

FULL PROPOSAL

INTRODUCTORY NOTE

The PMI IMPACT Expert Council congratulates you on the good quality of the Project you proposed in your Expression of Interest (“EOI”) and would welcome the opportunity to review an expanded version of your proposal in the Full Proposal phase of the PMI IMPACT Grant award procedure.

HOW TO SUBMIT A FULL PROPOSAL APPLICATION

If you would like to proceed to this next phase, please complete this ~~Full Proposal~~ form, and the Annexes, in English. When you have prepared all the documents, please follow the submission instructions in Section 28.

The Project that you propose in this Full Proposal form must be the same as the Project you proposed in your EOI. The information you submit must be consistent with and expand upon that in your EOI.

Any undefined terms used in this Full Proposal form have the meanings described in the [Application Terms and Funding Rules](#) (Annex 3 to this Full Proposal form).

SUBMISSION DEADLINE

Submit your Full Proposal package by **February 13, 2017, 23:59 Central European Time.**

HOW THE EXPERT COUNCIL WILL ASSESS YOUR FULL PROPOSAL

The Expert Council will assess your Full Proposal according to the four evaluation and scoring criteria – quality, impact, feasibility, and novelty – described [here](#). To learn more about the selection process for Full Proposals, please read the [Expert Council and Grant Award Guidelines](#).

SIZE LIMIT AND SOME GENERAL ADVICE

This Full Proposal form (excluding its Annexes) **must not exceed 15 pages in A4 format**. The minimum font size is 11 points, Times New Roman.

Ensure that the description of your Project is comprehensive but as concise as possible. Please do not assume that longer proposals will be viewed more favourably by the Expert Council.

To the extent possible, keep your Full Proposal focused on the specifics of your Project. Avoid repetition. It is safe to assume that the Expert Council knows about the generalities of illegal trade.

CONTACT US IF YOU HAVE QUESTIONS OR IMPORTANT INFORMATION TO BRING TO OUR ATTENTION

If you have any questions, please contact us at impact@pmi.com.

If you are a Government Agency, Government-controlled Organization or Public International Organization and cannot provide certain information requested in this Full Proposal form due to your legal status and rules applicable to you, contact us at impact@pmi.com and explain the reason for this inability.

DESCRIBE YOUR PROJECT

1. Project Name:

The enforcement dimension of the fight against illicit tobacco trade in the EU

2. Full Name of Organization applying for a Grant (“Applicant”):

Universiteit Utrecht

3. Project Budget Total in USD: 423.817

The total project budget has been increased by 1,5% of the project budget in the EOI for following reasons:

- In the time between the EOI submission and full proposal deadline the new updated salary rates were introduced in the Collective Labour Agreement for the Dutch universities. The personnel costs were recalculated accordingly to provide a more accurate estimation.
- The entertainment costs for conducting the interviews and data collections were adjusted to enable 3-4 days long stay on site.
- The audit costs were adjusted based on the tailor-made offer by the auditor.

4. What is the estimated percentage of your annual budget that is accounted for by the requested PMI IMPACT Grant?

0,0005%

5. Planned Project duration (number of months), with intended launch date and end date (Please note that your Project launch date cannot be before May 2017, and your Project duration must not exceed 24 months):

24 months, from October 2017 to October 2019

6. Country(ies) where you will implement your Project:

The Netherlands, Belgium, Germany, Italy, Poland, Latvia

7. Main contact person for your Full Proposal: Name, phone, e-mail.

Simonato Michele

Phone: [REDACTED]

E-mail: [REDACTED]

8. Project brief description: *provide a brief description of your Project.*

Attention: This Section is intended only to briefly remind the Expert Council of your Project. You will have opportunity to provide a more detailed description of your Project in the Sections below and the Annexes.

This project aims to contribute to the improvement of the enforcement against illicit tobacco trade in the EU, in particular as regards the smuggling of ‘cheap whites’ from Russia, Belarus, and Ukraine. The objective is to identify the obstacles to effective and optimal enforcement, and provide recommendations on how to overcome them.

Three main research questions will be addressed: How do national authorities enforce the prohibition of illicit tobacco trade, taking into account their international and EU obligations? How can the EU develop new policies improving the enforcement against illicit tobacco trade? How can the EU influence the conduct of states and private actors outside the EU borders?

In order to answer these question, this project will integrate legal, comparative, empirical and ethnographic methods as well as policy analysis. It will do so by analysing the problem of illicit tobacco trade from a threefold perspective, namely through a legal and empirical comparison (i) between EU Member States (The Netherlands, Belgium, Germany, Italy, Poland, and Latvia), (ii) between the EU and the US approach, and (iii) between various EU policy areas.

WHAT YOU AIM TO ACHIEVE

9. Objectives of your Project: *describe your Project objectives, which should be specific, measurable and achievable within the relevant timeframes and Project Budget.*

This project will address the problem of the enforcement deficit against illicit tobacco trade. According to the most recent estimates relatively few cases of illicit tobacco trade are detected – thereby prosecuted and/or sanctioned – in the European Union (see the EU Commission communication: ‘Stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products – A comprehensive EU Strategy’, 6 June 2013, COM(2013) 324 final). The enforcement deficit and high dark number are key factors of illicit tobacco trade, which causes huge yearly losses to the Member States and the EU budget in evaded customs duties and taxes; undermines public health policies; and provides a source of revenue for criminal organisations, undermining security and safety in the EU.

So far, the EU legislator has focused on the regulation of the licit market (recently with the Directive 2014/40/EU of 3 April 2014 on the approximation of laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products and repealing Directive 2001/37/EC, OJ L 127/1). The EU Anti-fraud office (OLAF) plays an important role in the enforcement, namely by coordinating or conducting administrative investigations throughout the EU. However, OLAF does not have the capacity to investigate all cases of illicit tobacco trade in the EU and most of them are dealt with at the national level. Furthermore, OLAF powers are limited: on the one hand, often OLAF cannot use autonomous investigative powers, but depends on the cooperation with national authorities; on the other hand, OLAF does not have judicial investigative powers or administrative sanctioning powers at all. OLAF investigations conclude with a report that is transmitted to national authorities, which adopt actions and sanctions that they consider appropriate.

When it comes to the enforcement at the Member States' level the EU has not harmonised the national laws and approaches. Therefore, the design of enforcement authorities, the attribution of investigative and sanctioning powers and the definition of administrative and criminal offences and sanctions differ greatly from one Member State to another (some countries have even decriminalised tobacco smuggling). Since the consequences of illicit tobacco trade are not limited to the national context but spread throughout the whole EU, the vast array of enforcement tools and strategies deserve to be explored from both European and national perspective.

The overall aim of the project is to identify the obstacles to effective and optimal enforcement against illicit tobacco trade in the EU, and provide recommendations on how to overcome them. In particular, three research questions will be addressed:

- (a) How do national authorities enforce the prohibition of illicit tobacco trade, taking into account their international and EU obligations?
- (b) How can the EU develop new policies improving the enforcement against illicit tobacco trade?
- (c) How can the EU influence the conduct of states and private actors outside the EU borders?

Answering these questions will enable the identification of:

- (1) loopholes and best practices in the enforcement against illicit tobacco trade, from the detection to the investigation and prosecution;
- (2) models for improving multi-level enforcement against transnational crime; and
- (3) models for ensuring extraterritorial effects of EU law.

These objectives will be achieved through a threefold comparative analysis. The expected results will enable the formulation of recommendations for national and supranational policy makers.

In principle the project adopts a broad concept of illicit tobacco trade – which, according to Art 1 of the First Protocol to the WHO FCTC, includes ‘any practice or conduct prohibited by law and which relates to production, shipment, receipt, possession, distribution, sale or purchase, including any practice or conduct intended to facilitate such activity’. Particular attention will be paid to an emerging trend according to recent data, i.e. the smuggling of ‘cheap whites’ from Russia, Belarus, and Ukraine (e.g., see the research project ‘Pricing Policies and Control of Tobacco in Europe (PPACTE)’, info available at: <http://www.tri.ie/ppacte.html>; and the Commission Staff Working Document: ‘Technical assessment of the experience made with the Anti-Contraband and Anti-Counterfeit Agreement and General Release of 9 July 2004 among Philip Morris International and affiliates, the Union and its Member States’, 24 February 2016, SWD(2016) 44 final).

10. Expected impact of your Project on illegal trade and related crimes: *explain how your Project will have an impact on illegal trade and related crimes in the European Union (be as specific as you can, realistic examples will be appreciated more than hyperbole).*

Although focusing on illicit tobacco trade, the project outcome can be also used to improve the multilevel enforcement against other types of transnational crime. Especially from an academic perspective (see point 11) the research results can be helpful for the analysis of policies aiming at ensuring the security of the supply chain in other sectors.

11. Expected impact of your Project on the illegal tobacco trade: *explain how your Project is likely to have a clear impact on the illegal tobacco trade.*

The project aims to contribute to the improvement of the enforcement against illicit tobacco trade in the EU. A higher impact is envisaged in the countries identified for the comparative research. The selection has been done on the basis of an optimal geographical spread, diverging national approaches,

and different level of presence of tobacco smuggled from Russia, Belarus, and Ukraine (according to the most recent estimates), and includes: The Netherlands, Belgium, Germany, Italy, Poland, and Latvia.

It is not possible to estimate such an impact in terms of actual reduction of illicit trade, even because it is particularly difficult to determine the exact magnitude of the problem, due to the clandestine nature of the illicit trade. Nevertheless, a significant impact is expected in terms of concrete input that the research results will provide to a broad range of stakeholders, such as law enforcement authorities, policy makers, business operators, and academic community. In particular:

(i) Law enforcement authorities. The proposed comparative study offers an insight into and new perspectives on the problems that law enforcement officials face, once confronted with the complex legal settings of transnational law enforcement. It will also identify new benchmarks and best practices. In particular, enforcement authorities will become familiar with approaches and solutions adopted by other Member States. This will facilitate the cooperation between authorities operating in different legal systems; furthermore, it will favour the cross-fertilisation between such different systems by allowing the development of shared practices that do not require legislative interventions. The exchange of best practices can be done, for example, through an amendment of training programmes in light of the comparative perspective. The empirical survey will also uncover crime trends that can be tackled in the future. The external observation of the enforcement activities will help national and EU authorities adjust their strategies to the evolving reality of illicit tobacco trade by focusing their efforts on criminal groups and behaviours that present higher risks.

(ii) Policy makers. The results of the research will provide national and EU policy makers with input for *(a)* improving the EU strategy in relation to illicit tobacco trade, and *(b)* for undertaking further legislative action with a view to improving the legal framework, in particular with regard to the development of common standards for the fight against illicit tobacco trade. The comparative research will identify divergences and commonalities between Member States' approaches to enforcement. This will help national legislators re-consider their solutions in order to render their legal system more consistent with the international context. In addition, the research will provide the EU legislator with evidence on whether a new action is needed to ensure the effective implementation of EU policies. This may be done, for example, by establishing minimum rules concerning the definition of criminal offences and sanctions (Article 83 TFEU), by adopting measures to facilitate the cooperation on seizure and confiscation of illicit tobacco products (Article 82 TFEU), to harmonise administrative enforcement to improve public health (Article 168 TFEU), or in general aiming at countering illegal activities affecting the EU financial interests (Article 325 TFEU).

(iii) Business operators. Private actors can play an important role against illicit tobacco trade. While responsible business actors are damaged by illicit tobacco trade, some tobacco companies have also been accused of indirect involvement in tobacco smuggling. Business operators are in a good position to identify the problem and can become a valuable resource in order to provide information and support to public authorities. The findings on the enforcement strategy and gaps, as well as on the criminal phenomenon as such, will provide some specific recommendations for business operators; such recommendations will help them improve their ethics and compliance programs and enhance public-private enforcement cooperation.

(iv) Academic community. Due to the project's interdisciplinary approach, a significant impact is foreseen also from an academic perspective, both as regards research and education. By building bridges between various areas of law (criminal/administrative/international) and social sciences (criminology), this project will contribute to the debate on how the multi-level response to crime is shaped in EU, and how it ought to be done. Moreover, this research will address the problem of the low public awareness and understanding about illicit tobacco trade, whereby consumers buy cheap, illegal tobacco with little knowledge of where the product comes from and of the consequences of their purchase. The dissemination of the research results will allow EU universities to integrate this

issue in their academic programmes.

YOUR APPROACH

12. What makes your Project stand out: *describe what makes your Project stand out in the fight against illegal trade and related crimes and whether it includes an innovative approach or a novel solution.*

The project is innovative both in its scope and in its approach/methodology.

As to the scope, by focusing on the enforcement side, rather than on the regulation of the licit trade, the project fills a gap in legal and criminological research. It will also be the first one to conduct a thorough comparative analysis of the response to illicit tobacco trade in the EU.

As to the methodology, this project adopts a multidisciplinary approach by integrating legal, comparative, empirical and ethnographic methods as well as policy analyses. In other words, it does not consist of a mere comparative study of different laws, but it includes an empirical approach to the enforcement in action. Through this methodology the research can provide a functional comparison of different solutions to similar problems. The project team will therefore analyse the problem of illicit tobacco trade from a threefold perspective, namely through a legal and empirical comparison (i) between EU Member States, (ii) between the EU and the US approach, and (iii) between various EU policy areas.

The multidisciplinary approach can be observed in all these three comparisons. For example, the analysis will not focus only on criminal law, but will adopt a broader concept of enforcement strategy and tools, including also the design of administrative and judicial enforcement authorities, their investigations and sanctions, as well as the interplay between them. Furthermore, it will not consist only of a traditional legal research, but the comparative analysis will be complemented by an empirical observation of the enforcement in practice conducted by experienced social scientists. Beside the comparison between national responses to illicit tobacco trade, this project will also carry out a comparative analysis from a supranational perspective, by observing the strategy of EU compared with the one adopted by the US at the federal level. Finally, an international law perspective will be adopted to explore the possibilities to have an impact beyond the EU border, and how such possibilities have been exploited in other policy areas. There are, indeed, a number of studies which examined the potential sizes, manufacturing sites, modus operandi of the smuggling business, and economic consequences both within the EU and its neighbouring states, especially Belarus and Ukraine (e.g., Transcrime, *European Outlook on the Illicit Trade in Tobacco Products* (Trento, 2015); F. Calderoni et al., *The Belarusian Hub for Illicit Tobacco* (Milan, 2016)). However, an analysis of the interactions between the EU legislative actions and the control of illicit trade outside the EU is still missing: the proposed project will do so by exploring the external regulatory effect of the EU legislation and implementing measures.

Such a multi-dimensional analysis will be consolidated in the final comparative analysis, which will lead to the final recommendations drafted by the project team. A similar combination between different areas of law, and between legal research and other disciplines, is a typical feature of several research projects conducted at the Utrecht University, namely within the Utrecht centre for regulation and enforcement in Europe (RENFORCE). Such an approach has been designed and refined in relation to other EU law areas, but has not been applied – neither by RENFORCE nor by other research centres – to illicit tobacco trade yet.

13. Methodology: *if applicable, describe the methodology you will apply to implement your Project. Please provide the details of how you will apply your methodology in your implementation plan in Annex 2 (Project Team and Implementation Plan).*

The project will adopt a threefold comparative approach addressing the research questions, namely between EU Member States, between EU and the US, and between EU policy areas.

(a) The answer to the first question (*‘How do national authorities enforce the prohibition of illicit tobacco trade, taking into account their international and EU obligations?’*) will be found through the analysis of six Member States’ approaches.

- First, a comparative analysis of their legal systems will be conducted. National reports will cover both the national dimension (investigative techniques available; precautionary measures; seizure, forfeiture, and asset disposal; offences and penalties; interaction between administrative and criminal proceedings; out of court settlements; etc.), and the EU dimension (implementation of EU obligations, namely as regards cooperation with OLAF and other authorities). Beside a legal analysis (‘law in the books’), interviews with law enforcement authorities will be conducted to study how the law is applied, and what are the factors behind enforcement gaps (‘law in action’). Such an analysis will be conducted by six national experts with renowned expertise in the field of criminal and administrative enforcement (five of them are subcontracted experts).
- Furthermore, an empirical research combining qualitative and quantitative research methods will identify loopholes in the enforcement against illicit tobacco trade. On the one hand, a quantitative analyses of confiscations of tobacco within the EU over the past 5 years will provide contextual data (e.g., patterns in law enforcement). The database held within the WCO Customs Enforcement Network (CEN) system – which enables customs officials around the world to exchange data on confiscations and intelligence – will be the main source for the quantitative analysis conducted. Descriptive statistical analyses will be performed to scrutinize what investigating officers confiscate, the source and destination countries and what kinds of smuggling methods are used. Clarifications on such analyses will be sought through interviews with law-enforcement officials and experts.

To get an in-depth understanding of the illicit trade process, multi-sited ‘instant’ ethnography is conducted. Contrary to ‘normal’ ethnography, instant ethnography focuses uniquely on the moment(s) that the illicit behaviour actually takes place. It starts at the street vending point in one of the destination countries; from there the road the cigarettes have travelled is traced back through techniques of observation, open semi-structured interviews conducted with the support of the subcontracted experts in every country, and informal conversations ‘in the research setting(s)’ with people directly involved in the trafficking (e.g. vendors, business operators, enforcement officials, local facilitators, etc.). This proven method provides naturalistic, empirical, qualitative data on how enforcement works in practice, contrasted to how it supposedly works, and can give further direction to legal enquiry.

(b) The second question (*‘How can the EU develop new policies improving the enforcement against illicit tobacco trade?’*) will be addressed through the comparison between the EU and the US approach toward tobacco smuggled across the US and from neighbour countries. The federal dimension of the US, and its relevance for illicit trade routes in particular in relation to Central and Latin America, make the US a good term of comparison to test the potential and limit of the EU cross-border action. A project team member specialized in EU and comparative criminal law will:

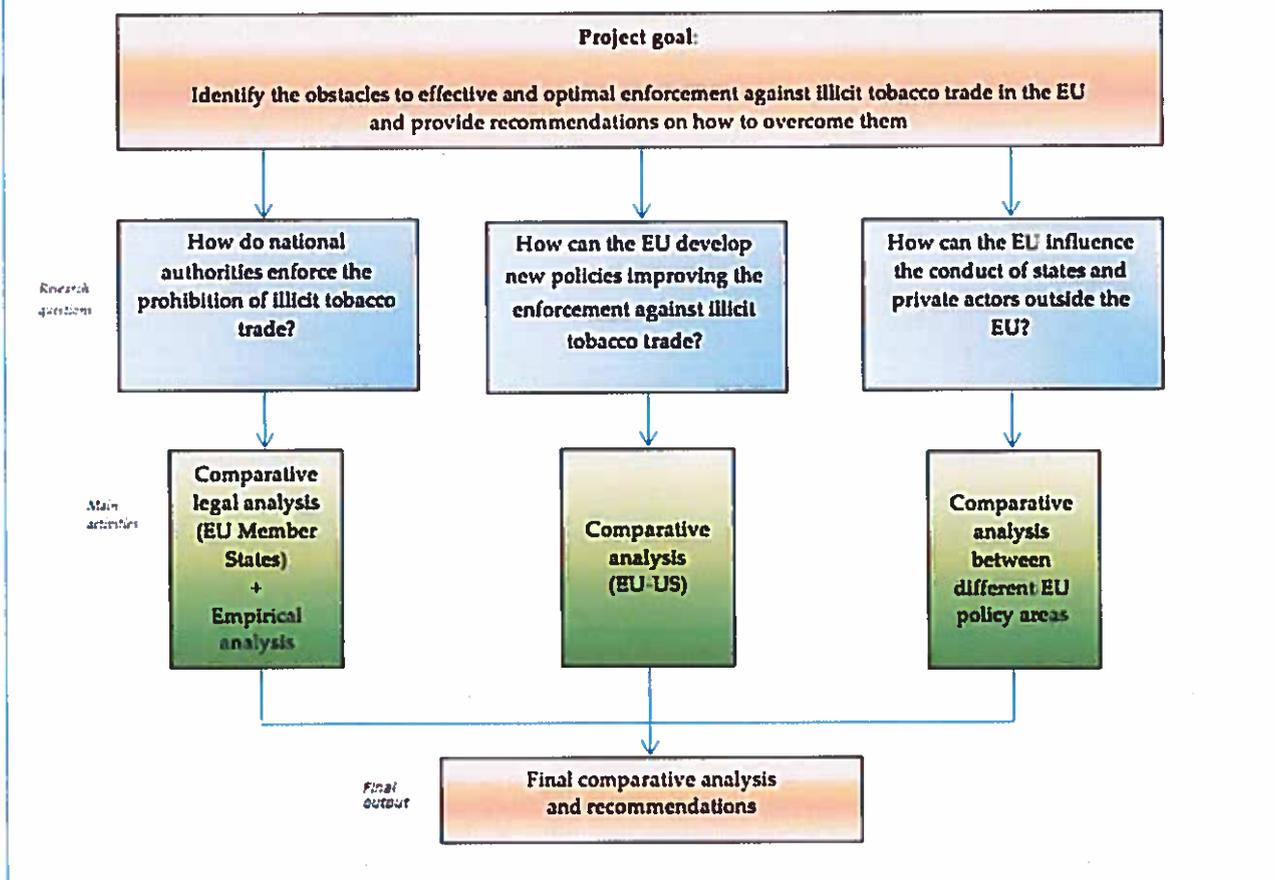
- Analyse the existing statutes used to tackle illicit tobacco trade, as well as relevant case law and literature, in order to identify the main differences between the US and the EU approach;
- Conduct a short research stay in the US in order to discuss the results of the desk research with US academics working in the field of illicit tobacco trade, as well as with practitioners in order to gain further insight on enforcement strategies and practices. In particular, the researcher will contact scholars working at Georgetown University in Washington, DC, and representative of

some federal agencies (e.g., the Bureau of Alcohol, Tobacco, Firearms and Explosives within the Department of Justice, the Immigration and Customs Enforcement and the Customs and Border Protection within the Department of Homeland Security, and the Alcohol and Tobacco Tax and Trade Bureau within the Department of the Treasury);

- Draft a report synthesizing the main findings and assessing what aspects of the US federal system may be used as source of inspiration for the improvement of the EU system.

(c) Since the illicit tobacco trade often involves countries outside the EU, the third question ('How can the EU influence the conduct of states and private actors outside the EU borders?') aims to elucidate what possibilities the EU has to influence the conduct of states outside its borders (e.g., Belarus and Ukraine). A project team member specialized in EU and international law will:

- Conduct a legal and documentary analysis on the extraterritorial reach of EU Tobacco Products Directive and OLAF activity, and compare it with the results obtained in other EU policy areas;
- Collect and analyze domestic legal instruments and counter-smuggling practices in third countries. Information will be gathered through the WHO Framework Convention Secretariat, and from the industry's reports (PMI reports) and academic articles;
- Draft a report identifying gaps between the purported reach and objectives of the EU law and the actual extraterritorial implications of EU law in the neighboring countries. This report will critically assess whether the EU approaches to third states, including Belarus and Ukraine, are appropriate to obtain effective cooperation in countering illicit tobacco trade.



14. Technology: if your Project proposes the application or development of a new technology, describe its concept and characteristics. Describe any existing IP rights or any IP rights that will result from your Project. If applicable, provide documentation describing the technology. For technology under development, estimate when it could be ready for its use.

N/A

15. Purchase of equipment/technology/software: *if your Project involves the purchase of equipment, technology or software, provide a list of the items and describe why each is specifically required to implement the Project. Provide the estimated cost, required quantity, and characteristics of each item in Annex 1 (Project Budget). Note that PMI IMPACT Grants are not intended to fund generic equipment, and any equipment, technology, or software funded by PMI IMPACT must be specifically required for the Project's implementation.*

N/A

HOW YOU WILL MANAGE AND CONTROL YOUR PROJECT, COSTS AND RISKS

16. Management, monitoring and evaluation: *specify how you will ensure effective management and implementation of your Project; describe how you plan to monitor and evaluate the progress of your Project and the achievement of its objectives. If you plan to use any evaluation criteria, please describe them.*

Attention: You can also provide more details on the implementation of your Project in Annex 2 (Project Team and Implementation Plan).

The project will be conducted at the Utrecht University by an interdisciplinary team of researchers working at the Utrecht centre for regulation and enforcement in Europe (RENFORCE). This team will include researchers working in different fields of law and criminology.

The project leader (Prof. John Vervaele) will oversee the quality of the deliverables and research outputs. The project manager (Dr Michele Simonato) will ensure the coordination between various research phases and activities, as well as timely delivery of the results. He will be also responsible for the prudential management of the received funding in accordance with the corroborated practices of RENFORCE. Utrecht University has an extensive track record in managing European and International projects and has experience in handling administrative contingencies.

This project consists of different work packages in order to delineate the responsibilities of the participants as clearly as possible. Furthermore, the project will implement an internal system of control and peer feedback. This will be done during the three meetings organized in the course of the project, where the methodology, the questionnaires, and the provisional results of the research will be discussed. In addition, interviews with relevant EU authorities will provide an external input in order to strengthen the research focus and quality.

An interdisciplinary project management committee established within RENFORCE will be regularly consulted during the project in order to receive and external input on the ongoing project activities and management. This committee will be composed of senior researchers in administrative law, criminal law, international law, and criminology.

Finally, the output of the project will be made publicly available for the general public, so as to promote and enhance transparency, academic quality and debate. This will be done through the publication of the main deliverables on the RENFORCE website (introductory paper and final manuscript) and the organisation of a final conference in Utrecht.

17. Cost effectiveness: *explain how your Project is cost effective; cost effectiveness should be measured and assessed not by the total cost of your Project, but by its potential outcome versus the total cost.*

As explained above (point 10) the outcome of the project is not quantifiable in terms of costs and benefits. An important impact is envisaged in the short term (for law enforcement authorities), in the medium term (for policy makers), and in the long term (for the entire society as regards the awareness of the problem). However, it is difficult to measure the relation between such an impact and the project costs, which will be contained to a minimum extent, in compliance with the consolidated practices at the Utrecht University.

18. Accountability and use of funds: *describe how you will ensure that your Project funds are prudently managed and used solely for the purposes of your Project.*

As mentioned in point 16 and point 22-23, research funded by third parties is a core activity of the Utrecht University. For this reason, a proper organisational system defining responsibilities and controls has been developed. All projects are registered in the Utrecht University ERP system with a unique reference - WBS number, which is used to record all income and expenses for a specific project. With this method the financial department can ensure separate recording and accounting for a specific project. Furthermore, the permanent control over the finances in the project is ensured by assigning a budget holder and another 1-2 persons with the approval rights. This system ensures that the costs are actual, identifiable, verifiable and properly justified and comply with national law.

19. Audit of your Project: *(i) provide the name of the prospective Certified Auditor for your Project, (ii) indicate the overall audit costs of that Certified Auditor, and (iii) provide a copy of the price offer of that Certified Auditor and a document confirming that the prospective Certified Auditor is a Certified Auditor in line with the definition of Certified Auditor in Section 1 of Annex 3 (the [Application Terms and Funding Rules](#)).*

- (i) Certified auditor for this project: PricewaterhouseCoopers Accountants N.V.
- (ii) Overall costs for two audits during the project implementation are estimated at \$ 11 000.
- (iii) Price offer attached.

I/we confirm that I/we have shared the Guidelines for the engagement of Certified Auditor under PMI IMPACT with the prospective Certified Auditor and my/our budgeted audit costs are based on the price offer received from that Certified Auditor.

Confirmed

20. Risk factors potentially affecting the achievement of your Project outcome: *describe any potential risk factors or foreseeable variables (legal, organizational, regulatory, political, financial, etc.) that may have a negative impact on the implementation and success of your Project; please describe how you plan to mitigate the anticipated risks.*

Risks of this project are estimated at a rather low level. Potential risk can be finding available interviewees (in order to draft the introductory paper and questionnaire, as well as to conduct the

comparative analysis and the empirical research). However, the network developed at the international level by the project leader and by the subcontracted experts, as well as the consolidated expertise of all the project participants in similar research, will eliminate this risk. In this regard, the project timelines will ensure the possibility to contact the relevant authorities and to plan the interviews sufficiently in advance to obtain the requested information. Furthermore, a traditional risk related to the interviews concerns information that certain interviewees may not be willing to disclose. To prevent such a risk, interviewees will be given the opportunity to remain anonymous and not to be quoted in the final report.

In the course of the project it might also occur that project participants respond to individual tasks with some delay. Since in the second stage (see Annex 2) the core activities are not completely interdependent and run in parallel, a limited margin of flexibility will be allowed. In any case, the project leader and the project manager will make sure that a clear definition of the tasks and the ideal timings are communicated to the project participants well in advance.

21. Other party's collaboration in your Project (excluding Subcontractors): *if successful implementation of your Project depends on your collaboration with a Government Agency, Government Officials or any other party (for example, use of a new technology or training materials or provision of data by a third party), describe your preparatory steps to ensure such collaboration and what makes you think it is technically and legally feasible.*

The only collaboration will be requested to members of EU and national authorities in order to conduct the interviews. In this regard, please see point 20 (risk factors).

YOUR EXPERIENCE

22. Do you have experience in implementing projects similar to your PMI IMPACT Project? If yes, please provide examples below.

Yes, Utrecht University has a long standing experience in implementing international research projects involving participants with different backgrounds. Several multi-disciplinary research collaborations with partners both from inside and outside the University have been established, and it is common for the University to work together with universities, knowledge institutions and industry. The experience in the field of EU law, including criminal and administrative law enforcement, is deeply rooted in the research conducted at the Utrecht centre for regulation and enforcement in Europe (RENFORCE). Also for these reasons, Utrecht University is an internationally renowned top research university. Its quality is evidenced by the good results of research assessments and our outstanding performance in international rankings (for example, the Shanghai Ranking ranks the university in the Netherlands on the 1st, in Europe on the 17th and worldwide on the 56th place).

23. Have you ever applied for funding for a project similar to your PMI IMPACT Project?

- Yes
 No

If yes and your application(s) were made to any national, regional or international programs,

organizations or institutions in the last five years, specify below the programs, organizations or institutions and briefly describe the content and the outcomes of the applications.

The research conducted at the Utrecht University, namely within RENFORCE, focuses on the relationship between regulation and (administrative and criminal) enforcement at the interplay of national, European and other levels of government. The RENFORCE research staff regularly conducts research funded by third parties (mostly national and EU funding bodies). Although Utrecht University has not applied for funding for research projects on illicit tobacco trade, several applications have been submitted in the last years on related topics. Below you can find a selection among the most recent successful applications for funding:

Year: 2015

Program: Justice Programme Action grants to support judicial cooperation in civil and criminal matters

Funding body: EU Commission (DG Justice)

Title of the project: Improving the transfer of persons pursuant to mutual recognition of judicial decisions in criminal matters and the citizens' fundamental rights protection.

Year: 2016

Programs: HERCULE III Programme (Legal Training and Studies)

Funding body: EU Commission (OLAF)

Title of the project: Investigatory powers and procedural safeguards: Improving OLAF's legislative framework through a comparison with other EU law enforcement authorities

Year: 2016

Programs: HERCULE III Programme (Legal Training and Studies)

Funding body: EU Commission (OLAF)

Title of the project: Exchange of information with EU and national enforcement authorities: Improving OLAF's legislative framework through a comparison with other EU authorities

Year: 2012

Programs: Prevention of and Fight against Crime

Funding body: EU Commission (DG Home Affairs)

Title of the project: Organised Crime Portfolio

Year: 2014

Programs: Specific Programme "Criminal Justice" (2007-2013)

Funding body: EU Commission (DG Justice)

Title of the project: Creativity and Effectiveness in the Use of Electronic Monitoring as an Alternative to Imprisonment in EU Member States

Year: 2013

Programs: Collaborative projects (Large scale integrated research projects)

Funding body: EU Commission (DG Research and Innovation)

Title of the project: Fostering Human Rights Among European (external and internal) Policies

Year: 2015

Programs: Justice Programme Action grants to support transnational projects on promoting the quality of the national justice systems

Funding body: EU Commission (DG Justice)

Title of the project: Handle with care: assessing and designing methods for evaluation and development of the quality of justice

Year: 2015

Programs: Justice Programme Action grants to enhance the rights of persons suspected or accused of crime
Funding body: EU Commission (DG Justice)
Title of the project: Towards Pre-trial Detention as Ultima Ratio

ADDITIONAL INFORMATION
24. Additional information about your Project you want to provide:

N/A

25. ANNEX 1 – PROJECT BUDGET

Refer to the template attached to provide us with details of your Project Budget.

26. ANNEX 2 – PROJECT TEAM AND IMPLEMENTATION PLAN

Refer to the template attached to describe your Project Team and Implementation Plan.

27. ANNEX 3 – APPLICATION TERMS AND FUNDING RULES

Please ensure that this Full Proposal and its Annexes 1 and 2 conform to Annex 3 (the [Application Terms and Funding Rules](#)).

28. SUBMISSION

Please email the completed documents to us at impact@pmi.com as follows:

- a. In your email provide the list of all the documents you are submitting;
- b. Attach this Full Proposal form, Annex 1 (Project Budget) and Annex 2 (Project Team and Implementation Plan) in original Word or Excel format (whichever is applicable), and signed versions of each in PDF format;
- c. Sign and attach Annex 3 (the [Application Terms and Funding Rules](#)) in PDF format.
- d. Attach supporting documentation (in any format, but preferably in PDF).
- e. If the size of your documents exceeds 25 MB, please split them and send in several e-mails.

If you do not receive confirmation of receipt from the PMI IMPACT Project Office within 3 days of your submission, please contact us at impact@pmi.com.

Applicant: Universiteit Utrecht

The person whose signature appears below is authorized to sign on behalf of the Applicant. **Please provide a Power of Attorney or other relevant document confirming this authorization. The same person should sign all Annexes to this Full Proposal.**

Signature: 

Name: ~~Ton Hol~~

Title: Vice-Dean Faculty of Law, Economics and Governance

Date: 13 February 2017

Annex 3

Application Terms and Funding Rules

Updated on June 30, 2016



PMI **impact**

This document describes the application terms for Applicants under which PMI will award Grants (the "Application Terms and Funding Rules").

Applicants should ensure that their Applications conform to this document. A copy of these Application Terms and Funding Rules signed by the Applicant should be attached as Annex 3 to each Application.

1. DEFINITIONS

An "**Application**" means an application for a Grant under PMI IMPACT made in the first instance by an Expression of Interest, followed if applicable by a Full Proposal.

An "**Applicant**" is an organization applying for a Grant.

"**Applicant Personnel**" means employees of Applicant involved in the performance of the Project.

A "**Certified Auditor**" means an auditor or audit firm that:

- a. is a member of a national accounting or auditing body or institution which, in turn, is either a member of the International Federation of Accountants (IFAC) or has committed him/herself/itself to undertake the engagement for the Grantee in accordance with the IFAC standards and ethics; and/or
- b. if based in an EU member state, is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC; or
- c. if based in a non-EU country, is registered as a statutory auditor in the public register of a public oversight body in that non-EU country and this register is subject to principles of public oversight as set out in the legislation of that country.

A "**Conflict of Interest**" is a situation in which a person's or organization's objectivity in making decisions or taking actions could, in the opinion of a reasonable person, be impaired by his/her/its personal interest. Personal interest can arise from many types of relationships, including family or political ties, financial investments, and personal interactions. Conflicts of Interest with regard to Applications and Projects may arise, for example due to ties or relationships between Applicants or persons involved in the implementation of the Project and PMI or between Applicants and the Experts or because of the subject matter of Projects.

"**Due Diligence**" is described in Section 4 of these Application Terms and Funding Rules.

"**Expert Council**" means the body comprised of independent experts appointed by PMI which will select Applications for the award of Grants by PMI, and an "**Expert**" is a member of the Expert Council.

An "**Expression of Interest**" ("**EOI**") means an initial Application submitted in response to a call for Expressions of Interest by PMI, including all its Annexes and supporting documentation.

A "**Full Proposal**" means a detailed Application submitted in response to an invitation by PMI to submit a Full Proposal, including all its Annexes and supporting documentation.

A "**Funding Round**" means (i) the period during which a set of Applications are submitted and reviewed by the Expert Council and Grants are awarded by PMI; plus (ii) the period during which the Projects in those Applications that received Grants are implemented and completed, normally no more than 24 months. Each Funding Round will have a theme chosen by PMI and notified to potential Applicants before they prepare their EOIs.

A **"Government Agency"** means a government, or a department, or other unit of a government.

A **"Government Official"** means:

- a. any officer or employee of a government, including officers or employees of Government-controlled Organizations, or any department or agency thereof, or of a Public International Organization (such as the United Nations Educational, Scientific and Cultural Organization or the World Bank), including any person in an uncompensated honorary position within any of the foregoing whose duties are ceremonial but who has actual influence over the award of business;
- b. any employee or other representative of a political party, or any candidate for political office;
- c. any member of ruling or reigning royal family; or
- d. any other person acting in an official capacity for, or on behalf of, any of the foregoing.

A **"Government-controlled Organization"** means an organization (i) of which a government owns or controls 50% or more of the shares or (ii) whose management, policies or affairs a government can otherwise direct.

"Intellectual Property Rights" means all rights in any country or jurisdiction in patents, inventions, trade secrets and other rights in know-how, copyrights (including any extensions or renewals), rights affording equivalent protection to copyright, data, rights in databases, registered designs, design rights, industrial designs and utility models, trademarks, trade names, trade dresses, logos, domain names, business names and all registrations or applications to register any of the foregoing items.

A **"Grant"** is a monetary amount payable by PMI under PMI IMPACT to an Applicant to be spent exclusively on a Project, under the terms set out in a Grant agreement between the Applicant and PMI.

"PMI" means Philip Morris International Management SA.

A **"Project"** means the project proposed to be carried out by an Applicant with a Grant, as well as the project awarded a Grant under a Grant Agreement between PMI and an Applicant.

A **"Project Budget"** means the budget prepared in accordance with the Project Budget template, attached to the EOJ and, if applicable, to the Full Proposal.

A **"Project Leader"** means the employee of an Applicant appointed to lead a Project.

"Public International Organizations" mean organizations whose members are countries, governments or other public international organizations.

"Sanctions" mean laws that prohibit trade with certain countries, organizations and individuals around the world. They can be imposed by organizations such as the United Nations or the European Union, or they can be imposed by specific countries such as the United States.

A **"Subcontractor"** means an independent contractor, not an employee of an Applicant, contracted, retained or otherwise hired by the Applicant to implement a portion of the activities under the Project or perform tasks relating to the Project that require specific expertise or administrative support. Subcontractors must not be Government Agencies, Public International Organizations, Government Officials or Government-controlled Organizations, except for public academic institutions or their employees. If applicable, references to Subcontractors shall include references to their employees.

2. WHO MAY APPLY

Applications for Grants may be made by public, private, or non-profit organizations, including non-governmental organizations, international organizations, associations, academic institutions and corporations.

Applicants may not be individuals.

Applicants may also not be tobacco manufacturing companies or controlled by, or belong to, the same group of companies as any tobacco manufacturing company.

3. GRANT AWARD PROCEDURE

- PMI will publish a call for EOIs on the PMI IMPACT website.
- Within 45 working days after the call for EOIs Applicants wishing to apply for a Grant should complete and send to PMI an EOI as described in the EOI template.
- Within 35 working days after the closing date for submitting EOIs, PMI will conduct Due Diligence checks on Applicants and EOIs. PMI will reject EOIs failing the Due Diligence checks and inform those Applicants about their rejection.
- PMI will share with the Expert Council the results of the Due Diligence checks, including a list of the EOIs that have not passed these checks and a short summary of why they were rejected, and send the Experts the EOIs that have passed these checks.
- Within 15 working days after receipt, the Expert Council will assess the EOIs according to the Quality criterion of the [Evaluation and Scoring Criteria](#) and reject poor quality EOIs.
- PMI will share the Full Proposal template with Applicants whose EOIs have not been rejected as being of poor quality and invite them to submit Full Proposals.
- Within 30 working days after the invitation, Applicants should complete and send to PMI a Full Proposal and supporting documents as described in the Full Proposal template.
- Within 5 working days after the closing date for submitting Full Proposals, PMI will check that all Full Proposals are complete and meet the applicable requirements described in the Full Proposal template. If a Full Proposal is incomplete and/or does not meet these requirements, PMI will ask the Applicant to rectify the deficiencies within 5 working days. Examples of such deficiencies are missing annexes and signatures or uncompleted fields. If the Applicant does not rectify the deficiencies in time, PMI may reject the Full Proposal.
- After PMI's check of all Full Proposals and any rectification by the Applicants, PMI will circulate to each Expert (i) all Full Proposals that are complete and meet the requirements, and (ii) a list of the Full Proposals that were rejected because their deficiencies were not rectified in time, with a short summary of those deficiencies.
- Within 30 working days after PMI sends the Experts all Full Proposals that are complete and meet the requirements, the Experts will make individual substantive assessments of each Full Proposal, awarding each one separate scores for each criterion (Quality, Impact, Feasibility and Novelty), according to the [Evaluation and Scoring Criteria](#).
- Within 45 working days after the closing date for submitting Full Proposals, the Expert Council will meet to review and select Full Proposals for the award of Grants by PMI, as described in the [Expert Council and Grant Award Guidelines](#).
- After the Grant award meeting, PMI will conduct a final Due Diligence check of each Application that the Expert Council has selected for the award of a Grant to ensure that no new facts have come to light such that the EOI/ Full Proposal would fail the Due Diligence procedure if it were carried out at this point in time. If an Application fails the final Due Diligence check, PMI will immediately notify the Expert Council and provide a short summary describing the rationale for rejection. Concurrently, PMI will inform unsuccessful Applicants about their rejection.
- PMI will invite successful Applicants whose Applications have passed the final Due Diligence check to enter into a standard Grant agreement with PMI.
- PMI will then publish on the PMI IMPACT website the results of the Grant award procedure.
- Grants will be considered awarded only upon signature of Grant agreements by PMI and successful Applicants. The Expert Council and individual Experts will not be parties to these agreements and will have no liability to Applicants under or in relation to the agreements.

The timelines mentioned above are approximate. However, for each Funding Round and at each stage of the Grant award procedure, PMI will publish on the PMI IMPACT website precise deadlines, by which Applicants have to submit their Applications.

For a more detailed description of the Grant award procedure, see the [Expert Council and Grant Award Guidelines](#).

¹ Working days in an applicable calendar year in Lausanne, Switzerland.

4. DUE DILIGENCE

4.1 Due Diligence requirements

PMI will conduct Due Diligence checks on Applicants and Applications to ensure that the requirements set out below are met.

PMI may request certain Applicants to provide information in addition to the information they have already provided in their Applications to complete these Due Diligence checks; failure by an Applicant to provide this information will entitle PMI to reject its Application.

PMI will check that:

1. The Applicant is a bona fide organization that complies with the criteria in the "Who may apply" section above.
2. The proposed Project conforms to (i) the description of the projects that PMI would like to support and (ii) the theme of the current Funding Round, described on the PMI IMPACT website.
3. The Grant requested for the proposed Project is not more than USD 3,000,000 and not less than USD 100,000.
4. The duration of the proposed Project is not more than two years.
5. The EOI/Full Proposal is in English, complete and meets the requirements described in the EOI template/Full Proposal template respectively and these Application Terms and Funding Rules.

Note: Any required supporting documentation can be submitted in languages other than English.

In case an Applicant is unable to provide certain information requested in the Application or to comply with certain requirements of these Application Terms and Funding Rules due to its legal status as, and rules applicable to, a Government Agency, Government-controlled Organization or Public International Organization, it should contact the project office of PMI IMPACT at impact@pmi.com and explain the reason for this inability. If satisfied with the explanation, PMI may waive this requirement.

6. The proposed Project's Budget (Annex 1 of the Applications) conforms to the Funding Rules in Section 5 below.

Note: PMI may ask Applicants to provide the rationale for any budgeted costs or request modification of any budgeted costs that do not or may not meet the requirements of the Funding Rules in Section 5 below. If the Applicant fails to provide such rationale or make the requested modification, PMI may reject the Application.

7. The Applicant's financial and organizational capacity allows it to implement the proposed Project, and the Applicant is not the subject of a petition in bankruptcy or any other proceedings under bankruptcy, insolvency or similar laws and has not made an assignment for the benefit of its creditors.

Note: If the Applicant's financial and organizational capacity to implement the proposed Project appears to PMI to be insufficient, PMI reserves the right to ask the Applicant for more information for its assessment, including additional business/professional references. In exceptional circumstances, PMI may also require the Applicant to obtain a performance bond or bank guarantee.

8. The Application does not contain any inaccurate, false or misleading information or documentation.
9. The Application does not conflict with applicable legal requirements, for example, those preventing the award of a Grant to Government Agencies or the sponsoring of events by tobacco companies under any applicable local, national or international laws and regulations.
10. The Application does not conflict with PMI policies, for example, those relating to Conflicts of Interest, anti-corruption, and anti-money laundering.

Note: The Applicant must disclose to PMI any actual or potential Conflict of Interest with respect to the submission of its Application and potentially the implementation of the Project, by sending an e-mail, describing such Conflict of Interest, to the project office of PMI IMPACT at impact@pmi.com.

Conflicts of Interest may in some cases be resolved and the Application still selected.

Some situations that constitute a Conflict of Interest may not be obvious. If an Applicant has any questions about whether a Conflict of Interest may exist, it should contact the PMI IMPACT project office at impact@pmi.com.

11. The Applicant has not been or is not being investigated for/accused/convicted of violating anti-bribery laws or engaging in any unlawful or inappropriate practice that would call into question its integrity.

***Note:** On a case-by-case basis, PMI may also conduct checks to verify that the Applicant's senior executives, the Project Leader and any Subcontractors have not been or are not being investigated for/accused/convicted of violating anti-bribery laws or engaging in any unlawful or inappropriate practice that would call into question their integrity.*

12. The Applicant, its senior executives, the Project Leader and any Subcontractors are not listed on any applicable Sanctions lists or subject to any applicable country level Sanctions.

***Note:** PMI and its affiliates are required to comply with the regulations that impose Sanctions against certain countries, organizations and persons. PMI will conduct Sanctions checks to ensure that the Applicant and the persons/entities mentioned above are not subject to U.S. and E.U. Sanctions, and any other applicable Sanctions in effect.*

13. The Applicant has not attempted to influence an Expert concerning its Application.

***Note:** If an Applicant contacts an Expert to influence him/her regarding its Application, PMI may reject this Application.*

14. Subcontractors that the Applicant would like to engage for the Project are not Government Agencies, Public International Organizations, Government Officials or Government-controlled Organizations, except for public academic institutions or their employees.

***Note:** The Applicant is expected to implement the Project by using its own personnel. The Applicant may also engage Subcontractors, but Subcontractors must not be Government Agencies, Public International Organizations, Government Officials or Government-controlled Organizations, except for public academic institutions or their employees. PMI reserves the right to request more information about each proposed Subcontractor and in exceptional cases to request the Applicant to replace a Subcontractor.*

If at any time during or after the Grant award procedure, PMI learns of circumstances requiring the rejection of an Application based on these Due Diligence grounds, PMI will reject that Application and inform the Applicant accordingly.

In case the EOI has a minor technical deficiency, for example, a missing signature on an Annex, PMI will ask the Applicant to rectify the deficiency within 3 working days. If the Applicant does not rectify the deficiency in time, PMI may reject the EOI.

4.2 How PMI will use the information relating to the Applications

PMI will collect and process information in accordance with its [Third Party Privacy Notice](#). This Section 4.2 supplements the [Third Party Privacy Notice](#).

PMI will collect and process not only the information that the Applicants provide in their Applications, including any personal data, but also information from publicly available sources (together the "Collected Information"). PMI will do this in order to conduct the Due Diligence checks on Applicants and Applications described in Section 4.1 above. PMI will share the Collected Information with the Expert Council to enable it to evaluate and score the Applications, and PMI will also share the results of the Due Diligence checks with the Expert Council to inform it about their results, as described in the [Expert Council and Grant Award Guidelines](#). The Collected Information will also be used if an Applicant applies for a Grant in another Funding Round. Finally, in exceptional circumstances, PMI may make the Collected Information public, except for non-public financial information the Applicant may have designated as confidential.

As stated in the [Third Party Privacy Notice](#), PMI may also share the Collected Information with its Affiliates (which will each process for themselves, but for the same purposes as set out in this Section 4.2) and with its and their third party Due Diligence service providers.

In doing this, PMI will transfer the Collected Information abroad, i.e., outside Switzerland and the European Union (for example, to the USA), as mentioned in the [Third Party Privacy Notice](#).

PMI will give access to the Collected Information only to those who need access for the purposes mentioned above. PMI will retain the Collected Information during the time the Projects are considered and implemented and for a maximum of 10 years thereafter. If the Project is rejected, PMI will delete the Collected Information 5 years after the rejection.

Given that the Applications may contain personal data relating to third parties (such as Applicant Personnel, Subcontractors and Applicant's business/professional reference providers), each Applicant must ensure that it obtains, prior to sharing data with PMI, their consent to PMI's use of data relating to them (including sharing, processing and transferring abroad), as described above.

When completing their Applications, Applicants should not submit any information regarded by data protection laws as 'sensitive' (for example, data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, trade-union membership, or data concerning health or sex life); however if an Applicant does include such information, it must be aware that PMI will process it as described in this Section 4.2.

5. FUNDING RULES

5.1 Application of Funding Rules

The Applicant must follow these Funding Rules when preparing the Project Budget to be attached to the EOI and, if applicable, Full Proposal. Project Budgets should be prepared using the template in Annex 1 of the EOI and if necessary, adapted according to the description of the Project. However, such adapted template must conform to these Funding Rules and provide all required information.

5.2 Funding and Budgeting

- All costs that are to be incurred in the implementation of the Project must be shown in the Project Budget. The period between the intended Project launch date and the intended end date must not exceed 24 months.
- For the first Funding Round, the Project launch date cannot be before April 03, 2017.
- All costs must be indicated in USD. Grants will be paid in USD.
- The total Project Budget indicated in the Full Proposal should not normally exceed the Project Budget indicated in the EOI. However, the Project Budget in the Full Proposal may be increased by up to 10% of the Project Budget in the EOI if an Applicant can reasonably justify the increase.
- All cost items must be budgeted to include all taxes to be incurred on amounts spent by an Applicant in the execution of the Project, with the exception of taxes on profits or taxes for which the Applicant is eligible for a tax refund, for example, VAT incurred by the Applicant or VAT charged by Subcontractors. To be clear, taxes on profits and taxes for which the Applicant is eligible for a tax refund, cannot be included in the Project Budget.
- If an Applicant is granted a national or international tax-exempt status, it should provide confirmation of such status and specify it in the Project Budget.
- All costs in the Project Budget must be reasonable in amount, must reflect prevailing market rates and ensure good value for money. They must also be essential for the completion of the Project and would not be incurred in the absence of the Project. PMI reserves the right to ask Applicants to provide clarification regarding any costs in the Project Budget.
- If the Project proposes purchases of equipment (including vehicles and devices), technology or software specifically required for the Project's implementation, the Applicant must separately provide in its Application prices for and individual characteristics of such equipment, technology or software, including their brand, producer, model, version, make and key functionalities, and indicate the prospective supplier of such equipment, technology or software.
- The Project cannot propose reward payment schemes, such as success or pay-for-performance fees.
- If a Project's successful implementation depends on the use of specific resources, such as confidential proprietary data, technology, personnel with specific expertise, or any materials or software protected by Intellectual Property Rights of a third party, the Applicant will, by submitting its Application, be deemed to confirm that it will be able to ensure availability of such resources if it is awarded a Grant. If obtaining such resources will incur costs, these must be included in the Project Budget in the category "Other Costs".
- Normally, apart from a Grant, PMI will not provide any support to Applicants, including providing any data, technology, or other resources referred to above.

- PMI must be the only external funder of a Project. Unless the Project is to be partially co-financed by the Applicant itself, co-funding should not be proposed for a Project.

5.3 The cost categories of the proposed Project Budget

I. Personnel Costs

- All costs of Applicant's personnel delegated to work on the Project must be budgeted under this category of costs.
- The calculation of Personnel Costs must be based on direct personnel costs (for example, monthly gross salaries, pension contributions, payroll taxes, other taxes and contributions required by the national labor legislation, but excluding bonuses).
- Salaries must be in line with the qualifications of the personnel concerned and applicable job market rates. If more than one employee in the same job category will work on the Project, costs should be indicated separately for each employee and numbered in the Project Budget, for example, Project Assistant 1 and Project Assistant 2. Examples of the job categories are Project Leader, Project Manager(s), Project Assistant(s), Senior Specialist, Junior Specialist, etc.

II. Administrative/Overhead Costs

- Administrative/Overhead Costs are recurring costs relating to the entire Project and unrelated to a specific Project activity, such as office rent, phone costs, office equipment, costs for bookkeeping and financial transactions, electricity/heating, maintenance, consumables – office supplies, and other similar internal costs.
- Administrative/Overhead Costs shall be budgeted by Applicants using a flat percentage of the total Project Budget, but normally not more than 12%. Applicants are not required to provide a breakdown of how they have calculated the percentage they have used for this element of the Project Budget, but PMI may require them to justify this percentage. For some Projects, such as those whose objective is to purchase equipment, it may not be justifiable to charge any amount for Administrative/Overhead Costs.
- Applicants that are required by their internal regulations to apply a fixed percentage fee for Administrative/Overhead Costs exceeding 12% should budget such fixed percentage fee and provide confirmation that it is mandated by their internal regulations.
- Administrative/Overhead Costs must not be included in any other cost categories and no additional administrative/overhead costs will be reimbursed.

III. Other Costs

If applicable, Other Costs can include:

- Costs of Subcontractors. Subcontractor costs should be those based on a firm commitment of a Subcontractor for the Project.
- Entertainment costs, i.e., costs for travel, lodging, meals and hospitality. Entertainment costs must be reasonable and strictly required for the implementation of the Project. Travelling should be normally made in economy class or its equivalent. The country or countries where travel costs will be incurred should be indicated in the Project Budget.
- Other costs directly related to a specific Project activity, for example, purchases of equipment or software specifically required for the Project, costs of event venues and other expenses required for organizing events (conferences, seminars, etc.), marketing or design, etc.
- Translation costs. Applicants should budget for any applicable translation costs. Please note that Applicants' progress and final reports as well as the audit reports, referred to in Section IV below, must be in English. Where Project deliverables will be circulated principally in a country where the local language is not English, the deliverables may be in that local language; otherwise, the Project deliverables must be in English.

IV. Audit Costs

Each Project Budget must include costs of auditing the Project's implementation by a Certified Auditor, as described below, and preparing audit reports, as follows:

1. If a Project lasts less than 12 months, only one audit report is required, within 30 days after completion of the Project; and
2. If a Project lasts more than 12 months, two audit reports are required, the first at the end of the first 12 months of the Project and the second within 30 days after completion of the Project.

On a case-by-case basis, PMI may require additional audits during the Project's implementation.

Any exceptions to 1) and 2) above will be agreed in the Grant Agreement.

- The budgeted audit fee in an Expression of Interest should normally be between 1,5 and 2,5% of the Grant requested for the proposed Project. For discussion of any reasoned exceptions to this term, contact the project office of PMI IMPACT at impact@pmi.com. PMI also reserves the right to revise the amount of the budgeted audit fee depending on the nature and complexity of the Project.
- For Full Proposals, the budgeted audit fee should be based on costs negotiated in advance with the Certified Auditor for the Project.

Ineligible costs are costs unrelated to the implementation of the Project and include, but are not limited to, debts and debt servicing charges, fines, penalties, taxes on profits, taxes eligible for a tax refund, interest payments, provisions for losses, recruitment and relocation costs, and work permits.

5.4 Audit

If awarded a Grant, an Applicant must retain a Certified Auditor who will be responsible for (i) auditing the Applicant's financial and accounting records and any documents or records relating to the Project's implementation, and (ii) preparing reports of the audit findings to submit to PMI. In particular, the scope of such audit shall include:

- general accounting procedures with respect to the Project's implementation (accounting and record keeping, reconciling the financial report to the accounting system and records, exchange rates);
- procedures to verify that the Grant is being or has been spent exclusively on the Project and that expenditures conform to (i) information in Grantee's reports, and (ii) the Grant Agreement, these Application Terms and Funding Rules, the Full Proposal and Project Budget; and
- procedures to verify selected expenditures (eligibility of expenditures).

5.5 Grant instalments

In general, the first Grant instalment will be payable on or shortly after signature of the applicable Grant Agreement. Applicants invited to submit a Full Proposal must propose the amount and timing of any subsequent Grant instalments. With the exception of the first instalment, these instalments should coincide with and be conditioned upon the completion of a Project phase and submission of deliverables and progress reports. Unless there are exceptional circumstances, there should be no more than 6 phases and 6 Grant instalments for any Project.

PMI reserves the right to amend proposals concerning the timing of Project phases, dates for submission of reports and other deliverables and the proposed amounts and schedule of Grant instalments without changing the total amount of a Project Budget. Instalments will be paid subject to compliance with (i) agreed timelines, including the submission of reports and other deliverables at agreed intervals and (ii) the other terms and conditions of the Grant Agreements.

5.6 Bank account

Each Applicant, who has been awarded a Grant, shall open and maintain in its name a separate USD bank account, for the receipt and expenditure of the Grant instalments, in the country where the Applicant is registered, and the Applicant may not use this account for any other purposes (the "Project USD Account").

PMI will pay Grant instalments by a bank transfer to the Applicant's Project USD Account.

If, due to applicable legal restrictions, an Applicant cannot open and maintain a bank account in USD, it should contact the project office of PMI IMPACT at impact@pmi.com and explain the reason for this inability.

5.7 Grant Agreements

Agreements between PMI and Applicants selected to receive Grants will specify the detailed conditions of the Grants. [Key Terms of PMI IMPACT Grant Agreement](#) can be found on the PMI IMPACT website.

6. CONFIRMATIONS, AUTHORIZATIONS AND AGREEMENTS BY APPLICANTS

By submitting an Application, each Applicant

1. confirms that:
 - it has read and understood, and accepts and agrees to these Application Terms and Funding Rules and, if the Application is successful, the [Key Terms of PMI IMPACT Grant Agreements](#);
 - the information contained in and attached to the Application, is complete, current and accurate;
 - it shall bear all costs associated with the preparation and submission of the Application and that neither PMI nor the Expert Council shall be responsible for those costs, regardless of the conduct or outcome of the Grant award procedure;
 - it complies and will continue to comply with all laws and regulations applicable to it and the Application;
 - in case it is a Government Agency, Government-controlled Organization, or a Public International Organization, it is duly authorized and entitled to submit this Application, is eligible to receive private funding and complies and will continue to comply with its internal rules and regulations applicable to it and to the Application.
 - neither it nor anyone involved in the implementation of the Project has any Conflict of Interest with respect to the Application, participating in the Grant award procedure or implementing the Project / **OR** it has already disclosed any situation that may constitute a Conflict of Interest with respect to the Application, participating in the Grant award procedure or implementing the Project, via impact@pmi.com.
 - it will notify PMI immediately via impact@pmi.com of any material changes to the information it has submitted in the Application, and any actual, potential or apparent Conflict of Interest of which it becomes aware during the Grant award procedure, to enable PMI to review and consider possible means of avoiding the Conflict of Interest;
 - it is aware that PMI may reject the Application if it fails Due Diligence checks described in Section 4 above or, or if it fails to inform PMI of any material changes to the information it has submitted in the Application, or of any actual, potential or apparent Conflict of Interest of which the Applicant becomes aware during the Grant award procedure;
 - the information contained in the Application does not infringe any Intellectual Property Rights of any third party;
 - in relation to any persons to whom personal data contained in the Application relates (such persons may include Applicant Personnel, Subcontractors and Applicant's business/professional reference providers) it has notified them of PMI's processing data relating to them (including collecting publicly available data, sharing, processing, (in exceptional cases) making public, and transferring abroad) all as described in Section 4.2 above, and has obtained their consent to the transfer abroad;
 - it is aware that if it contacts any Expert concerning the Application to influence the Expert, PMI may reject the Application and if this is discovered after signature of a Grant Agreement, that PMI may terminate the Agreement; and
 - the Subcontractors that the Applicant proposes to engage for a portion of the activities under the Project are not Government Agencies, Public International Organizations, Government Officials or Government-controlled Organizations, except for public academic institutions or their employees.

2. authorizes:

- PMI to transfer the Collected Information abroad, as described in Section 4.2.

3. agrees that:

- applying for a Grant may result in, but shall not entitle it to, the award of a Grant and that the Application may be rejected without PMI or the Expert Council and its members incurring any liability for it;
- it will not make any claim against PMI, its affiliates and/or the Expert Council and its members in relation to any rejection of the Application, and it will indemnify and hold harmless PMI, its affiliates, its and their employees, the Expert Council and its members from and against any and all such claims and claims made by any third parties;
- PMI, the Expert Council and its members will not be obliged to provide a justification for any rejection of the Application, which may not be appealed or litigated;
- the Application, the deliberations and decisions of the Expert Council and PMI, and the entire Grant award procedure are governed by Swiss law;
- the courts of Lausanne, Switzerland are the exclusive jurisdiction for any disputes; and
- judicial review of the entire Grant award procedure as well as the decisions of the Expert Council and PMI made during this procedure is excluded.

Applicant: Universiteit Utrecht [provide name of Applicant]

The person who is authorized to certify on behalf of the Applicant.

Signature: 

Name: Ton Hol [provide name of the signatory]

Title: Vice-Dean [provide title of the signatory]

Date: 13 February 2017

