

Subsidy Contract
for the implementation of the Interreg V-B Adriatic Ionian
Project Number – Title - Acronym

The following subsidy contract (hereinafter referred to as contract) between:

The Emilia-Romagna Region

represented by

The Directorate General Resources, Europe, Innovation, and Institutions of the Emilia-Romagna Region

V.le Aldo Moro 18

40127 – Bologna

Italy

acting as Managing Authority (hereinafter referred to as MA) of the Interreg V - B Adriatic Ionian programme (hereinafter referred to as: ADRION) on behalf of the Partner States: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, Serbia, Slovenia;

and

name of the lead beneficiary (hereinafter referred to as LP according to art. 13.2 of Regulation (EU) 1299/2013)

Address:

represented by:

legal representative

is concluded on the basis of the rules and documents as specified in § 1 of this contract and lays down the implementing arrangements for the project Number – Title - Acronym

Article 1 - Legal framework

The contract is concluded on the basis of the following legal provisions:

- Regulation (EU) 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 (ERDF), the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund *and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund* and repealing Council Regulation (EC) No 1083/2006;
- Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006;
- Regulation (EU) 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, Common Implementing Regulation for External Actions;
- Delegated and Implementing Acts of the European Structural and Investments Funds Regulations for the period 2014-2020;
- 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 together with related Delegated or Implementing Acts;
- All other EU legislation and the underlying principles applicable to the beneficiaries of funds, including the legislation laying down provisions on public procurement, on competition and entry into the markets, the protection of the environment, the equal opportunities between men and women and non-discrimination;
- Articles 107 and 108 of the Treaty on the Functioning of the European Union, Commission Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid, Delegated and Implementing acts as well as all applicable decisions and rulings in the field of state aid;
- The European Territorial Cooperation Programme Interreg V-B Adriatic Ionian CCI 2014TC16M4TN002, approved by the European Commission on 20/10/2015;
- All manuals and guidelines issued by ADRION (e.g.: Applicant's Manual, Implementation Manual, etc.) relevant for this contract in their latest versions as published on the programme web site www.interregadriion.eu or directly distributed to the beneficiaries;
- National rules applicable to the beneficiaries and their activities;
- The laws of the Republic of Italy applicable to this contractual relationship.

In case of amendment of the above-mentioned legal norms and documents, any other documents of relevance for the contractual relationship (e.g. application form), the latest version shall apply.

Article 2

Award of subsidy

1. Based on the application form of the LP in its latest version and the supplementing/amending documents in their latest version (altogether hereinafter referred to as “application documents”) and in accordance with the decision of the Monitoring Committee of the ADRION programme (hereinafter referred to as MC), dated dd/mm/yyyy and its possible amendments, an earmarked subsidy is awarded to the LP for the implementation of the Project Number – Title - Acronym from the funds of the ADRION programme.

Maximum ERDF amount of funding awarded:	EUR xxx
Maximum IPA II amount of funding awarded:	EUR xxx
Total EU funding:	EUR xxx
Total approved project budget:	EUR xxx
Grant rate of the EU contribution:	85%

The grant rate of the funding is calculated dividing the maximum funding awarded by the total approved budget.

2. The maximum amount of ERDF/IPA II contribution as approved by the MC cannot be exceeded.
3. Should the total eligible costs after the completion of the project be lower than the budgeted amount, the abovementioned EU funding awarded by the ADRION programme shall be lowered correspondingly.
4. Disbursement of the EU funding is subject to the availability of funding from initial and annual pre-financing and interim payments in accordance with art. 132 of Regulation (EU) No 1303/2013. In case of system errors detected within audits, the MA has the right to temporarily withhold payments to the project. Payment suspension(s) shall be lifted as soon as observations and/or reservations raised by the relevant bodies have been withdrawn.
5. Reimbursement of the IPA II funding is subject to the condition that the Financing Agreement is signed with the Partner State(s) where the IPA PP(s) is located, the European Commission and the relevant body of the country hosting the MA. As soon as the Financing Agreement is signed, the MA via the JS shall inform the LP of the availability of the IPA II contribution for the PP(s) concerned.
6. If the European Commission fails to make the funds available due to reasons that are outside the sphere of influence of the programme, the MA via the JS shall be entitled to withdraw from this contract and any claim by the LP or the project partners (hereinafter referred to as PPs) against the MA for whatever reason is excluded. Disbursement of the subsidy is subject to the condition that the European Commission makes the funds available to the extent described in art. 2.1 and that all applicable EU, programme and national rules are observed by the partnership. In case of non-availability of funds, the MA cannot be deemed responsible for late or missing payments.
7. Disbursement of the subsidy is subject to the condition that the present contract is signed by both parties and that the LP acknowledges the MA via the JS about the signature of the Partnership Agreement by the LP and all PPs, and provides evidence of the signed financial guarantee(s) by the private PPs.
8. In case one or more project output(s), as indicated in the latest approved version of the application form, is (are) not successfully reached, corrective measures shall be put in place to ensure the project performance as well as to minimize the impact at programme level.

9. In case the project fails to respect the contractual arrangements on timelines, achievement of outputs and contribution to programme results, as defined in the latest approved version of the application form, the programme may also reduce the ERDF/IPA II funding allocated to the project or, if necessary, terminate the subsidy contract.

Article 3

Duration of the project and of the contract

1. The duration of the project is provided in the latest version of the approved application form.
2. All scheduled activities must be finalized within the set end date and in any case not later than 31 December 2022.
3. Without prejudice to art. 3.2, administrative obligations related to the project closure as specified in the programme documents shall take place after the scheduled project closure in a time span not longer than three months after the project ending date.
4. Without prejudice to the provisions concerning the project implementation and the eligibility of expenditure as well as to the rules governing State Aid, the present contract shall also observe the obligations on the availability of documents defined by art. 140 of the Regulation (EU) No 1303/2013, i.e.: all relevant provisions necessary for the fulfilment of the archiving and audit obligations shall remain in force until the end of a two year period started from 31 December following the submission of the accounts in which the final expenditure of the completed project is included. The MA/JS will inform the LP about the beginning of the mentioned two-year period.

Article 4

Object of use and eligibility of expenditure

1. The funds of the ADRION programme are exclusively awarded for the implementation of the project as described in the approved application form.
2. As a general rule, project expenditure can be considered eligible and qualified for a subsidy if it has been incurred within the start and end date reported in the approved application form and in it listed.
3. The following exception apply:
 - a. costs related to preparation costs;
 - b. costs related to the fulfilment of project administrative obligations as in §3.3.
4. Rules on eligibility of costs are provided in the programme documents in accordance with art. 26 of Regulation (EU) No 1299/2013.

Article 5

Reporting, request for payments and paying out of the subsidy

1. The LP may request for payments of the ERDF and IPA II funding on behalf of the PPs by providing proof of progress of the project towards the achievement of the outputs and contribution to programme results as reported in the approved application form. The progress in the project implementation shall

be in compliance with the principle of sound financial management (principles of economy, efficiency and effectiveness).

2. As a general rule, each progress report shall cover the expenditure incurred in the reference eligible project period and paid until the end date of the given reporting period and the costs calculated as flat rate related to the given reporting period respectively. The request for payments shall be submitted periodically (progress reports) to the MA via the Joint Secretariat (hereinafter referred to as JS) in accordance with the guidance provided in the Implementation Manual and timeline in § 5.6.
3. The final report shall be sent to the MA via JS at the latest three months after the project end date as mentioned in § 3.3 of this contract.
4. Each report shall consist of an activity and financial report. It must be drafted in English and submitted via the electronic monitoring system of the programme (hereinafter referred to as eMS).
5. Disbursement by MA can be claimed on condition that provisions for requests for payment are respected, regularity of activities related to the declared expenditure can be sufficiently demonstrated, costs are verified in accordance with § 6 and supported by the necessary documentation, deadlines reported in § 5.6 are met and that the European Commission has paid the corresponding amounts.
6. Progress reports must be submitted to the MA via the JS within three months from the end date of each reporting period according to the following:

Period	Reporting Period (from dd/mm/yyyy – to dd/mm/yyyy)	Deadline for submission of the Progress Report and Application for reimbursement (dd/mm/yyyy)	Spending forecast EUR
Period 0	01/01/2014 – 24/03/2016	To be reimbursed after the signature of the present contract and partnership agreement and evidence of the signed financial guarantee(s) by the private PPs.	ERDF PPs xxx
			IPA II PPs xxx
Period 1	xxx	xxx	ERDF PPs xxx
			IPA II PPs xxx
Period 2	xxx	xxx	ERDF PPs xxx
			IPA II PPs xxx
Period 3	xxx	xxx	ERDF PPs xxx
			IPA II PPs xxx
Period 4	xxx	xxx	ERDF PPs xxx
			IPA II PPs xxx
Total project budget			xxx

7. The MA reserves the right to set additional compulsory reporting deadlines for the submission of the progress reports, in order to avoid decommitment of ERDF and/or IPA II contribution at programme level. The additional deadlines shall be communicated in advance to the LP by the MA via the JS.

8. The LP shall respect the reporting deadlines set in § 5.6. In case of any delays, the MA via the JS shall be notified in advance and in written form on the reasons of the delay in accordance with the procedure set forth in the Implementation Manual. The MA via the JS reserves the right not to accept – in full or in part – the documentation certifying the incurred expenditure as in § 6 if, following own checks and/or controls or audits performed by other authorities, activities and costs in it described reveal being incorrect or not compliant with the legal framework of the present contract. In this case the MA shall either reduce the claimed amount, or demand repayment of funds unduly paid or reduce the next payment claim to the LP, if possible. The MA, also within its function of Certifying Authority, is entitled to withhold ERDF and/or IPA II payment to the affected beneficiary (LP or PP) until all unclear issues related to the implementation, management and reporting have been clarified.
9. Subject to the availability of funding, the MA shall ensure that the LP receives the total amount of the requested eligible funds in full and not later than 90 days from the date of submission of the payment claim by the beneficiary; no amount shall be deducted or withheld and no specific charge or other charges with equivalent effect shall be levied that would reduce amounts due to beneficiaries.
10. The aforementioned 90 days shall be respected on condition that the payment request is not interrupted 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, have not been provided;
 - b. an investigation has been initiated in relation to a possible irregularity affecting the expenditure concerned.

The beneficiary concerned shall be informed in writing of the interruption and the reasons for it.

11. The MA via the JS may request clarifications to the LP any time; the LP shall provide the requested information and/or the requested document within the set deadline. The LP shall ensure the provision of information and/or documents if requested by other programme authorities, courts of auditors or other control institutions acting within their respective sphere of responsibility.
12. The payment shall not be higher than the amount indicated in the request for payment by the LP. The payments shall be disbursed in Euro (EUR); any exchange rate risk shall be borne by the LP. The funds shall be transferred to the bank account(s) indicated by the LP; whenever possible, they should be of specific project use.
13. By paying out the subsidy according to this contract the MA fulfils its obligations resulting from the present contract.
14. The LP, in accordance with art. 13.3 of Regulation (EU) No 1299/2013 shall ensure that the PPs receive the total amount of their respective share of ERDF/IPA II funding as quickly as possible and in full. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied by the LP that would reduce the amount due to the PPs.
15. Payments not requested in time and in full or not compliant with the payment schedule reported in § 5.6 or lack of compliance with the goals indicated in the approved application form may make the funds lost.
16. Rules on reporting – including the documents to be submitted with the progress report – are provided in the Implementation Manual.

Article 6

Validation of expenditure

1. Each progress report and the final report submitted by the LP to the MA via the JS must be accompanied by certificates confirming the eligibility of expenditure, both at LP and PP level. Certificates attesting the

validation of expenditure are issued by the national controllers as referred to in art. 23.4 of Regulation (EU) No 1299/2013 according to the system set up by each programme Partner State and in compliance with the legal framework in § 1.

2. In case the LP or PP is located in a Partner State where national control system is decentralized, the MA reserves the right, after the agreement with the national responsible institution, to require that the controller directly selected by the LP or PP is replaced if considerations – unknown when the contract was signed with controller – cast doubts on the controller's independence or professional standards.
3. Information on the controllers, including coordination updates, must be notified by the LP on behalf of the project PPs to the MA via the JS in accordance with the rules of the Implementation Manual.
4. According to art. 13.2 lett. d) of Regulation (EU) No 1299/2013 the LP shall ensure that expenditure presented by other PPs has been verified by the appointed controller and that corresponds to the agreed activities reported in the approved application form.
5. All expenditure shall be reported in EUR. Expenditure incurred by LP and PPs in a currency other than the EUR shall be automatically converted into EUR by eMS by using the monthly accounting exchange rate of the European Commission in the month during which expenditure is submitted for validation to the national controller.
6. The exchange rate risk is borne by the concerned LP/PP.

Article 7

Project and finance management

With reference to the project and finance management of the project, the LP shall:

- a) be the only direct contact between the project partnership and the programme management bodies (MA/JS, Audit Authority), coordinate the start, the implementation – including reporting according to the deadlines and requesting project modifications – and the closure of the project according to the approved application form;
- b) install a separate accounting system or an adequate accounting code set in place for the project and shall ensure that eligible costs and received ERDF/IPA II funding can be clearly tracked and identified;
- c) immediately inform the MA via the JS in written form if the project budget has to be revised, if the PPs, the project objectives, the activity plan, on which this contract is based, need to be changed;
- d) be responsible that the project respects its time schedule including the financial performance in relation to the project implementation, as well as the achievement of outputs and contribution to programme results;
- e) immediately inform the MA via the JS in case force majeure impedes the implementation or requires a revision of the project or the change of the conditions according to which this contract has been laid down (e.g.: loss of a partner, use of additional public funds for the same activities, etc.);
- f) ensure the sound financial management of the project according to the Programme rules and in line with the EU Regulations and national laws including arrangements for recovering amount unduly paid;
- g) ensure that all project and PPs data are available and regularly updated on the programme eMS in accordance with the instructions provided in the Implementation Manual;
- h) ensure that a copy of produced deliverables – when possible – or descriptive materials (e.g.: photos) is submitted to the MA via the JS together with the progress report; ensure also that a copy of the produced deliverable/material is stored at its or PPs' premises for audit and control purposes;

- i) ask the JS for guidance when necessary and participate to the events (e.g.: seminars, workshops) organized by the programme;
 - j) invite the MA via the JS to participate in project Steering Committee meetings as an observer and send the related minutes to the MA via the JS;
 - k) provide the MA/JS with regular, relevant and update information with regard to the project activities to feed the web site of the ADRION programme;
 - l) agree, on behalf of all PPs, that all PPs names and addresses, the project purposes and the amount of the subsidy are used by the programme bodies in the framework of information and communication measures concerning the programme as well as reporting to the European Commission;
 - m) provide the requested information and data on behalf of all PPs to experts or bodies appointed by the programme authorities for evaluation or research activities;
 - n) ensure that, in case part of the funded activities are granted under the *de minimis* regime, all the necessary requirements shall be respected during project implementation by the affected PPs. The LP shall be obliged to contractually forward this clause in its entity to the PPs:
- (Specific contractual conditions on State aid elaborated for the project following project assessment and affected PPs).
- o) Provide evidence to MA/JS, through the provided template offered by the programme, that the private PP(s), if present within the partnership, has signed a financial guarantee in accordance with art. 5 and 18 of the Partnership Agreement.

Article 8

Publicity, communication and branding

1. In accordance with Annex XII of Regulation (EU) No 1303/2013 the LP shall take all the necessary measures to ensure that any notice or publication made by the project, including presentations at events, highlight the ADRION programme support. Project communication and branding activities shall follow the guidelines provided by ADRION programme. The LP shall ensure that all PPs comply with these requirements and provide them with all the relevant programme documentation.
2. The LP shall be responsible for any notice, publication and marketing product developed by the partnership or third parties. The LP shall be liable in case a third party claims compensation for damages (e.g. because of an infringement of intellectual property rights). The LP shall indemnify the MA in case the MA suffers any damage because of the content of the publicity and information material.
3. Any notice or publication relating to the project made in any form and by any means, including Internet, must state that it only reflects the author's view and that the programme authorities are not liable for any use that may be made of the information contained therein.
4. The MA/JS as well as the national authorities of the ADRION Partner States– including the National Contact Points – shall be authorised to publish, in accordance with all relevant national rules on protecting of the publication of personal data, in any kind of form or by any kind of professional environment, including Internet, the following information:
 - a. the name of the project;
 - b. the name of the LP and its PPs;
 - c. the contact data of the project representatives;
 - d. the amount granted, specifying the EU funding (ERDF/IPA II) and the total budget of the project;

- e. the objectives of the project;
 - f. the geographical location of the project implementation;
 - g. summary of project activities, including abstracts from progress reports/final report; project outputs, contribution to programme results, evaluations;
 - h. project start and end dates.
5. Any communication campaign, media appearance or other publicity of the project shall be timely communicated to the MA via the JS for dissemination purposes or showcases.

Article 9

Representation of project partners and third parties

1. In accordance with art. 13.1 of Regulation (EU) No 1299/2013 the beneficiaries of an operation shall designate one of them as lead beneficiary (LP). The obligations of the LP towards the PPs are listed in a Partnership Agreement in accordance with art. 13.2 of the aforementioned Regulation.
2. The MA shall provide a template of the Partnership Agreement whose minimum content, in accordance with the present contract, must compulsorily be hold. Tasks allocation among PPs, mutual responsibilities and obligations shall be further specified in the Partnership Agreement according to the specificities of the project, in particular with regard to the event of irregularities or incorrectness of declared expenditure.
3. The Partnership Agreement shall be signed by all PPs within two months after the signature and entering into force of the present contract. The MA reserves the right to check whether the Partnership Agreement has been signed by the LP and all PPs and if it is compliant with the minimum requirements reported above.
4. The LP shall bear the overall responsibility towards the programme authorities for the correct and sound implementation of the project. The LP shall be held liable if obligations as laid out in the present contract or in applicable European Union's and/or national laws are not fulfilled by the PPs (e.g.: obtainment of building permissions, licences, environmental impact assessment statements necessary for the implementation of the planned activities, etc.).
5. The LP shall also be liable towards the MA in relation to the PPs obligations and for any infringements by PPs of obligations under this contract in the same way as for its own conduct.
6. In case of MA requests for repayment of programme funds in accordance with the rules of the present contract, the LP is liable towards the MA for the total undue amount. The LP is entitled to ask repayment from its PPs in accordance with art. 27.2 of Regulation (EU) No 1299/2013.
7. The MA cannot under any circumstance or for whatsoever reason be held liable for damage or injury sustained by the staff or property of the LP or one of its PPs while the project is being carried out. The MA shall therefore not accept any claim for compensation or increases in payment in connection with such damage or injury.
8. The LP shall assume the sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the project is being carried out. The LP shall discharge the MA of all liabilities associated with any claim or action brought as a result of an infringement of rules or regulations by the LP or one of the PPs, or as a result of violation of a third party's rights.

Article 10

Amendments of the Subsidy Contract and other project changes

1. The LP may require a revision of the approved application form if the project experiences changes in:
 - a. The partner(s) replacement;
 - b. The activities, including deliverables, on conditions that they do not alter the overall project goals and objectives;
 - c. The work plan;
 - d. The budget (reallocation between project partners and/or budget lines and/or work packages, as long as the maximum amount of funding awarded per EU funding sources is not exceeded and provisions related to State Aid discipline are respected);
 - e. Extension of the project duration.
2. Modifications cannot refer to:
 - a. Spending forecast unless linked to significant changes in the project work plan as described in the Implementation Manual;
 - b. Contribution to the programme result(s);
 - c. Orientation towards equality between men and women and non-discrimination;
 - d. Positive or neutral orientation towards environment.

Any request for modification must be notified and/or requested to the MA via the JS according to the guidance provided in the Implementation Manual. Amendments of the approved application form may be approved by the MA or by the MC, based on the procedure set in the Implementation Manual. In case of changes in the partnership the approval shall be valid retroactively starting from the date when the written request was submitted to the MA via the JS.

Requests for changes can be submitted up to three months before the project ending date.

Article 11

Assignment and legal succession

1. The MA is entitled at any time to assign its rights under this contract. In case of assignment, the MA shall inform the LP without delay.
2. The LP shall not, in principle, assign its duties and rights under this contract. In exceptional cases and well-founded circumstances, the assignment is possible prior written approval of the MC.
3. In case of legal succession, the LP is obliged to transfer all duties under this contract to the legal successor. The LP shall notify the MA via the JS about any change beforehand. The legal successor takes all responsibilities of the activities fulfilled by the legal predecessor and be financially responsible for any amount unduly paid to the legal predecessor.

Article 12

Financial controls and audits

1. The European Commission, the European Court of Auditors (ECA), the European Anti-fraud office (OLAF), the auditing bodies responsible at Partner State level, the programme bodies – MA, Audit Authority, Group of Auditors representatives and JS - are entitled to audit the proper use of EU funds by

the LP and PPs or to arrange that such audits are performed by authorized persons. The LP and the PPs shall be notified in due time about any audit to be carried out on their expenditure.

2. The LP shall produce all documents required for the audit and undertake all necessary actions to provide necessary information, and give access to its premises and documentation. In this respect, it shall ensure the respect of guidance provided in the Implementation Manual and that the audits are carried out smoothly.
3. The LP, also on behalf of the affected PP(s) shall inform the JS about the carried out audits.
4. If, as a result of the controls and audits, any expenditure results being non eligible, the procedure described in § 13 shall apply. The LP shall ensure the fulfilment of the necessary actions also in relation to the PPs.

Article 13

Withdrawal or recovery of unduly paid-out funds

1. In case the MA, also within its function of CA, discovers (e.g. during the day-to-day management or during on-site checks) any unduly paid out funds, e.g. due to administrative errors or irregularities, a breach of contract or infringement of the legal provisions as laid out in § 1 of this contract, or in case the MA is notified of such cases, the MA shall, if necessary in consultation with the respective Partner State concerned and by informing the MC, demand from the LP repayment of the subsidy in whole or in part.
2. The LP shall ensure that, if applicable, the concerned PP repays the LP any amounts unduly paid in accordance with the Partnership Agreement and the Implementation Manual. The amount to be repaid can be withdrawn from the next payment to the LP or, where applicable, remaining payments can be suspended. In case of closed projects, the LP is obliged to transfer the unduly paid out funds to the MA. The repayment amount is due within one month following the date of receiving the letter by which the MA asserts the repayment claim; the due date shall be stated explicitly in the order for recovery.
3. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of the late interest applied to the amount to be recovered shall be calculated in accordance with art. 147 of Regulation (EU) No 1303/2013.
4. If the LP cannot recover the EU funds unduly paid to a PP on the basis of the Partnership Agreement existing between them, the LP shall inform the MA via the JS in written form within the deadline for repayment.
5. In case factors behind the recovery procedure show violation of the Subsidy Contract (see § 16 of this contract) the MA shall consider the termination of the contract as last resort. In any case the partnership shall be heard before taking a final decision on the termination of the contract.
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 case of withdrawal by the LP, the LP shall repay the whole amount of EU funds at the same time when the notification of withdrawal has been sent to the MA via the JS.

Article 14

Decommittment of project budget

The MA is entitled to reduce the project budget and the corresponding contribution from the EU funds in case decommitment at programme level applies. Procedures provided in the Implementation Manual shall be followed.

Article 15

Durability of operation, ownership, use of outputs and contribution to programme results

1. Ownership, title, industrial and intellectual property rights in the use of project outputs, reports and other documents relating to them shall, depending on the applicable national law and/or the Partnership Agreement, vest in the LP and/or its PPs. The partnership is entitled to establish the property rights of the products deriving from the project.
2. The ownership of outputs having the character of investments in infrastructure or productive investments realized within the project must remain with the concerned LP and/or PPs according to the timeframe as well as under the conditions set in art. 71 of Regulation (EU) No 1303/2013. Should any of the conditions set by the mentioned Regulation not be met at a certain point of time, the MA via the JS must be immediately informed by the concerned LP or PP. The MA shall recover the unduly paid EU contribution in proportion to the period for which the requirements have not been fulfilled.
3. The LP shall respect all applicable rules and the basic principles related to competition law as well as the principles of equal treatment and transparency within the meaning of the funding regulations and it shall ensure that no undue advantage, i.e. the granting of any advantage that would undermine the basic principles and political objectives of the funding regime, is given to anybody. Outputs and contribution to programme results, especially studies and analyses, produced during project implementation shall be made available to the general public free of charge and can be used by all interested persons and organizations in the same way and under the same conditions as by the LP or its PPs.
4. The MA reserves the right to use the outputs and results for information and communication actions in respect of the programme. In case there are pre-existing intellectual and industrial property rights, which are made available to the project, these shall be fully respected.
5. Any income generated by the intellectual property rights shall be managed in compliance with the applicable EU, national and programme rules on revenues and state aid.

Article 16

Termination and repayment

1. The MA is entitled, in whole or in part, to terminate this contract and/or to demand repayment of subsidy in any of the following circumstances:
 - a. The LP has obtained the subsidy through false or incomplete statements or through forged documents;
 - b. The LP and its PPs receive additional funding from the European Commission or other public authority for all or part of the same project expenditure reported during the period of the implementation of the project;
 - c. The project has not been or cannot be implemented, or it has not been or cannot be implemented in due time;
 - d. The project has not started in due time and even a written reminder by the MA via the JS remains

unsuccessful;

- e. A change has occurred, e.g. with regard to nature, scale, ownership, cost, timing, partnership or completion of the project, that has put at risk the achievement of the goals and objectives planned and stated in the latest version of the approved application form;
 - f. The project outputs and results are not in line with those described in the approved application;
 - g. The LP has failed to submit the required reports (e.g. the progress reports according to the overview table of reporting targets and deadlines annexed to this contract) or proofs, or to supply necessary information provided that the LP has received a written reminder setting an adequate deadline and explicitly specifying the legal consequences of a failure to comply with requirements and has failed to comply with this deadline;
 - h. The LP has infringed its duty to ask for prior written approval where indicated by this contract or in the programme Implementation Manual or has failed to immediately report events delaying or preventing the implementation of the project funded or any circumstances that mean a change of the disbursement conditions and frameworks as laid down in this contract;
 - i. The LP or its PPs obstructed or prevented the financial control and auditing as indicated in § 12 of this contract;
 - j. The amount of funding awarded has been partially or entirely misapplied for purposes other than those agreed upon;
 - k. The provisions related to income and revenues as mentioned in § 15 and 17 of this contract are infringed or the LP does – for any other reasons – not make available the outputs to the MA;
 - l. Exceeding the permissible limits of the funding regulations (e.g. art. 61 of Regulation (EU) No 1303/2013) the LP wholly or partly sells, leases or lets the project outputs/results to a third party;
 - m. Regulations of EU law including the horizontal policies or national regulations have been violated;
 - n. The ownership of project outputs having the character of investments in infrastructure or productive investments did not remain with the concerned LP and/or PPs for the timeframe and under the conditions set in art. 71 of Regulation (EU) No 1303/2013;
 - o. It has become impossible to verify that the progress report is correct and thus the eligibility of the project by funding from ADRION Programme;
 - p. The LP has failed to fulfil any other conditions or requirements stipulated in this contract and the provisions it is based on, notably if these conditions or requirements are meant to guarantee the successful achievement of the programme objectives;
 - q. A PP with a private legal status faces the situation of undertaking in difficulties (ref. to point 24 in conjunction with point 20 of the “Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty” - Communication from the Commission No. 2014/C 249/01 of 31.07.2014) in compliance with Article 3(3) d) of Regulation No 1301/2013 shall be taking into account.
2. Prior to or instead of terminating the contract as provided for in this article, the MA may suspend payments as a precautionary measure, without prior notice. This measure shall be lifted as soon as the reasons for such measures cease to apply or requested proof can be furnished.
 3. If the MA exercises its right of termination and the LP is demanded full or partial repayment of amounts already paid, the LP is obliged to transfer the repayment amount to the MA. The repayment amount is due within one month following the date of the letter by which the MA asserts the repayment claim; the due date shall be stated explicitly in the order for recovery. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of the late interest applied to the amount to be recovered shall be calculated in accordance with art. 147 of Regulation (EC) No. 1303/2013.

4. If a LP or PP fails to return unduly paid funds in another project funded by ADRION, the MA has the right to withdraw the corresponding EU funds from any open payment in this project.
5. If the MA exercises its right of termination, offsetting by the LP is excluded unless its claim is undisputed or recognised by declaratory judgement.
6. Bank charges incurred by the repayment of amounts due to the MA shall be borne entirely by the LP.
7. If any of the circumstances indicated in the aforementioned point 1 of this paragraph occurs before the full amount of subsidy has been paid to the LP, payments may be discontinued and there shall be no claims to payment of the remaining amount.
8. As laid out in § 2.6 , the MA is entitled to terminate this contract if the European Commission fails to make the funds available due to reasons that are outside of the sphere of influence of the programme.
9. After termination of this contract, the LP's obligations and liabilities remain in accordance with art. 71 of Regulation (EU) No 1303/2013.
10. Any further legal claims shall remain unaffected by the above provisions.

Article 17

Revenues

1. Earnings generated during the project implementation through the sales of products and merchandise, participation fees or any other provisions of services against payment must be deducted from the amount of costs incurred by the project in line with art. 61 of Regulation (EU) No 1303/2013 and stipulations in the programme Implementation Manual. The LP undertakes to contractually forward these stipulations to its project partners.

Article 18

Advance payment

1. After having signed the present contract and provided acknowledgement of the signature of the Partnership Agreement to the MA, the MA shall disburse a pre-financing up to 10% of IPA II contribution devoted to the IPA PPs only upon condition that the amount is under its availability and evidence of the signature of the financial guarantee(s) for IPA private PPs is provided.
2. The advance payment shall be compensated, in equal shares, with the first two requests for payment submitted by the LP.
3. In case the submitted requests for payment do not reach the advanced amount, the MA shall further enquire in order to adopt the necessary steps.
4. Disbursement of the advance payment is subject to conditions set forth in §2.

Article 19

Working language

1. The programme language is English.
2. All the correspondence between the MA/JS and the LP must be in English language.

3. All documentation produced thanks to the EU funds must be drafted in English.

Article 20

Force majeure

1. Force majeure shall mean any unforeseeable and exceptional event affecting the fulfilment of any obligation under this subsidy contract, which is beyond the control of the LP and PPs and cannot be overcome despite their reasonable endeavours (e.g. substantial changes due to changes in political or financial terms). Any default of a product or service or delays in making them available for the purpose of performing this contract and affecting the project performance, including, for instance, anomalies in the functioning or performance of product or services, labour disputes, strikes or financial difficulties do not constitute force majeure.
2. If the LP or PPs are subject to force majeure liable to affect the fulfilment of its/their obligations under this subsidy contract, the LP shall notify the MA via the JS without delay, stating the nature, likely duration and foreseeable effects.
3. If the MA is subject to force majeure liable to affect the fulfilment of its obligations within the framework of this subsidy contract, it shall notify it to the LP without delay, stating the nature, likely duration and foreseeable effects.
4. Neither the MA nor the LP or PPs shall be considered to be in breach of their obligations to execute the project if it has been prevented from complying by force majeure. Where LP or PPs cannot fulfil their obligations to execute the project due to force majeure, grant for accepted eligible expenditure occurred may be made only for those activities which have actually been executed up to the date of the event identified as force majeure. All necessary measures shall be taken to limit damage to the minimum.

Article 21

Litigation

1. This contract is governed by and construed in accordance with the Italian Civil Code. Italian law shall apply to all legal relations arising in connections with this contract.
2. In case of disputes between the MA and the LP, presumption of the good faith from the LP shall be privileged and, prior to litigation, mediation procedures shall be set in place.
3. In case of litigation the court of competent jurisdiction is the Civil Court of Bologna. Legal proceedings shall be in Italian.

Article 22

Concluding provisions

1. If any provision in this contract is wholly or partly ineffective, the remaining provisions remain binding for the Parties. In this case the Parties undertake to replace the ineffective provision by an effective one which comes as close as possible to the purpose of the ineffective one.

2. All mentioned cited laws, EU regulations, programme documents and national laws, are applicable in their currently valid version. The LP declares to respect the legal framework as mentioned and to contractually forward this obligation to the PPs.
3. This contract is concluded in English. In case of translation of this contract into other language, the English version shall prevail.
4. In case of situations that are not ruled by this contract, the parties agree to find a conjoint solution.
5. Amendments and supplements to this contract and any waiver of the requirement of the written form must be in written form and have to be indicated as such. Consequently, any changes of the present contract shall only be effective if they have been agreed on in writing and have been designated as amendment of or supplement to the contract.
6. Any costs, fees or taxes not eligible or any other duties arising from the conclusion or implementation of this contract shall be borne by the LP and/or its PPs.
7. This contract shall be made available in two copies, of which each party keeps one. The LP is free to accept the offer. In case of acceptance, the signature of the contract shall be done as soon as possible. After one month, however, the MA offer loses any relevance unless the MA agrees to a prolongation of this period of time.
8. The present contract shall come into force upon signature of both parties to this contract. It remains valid as long as any duties linked to the ERDF/IPA subsidy might be claimed.
9. Unless otherwise stated, all communication shall be sent to the JS. In case of exchange of communication via eMS, it shall be deemed legally effective and binding.

On behalf of the LP:

Place and date:

Signature

Lead Partner institution

Represented by:

Position:

on behalf of the MA:

Place and date:

Signature

Directorate General Resources, Europe,
Innovation, and Institutions of the Emilia-Romagna
Region acting as MA

Represented by:

Dr. Francesco Raphael Frieri

Position: Head of the Managing Authority

Annexes to the subsidy contract:

Annex 1 - Application form approved on dd/mm/yyyy

Annex 2 – LP signed declaration on behalf of the partnership on absence of double funding.