

*Agreement No NDICI AFRICA ACT-60797*

***FINANCING AGREEMENT***  
*between*  
***THE EUROPEAN COMMISSION***  
*and*  
***THE KINGDOM OF LESOTHO***

Cooperation Facility and Support Measures  
for Civil Society in Lesotho

# FINANCING AGREEMENT

## SPECIAL CONDITIONS

The European Commission, hereinafter referred to as "**the Commission**", acting on behalf of the European Union, hereinafter referred to as "**the EU**",

of the one part, and

The Kingdom of Lesotho, hereinafter referred to as "**the Partner**", represented by the Ministry of Finance,  
of the other part,

have agreed as follows:

### **Article 1 - Nature of the action**

1.1. The EU agrees to finance and the Partner agrees to accept the financing of the following action:

*Support to Civil Society and Cooperation Facility in Lesotho ACT-60797*

This action is financed from the EU Budget under the following basic act: NDICI – Global Europe

1.2. The total estimated cost of this action is EUR 6 000 000 and the maximum EU contribution to this action is set at EUR 6 000 000.

1.3. The Partner shall not co-finance the action.

### **Article 2 – Execution period**

2.1. The execution period of this Financing Agreement as defined in Article 15 of Annex II (General Conditions) shall commence on the entry into force of this Financing Agreement and end 96 months after this date.

2.2. The duration of the operational implementation period is fixed at 72 months.

2.3. The duration of the closure period is fixed at 24 months.

### **Article 3 – Addresses**

All communications concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to this action as identified in Article 1.1 of these Special Conditions and shall be sent to the following addresses:

a) **for the Commission**

Head of Delegation of the European Union to the Kingdom of Lesotho  
167, Constitution Road,  
Maseru West, Lesotho

b) **for the Partner**

Principal Secretary  
Ministry of Finance  
P.O. Box 395  
Maseru, Lesotho

**Article 4 – OLAF contact point**

The contact point of the Partner having the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate OLAF's operational activities shall be: Molise KOTO, [jmkoto@yahoo.co.uk](mailto:jmkoto@yahoo.co.uk)

**Article 5 - Annexes**

5.1. This Financing Agreement is composed of:

(a) these Special Conditions;

(b) Annex I: Technical and Administrative Provisions, detailing the objectives, expected results, activities, description of the budget-implementation tasks entrusted and budget of this Action;

(c) Annex II: General Conditions;

(d) Annex III: Reporting Template - not applicable to and not included in this Financing Agreement

(e) Annex IV: Management Declaration Template - not applicable to and not included in this Financing Agreement.

5.2. In the event of a conflict between, on the one hand, the provisions of the Annexes and, on the other hand, the provisions of these Special Conditions, the latter shall take precedence. In the event of a conflict between, on the one hand, the provisions of Annex I (Technical and Administrative Provisions) and, on the other hand, the provisions of Annex II (General Conditions), the latter shall take precedence.

**Article 6 – Provisions derogating from or supplementing Annex II (General Conditions)**


Articles 18, 19, 25.3, 25.4 and 25.5 of Annex II (General Conditions) do not apply to those activities entrusted to an entity pursuant to Annex I under this Financing Agreement.

Where the Partner is the grant beneficiary of an international organisation or national agency entrusted by the Commission with the action, Articles 1.3, 1.5, 1.6, 8.2, 8.3, 8.4 and 8.5 of Annex II (General Conditions) shall apply to the EU-financed activities of the Partner.

**Article 7 – Entry into force**

This Financing Agreement shall enter into force on the date on which it is signed by the last party.

Done in two original copies, one copy being handed to the Commission and one to the Partner.

<p>For the Partner: Ministry of Finance <i>Petseletsoe Motlanyane</i> <i>[Signature]</i></p> <p>Done in Maseru on 15/12/2022</p>	<p>For the Commission: Hans Stausbøll INTPA.A acting Director</p> <p>Done in Brussels on 17/11/2022</p> 
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OFFICE OF THE MINISTER  
MINISTRY OF FINANCE  
12 DEC 2022  
P.O. BOX 395  
MASERU 100, LESOTHO

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**ANNEX 1 OF THE FINANCING AGREEMENT NO NDICI AFRICA ACT-60797**

**TECHNICAL AND ADMINISTRATIVE PROVISIONS**

**1 SYNOPSIS**

**1.1 Action Summary Table**

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	Cooperation Facility and Support Measures for Civil Society in Lesotho CRIS number: NDICI AFRICA/2021/43703 OPSYS number: ACT-60797 / JAD.1004933  Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)/ Overseas Association Decision/European Instrument for International Nuclear Safety Cooperation Regulation
<b>2. Team Europe Initiative</b>	<input type="checkbox"/> Not applicable <input checked="" type="checkbox"/> Yes, supporting (inter alia) TEI on Green Deal
<b>3. Zone benefiting from the action</b>	The action shall be carried out in the Kingdom of Lesotho
<b>4. Programming document</b>	Multi-Annual Indicative Programme 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	Support measures (3.1. Measures in favour of civil society – 3.2. Cooperation facility)
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Support measures
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): 17 – Partnerships for the goals Other significant SDGs (up to 9) and where appropriate, targets: SDG 1 – No Poverty SDG 5 – Gender Equality SDG 6 – Clean Water and Sanitation SDG 7 – Affordable and Clean Energy SDG 10 – Reduced Inequalities SDG 16 – Peace, Justice and Strong Institutions
<b>8 a) DAC code(s)</b>	14010 – Water sector policy and administrative management – 15% 23110 – Energy policy and administrative management – 15% 15110 – Public sector policy and administrative management – 15% 15150 – Democratic participation and civil society – 50%
<b>8 b) Main Delivery Channel</b>	Non-governmental Organisations (NGOs) and civil society – 20000 European Commission – Development Share of Budget – 42001

<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers</b> (from DAC form)	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @@	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @@	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Connectivity @@	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	digital connectivity	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): BGUE-B2022-14.020122-C1-INTPA Total estimated cost: EUR 6 000 000 Total amount of EU budget contribution: EUR 6 000 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of Financing</b>	<b>Direct management through:</b> - Grants - Procurement			
<b>14. Type of Measure</b>	<input checked="" type="checkbox"/> Cooperation facility <input checked="" type="checkbox"/> Measures in favour of Civil Society			

## 1.2 Summary of the Action

The European Union's cooperation strategy with Lesotho, the Multi-Annual Indicative Programme 2021-2027, focusses on two priority areas: (1) green and resilient economy and (2) good governance, peaceful and just society. Under the first priority area, EU cooperation aims to facilitate Lesotho's move towards a circular economy that becomes increasingly sustainable and self-sufficient with regard to energy generation and consumption and that provides affordable access for all to energy, water and sanitation. Under the second priority area, EU cooperation supports the process of national reforms undertaken by Lesotho and the improvement of service delivery to the citizenry, particularly social protection.

This action will contribute to both priority areas by strengthening civil society and the equitable participation and representation of women, men, girls and boys in all their diversity in policy- and decision-making at all levels, and by establishing a cooperation facility to support the implementation of the Multi-annual Indicative Programme 2021-2027 and Team Europe Initiatives, including strategic communication activities to promote the values that inspire the partnership between Lesotho and the European Union.

The action foresees two components. The first component will establish a funding mechanism for civil society that provides diversified types of support tailor-made to the size and capacity of civil society actors. It will also provide capacity building for local CSOs (project management, Monitoring and Evaluation (M&E), financial capacity development, institutional strengthening, human rights-based approach, gender mainstreaming, etc.), promote evidence-based research and advocacy, and a platform for structured dialogues and participation.

The second component, the cooperation facility, will help mobilise long- and short-term expertise in a flexible, timely and demand-driven manner to support the preparation and implementation of national strategies, EU cooperation, as

well as strategic communication and public diplomacy activities, following an audience-segmented communication approach.

This action is aligned with the Sustainable Development Goals (SDGs) and particularly SDG 17 (Partnership for the Goals). It also contributes to the EU Roadmap for Engagement with Civil Society, the EU Human Rights and Democracy Strategy and the EU Gender Action Plan III. By supporting the implementation of energy and water strategies and programmes and mobilising citizen participation in the definition and implementation of these policies, this action also contributes to the Green Deal Team Europe Initiative.

## 2 DESCRIPTION OF THE ACTION

### 2.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to strengthen civil society in Lesotho and to establish a cooperation facility to support the implementation of the Multi-annual Indicative Programme 2021-2027 and Team Europe Initiatives, including strategic communication activities.

The Specific Objectives (Outcomes) are to:

1. Strengthen the equitable participation and representation of women, men, girls and boys in all their diversity in policy- and decision-making at all levels;
2. Support Lesotho's development strategies, the implementation of the Multiannual Indicative Programme and Team Europe Initiatives;
3. Promote the values that inspire the partnership between Lesotho and the European Union.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

- 1.1 The enabling environment for civil society<sup>1</sup> in Lesotho is strengthened and a strategic framework for civil society engagement at national level is in place;
- 1.2 The participation of CSOs, including youth and women's organisations and independent media, in domestic policies of Lesotho and in the EU programming cycle and in international processes is reinforced;
- 1.3 CSOs are equipped with increased project management knowledge, human rights-based approach, gender mainstreaming (including disaggregated indicators) skills and technical capacities for improved and consistent engagement;
- 1.4 Gender transformative policies, strategies and legislation are developed with the participation of civil society in an inclusive manner;
- 2.1 The preparation and implementation of programmes under the Multiannual Indicative Programme and Team Europe Initiatives is improved, in complementarity with regional or global programmes, including the Country Level Implementation (CLIP);
- 2.2 The institutional capacity to design, plan, implement and monitor gender sensitive public policies and state reforms in areas relevant to the EU – Lesotho cooperation is supported;
- 3.1 The EU's strategic communication and public diplomacy strategy is established and implemented in line with the multi-annual strategic communication and public diplomacy plan;
- 3.2 Public awareness, understanding and recognition of the EU in Lesotho is commensurate with the scale, scope and ambition of our partnership.

<sup>1</sup> The EU considers CSOs to include all non-State, not-for-profit structures, non-partisan and non-violent, through which people organise to pursue shared objectives and ideals, whether political, cultural, social or economic. They include membership-based, cause-based and service-oriented CSOs. Among them, community-based organisations, non-governmental organisations, faith-based organisations, foundations, research institutions, Gender and LGBT organisations, cooperatives, professional and business associations, and the not-for-profit media. Trade unions and employers' organisations, the so-called social partners, constitute a specific category of CSOs. Source: Communication "The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations". COM(2012) 492 final.



## 2.2 Indicative Activities

### Activities relating to Output 1.1, 1.2, 1.3 and 1.4 (Outcome 1)

- Establish of a funding mechanism (e.g. through financial support to third parties) that provides diversified types of support tailor-made to the size and capacity of civil society actors;
- Provide capacity building for local CSOs (project management, M&E, financial capacity development, institutional strengthening, human rights-based approach, gender mainstreaming, etc.);
- Organise evidence-based research and advocacy activities (with a focus on the priority areas of the MIP, namely water, energy, governance and social protection);
- Organise structured dialogues to bridge the gap between civil society, including youth movements and women organisations, user groups, professional associations, independent media, etc. and policy-makers;
- Develop campaigns to strengthen accountability, raise awareness, and support societal demands around themes of national relevance (national reforms, gender-based violence, climate change, etc.)

### Activities relating to Output 2.1 and 2.2 (Outcome 2)

- Mobilise long- and short-term expertise in a flexible, timely and demand-driven manner to support the preparation, implementation and monitoring/evaluation of EU's cooperation;
- Support capacity development and institutional building through technical assistance and exchange of public expertise -including through TAIEX and Twinning, when relevant;
- Support policy dialogues: conferences, events, studies, fellowships, exchange platforms to support sector dialogues leading to policy reforms and engagement with the government and other stakeholders;
- Facilitate joint programming, including Team Europe and CLIP coordination, for a more effective partnership and results;
- Contribute to the design and implementation of programmes and policy dialogue with gender-disaggregated data, studies, and updates of the Gender Country Profile.

### Activities relating to Output 3.1 and 3.2 (Outcome 3)

- Develop an audience-segmented communication strategy with main messages, target groups, delivery channels, baselines and time-bound targets;
- Finance communication campaigns and activities, visibility actions on EU policies and cooperation, and the fight against disinformation;
- Support public diplomacy specific interventions to promote EU policies as well as its multilateral agenda in Lesotho.

## 2.3 Mainstreaming

### Environmental Protection & Climate Change

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

The cooperation facility will support the implementation of the TEI Green Deal and MIP's priority areas, in particular Priority Area 1 – Green and resilient economy (energy, water). This includes technical assistance for the operationalisation of related actions as well as support to the strengthening of capacity and regulatory frameworks in the areas of energy, water and land management. The cooperation facility will also support strategic communication around these actions and the underlying values inspiring Lesotho-EU cooperation in these areas. Actions in support of civil society will target the participation of women, men, girls and boys in all their diversity in policy- and decision-making at all levels, including awareness on climate and environmental issues, in complementarity with the other priorities of the MIP.

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**Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender mainstreaming will be a principle objective of the proposed action. Civil society support measures will contribute to the development of campaigns to promote women empowerment, gender equality and gender mainstreaming as well as the development of and support to rights-based and gender transformative approaches. The cooperation facility will include gender expertise in order to make sure that all the above-mentioned activities are gender mainstreamed and that the Lesotho's GAP III country level implementation plan (CLIP) is duly implemented. This design of this action has been informed by the country gender profile of 2016, the cooperation facility will contribute to an updated profile.

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**Human Rights**

The proposed action will advance and disseminate the EU Human Rights and Democracy Strategy and the accompanying Action Plan 2020-2024. Further, the EU will ensure that basic human rights principles are upheld by all partners (respect to all human rights, non-discrimination, participation, accountability, and transparency). A Human Rights Based Approach will be followed, focusing on rights holders and duty bearers and on ensuring civil society can support their resilience to the multi-dimensional aspects of poverty.

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**Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the promotion and protection of disability rights will be a significant objective of the action. Empowerment of groups living in the most vulnerable situations, including people with disability and HIV/AIDS will be prioritised as part of the support to civil society.

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**Democracy**

The proposed action will contribute to and support principles of democracy and governance, seeking to uphold the Constitutional principles of the partner country and to increase participation in policy- and decision-making while strengthening accountability mechanisms and transparency. Ultimately, the aim is to strengthen the ability of policy-making to deliver a social and green deal for all Basotho, thus reinforcing people's trust in the institutions of democratic governance.

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**Conflict sensitivity, peace and resilience**

The history of Lesotho, since its independence in 1966, has been marked by political instability (one-party rule, military regime, transition to multi-party democracy, coup attempts). Following the political crisis in 2014 and Southern Africa Development Community's mediation, all political parties pledged to embark on a national reform process leading to a national reforms process. Civil society has played a key role in this process aimed at ensuring peace and resilience in Lesotho and this action will ensure it continues to do so.

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**Disaster Risk Reduction**

Measures will be undertaken to support disaster management response as envisaged in the MIP. Various initiatives are outlined that target climate change, soil and restoration, including biodiversity, and support social protection initiatives. It is foreseen to include a Crisis Modifier in the relevant implementation contracts. The Crisis Modifier will allow the implementing partner to respond quickly and expand horizontally and vertically in cases of both minor and major crisis. Such an expansion can be activated based on agreed emergency triggers.

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## 2.4 The Intervention Logic

In order to ensure the maximum inclusiveness and support small-scale civil society actors, this action will rely on sub-granting schemes that provide diversified types of support tailor-made to the size and capacity of actors, beyond the traditional and one-size-fits approach of calls for proposals. Focus will be on supporting the development of actors, not necessarily actions and priorities set by donors. Assistance could be foreseen to organise a structured dialogue and help bridge the gap between civil society, especially youth movements and women organisations, and policy-makers (women and men). The provision of capacity building and coaching, besides financial support, is a key element of the intervention logic.

The underlying intervention logic for the cooperation facility is to support the EU-Lesotho partnership. It will enable the EU to establish an instrument to support the implementation of the MIP and to build capacity within public institutions through demand-driven activities (ranging from technical assistance, exchange of experts to organisation of events and trainings). In order to ensure ownership and relevance of the actions, the activities will nonetheless be linked to the policy dialogue with the authorities and the priority areas of the MIP.

A single communication and visibility contract will streamline and give coherence to the communication strategy of the EU Delegation, following a "whole-of-Delegation" approach. The intervention logic will put emphasis on the development, as a preliminary step, of a coherent strategy that defines the perceptions, messages, key target groups and delivery channels and only later develops communication products and materials.

## 2.5 Logical Framework Matrix

Given the nature of this Action a Logical Framework Matrix is not required at Action level.

# 3 IMPLEMENTATION ARRANGEMENTS

## 3.1 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

### 3.1.1 Direct Management (Grants)

#### **Grants: (direct management)**

##### **(a) Purpose of the grant(s)**

The proposed grant(s) are intended to support civil society organisations to ensure that women, men, girls and boys in all their diversity participate equally in policy- and decision-making at local, national, and international levels, and are represented in these policies and decisions.

It will contribute to the achievement of Objective 1, Outputs 1.1, 1.2, 1.3, 1.4 of the Action.

##### **(b) Type of applicants targeted**

The type of organisations targeted are national and international civil society organisations that are non-governmental and non-profit making.

### 3.1.2 Direct Management (Procurement)

Procurements are planned to contribute to achieving the specific objective 1 and 2 and outputs 2.1, 2.2, 3.1 and 3.2 of this Action (cooperation facility and visibility and communication).

A call for tenders will be launched under a suspensive clause prior to the adoption of this Decision. This is justified because of the need to operationalise the cooperation facility as soon as possible in order to support the identification, formulation and implementation of programmes under the MIP.

### 3.1.3 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

Should the direct management modality described in section 3.1 prove to not be possible for reasons outside of the Commission's control, then the Action would be implemented under indirect management as follows:

Indirect Management with a pillar assessed entity:

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: (i) experience in Lesotho or in the Southern African Development Community, (ii) experience in the area of governance and rule of law and in particular in supporting civil society, (iii) experience in the management of sub-granting schemes or similar innovative financial support mechanisms.

The implementation by this entity entails the implementation of activities related to Output 1.1, 1.2, 1.3 and 1.4 (Outcome 1).

## 3.2 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions:

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realization of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

## 3.3 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
<b>Implementation modalities</b> – cf. section 3	
<b>Objective 1, Outputs 1.1, 1.2, 1.3, 1.4 – Support to Civil Society</b> composed of	
Grants (direct management) – cf. section 3.1	3 000 000
<b>Objectives 2 and 3, Outputs 2.1, 2.2, 3.1, 3.2 – Cooperation Facility</b> composed of	
Procurement (direct management) – cf. section 3.2	2 700 000
<b>Evaluation</b> – cf. section 4.2	300 000
<b>Audit</b> – cf. section 4.3	
<b>Totals</b>	6 000 000

### 3.4 Organisational Set-up and Responsibilities

The contracting authority for the programme shall be the Delegation of the European Union to Lesotho. For the cooperation facility, an annual activity plan will be prepared by the respective contractors on the basis of the annual objectives which will be set by the Delegation in coordination with the relevant national stakeholders. In view of the necessary flexibility, these plans will be indicative.

For the support to civil society, the responsibility for the implementation, coordination, monitoring and evaluation of the remaining activities will be with the beneficiaries of the grant(s) as per contractual requirements set by the Practical Guide for EU funded actions. A Project Steering Committee will be established to oversee the strategic implementation of the civil society support measures. Its composition will be defined during the inception phase. The EU Delegation will ensure that any form of steering committee encompasses a wide variety of stakeholders to ensure the representation of vulnerable people, including right holders such as vulnerable and marginalised groups.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## 4 PERFORMANCE MEASUREMENT

### 4.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced. Indicators shall be disaggregated at least by sex. All monitoring and reporting shall assess how the action is taking into account the rights-based approach and gender equality.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

### 4.2 Evaluation

Having regard to the importance of the action, a final evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the civil society support component may introduce innovative financing support mechanisms (sub-granting) and that the cooperation facility supports, for the first time, a "whole-of-Delegation" approach.

The Commission shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination<sup>2</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

#### 4.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## 5 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

Regional and global strategic communication and public diplomacy funds will be managed from headquarters.

At country level, action documents for specific sector programmes are no longer required to include a provision for communication actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

To that end, Delegations are first developing short strategic communication and public diplomacy plans that reflect the objectives of the Delegation as a whole in this domain, initially covering the period up to the Mid-Term Review (MTR). The plans will be endorsed by a coordination mechanism comprised of the EEAS, DG INTPA, DG NEAR and FPI, and will be reviewed, modified and extended as appropriate as part of the MTR process.

Please briefly summarise the key elements of the relevant strategic plan below. Where such a plan has, exceptionally, not yet been adopted, the Delegation is developing it and will provide the following information:

1. The audiences targeted
2. For each group targeted, the principal communication objective, couched in terms of measurable outcomes
3. The core narrative, formulated in terms not of what we do in the country concerned, but why we do it
4. Preliminary suggestions for content (messages, straplines, hashtags), partnerships (influencers) and channels
5. Key administrative information: timeline, budget and the programme manager responsible for implementation.

## ANNEX II - GENERAL CONDITIONS

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## **Part One: Provisions Applicable to Activities for which the Partner is the Contracting Authority**

### **Article 1 - General principles**

1.1 The purpose of Part One is to define the tasks entrusted to the Partner in indirect management as described in Annex I (Technical and Administrative Provisions) and to define the rights and obligations of the Partner and of the Commission in carrying out these tasks.

Part One shall apply to the tasks related to the EU contribution alone or in combination with the funds of the Partner or of a third party where such funds are implemented in joint co-financing, i.e. where they are pooled.

These tasks encompass the implementation by the Partner as contracting authority of procedures for the award of procurement contracts, grant contracts and contribution agreements as well as the awarding, signing and enforcing of the resulting procurement contracts, grant contracts and contribution agreements. For the purpose of Part One of this Financing Agreement, every reference to grant contracts shall also include contribution agreement and every reference to grant beneficiaries shall also include organisations having signed contribution agreements.

The designation of entities pertaining to the Partner's government or administrative structure and identified in Annex I (Technical and Administrative Provisions) to carry out certain tasks, does not qualify as sub-delegation. Such entities shall respect the rights and obligations laid down in Part One for the Partner as contracting authorities, while at the same time the Partner remains fully responsible for the fulfilment of the obligations stipulated in this Financing Agreement. References in the Financing Agreement to Partner also encompass those entities.

As contracting authority, the Partner shall act under partial delegation, except when it acts under the imprest component of a programme estimate or under a Partner managed pool fund:

- Under partial delegation, the Partner acts as contracting authority for procurement contracts, grant contracts, whereby the Commission controls ex ante all award procedures and executes all related payments to the contractors and grant beneficiaries;
- Under the imprest component of a programme estimate, the Partner acts as contracting authority for procurement and grant contracts, whereby it may, up to established thresholds, conduct procurement and grant award procedures without or with limited ex ante control of the Commission and execute payments to the contractors and grant beneficiaries, as well as in the context of direct labour.
- Under a Partner managed pool fund, the Partner acts as contracting authority for procurement contracts and grant contracts, whereby the Commission does not control ex ante any award procedure and the Partner executes all related payments to the contractors and grant beneficiaries.

Where the Partner is an ACP State and the action is financed by the EDF pursuant to Article 1.1



of the Special Conditions, the tasks entrusted shall be those listed in points (c) to (k) of the sixth subparagraph of Article 35(1) and in Article 35(2) of Annex IV to the ACP-EC Partnership Agreement

Where the Partner is an OCT and the action is financed by the EDF pursuant to Article 1.1 of the Special Conditions, the implementation of tasks entrusted shall also respect the conditions of Article 86(3) of Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (Overseas Association Decision).

- 1.2 The Partner shall remain responsible for the fulfilment of the obligations stipulated in this Financing Agreement even if it designates other entities identified in Annex I (Technical and Administrative Provisions) to carry out certain tasks. The Commission, in particular, reserves the right to suspend payments, and to suspend and/or terminate this Financing Agreement on the basis of the acts, omissions and/or situations of any designated entity.
- 1.3 The Partner shall set up and ensure the functioning of an effective and efficient internal control system. The Partner shall respect the principles of sound financial management, transparency, non-discrimination, visibility of the European Union in the implementation of the action and avoid situations of conflict of interest.

A conflict of interest exists where the impartial and objective exercise of the functions of any responsible person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest.

Internal control system is a process aimed at providing reasonable assurance that operations are effective, efficient and economical, that the reporting is reliable, that assets and information are safeguarded, that fraud and irregularities are prevented, detected and corrected, and that risks relating to the legality and regularity of the financial operation are adequately managed, taking into account the multiannual character of the activities as well as the nature of the payments concerned.

In particular, where the Partner carries out payments under the imprest component of a programme estimate or in the framework of a Partner managed pool fund, the functions of the authorising and accounting officers shall be segregated and mutually incompatible and the Partner shall operate an accounting system that provides accurate, complete, reliable and timely information.

- 1.4 Outside the cases where the Partner applies its own (including in the case of a Partner managed pool fund, those agreed upon by the pool fund's donors) procedures and standard documents for the award of procurement contracts and grant contracts, the Partner shall conduct the award procedures and conclude the resulting contracts and agreements in the language of this Financing Agreement.
- 1.5 The Partner shall take the necessary measures to ensure the visibility of EU funding for the activities entrusted to it or for other activities under this action. These measures shall either be defined in Annex I (Technical and Administrative Provisions) or shall be agreed later between the Partner and the Commission.

These communication and information measures shall comply with the Communications and Visibility Requirements for EU External Actions laid down and published by the Commission, in force at the time of the measures.

- 1.6 Under partial delegation and under the imprest component of a programme estimate, the Partner shall keep all relevant financial and contractual supporting documents from the date of the entry into force of this Financing Agreement or as from an earlier date which is stipulated as the start date of cost eligibility in Article 6 of the Special Conditions for five years as from the end of the execution period, in particular, the following:

Procurement procedures:

- a. Forecast notice with proof of publication of the procurement notice and any corrigenda
- b. Appointment of shortlist panel
- c. Shortlist report (incl. annexes) and applications
- d. Proof of publication of the shortlist notice
- e. Letters to non-shortlisted candidates
- f. Invitation to tender or equivalent
- g. Tender dossier including annexes, clarifications, minutes of the meetings, proof of publication
- h. Appointment of the evaluation committee
- i. Tender opening report, including annexes
- j. Evaluation / negotiation report, including annexes and bids received<sup>1</sup>
- k. Notification letter
- l. Supporting documents
- m. Cover letter for submission of contract
- n. Letters to unsuccessful candidates
- o. Award / cancellation notice, including proof of publication
- p. Signed contracts, amendments, riders and relevant correspondence

Calls for proposals and direct award of grants:

- a. Appointment of the evaluation committee
- b. Opening and administrative report including annexes and applications received<sup>2</sup>
- c. Letters to successful and unsuccessful applicants following concept note evaluation
- d. Concept note evaluation report

<sup>1</sup> Elimination of unsuccessful bids five years after the closure of the procurement procedure

<sup>2</sup> Elimination of unsuccessful applications three years after the closure of the grant procedure.

- e. Evaluation report of the full application or negotiation report with relevant annexes
- f. Eligibility check and supporting documents
- g. Letters to successful and unsuccessful applicants with approved reserve list following full application evaluation
- h. Cover letter for submission of grant contract
- i. Award/cancellation notice with proof of publication
- j. Signed contracts, amendments, riders and relevant correspondence.

1.7 The Partner shall ensure an appropriate protection of personal data. Personal data means any information relating to an identified or identifiable natural person.

Personal data shall be:

- Processed lawfully, fairly and in a transparent manner in relation to the data subject;
- Collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes;
- Adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
- Accurate and, where necessary, kept up to date;
- Processed in a manner that ensures appropriate security of the personal data and
- Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed. Personal data included in documents to be kept by the Partner in accordance with Article 16.1 has to be deleted once the deadline set out in Article 16.1 has expired.

Any operation involving the processing of personal data, such as collection, recording, organisation, storage, adaption or alteration, retrieval, consultation, use, disclosure, erasure or destruction, shall be based on rules and procedures of the Partner and shall only be done as far as it is necessary for the implementation of this Financing Agreement.

In particular, the Partner shall take appropriate technical and organisational security measures concerning the risks inherent in any such operation and the nature of the information relating to the natural person concerned, in order to:

- a) Prevent any unauthorised person from gaining access to computer systems performing such operations, and especially unauthorised reading, copying, alteration or removal of storage media; unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored information;
- b) Ensure that authorised users of an IT system performing such operations can access only the information to which their access right refers;
- c) Design its organisational structure in such a way that it meets the above requirements.

## **Article 2 - Deadline for the signature of contracts and agreements by the Partner**

- 2.1 The procurement contracts and grant contracts shall be signed during the operational implementation period of this Financing Agreement.

When implementing a multi-donor Action, the procurement contracts and grant contracts shall be concluded within the contracting deadline set out in the Special Conditions or set out for the imprest component of the programme estimate.

When the Action is not a multi-donor Action, procurement contracts and grant contracts shall be concluded at the latest within three years of the entry into force of this Financing Agreement.

Additional procurement contracts and grant contracts resulting from an amendment to this Financing Agreement which increases the EU contribution shall be signed at the latest within three years of the entry into force of that amendment to this Financing Agreement, or for a multi-donor Action within the fixed contracting deadline for the additional EU contribution.

The three years-deadline for non-multi-donor Actions may not be extended, except when the action is financed by the EDF. In such cases, the extension shall be stipulated in Article 6 of the Special Conditions.

- 2.2 However, the following transactions may be signed at any time during the operational implementation period:
- a. amendments to procurement contracts and grant contracts already signed;
  - b. procurement contracts and grant contracts to be concluded after early termination of existing procurement contracts and grant contracts;
  - c. contracts relating to audit and evaluation, which may also be signed during the closure period;
  - d. operating costs referred to in Article 5.1;

- 2.3 After expiry of the deadlines referred to in Article 2.1, the financial balance for the related activities entrusted to the Partner for which contracts have not been duly signed shall be decommitted by the Commission.

- 2.4 No such decommitment shall apply to the funds budgeted for audit and evaluations referred to in Article 2.2.c) or the operating costs referred to in Article 2.2.d).

Likewise, no such decommitment shall apply to any financial balance of the contingency reserve or to funds available again after early termination of a contract referred to in Article 2.2.b), which both may be used to finance contracts referred to in Article 2.2.

## **Article 3 – Exclusion and administrative sanctions**

- 3.1 Exclusion criteria

- 3.1.1 When applying the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts, the Partner shall accordingly ensure that no EU financed procurement or grant contract is awarded to an economic operator or grant applicant if the economic operator or grant applicant either itself, or a person having powers of representation, decision making or control over it, is in one of the exclusion situations provided for in the relevant procedures and standard documents of the Commission.
- 3.1.2 When applying its own (including, in the case of a Partner managed pool fund, those agreed upon by the pool fund's donors) procedures and standard documents for the award of procurement and grant contracts, the Partner shall adopt measures, in accordance with its own national legislation, to ensure that no EU financed procurement or grant contract is awarded to an economic operator or grant applicant if the Partner becomes aware that these entities:
- a) or persons having powers of representation, decision making or control over them, have been the subject of a final judgement or of a final administrative decision for fraud, corruption, involvement in a criminal organisation, money laundering, terrorist-related offences, child labour or trafficking in human beings;
  - b) or persons having powers of representation, decision making or control over them have been the subject of a final judgement or of a final administrative decision for an irregularity affecting the EU's financial interest;
  - c) are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or if they fail to supply this information;
  - d) have been the subject of a final judgment or of a final administrative decision establishing that the entities have created an entity under a different jurisdiction with the intention to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business;
  - e) have been created with the intention described in point d) above as established by a final judgment or a final administrative decision.

The Partner may take into account, as appropriate and on its own responsibility, the information contained in the Commission's Early Detection and Exclusion System when awarding procurement and grant contracts. Access to the information can be provided through the liaison point(s) or via consultation to the Commission (European Commission, Directorate-General for Budget, Accounting Officer of the Commission, BRE2-13/505, B-1049 Brussels, Belgium and by email to [BUDG-C01-EXCL-DB@ec.europa.eu](mailto:BUDG-C01-EXCL-DB@ec.europa.eu) in copy to the Commission address identified in Article 3 of the Special Conditions). The Commission may refuse payments to a contractor or grant beneficiary in an exclusion situation.

### 3.2 Information duty

The Partner shall inform the Commission when an economic operator or grant applicant is in a situation referred to in Article 3.1. or has committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

### 3.3 Administrative sanctions

Where the Partner becomes aware of one of the situations referred to in Article 3.1 in the implementation of the tasks described in Annex I, the Partner shall, under the conditions of its national legislation, impose upon the economic operator or grant applicant, an exclusion from its future procurement or grant award procedures and/or a financial penalty proportional to the value of the contract concerned. Such financial penalties or exclusions shall be imposed following an adversarial procedure ensuring the right of defence of the person concerned.

The Partner may be exempted from the obligations under the first paragraph where:

- the Partner's national legislation does not allow to impose an exclusion and/or a financial penalty,
- the protection of the EU's financial interests requires to impose an administrative sanction within deadlines incompatible with the Partner's internal procedures,
- the imposition of an administrative sanction requires a mobilisation of resources beyond the Partner's means,
- its national legislation does not allow to exclude an economic operator from all EU financed award procedures.

In such cases, the Partner will notify its impediment to the Commission. The Commission may decide to impose to the economic operator or grant applicant an exclusion from future EU financed award procedures and/or a financial penalty between 2 % and 10 % of the total value of the contract concerned.

## **Article 4 - Partial delegation**

### **Award procedures**

- 4.1 The tasks shall be carried out by the Partner in accordance with the procedures and standard documents laid down and published by the Commission for the award of procurement contracts and grant contracts, in force at the time of the launch of the procedure in question.

### **Ex ante control**

4.2 To allow ex ante control, the Partner shall submit tender dossiers and documents for calls for proposals, to the Commission for approval before launching invitations to tender and calls for proposals. Likewise, the Partner shall invite the Commission to the opening of tenders and proposals, and shall provide the Commission with copies of tenders and proposals received. The Partner shall notify the Commission of the results of the examination of tenders and proposals and shall submit the award proposal, as well as the draft procurement contracts and grant contracts to the Commission for approval.

During the implementation of the procurement contracts and grant contracts, the Partner shall equally submit draft addenda and draft administrative orders thereto, to the Commission for prior approval.

The Partner shall invite the Commission for provisional and final acceptance.

### **Report / Management Declaration**

- 4.3 If Article 5 of the Special Conditions so provides, the report on the implementation of the tasks entrusted to the Partner shall follow the template provided in Annex III and the management declaration shall follow the template provided in Annex IV. An independent external audit opinion on the management declaration, performed in accordance with internationally accepted auditing standards, does not have to be provided in this case as the Commission shall conduct the audits for this action. These audits will verify the truthfulness of the assertions made in the management declaration and the legality and regularity of the underlying transactions made.

**Payment procedures**

- 4.4 The Partner shall provide the Commission with the approved payment requests within the following deadlines, starting from the date of receipt of the payment request, not counting the periods of suspension of the time-limit for payment:

(a) for pre-financing specified in the procurement contract and grant contract:

- (i) 15 calendar days for an action financed under the Budget;
- (ii) 30 calendar days for an action financed under the EDF;

b) 45 calendar days for other payments

The Commission shall act in accordance with Articles 4.9 and 4.10 within the period amounting to the time-limit for payment provided for in the procurement contract and grant contracts minus the above deadlines.

- 4.5 Upon receipt of a payment request from a contractor, or grant beneficiary, the Partner shall inform the Commission of its receipt and shall immediately examine whether the request is admissible, i.e. whether it contains the identification of that contractor or grant beneficiary, the contract or agreement concerned, the amount, the currency and the date. If the Partner concludes that the request is inadmissible, it shall reject it and inform the contractor or grant beneficiary of this rejection and of its reasons within 30 days of receipt of the request. The Partner shall also inform the Commission of this rejection and its reasons.
- 4.6 Upon receipt of an admissible payment request, the Partner shall examine whether a payment is due, i.e. whether all contractual obligations justifying the payment have been fulfilled, including examining a report, where applicable. If the Partner concludes that a payment is not due, it shall inform the contractor or grant beneficiary thereof and of the reasons. The dispatch of this information suspends the time-limit for payment. The Commission shall receive a copy of the information so dispatched. The Commission shall also be informed of the reply or corrective action of the contractor or grant beneficiary. That reply or action aimed at correcting the non-compliance with its contractual obligations shall restart the time-limit for payment. The Partner shall examine this reply or action pursuant to this paragraph.
- 4.7 If the Commission disagrees with the Partner's conclusion that a payment is not due, it shall inform the Partner thereof. The Partner shall re-examine its positions and, if it concludes that the payment is due, it shall inform thereof the contractor or grant beneficiary. The suspension of the time-limit for payment shall be lifted upon dispatch of this information. The Partner shall also inform the Commission. The Partner shall further proceed as provided for in Article 4.8.

If disagreement between the Partner and the Commission persists, the Commission may pay the undisputed part of the invoiced amount provided that it is clearly separable from the disputed amount. It shall inform the Partner and the contractor or grant beneficiary of this partial payment.

- 4.8 Where the Partner concludes that the payment is due, it shall transfer the payment request and all necessary accompanying documents to the Commission for approval and payment. It shall provide an overview of how many days of the time-limit for payment are left and of all periods of suspension of this time-limit.
- 4.9 After transfer of the payment request pursuant to Article 4.8, if the Commission concludes that the payment is not due, it shall inform the Partner and, in copy, the contractor or grant beneficiary thereof and of the reasons. Informing the contractor or grant beneficiary shall have the effect of suspending the time-limit for payment, as provided for in the contract concluded. A reply or corrective action of the contractor or grant beneficiary shall be treated by the Partner in accordance with Article 4.6.
- 4.10 Where the Partner and the Commission conclude that the payment is due, the Commission shall execute the payment.
- 4.11 Where late-payment interest is due to the contractor or grant beneficiary, it shall be allocated between the Partner and the Commission pro rata to the days of delay in excess of the time limits stipulated in Article 4.4, subject to the following:
- (a) the number of days used by the Partner is calculated from the date of the registration of an admissible payment request referred to in Article 4.6 to the date of the transfer of the request to the Commission referred to in Article 4.8 and from the date of information by the Commission referred to Article 4.9 to the following transfer of the request to the Commission referred to in Article 4.8. Any period of suspension of the time-limit for payment shall be deducted.
  - (b) the number of days used by the Commission is calculated from the date following that of transfer of the request by the Partner referred to in Article 4.8 to the date of payment and from the date of transfer to the date of informing the Partner pursuant to Article 4.9.
- 4.12 Any circumstances unforeseen by the above procedure shall be solved in a spirit of cooperation between the Partner and the Commission by analogy to the above provisions while respecting the contractual relations of the Partner with the contractor or grant beneficiary.
- Where feasible, one party shall cooperate at the request of the other party in providing useful information for the assessment of the payment request, even before the payment request is formally transferred to or returned from the first party.
- 4.13 A procurement contract or grant contract which has not given rise to any payment within two years of its signature shall be automatically terminated and its funding shall be decommitted, except in case of litigation before judicial courts or arbitral bodies.



## **Article 5 - Imprest component of the programme estimate**

### **Application**

5.1 The programme estimate is a document laying down the programme of activities to be carried out and the human and material resources required, the corresponding budget and the detailed technical and administrative implementing arrangements for the execution of these operational activities over the operational implementation period of this Financing Agreement.

The programme estimate implementing the Financing Agreement must respect the procedures and standard documents concerning programme estimates laid down by the Commission, in force at the time of the adoption of the programme estimate in question.

The body implementing those operational activities within the programme estimate, may be the central government of the Partner itself (central operations) or a commissioned public law or private law body with a public-service mission (public commissioned operations) or, under EDF only, a private law body without a public-service mission on the basis of a service contract (private commissioned operations).

The programme estimate shall have an imprest component and may have a component of specific commitments.

Under the component of specific commitments, Article 4 shall apply.

Under the imprest component of the programme estimate, the implementing body may, up to established thresholds, conduct procurement and grant award procedures without or with limited ex ante control of the Commission and execute payments to the contractors and grant beneficiaries, as well as in the context of direct labour.

Direct labour relates to the operational activities which the implementing body executes directly using staff it employs and/or its existing resources (machinery, equipment, other inputs).

The operating costs incurred by the implementing body may be eligible for EU financing under the imprest component of the programme estimate. If so, they shall be eligible for EU financing during the entire duration of the execution period of this Financing Agreement, unless an earlier start of cost eligibility is stipulated in Article 6 of the Special Conditions. Operating costs are costs of the implementing body incurred in carrying out implementation tasks and include local staff, utilities (e.g. water, gas, and electricity), rental of premises, consumables, maintenance, short-term business trips and fuel for vehicles. They shall not include procurement of vehicles or of any other equipment, or any operational activity. Such ordinary operating costs may be charged and paid in accordance with the implementing body's own procedures.

### **Award procedures**

5.2 Under the imprest component of the programme estimate, the implementing body may carry out, totally or partially, the award procedures for procurement and grant contracts in accordance with its own procedures and standard documents, to the extent that prior evidence is obtained by the Commission that the Partner's implementing body:

- ensures the functioning of an effective and efficient internal control system, and
- applies appropriate rules and procedures for procurement and/or grants.

To the extent that no such evidence is obtained, the award procedures for procurement and grant contracts shall be carried out by the implementing body in accordance with the procedures and standard documents laid down and published by the Commission, in force at the time of the launch of the procedure in question.

#### **Ex ante control**

5.3 Under the imprest component, unless the Technical and Administrative Arrangements of the programme estimate stipulate otherwise, the implementing body shall submit to the Commission for prior approval, the tender dossiers and proposals for award decision of procurement contracts whose value exceeds 100,000 EUR, as well as all guidelines for applications and proposals for award decisions of grant contracts, which follow the procedures and standard documents laid down and published by the Commission.

In addition to the record-keeping obligations laid down in Article 1.6 of these General Conditions, the Partner shall, during the same period, keep all relevant financial and contractual supporting documents.

#### **Management declaration**

5.4 The Partner shall submit to the Commission annually, by the date stipulated in Article 6 of the Special Conditions, a management declaration signed by the Partner using the template in Annex IV.

An independent external audit opinion on the management declaration, performed in accordance with internationally accepted auditing standards, does not have to be provided in this case as the Commission shall conduct the audits for this action. These audits will verify the truthfulness of the assertions made in the management declaration and the legality and regularity of the underlying transactions made.

#### **Payments**

5.5 The Commission shall transfer the first pre-financing instalment, upon signature of the programme estimate by all parties, within 60 calendar days where the programme estimate is financed by the EDF and 30 calendar days where it is financed from the EU Budget,

The Commission shall pay the further pre-financing instalments within 60 calendar days of receiving and approving the payment request and its reports.

Late-payment interest shall be due pursuant to the applicable Financial Regulation. The time-limit for the payment may be suspended by the Commission by informing the Partner, at any time during the period referred to above, that the payment request cannot be met, either because

the amount is not due or because the appropriate supporting documents have not been produced. If information which puts in doubt the eligibility of expenditure appearing in a payment request comes to the notice of the Commission, the Commission may suspend the time-limit for the payment for the purpose of further verification, including an on-the-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The suspension and the reasons for it shall be communicated to the Partner as soon as possible. The time-limit for the payment shall resume once the missing supporting documents have been provided or the payment request has been corrected.

- 5.6 The Commission shall make payments to a bank account opened at a financial institution accepted by the Commission.
- 5.7 The Partner shall guarantee that funds paid by the Commission can be identified in this bank account.
- 5.8 Transfers in euro shall, if necessary, be converted into the Partner's national currency as and when payments have to be made by the Partner, at the bank rate in force on the day of payment by the Partner.

#### **Article 6 – Pool fund managed by the Partner**

##### **Application**

- 6.1 The Partner managing a pool fund, may be eligible for an EU Contribution to that pool fund, to the extent that prior evidence is obtained by the Commission that the managing entity within the Partner:
  - ensures the functioning of an effective and efficient internal control system,
  - uses an accounting system that provides accurate, complete and reliable information in a timely manner;
  - is subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;
  - applies appropriate rules and procedures for procurement and grants;
  - ensures the ex post publication of information on recipients; and
  - ensures a reasonable protection of personal data.

##### **Award procedures**

- 6.2 As regards the EU Contribution to a Partner managed pool fund, the managing entity within the Partner shall carry out the tasks in accordance with its own procedures and standard documents for the award of procurement and grant contracts, or with those agreed upon among the donors.

### **Implementation**

- 6.3 As regards the EU Contribution to a Partner managed pool fund, in addition to the rights and obligations already laid down in these General Conditions, further rules detailed in Annex V to the Financing Agreement shall apply to the Partner for the implementation of the EU Contribution to the pool fund.

### **Article 7 - Publication of information on procurement and grant contracts by the Partner**

- 7.1 The Partner undertakes to publish each year in a dedicated and easily accessible place of its internet site, for each procurement and grant contract for which it is contracting authority under the imprest component of the programme estimate referred to in Article 5 and the pool funds referred to in Article 6, its nature and purpose, the name and locality of the contractor (contractors in case of a consortium) or grant beneficiary (grant beneficiaries in case of a multi-beneficiary grant), as well as the amount of the contract.

The locality of a natural person shall be a region at NUTS2 level. The locality of a legal person shall be its address.

If such internet publication is impossible, the information shall be published by any other appropriate means, including the official journal of the Partner.

Article 6 of the Special Conditions shall stipulate the location, on the internet or otherwise, of the place of publication; reference shall be made to this location in the dedicated place of the internet site of the Commission.

- 7.2 Education support and direct financial support to natural persons most in need shall be published anonymously and in an accumulated manner by category of expenditure.

Names of natural persons shall be replaced by "natural person" two years after publication. The name of a legal entity containing that of a natural person involved in this entity shall be treated as a natural person's name.

Publication of names of natural persons shall be waived if such publication risks violating their fundamental rights or damaging their commercial interests.

The Partner shall present a list of data to be published on natural persons with any justifications for proposed waivers of publication to the Commission which must grant prior authorisation to this list. Where necessary, the Commission shall complete the locality of the natural person limited to a region at NUTS2 level.

- 7.3 Publication of the procurement and grant contracts concluded (i.e. signed by the Partner and the contractor or grant beneficiary) during the reporting period shall take place within six months following the date for submitting the report pursuant to Article 6 of Special Conditions.
- 7.4 Publication of contracts may be waived if such publication risks harming the commercial interests of contractors or grant beneficiaries. The Partner shall present a list with such justifications to the Commission which must grant prior authorisation to such publication

waiver.

- 7.5 Where the Commission carries out payments to contractors or grant beneficiaries pursuant to Article 4, it shall ensure the publication of information on procurement contracts and grant contracts according to its rules.

#### **Article 8 - Recovery of funds**

- 8.1 The Partner shall take any appropriate measures to recover the funds unduly paid.

Amounts unduly paid and recovered by the Partner, amounts from financial guarantees lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed by the Partner, as well as damages awarded to the Partner shall be returned to the Commission.

- 8.2 Without prejudice to the above responsibility of the Partner to recover funds unduly paid, the Partner agrees that the Commission may, in accordance with the provisions of the Financial Regulation applicable and this Financing Agreement, formally establish an amount as being unduly paid under procurement contracts and grant contracts financed under Part One and proceed to its recovery by any means on behalf of the Partner, including by offsetting the amount owed by the contractor or grant beneficiary against any of its claims against the EU and by forced recovery before the competent courts.
- 8.3 To this end, the Partner shall provide to the Commission all the documentation and information necessary. The Partner hereby empowers the Commission to carry out the recovery in particular by calling on a guarantee of a contractor or grant beneficiary of which the Partner is the contracting authority or by offsetting the funds to be recovered against any amounts owed to the contractor or grant beneficiary by the Partner as contracting authority and financed by the EU under this or another Financing Agreement or by forced recovery before the competent courts.
- 8.4 The Commission shall inform the Partner that the recovery proceedings have been initiated (including where necessary before a national court).
- 8.5 Where the Partner is a grant beneficiary of an entity with which the Commission concluded a contribution agreement, the Commission may recover funds from the Partner which are due to the entity but which the entity was not able to recover itself.

#### **Article 9 - Financial claims under procurement and grant contracts**

The Partner undertakes to confer with the Commission before taking any decision concerning a request for compensation made by a contractor or grant beneficiary and considered by the Partner to be justified in whole or in part. The financial consequences may be borne by the EU only where the Commission has given its prior authorisation. Such prior authorisation is also required for any use of funds committed under the present Financing Agreement to cover costs arising from disputes relating to contracts.

#### **Article 10 - Cost overruns and ways of financing them**

- 10.1 Individual overruns of the budget headings of the activities implemented by the Partner shall be dealt with by reallocating funds within the overall budget, in accordance with Article 25 of these General Conditions.
- 10.2 Wherever there is a risk of overrunning the amount foreseen for the activity implemented by the Partner, the Partner shall immediately inform the Commission and seek its prior authorisation for the corrective activities planned to cover the overrun, proposing either to scale down the activities or to draw on its own or other non-EU resources.
- 10.3 If the activities cannot be scaled down, or if the overrun cannot be covered either by the Partner's own resources or other resources, the Commission may, at the Partner's duly substantiated request, decide to grant additional EU financing. Should the Commission take such a decision, the excess costs shall be financed, without prejudice to the relevant EU rules and procedures, by the release of an additional financial contribution to be set by the Commission. This Financing Agreement shall be amended accordingly.

## **Part Two: Provisions Applicable to Budget Support**

#### **Article 11 - Policy dialogue**

The Partner and the EU commit to engage in a regular constructive dialogue at the appropriate level on the implementation of this Financing Agreement.

Where the Partner is an ACP State and this action is financed under the EDF pursuant to Article 1.1 of the Special Conditions, this dialogue may form a part of the broader political dialogue provided for in Article 8 of the ACP-EC Partnership Agreement.

#### **Article 12 - Verification of conditions and disbursement**

- 12.1. The Commission shall verify the conditions for the payment of the tranches of the budget support component, as identified in Annex I (Technical and Administrative Provisions).  
  
Where the Commission concludes that the conditions for payment are not fulfilled, it shall inform the Partner thereof without undue delay.
- 12.2. Disbursement requests submitted by the Partner shall be eligible for EU financing provided that they are in accordance with the provisions set out in Annex I (Technical and Administrative Provisions) and that they are submitted during the operational implementation period.
- 12.3. The Partner shall apply its national foreign exchange regulations in a nondiscriminatory manner to all disbursements of the budget support component.

#### **Article 13 - Transparency of budget support**

The Partner hereby agrees to the publication by the Commission, of this Financing Agreement and any amendment thereof, including by electronic means, and of such basic information on the budget support which the Commission deems appropriate. Such publication shall not contain any data in violation of the EU laws applicable to the protection of personal data.

#### **Article 14 - Recovery of budget support**

All or part of the budget support disbursements may be recovered by the Commission, with due respect to the principle of proportionality, if the Commission establishes that payment has been vitiated by a serious irregularity attributable to the Partner, in particular if the Partner provided unreliable or incorrect information, or if corruption or fraud was involved.

### **Part Three: Provisions Applicable to this Action as a Whole, Irrespective of the Management Mode**

#### **Article 15 - Execution period and contracting deadline**

15.1 The execution period of this Financing Agreement shall comprise two periods:

- an operational implementation period, in which the operational activities of the action are carried out. This period shall start on the entry into force of this Financing Agreement or on the date stipulated in the Special Conditions and end with the opening of the closure period.
- a closure period, during which final audit and evaluation are carried out and contracts and the programme estimate for the implementation of this Financing Agreement are technically and financially closed. The duration of this period is stipulated in Article 2.3 of the Special Conditions. It starts after the end of the operational implementation period.

These periods shall be reflected in the agreements to be concluded by the Partner and by the Commission in the implementation of this Financing Agreement, in particular in contribution agreements and procurement and grant contracts.

15.2 Costs related to the operational activities shall be eligible for EU financing only if they have been incurred during the operational implementation period; the costs incurred before the entry into force of this Financing Agreement shall not be eligible for EU financing unless provided otherwise in Article 6 of the Special Conditions. Costs related to final audits and evaluation, to closure activities and operating costs referred to in Article 5.1 shall be eligible until the end of the closure period.

15.3 Any balance remaining from the EU contribution shall be automatically decommitted no later than six months after the end of the execution period.

15.4 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation period or the closure period, as well as correlatively of the execution period. If agreed upon, the Financing Agreement shall be amended accordingly.

- 15.5 Article 2 of these General Conditions shall apply to procurement contracts, grant contracts and contribution agreements awarded by the Commission as contracting authority with the exception of the last subparagraph of Article 2.1.

**Article 16 - Verifications and checks by the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors**

- 16.1 The Partner shall assist and support the verifications and checks carried out by the Commission, OLAF and the European Court of Auditors at their request.

The Partner agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot controls on the use made of EU financing under the activities under this Financing Agreement and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the activities, throughout the duration of this Financing Agreement and for five years from the end of the execution period.

- 16.2 The Partner also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by EU law for the protection of the EU's financial interests against fraud and other irregularities.

To that end, the Partner shall grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under this Financing Agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Partner being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.

- 16.3 The checks and audits described above shall also apply to contractors, grant beneficiaries, organisations having signed contribution agreements and subcontractors who have received EU financing.
- 16.4 The Partner shall be notified of on the spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.

**Article 17 - Tasks of the Partner in fighting irregularities, fraud and corruption**

- 17.1 The Partner shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities, fraud or corruption and of any measure taken or planned to deal with them.

- 17.2 The Partner shall ensure and check regularly that the actions financed from the budget are



effectively carried out and implemented correctly. It shall take appropriate measures to prevent, detect and correct irregularities and fraud and where necessary, bring prosecutions and recover funds unduly paid.

"Irregularity" shall mean any infringement of this Financing Agreement, implementing contracts and programme estimate or of EU law resulting from an act or omission by anyone who has, or would have, the effect of prejudicing the funds of the EU, either by reducing or losing revenue owed to the EU, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the EU or the EDF;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they are originally granted.

17.3 The Partner undertakes to take every appropriate measure to prevent, detect and punish any practices of active or passive corruption during the implementation of the Financing Agreement.

"Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

"Active corruption" shall mean the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

17.4 If the Partner does not take appropriate measures to prevent fraud, irregularities and corruption, the Commission may adopt precautionary measures including the suspension of this Financing Agreement.

#### **Article 18 - Suspension of payments**

18.1 Without prejudice to the suspension or termination of this Financing Agreement according to Articles 26 and 27, respectively, the Commission may suspend payments partially or fully, if:

- a) the Commission has established or has serious concerns that, on the basis of information it received, and needs to verify, the Partner has committed substantial errors, irregularities or fraud in the procurement and grant award procedure or in the implementation of the action, or the Partner has failed to comply with its obligations under this Financing Agreement, including obligations regarding the implementation of the Communication and Visibility plan;

- b) the Commission has established or has serious concerns that, on the basis of information it received, and needs to verify, the Partner has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under this or other Financing Agreements, provided that those errors, irregularities, fraud or breach of obligations have a material impact on the implementation on this Financing Agreement or call into question the reliability of the Partner's internal control system or the legality and regularity of the underlying expenditure;
  - c) the Commission suspects that the Partner committed substantial errors, irregularities, fraud or breach of obligations in the procurement and grant award procedure or in the implementation of the action and needs to verify whether they have occurred.
  - d) it is necessary to prevent significant damage to the financial interests of the EU.
- 18.2 The Commission shall immediately inform the Partner about the suspension of payments and of the reasons for this suspension.
- 18.3 The suspension of payments shall have the effect of suspending payment time-limits for any payment request pending.
- 18.4 In order to resume payments the Partner shall endeavour to remedy the situation leading to the suspension as soon as possible and shall inform the Commission of any progress made in this respect. The Commission shall, as soon as it considers that the conditions for resuming payments have been met, inform the Partner thereof.

#### **Article 19 - Allocation of funds recovered by the Commission to the action**

Where the action is financed under the EDF, amounts unduly paid and recovered by the Commission, amounts from financial guarantees lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed, as well as damages awarded to the Commission shall be allocated to this action.

#### **Article 20 - Right of establishment and residence**

- 20.1 Where justified by the nature of the procurement contract, grant contract or contribution agreement, the Partner shall entitle natural and legal persons participating in invitations to tender for works, supply or service contracts or calls for proposals and organisations expected to sign contribution agreements with a provisional right of establishment and residence in the Partner's territory(ies). This right shall remain valid for one month after the contract is awarded.
- 20.2 The Partner shall also entitle procurement contractors, grant beneficiaries, organisations having signed contribution agreements and natural persons whose services are required for the performance of this action and members of their families with similar rights during the implementation of the action.

**Article 21 - Tax and customs provisions and foreign exchange arrangements**

21.1 The Partner shall apply to procurement contracts, grants contracts and contribution agreements financed by the EU the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.

Where the Partner is an ACP State, account shall not be taken of arrangements applied by it to the other ACP States or to other developing countries for the purpose of determining the most-favoured-State treatment.

21.2 Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

**Article 22 - Confidentiality**

22.1 The Partner agrees that documents and information related to the Action and held by any entity may be forwarded to the Commission, by that entity, for the sole purpose of implementing this or another Financing Agreement.

22.2 Without prejudice to Article 16 of these General Conditions, the Partner and the Commission shall preserve the confidentiality of any document, information or other material directly related to the implementation of this Financing Agreement that is classified as confidential.

22.3 The Parties shall obtain each other's prior written consent before publicly disclosing such information.

22.4 The Parties shall remain bound by the confidentiality until five years after the end of the execution period.

22.5 The Partner shall also comply with the obligations under Article 1.7 where the Commission provides personal data to the Partner, for example in the context of procedures and contracts managed by the Commission.

**Article 23 - Use of studies**

The contract related to any study financed under this Financing Agreement shall include the right for the Partner and for the Commission to use the study, to publish it and to disclose it to third parties.

**Article 24 - Consultation between the Partner and the Commission**

24.1 The Partner and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this Financing Agreement further pursuant to Article 28 of these General Conditions.

24.2 Where the Commission becomes aware of problems in carrying out procedures relating to management of this Financing Agreement, it shall establish all necessary contacts with the

Partner to remedy the situation and take any steps that are necessary.

24.3 The consultation may lead to the amendment, suspension or termination of this Financing Agreement.

24.4 The Commission shall regularly inform the Partner of the implementation of activities described in Annex I which do not fall under Parts One and Two of these General Conditions.

#### **Article 25 - Amendment of this Financing Agreement**

25.1 Any amendment of this Financing Agreement shall be made in writing, including an exchange of letters.

25.2 If the request for an amendment comes from the Partner, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Partner and accepted by the Commission. In the exceptional cases of an adjustment of the objectives of the action and/or an increase in the EU contribution, such request shall be submitted at least six months before the amendment is intended to enter into force.

25.3 If the adjustment both does not significantly affect the objectives of the activity implemented pursuant to Part One of these General Conditions, and if it concerns matters of detail which do not affect the technical solution adopted, and if it does not include the reallocation of funds, or if it concerns reallocations of funds for an amount equivalent to the amount of the contingency reserve, the Partner shall inform the Commission of the adjustment and its justification in writing as soon as possible and may apply that adjustment.

25.4 The use of the contingency reserve provided for an action shall be subject to the Commission's prior written approval.

25.5 Where the Commission considers that the Partner ceases to perform satisfactorily the tasks entrusted pursuant to Article 1.1 of these General Conditions and without prejudice to Articles 26 and 27 of these General Conditions, the Commission may decide to retake the tasks entrusted from the Partner in order to continue the implementation of the activities on behalf of the Partner after informing the latter in writing.

#### **Article 26 - Suspension of this Financing Agreement**

26.1 The Financing Agreement may be suspended in the following cases:

- The Commission may suspend the implementation of this Financing Agreement if the Partner breaches an obligation under this Financing Agreement.
- The Commission may suspend the implementation of this Financing Agreement if the Partner breaches any obligation set under the procedures and standard documents referred to in Articles 1, 4, 5 and 6 of these General Conditions.
- The Commission may suspend this Financing Agreement if the Partner fails to observe the principles of democracy, the rule of law or good governance, or respect for human rights and

fundamental freedoms or for internationally recognised nuclear safety standards, in serious cases of corruption or if the Partner is guilty of grave professional misconduct proven by any justified means. Grave professional misconduct is to be understood as any of the following:

- a violation of applicable laws or regulations or ethical standards of the profession to which a person or entity belongs, or
  - any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.
- This Financing Agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by a case of force majeure of which the other party is duly informed. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage. Neither of the Parties shall be held liable for breach of its obligations under this Financing Agreement if it is prevented from fulfilling them by force majeure, provided it takes measures to minimise any possible damage.
- In cases such as crisis or change of position at national level (e.g. on its policy priorities).

26.2 The Commission may suspend this Financing Agreement without prior notice.

26.3 The Commission may take any appropriate precautionary measure before suspension takes place.

26.4 When the suspension is notified, the consequences for the on-going procurement and grant contracts, contribution agreements and programme estimate shall be indicated.

26.5 A suspension of this Financing Agreement is without prejudice to the suspension of payments and termination of this Financing Agreement by the Commission in accordance with Article 18 and 27 of the General Conditions.

26.6 The parties shall resume the implementation of the Financing Agreement once the conditions allow with the prior written approval of the Commission. This is without prejudice to any amendments of this Financing Agreement which may be necessary to adapt the action to the new implementing conditions, including, if possible, the extension of the operational implementation period, or the termination of this Financing Agreement in accordance with Article 27.

#### **Article 27 - Termination of this Financing Agreement**

27.1. If the issues which led to the suspension of this Financing Agreement have not been resolved

within a maximum period of 180 days, either party may terminate this Financing Agreement at 30 days' notice.

- 27.2. Without prejudice to Article 27.1 above, if at any time, the Commission believes that the purpose of this Financing Agreement can no longer effectively or appropriately performed, this Financing Agreement may be terminated by serving (30) thirty days written motivated notice.
- 27.3. This Financing Agreement shall be automatically terminated, if no implementing contract has been signed within the deadlines of Article 2.
- 27.4. The consequences of such terminations on the ongoing activities may be analysed, where relevant, and determined on a case by case basis.

#### **Article 28 - Dispute settlement arrangements**

- 28.1 Any dispute concerning this Financing Agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 24 of these General Conditions may be settled by arbitration at one of the parties' request.

Where the Partner is an ACP State or an ACP regional body or organisation and this action is financed under the EDF, the dispute shall be submitted, prior to arbitration and after the consultations provided for in Article 24 of these General Conditions, to the ACP-EC Council of Ministers, or, between its meetings, to the ACP-EC Committee of Ambassadors, pursuant to Article 98 of the ACP-EC Partnership Agreement. If the Council or Committee does not succeed in settling the dispute, either party may request settlement of the dispute by arbitration in accordance with Articles 28.2, 28.3 and 28.4.

- 28.2 Each party shall designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.
- 28.3 The procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.
- 28.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.