



Subsidy Contract

Project Code:

Acronym:

Project title:

European Territorial Co-operation 2007 – 2013



Subsidy Contract
for the implementation of the project
[project code and Acronym]
[title]
within the
South East Europe Transnational Cooperation Programme (SEE)

The following contract is concluded between

VÁTI Hungarian Public Nonprofit Company for Regional Development and Town Planning hosting the **Joint Technical Secretariat** of the South East Europe Transnational Cooperation Programme (hereinafter: JTS),
Address: 1016 Budapest Gellérthegey u. 30-32., Hungary
Tax number: 18084922-2-41

on behalf of the National Development Agency acting as **Managing Authority** of the South East Europe Transnational Cooperation Programme (hereinafter: MA)
Address: 1077 Budapest, Wesselényi utca 20-22., Hungary

on one hand,

and

[Lead Partner institution]
[address, postal code, town, country]

acting as Lead Partner (hereinafter referred to as Lead Partner (LP)

on the other hand,

hereinafter jointly referred to as Parties

based on the following legal framework:

- COUNCIL REGULATION (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999
- REGULATION (EC) No 1080/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999
- COMMISSION REGULATION (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund
- the South East Europe Transnational Cooperation Programme, approved by the European Commission on 20 December 2007, Decision No. C(2007)6590

The following regulations and guidelines have to be also respected in the framework of this contract:

- Community rules regarding Community horizontal policies such as the rules for competition and entry into the markets, the protection of the environment, the equal opportunities between men and women and public procurement
- National rules applicable to the Lead Partner and its Project Partners

- the SEE Programme Manual (relevant for the [first] call for proposals) and the SEE Implementation Manual laying down the programme specific rules for the implementation of the SEE Projects.

**Article 1
Award of subsidy**

1. In accordance with the decision of the Monitoring Committee, dated **dd/mm/yyyy** an earmarked subsidy is awarded to the LP from the European Regional Development Fund (hereinafter: ERDF) under the South East Europe Transnational Cooperation Programme for the implementation of the “**project code and Acronym**” “**project title**” project.

Project budget of ERDF partners	Euro (€)
Maximum ERDF contribution awarded	Euro (€)

<i>Total project budget (including all partners)</i>	<i>Euro (€)</i>
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2. The ERDF co-financing rates per ERDF partners are set in the Annex III. (Sources of funding) of the Subsidy Contract. The ERDF co-financing rates per partners cannot exceed 85%.
3. The maximum amount of ERDF contribution awarded for the project cannot be exceeded.
4. Should the total eligible costs after the completion of the project be lower than the budgeted amount, the abovementioned ERDF contribution awarded under the South East Europe Transnational Cooperation Programme will be correspondingly reduced.
5. Reimbursement of the ERDF contribution is under the condition that the European Commission makes the funds available to the above-described extent and the Memorandum of Understanding is signed by each EU Member State.
6. If the European Commission fails to make the funds available, the Managing Authority will be entitled to withdraw from this contract.

**Article 2
Duration of the project**

1. Project starting date: **dd/mm/yyyy**
Project end date: **dd/mm/yyyy**
2. The project activities have to be carried out and finalised within the project period as well as project expenditure - with the exception of preparation costs – has to be incurred and paid within the project period as defined in 2.1.
3. Preparation costs can only be eligible if they were incurred on or after 1st January 2007 and before the date of approval of the Application Form by the Monitoring Committee, and paid before the end date of the first reporting period.

Article 3
Object of use

1. The ERDF contribution is awarded exclusively for the implementation of the Project as it is described in the Application Form approved by the Monitoring Committee. The Application Form and the Partnership Agreement signed between the Project Partners are integral parts of this Subsidy Contract.
2. Project expenditure, including preparation costs, which qualifies for the ERDF contribution awarded according to Article 1.1., consists exclusively of project expenditure related to the project activities listed in the Application Form approved by the Monitoring Committee. The rules for the eligibility of expenditure are set in the SEE Programme Manual of the [first] call for proposals of the South East European Territorial Cooperation Programme. The relevant EC Regulations, in particular the Article 56 of Regulation (EC) No 1083/2006, Article 7 of Regulation (EC) No 1080/2006, Article 48-53 of Regulation (EC) No 1828/2006, Article 13 of Regulation (EC) No 1080/2006 and national eligibility rules has to be also respected. In case of contradiction between the abovementioned rules, the stricter rule shall apply.

Article 4
Reporting and Application for Reimbursement

1. The LP can only submit Application for Reimbursement to the Joint Technical Secretariat by providing proof of progress of the project. Therefore the LP has to submit a Progress Report - with each Application for Reimbursement - consisting of the description of the activities carried out and their outputs and results during the reporting period and a financial report presenting the financial progress of the project in accordance with the approved application.
2. The LP has to submit the Progress Report and the Application for Reimbursement twice a year, on a 6 months basis, with exception of the first reporting period which can be less than 6 months from the approval date of the project. The Progress Report and the Application for Reimbursement have to be submitted to the Joint Technical Secretariat within 3 months from the end date of each reporting period. Therefore, the deadlines for submission are the [1 December] for the period of [1 March - 31 August] and the [1 June] for the period of [1 September - 28 February] respectively.
3. Additional obligatory deadlines to submit an Application for Reimbursement may be set by the Managing Authority in order to avoid decommitment of ERDF contribution at programme level. The additional deadlines may be set explicitly in the subsidy contract and/or communicated at least 2 months in advance to the Lead Partners.
4. The first Progress Report and Application for Reimbursement have to cover the preparation costs incurred until the approval date of the project and the project expenditure incurred and paid within the approval date of the project and the end date of the first reporting period.
5. The final Progress Report and final Application for Reimbursement have to be submitted to the Joint Technical Secretariat within three months after the end date of the project.
6. The language of each report is English. The forms and tools of the Progress Report, Application for Reimbursement and the Declarations on validation of expenditure are defined for the SEE programme and are obligatory to use. Further rules on reporting – including the documents to be submitted with the Progress Report – are set in the SEE Implementation Manual.
7. The Application for Reimbursement submitted by the LP shall contain only validated expenditure and shall be supported by the Declarations on validation of expenditure issued by the Controllers

of the Project Partners. The LP shall ensure that the expenditure presented by the project partners participating in the project have been incurred for the purpose of implementing the project and corresponds to the activities agreed between those partners.

8. In case the Declarations on validation of expenditure are not received from each project partner for a given reporting period, the LP shall submit the Application for Reimbursement on the basis of the Declarations on validation of expenditure available for the reporting deadline. The expenditure of the project partners not validated for the given reporting period within the deadline can be requested only for the next reporting deadline to the reporting period concerned.
9. In compliance with the Article 20(1)d of the Regulation (EC) No. 1080/2006, the LP shall ensure that the expenditure of its PPs has been verified by the designated controller of the PP. The designated controllers and the national level control requirements for each Member State are available at the Programme's website: www.southeast-europe.net.
10. The LP shall submit the Application for Reimbursement in Euro, based on the Declarations on validation of expenditure in Euro issued by the designated controller of the PPs.
11. In case PPs from Member States, which have not adopted the Euro as their currency, are participating in the project, the PPs shall convert into Euro the amounts of expenditure in the list of invoices incurred in national currency before submission for validation to the responsible controller of the Member State. The expenditures shall be converted into Euro using the monthly accounting exchange rate of the Commission in force in the last month of the reporting period. The monthly exchange rates of the Commission are available at the following website: <http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>
The exchange rate risk is borne by the project partner concerned.
12. The LP shall request the reimbursement of ERDF contribution as indicated in the following table:

	Reporting period	Deadline for submission of the Progress Report and Application for Reimbursement	Spending forecast EUR
1	.../03/2009 - 31/08/2009	01/12/2009	
2	01/09/2009-28/02/2010	01/06/2010	
3/1	01/03/2010-31/05/2010	01/09/2010	
3/2	01/06/2010-31/08/2010	01/12/2010	
4	01/09/2010-28/02/2011	01/06/2011	
5	01/03/2011-31/08/2011	01/12/2011	
6	01/09/2011-28/02/2012	01/06/2012	
Total			

13. The spending forecasts of the project are set out in point 12. and remain unchanged for the whole project period. The LP has the possibility to deviate from the spending forecasts considering that in case of underspendings compared to the spending forecasts, the MA is entitled to decommit the project by reducing the original project budget and the corresponding ERDF contribution.
14. In case of decision on the decommitment of the project, the MA initiates the amendment of the Subsidy Contract. The Addendum to the Subsidy Contract has to be signed by both parties.

Article 5
Reimbursement of ERDF contribution to the LP

1. The reimbursement of ERDF contribution to the LP will be initiated only after the verification and acceptance of the Progress Report and its annexes, the Application for Reimbursement and the Declarations on validation of expenditure.
2. The LP may be requested for completion of the Progress Report and the Application for Reimbursement during the verification process by the JTS. After the second unsuccessful request for completion, the Application for Reimbursement and the Progress Report will be rejected. A rejected Application for Reimbursement can be resubmitted only once and for the next reporting deadline following to the reporting period concerned.
3. The reimbursement of ERDF contribution will be authorised by the Certifying Authority. In case the ERDF balance of the programme single bank account handled by the Certifying Authority does not cover the amount to be reimbursed, the reimbursement process will be suspended till the transfer of the ERDF contribution from the EC is credited to the programme single bank account.
4. For receiving the reimbursement of ERDF contribution and for the transfers of ERDF contribution to the ERDF PPs, the LP has to open a separate EUR bank account exclusively for the project.
5. The ERDF contribution will be reimbursed in Euro only and transferred to the following separate project bank account indicated by the LP:

 IBAN account number
 SWIFT Code
 Bank name
 Bank address
6. The LP has to notify officially the JTS in written form in case of change of the separate project bank account within 15 days, or with the submission of the Application for Reimbursement at the latest.
7. The LP is responsible for transferring the ERDF contribution to the ERDF partners participating in the project according to the approved Application for Reimbursement, within the timeframe agreed in the Partnership Agreement.
8. Bank statements proving the management of the separate project bank account have to be presented to the JTS according to the rules specified in the Implementation Manual.

Article 6
Representation of PPs, liability and additional obligations of the LP

1. The LP represents the partnership as defined in the Partnership Agreement and is the only direct contact between the project and the programme management bodies. The LP shall be responsible for ensuring the implementation of the entire project. To this end, the LP shall undertake:
 - a) to co-ordinate the start of the project according to the Application Form approved by the Monitoring Committee;
 - b) to co-ordinate the implementation of the project within the time schedule stated in the approved Application Form;

- c) to inform the Joint Technical Secretariat immediately in written form if the project budget has to be changed, if the partners, the project objectives, the activity plan, on which this contract is based have to be changed, or one of the reimbursement conditions cannot be fulfilled, or circumstances arise, which entitle the Managing Authority to reduce or demand repayment of the ERDF contribution (wholly or in part);
- d) to comply with European Union regulations, as referred to in the preamble to this contract, and to the relevant national legislation for the whole partnership.

Article 7 Information and Publicity

1. The LP undertakes to fulfill the information and publicity measures set out in Regulation (EC) no. 1828/2006, and to respect the information and publicity requirements of the SEE programme according to the SEE Implementation Manual with the aim to promote the fact that financing is provided from the European Union funds in the framework of the South East Europe Transnational Cooperation Programme and to ensure the adequate promotion of the project.
2. The LP shall ensure that all project official communications (e.g. any notice, publication, website or project event, including conferences or seminars) specify that the project has received funding from the EU, within the framework of the South East Europe Transnational Cooperation Programme, by proper display of the EU logo, the SEE programme logo and slogan and the name of the funds concerned.
3. The LP shall develop and implement a communication plan which includes the realisation of at least the following mandatory outputs:
 - a) creation and use a project logo;
 - b) setting up of a project website (whereby the respective activities shall start before the submission of the first Progress Report) and keeping it online for a period of at least two years after project closure;
 - c) publication and dissemination of at least one brochure presenting the project results;
 - d) organisation of a public final event.

The communication plan should be submitted with the first Progress Report.

4. Any notice or publication by the LP or the project partners, in whatever form and on or by whatever medium, including the Internet, must specify that it reflects the author's views and that the Managing Authority is not liable for any use that may be made of the information contained therein.
5. The MA/JTS shall be authorised to publish, in any kind of form and on or by any kind of medium, including the Internet, the following information:
 - a) the name of the project;
 - b) the name of the project partners;
 - c) the amount granted and the ERDF co-financing rate;
 - d) the purpose of the ERDF contribution (i.e. project's overall objective);
 - e) the geographical location of the project;
 - f) progress reports;
 - g) project results, evaluations and summaries;
 - h) other information about the project, if considered relevant.
6. The LP shall ensure the proper means of communication between the project and the programme, including:
 - a) participation, whenever requested, in LP trainings organized by the JTS;

- b) participation, whenever requested, in other events organised by the Programme with the purpose of presenting/discussing/developing/sharing project results and creating synergies with other projects and relevant organisations.
- c) providing a visible link on the project's website to the Programme website – www.southeast-europe.net.

Article 8
Amendments of the Subsidy Contract
and other project changes

1. The LP has to request the modification of the Subsidy Contract in case of substantial changes in the project, which are the followings:
 - a) changes in the partnership;
 - b) substantial changes in the content of the project;
 - c) budget reallocation between project partners;
 - d) budget reallocation between budget lines and/or workpackages exceeding 20% of the Project budget of ERDF project partners (as referred in Article 1);
 - e) prolongation of the project duration
2. Budget reallocation between project partners, budget reallocation exceeding the 20% reallocation limit, and prolongation of the project duration can be requested only once during the project period. Further detailed rules describing each case of Subsidy Contract modification are set in the SEE Implementation Manual.
3. Any request for modification of the Subsidy Contract has to be justified and submitted by the LP to the Joint Technical Secretariat in a written form, as regulated in the SEE Implementation Manual. The Joint Technical Secretariat will revise the request of modification and submits it for approval to the Managing Authority or the Monitoring Committee according to the type of the modification requested. The Addendum to the Subsidy Contract has to be signed by both parties according to the approval of the Managing Authority /Monitoring Committee.
4. The last request for modification of the Subsidy Contract should be submitted two months before the end date of the project.
5. Other changes in the project than listed in point 1. will not require subsidy contract modification, but the LP has to notify the Joint Technical Secretariat in each case through the Progress Reports, except the change of the separate bank account, which has to be notified as given in 5.6. of this contract. The JTS will verify that the project change does not fall under cases regulated in point 1. and will inform the LP without any delay if it requires subsidy contract modification.

Article 9
Assignement, legal succession

1. The Managing Authority is entitled at any time to assign its rights under this contract. In case of assignement the Managing Authority will inform the LP without delay.
2. The LP is allowed to assign its duties and rights under this contract only after prior decision of the Monitoring Committee and written consent of the Managing Authority.

3. In case of legal succession, e.g. where the LP changes its legal form, the LP is obliged to transfer all duties under this contract to the legal successor. The LP shall notify the Managing Authority about any change beforehand.

Article 10 Audit rights

1. The responsible auditing bodies of the EU, and, within their responsibility, the auditing bodies of the participating EU Member States as well as the Audit Authority, Managing Authority, JTS and Certifying Authority of the Programme are entitled to audit the proper use of funds by the LP or by the project partners or arrange for such an audit to be carried out by authorised persons.
2. The LP will produce all documents required for the audit, provide necessary information and give access to its business premises. The LP is obliged to retain for audit purposes all files, documents and data about the project for at least until 31 December 2022. The list of the documents to be retained is listed in Annex V.
3. The LP is obliged to guarantee fulfilment of the above stipulated duties in relation to all other PPs of the project.

Article 11 Irregularities

1. In case of irregularities identified during the project implementation the Managing Authority reserves the right to claim the repayment of ERDF contribution in full or in part from the Lead Partner and has the right to reduce the amount of the ERDF contribution awarded.
2. Therefore the LP is always responsible for securing repayment of the ERDF contribution unduly paid to the project.
3. If a project partner commits an irregularity and the Lead Partner cannot recover the ERDF contribution unduly paid to a project partner on the basis of the partnership agreement existing between them, the Lead Partner shall inform the Joint Technical Secretariat in written form within the deadline for the repayment set in Article 12. (2).

Article 12 Right of withdrawal and repayment, suspension of reimbursement

1. The Managing Authority is entitled to withdraw from this contract and to demand repayment of ERDF contribution in full or in part, if:
 - a) the LP has obtained the ERDF contribution through false statements or incomplete statements to bodies/appointees of the European Commission, the Managing Authority or any other authorities involved in the implementation of the Programme; or
 - b) a precondition for the approval of the project is lost, e.g. the minimum requested number of project partners is not given any longer; or
 - c) the LP becomes insolvent or subject to bankruptcy proceedings;
 - d) in case of identified irregularities; or
 - e) the LP fails to fulfil a condition or an obligation resulting from this contract; in particular

- f) the LP does not submit Application for Reimbursement within 3 months after the end of the first period; or
 - g) the LP repeatedly fails to submit Progress Reports and Application for Reimbursements within the reporting deadlines; or
 - h) the project has not been or cannot be fully implemented by carrying out the planned activities, the planned outputs and results and by achieving at least 75% spending of the Project budget of the ERDF partners, or the project cannot or could not be realized in due time; or
 - i) the LP fails to provide immediate information about circumstances that delay, hinder or make impossible the realization of the project, as well as about any circumstances that mean a change of the reimbursement conditions and frameworks as laid down in this contract or entitle the Managing Authority to reduce or demand repayment of the ERDF contribution wholly or in part; or
 - j) the regulations of the EU and national law (including provisions concerning included public procurement rules, state aid rules, publicity, rules on environmental protection, and rules on equal opportunities) have been infringed; or
 - k) the LP has impeded or prevented the auditing of the project as referred to in Article 10.; or
 - l) the ERDF contribution awarded has been partially or entirely misapplied for purposes other than those agreed upon; or
 - m) it has been impossible to verify that the final Progress Report is correct and thus the eligibility of the project by funding from the South East Europe Transnational Cooperation Programme.
2. If the Managing Authority sends a request for repayment on the amount of ERDF contribution paid unduly and the corresponding interest chargeable, the LP is obliged to secure repayments from the ERDF PPs concerned and repay the amount specified by the Managing Authority before the due date. The repayment of by the LP is due within two months following the receipt date of the request for repayment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the date at which the breach of this contract emerged.
 3. The Managing Authority has the right to recover the amounts specified in the request for repayment by deducting them from the Application for Reimbursement submitted by the LP.
 4. In case of any delay in the repayment, the amount to be recovered shall be subject to interest on late payment, starting on the due date and ending on the actual date of repayment. The rate of interest on late payment shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the due date.
 5. If the Managing Authority exercises its right of withdrawal, offsetting by the LP is excluded unless its claim is undisputed or recognised by declaratory judgement.
 6. The LP is entitled to exercise the right of withdrawal if implementation of the project becomes impossible caused by circumstances independent from the LP. In this case, the LP shall repay the whole amount of ERDF contribution reimbursed with the interest chargeable within two months from the date of notifying the MA on the withdrawal from the contract.
 7. The Managing Authority may decide to suspend the reimbursement of the ERDF contribution if the provisions laid down in the Memorandum of Understanding are not respected by the Member States concerned. The LP shall be informed on the suspension.

Article 13
Ownership/use of results, revenues generated

1. In accordance with the Article 57(1) of Regulation (EC) No 1083/2006, the project retains the contribution from the Funds only if that project does not, within five years from the completion of the project, undergo a substantial modification:
 - (a) affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and
 - (b) resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity.
2. Ownership, title and industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall vest in the LP and PPs.
3. The use of the results of the projects will be agreed by the LP and the Joint Technical Secretariat in order to guarantee a widespread publicity of such results and to make them available to the public.
4. The LP and the Joint Technical Secretariat shall find individual arrangements in those cases where intellectual property rights (such as for data acquired for the project, which do not belong to public domain) already exist.
5. Should the project be identified as revenue-generating in accordance with the definition provided in Article 55(1) of Regulation (EC) No 1083/2006, the MA is entitled to deduct from the Application for Reimbursement the estimated net revenue that may be generated by the project. In order to define the amount to be deducted, the MA shall take into account the criteria listed in Article 55(2) and (3) of the aforementioned Regulation.
6. Where, at the latest three years after the closure of the programme, it is established that a project has generated revenue that has not been taken into account, such revenue should – in line with Art 55 (4) of the aforementioned regulation - be refunded to the general budget of the European Union in proportion to the contribution from the funds.

Article 14
Concluding provisions

1. If any provision in this contract should be wholly or partly ineffective, the remaining provisions remain binding for the parties. The parties to the contract undertake to replace it by an effective one which comes as close as possible to the purpose of the ineffective provision.
2. Amendments and supplements to this contract must be in written form.
3. All correspondence with the Managing Authority /Joint Technical Secretariat under this contract must be in English language and has to be sent to the following address:

SEE Joint Technical Secretariat
Gellerthegey u. 30-32
1016 Budapest, Hungary
4. This agreement is concluded in English. In case of translation of this agreement and its annexes into other language, the English version shall prevail.

5. This contract is governed by Hungarian law and in all matters not regulated in this contract are subject to the legal understanding laid down in the Hungarian Civil Act No. IV. of 1959. . In case of difference that are not ruled by this agreement, the Parties agree to find an amicable and mutually acceptable solution. If the Parties fail to do so, all disputes arising in connection with this agreement shall be settled by the Central District Court of Budapest or the Metropolitan Court depending on value limit.
6. The Subsidy Contract is signed in three original copies, of which one remains at the Lead Partner and two original copies have to be returned to the Joint Technical Secretariat.
7. The contract enters into force on the date of signature by the last of both parties.
8. The contract shall remain in force until the LP has discharged in full its obligations arising from the subsidy contract towards the Managing Authority.

Place and date:

Lead Partner
represented by

Place and date:

VÁTI Hungarian Public Nonprofit Company (JTS)
represented by

.....
Name
Title

.....
Imre Csalagovits
Head of JTS

.....
Beáta Marczis
Head of Unit

ANNEXES to the Subsidy Contract

- I. Approved Application Form
- II. Partnership Agreement
- III. Sources of funding (maximum ERDF contribution, ERDF co-financing rate per Partners)
- IV. Project Budget (per Partners, per Work Packages, Budget Lines,)
- V. List of documents to be retained

Annex III
Sources of funding

Project Partner	Maximum ERDF contribution EUR	ERDF co-financing rate %	Total eligible Budget EUR
LP (ERDF LP):			
ERDF PP:			
ERDF PP:			
ERDF PP:			
ERDF PP:			
ERDF PP:			
ERDF PP:			
ERDF PP:			
Total			

Annex V
List of documents to be retained

No.	Document
1.	Approved Application Form
2.	Partnership Agreement (and its amendments)
3.	Subsidy Contract
4.	Amendments of the subsidy contract
5.	Progress Reports
6.	Applications for Reimbursement
7.	Partner Reports
8.	Declarations on validation of expenditure
9.	Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)
10.	All supporting documents related to project expenditure (e.g. payslips, bank statements, public procurement documents, etc.) to be retained at the premises of the project partner concerned
11.	All project deliverables (materials produced during the project period)
12.	If relevant, documentation related to on the spot checks of the Controllers (to be retained at the premises of the project partner concerned)
13.	If relevant, documentation of monitoring visits of the JTS
14.	If relevant, audit reports