

11. 6 ADMINISTRATIVE AND FINANCIAL PENALTIES

Administrative and financial penalties¹¹⁰ may be imposed on a partner that committed substantial errors, irregularities, fraud, or on a partner that lied about certain required information or did not provide such information in order to receive grant, or during the implementation of the Specific Grant Agreement.

11.6.1 ADMINISTRATIVE PENALTIES

“Administrative penalties” means that a partner will not be able to apply for any Union-funded contracts or grants for a maximum of 5 years. If a partner commits another infringement, the period during which such partner cannot apply for Union funding may be extended up to 10 years.

11.6.2 FINANCIAL PENALTIES

Financial penalties are established as a percentage from the Union's contribution to the partner's action and may vary between 2% to 10%.

In case the financial penalty is imposed for a specific breach and the same partner commits another infringement (e.g. in course of different action), the rate of financial penalties may increase to between 4% and 20%.

Administrative and financial penalties may be applied both together and separately.

Penalties will be **proportionate to the seriousness of the infringement**. Once ECHO decides to apply penalties, it has to formally inform the partner about its intention and give the partner opportunity to present observations. If the penalties are confirmed, the partner may contest the decision on penalties before the General Court of the European Union.

Penalties are reserved for serious cases of irregularities & cases of non compliance with Specific Grant Agreement

¹¹⁰ Article 28 of the General Conditions FPA NGO