

**Interreg IPA Cross-border Cooperation Programme  
Croatia-Bosnia and Herzegovina-Montenegro 2014-2020**

**SUBSIDY CONTRACT**

|                        |  |
|------------------------|--|
| OPERATION TITLE:       |  |
| OPERATION ACRONYM:     |  |
| OPERATION NUMBER:      |  |
| LEAD BENEFICIARY:      |  |
| IMPLEMENTATION PERIOD: |  |

**Index of Articles:**

Preamble

Article 1 - Award of the Subsidy Contract

Article 2 - Implementation period of the Operation

Article 3 - Financing the Operation

Article 4 - Responsibilities of the Lead Beneficiary

Article 5 - Payment arrangements and usage of EUR

Article 6 - Reporting obligations and Payment Claim

Article 7 - Suspension of payments

Article 8 - Public procurement

Article 9 - Eligible costs

Article 10 - Eligibility outside the Programme area (when applicable)

Article 11 – State Aid (when applicable)

Article 12 – Revenues and interests

Article 13 - Termination of the Subsidy Contract

Article 14 - Conflict of interests

Article 15 – Irregularities and recoveries

Article 16 – De-commitment

Article 17 – Interest on late payment

Article 18 - Use of eMS

Article 19 - Visibility, communication and use of Operation results

Article 20 - Durability of operations

Article 21 - Amendments to the Subsidy Contract

Article 22 - Periods for record-keeping

Article 23 - Complaints

Article 24 - Annexes

Article 25 - Legal succession

Article 26 - Settlement of differences

Article 27 - Partial invalidity and unintentional gaps

Article 28 - Entry into force

## SUBSIDY CONTRACT

for the implementation of the Operation

Operation ID \_\_\_\_\_ Entitled \_\_\_\_\_

Acronym \_\_\_\_\_, within the

### Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina- Montenegro 2014-2020

The following Subsidy Contract is concluded between the **Agency for Regional Development of the Republic of Croatia, Directorate for Managing Cooperation Programmes and Regional Development** (hereinafter ARD) acting as Managing Authority (hereinafter MA) of the Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020,

Vlaška 108, 10 000 Zagreb

HR - Republic of Croatia

OIB: 77950792246

Represented by the [Legal representative]

on one hand

and

[Full official name of the Lead Beneficiary]

Acting as the Lead Beneficiary (hereinafter LB)

[Full official address and contact info]

[Organisation official registration number]

represented by the [Legal representative]

on the other hand

on behalf of all partners listed in the Partnership Agreement (Annex xx of the Subsidy Contract), hereinafter jointly referred to as the Parties, have agreed as follows:

**Preamble:**

The LB guarantees that the Operation is implemented and managed in accordance with the valid EU regulations as well as the horizontal policies of the European Union, Programme rules and relevant national legislation.

The provisions of this Subsidy Contract (hereinafter the Contract) will be based on the following legal framework according to the principles of the hierarchy of rules in line with Article 43(5) of IPA II Implementing Regulation No 447/2014:

- Regulation (EC) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006;
- Regulation (EC) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial Cooperation goal;
- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II);
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action;
- Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II);
- Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002;
- Regulation (EU, EURATOM) No 547/2014 of the European Parliament and of the Council of 15 May 2014 amending Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union;
- Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union;
- Commission Delegated Regulation (EU) No 481/2014 of 4 March 2014 supplementing Regulation (EU) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for Cooperation programmes;
- Cooperation programme of Interreg IPA Cross-border Cooperation Programme Croatia– Bosnia and Herzegovina-Montenegro 2014-2020, approved by the European Commission Decision No C(2015) 8447 of 24 November 2015 (hereinafter referred to as the Programme);

- Programme rules on eligibility of expenditures
- Programme procurement manual
- The relevant Call for Proposals of the Programme, published on DD/MM/Y;
- National rules applicable to the Lead beneficiary and its Project Partners

In case of amendments of the above mentioned regulations and/or rules, the latest version shall apply.

**Article 1 — Award of the Subsidy Contract**

1. The purpose of this Contract is the award of a grant by the ARD/MA to finance [the implementation of the Operation entitled: <title of the Operation> within the Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020 as described in Annex xx of this document (Application).
2. The Joint Monitoring Committee has approved the Operation [XX] on [date]. The decision of the JMC is based on the criteria set out in the Cooperation Programme and relevant Call for Proposals.
3. On the basis of the JMC decision, the MA awards maximum amount of EUR XX (maximum of the total eligible costs of the Operation) to the LB for the implementation on this Operation.
4. The LB accepts the grant and undertakes to be responsible for carrying out the Operation as well as for assuring that each Project Partner ensures the availability of the national co-financing<sup>1</sup>. The LB commits itself to support its own contribution and to ensure the temporary availability of funds for the proper implementation of the Operation.

**Article 2 — Implementation period of the Operation**

1. The implementation period of the <Operation> is <number of months>.
2. Implementation of the <Operation > shall begin on:
  - Option 1: [the day following the date on which the second of the two Parties signs].
  - Option 2: [insert exact start and finish date – implementation period].

**Article 3 — Financing the Operation**

1. The total costs are estimated at <EUR amount> as set out in Annex xx of this document.
2. The ARD/MA undertakes to finance (from Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020) a maximum amount of <EUR amount>, which represents <percentage %> of the total cost of the Operation.

| Total           | EU amount       | Co-financing amount |
|-----------------|-----------------|---------------------|
| <insert amount> | <insert amount> | <insert amount>     |
| 100%            | Max. 85%        | Min. 15%            |

<sup>1</sup> The national co-financing (min. 15%) is ensured by the participating countries (includes the contributions from state budgets, local budgets and/or contribution of partners from all participating countries).

3. The actual EU co-financing will be calculated on the basis of reported eligible expenditures only. The total amount to be paid by the MA to the LB cannot exceed the maximum amounts of co-financing approved as defined in Article 1 above. Expenditure which qualifies for co-financing from the Programme exclusively consists of eligible expenditure.
4. It is explicitly stated that the Operation must not make use of funds from other programmes co-financed by the European Union to finance the present Operation.
5. The LB/PPs are responsible for ensuring that minimum **60%** of the EU granted amount for the Operation is certified by the CA at the latest until **30 March 2018**.

#### **Article 4 – Responsibilities of the Lead Beneficiary**

1. The LB shall:
  - a) lay down the arrangements with Project Partners (hereafter: PP) in Partnership Agreement comprising provisions that, inter alia, guarantee the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid and comprising distributions of the mutual responsibilities among all PPs within the Operation;
  - b) assume responsibility for ensuring implementation of the entire operation and ensure a professional management of the Operation;
  - c) ensure that expenditure presented by all beneficiaries has been incurred in implementing the operation and corresponds to the activities agreed between all the beneficiaries, and in accordance with this Contract;
  - d) ensure that the expenditure presented by other beneficiaries has been verified by a controller(s);
  - e) coordinate the start, implementation and closure of the Operation according to the time schedule as indicated in the final version of the Application (**Annex xx to this document**);
  - f) guarantee that it is entitled to represent the Project Partners participating in the Operation. The LB is liable for infringements of obligations under this Contract by the PPs in the same way as for its own conduct;
  - g) ensure transparent financial flows of operation funds (open separate (sub)account);
  - h) be responsible for transferring the EU contribution to the PPs participating in the Operation at latest 10 working days after the reception of the funds by the CA (in full and in the respect to the Partnership Agreement) using the middle exchange rate of the National bank. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce those amounts for the other PPs;
  - i) be responsible for ensuring the implementation of the entire Operation in the respect to the indicative timeframe of envisaged activities and ensure that expenditure presented by all partners has been incurred in implementing the Operation and corresponds to the activities agreed between all the partners;

- j) inform the JS/MA immediately about all circumstances that delay, hinder or make impossible the realisation of the Operation as well as all circumstances that may cause minor and major changes of the Contract (if and when necessary);
  - k) provide any information regarding the implementation of the Operation of any PP (and LB as well) upon request of the FLC/JS/MA/CA at latest within 7 working days, without any delay;
  - l) use relevant electronic monitoring system (hereinafter eMS) for exchanging information and reporting to relevant programme bodies.
2. The MA accepts no liability for any consequences which may result from unsuccessful implementation of the Operation by the beneficiary, the misuse of the grant, and/or the withdrawal of the grant.

#### **Article 5 - Payment arrangements and usage of EUR**

1. Disbursement of the Contract will be made subject to the condition that the national First Level Control process (Article 125(4) of Regulation (EU) No 1303/2013) as well as the certification by the CA have been carried out adequately.
2. Initial pre-financing of maximum 10% of the total costs stated in the Article 3 (1) shall be made within 30 calendar days of receipt of the Contract by the CA. For the purposes of the initial pre-financing payment, the signed Contract serves as a Payment Claim.
3. Initial pre-financing will be deducted from certified Payment Claims proportionally during the implementation period of the Contract. 20% of initial pre-financing shall be deducted from the certified amount of each Payment Claim.
4. All payments to LB will be made in EUR and transferred to the LB in line with applicable national legislation. Exchange rate risk related to the payments from the CA will be borne by the CA.
5. For reporting purposes all expenditure incurred (during operation implementation) in currency other than EUR shall be converted by the eMS to EUR using the monthly accounting exchange rate of the Commission (published on website: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/inforeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm) in the month during which that expenditure was submitted for verification to the designated controller and is applicable to all PPs.
6. In case if the euro becomes the currency of a participating country, the conversion procedure described above shall continue to apply to all expenditure recorded in the accounts by the Certifying Authority before the date of entry into force of the fixed conversion rate between the national currency and the euro.



## Article 6 – Reporting obligations and Payment Claim

1. The LB is entitled to request payments from the MA by providing all required information on the implementation of the Operation within the Project Progress Report (progress on the implementation of the Operation activities and the achievement of outputs as described in the Application Form and Subsidy Contract, taking into account minor and major changes that occurred).
2. The Project Progress Report consists of two parts: financial and activity part. This report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed, the results expected and obtained and the budget details for the Operation.
3. The LB/PPs is/are responsible for submission of the following reports:

| Type of the report      | Months covered by the report   | Responsible for submission   | Deadline for submission  |
|-------------------------|--|--|--|
| Inception report        | 0-3  | Each PP to designated controller   | 10 working days after the end of the reporting period                        |
| Partner Progress Report | 4-9  | Each PP to designated controller   | 10 working days after the end of the reporting period                        |
| Project Progress Report | LB collects FLC certificates and submits them to the JS together with consolidated activity part of the report |  | Within one month following the receipt of the last FLC certificate from a PP |
| Partner Progress Report | 10-15  | Each PP to designated controller   | 10 working days after the end of the reporting period                        |
| Project Progress Report | LB collects FLC certificates and submits them to the JS together with consolidated activity part of the report |  | Within one month following the receipt of the last FLC certificate from a PP |
| Partner Final Report    | 16-21  | Each PP to designated controller   | 1 month following the end date of Operation implementation                   |
| Project Final Report    | 22-24  | LB collects FLC certificates and submits them to the JS together with consolidated activity part of the report | Within one month following the receipt of the last FLC certificate from a PP |

4. Reports shall be submitted in the respect to the reporting schedule taking into account the final date of Operation implementation period, as set in Article 2.
5. Each Project Partner (hereinafter: PP), as well as the LB (in this case the LB is also considered as PP) has to submit a Partner Progress Report including a Statement of expenditure (and relevant supporting documents) to declare its expenditure relevant for a reporting period for validation to the designated controller through the eMS.
6. The FLCs may request additional information or ask for missing documentation at any time. The LB/PPs shall provide these information/documents within 7 working days of the request, in the Programme language.
7. In accordance with Article 23 of Regulation (EU) 1299/2013, the designated controllers shall submit a signed FLC Certificate on the eligible and validated expenditures to the LB/PP within three months after the submission of the documentation.
8. The LB collects FLC Certificates from the PPs and submits Project Progress/Project Final Report and Payment Claim to JS/MA/CA within one month following the receipt of the last FLC certificate from a PP.
9. In case of further comments to Project Progress Report from any of the Programme bodies (JS, MA, CA), the LB/PPs is obliged to provide information/documents within 7 working days of the request, in the Programme language.
10. After the Project Progress Reports/Project Final Report have been submitted in due time to the JS/MA, JS performs the verification of the Progress Report, whereas MA conducts relevant checks of Progress Report and verification of Payment Claim. After the approval of Progress Report, the MA forwards Payment Claim to the CA for final approval and payment to the LB.
11. The MA will ensure that the LB receives total amount of eligible public expenditure due in full and no later than 90 days from the date of submission of the Payment Claim.
12. The LB has to be available for any revision of the Project Final Report also after the Operation closure until JS/MA has approved it.
13. Based on the fact that payments by the EC to the CA will only be made in accordance with the corresponding budget commitments in line with the Article 136 of Regulation (EU) No 1303/2013, the LB must request payments in accordance with the approved budget in the Application Form.
14. Specific details regarding preparation, content of the reports and other reporting obligations will be given within Programme/Project Implementation documentation.

#### **Article 7 - Suspension of payments**

1. Any unjustified delay in reporting or in the clarification process of the Partner and/or Project Progress/Final Report, either by LB or by PPs, may lead to suspension of payment.
2. In accordance with the Article 132 of Regulation (EU) No 1303/2013, the payment may be interrupted by the MA in either of the following duly justified cases:

- a) the amount of the Payment Claim is not due or the appropriate supporting documents, including the documents necessary for management verifications under point (a) of the first subparagraph of Article 125(4) of CPR, have not been provided;
- b) an investigation has been initiated in relation to a possible irregularity affecting the expenditure concerned.

The LB shall be informed in writing of the interruption.

3. In addition, the MA/CA may also suspend payments as a precautionary measure without prior notice, prior to, or instead of, terminating this Contract as provided for in Article 13 of this Contract.

### **Article 8 – Public procurement**

1. For the award of service, supply and work contracts by LB and PPs, the procurement procedures shall follow the provisions of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012 and of Chapter 3 of Title II of Part Two of Delegated Regulation (EU) No 1268/2012.
2. Detailed information regarding procurement procedures will be stated within Programme Procurement Manual.

### **Article 9 – Eligible costs**

1. Eligible costs are costs actually incurred by the LB/PPs of a grant and/or paid by LB/PPs which meet all of the following criteria:
  - a) they are incurred during the implementation period of the Operation, with the exception of preparatory costs and closure costs (final reports and audit certificates);
  - b) they are indicated in the estimated overall budget of the Operation;
  - c) they are necessary for the implementation of the Operation which is the subject of the grant;
  - d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;
  - e) they comply with the requirements of applicable tax and social security legislation;
  - f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency;
  - g) they are incurred in accordance with the relevant EU legislation, Programme rules (defined in this document and call for proposal specific documents if applicable) and national legislation, and other relevant document (e.g. Financing Agreement);

- h) they are not listed as an ineligible expenditure in the Programme rules on Eligibility of Expenditure and in the call specific documents;
  - i) they are not co-financed from other sources under the Union Funds or other (national) Funds (double financing is not permissible).
2. If applicable, the LB is entitled to receive the reimbursement of preparatory and closure costs on behalf of the partnership for the approved Operation in the form of a lump sum (as requested in the Application Form) based on the signed Subsidy Contract.
3. Detailed rules and list of eligible/ineligible costs are described in the Programme rules on Eligibility of Expenditure and in the call specific documents.

#### **Article 10 - Eligibility outside the Programme area**

1. When implementing a part of the Operation outside the Programme area, the LB will ensure that all the following conditions are satisfied:
  - a) the Operation is for the benefit of the Programme area;
  - b) the total amount allocated to the part of the Operation located outside the Programme area does not exceed 20% of the support from the Union at Programme level;
  - c) the obligations of the MA and AA in relation to management, control and audit concerning the Operation are fulfilled.

#### **Article 11 – State Aid**

1. All beneficiaries receiving State Aid/de minimis must:
  - immediately inform the Programme of any grants of public funding received after signing this Contract;
  - keep all Operation records for a minimum of 10 years after receiving the final payment.

#### **Article 12 – Revenues and interest**

1. In the case of net revenue generating Operations, the LB/PPs shall respect the provisions of Article 65(8) of Regulation (EU) No 1303/2013.
2. All revenues generated by Operation activities during the implementation of the Operation shall be deducted from the eligible costs claimed in Statement of Expenditure within each Partner Progress Report.
3. LB/PPs are responsible for keeping account of all the revenues and to have the required documentation available (e.g. for control purposes).
4. The revenue arising from interest on pre-financing payments (on the funds transferred by the CA to the LB) shall either be re-used for the corresponding Operation, recovered or deducted from the final Payment Claim in line with Regulation (EU) No 966/2012.

5. If an Operation exceeding EUR 1.000.000 of total eligible costs expects to generate any net revenue after the Operation closure and within three years after the closure of the Programme, the LB/PPs shall respect the provisions of Article 61(1-6) of Regulation (EU) No 1303/2013.

### **Article 13 - Termination of the Subsidy Contract**

1. The MA may terminate this Contract or exclude the participation of any Project Partners in this Contract without any indemnity on its part when:
  - a) a LB/PP provides false or incomplete information required in the award procedure or in the implementation of the Operation;
  - b) the LB fails to fulfil any substantial condition or obligation incumbent on him/her individually or collectively by this Contract;
  - c) the LB becomes insolvent, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject to bankruptcy proceedings or proceedings concerning those matters or is in any other analogous situation;
  - d) a LB/PPs, or any related person<sup>2</sup>, have committed fraud, corruption, or are involved in any illegal activity detrimental to the European Union's financial interests and have committed irregularities, fraud or substantial errors in the award procedure or in the implementation of the Operation;
  - e) the termination of the participation of a PPs or a change to PP's situation substantially affects the implementation of the Operation or call into question the decision awarding the Contract;
  - f) the Operation has not been or cannot be fully implemented, or it has not been or cannot be implemented in due time; or it did not achieve project outputs in line with approved Operation, unless duly justified;
  - g) the LB has failed to submit required reports or proofs, or to supply necessary information, provided that the LB has received at least one written reminder setting a deadline and specifying the legal consequences of a failure to comply with requirements, and has failed to meet this deadline;
  - h) the Community funding have been partially or entirely misapplied for purposes other than those agreed upon;
  - i) the LB has impeded or prevented the auditing of the Operation or failed to retain the operation documentation required for the audit;

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<sup>2</sup> Any related person means any physical person with powers of representation, decision-making or control in relation to the LB/PP.

- j) the LB has failed to immediately report events delaying or preventing the implementation of the Operation, or any circumstances leading to its modification;
  - k) EU regulations or national regulations have been violated;
  - l) it has not given rise to any payment within two years of its signature.
2. Upon termination of this Contract by the MA, LB will receive written notice with necessary instruction regarding closure of the Operation.
  3. Without prejudice to Article **XX**, the LB/ PPs shall be entitled to payment only for the part of the Operation carried out and activities executed before termination. The LB shall present a Payment Claim to the MA by the deadline set by Article **XX**.
  4. In the cases of termination foreseen in Article **XX** the MA may request full or partial repayment of amounts unduly paid for the Operation.
  5. In the cases of force majeure, i.e. if the exceptional circumstances make implementation of the operation excessively difficult or dangerous, and if the Contract can no longer be executed effectively and appropriately, the LB or the MA may terminate the Contract by serving two months written notice, without being required to pay indemnity.
  6. In the cases of termination due to force majeure, the MA may reimburse the unavoidable residual expenditures incurred during the notice period (only for activities and costs that has been properly executed).
  7. If the European Commission fails to make the funds available, the MA is entitled to terminate this Contract and any claim by the LB against the MA for whatever reason is excluded.
  8. If the European Commission takes the decision of interrupting or totally suspending the funds, the Managing Authority may terminate the Contract.
  9. In case of observations and/or reservations raised by the Commission on the description of the management and control system of the Programme or in case of a system error detected, the MA has the right to temporarily withhold payments to the Operations. Payment suspension(s) shall be lifted as soon as observations and/or reservations raised by the Commission have been withdrawn and the MA has received sufficient evidence on the solution of the systemic error(s) detected.

#### **Article 14 - Conflict of interests**

1. In accordance with Article 57 of the EU Regulation 966/2012, the Operation Participants shall not take any action which may bring their own interests into conflict with those of the Union.
2. If any conflict of interests may arise during the Operation implementation, the LB shall immediately take all necessary steps to resolve it and notify the MA/JS in writing.
3. The MA/JS can verify the measures taken to resolve conflict of interests and may require additional measures to be taken if necessary.

4. The LB/PP shall ensure that their staff, including their management is not placed in any situation which could lead to conflict of interests. It shall ensure that any member of its staff in such a situation will be replaced immediately and without compensation from the MA/JS.

#### **Article 15 – Irregularities and recoveries**

1. Irregularities may be suspected (during implementation and after Operation closure) by any authority/person involved in Programme management and/or implementation, whistle-blowers or other bodies and individuals, including anonymous ones.
2. If the irregularity is confirmed during the Operation implementation, irregular amount will be deducted from the next payment to the LB.
3. If the irregularity is confirmed after the final payment has been made, the MA reserves the right to recover the unduly paid amounts from the LB.
4. If an irregularity is committed by the PPs, the LB is obliged to request the amount unduly paid from the PP (in accordance with the Partnership agreement existing between them) concerned and recover it to the CA.
5. If the LB cannot recover the amount unduly paid from the PPs, the LB has to notify the MA of the related steps taken towards the PPs immediately.
6. The LB undertakes to recover any amount requested to be recovered within the 30 calendar days upon receipt of the request for recovery issued by the MA/CA.

#### **Article 16 – De-commitment**

1. If Union funds of the Programme are being automatically de-committed by the Programme Authorities in the event of non-use and/or underutilization compared to the foreseen budget and timetable, the MA, after receiving an official communication, has a period of one month to pass on the reduction to the beneficiaries.
2. In case of de-commitment, a proposition to the JMC shall be made so that the beneficiaries reporting under-consumption are the first affected.

#### **Article 17 – Interest on late payment**

1. If the CA pays the LB (without reasonable justification) after the time limit set in Article 6, paragraph (12) of this document or if the LB transmits pre-financing and/or reimbursed amount to the PPs after the time limit set in Article 4 paragraph (1)e of this document, it shall pay default interest as follows:
  - a) at the rediscount rate applied by the central bank of the country of the MA if payments are in the currency of that country;

- b) at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, if payments are in euro.

#### **Article 18 - Use of eMS**

1. Exchange of information and relevant supporting documentation between the LB/PPs and programme bodies will be carried out through the eMS.
2. Access to the eMS will be granted by the MA as well as instructions on usage of eMS.

#### **Article 19 – Visibility, communication and use of Operation results**

1. The outcomes and results of the operations have to be made available to the general public free of charge. In that respect the LB agrees that the operation data and operation results can be freely used and as it sees fit, and in particular, store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the Operation whatever their form, in order to ensure a widespread publicity of the operation results and in order to make them available for the public.
2. The Lead Beneficiary and its project partners shall respect the information and publicity measures set out in the Programme Visibility Manual.
3. The Lead beneficiary and its project partners shall ensure that all operation official communication (e.g. any information to final recipients, notice, publication, internal and annual report, website, operation event, including conferences or seminars) clearly states that the operation received funding from the European Union within the framework of the Interreg IPA Cross-Border Cooperation Programme Croatia - Bosnia and Herzegovina-Montenegro 2014-2020. The European Union logo and the Programme logo shall be appropriately displayed.
4. Any notice or publication by the Lead Beneficiary and its project partners, in whatever form and whatever medium, including the Internet, shall specify that it is the sole responsibility of its author and that the Managing Authority and the European Union are not liable for any use that may be made of the information contained therein.
5. The MA/JS shall be authorised to publish, in whatever form and on or by whatever medium, including the Internet, the following information:
  - a) the name of the Lead Beneficiary and its project partners;
  - b) the purpose of the Contract and Operation's outputs (i.e. the Operation's overall objective);
  - c) the total amount of the Contract and the EU co-financing rate;
  - d) the geographical location of the Operation;
  - e) information and communication materials (operation results, evaluations and summaries);
  - f) any other relevant information about the Operation.



6. The Lead Beneficiary shall ensure that it has all rights to use any pre-existing intellectual property rights if necessary for the Operation implementation.

#### **Article 20 – Durability of operations**

1. An operation comprising investment in infrastructure or productive investment shall repay the EU contribution if within five years of the final payment to the LB it is subject to any of the following:
  - a. a cessation or relocation of a productive activity outside the programme area;
  - b. a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
  - c. a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.
2. Following the final payment, the LB/PP is obliged to sign the durability statement.
3. An operation comprising investment in infrastructure or productive investment may be subject of durability on the spot check within five years period.
4. Additional detailed information will be stated within relevant Programme documentation.

#### **Article 21 – Amendments to the Subsidy Contract**

1. Any amendment to this Contract, including the annexes thereto, shall be set out in writing via eMS. The Contract can be modified only during its implementation period.
2. Any amendment to this Contract cannot affect the basic purpose of the Operation, the grant award decision or be in contrary to the equal treatment of applicants.
3. In case of major changes, the LB has to submit the Request for the modification of the Subsidy contract to the JS during the implementation period of the Operation at the latest two month before the end of the implementation period. The modification of the Contract has to be approved by the MA. However, in exceptional cases, MA may request engagement of the JMC in the decision-making process.
4. Major changes include:
  - a) changes in the composition of the operation partnership;
  - b) budget reallocations between main expenditure categories exceeding 25% of the amount originally budgeted in relation to each concerned main category;
  - c) substantial changes in the content and/or activities of the Operation;
5. In case of minor changes, such as changes of contact points, bank account or auditor, budget reallocation, increases or reductions not exceeding 25% of the amount originally budgeted, prolongation of Operation implementation duration and any changes other than listed in Point 4, the LB shall notify the JS via eMS without further delay. If applicable, the MA will issue an addendum to the Subsidy Contract.

#### **Article 22 - Periods for record-keeping**

1. Beneficiaries shall keep records, supporting documents, statistical records and other records pertaining to a grant for a two year period from 31 December following the submission of the accounts in which the final expenditure of the completed operation is included.
2. The MA/JS shall inform beneficiaries of the start date of the period for record-keeping.
3. The documents shall be kept either in a form of the originals, or certified true copies of the originals, or in commonly accepted electronic versions.

#### **Article 23 - Complaints**

1. LB may submit any complaint in relation to decisions made by:
  - a) the FLC regarding FLC Certificate;
  - b) the MA during the implementation of the Operation.
2. The LB can file a formal complaint related to the FLC Certificates to the respective National Authority.
3. The LB can file a formal complaint related to the implementation decision to the MA.

### **Final Provisions**

#### **Article 24 – Annexes**

The following Annexes to this Contract are binding and form an integral part of the Contract:

- 1.
- 2.

#### **Article 25 - Legal succession**

1. In case of legal succession any of the Parties, the Party involved is obliged to transfer all the obligations under this Contract to its legal successor.

#### **Article 26 - Settlement of differences**

1. This Contract will be governed in accordance with the laws of the Republic of Croatia. In case of differences that are not ruled by this Contract, the Parties agree to find an amicable and mutually acceptable solution.

2. In the absence of amicable settlement, the Parties will submit themselves to the exclusive competence of the Civil County Court in Zagreb in the first instance.

#### **Article 27 - Partial invalidity and unintentional gaps**

1. If a provision of this Contract is or becomes invalid or if this Contract contains unintentional gaps or misprints, this will not affect the validity of the other provisions of this Contract. The Parties will replace any invalid provision by a valid provision that is as close as possible to the purpose and intent of the invalid provision.
2. The Parties will fill any unintentional gap or misprint by a provision that better suits the purpose and intent of this Contract, in compliance with the rules applicable.

#### **Article 28 - Entry into force**

1. The Contract shall enter into force  
Option 1: [the day following the date on which the ARD/MA signed the Contract].  
Option 2: [insert exact start date].
2. LB is obliged to submit the signed Contract to the MA within 15 calendar days upon reception of the Contract.
3. The Contract is signed in three original copies of which one is kept by the LB, one by the MA and one by the CA.

#### **For the LB:**

Name

Title

Signature

[Legal representative]

Date

#### **For the MA:**

Name

Title

Signature

[Legal representative]

Date