



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR RESEARCH & INNOVATION
Directorate I – Climate Action and Resource Efficiency

DELEGATION AGREEMENT
NUMBER 1 — PRIMA Programme

This **Delegation Agreement** ('the Agreement') is between the following parties:

on the one part,

the **European Union** ('the EU'), represented by the European Commission ('the Commission'), represented for the purposes of signing this Agreement by Jack Metthey, Director of Directorate I in the Commission's Directorate-General Research and Innovation,

and

on the other part,

la **PRIMA Fundación**, ('the PRIMA Foundation') private Foundation under the Spanish law, official registration No 6753, Carrer Pere Duran Farell, 11 - 08034 Barcelona - Spain.

The Commission has decided to entrust budget implementation tasks ('the entrusted tasks') to the PRIMA Foundation under **DECISION (EU) 2017/1324 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 4 July 2017 on the participation of the Union in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States¹** ('the PRIMA basic act').

The parties referred to above have agreed to enter into the Agreement under the terms and conditions below.

By signing this Agreement, the PRIMA Foundation accepts the delegation of budget implementation tasks and agrees to carry out, under its own responsibility, the entrusted tasks in accordance with the Delegation Agreement and the Transfer of Funds Agreements.

The Agreement is composed of:

Terms and Conditions

Annex 1 Description of entrusted tasks

Annex 2 Model Management Declaration

¹ OJ L 185, 18.7.2017, p. 1

- Annex 3 Model Transfer of Funds Agreement
- Annex 4 Common principles applying to activities funded by the Participating States
- Annex 5 Specific reporting requirements and indicators for activities funded by the Participating States
- Annex 6 Declaration of liability

TERMS AND CONDITIONS

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CHAPTER 1 GENERAL

ARTICLE 1 — SUBJECT OF THE AGREEMENT

This Agreement defines the budget implementation tasks that are entrusted to the PRIMA Foundation in the context of the PRIMA programme and sets out the rights and obligations and terms and conditions for their implementation.

CHAPTER 2 ENTRUSTED TASKS

ARTICLE 2 — DESCRIPTION OF THE ENTRUSTED TASKS

2.1 Entrusted tasks

The tasks entrusted to the PRIMA Foundation are described in Annex 1.

2.2 Tasks to be carried out each year — Transfer of Funds Agreements

Each year the Commission and the PRIMA Foundation shall conclude a Transfer of Funds Agreement (see Annex 3) for the budget implementation tasks that are entrusted to the PRIMA Foundation according to Annex 1 and defined in the annual work plan.

ARTICLE 3 — DURATION AND STARTING DATE OF THE ENTRUSTED TASKS

The entrusted tasks shall be carried out between the date of signature of this Agreement ('**starting date**') and 31 December 2028 ('**end date**').

CHAPTER 3 EU FINANCIAL CONTRIBUTION

ARTICLE 4 — EU FINANCIAL CONTRIBUTION

4.1 Maximum EU contribution

4.1.1 The indicative total maximum amount of the EU contribution to the PRIMA Foundation for the duration of the Agreement shall be EUR **220 000 000**.

The maximum amount of the EU contribution for the implementation of the tasks to be carried out each year shall be set out in the Transfer of Funds Agreements.

4.1.2 The EU contribution shall reimburse expenditure incurred for the implementation of the entrusted tasks and accepted by the Commission (see Article 5).

The EU contribution shall also reimburse administrative costs of the PRIMA Foundation for the implementation of the PRIMA programme (see Article 5), up to 6% of the EU contribution.

The EU contribution shall be used solely for the purposes of the implementation of this Agreement.

4.2 Final amount of the EU contribution — Calculation

The final amount of the EU contribution depends on the actual extent to which the entrusted tasks are implemented in accordance with the Agreement and the Transfer of Funds Agreements and the actual contributions of Participating States to the PRIMA programme in accordance with Article 5 of the PRIMA basic act.

The final amount is calculated by the Commission when the payment of the balance is made and shall correspond to the lower of the following three amounts:

- the sum of the expenditure incurred for the implementation of the entrusted tasks and of the administrative costs accepted by the Commission, after:
 - (i) excluding any expenditure and administrative costs that do not comply with the conditions set out in Article 5 (see Article 26);
 - (ii) applying any other financial corrections (see Article 26);
 - (iii) deducting income generated by the implementation of the entrusted tasks and financial contributions by other donors assigned to their implementation;
- the maximum EU contribution set out in Article 4.1.1.
- the sum of Participating States' contributions to the PRIMA programme in accordance with Article 5 of the PRIMA basic act.

4.3 Conditions for Participating States' expenditure to be accepted as contributions to the PRIMA programme

The Commission shall accept Participating States' expenditure as contributions to the PRIMA programme for the purpose of calculating the final amount of the EU contribution, in compliance with Article 4.2 of this Agreement, under the following conditions:

- (a) they are actually incurred by a Participating State in accordance with Article 5 of the PRIMA basic act;
- (b) they are included and clearly identified in the corresponding PRIMA annual work plan approved by the Commission and annexed to the corresponding Transfer of Funds Agreement;
- (c) they are incurred in the following periods:
 - contributions referred to in point (c) of Article 5(2) of the PRIMA basic act are accepted if they are incurred, under the first annual work plan, between 7 August 2017 and 31 December 2018, and, under subsequent annual work plans, between 1 January and 31 December of the reference year;
 - contributions referred to in points (a) and (b) of Article 5(2) of the PRIMA basic act are accepted if they are incurred between the date of adoption of the corresponding annual work plan or 1 January of the reference year, whichever of those two dates is later, and 31 December of the reference year;

- (d) they are included in the PRIMA annual reports with the information required according to Article 19.1.1 of this Agreement.

ARTICLE 5 — CONDITIONS FOR EXPENDITURE AND ADMINISTRATIVE COSTS TO BE ACCEPTED

5.1 Conditions for expenditure and administrative costs to be accepted

The Commission shall **accept** expenditure and administrative costs which meet the following criteria:

- (a) they are actually incurred by the PRIMA Foundation.

Amounts that are to be recovered by the PRIMA Foundation under Article 14 shall not be considered as actually incurred;

- (b) they are incurred in the following periods:

- i) expenditure is incurred in the period set out in Article 3, in particular:

- expenditure related to grants is acceptable if the grant is awarded after the starting date set out in Article 3 and the action supported by the grant is completed before the end date set out in Article 3;
- expenditure related to contracts is acceptable if the contract is awarded after the starting date set out in Article 3 and the service, supply or work is provided during the period set out in Article 3;
- expenditure related to prizes is acceptable if the prize is awarded during the period set out in Article 3;
- expenditure related to experts is acceptable if the tasks are performed during the period set out in Article 3;

- ii) administrative costs are incurred between 7 August 2017 and the end date set out in Article 3;

- (c) they are indicated in the annual work plan annexed to the Transfer of Funds Agreement;

- (d) they are directly linked to the implementation of the entrusted tasks or to the implementation of the programme and:

- i) expenditure corresponds to the amounts due by the PRIMA Foundation under grant agreements, contracts and prize award decisions signed by the PRIMA Foundation in accordance with Annex 1 and includes expenditure related to the evaluation of proposals;

- ii) administrative costs correspond to the costs incurred by the PRIMA Foundation for:

- personnel directly assigned to the implementation of the programme,
- missions required for the implementation of the programme,

- depreciation of equipment directly used for the implementation of the programme,
 - service contracts (included non-recoverable taxes), consumables and supplies used for the implementation of the programme, insofar apportioned to the actual personnel costs of the programme and,
 - fees for the audit of annual statutory accounts, insofar as allocated in proportion of the amount of the audited expenditure of the programme;
- (e) they are identifiable and verifiable, in particular recorded in the accounts of the PRIMA Foundation in accordance with the usual cost accounting practices of the PRIMA Foundation;
- (f) they comply with the applicable national law on taxes, labour and social security;
- (g) they are reasonable, justified and comply with the principles of sound financial management.

5.2 Inacceptable expenditure and administrative costs

The Commission shall **not accept** the following as expenditure incurred for the implementation of entrusted tasks or as administrative costs incurred for the implementation of the programme:

- (a) costs not compliant with Article 5.1, in particular:
- (i) debt and debt service charges (interest);
 - (ii) provisions for future losses and debts;
 - (iii) exchange losses;
 - (iv) bank costs charged by the PRIMA Foundation's bank for the transfers from the Commission;
 - (v) expenditure resulting from commitments made during suspension of the implementation of the Agreement;
 - (vi) deductible VAT;
 - (vii) contributions in kind provided free of charge by third parties to the PRIMA Foundation;
- (b) expenditure declared under another EU or Euratom funding instrument².

³ For example, ESIF, Horizon 2020, COSME, external action instruments.

CHAPTER 4 RIGHTS AND OBLIGATIONS OF THE PARTIES

SECTION 1 RIGHTS AND OBLIGATIONS RELATED TO THE IMPLEMENTATION OF THE ENTRUSTED TASKS

ARTICLE 6 — GENERAL OBLIGATION TO PROPERLY IMPLEMENT THE ENTRUSTED TASKS

The PRIMA Foundation shall implement the entrusted tasks as described in Annex 1 and in the Transfer of Funds Agreements and in compliance with the provisions of this Agreement and the Transfer of Funds Agreements and all legal obligations under applicable EU, international and national law (in particular, including the principles of sound financial management, transparency and non-discrimination and the PRIMA basic act).

It shall in particular:

- (a) apply appropriate rules and procedures for grants, procurements, prizes and appointment of experts, in accordance with Articles 7, 8, 9 and 10;
- (b) make arrangements for intellectual property rights, in accordance with Article 11;
- (c) ensure the visibility of EU funding, in accordance with Article 12;
- (d) ensure proper management and control mechanisms, and in particular:
 - (i) use an accounting system that provides accurate, complete and reliable information in a timely manner;
 - (ii) take appropriate measures to prevent, detect and correct irregularities and fraud;
 - (iii) carry out controls on beneficiaries of grants, contractors and prize winners ('recipients'), in accordance with Article 13;
 - (iv) recover funds unduly paid, in accordance with Article 14;
 - (v) as appropriate and on their own responsibility, not award a contract, grant of prize in the situations referred to in Article 107 of the Financial Regulation; and fulfil the obligations related to Early Detection and Exclusion System (EDES) referred to in Article 15 of this Agreement;
 - (vi) set up and ensure the functioning of an internal control system that is effective and efficient;
 - (vii) be subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of it;
- (e) ensure the ex post publication of information on recipients of EU funds and experts, in accordance with Article 16.

In the implementation of its tasks, the PRIMA Foundation shall avoid any conflicts of interest and shall ensure confidentiality and the protection of personal data (see Articles 22, 23, and 24).

ARTICLE 7 — RULES AND PROCEDURES FOR AWARDING AND MANAGING GRANTS

The PRIMA Foundation shall award grants in compliance with the Rules for Participation³ and the PRIMA basic act.

Grant agreements must be signed by the PRIMA Foundation before 31 December 2025, or 31 December 2026 in duly justified cases or beyond that date in exceptional and duly justified cases under Article 20(3) of the Rules for Participation.

The PRIMA Foundation must use the Model Grant Agreements for PRIMA established by the Commission.

ARTICLE 8 — RULES AND PROCEDURES FOR PROCUREMENTS

The PRIMA Foundation shall award contracts for pre-commercial procurement or procurement of innovative solutions in compliance with the provisions of the Rules for Participation.

Other contracts shall be awarded in compliance with its own rules and procedures on procurements.

Contracts must be signed before 31 December 2028.

The PRIMA Foundation shall ensure that the contracts allow it, the Commission, the European Anti-Fraud Office (OLAF) and the Court of Auditors to exercise their rights under Article 13.2.

The PRIMA Foundation shall ensure that its obligations under Articles 12, 22, 23 and 28 also apply to the contractors (recipients).

ARTICLE 9 — RULES AND PROCEDURES FOR AWARDING PRIZES

The PRIMA Foundation shall award prizes in compliance with the provisions of the Rules for Participation and the PRIMA basic act.

Decisions to award prizes must be notified before 31 December 2028.

The PRIMA Foundation shall ensure that its obligations under Articles 12, 22, 23, 28 also apply to the prize winners that are funded (recipients).

ARTICLE 10 — RULES AND PROCEDURES FOR APPOINTING EXPERTS

The PRIMA Foundation shall appoint experts for the evaluation of proposals or, if appropriate, for the monitoring of actions in compliance with the provisions of the Rules for Participation and the PRIMA basic act.

³ Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 of December 2013 laying down the rules for the participation and dissemination in Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020) (OJ L 347, 20.12.2013, p.81).

ARTICLE 11 — INTELLECTUAL PROPERTY RIGHTS

The PRIMA Foundation shall ensure that the selected PRIMA actions are implemented in compliance with Articles 41 to 49 of the Rules for Participation.

ARTICLE 12 — VISIBILITY OF EU FUNDING

12.1 Information on support — Obligation and right to use the EU emblem

Unless the Commission requests or agrees otherwise, any communication or publication related to the implementation of the entrusted tasks, made by the PRIMA Foundation, (including in electronic form, via social media, etc.), shall

- a) indicate EU support,
- b) display the EU emblem and
- c) include the following text:

'[name of the activity of the PRIMA Foundation] is part of the PRIMA programme supported by the European Union's Horizon 2020 research and innovation programme'.

When displayed together with another logo, the EU emblem must have appropriate prominence.

For the purposes of its obligations under this Article, the PRIMA Foundation is authorised to use the EU emblem, without first obtaining permission from the Commission.

This does not however give it the right of exclusive use.

Moreover, the PRIMA Foundation shall not appropriate the EU emblem or any similar trademark or logo, either by registration or by any other means.

12.2 Disclaimer excluding Commission responsibility

Any communication or publication related to the implementation of the entrusted tasks, made by the PRIMA Foundation, in any form and using any means, shall indicate that it reflects only the author's view and that the Commission is not responsible for any use that may be made of the information it contains.

ARTICLE 13 — CONTROLS ON THE RECIPIENTS

13.1 Controls by PRIMA Foundation

The PRIMA Foundation shall carry out ex ante and ex post controls on its payments to the recipients, in accordance with Article 29 of the H2020 Framework Programme Regulation No 1291/2013, including, where appropriate, on-the-spot checks on representative and risk-based samples of transactions to ensure that underlying transactions are legal and regular and that actions financed from the EU budget are effectively carried out and implemented correctly.

13.2 Controls by the Commission, OLAF and the Court of Auditors

The Commission, OLAF and the Court of Auditors may also carry out ex post audits and investigations, in accordance with their respective competences.

ARTICLE 14 — RECOVERY FROM RECIPIENTS AND EXPERTS

The PRIMA Foundation shall recover from the recipients and experts any amount that was paid to them but is not due under the terms of their grant agreement, contract or prize award decision or rules of contest.

The PRIMA Foundation shall take any necessary legal actions for that purpose.

ARTICLE 15 — EARLY DETECTION AND EXCLUSION SYSTEM

15.1 The PRIMA Foundation shall designate a person responsible for relations with the Commission as regards all issues related to the early detection and exclusion system.

15.2 The Commission shall provide the PRIMA Foundation — through the designated person — with access to the information contained in the early detection and exclusion system to enable the PRIMA Foundation to verify whether there is an exclusion in the system with a view to taking this information into account, as appropriate and on their own responsibility, when awarding contracts, grants or prizes for the purpose of implementing the entrusted funds.

15.3 The PRIMA Foundation shall communicate, without delay — through the designated person — to the Commission information on applicants, tenderers, and candidates if:

- it has been established by a final judgment that they are guilty of fraud, corruption, participation in a criminal organisation, money laundering or terrorist financing, terrorist-related offences or offences linked to terrorist activities, child labour or other form of trafficking in human beings, in line with point (d) of Article 106(1) of the Financial Regulation, or
- it has been established by a final judgment or final administrative decision that they have committed an irregularity occurring in the management of EU funds, in line with point (f) of Article 106(1) of the Financial Regulation.
- it has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information.

The PRIMA Foundation shall also communicate the measures taken as regards the concerned applicant, tender and candidate.

The designated person shall inform the Commission without delay whenever information transmitted needs to be modified or updated.

ARTICLE 16 — PUBLICATION OF INFORMATION ON RECIPIENTS AND EXPERTS

The PRIMA Foundation shall publish annually on its website information on the recipients of EU funds in the form of:

- (a) grants, with the exception of scholarships paid to natural persons and other direct support paid to natural persons in most need;
- (b) contracts of EUR 15 000 or more;

(c) prizes.

The following information shall be published, with due regard to the requirements of confidentiality and protection of personal data (see Articles 23 and 24):

- (a) the name of the recipient;
- (b) the locality of the recipient;
- (c) the amount awarded;
- (d) the nature and purpose of the measure.

‘Locality’ means:

- (i) for legal persons: its address;
- (ii) for natural persons: the region at NUTS 2⁴ level or, in the case of third countries, the equivalent to the region at NUTS 2 level.

As far as personal data of natural persons are concerned, the information published shall be removed two years after the end of the financial year in which the funds were awarded. The same shall apply to personal data of legal persons for whom the official title identifies one or more natural persons.

The information may not be published, if disclosure risks threatening the rights and freedoms under the Charter of Fundamental Rights of the European Union or would harm the commercial interests of the recipients.

The PRIMA Foundation shall also publish annually on its website the names of experts appointed in accordance with Article 10 and their area of expertise.

The PRIMA Foundation shall provide the Commission with the address of the website where this information can be found. A reference to the address of the website will be made on the website of the Commission. The Commission is authorised to publish directly the relevant information on its website.

ARTICLE 17 — EVALUATIONS OF THE IMPLEMENTATION OF THE ENTRUSTED TASKS

If the PRIMA Foundation carries out (or commissions) an evaluation of the impact of the implementation of the entrusted tasks, it shall provide the Commission with a copy of the evaluation report.

⁴ The NUTS classification (Nomenclature of territorial units for statistics) is a hierarchical system for dividing up the economic territory of the EU for the purpose of, among other, socio-economic analyses of the regions (http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction)

SECTION 2 RIGHTS AND OBLIGATIONS RELATED TO THE DELEGATION

ARTICLE 18 — GENERAL OBLIGATION TO INFORM THE COMMISSION

The PRIMA Foundation shall provide any information requested by the Commission, in order to verify compliance with the Agreement and the Transfer of Funds Agreement.

The PRIMA Foundation shall also inform the Commission without delay of:

- (a) any substantial changes to its systems, rules or procedures that relate to the management of the entrusted EU funds;
- (b) any substantial change in its legal, financial, technical, organisational or ownership situation;
- (c) any fraud or irregularity which comes to its attention and any situation which may give rise thereto and the measures taken;
- (d) any event that may harm the EU's or Euratom's financial interests;
- (e) any event which may delay or jeopardize performance of the tasks entrusted to it under this Agreement.

ARTICLE 19 — REPORTING

19.1 Reports and documents to be submitted

19.1.1 Annually, by 15 February following the year of implementation of the entrusted tasks, the PRIMA Foundation shall provide the Commission with:

- (a) a publishable **summary** of main achievements during the reporting period;
- (b) a **report on the implementation** of the entrusted tasks containing:
 - (i) a section on implementation of the annual work plan and the resulting activities.

This section shall report in particular on the call management, proposal evaluation and selection, grant agreement preparation and the allocation of funding to PRIMA recipients.

For each call, this section shall include in particular:

- an explanation on the definition of the topics for a call for proposals, the consultation of the Commission and the decision-making process within the PRIMA Foundation;
- a commitment of national funding and EU contribution to each call;
- an explanation on how the calls for proposals were announced, and which information material has been made available to the applicants;

- a description of the submission process, including the number of applications received and potential problems encountered during the submission;
- a description of the group of expert evaluators including statistical data (including a description on how the experts members were selected as well as a description of the evaluation process (eligibility check, evaluation by the experts, consensus meeting and panel meetings including their outcomes);
- a description of the selection decision in the PRIMA Foundation;
- a description of the grant agreement preparation process and statistics on time-to-grant, including for the calls using the EU contribution an explanation on any time-to-grant exceeding the time limit set out in Article 20 of the Rules for Participation Regulation (EU) No 1290/2013;
- a description of the allocation of funding to the selected PRIMA actions.

This section shall also report on the activities of Participating States conducted in the reporting year and included as activities to be funded by the Participating States without Union's financial contribution in the PRIMA annual work plan of the reporting year. Where applicable, this section shall also provide final information on those activities of Participating States conducted in the year preceding the reporting year, when this information could not be provided in time in the reporting of that year.

For each activity of Participating States, this section shall include in particular:

- a description of its objectives, information on the participants and countries involved;
- information of the activities performed, their costs and their output in the reporting year, including the indicators set out in Annex 5;
- a description of the beneficiary/ies and the funding received by each beneficiary for conducting activities in the scope of the PRIMA programme.

(ii) a section on financial management.

This section shall provide details on the funding of PRIMA by the EU and the Participating States during the reporting period. It shall provide in particular, for the reporting period:

- a detailed explanation on how the EU contribution has been allocated to the recipients in selected actions;
- a statement that the PRIMA Foundation obtained reasonable assurance that the costs claimed by the beneficiaries are correct and represent eligible costs;

- a detailed explanation on the payments to the recipients;
- the total amount of EU financial contribution transferred from the PRIMA Foundation to each beneficiary per PRIMA action;
- the contributions of the Participating States;
- the interests generated by the EU contribution;
- recovery by the PRIMA Foundation, if applicable.

For each element of information concerning financial transactions carried out, the PRIMA Foundation shall make available to the Commission, on request, adequate evidence of the payments actually carried out, including bank statements and accounting recordings.

- (iii) a section on management of the PRIMA programme by the PRIMA Foundation.

This section shall describe the activities of the PRIMA Foundation with regard to its role as implementation structure of the PRIMA programme, and the use of resources. A detailed description and justification for the administrative costs incurred by the PRIMA Foundation for the management of the PRIMA programme, and its relation with the activities performed shall be presented.

- (iv) a section on the implementation of the action plan in Annex 1 in response to the recommendations contained in the final report of the positive ex-ante assessment of the PRIMA Foundation under Article 61 of the Financial Regulation No 966/2012.
- (v) a section of measures taken and progress made towards achievement of the objectives of the PRIMA programme.

This section shall describe the progress achieved by the PRIMA programme in relation to the objectives described in the PRIMA basic act.

- (vi) a section with data on the programme implementation and its impact:

- a complete set of statistics about the submission, evaluation and selection of proposals, as set out in Annex IV of Council Decision 2013/743/EU⁵;
- a complete set of statistics on grant agreement preparation and funded actions, as set out in Annex IV of Council Decision 2013/743/EU;
- outputs of all actions that ended in the reporting year.

The information must be taken from the final reports in which consortia report the achievements and results of the action;

⁵ Council Decision of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC (OJ L 347, 20.12.2013, p. 965).

- data on use and uptake of results and their impact on the basis of e.g. surveys (one or three years after end of actions) and qualitative case studies.
- performance indicators, as set out in point (a) of Article 8(2) of the PRIMA basic act;
- monitoring data on the implementation of the PRIMA programme, as set out in point (b) of Article 8(2) of the PRIMA basic act;

(c) its **accounts on the expenditure** incurred in the implementation of the entrusted tasks.

Those accounts shall be accompanied by a management declaration, to be drawn up in accordance with the template in Annex 2, confirming that:

- (i) the information is properly presented, complete and accurate;
- (ii) the expenditure was used for its intended purpose as defined in this Agreement and in the PRIMA basic act;
- (iii) the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

(d) a summary of the final audit reports and of controls carried out including an analysis of the nature and the extent of errors and weaknesses identified in systems, as well as corrective action taken or planned, including information on:

- PRIMA Foundation's own (ex-post) audit strategy;
- the results of the audits performed, in terms of number of audits, audit coverage in terms of amount audited in comparison with the amounts paid out to beneficiaries, conclusions and costs eventually disallowed;
- the nature, amount and recurrence of the findings, and the costs categories affected and in particular whether any irregularity or fraud has been discovered;
- any consequences from errors/irregularities identified either by the PRIMA Foundation's own ex-post audits, or by the independent auditors issuing audit Certificates on the Financial Statements claimed by project participants (if applicable);
- any fraud or irregularity that occurred in PRIMA projects, and the measures taken by the PRIMA Foundation to recover the funds unduly paid;

The documents referred to in points (b-ii), (b-iii), (b-iv), (c) and (d) shall be accompanied by an opinion of an independent audit body, to be provided to the Commission no later than 15 March.

This opinion shall be drawn up in accordance with internationally accepted audit standards and shall establish whether:

- (i) the accounts give a true and fair view;
- (ii) the control systems put in place function properly;
- (iii) the underlying transactions are legal and regular;
- (iv) the audit work puts in doubt the assertions made in the management declaration.

19.1.2 Not later than 1 February 2022, the PRIMA Foundation shall provide the Commission with a **report providing input to the interim evaluation** of PRIMA.

This report shall cover the years 2018 –2021 and contain:

- (i) a section on implementation of the annual work plans and the resulting activities:

This section shall summarise the calls and other activities funded by the PRIMA Foundation, in particular on the call management, proposal evaluation and selection, grant agreement preparation and the allocation of funding to PRIMA recipients.

This section shall also report on the activities of Participating States conducted in the period in question and included as activities to be funded by the Participating States without Union's financial contribution in the PRIMA annual work plans.

For each activity of Participating States, this section shall include in particular:

- a description of its objectives, information on the participants and countries involved;
- detailed information of the activities performed, their costs and their output in the reporting year, including the indicators set out in Annex 5;
- a description of the beneficiaries and the funding received by each beneficiary for conducting activities in the scope of the PRIMA programme;

(ii) a section on financial management

This section shall summarise the funding of the PRIMA programme by the EU and the Participating States during the reporting period, distinguishing between the costs incurred by:

(a) the PRIMA Foundation;

(b) the Participating States for:

- activities selected following transnational open and competitive calls for proposals organised by the PRIMA Foundation, managed by the national funding bodies under the national programmes of the Participating States;
- activities under the national programmes of the Participating States including transnational projects;

(iii) a section on management of the PRIMA programme by the PRIMA Foundation.

This section shall summarise the activities of the PRIMA Foundation with regard to its role as dedicated implementation structure of PRIMA, and the use of resources;

(iv) a section with data on the programme implementation and impact:

- a complete set of statistics about the submission, evaluation and selection of proposals;
- a complete set of statistics on grant agreement preparation and funded actions;
- expected outputs of all actions funded under the PRIMA programme.

The information is taken from proposal descriptions or interim reports;

- data on use and uptake of results and their impacts, taking into account the relevant indicators of the Annex II of Council Decision 2013/743/EU;
- performance indicators, as set out in point (a) of Article 8(2) of the PRIMA basic act];
- monitoring data on the implementation of the PRIMA programme, as set out in point (b) of Article 8(2) of the PRIMA basic act;

(v) a section on progress made towards integration at scientific, management and financial levels;

(vi) a section on progress made towards achievement of the following specific objectives:

- (a) the formulation of a long-term, common, strategic agenda in the area of agro-food systems, to make them sustainable, and in the area of integrated water provision and management;

(b) the orientation of relevant national research and innovation programmes towards the implementation of the strategic agenda;

(c) the involvement of all relevant public and private sector actors in implementing the strategic agenda by pooling knowledge and financial resources to achieve the necessary critical mass;

(d) the strengthening of the research and innovation funding capacities and of the implementation capabilities of all actors involved including SMEs, academia, non-governmental organisations and local research centres;

(vii) a section on progress made towards the achievement of the operational objectives as set out in Annex 5.

19.1.3 Not later than 31 March 2028, the PRIMA Foundation shall provide the Commission with a **report providing input to the final evaluation** of PRIMA.

This report shall cover the full duration of the PRIMA programme and contain:

(i) a section on implementation of the annual work plans and the resulting activities covering:

(a) activities funded by the PRIMA Foundation;

(b) activities funded by the Participating States without Union's financial contribution consisting in:

- activities selected following transnational open and competitive calls for proposals organised by the PRIMA Foundation, managed by the national funding bodies under the national programmes of the Participating States, providing financial support mainly in the form of grants;

- activities under the national programmes of the Participating States including transnational projects.

This section shall summarise the calls and other activities, in particular on the call management, proposal evaluation and selection, grant agreement preparation, the allocation of funding to PRIMA recipients as well as the progress of implementation of activities under national programmes;

(ii) a section on financial management

This section shall summarise the funding of the PRIMA programme by the EU and the Participating States during the reporting period, distinguishing between the costs incurred by:

(a) the PRIMA Foundation;

(b) the Participating States for:

- activities selected following transnational open and competitive calls for proposals organised by the PRIMA Foundation, managed by the national funding bodies under the national programmes of the Participating States;
- activities under the national programmes of the Participating States including transnational projects.

(iii) a section on management of the PRIMA programme by the PRIMA Foundation.

This section shall summarise the activities of the PRIMA Foundation with regard to its role as dedicated implementation structure of PRIMA, and the use of resources;

(iv) a section with data on the programme implementation and impact:

- a complete set of statistics about the submission, evaluation and selection of proposals;
- a complete set of statistics on grant agreement preparation and funded actions;
- expected outputs of all actions funded under the PRIMA programme;
The information is taken from proposal descriptions or interim reports;
- data on use and uptake of results and their impacts;
- performance indicators, as set out in Article 8.2 (a) of the PRIMA basic act;
- monitoring data on the implementation of the PRIMA programme, as set out in Article 8.2 (b) of the PRIMA basic act;

(v) a section on progress made towards integration at scientific, management and financial levels;

(vi) a section on progress made towards achievement of the following specific objectives:

- (a) the formulation of a long-term, common, strategic agenda in the area of agro-food systems, to make them sustainable, and in the area of integrated water provision and management;
- (b) the orientation of relevant national research and innovation programmes towards the implementation of the strategic agenda;
- (c) the involvement of all relevant public and private sector actors in implementing the strategic agenda by pooling knowledge and financial resources to achieve the necessary critical mass;
- (d) the strengthening of the research and innovation funding capacities and of the implementation capabilities of all actors involved including SMEs, academia, non-governmental organisations and local research centres;

(vii) a section on progress made towards the achievement of the operational objectives as set out in Annex 5.

19.2 Currency for the documents and conversion into euro

The documents shall be submitted in euro.

If the PRIMA Foundation keeps its accounts in a currency other than the euro, it shall convert the expenditure and administrative costs recorded in its accounts into euro, at the average of the daily exchange rates published in the C series of the Official Journal of the European Union (<https://www.ecb.int/stats/exchange/eurofxref/html/index.en.html>), determined over the corresponding reporting period.

Where no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, conversion shall be made at the average of the monthly accounting rates established by the Commission and published on its website (http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm), determined over the corresponding reporting period.

Where the PRIMA Foundation keeps its accounts in euro, it shall convert expenditure and administrative costs incurred in another currency into euro according to its usual accounting practices.

19.3 Additional information — Revised documents

After receiving the documents referred to in Article 19.1, the Commission may:

- (a) request additional information related to the content of the documents.

The PRIMA Foundation shall supply the requested information within 15 calendar days of the request;

- (b) request submission of revised documents.

The PRIMA Foundation shall supply the revised documents by the deadline set by the Commission in the request.

19.4 Consequences of non-compliance — Suspension of the payment deadline — Suspension of payments — Suspension of task implementation — Termination

If the PRIMA Foundation fails to submit the documents referred to in Article 19.1 (or the requested information or the revised documents referred to in Article 19.3) by the set deadline or if the submitted new documents are not properly revised, the Commission may suspend the payment deadline (see Article 29), **suspend payments** (see Article 30), suspend implementation of the entrusted tasks (see Article 31) or terminate the Agreement and the Transfer of Funds Agreements (see Article 32).

ARTICLE 20 — REQUESTS FOR PAYMENT AND PAYMENT ARRANGEMENTS

20.1 Requests for payments — Currency for requests for payments

The conditions for requests for payments are set out in each Transfer of Funds Agreement.

The requests for payments shall be submitted in euro. The rules on conversion set out in Article 19.2 apply.

20.2 Payments to be made

The payments to be made are set out in each Transfer of Funds Agreement.

20.3 Notification of amounts due

The Commission shall formally notify to the PRIMA Foundation the amount of expenditure accepted.

20.4 Currency for payments

Payments shall be made by the Commission in euro.

20.5 Bank account

All payments shall be made to the following bank account:

Name of bank: Banco Santander S.A.

Address of branch: Paseo de la Castellana, 160, Madrid, Spain

Precise denomination of the account holder: Fundación PRIMA

Full account number (including bank codes):

IBAN code: ES95 0049 0785 79 26101191386

BIC: BSCHESMGXXX

The bank account mentioned above should allow the interest yielded to be identified. Otherwise, the accounting methods of the PRIMA Foundation must make it possible to identify the funds paid by the EU and the interest or other benefits yielded by those funds.

20.6 Date of payment

Payments by the Commission shall be considered to have been carried out on the date when they are debited to the Commission's account.

20.7 Interest generated by pre-financing payments

Interest generated by pre-financing payments shall be used for the implementation of the entrusted tasks.

Interest generated shall be reported to the Commission in the context of the annual reporting (see Article 19.1).

20.8 Late-payment interest

If the Commission does not pay within the payment deadlines, the PRIMA Foundation is entitled to late-payment interest at the rate applied by the European Central Bank (ECB) for its main refinancing operations in euros ('the reference rate'), plus three and a half points. The

reference rate is the rate in force on the first day of the month in which the payment deadline expires, as published in the C series of the *Official Journal of the European Union*.

If the late-payment interest is lower than or equal to EUR 200, it will be paid to the PRIMA Foundation only upon request submitted within two months of receiving the late payment.

Suspension of the payment deadline or payments in accordance with Articles 29 and 30 shall not be considered as late payment.

Late-payment interest covers the period running from the day following the due date for payment up to and including the date of payment.

Late-payment interest is not considered for the purposes of calculating the final amount of the EU contribution.

ARTICLE 21 — RECORD-KEEPING — CHECKS, AUDITS AND INVESTIGATIONS BY THE COMMISSION, OLAF AND THE COURT OF AUDITORS ON THE PRIMA FOUNDATION

21.1 Right to carry out checks, audits and investigations

The Commission, the European Anti-Fraud Office (OLAF) and the Court of Auditors may — at any time during the implementation of the entrusted tasks and up to five years after the payment of the balance — carry out checks and audits on the implementation of the entrusted tasks by the PRIMA Foundation.

21.2 Obligation to keep records and other supporting documentation

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

If there are on-going audits, appeals, litigation or pursuit of claims concerning the Agreement or the Transfer of Funds Agreement, the PRIMA Foundation shall keep the documents until the end of these procedures.

21.3 Commission checks and audits

The PRIMA Foundation shall provide any information, including information in electronic format, requested by the Commission or by any outside persons authorised by it in the context of checks, audits.

During an on-the-spot visit, the PRIMA Foundation shall grant Commission staff and outside persons authorised by the Commission access to its sites and premises and to all the necessary information (including information in electronic format). It shall ensure that the information is readily available at the moment of the on-the-spot visit and that information requested is handed over in an appropriate form.

On the basis of the audit findings, the Commission may take the measures which it considers necessary, including financial corrections and recovery of all or part of the payments made.

21.4 OLAF investigations

Under Regulations No 883/2013⁷ and No 2185/96⁸ (and in accordance with their provisions and procedures), OLAF may — at any moment during implementation of the entrusted tasks or afterwards — carry out investigations, including on-the-spot checks and inspections with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the EU's financial interests.

OLAF findings may lead to financial corrections and recovery by the Commission.

The PRIMA Foundation shall designate a contact point which shall have the appropriate powers to cooperate directly with OLAF in order to facilitate the latter's operational activities. It shall inform the Commission of the designated contact point within one month from the entry into force of the Agreement. The PRIMA Foundation shall inform without delay of any changes of the above mentioned contact point.

21.5 Audits by the European Court of Auditors (ECA)

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

SECTION 3 OTHER RIGHTS AND OBLIGATIONS

ARTICLE 22 — CONFLICT OF INTERESTS

The PRIMA Foundation shall take all necessary measures to prevent any situation where the impartial and objective implementation of the entrusted tasks is compromised for reasons involving economic interest, political or national affinity, family or emotional life or any other shared interest ('conflict of interests').

Any situation constituting or likely to lead to a conflict of interests during the implementation of the entrusted tasks shall be notified to the Commission, in writing without delay.

The PRIMA Foundation shall immediately take all the necessary steps to rectify this situation.

The Commission may verify that the measures taken are appropriate and may require additional measures to be taken within a specified deadline.

ARTICLE 23 — CONFIDENTIALITY

During the implementation of the Agreement and for a period of five years after the end date set out in Article 3, the parties must keep confidential any data, documents or other material (in any form) that is identified as confidential (in writing) at the time it is disclosed ('**confidential information**').

⁷ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.09.2013, p. 1).

⁸ Council Regulation (Euratom, EC) No 2185/1996 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

Unless otherwise agreed with the Commission, the PRIMA Foundation may use confidential information only for fulfilling its obligations under the Agreement or a Transfer of Funds Agreement.

The parties may disclose confidential information only if:

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

ARTICLE 24 — PROCESSING OF PERSONAL DATA

24.1 Processing of personal data by the Commission

Any personal data under the Agreement will be processed by the Commission under Regulation (EC) No 45/2001⁹.

Such data shall be processed by the following data controller of the Commission solely for the purposes of the implementation, management and monitoring of the Agreement and of the Transfer of Funds Agreements or protecting the financial interests of the EU or Euratom (including checks, audits and investigations; see Article 24).

The persons whose personal data are processed have the right of access and correct their own personal data. For this purpose, they must send any queries about the processing of their personal data to the data controller.

They also have the right of recourse at any time to the European Data Protection Supervisor (EDPS).

24.2 Processing of personal data by the PRIMA Foundation

Where the implementation of the entrusted tasks requires the processing of personal data by the PRIMA Foundation, it shall be processed by the PRIMA Foundation pursuant to Regulation (EC) No 45/2001.

Such data shall be processed by the data controller of the PRIMA Foundation, solely for the purposes of the implementation, management and monitoring of the Agreement and of the Transfer of Funds Agreements, without prejudice to possible transmission to the bodies charged with the monitoring or inspection tasks in application of the applicable rules.

The persons whose personal data are processed shall have the right of access to their personal data and the right to rectify any such data.

Should they have any queries concerning the processing of their personal data, they shall address them to the data controller.

⁹ Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001, p.1).

They shall also have the right of recourse at any time to the European Data Protection Supervisor (EDPS).

24.3 Processing of personal data by the recipients

The PRIMA Foundation shall ensure that the beneficiaries and contractors:

- process personal data under their grant agreement or contract in compliance with applicable EU and national law on data protection (including authorisations or notification requirements);
- grant their personnel access only to data that is strictly necessary for implementing, managing and monitoring their grant agreement or contract ;
- inform the personnel whose personal data are collected and processed by the PRIMA Foundation or by the Commission.

ARTICLE 25 — ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES

Claims for payments of the PRIMA Foundation against the Commission may not be assigned to third parties, except in duly justified cases where the situation warrants it.

The assignment shall only be enforceable against the Commission, if it has accepted the assignment on the basis of a written and reasoned request to that effect made by the PRIMA Foundation. In the absence of such acceptance, or in the event of failure to observe the terms thereof, the assignment shall have no effect on the Commission.

In no circumstances shall such an assignment release the PRIMA Foundation from its obligations towards the Commission.

CHAPTER 5 FINANCIAL CORRECTIONS — RECOVERY — DAMAGES — SUSPENSION — TERMINATION — FORCE MAJEURE

SECTION 1 FINANCIAL CORRECTIONS — RECOVERY — DAMAGES

ARTICLE 26 — FINANCIAL CORRECTIONS BY THE COMMISSION

The Commission may apply financial corrections by:

- excluding expenditure or administrative costs from EU financing, if they do not comply with the conditions set out in Article 5;
- reducing the EU contribution in proportion to the seriousness of the breach, if the PRIMA Foundation has breached any of its other obligations under this Agreement or a Transfer of Funds Agreement; or
- reducing the EU contribution in proportion to the seriousness of the breach, if Participating States do not contribute to the financing of the PRIMA programme in accordance with Article 5 of the PRIMA basic act, or contribute partially or late.

Before applying financial corrections, the Commission shall formally notify its intention to the PRIMA Foundation:

- specifying the corrections it intends to apply and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Commission does not receive any observations or decides to apply the financial corrections despite the observations it has received, it shall formally notify confirmation of the corrections.

ARTICLE 27 — RECOVERY BY THE COMMISSION

27.1 Conditions and procedure

If any amount is to be recovered under the terms of this Agreement or a Transfer of Funds Agreement, the PRIMA Foundation shall repay the Commission the amount in question.

Before recovery, the Commission shall formally notify the PRIMA Foundation of its intention to recover:

- specifying the amount due and the reasons why and
- inviting it to submit observations within a specified period.

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

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

- (a) by **offsetting** it — without the PRIMA Foundation's consent — against any amounts owed to the PRIMA Foundation by the EU or Euratom.

In exceptional circumstances, to safeguard the financial interests of the EU, the Commission may offset before the due date;

- (b) by **drawing on** the **financial guarantee(s)** provided by the Participating States (enclosed as Annex 6);
- (c) by taking **legal action** (see Article 37) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 79(2) of the Financial Regulation No 966/2012.

27.2 Late-payment interest

If payment has not been made by the date set out in the debit note, the amount due shall will be increased by **late-payment interest** at the rate set out in Article 20.6, from the day following the date for payment in the debit not, up to and including the date the Commission receives full payment of the amount.

Partial payments shall be first credited against charges and late-payment interest and then against the principal.

27.3 Bank charges

Bank charges incurred in the recovery process shall be borne by the PRIMA Foundation, unless Directive 2007/64/EC¹⁰ applies.

27.4 Waivers

The Commission may exceptionally waive recovery, if the conditions set out in Article 80 of the Financial Regulation No 966/2012¹¹ are met.

ARTICLE 28 — LIABILITY FOR DAMAGES

28.1 Liability of the Commission

The Commission cannot be held liable for any damage caused to the PRIMA Foundation or to third parties a consequence of implementing the Agreement or a Transfer of Funds Agreement, including for gross negligence.

The Commission cannot be held liable for any damage caused by the PRIMA Foundation or any third party involved in the implementation of the entrusted tasks under the Agreement or a Transfer of Funds Agreement.

28.2 Liability of the PRIMA Foundation

Except in cases of *force majeure*, the PRIMA Foundation shall compensate the Commission for any damage sustained by it as a result of the implementation of the entrusted tasks or because the tasks were not implemented in full compliance with the Agreement or a Transfer of Funds Agreement.

SECTION 2 SUSPENSION AND TERMINATION

ARTICLE 29 — SUSPENSION OF THE PAYMENT DEADLINE

The Commission may, at any moment, suspend the payment deadline if a request for payment cannot be met because:

- (a) it does not comply with the provisions of this Agreement or of a Transfer of Funds Agreement;
- (b) the accompanying documents set out in Article 5.1 and 5.2 of the Transfer of Funds Agreements have not been submitted or are not complete;
- (c) there is doubt about the acceptability of the underlying expenditure, or

¹⁰ Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC (OJ L 319, 05.12.2007, p. 1).

¹¹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (OJ L 298, 26.10.2012, p.1).

- (d) there are indications for a significant deficiency in the functioning of the internal control system or that the expenditure certified by the PRIMA Foundation is linked to a serious irregularity and has not been corrected and suspension of the payment deadline is necessary to prevent significant damage to the EU's financial interests.

The Commission shall formally notify the PRIMA Foundation of the suspension to and the reasons why.

Suspension shall take **effect** the day the notification is sent by the Commission.

If the conditions for suspending the payment deadline are no longer met, the suspension will be **lifted** — and the remaining period will resume.

If the suspension exceeds two months, the PRIMA Foundation may request the Commission if the suspension will continue.

ARTICLE 30 — SUSPENSION OF PAYMENTS

The Commission may — at any moment — suspend payments, if:

- (a) if it has evidence that the PRIMA Foundation has committed substantial errors, irregularities or fraud during the assessment by the Commission of its rules and procedures, its selection by the Commission or the implementation of the entrusted tasks, or if the PRIMA Foundation fails to comply with its obligations under this Agreement or a Transfer of Funds Agreement;
- (b) if it has evidence that the PRIMA Foundation has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under the present or other agreements funded by EU funds, which call into question the reliability of its internal control system or the legality and regularity of the underlying expenditure;
- (c) if it suspects substantial errors, irregularities, fraud or breach of obligations committed by the PRIMA Foundation in its selection procedure by the Commission or the implementation of the entrusted tasks and needs to check whether they have occurred;
- (d) if a Participating State does not contribute to the financing of PRIMA in accordance with Article 5 of Decision the PRIMA basic act, or contributes partially or late.

Before suspending payments, the Commission shall formally notify the PRIMA Foundation of its intention to suspend payments:

- specifying the reasons why and
- inviting it to submit observations within 30 days from receiving notification.

If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it shall formally notify confirmation of the suspension. Otherwise, it shall formally notify that the suspension procedure is not continued.

The suspension shall **take effect** the day the confirmation notification is sent by the Commission.

If the conditions for resuming payments are met, the suspension will be **lifted**. The Commission shall formally notify the coordinator.

During the suspension, the PRIMA Foundation may not submit any requests for payments (see Article 20). Requests for payments may again be submitted after resumption of payments or may be included in the first request for payment due following resumption of payments.

The PRIMA Foundation may suspend implementation of the entrusted tasks (see Article 31) or terminate the Agreement (see Article 32).

ARTICLE 31 — SUSPENSION OF IMPLEMENTATION OF THE ENTRUSTED TASKS

31.1 Suspension of the implementation of the entrusted tasks by the PRIMA Foundation

The PRIMA Foundation may suspend the implementation of all or part of the entrusted tasks, if exceptional circumstances — in particular *force majeure* — make implementation impossible or excessively difficult.

The PRIMA Foundation shall immediately inform the Commission, stating:

- the reasons why and
- the expected date of resumption.

Once circumstances allow for the implementation to resume, the PRIMA Foundation shall immediately formally notify the Commission, unless the Agreement is terminated in accordance with Article 32.

Expenditure or administrative costs resulting from commitments made by the PRIMA Foundation during suspension are not acceptable (see Article 5).

31.2 Suspension of the implementation of the entrusted tasks by the Commission

The Commission may suspend the implementation of the entrusted tasks in full or in part, if:

- (a) it has evidence that the PRIMA Foundation has committed substantial errors, irregularities or fraud during the assessment by the Commission of its rules and procedures, its selection by the Commission or the implementation of the entrusted tasks or if the PRIMA Foundation fails to comply with its obligations under the Agreement or a Transfer of Funds Agreement;
- (b) it has evidence that the PRIMA Foundation has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under the present or other agreements funded by EU funds which call into question the reliability of its internal control system or the legality and regularity of the underlying expenditure;
- (c) it suspects substantial errors, irregularities, fraud or breach of obligations committed by the PRIMA Foundation in its selection procedure by the Commission or the implementation of the entrusted tasks and needs to check whether they have occurred;

- (d) a Participating State does not contribute to the financing of PRIMA in accordance with Article 5 of the PRIMA basic act, or contributes partially or late.

Before suspending implementation of the entrusted tasks, the Commission shall formally notify the PRIMA Foundation of its intention to suspend:

- specifying the reasons why and
- inviting it to submit observations within 30 calendar days from receiving notification.

If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it shall formally notify **confirmation** of the suspension. Otherwise, it shall formally notify that the procedure is not continued.

The suspension shall **take effect** on the day the notification is received by the PRIMA Foundation (or on a later date specified in the notification).

It will be **lifted** if the conditions for resuming implementation are met.

The PRIMA Foundation will be formally notified of the lifting— unless the Agreement has already been terminated (see Article 30).

Expenditure or administrative costs resulting from commitments made by the PRIMA Foundation during suspension are not acceptable (see Article 5).

ARTICLE 32 — TERMINATION OF THE AGREEMENT AND OF THE TRANSFER OF FUNDS AGREEMENTS

32.1 Termination of the Agreement or of a Transfer of Funds Agreement on grounds of lack of interest

If one of the parties believes that the Agreement or a Transfer of Funds Agreement can no longer be effectively or appropriately carried out, it shall consult the other party.

Failing agreement on a solution, either party may terminate the Agreement or the Transfer of Funds Agreements, by formally notifying the other party.

Termination shall **take effect** 60 days from receiving notification, unless agreed otherwise by the parties.

32.2 Termination of the Agreement or of a Transfer of Funds Agreement on other grounds

The Commission may also terminate the Agreement or a Transfer of Funds Agreement if:

- (a) a change to the legal, financial, technical, organisational or ownership situation or systems, rules or procedures of the PRIMA Foundation is likely to substantially affect the implementation of the entrusted tasks or call into question the outcome of the assessment by the Commission of its rules and procedures or its selection by the Commission;
- (b) the PRIMA Foundation has failed to comply with its obligations under the Agreement or a Transfer of Funds Agreement;

- (c) implementation of the entrusted tasks is prevented by force majeure (see Article 31) or suspension of the implementation of the entrusted tasks by the PRIMA Foundation and either:
 - resumption is impossible or
 - would call into question the outcome of the assessment by the Commission of its rules and procedures or its selection by the Commission;
- (d) the financial guarantees provided by Participating States are no longer deemed adequate by the Commission to ensure full recovery of any amount due to the Union.
- (e) the PRIMA Foundation is declared bankrupt, being wound up, having its affairs administered by the courts, has entered in to an arrangement with creditors, has suspended business activities, or is in an comparable situation arising from a similar procedure provided for in national legislation or regulation;
- (f) the PRIMA Foundation (or a natural person that has the power to represent or to take decisions on its behalf) has been found guilty of professional misconduct, proven by any means;
- (g) the Commission has evidence that the PRIMA Foundation (or a natural person that has the power to represent or to take decisions on its behalf) has committed fraud, corruption or is involved in a criminal organisation, money laundering or any other illegal activity affecting the EU's financial interests;
- (h) the Commission has evidence that the PRIMA Foundation (or a natural person that has the power to represent or to take decisions on its behalf) has committed substantial errors, irregularities or fraud in the implementation of the entrusted tasks, including submission of false information during the assessment by the Commission of its rules and procedures or its selection by the Commission;
- (i) the Commission has evidence that the PRIMA Foundation has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under other agreements funded by EU funds, which call into question the reliability of its internal control system or the legality and regularity of the underlying expenditure;
- (j) a Participating State does not contribute to the financing of PRIMA in accordance with Article 5 of the PRIMA basic act, or contributes partially or late.

Before terminating the Agreement or a Transfer of Funds Agreement, the Commission shall formally notify the PRIMA Foundation of its intention to terminate:

- specifying the reasons why and
- inviting it to submit observations within 45 calendar days from receiving notification and—in the case of point (b) above—to inform the Commission of the measures to ensure compliance with the obligations under the agreement concerned.

If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify to PRIMA Foundation confirmation of

the termination and the date it will take effect. Otherwise, it will formally notify that the procedure is not continued.

The termination will **take effect**:

- for terminations under Points (a), (b), (d), (e) and (j) above: on the day specified in the notification of the confirmation (see above);
- for terminations under Points (c), (f), (g), (h) and (i) above: on the day after the notification of the confirmation is received by the PRIMA Foundation.

32.3 Effects

The PRIMA Foundation shall submit a request for payment of the balance (see Article 20).

The Commission will calculate the final amount of the EU (see Article 4.2) on the basis of the request submitted.

If no request for payment of the balance is received by 15 February of the year following the end of the period set out in Article 3 of the Transfer of Funds Agreements, no expenditure shall be taken into account for that year (since no accounts on the expenditure were submitted in accordance with Article 19.1).

The Commission shall not accept expenditure relating to contracts and grant agreements which are not completed at the date of termination, unless the PRIMA Foundation cannot reasonably terminate them on legal grounds.

Neither party may claim damages (see Article 28) due to termination of the Agreement or a Transfer of Funds Agreement.

If the Commission terminates this Agreement without terminating the Transfer of Funds Agreements, the obligations under Transfer of Funds Agreements that have entered into force before termination of the Agreement takes effect shall continue to apply.

SECTION 3 FORCE MAJEURE

ARTICLE 33 — FORCE MAJEURE

'Force majeure' shall mean any situation or event that:

- prevents either party from fulfilling their obligations under the Agreement or a Transfer of Funds Agreement;
- was unforeseeable, exceptional situation and beyond the parties' control;
- was not due to error or negligence on their part (or on the part of third parties involved in the implementation of the entrusted tasks), and
- proves to be inevitable in spite of exercising all due diligence.

The following cannot be invoked as force majeure:

- any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure,
- labour disputes or strikes, or
- financial difficulties.

Any situation constituting *force majeure* shall be formally notified to the other party without delay, stating the nature, likely duration and foreseeable effects.

The parties shall immediately take all the necessary steps to limit any damage due to *force majeure* and do their best to resume implementation as soon as possible.

The party prevented by force majeure from fulfilling its obligations under the Agreement or a Transfer of Funds Agreement shall not be considered in breach of them.

CHAPTER 6 FINAL PROVISIONS

ARTICLE 34 — COMMUNICATION BETWEEN THE PARTIES

34.1 Forms and means of communication — Addresses for communication

Any communication under the Agreement or a Transfer of Funds Agreement shall be made in writing, using the following addresses:

for the Commission:

European Commission
Directorate-General for Research and Innovation
Directorate Climate Action and Resource Efficiency
Unit I.2 Eco-innovation
1050 Brussels (Belgium)
E-mail address: [RTD PRIMA@ec.europa.eu](mailto:RTD.PRIMA@ec.europa.eu)

for the PRIMA Foundation:

PRIMA Foundation
Chair of PRIMA Foundation
Angelo Riccaboni
Carrer Père Duran Farell, 11 - 08034 Barcelona - Spain
E-mail address: angelo.riccaboni@prima-med.org

Electronic communications shall be confirmed by an original signed paper version of that communication, if requested by the other party within reasonable delay.

Formal notification shall be sent by registered post with proof of delivery.

34.2 Date of communication

Any communication is considered to have been made when it is received by the receiving party, unless the Agreement or the Transfer of Funds Agreement refers to the date when the communication was sent.

Electronic communications are considered to have been received on the same day the communication was sent to the addressees listed above, unless the sending party receives a message of non-delivery. In this case, the communication must be resent the paper address listed above. If the communication was subject to a deadline, the sending party shall not be considered in breach of this deadline.

Mail sent to the Commission by post is considered to have been received on the date on which it is registered by the department identified above.

Formal notifications by registered post with proof of delivery shall be considered to have been received on:

- the delivery date registered by the postal service or
- the deadline for collection at the post office.

ARTICLE 35 — INTERPRETATION OF THE AGREEMENT AND OF THE TRANSFER OF FUNDS AGREEMENTS

The provisions in the Terms and Conditions of the Delegation Agreement shall take precedence over its Annexes.

The provisions in the Terms and Conditions of the Transfer of Funds Agreements shall take precedence over their Annexes.

The provisions in the Terms and Conditions of the Transfer of Funds Agreements shall take precedence over those of Delegation Agreement.

ARTICLE 36 — AMENDMENTS TO THE AGREEMENT OR TO TRANSFER OF FUNDS AGREEMENTS

The Agreement or a Transfer of Funds Agreement may be amended, unless the amendment entails changes which would call into question the outcome of the assessment by the Commission of the PRIMA Foundation's rules and procedures or its selection by the Commission.

Amendments to the Agreement or to a Transfer of Funds Agreement shall be made in writing.

Requests for amendment shall be duly justified and sent to the other party in due advance before it is to take effect, unless duly substantiated by the party requesting the amendment and accepted by the other party.

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

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

ARTICLE 37 — APPLICABLE LAW AND SETTLEMENT OF DISPUTES

37.1 Applicable law

The Agreement and the Transfer of Funds Agreements are governed by EU law, supplemented if necessary by the law of Belgium.

37.2 Dispute settlement

If a dispute concerning the interpretation, application or validity of the Agreement or of a Transfer of Funds Agreement cannot be settled amicably, the General Court — or, on appeal, the Court of Justice of the European Union — has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU).

If a dispute concerns offsetting or an enforceable decision under Article 299 TFEU (see Article 27), the PRIMA Foundation must bring action before the General Court — or, on appeal, the Court of Justice of the European Union — under Article 263 TFEU.

ARTICLE 38 — LANGUAGE

This Agreement and the Transfer of Funds Agreements are concluded in English.

Any documents, reports or information required under these Agreements shall be transmitted in English.

ARTICLE 39 — ENTRY INTO FORCE OF THE DELEGATION AGREEMENT

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

SIGNATURES

For the PRIMA Foundation:

Angelo Riccaboni

Chair of PRIMA Foundation

(signature)

Done at [place], [date]

For the Commission:

Jack Metthey

Director

(signature)

Done at [Brussels], [date]

In duplicate in English

ANNEX 1

DESCRIPTION OF ENTRUSTED TASKS

The PRIMA Foundation is in charge of the implementation of the PRIMA programme.

For this purpose, it is entrusted with the EU financial contribution to this initiative and the following implementation tasks ('**entrusted tasks**')

- preparing the 'annual work plan' (with the planning of calls for proposals and other related activities), submitting it to the Commission (for approval) and subsequently adopting it ;
- establishing rules for proposal submission, evaluation and selection, including the use of two stage submission;
- ensuring that sufficient guidance and information is available to all potential participants, in particular the model grant agreement and, if appropriate, model arrangements among the recipients (model consortium agreement);
- managing all phases of the lifecycle of PRIMA actions (in conformity the PRIMA basic act), including call publication on the Participant Portal and on other Horizon 2020 websites, providing information to applicants, receiving proposals, evaluation, ethics review, evaluation review, grant preparation, notification of selection or rejection decisions to applicants, conclusion of grant agreements with recipients, monitoring execution of grant agreements, acceptance of reports, cost statements and other deliverables;

The ethics review shall be carried out in compliance with Articles 13 and 14 of the Rules for Participation Regulation (EU) No 1290/2013, as follows:

Selection and briefing of ethics experts: The list of ethics experts is drawn up annually by the DG RTD Ethics Department. In case the list is adapted during the year, the update will be sent to the ethics contact point in the PRIMA Foundation. The material for the standard briefing of ethics experts is supplied by DG RTD Ethics Department (and should be adapted, if necessary).

Ethics review: The PRIMA Foundation carries out the ethics pre-screening, the ethics screening and the ethics assessment of proposals. These procedures must be equivalent to those of the Commission. For proposals involving human embryonic stem cell research (hESC), the PRIMA Foundation must request the DG RTD Ethics Department to perform the ethics assessment.

Ethics checks and audits on the PRIMA Foundation: The Commission will carry out ethics checks and audits on the PRIMA Foundation, in order to verify the quality of the ethics appraisal system in place.

Ethics checks and audits on the recipients: The ethics checks and audits on the recipients must normally be carried out by the PRIMA Foundation. The Commission

must be informed at least 30 days in advance, and may decide to carry them out itself (or together with the PRIMA Foundation).

The Commission must be informed of the result of ethics checks and audits concerning hESC or significant research integrity issues requiring an in depth assessment by ethics experts. In this case, the Commission may undertake an in-depth examination of the case if necessary with the help of an external expert panel and address binding recommendations to the PRIMA Foundation.

- obtaining reasonable assurance on the legality and regularity of the underlying transactions, including the correctness of the distribution of funding to the recipients, the existence of the national contribution, [its actual payment,] the appropriate use of the EU funding, and on the eligibility of the costs claimed;
- wider networking activities to promote the PRIMA programme and enhance its impact;
- reporting to the Commission on the PRIMA programme (see Article 19);
- assessing the impact of the PRIMA programme on a regular basis, in particular in view of the interim and final evaluations foreseen in the PRIMA basic act and to be executed by the Commission;
- PRIMA Foundation shall monitor the compliance of implementation of activities included in the PRIMA annual work plan that are not funded by it with common principles agreed by the Participating States and the Commission as set out in Annex 4.
- ensuring sound financial management of the funds transferred and adequate protection of the EU's financial interests in line with Article 60(2) of the Financial Regulation¹²;

In response to the recommendations contained in the final report of the positive ex-ante assessment of the PRIMA Foundation issued by the audit firm KPMG, contracted by the Commission to perform the ex-ante assessment foreseen by Article 61 of the Financial Regulation, the PRIMA Foundation shall implement the action plan as follows:

¹² Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the European Union (OJ L 298, 26.10.2012, p.1).

Proposed Action Plan for the Recommendations for the PRIMA Foundation ex-ante assessment					
Pillar	Priority Level	Description	Recommendation	Implementation timetable	Action Plan Progress
1	2	<p>Ex ante and ex post controls on the recipients of funding: The only sampling criteria mentioned in the procedures about the criteria for sampling beneficiaries and transactions for ex post controls to be used either by the organization's staff or external auditors is the minimum % of projects to be audited.</p>	<p>We recommend the Entity to include other sampling criteria such as Beneficiary's nature (private, public), amount of the grant, Entities participating/coordinating in more than one project, nature/typology of the project, etc.</p>	<p>As soon as the award process of the first call for grants is finalized.</p>	<p>Done</p> <p>Procedure PRO_AUD, par. 4.3.1.2 has been amended as follows:</p> <p><i>4.3.2.1 Financial audit performance</i></p> <p><i>In order to guarantee the maximum degree of independence of audit process, PRIMA-IS plans financial audits on beneficiaries of grants to external auditors.</i></p> <p><i>At least 30% of the projects shall be audited.</i></p> <p><i>In defining the sample of organization to be audited, the following criteria will be followed:</i></p> <ol style="list-style-type: none"> <i>1. priority will be given to organization coordinating/participating in more than 1 project;</i> <i>2. priority will be given to private organizations;</i> <i>3. project with a high number of participating SMEs will be likely to be audited;</i> <i>4. project whose coordinator has never dealt with EU funds will be given priority.</i>

2	2	<p>Accounting system and policies: during our work we have not been able to make any walkthrough tests on the accounting software as this has been already acquired but is not yet in place.</p>	<p>We recommend that that the Entity ensures a proper follow up of the implementation of the accounting software, assessing as soon as possible whether the software responds to the needs and specificities of the Entity.</p>	<p>The A3 Accounting system will be fully operational within February 2018.</p>	<p>In progress</p> <p>A software was bought in 2017, that was already used by other Spanish Public Organization to manage EU funded projects.</p> <p>The general ledger of account is in compliance with the Spanish Accounting law.</p> <p>Also, a contract for accounting services was defined with a Spanish Accounting Firm, to make sure to meet both EC and Spanish law requirements.</p> <p>The following steps are:</p> <ol style="list-style-type: none"> 1. training of t PRIMA personnel – within January, 31, 2018 2. customization of the general ledger of accounts - within January, 31, 2018 3. Bank Transactions will be inserted in A3 accounting database within February 16th, 2018. 4. Salary Expenditures will the inserted in A3 accounting system by February 28th, 2018. 5. General Expenditures will the inserted in A3 accounting system by February 28th, 2018.
3	2	<p>External audit: at the time of our visit no</p>	<p>Although the Entity has already designed the process to appoint</p>	<p>The appointment of the external auditor will be</p>	<p>In progress</p> <p>Shifted after Delegation Agreement</p>

		external auditor has yet been appointed.	the external auditor, we recommend that the Entity makes a close follow up of the established process to ensure that the appointment of the external auditor is not delayed.	done by April 2018.	Signature – TOR already approved. Procurement process will start in February 2018.
4	2	Selection and evaluation procedures: Financial and operational capacity: The current process of evaluation of the financial capacity of grant beneficiaries states that the financial assessment to be made by PRIMA-IS will be done during the negotiation of the grant agreement phase. Should any assessment ends up being the affected Entity(ies) could not be finally awarded and the awards results already notified should be reassessed, modified and notified again to the awardees.	We recommend the Entity that the second financial assessment to be performed by PRIMA-IS is done during the evaluation phase.	During the evaluation phase of the 2 nd step Call of proposals and before the award of the grant and negotiation phase.	Done Procedure PRO_PRJ has been reviewed so that the process of the evaluation of the financial capacity of grant beneficiaries has been moved from the negotiation phase to the evaluation phase of proposal submitted in 2 nd step Call. Moreover, the procedure has been revised also on regard of the financial capacity check that will be organized and verified under the unique responsibility of the PRIMA-IS. The use of the system of PIC request and related validation by the Commission services has therefore been deleted in the procedure PRO-PRJ. Please refer to par. 4.4, 4.5, and 4.9 of PRO_PRJ rev 3.
4	2	Selection and evaluation procedures: The check of the eligibility criteria “being part of a participating country” for beneficiaries belonging to a country	We recommend that the Entity ensures that the above mentioned eligibility criteria is verified accordingly to the Commission Decision and on the approval of the annual work plan for 2018.	Before the publication of the first call for grants.	Done The criterion of being established in one of the Participating States was set as eligibility criterion. Please refer to par. 4.5 of PRO_PRJ rev 3.

		that has not yet signed the participation agreement is not foreseen in the current procedure (PRO_PRJ).			
Additional Requests Pillar 4	Timeline for IT system for grant management	Indicate a short roadmap for IT system and implementation for proposals/grant management	The system is already fully operational The link to the submission website will be announced in the PRIMA web page (prima-med.org) in the section corresponding to the call one month before the deadline for submission, (March 2018 for step-1 calls and August 2018 for step-2 calls for both Sections).	Done -The PRIMA IT system for the Grant Management of the calls has been selected by the BoT on November 15, 2017. The online platform selected corresponds to an adaptation of the French National Research Agency (ANR) electronic submission. -The system is now fully operational as it is use for JPI Water calls and is well adapted to PRIMA needs for Section 1 and 2 Calls. -A convention among PRIMA-IS and ANR has been signed for the use of the system with any costs for PRIMA-IS. Moreover, ANR IT staff will provide technical support in case of technical problems during the submission and evaluation process (problem of connexion for the experts).	

The PRIMA Foundation shall carry out the tasks delegated to it in its own name.

ANNEX 2

MANAGEMENT DECLARATION

I, the undersigned, [insert forename and surname], in my capacity as [insert function in the entrusted entity or person]:

- confirm, based on my own judgement and on the information at my disposal (including, the results of the audits and controls carried out) that:
 - the information submitted under Article 19.1 of the Delegation Agreement [insert reference of the Delegation Agreement] for the financial year 01/01/XXX to 31/12/XXX is properly presented, complete and accurate;
 - the expenditure was used for its intended purpose as defined in the Delegation Agreement and in the Decision (EU) 2017/1324;
 - the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;
 - the national programme activities of Participating States that have been included as Participating States Initiated Activities (PSIA) in the work plan of the PRIMA are in the scope of the objectives of the PRIMA, have been conducted according to the common principles agreed by the Participating States and the European Commission, have been correctly labelled or co-labelled in any communication of publication as part of the PRIMA supported by the European Union, and the contributions from the Participating States to PRIMA are the costs actually incurred by the Participating States in implementing those activities.
- confirm that I am not aware of any undisclosed matter which could harm the EU's interests.

[However, the following reservations should be noted:].

[Insert place], [insert date]

.....

(signature)

[insert forename and surname]

ANNEX 3

TRANSFER OF FUNDS AGREEMENT

Delegation agreement number: [insert number] — PRIMA programme

[insert year]

This is a ‘**Transfer of Funds Agreement**’ between the following parties:

on the one part,

the **European Union** (‘the EU’), represented by the European Commission (‘the Commission’), represented for the purposes of signing this Transfer of Funds Agreement by the Director of Directorate I of the Directorate-General for Research and Innovation, Jack Metthey,

and

on the other part,

the PRIMA Foundation, [official legal status or form], [official registration No], Carrer Pere Duran Farell, 11 - 08034 Barcelona - Spain, G67027904 (provisional VAT number) (‘Fundación Prima’).

By signing this Transfer of Funds Agreement, the PRIMA Foundation agrees to carry out, under its own responsibility, the tasks set out in the Delegation Agreement and this Transfer of Funds Agreement and to implement the annual work plan.

The Transfer of Funds Agreement is composed of:

Terms and Conditions

Annex 1 PRIMA Annual work plan [insert year]

TERMS AND CONDITIONS

ARTICLE 1 — SUBJECT OF THE AGREEMENT

This Agreement sets out the tasks to be carried out for the work plan of *[insert year]* under Delegation Agreement No *[insert number — insert name]*, and the EU financial contribution to be paid, based on the Commission Financing Decision for *[insert year]*.

ARTICLE 2 — DESCRIPTION OF THE ENTRUSTED TASKS

The tasks that must be carried are those necessary for the implementation of the ‘annual work plan’ set out in Annex 1.

ARTICLE 3 — DURATION AND STARTING DATE OF THE ENTRUSTED TASKS

The annual work plan shall be implemented *[OPTION for the 2018 annual work plan: from [insert starting date set out in Article 3 of the delegation agreement] until 31 December 2024] [OPTION for the following work plans: within a period of 60 months as of 1 January [insert year] until 31 December [insert year]]*.

ARTICLE 4 — EU FINANCIAL CONTRIBUTION

The maximum amount of the EU contribution for the implementation of the tasks under this Transfer of Funds Agreement is EUR *[insert amount]*.

ARTICLE 5 — REQUESTS FOR PAYMENTS AND PAYMENT ARRANGEMENTS

5.1 Pre-financing payments — *Requests for further pre-financing payments*

The pre-financing is intended to provide the PRIMA Foundation with a float.

It remains the property of the EU until the payment of the balance.

Pre-financing split in several instalments:

A first pre-financing payment of EUR *[insert amount]* shall be paid to the PRIMA Foundation within 30 days *[[of the entry into force of this Transfer of Funds Agreement] [of [insert a date later than the entry into force of the Transfer of Funds Agreement]]*, unless payments are suspended (see Article 30 of the Delegation Agreement).

Option [A second pre-financing payment of EUR [insert amount] shall be paid to the PRIMA Foundation within 30 days of [insert date], unless payments are suspended (see Article 30 of the Delegation Agreement).]

Further pre-financing payments triggered by the end of an implementation period

The PRIMA Foundation shall submit a request for a further pre-financing payment within 45 days of the end of each period of implementation of:

- EUR *[insert amount]* as of 31 December *[insert year]*.
- *[same for further periods of implementation]*.

The request for a further pre-financing payment shall be accompanied by the reports referred to in Article 19.1.1 of the Delegation Agreement.

If the expenditure incurred for the entrusted tasks in the implementation period is less than the pre-financing already paid to the PRIMA Foundation, the Commission will deduct the difference from the next instalment.

If the expenditure incurred for the entrusted tasks in the implementation period is more than the pre-financing already paid to the consortium, the Commission will add the difference to the next instalment.

Each pre-financing instalment shall be paid to the PRIMA Foundation within 90 days of receipt of the request for payment and of all the accompanying documents referred to in Article 19.1 of the Delegation Agreement, unless the payment deadline or payments are suspended (see Articles 29 and 30 of the Delegation Agreement).

5.2 Payment of the balance — Request for payment of the balance

The payment of the balance reimburses the remaining part of the expenditure incurred for the implementation of the entrusted tasks and of the administrative costs of the PRIMA Foundation for the implementation of the PRIMA programme under this Transfer of Funds Agreement.

The PRIMA Foundation shall submit a request for payment of the balance by 15 February of the year following the end of the period set out in Article 3.

The request for payment of the balance shall be accompanied by the documents referred to in Article 19.1 of the Delegation Agreement for the last year of implementation of the entrusted tasks under this Transfer of Funds Agreement.

The amount of the balance shall be determined following approval of the request for payment of the balance and of the accompanying documents by deducting the earlier payments from the final amount of the EU contribution calculated in accordance with Article 4.2 of the Delegation Agreement.

Approval of the request for payment of the balance and of the accompanying documents shall not imply recognition of the legality and regularity of the underlying expenditure or of the authenticity, completeness and correctness of the declarations and information they contain.

Approval shall be without prejudice to any checks and audits which may be carried out under Article 21 of the Delegation Agreement.

If the balance is negative, the payment of the balance takes the form of recovery.

If the balance is positive, the Commission shall pay it within [60][90] days from receiving the request for payment of the balance, except if the payment deadline or the payments are suspended in accordance with Articles 29 and 30 of the Delegation Agreement.

ARTICLE 6 — ENTRY INTO FORCE OF THE TRANSFER OF FUNDS AGREEMENT

The Transfer of Funds Agreement shall enter into force on the date on which the last party signs it.

SIGNATURES

For [acronym of the entrusted entity or person]:

[insert name, surname, function]

(signature)

Done at [Brussels], [date]

For the Commission:

Jack Metthey

Director

(signature)

Done at [Brussels], [date]

In duplicate in English

ANNEX 4

COMMON PRINCIPLES APPLYING TO ACTIVITIES FUNDED BY PARTICIPATING STATES

Common principles applying to national programme activities that are not funded by the PRIMA Foundation but included in the PRIMA annual work plans as so-called Participating States Initiated Activities (PSIAs)

The Decision (EU) 2017/1324 ('the PRIMA basic act') stipulates that PRIMA activities may include national programme activities of Participating States that are not funded by the PRIMA Foundation, including activities undertaken by public or private not-for-profit research organisations. Those activities included as so-called Participating States Initiated Activities (PSIAs) in the PRIMA Annual Work Plan shall be implemented in compliance with common principles to be agreed by the Participating States and the European Commission, taking into account the principles set out in Article 6(9) of the PRIMA basic act, in Title VI of Regulation (EU, Euratom) No 966/2012 and in Regulation (EU) No 1290/2013, in particular the principles of equal treatment, transparency, independent peer review evaluation and selection.

The European Commission and the PRIMA Foundation on behalf of the Participating States have agreed to the common principles outline below:

➤ **Equal treatment**

- Participation in PSIAs, including the right to receive funding, should in general be open to any type of legal entity, private or public. It is understood and acceptable however, that national legislation or specific objectives of an action may dictate that only certain legal entities, e.g. public institutions, can participate and receive funding in certain actions.
- Funding to PSIA actions should to the largest possible extent be allocated through open calls for proposals, and the PRIMA programme should be mentioned in the call text. It is understood and acceptable however that existing national research infrastructures and organisations, e.g. publicly funded research institutes, can be used to implement parts or the entire PSIA. Funding may therefore not be allocated through open calls for proposals, but either through internal competition within the research infrastructure or according to an overall strategic research plan.
- The principle of equality and non-discrimination based on gender, racial or ethnic origin, religion or belief, disability, age and sexual orientation should be observed and promoted.

➤ **Transparency**

- Evaluation and selection criteria and details of the review process should be published before applicants submit proposals.
- The awarding of funds through calls for proposals or through institutional funding is made public.
- Any communication or publication related to PSIAs, whether undertaken by the PRIMA Foundation, a Participating State, or participants to an activity, shall be labelled or co-labelled as '[name of the PSIA] is part of the PRIMA programme supported by the European Union'.

- **Independent peer review evaluation**
 - Applications submitted through open calls for proposals should be evaluated by panels of leading independent domestic and/or non-domestic experts (peer review).
 - In case of direct funding to a national research infrastructure or organisation, the quality of the research output by the national research infrastructures or organisation should be assessed on a regular basis and structured manner, preferably through independent peer review.










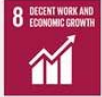



- **Ethics and scientific integrity**
 - The principles of scientific integrity as defined in the European Code of Conduct for Research Integrity should be observed and promoted.¹³
 - Fundamental ethical principles and in particular those related to the Charter of Fundamental Rights of the European Union, the European Convention on Human Rights and its Supplementary Protocols, should be adhered to and enforced, both during selection of actions for funding and during the subsequent implementation of the actions.

- **Appeal and complaints**
 - A peer review appeal system should be established to provide applicants the opportunity to seek reconsideration of the initial review results if they believe the review process was flawed.

- **Exploitation and dissemination of results.**
 - The findings of research activities included as PSIAs in the PRIMA annual work plan must be made available to the research community and the public in a timely manner.

¹³ cf. http://ec.europa.eu/research/participants/data/ref/h2020/other/hi/h2020-ethics_code-of-conduct_en.pdf

ANNEX 5
SPECIFIC REPORTING REQUIREMENTS AND INDICATORS

		IMPACT INDICATORS	
		KPIs	SDGs implementation ¹
General goals	 Innovation for MANAGEMENT OF WATER	<ul style="list-style-type: none"> • Number of applied R&I solutions to the challenges of water management • SDG#6 - 06.21 Biochemical oxygen demand in rivers; • SDG#6 - 06.24 Nitrate in groundwater • SDG#6 - 06.26 Phosphate in rivers every year • SDG#6 - 06.41 Water exploitation index (WEI) 	
	 Innovation for FARMING SYSTEMS	<ul style="list-style-type: none"> • SDG#2 - 2.4.1 Proportion of agricultural area under productive and sustainable agriculture • SDG#2 - 2.5.2 Proportion of local breeds classified as being at risk, not-at-risk or at unknown level of risk of extinction • SDG#11 - 11.3.1 Ratio of land consumption rate to population growth rate. 	 
	 Innovation for AGRO-FOOD VALUE CHAIN	<ul style="list-style-type: none"> • SDG#12 - 12.3.1 Global food loss index • Percentage increase in Mediterranean agro-food products exported • Percentage decrease in Food imports dependency (%imports/consumption) 	
	 Economic Growth/ Competitiveness	<ul style="list-style-type: none"> • New water and food quality oriented business models and strategies • Start-ups created adopting organisational and technological innovation • SDG#10 - 10.2.1 Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities • SDG#8 - 8.1.1 Annual growth rate of real GDP per capita 	 
	 Diet/Health/Well-being	<ul style="list-style-type: none"> • Decrease in overweight population percentage (of which obese) by sex and by Country • SDG#6 - 6.1.1 Proportion of population using safely managed drinking water services 	
	 Migration	<ul style="list-style-type: none"> • Multidimensional Poverty Index (SDG) by Country^{2,3} 	

¹ Sachs, J., Schmidt-Traub, G., Kroll, C., Durand-Delacre, D. and Teksoz, K. (2017). *SDG Index and Dashboards Report 2017*.

² Alkire, S., Apablaza, M., and Jung, E. (2014). *Multidimensional poverty measurement for EUSILC countries*. OPHI Research in Progress 36b.

³ Alkire, S. and Robles, G. (2017). *Multidimensional Poverty Index Summer 2017: Brief methodological note and results*. OPHI Methodological Note 44, University of Oxford.

OUTCOMES INDICATORS

		KPIs	SDGs implementation ¹
Specific objectives	 <p>ALIGNMENT OF NATIONAL R&I PROGRAMMES</p>	<ul style="list-style-type: none"> • Changes in R&I priorities of national agencies oriented towards PRIMA objectives • Percentage increase of coordination 	
	 <p>CRITICAL MASS OF ACTORS AND RESOURCES</p>	<ul style="list-style-type: none"> • Increase of means for R&I funding • Increased involvement of industry incl. SMEs • New public-public or public-private partnerships, new collaborations • Efficiency benefits through pooling of resources, sharing of public investment of PS 	
	 <p>STRENGTHENING R&I CAPACITIES</p>	<ul style="list-style-type: none"> • Improved capacity of R&I organisations • Number of pilots and demonstrators • New practices for R&I organisations • 9.5.2 Researchers (in full-time equivalent) per million inhabitants 	
Thematic Areas and Priorities	 <p>1/MANAGEMENT OF WATER</p> <ol style="list-style-type: none"> 1 Water resources availability; 2 Sustainable integrated water management; 3 Irrigation technologies; 4 Use of alternative water resources. 	<ul style="list-style-type: none"> • Number of new modelling routines for determining basic components of water cycle related to groundwater accumulation; • Number of efficiency enhanced technologies for wastewater treatment for unconventional renewable water resource production; • Number and efficiency performance of new irrigation technologies and scheduling protocols and models; • Number of water treatment technologies for specific irrigation requirements. 	
	 <p>2/ FARMING SYSTEMS</p> <ol style="list-style-type: none"> 1 Adaption of agriculture to climate change; 2 Developing sustainable and productive agro-ecosystems; 3 Preventing emergence of animal and plant diseases; 4 Developing farming systems, create employment etc. 	<ul style="list-style-type: none"> • Number of new varieties/species adaptable to climate change; • Improved Knowledge of soil erosion mechanisms to enhance fertility and mitigate salinization under conditions of water scarcity improving nutrient balance; • Number of integrated solutions for pest and diseases management for plant and animal production systems; • Number of innovations in farming systems developed enabling sustainable and efficient agriculture and food systems. 	
	 <p>3/ AGRO-FOOD VALUE CHAIN</p> <ol style="list-style-type: none"> 1 Valorising food products; 2 Food safety in local chains; 3 Implementation of innovation in the agro-food chain; 4 Implications of dietary shifts. 	<ul style="list-style-type: none"> • Number of new food products with enhanced shelf-life, quality and health-related beneficial properties; • Number of innovative solutions aimed to improve quality control mechanisms and techniques throughout supply chains; • Number of business models for quality and sustainability adapted to SME and smallholders; • Number of raising awareness campaign promoting an environment conducive to healthy food choices through appropriate incentives and information provision to consumers and policy makers. 	

OPERATIONAL INDICATORS

KPIs

Development of a SRIA

- Number of meetings/events/participants

Joint transnational calls for proposal

- Number of calls, number of proposals submitted/funded;
- time to contract, time to grant, time to pay.

Networking activities, Stakeholder involvement, Knowledge-sharing/Dissemination, Mobility/Training

- Number of events;
- Participation of industry/society in the implementation;
- Number of events/schemes;
- Number of participants.

ANNEX 6

MODEL DECLARATION OF LIABILITY FOR PRIMA

Declaration on FINANCIAL GUARANTEES

PRIMA Participating States

Subject: Declaration of liabilities in the scope of the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) under Article 185 of the Treaty on the Functioning of the European Union

By Decision (EU) No 2017/1324 of the European Parliament and of the Council of 4 July 2017¹⁴ ('the PRIMA basic act') the European Union is participating in the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) jointly undertaken by several Member States and third countries ('the Participating States').

According to the PRIMA basic act the Participating States have designated the PRIMA Foundation, an entity with legal personality, as the structure responsible for implementing the programme and for receiving, allocating and monitoring the Union's financial contribution.

Article 11(5) of the PRIMA basic act states that '[i]n implementing PRIMA, the Participating States shall take the legislative, regulatory, administrative and other measures necessary for protecting the Union's financial interests, in particular, to ensure full recovery of any amounts due to the Union in accordance with Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012'.

In order to be entrusted with Union budget implementation tasks in accordance with Article 58(1)(c)(vi) of Regulation (EU, Euratom) No 966/2012, the PRIMA Foundation has to provide adequate financial guarantees, i.e. assurance that the Union will be able to recover any amounts unduly received by PRIMA Foundation from the Union. Since the PRIMA Foundation is a non-profit organisation and may not have adequate capital reserve of its own, the financial guarantees are provided by the Participating States.

[Insert name of the Participating State] represented for the purposes of signing this declaration by *[insert name of the public law body or organisation authorised by the Participating State]*, gives to the European Union unconditional and irrevocable guarantee for any debt of the PRIMA Foundation towards the European Union in relation to any activity undertaken by the PRIMA Foundation in the implementation of the PRIMA basic act up to *[insert the amount]*¹⁵. Repayment of any debt to the Union resulting from any activity undertaken by PRIMA Foundation in the implementation of the PRIMA basic act shall be done by *[insert name of the Participating State]* proportionally to the share of the amount guaranteed by *[insert name of the Participating State]* in the total amount guaranteed by the Participating States that have signed corresponding declarations of liability.

¹⁴ OJ L 185, 18.7.2017, p. 1

¹⁵ The guarantors shall collectively cover the amount of the Union financial contribution to PRIMA. The upper limit of the amount guaranteed by each of the guarantors individually should be aligned with the amount of the financial contribution committed to PRIMA by the respective Participating State.

In the event that the actual repayment of any debt to the Union, resulting from any activity undertaken by the PRIMA Foundation in the implementation of the PRIMA basic act made by any other Participating State is higher than its share in the total amount guaranteed by the Participating States that have signed a declaration of liability, *[insert name of the Participating State]* agrees to reimburse that Participating State without delay in proportion to *[insert name of the Participating State]*'s share of the total amount guaranteed by the Participating States that have signed corresponding declarations of liability.

As the duly authorised legal representative of *[insert name of the public law body or organisation authorised by the Participating State]* I sign to assert that I understand and agree that *[insert name of the Participating State]* accepts the abovementioned obligations and agrees to pay amounts requested by the Commission immediately and at first demand.

Signed on behalf of *[insert name of the public law body or organisation authorised by the Participating State]*

[insert name of the legal representative and position]

Authorised signature

Date: *[insert date of signature]*