



**REGIONAL DEVELOPMENT PROGRAMME
ALBANIA
TEMPLATE GRANT CONTRACT**

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GRANT CONTRACT
REGIONAL DEVELOPMENT PROGRAMME ALBANIA
Grant contract identification number... (the ‘Contract’)

Fondacioni “Programi i Zhvillimit Rajonal Shqipëri”, Contracting Authority for the Regional Development Programme Albania (RDPA) – Grant Scheme on Regional Development and Cohesion, with registered offices at the address, Tirana, Albania, with registration number, represented by

And

_____ (**Full official name**) _____ (Legal status of the organization) _____ (Official registration number), _____ (name and ID data of the representative) _____ (address) _____ (VAT number for registered beneficiaries) in the capacity of **Beneficiary** of the RDPA Grant Scheme on Regional Development and Cohesion,

The Contracting Authority and the Beneficiary are referred to in this Contract, individually as the Party and jointly as the Parties.

WHEREAS

- A) The Republic of Albania and the Swiss Government have entered on 11 May 2007 a Framework Agreement on Technical and Financial Cooperation and Humanitarian Aid;
- B) The Republic of Albania and the Swiss Government have entered a cooperation agreement for the Regional Development Programme in Albania ratified through the Albanian Law No. 99/2020 which establishes assistance and funding for the realization of the Project – Regional Development Programme for Albania, Phase 4.
- C) ECORYS NL has assigned to Fondacioni “Programi I Zhvillimit Rajonal Shqipëri” the execution of the RDPA in Albania.
- D) On turn the Contracting Authority has assigned the functions of Mandated Body to the Albanian Development Fund.
- E) The parties herewith are willing to enter this Grant Contract pursuant to the terms and conditions provided below.

ARTICLE 1

Definitions

The following shall be referred to for the purposes of this Agreement:

“**Action**” means a project selected within the framework of the RDPA Grant Scheme on Regional Development and Cohesion;

“**Days**” means calendar days;

“**Force Majeure**” for the purpose of this Grant Contract covers any unforeseeable events, not within the control of either party to this Contract and which by the exercise of due diligence neither party is able to overcome such as acts of God, strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars whether declared or not, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosion.

“**Beneficiary**” means a public body responsible for both initiating and implementing an Action;

“**Call for Proposals**” means the public invitation by the Contracting Authority, and any corrigendum to the Call for Proposals, addressed to a clearly identified category of applicants, to propose Actions within the framework of the RDPA Grant Scheme on Regional Development and Cohesion, containing the terms and conditions of participation. The Call of Proposals and Corrigendum are attached to this Contract as Annex I and form an integral part of it.

“**Regional Development Programme Albania Phase 4 (RDPA)**” is the Programme approved under Law 99/2020 representing the formal commitment of the Swiss Government (Donor) to finance Actions in the framework of the Programme.

“**Contracting Authority**” is the entity responsible for management and implementation of the RDPA Grant Scheme on Regional Development and Cohesion;

“**Mandated Body**” is the entity which is delegated functions by the Contracting Authority in support of management and implementation of the RDPA Grant Scheme on Regional Development and Cohesion.

“**Substantial Obligation**” for the purpose of this Contract means the obligations defined in Article 9.9 below.

ARTICLE 2

Purpose of the Contract

- 2.1. The purpose of this Contract is the award of a grant by the Contracting Authority to finance the implementation of the action entitled: _____ (hereby referred as the “Action”), as described in Annex II “Description of the Action (Application)”, attached to this Contract.
- 2.2. The Beneficiary shall be awarded the grant on the terms and conditions set out in this Contract and the attached annexes which form an integral part of it, which the Beneficiary hereby declares it has noted and accepted.
- 2.3. The Beneficiary accepts the grant and undertakes to be responsible for carrying out the Action.

ARTICLE 3

Financing the Action

- 3.1. The Contracting Authority undertakes to finance 100% of the total eligible cost of the Action, within a maximum amount of _____ ALL.
- 3.2. The Beneficiary shall finance the amount of _____ ALL, representing the VAT of costs for activities planned to be implemented by the Beneficiary under the Action.
- 3.3. The total eligible costs as referred to in paragraph 3.1 and 3.2 of this article, are estimated in ALL, as set out in Annex III “Budget of the Action” attached to this Contract, with clear identification if are financed by the Contracting Authority or co-financed by the Beneficiary.
- 3.4. In the event, the Beneficiary fails at all stages of the implementation of the action, to satisfy completely or partially the obligation arising from paragraph 3.2, the Contracting Authority reserve its right to terminate this Contract pursuant to Article 18 of this Contract.

ARTICLE 4

Implementation period of the Action

- 4.1. This Contract shall enter into force on the date when the second of the two Parties signs it.
- 4.2. Implementation of the Action shall begin on the first day following the date of entry into force of the Contract.
- 4.3. The implementation period of the Action, as laid down in Annex II, is _____ months.
- 4.4. The execution period of this Contract shall end when the payment of the balance is made by the Contracting Authority or any amount unduly paid to the Beneficiary is duly recovered by the Contracting Authority in line with Article 11 and, in any event, maximum 6 months after the end of the implementation period as stipulated in Article 4.3 unless postponed in accordance with Article 18.6 of this Contract.

ARTICLE 5

General Obligations of the Parties

5.1. Obligations of the Beneficiary

Throughout the implementation period of this Contract the Beneficiary shall:

- a. Carry out the Action, taking all necessary and reasonable measures to ensure that the Action is carried out in accordance with the Description of the Action in Annex II and the terms and conditions of this Contract and its Annexes. To this purpose, the Beneficiary shall implement the Action with the requisite care, efficiency, transparency, good faith and diligence, in line with the principle of sound financial management and with the best practices in the field;
- b. Be responsible for complying with any obligation incumbent on it from this Contract;
- c. Forward to the Contracting Authority, the Mandated Body or any other body indicated by the Contracting Authority the data needed to draw up the reports, financial statements and other information or documents required by this Contract and the Annexes thereto, as well as any information needed in the event of verifications, checks, monitoring or evaluations, as described in Article 9 of this Contract;
- d. Ensure that all information to be provided and requests made to the Contracting Authority are sent via the Mandated Body;
- e. Agree upon appropriate internal arrangements for the internal coordination and representation of the Beneficiary vis-à-vis the Contracting Authority for any matter concerning this Contract, consistent with the provisions of this Contract and in compliance with the applicable Albanian legislation;
- f. Has full financial responsibility for ensuring that the Action is implemented in accordance with this Contract;
- g. Establish the payment requests in accordance with the Contract;
- h. Be the sole recipient of the payments of the Contracting Authority.
- i. *Ensure that the Beneficiary Partner(s) shall deliver its obligations under the grant contract as per the Action.*
- j. *Ensure that all expenditures are made in line with applicable procurement rules and if exceptions for direct award are applied such are duly justified as required.*

5.2. Obligations of the Contracting Authority

Throughout the implementation period of this Contract the Contracting Authority shall:

- a. Communicate with the Beneficiary, whether through its authorized officer or the Mandated Body in relation to every issues which may arise during the implementation of the Contract;
- b. Provide the payments pursuant to the dispositions of Article 8 of this Contract;
- c. Notify the Beneficiary in relation to any delegation of its functions to the Mandate Body or other Bodies as may be deemed necessary;
- d. Comply in good faith with any obligation incumbent on it from this Contract.

ARTICLE 6

Delegation of functions of the Contracting Authority

6.1. The Contracting Authority has delegated to the Mandated Body the following functions:

- a. Monitor that the Action is implemented in accordance with this Contract and ensure coordination with the Beneficiary in the implementation of the Action;
- b. Be the intermediary for all communications between the Beneficiary and the Contracting Authority;
- c. Be responsible for verifying the correctness and supplying all documents and information to the Contracting Authority which may be required under this Contract, in particular in relation to the narrative and financial reports and the requests for payment. Where information from the Beneficiary is required, the Mandated Body shall be responsible for obtaining, verifying and consolidating this information before passing it on to the Contracting Authority. Any information given, as well as any request made by the Mandated Body to the Contracting Authority, shall be deemed to have been given in agreement with the Beneficiary;
- d. Support the Contracting Authority in relation to recoveries due by the Beneficiary in accordance with Article 11;

- e. Inform the Contracting Authority of any event likely to affect or delay the implementation of the Action;
 - f. Inform the Contracting Authority of any change in the legal, financial, technical, organisational or ownership situation of the Beneficiary, as well as, of any change in the name, address or legal representative of the Beneficiary;
 - g. Be present and provide support in the event of audits, checks, monitoring or evaluations, as described in Article 9 of this Contract, for providing all the necessary documents, including the accounts of the Beneficiary, copies of the most relevant supporting documents and signed copies of any contract concluded according to Article 15, of this Contract;
 - h. Exercise all the other functions as established in this Contract;
 - i. Not delegate any, or part of, these tasks to the Beneficiary or other entities.
- 6.2. The Mandated Body shall have the same authority of the Contracting Authority over the Beneficiary with regards to the functions delegated to it pursuant to Articles 6.1 above and the Beneficiary shall treat the Mandated Body accordingly, provide the necessary access to it in accordance with Article 9 below and fully comply with its requests.
- 6.3. The Contracting Authority may delegate additional functions and tasks under this Contract to the Mandated Body. It shall notify such occurrence in writing to the Beneficiary within 10 (ten) days of such a decision pursuant to the notification procedure established in Article 20.12 below. The written notification shall list the functions delegated to the Mandated Body.

ARTICLE 7

Eligible costs

7.1. Cost eligibility criteria

Eligible costs are actual costs incurred by the Beneficiary which meet all the following criteria:

- a. they are incurred during the implementation of the Action as specified in Article 4 of this Contract.
- b. they are indicated in the estimated overall Budget for the Action as provided for in Annex III of this contract;
- c. they are necessary for the implementation of the Action;
- d. they are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary and determined according to the accounting standards and the usual cost accounting practices applicable to the Beneficiary;
- e. they comply with the requirements of the Albanian legislation;
- f. in cases of costs within the limit of 20% of the budget invoiced by the project associated partner based on directly awarded contract such are duly justified with reference to at least two similar activities/services with outputs
- g. they are reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

Costs relating to services and works shall relate to activities performed during the implementation period.

Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement.

Costs incurred should be paid before the submission of the final report. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment that shall be latest by 5 days after receipt of final payment.

7.2. Eligible costs

The following shall be considered as eligible costs under this Contract:

- a. Works for construction / rehabilitation / extension of physical infrastructure being in the ownership of the beneficiary or whose maintenance is the responsibility of the beneficiary;
- b. Purchase of equipment, furniture, and supplies that are ancillary to the above-mentioned works;
- c. Supply of technical equipment and IT infrastructure;
- d. Consultancy services;
- e. Costs for visibility and visibility events of the funded activities;
- f. Costs for organising events, trainings, incl. renting premises and equipment, learning and training materials, coffee breaks, etc.
- g. Services for works supervision (including kolaudim);
- h. Bank fees.

Such costs are eligible if:

- a. they have occurred and invoiced within the period of grant contract implementation;
- b. being procured in line with the applicable procurement rules;
- c. as an exception, up to 20% of the budget for consultancy could be invoiced by associated partner(s), following direct award of a contract, if associated partner is specialized and experienced in delivering such service in the field of project implementation (ex. preparation of surveys, studies, etc.). Reference to at least two similar activities/services with outputs for the activity / cost that should be provided by the associated partner (link or hard copy) to prove the expertise.

In order for expenditure to be eligible, the Beneficiary shall provide to the Contracting Authority via the Mandated Body in attachment of the financial reports required under Article 12, two copies of each invoice that are certified conforming to the original by the Beneficiary (Municipality) and bearing the Municipality's stamp.

7.3. Ineligible costs

The following costs shall not be considered eligible:

- a. Salaries and other operational costs of the Beneficiary /Beneficiary partner (Municipalities);
- b. Contributions in kind;
- c. Expenditure incurred before the signature of the grant contract;
- d. Cost for preparing the Action;
- e. Debts and debt service charges (interest);
- f. Provisions for losses or potential future liabilities;
- g. Costs declared by the beneficiary and financed by another Action under another source of funding;
- h. Purchases of land or buildings;
- i. Rent of assets;
- j. Credit to third parties;
- k. VAT.
- l. Costs not listed under section 7.2.

ARTICLE 8

Payment Schedule and Procedure

8.1. Payment Schedule

The Contracting Authority must pay the grant to the Beneficiary, conform to the below payment schedule:

- a. an initial pre-financing payment of 80% of the maximum amount of grant referred to in Article 3.1 of this Contract;
- b. the balance of the final amount of the grant, upon the submission of the final report pursuant to the provisions of Article 12.

8.2. Opening the Beneficiary (Municipality)'s special/dedicated accounts

After the signature of the grant contract, the Beneficiary will request to the Ministry of Finance to open a special account for the grant funds in the Bank of Albania and authorise the opening of a dedicated account in a second level bank licensed in the Republic of Albania, in compliance with the Ministry of Finance's instruction no. 35 dated 21 September 2020. The Municipality shall provide copies of these requests to the Contracting Authority immediately after the formal submission of the requests to the Ministry of Finance.

8.3. Payment Procedure and Time-limits

- 8.3.1. After the opening of the special account from the Ministry of Finance in the Bank of Albania, the Beneficiary (Municipality) will prepare the request for pre-financing by using the template in Annex IV to this Contract and submit it to the Contracting Authority via the Mandated Body. The pre-financing payment shall be made by the Contracting Authority within 30 days from the request of payment, to the Municipality's dedicated account in the Bank of Albania. Subsequently, the Beneficiary shall apply to the Ministry of Finance for receiving the pre-financing funds in the dedicated second level account as provided in paragraph 8.2.
- 8.3.2. The payment request for the balance payment shall be prepared by using the template in Annex IV to this Contract. The payment of the balance shall be made by the Contracting Authority to the Municipality's dedicated account in the Bank of Albania, within 30 days of receipt of the payment request submitted to the Contracting Authority via the Mandated Body. Subsequently, the Beneficiary shall apply to the Ministry of Finance for receiving the payment of the balance funds in the dedicated second level account in the bank of second level as referred to in paragraph 8.2.
- 8.3.3. Payment of the balance is subject to the disbursement of the co-financing amount in accordance with the provisions of Article 3.2 of this Contract and timely submission of the Final Report to the Contracting Authority via the Mandated Body in line with Article 12 of this Contract.
- 8.3.4. The payment request is deemed accepted if there is no written reply by the Contracting Authority within 30 days from its submission.
- 8.3.5. Payment shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information provided.

8.4. Payment Currency and Exchange

- 8.4.1. The Contracting Authority shall make payments in ALL currency.
- 8.4.2. Costs incurred in other currencies than the one used in the Beneficiary's accounts for the Action shall be converted according to the Beneficiary's usual accounting practices, provided that the following basic requirements are respected:
 - a. they are written down as an accounting rule, i.e. they are a standard practice of the Beneficiary – in particular, the conversion rate for converting other currencies to ALL will be the exchange rate of the Bank of Albania in the date of payment; they are applied consistently;
 - b. they give equal treatment to all types of transactions and funding sources;
 - c. the system can be demonstrated, and the exchange rates are easily accessible for verifications.

8.5. Suspension of Payment

- 8.5.1. Without prejudice to Article 18 on termination, the time-limits for payments may be suspended by notifying the Beneficiary that:
 - a. the amount indicated in its request of payments is not due, or;
 - b. proper supporting documents have not been supplied, or;
 - c. clarifications, modifications or additional information to the narrative or financial reports are needed, or;
 - d. there are doubts on the eligibility of expenditure and it is necessary to carry out additional checks, including on-the-spot checks to make sure that the expenditure is eligible, or;
 - e. it is necessary to verify whether presumed substantial errors, irregularities or fraud have occurred in the grant award procedure or the implementation of the Action, or;
 - f. it is necessary to verify whether the Beneficiary have breached any substantial obligations under this Contract;

8.5.2. The suspension of the time-limits for payments starts when the notification referred to in paragraph 8.5.1. is sent to the Beneficiary pursuant to the notification procedure regulated in Article 20.12 below. The time-limit starts running again on the date on which a correctly formulated request for payment is recorded. The Beneficiary shall provide any requested information, clarification or document within 15 days of the request. If, notwithstanding the information, clarification or document provided by the Beneficiary, the payment request is still inadmissible, or if the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Contracting Authority may refuse to proceed further with payments and may, in the cases foreseen in Article 18 of this Contract, terminate accordingly this Contract. In addition, the Contracting Authority may also suspend payments as a precautionary measure without prior notice, prior to, or instead of, terminating this Contract.

8.6. Interest on Late Payment

8.6.1. If the Contracting Authority pays the Beneficiary after the time limit, it shall pay default interest as follows:

- a. at the rediscount rate applied by the central bank of the Republic of Albania, if payments are in national currency;
- b. at the rate applied by the European Central Bank to its main refinancing transactions in Euro, if payments are in Euro;
- c. on the first day of the month in which the time-limit expired, plus three and a half percentage points. The interest will be payable for the time elapsed between the expiry of the payment deadline and the date on which the Contracting Authority's account is debited.

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

8.6.3. The default interest is not considered as income for the purposes of Article 10 of this Contract.

ARTICLE 9

Accounts and Technical and Financial checks

Accounts

9.1. The Beneficiary shall keep accurate and regular accounts of the implementation of the Action using an appropriate accounting and double-entry book-keeping system. The accounts:

- a) may be an integrated part of or an adjunct to the Beneficiary's regular system;
- b) shall comply with the accounting and bookkeeping policies and rules that apply in the Republic of Albania;
- c) shall enable expenditure relating to the Action to be easily traced, identified and verified.

9.2. The Beneficiary shall ensure that any financial report as required under Article 12 of this Contract, can be properly and easily reconciled to the accounting and bookkeeping system and to the underlying accounting and other relevant records. For this purpose, the Beneficiary shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.

Record keeping

9.3. The Beneficiary shall keep all records, accounting and supporting documents related to this Contract for ten years following the payment of the balance, and in any case until any on-going verification, appeal, litigation or pursuit of claim has been disposed of. They shall be easily accessible and filed so as to facilitate their examination and the Beneficiary shall inform the Contracting Authority of their precise location. All the supporting documents shall be available either in the original form, including in electronic form, or as a copy.

9.4. In addition to the reports mentioned in Article 12 of this Contract, the documents referred to in this Article include:

- a) Accounting records (computerised or manual) from the Beneficiary's accounting system such as general ledger, sub-ledgers, fixed assets registers and other relevant accounting information;
- b) Proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;
- c) Proof of commitments such as contracts and order forms;
- d) Proof of delivery of services such as approved reports including relevant documentation and material obtained, certificates etc.;
- e) Proof of receipt of goods such as delivery slips from suppliers;
- f) Proof of completion of works, such as certificates by the Supervision Engineer, technical tests certificates (kolaudim), provisional acceptance certificates issued by the Beneficiary;
- g) Proof of purchase such as invoices and receipts;
- h) Monthly bank statements of the dedicated account in the commercial bank as referred to in 8.2 duly stamped by the bank, debit notices, proof of settlement by the contractor.

Right of access

- 9.5. The Beneficiary shall allow verifications to be carried out by the Contracting Authority, the Mandated Body and any external inspector authorised by the Donor and/or the Contracting Authority. The Beneficiary has to take all steps to facilitate their work.
- 9.6. The Beneficiary shall allow the entities referred to in 9.5, to:
 - a) access the sites and locations at which the Action is implemented;
 - b) examine its accounting and information systems, documents and databases concerning the technical and financial management of the Action;
 - c) take copies of documents;
 - d) carry out on the-spot-checks including making photos of the site and the project;
 - e) conduct a full verification on the basis of all accounting documents and any other document relevant to the financing of the Action.
- 9.7. Access given to agents of the Contracting Authority, of the Mandated Body and to any external inspector authorised by the Donor and/or Contracting Authority carrying out verifications as provided for by this Article as well as by Article 8.5 of this Contract, shall be on the basis of confidentiality with respect to third parties, without prejudice to the obligations of the applicable Albanian law.
- 9.8. Where appropriate, the verification findings may lead to recovery of funds by the Contracting Authority pursuant to the procedure established in Article 11 of this Contract.
- 9.9. Failure to comply with the obligations set forth in Articles 9.1 to 9.7 above constitutes a case of breach of a substantial obligation under this Contract. In this case, the Contracting Authority may in particular suspend the Contract, payments or the time-limit for a payment, terminate the Contract and/or reduce the grant.

ARTICLE 10

Final Amount of the Grant

- 10.1. The grant as referred to in Article 3.1, may not exceed the maximum ceiling established in Article 3.1 of this Contract either in terms of the absolute value or the percentage stated therein. If the eligible costs of the Action at the end of the Action are less than the estimated eligible costs as referred to in Article 3.3, the grant shall be limited to the amount obtained by applying the percentage laid down in Article 3.1 to the eligible costs of the Action approved by the Contracting Authority.
- 10.2. In addition and without prejudice to its right to terminate this Contract pursuant to Article 18 of this Contract, if the Action is implemented poorly or partially, and therefore not in accordance with the Description of the Action in Annex II of this contract, or late, the Contracting Authority may, by a duly reasoned decision and after allowing the Beneficiary to submit its observations, reduce the

initial grant in line with the actual implementation of the Action and in accordance with the terms of this Contract. This applies as well with regards to the visibility obligations set out in Article 20.6.

- 10.3. Without prejudice to the provisions of this contract, the respective pre-financing amount of co-financing in accordance with the provisions of Article 3.2 of this Contract may be adjusted by the Beneficiary a “*pari passu*” with the adjustment of the grant referred to in Article 3.1, as provided by the paragraph 10.1 and 10.2.

ARTICLE 11

Recovery

- 11.1. If any amount is unduly paid to the Beneficiary, or if recovery is justified under the terms of this Contract, the Beneficiary undertakes to repay the Contracting Authority these amounts.
- 11.2. In particular, payments made do not preclude the possibility for the Contracting Authority to issue a recovery order following verification of the final payment request.
- 11.3. The Beneficiary undertakes to repay to the Contracting Authority any amounts paid in excess of the final amount of the grant as defined and stipulated under Article 10, to the dedicated account in the Bank of Albania, within 15 days of the issuing of the debit note issued by the Contracting Authority in conformity of the notification procedure established in Article 20.12 of this Contract. The Municipality shall then notify the Ministry of Finance requesting the Ministry of Finance to transfer back the excess payment to the Contracting Authority and shall copy this notification to the Contracting Authority within 3 days from the notification to the Ministry of Finance.
- 11.4. Should the Beneficiary fail to make repayment within the deadline set by the Contracting Authority, the Contracting Authority may increase the amounts due by adding the default interest calculated on the first day of the month in which the time-limit expired, plus three and a half percentage points. The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the Contracting Authority, and the date on which payment is actually made. Any partial payments shall first cover the interest thus established.
- 11.5. For the purpose of this Article, Interest will be calculated at the rediscount rate applied by the central bank of the Republic of Albania if payments are in the national currency.
- 11.6. Amounts to be repaid to the Contracting Authority may be offset against amounts of any kind due to the Beneficiary, after informing it accordingly. This shall not affect the Parties’ right to agree on payment in instalments.
- 11.7. The repayment under paragraph 11.4 or the offsetting under paragraph 11.6, amount to the payment of the balance.
- 11.8. Without prejudice to the prerogatives of the Contracting Authority, if necessary, the Swiss Development Cooperation may, as Donor, proceed itself to the recovery by any means.

ARTICLE 12

Obligation to provide Narrative and Financial Reports

- 12.1. The Beneficiary shall provide the Contracting Authority with all required information on the implementation of the Action. The reports shall describe the implementation of the Action according to the activities envisaged, difficulties encountered, and measures taken to overcome problems, eventual changes introduced, as well as the degree of achievement of its results and completion of the outputs as measured by corresponding indicators. The reports shall be laid out in such a way as to allow monitoring of the objective(s), the means envisaged or employed and the budget details for the Action. The level of detail in any report should match that of the Description of the Action and of the Budget for the Action as provided for with the submitted Proposal. The Beneficiary shall collect all the necessary information and shall draw up consolidated interim and final reports. These reports shall:
- a. cover the Action as a whole, regardless of which part of it is financed by the Contracting Authority;

- b. consist of a narrative and a financial report drafted using the templates provided in Annex V of this contract;
 - c. provide a full account of all aspects of the Action's implementation for the period covered;
 - d. include the current outputs completed and results achieved by the Action as measured by using the relevant indicators; agreed baselines and targets, and relevant sources of verification;
 - e. be drafted in the currency and language of this Contract;
 - f. include any relevant reports, publications, press releases and updates related to the Action.
Additionally, the final report shall cover any period not covered by the interim report.
- 12.2. The interim and financial reports shall include a detailed breakdown of the expenditure incurred with list of invoices and the relevant payments made or pending. These reports shall provide for currency conversions of the expenditure as appropriate and shall have in attachment two copies of each invoice 2 copies of each invoice that are certified conforming to the original by the Beneficiary (Municipality) and bearing the Municipality's stamp, as well as monthly statement of the dedicated bank account opened for the project at a commercial bank, thus allowing reconciliation of each item of expenditure and payment included in the financial reports.
- 12.3. The Contracting Authority may request additional information at any time. The Beneficiary shall provide this information via the Mandated Body within 10 days of the request, in the language of the Contract.
- 12.4. Interim Reports – shall be prepared every three months from the start of the implementation period, Final Report – covering the remaining of the implementation period from the last interim report. If the Beneficiary fails to provide any report or fails to provide any additional information requested by the Contracting Authority or the Mandated Body within the set deadline without an acceptable and written explanation of the reasons, the Contracting Authority may terminate this Contract according to Article 18.2 (a) and (f).
- 12.5. The Beneficiary shall submit the Interim Report to the Mandated Body no later than 10 days after the end of the first quarterly period of the implementation period, as defined in Article 4.3 of this Contract. The Final Report shall be submitted by the Beneficiary to the Mandated Body no later than 10 days after the end of the implementation period, as defined in Article 4.3 of this Contract.

ARTICLE 13

Evaluation/Monitoring of the Action

- 13.1. If the Contracting Authority carries out an evaluation or a monitoring mission, the Beneficiary shall undertake to provide it and/or the persons authorised by it with the documents or information necessary for the evaluation or monitoring mission.
- 13.2. Representatives of the Mandated Body and the Beneficiary shall be invited to participate in the monitoring or evaluation missions relating to the performance of the Action performed by the Contracting Authority.
- 13.3. If either the Beneficiary or the Contracting Authority carries out or commissions an evaluation in the course of the Action, it shall provide the other with a copy of the evaluation report.

ARTICLE 14

Contract Modifications

- 14.1. Any amendment and/or extension to this Contract, including the annexes thereto, shall be set out in writing. This Contract can be modified only during its execution period.
- 14.2. The amendment may not have the purpose or the effect of making changes to this Contract that would call into question the grant award decision or be contrary to the equal treatment of applicants. However, changes that allow an increase in the outputs and/or improvement of the Contract results are allowed provided that the grant amount is not increased. The maximum grant referred to in Article 3.1 of this Contract may not be increased.

- 14.3. If an amendment is requested, the Beneficiary shall submit to the Contracting Authority via the Mandated Body a duly justified request 30 days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the Contracting Authority pursuant to the notification procedure established in Article 20.12.
- 14.4. Where the amendment to the Budget or Description of the Action does not affect the basic purpose of the Action and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 25% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the Mandated Body may amend the Budget or Description of the Action and inform in writing the Contracting Authority via the Mandated Body accordingly, within 3 days from the transfer between items within the same main budget heading. This method may not be used to amend the headings for the visibility expenditure.
- 14.5. Changes of address or bank account may simply be notified by the Beneficiary to the Contracting Authority via the Mandated Body. However, in duly substantiated circumstances, the Contracting Authority may oppose the changes.

ARTICLE 15

Implementation

- 15.1. If the Beneficiary must conclude implementation contracts with contractors in order to carry out the Action, it will operate based on the Albanian legislation in force on public procurement.
- 15.2. Without prejudice and in addition to the requirement provided in paragraph 15.1, in case of works contracts, the Beneficiary will require to the selected Contractors, not later than the date fixed for the commencement of the works, a retention guarantee which will substitute the retention of money from interim payments by way of guarantee to meet the Contractor's obligations during the defects liability period.
- 15.3. The retention guarantee, referred to in 15.2, shall be in the form of a bank guarantee, a banker's draft, a certified cheque, a bond provided by an insurance and/or bonding company, an irrevocable letter of credit or a cash deposit made with the Beneficiary. If the performance guarantee is to be provided in the form of a bank guarantee, a banker's draft, a certified cheque or a bond, it shall be issued by a bank or bonding and/or insurance company approved by the Beneficiary. The retention guarantee shall be denominated in the types and proportions of currencies in which the original contract is payable.
- No payments shall be made in favour of the Contractor prior to the provision of the guarantee. The retention guarantee shall be released within 60 days of the end of the defects liability period for its total amount except for amounts which are the subject of amicable settlement, arbitration or litigation.
- 15.4 The Beneficiary shall provide in its reports to the Contracting Authority, via the Mandated Body, comprehensive information on the award and implementation of the contracts awarded under Article 15.1, in accordance with the reporting requirements provided for in Article 12.

ARTICLE 16

Extension of the Action's implementation period

- 16.1. The Beneficiary via the Mandated Body shall inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action. The Beneficiary may request via the Mandated Body an extension of the Action's implementation period as laid down in Article 4.2 of this Contract in accordance with Article 14. The request shall be accompanied by all the supporting evidence needed for its appraisal.
- 16.2. In no cases the extension of the implementation period cannot go beyond

ARTICLE 17

Suspension

- 17.1. The Beneficiary may suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. The Beneficiary shall inform the Contracting Authority via the Mandated Body without delay, stating the nature, probable duration and foreseeable effects of the suspension.
- 17.2. The Beneficiary or the Contracting Authority may then terminate this Contract in accordance with Article 18.1. If the Contract is not terminated, the Beneficiary shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow and after having obtained via the Mandated Body the approval of the Contracting Authority.
- 17.3. The Contracting Authority may request the Beneficiary via the mandated Body to suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. To this purpose, the Contracting Authority shall inform the Beneficiary via the Mandated Body stating the nature and probable duration of the suspension.
- 17.4. The Contracting Authority may also suspend this Contract or the participation of the Beneficiary in this Contract if the Contracting Authority has evidence that, or if, for objective and well justified reasons, the Contracting Authority deems necessary to verify whether presumably:
- a. the grant award procedure or the implementation of the Action have been subject to substantial errors, irregularities or fraud;
 - b. the Beneficiary has breached any substantial obligation under this Contract.
- 17.5. The Beneficiary shall provide any requested information, clarification or document within 30 days of receipt of the requests sent by the Contracting authority and/or the Mandated Body. If, notwithstanding the information, clarification or document provided by the Beneficiary, the award procedure or the implementation of the grant prove to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Contracting Authority may terminate this Contract according to Article 18(2) h.
- 17.6. The Beneficiary shall not be held in breach of its contractual obligations if it is prevented from fulfilling them by circumstances of force majeure.
- 17.7. In case of suspension according to Articles 17.1, 17.3 and 17.5, the implementation period of the Action shall be extended by a period equivalent to the length of suspension provided that provisions of Article 16.2 are respected, without prejudice to any amendment to the Contract that may be necessary to adapt the Action to the new implementing conditions.

ARTICLE 18

Termination of the Contract

- 18.1. In the cases foreseen in Article 17.1 and 17.3, if the Beneficiary or the Contracting Authority believes that this Contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the Beneficiary or the Contracting Authority may terminate this Contract by serving two months written notice, without being required to pay indemnity.
- 18.2. Without prejudice to Article 18.1, in the following circumstances the Contracting Authority may, after having duly consulted the Mandated Body and the Beneficiary, terminate this Contract without any indemnity on its part when:
- a. the Beneficiary fails, without justification, to fulfil any substantial obligation incumbent on it by this Contract and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of receipt of the letter;
 - b. the Beneficiary, or any related entity or person, have been found guilty of an offence concerning their professional conduct proven by any means;

- c. it has been established by a final judgment or a final administrative decision or by proof in possession of the Contracting Authority that the Beneficiary has been guilty of fraud, corruption, involvement in a criminal organisation, money laundering or terrorist financing, terrorist related offences, child labour or other forms of trafficking in human beings or has committed an irregularity;
 - d. a change to a Beneficiary legal, financial, technical, organisational or ownership situation or the termination of the participation of a Beneficiary substantially affects the implementation of this Contract or calls into question the decision awarding the grant;
 - e. the Beneficiary or any related person, are guilty of misrepresentation in supplying the information required in the award procedure or in the implementation of the Action or fail to supply – or fail to supply within the deadlines set under this Contract - any information related to the Action required by the Contracting Authority;
 - f. the Beneficiary has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the relevant legislation in force in the Republic of Albania;
 - g. the Contracting Authority has evidence that the Beneficiary, or any related entity or person, has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Action;
 - h. the Beneficiary is subject to an administrative penalty referred to in Article 19.1;
 - i. the Contracting Authority has evidence that the Beneficiary is subject to a conflict of interests;
 - j. the Contracting Authority has evidence that the Beneficiary has committed systemic or recurrent errors or irregularities, fraud, or serious breach of obligations under other grants financed by the Contracting Authority and awarded to that specific Beneficiary under similar conditions, provided that those errors, irregularities, fraud or serious breach of obligations have a material impact on this grant.
- 18.3. The cases of termination under points (b), (c), (d), (h), (j) and (k) may refer also to persons who are members of the administrative, management or supervisory body of the Beneficiary and/or to persons having powers of representation, decision or control with regard to the Beneficiary.
- 18.4. In the cases referred to in points (c), (f), (h) and (k) above, any related person means any physical person with powers of representation, decision-making or control in relation to the Beneficiary. Any related entity means, any entity to which has been delegated functions pursuant to the Albanian legislation in force.
- 18.5. The payment obligations of the Contracting Authority under this Contract shall end 6 months after the implementation period laid down in Article 4.2, unless this Contract is terminated according to this Article. The Contracting Authority shall postpone this end date, so as to be able to fulfil its payment obligations, in all cases where the Beneficiary has submitted a payment request in accordance with contractual provisions or, in case of dispute, until completion of the dispute settlement procedure provided for in Article 20.7. The Contracting Authority shall notify the Beneficiary of any postponement of the end date.
- 18.6. This Contract will be terminated automatically if it has not given rise to any payment by the Contracting Authority within 6 months of its signature.
- 18.7. Upon termination of this Contract the Beneficiary shall take all immediate steps to bring the Action to a close in a prompt and orderly manner and to reduce further expenditure to a minimum.
- 18.8. Without prejudice to Article 7 of this Contract, the Beneficiary shall be entitled to payment only for the part of the Action carried out, excluding costs relating to current commitments that are due to be executed after termination. To this purpose, the Beneficiary shall introduce a payment request to the Contracting Authority within the time limit set by Article 12.5 starting from the date of termination.
- 18.9. In the event of termination according to Article 18.1, the Contracting Authority may agree to reimburse the unavoidable residual expenditures incurred during the notice period, provided, the first paragraph of Article 18.8 has been properly executed.

- 18.10. In the cases of termination foreseen in Article 18.2 a), c), d), f), h) and k) the Contracting Authority may, after having properly consulted the Beneficiary and depending on the gravity of the failings, request full or partial repayment of amounts unduly paid for the Action.

ARTICLE 19

Administrative Sanctions

- 19.1. Without prejudice to the application of other remedies laid down in the Contract, a sanction of exclusion from all contracts and grants financed by the Contracting Authority may be imposed, after an adversarial procedure, upon the Beneficiary who, in particular:
- a. is guilty of grave professional misconduct, has committed irregularities or has been found in serious breach of its contractual obligations. The duration of the exclusion shall not exceed the duration set by final judgement or final administrative decision or, in the absence thereof, three years;
 - b. is guilty of fraud, corruption, participation in a criminal organization, money laundering, terrorist-related offences, child labor or trafficking in human beings. The duration of the exclusion shall not exceed the duration set by final judgement or final administrative decision or, in the absence thereof, five years;
- 19.2. In the situations mentioned in Article 19.1, in addition or in alternative to the sanction of exclusion, the Beneficiary may also be subject to financial penalties.
- 19.3. Where the Contracting Authority is entitled to impose financial penalties, it may deduct such financial penalties from any sums due to the Beneficiary or call on the appropriate guarantee.
- 19.4. The abovementioned administrative sanctions may also be imposed to persons who are members of the administrative, management or supervisory body of the Beneficiary, to persons having powers of representation, decision or control with regard to the beneficiary.

ARTICLE 20

Final Provisions

20.1. Liability

20.1.1. The Contracting Authority, the Mandated Body or The Donor, cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Beneficiary while the Action is being carried out or as a consequence of the Action. The Contracting Authority cannot, therefore, accept any claim for compensation or increases in payment in connection with such damage or injury.

20.1.2. The Beneficiary shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the Action is being carried out or as a consequence of the Action. The Beneficiary shall discharge the Contracting Authority of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the Beneficiary or the Beneficiary employees or individuals for whom those employees are responsible, or as a result of violation of a third party's rights. For the purpose of this Article, employees of the Beneficiary shall be considered third parties.

20.2. Conflict of Interest and Good Conduct

20.2.1. The Beneficiary shall take all necessary measures to prevent or end any situation that could compromise the impartial and objective performance of this Contract. Such conflict of interests may arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest.

20.2.2. Any conflict of interests which may arise during performance of this Contract must be notified in writing to the Contracting Authority and The Mandated Body without delay. In the event of such conflict, the Beneficiary shall immediately take all necessary steps to resolve it.

20.2.3. The Contracting Authority reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken if necessary.

20.2.4. The Beneficiary shall ensure that its staff, including its management, is not placed in a situation which could give rise to conflict of interests. Without prejudice to its obligation under this Contract, the Beneficiary shall replace, immediately and without compensation from the Contracting Authority, any member of its staff in such a situation.

20.2.5. The Beneficiary shall respect human rights and applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards.

20.3. Confidentiality

20.3.1. Subject to Article 9 of this Contract, the Contracting Authority, the Mandated Body and the Beneficiary undertake to preserve the confidentiality of any information, notwithstanding its form, disclosed in writing or orally in relation to the implementation of this Contract and identified in writing as confidential until at least 5 years after the payment of the balance.

20.3.2. Unless it is required to do so by the Albanian legislation in force, the Beneficiary shall not use confidential information for any aim other than fulfilling its obligations under this Contract unless otherwise agreed with the Contracting Authority.

20.4. Ownership/Use of Results and Assets

20.4.1. Unless otherwise stipulated in the Call for Proposals, ownership of, and title and intellectual and industrial property rights to, the Action's results, reports and other documents relating to it will be vested in the Beneficiary.

20.4.2. Without prejudice to Article 20.6. the Beneficiary grants the Contracting Authority the right to use freely and as it sees fit, and in particular, to store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the Action whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.

20.4.3. The Beneficiary shall ensure that it has all rights to use any pre-existing intellectual property rights necessary to implement this Contract.

20.5. Data Protection

20.5.1. Any personal data will be processed solely for the purposes of the performance, management and monitoring of this Contract by the Contracting Authority and the Mandated Body and may also be passed to the bodies charged with monitoring or inspection tasks under the respective law of the Republic of Albania. Beneficiaries will have the right of access to their personal data and the right to rectify any such data. If the Beneficiary have any queries concerning the processing of personal data, they shall address them to the Contracting Authority. Pursuant to the Albanian legislation in force, the Beneficiary will have right of recourse at any time to the Commissioner for Personal Data Protection.

20.5.2. The Beneficiary shall limit access and use of personal data to that strictly necessary for the performance, management and monitoring of this Contract and shall adopt all appropriate technical and organizational security measures necessary to preserve the strictest confidentiality and limit access to this data.

20.6. Visibility and Public Communication

20.6.1. The Beneficiary shall take all necessary steps to publicise the fact that Donor has financed or co-financed the Action. In particular, the Beneficiary shall mention the Action and the Donor's financial contribution in information given to the final recipients of the Action, in its internal and annual reports, and in any dealings with the media. It shall display the Donor logo wherever appropriate.

20.6.2. Any notice or publication by the Beneficiary concerning the Action, including those given at conferences or seminars, shall specify that the Action has received Donor's funding.

20.6.3. The visibility and public communication of the Action shall follow the rules stipulated under Annex VII to this Contract.

20.6.4. Any publication by the Beneficiary(ies), in whatever form and by whatever medium, including the internet, shall include the following statement: *RDPA publications are contributions to the debate on regional development policy and do not represent the official position of the Donors*”.

20.6.5. The Beneficiary authorises the Donor, the Contracting Authority and the Mandated Body to publish its name and address, nationality, the purpose of the grant, duration and location as well as the maximum amount of the grant and the rate of funding of the Action's costs.

20.7. Applicable Law and Dispute Settlement

20.7.1. This Contract shall be governed by the law of the Republic of Albania.

20.7.2. The parties to this Contract shall do everything possible to settle amicably any dispute arising between them during the implementation of this Contract. To that end, they shall communicate their positions and any solution that they consider possible in writing and meet each other at either's request. The Beneficiary and the Contracting Authority shall reply to a request sent for an amicable settlement within 20 days. Once this period has expired, or if the attempt to reach amicable settlement has not produced an agreement within 60 days of the first request, the Beneficiary or the Contracting Authority may notify the other part that it considers the procedure to have failed.

20.7.3. In the event of failure of the above procedures, each party to this Contract may submit the dispute to the court of first instance of Tirana, Republic of Albania.

20.8. Waiver

The failure to exercise or delay in exercising a right or remedy provided by this Contract or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Contract or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

20.9. Successors and Assignment

This Contract shall be binding upon the parties and their respective successors and permitted assigns. No party shall make any assignment or other transfer of all or any portion of its rights or obligations under this Contract, whether voluntarily or involuntarily, by operation of law or otherwise, without the prior written consent of the other Party.

20.10. Severability

In case any provision in or obligation under this Contract shall be invalid, illegal or unenforceable in the Albanian jurisdiction or in any other jurisdiction to which this contract is subject the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in the jurisdiction, shall not in any way be affected or impaired thereby. The Parties hereby agree to attempt to substitute for any invalid or unenforceable provision with another provision which, to the greatest extent possible, achieves the purposes of the invalid or unenforceable provision.

20.11. Counterparts

This Contract may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

20.12. Notification procedure

20.12.1. Any notice, notification, request, demand or other communication for any purpose under this Contract shall be in writing and addressed in the official mail address of the Parties and the Mandated Body as follows:

If to the Contracting Authority:

Contact Person: _____

Mail Address: _____ Tirana, Albania.

If to the Beneficiary:

Contact Person: _____

Mail Address: _____ Tirana, Albania.

If to the Mandated Body:

Contact Person: _____

Mail Address: _____ Tirana, Albania.

20.12.2. Each of the above addresses can be changed by the respective Parties, and these changes should be notified in written to the other Party. The legal address of each party for the purpose of this Contract should be the last address notified by them.

20.12.3. Mail notifications shall be sent by registered mail. The notification shall be deemed as received when the return receipt is issued.

20.13. Calculation of periods

All references to days shall mean calendar days, unless otherwise specified.

20.14. Language

The language of the Contract is Albanian with official translation in English.

20.15. Annexes

20.15.1. The following documents are annexed to this Contract and form an integral part of it:

- ✓ Annex I: Call for Proposal and Corrigendum
- ✓ Annex II: Description of the Action
- ✓ Annex III: Budget of the Action
- ✓ Annex IV: Payment Request
- ✓ Annex V: Model Narrative and Financial Report
- ✓ Annex VI: Visibility and Public Communication Rules

20.15.2. In the event of a conflict between the provisions of the present Contract and any Annex thereto, the Contract shall take precedence.

For the Beneficiary

Name

Title

Signature

Date

For the Contracting Authority

Name

Title

Signature

Date