Done at Tallinn, on

In duplicate in English

MANDATE 2

I, the undersigned,

Kaspars Ozoliņš, State Secretary,

representing,

Ministry of Transport of the Republic of Latvia (Min Tran - LV)

Gogola street 3

LV-1743 Riga

Latvia

hereinafter referred to as "the beneficiary",

for the purposes of the signature and the implementation of the grant agreement No INEA/CEF/TRAN/M2014/1045990 for the Action No 2014-EU-TMC-0560-M entitled "Development of a 1435 mm standard gauge railway line in the Rail Baltic/Rail Baltica (RB) corridor through Estonia, Latvia and Lithuania" with the Innovation and Networks Executive Agency (hereinafter referred to as "the grant agreement")

hereby mandate:

RB Rail AS (RB Rail)

Joint Stock Company

Registration No 40103845025

Gogola street 3

LV-1050 Riga

Latvia

VAT No LV40103845025,

represented by Baiba Anda Rubesa, Chairperson of the Management Board and Chief Executive Officer (hereinafter referred to as "the coordinator")

1. to sign in my name and on my behalf the grant agreement and its possible subsequent amendments with the Innovation and Networks Executive Agency,

and

2. to act on behalf of the beneficiary in compliance with the grant agreement.

I hereby confirm that the beneficiary accepts all terms and conditions of the grant agreement and, in particular, all provisions affecting the coordinator and the other beneficiaries. In particular, I acknowledge that, by virtue of this mandate, the coordinator alone is entitled to receive funds from the Innovation and Networks Executive Agency and distribute the amounts corresponding to the beneficiary's participation in the action.

I hereby accept that the beneficiary will do everything in its power to help the coordinator fulfil its obligations under the grant agreement, and in particular, to provide to the

coordinator, on its request, whatever documents or information may be required.

I hereby declare that the beneficiary agrees that the provisions of the grant agreement, including this mandate, shall take precedence over any other agreement between the beneficiary and the coordinator which may have an effect on the implementation of the grant agreement.

This mandate shall be annexed to the grant agreement and shall form an integral part thereof.

SIGNATURE

Kaspars Ozoliņš, State Secretary

Done at Riga, on

In duplicate in English

MANDATE 3

I, the undersigned,

Tomas Karpavičius, Chancellor of the Ministry,

representing,

Ministry of Transport and Communications of the Republic of Lithuania (MoTC - LT)
Gedimino avenue 17
LT-01505 Vilnius
Lithuania

hereinafter referred to as "the beneficiary",

for the purposes of the signature and the implementation of the grant agreement No INEA/CEF/TRAN/M2014/1045990 for the Action No 2014-EU-TMC-0560-M entitled "Development of a 1435 mm standard gauge railway line in the Rail Baltic/Rail Baltica (RB) corridor through Estonia, Latvia and Lithuania" with the Innovation and Networks Executive Agency (hereinafter referred to as "the grant agreement")

hereby mandate:

RB Rail AS (RB Rail)
Joint Stock Company
Registration No 40103845025
Gogola street 3
LV-1050 Riga
Latvia

VAT No LV40103845025,

represented by Baiba Anda Rubesa, Chairperson of the Management Board and Chief Executive Officer (hereinafter referred to as "the coordinator")

1. to sign in my name and on my behalf the grant agreement and its possible subsequent amendments with the Innovation and Networks Executive Agency,

and

2. to act on behalf of the beneficiary in compliance with the grant agreement.

I hereby confirm that the beneficiary accepts all terms and conditions of the grant agreement and, in particular, all provisions affecting the coordinator and the other beneficiaries. In particular, I acknowledge that, by virtue of this mandate, the coordinator alone is entitled to receive funds from the Innovation and Networks Executive Agency and distribute the amounts corresponding to the beneficiary's participation in the action.

I hereby accept that the beneficiary will do everything in its power to help the coordinator fulfil its obligations under the grant agreement, and in particular, to provide to the

coordinator, on its request, whatever documents or information may be required.

I hereby declare that the beneficiary agrees that the provisions of the grant agreement, including this mandate, shall take precedence over any other agreement between the beneficiary and the coordinator which may have an effect on the implementation of the grant agreement.

This mandate shall be annexed to the grant agreement and shall form an integral part thereof.

SIGNATURE

Tomas Karpavičius, Chancellor of the Ministry

Done at Vilnius, on

In duplicate in English

ANNEX V
MODEL FINAL REPORT

The templates for the final report as referred to in Article II.23 are those provided by the Agency, and are available on the Agency website at the following link:

<http://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/beneficiaries-info-point>

ANNEX VI
MODEL FINANCIAL STATEMENT(S)

The templates for financial statements as referred to in Article II.23 are those provided by the Agency, and are available on the Agency website at the following link:

<http://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/beneficiaries-info-point>

ANNEX VII

MODEL TERMS OF REFERENCE FOR THE CERTIFICATE ON THE FINANCIAL STATEMENTS

The model terms of reference for the certificate on the financial statements as referred to in Article II.23 are those provided by the Agency, and are available on the Agency website at the following link:

<http://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/beneficiaries-info-point>

The model terms of reference for the certificate on the financial statements include templates for:

- the Terms of Reference for an Independent Report of Factual Findings on costs declared under a Grant Agreement financed under the Connecting Europe Facility (CEF), and
- the independent report of factual findings on costs declared under a grant agreement financed under the Connecting Europe Facility (CEF), including its annex.