



## **Subsidy Contract for the EU contribution**

**Application ID: HUHR/1901/2.2.1/0122**

**Project acronym: Riverside**

**Project title: Development and Protection of the Transboundary Biosphere Reserve  
Mura-Drava-Danube**

**Interreg V-A Hungary-Croatia  
Co-operation Programme 2014-2020**

## SUBSIDY CONTRACT

for the implementation of the Project  
No. HUHR/1901/2.2.1/0122, with acronym Riverside  
entitled Development and Protection of the Transboundary Biosphere Reserve  
Mura-Drava-Danube  
within the  
Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020

The following Subsidy Contract (hereinafter referred to as the Contract) is concluded between the

**Ministry of Foreign Affairs and Trade of Hungary**

Address: 1027 Budapest, Bem rakpart 47, Hungary

Tax number: 15311344-1-41

acting as the Managing Authority of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 (hereinafter referred to as the Managing Authority)

and

on one hand,

**Javna ustanova za upravljanje zaštićenim dijelovima prirode i ekološkom mrežom Virovitičko-podravske županije (Public institution for management of protected parts of nature and ecological network of Virovitica-Podravina County)**

Address: 33523 Čađavica, Noskovci 2/a, Croatia

Tax number (OIB number): 82943640239

acting as the Lead Beneficiary

on the other hand,

hereinafter jointly referred to as the Parties,

based on the following legal framework:

- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012;
- 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, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund (hereinafter referred to as the Common Provisions Regulation, CPR);
- 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 co-operation goal (hereinafter referred to as the ETC Regulation);

- 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;
- Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid;
- Commission Decision 2011/9380/EC of 20 December 2011 on the application of Article 106 (2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest;
- Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty;
- Regulation (EU) 2020/558 of the European Parliament and of the Council of 23 April 2020 amending Regulations (EU) No 1301/2013 and (EU) No 1303/2013 as regards specific measures to provide exceptional flexibility for the use of the European Structural and Investments Funds in response to the COVID-19 outbreak

The following regulations and guidelines have to be also respected in the framework of the present Contract:

- the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, approved by the European Commission on 7 September 2015 by Decision Ref No C(2015) 6228 (hereinafter referred to as the Programme);
- EU rules regarding EU 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;
- Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest (2012/C 8/02);
- national rules applicable to the Lead Beneficiary and the Beneficiaries (Lead Beneficiary and Beneficiaries hereinafter also referred to together as Project Participants);
- the relevant Call for Proposals of the Programme (HUHR/1901), published on 31 January 2019 on the Programme website (hereinafter referred to as the Call for Proposals);
- the Project Implementation Handbook for the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, laying down the programme specific rules for the implementation of the projects (hereinafter referred to as the Project Implementation Handbook);
- the Project Communication Guidelines for the Projects in the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, laying down the programme specific rules on information and publicity measures of the projects (hereinafter referred to as Project Communication Guidelines);
- the relevant national level legislation governing the rules of public procurement procedures in Hungary and Croatia.

## **Article 1**

### **Award of subsidy**

1. In accordance with the decision of the Monitoring Committee, dated 15.01.2020 (validated 03.02.2020), an earmarked subsidy is awarded to the Lead Beneficiary from the ERDF funding under the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 for the implementation of the project No. HUHR/1901/2.2.1/0122 with the acronym Riverside entitled Development and Protection of the Transboundary Biosphere Reserve Mura-Drava-Danube (hereinafter referred to as the Project).

811 112,83 EUR

Maximum EU contribution awarded:	say: eight hundred and eleven thousand, one hundred and twelve euros and eighty-three cents
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954 250,40 EUR

Total project budget: (including Lead Beneficiary and the other Beneficiaries)	say: nine hundred and fifty-four thousand, two hundred and fifty euros and forty cents
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2. The EU co-financing rates per Beneficiary (including the Lead Beneficiary) are set in Annex I (application) of the Subsidy Contract. As a general rule, the EU co-financing rates per Beneficiary (including the Lead Beneficiary) cannot exceed 85 per cent of the total eligible expenditures.
3. The maximum amount of EU 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 above-mentioned EU contribution awarded under the Programme will be correspondingly reduced according to the EU co-financing rates per Project Participants set in Annex I (application).
5. Reimbursement of the EU contribution is under the condition that the European Commission makes the funds available to the above-described extent and the Memorandum of Understanding signed by the two Member States is in force.
6. If the European Commission fails to make the funds available or if the Memorandum of Understanding signed by the Member States is no longer in force, the Managing Authority will be entitled to withdraw from the present Contract.

## **Article 2**

### **Duration of the Project**

1. Project starting date: 1 September 2020
2. Project end date: 31 August 2022
3. The project activities have to be carried out and finalised within the project implementation period, and project expenditure – with the exception of preparation

costs – has to be incurred within the project implementation period as defined by Articles 2.1 and 2.2.

4. Preparation costs can only be eligible if they were incurred on or after 1 January 2014 and before the start date of the project.

### **Article 3** **Object of use**

1. The EU contribution is awarded exclusively for the implementation of the Project as it is described in the application approved by the Monitoring Committee and contained in Annex I.
2. Project expenditure which qualifies for the EU contribution awarded according to Article 1.1 consists exclusively of project expenditure related to the project activities listed in the application approved by the Monitoring Committee. The rules for the eligibility of expenditure are set in the Project Implementation Handbook. The relevant EC regulations in force, in particular Articles 18 to 20 of the ETC Regulation and the rules contained in Commission Delegated Regulation (EU) No 481/2014, furthermore the national eligibility rules have to be respected. In case of contradiction between the above-mentioned rules, the stricter rule shall apply.

### **Article 4** **Reporting and Applications for Reimbursement**

1. The Lead Beneficiary can only submit an Application for Reimbursement to the Joint Secretariat if it is accompanied by proof of progress of the Project. Therefore, the Lead Beneficiary has to submit a Report (meaning Project Report or Final Project Report) alongside each Application for Reimbursement, consisting of the description of the activities carried out and their outputs and results during the reporting period, further consisting of a financial report presenting the financial progress of the Project compared to the approved application. Even if no expenditures were incurred in a reporting period, the Project Report (and the Final Project Report) shall be submitted in due time to the Joint Secretariat.
2. The Lead Beneficiary has to submit the Project Report and the Application for Reimbursement for each four-month reporting period from the project starting date indicated in Article 2.1. The Reports and the Applications for Reimbursement have to be submitted to the Joint Secretariat within 80 calendar days from the end date of each reporting period (and 100 days from the end date of the final reporting period), as detailed in the Project Implementation Handbook. The reporting periods and the actual deadlines for submission are indicated in Article 4.13.
3. Additional obligatory deadlines to submit an Application for Reimbursement may be set by the Managing Authority in order to avoid decommitment of EU contribution at programme level.
4. The First Project Report and Application for Reimbursement have to cover the preparation costs of the Project, as well as the first reporting period as indicated in Article 4.13. Only budget lines foreseen in the application and only Project

Participants involved according to the application<sup>1</sup> can be considered for Application for Reimbursement.

5. The Final Project Report and Application for Reimbursement have to be submitted to the Joint Secretariat within 100 calendar days after the end date of the Project as indicated in Article 2.2.
6. The language of each report is English. The forms and tools of the Report, Application for Reimbursement and the Declaration on Validation of Expenditure are defined for the Programme and are obligatory to use. The Lead Beneficiary has to complete and submit the Reports and the Applications for Reimbursement online through the monitoring and information system of the Programme. Access to the system is only permitted by means of an individual user name and password. Further rules on reporting – including the documents to be submitted with the Reports – are set in the Project Implementation Handbook.
7. The Application for Reimbursement submitted by the Lead Beneficiary shall contain only validated expenditure and shall be supported by the Declarations on Validation of Expenditure issued by the designated Control Bodies. The Lead Beneficiary shall ensure that the expenditure presented by the Project Participants has been incurred for the purpose of implementing the Project and that it corresponds to the activities agreed between the Project Participants as described in the approved application.
8. In compliance with Point 2 (d) of Article 13 of the ETC Regulation, the Lead Beneficiary shall ensure that the expenditure presented by each of its fellow Beneficiaries has been validated by the designated Control Body of the Beneficiary. The designated Control Bodies and the national level control requirements for both Member States are available in the Beneficiary level Guidelines, issued in the respective Member State.
9. In case the Declarations on Validation of Expenditure are not received from each Beneficiary for a given reporting period, the Lead Beneficiary shall submit the Application for Reimbursement on the basis of the Declarations on Validation of Expenditure available for the reporting deadline. The expenditures of the Project Participant not validated for the given reporting period within the deadline can be requested only for the next reporting deadline to the reporting period concerned, with the exception of preparation costs. Preparation costs can be validated and requested only in the first reporting period.
10. The Lead Beneficiary shall submit the Application for Reimbursement in EUR, based on the Declarations on Validation of Expenditure issued in EUR by the designated Control Bodies of the Project Participants.
11. Project Participants from Member States which have not adopted the EUR as their currency shall convert into EUR the amounts of expenditure in the list of invoices incurred in national currency before submission for validation to the responsible Control Body of the Member State. The expenditures shall be converted into EUR using the monthly accounting exchange rate of the European Commission in force in

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<sup>1</sup> Parties agree that certain activities of the Beneficiary (NR) will be implemented by the mayor's office as being the executive organ of the Beneficiary in accordance with Article 41(1) and 41(2) of Act No. CLXXXIX of 2011 on Local Governments in Hungary, as well as paragraph 1 of Article 6/C of Act No. CXCV of 2011 on Public Finance, so that the costs reimbursed by the mayor's office are eligible for support.

the month in which the expenditure is submitted by the Project Participant to the Control Body.<sup>2</sup>

12. The exchange rate risk is borne by the Lead Beneficiary or Beneficiary concerned.
13. The Lead Beneficiary shall request the reimbursement of the EU contribution on the basis of the following table:

	Reporting period	Deadline for submission of the Project Reports and Applications for Reimbursement	Indicative spending forecast <sup>3</sup> EUR
1	01/09/2020 - 31/12/2020	21/03/2021	82 229,44
2	01/01/2021 - 30/04/2021	19/07/2021	130 940,48
3	01/05/2021 - 31/08/2021	19/11/2021	164 030,10
4	01/09/2021 - 31/12/2021	21/03/2022	251 710,98
5	01/01/2022 - 30/04/2022	19/07/2022	185 637,46
6	01/05/2022 - 31/08/2022	09/12/2022	139 701,94
Total			954 250,40

14. The Lead Beneficiary has the possibility to deviate from the indicative spending forecasts, considering that in case of n+3 decommitment resulting from underspending compared to the spending forecast, the Managing Authority is entitled to decommit the Project by reducing the original project budget and the corresponding EU contribution.
15. In case of a decision on the decommitment of the Project, the Managing Authority initiates the amendment of the present Contract. The Addendum to the Subsidy Contract has to be signed by both Parties.
16. The Lead Beneficiary upon request by the Joint Secretariat shall submit Project Follow-up Reports proving the sustenance of the project outputs. Details about the content and submission of Follow-up Reports are regulated in the Project Implementation Handbook valid for the given Call for Proposals.
17. The Lead Beneficiary has to provide immediate information to the Joint Secretariat about circumstances which delay, hinder or make impossible the implementation of the Project, as well as about any circumstances which represent a change of the reimbursement conditions and frameworks as laid down in the present Contract or which entitle the Managing Authority to reduce or demand repayment of the EU contribution entirely or in part. Immediate information shall also be provided in case the Project has not been or cannot be fully implemented by carrying out the planned activities and results moreover by achieving at least 80 per cent of the quantifiable outputs, or if the Project cannot or could not be implemented in due time. In case the Project cannot be implemented in line with the time schedule determined in the application contained in Annex I, as well as in line with the payment schedule specified in Point 13 of the present Article, the fact has to be reported immediately to

<sup>2</sup> The monthly exchange rates of the European Commission are available at the website of the European Commission: <http://ec.europa.eu/budget/inforeuro>.

<sup>3</sup> Indicative spending forecast: eligible costs to be reported in the given reporting period.

the Joint Secretariat in order to seek written approval. The request for approval does not imply the approval.

## **Article 5**

### **Reimbursement of EU contribution to the Lead Beneficiary**

1. The reimbursement of EU contribution to the Lead Beneficiary will be initiated only after the verification and acceptance of the Report and of its annexes, the Application for Reimbursement and the Declarations on Validation of Expenditure.
2. The Lead Beneficiary may be requested a completion of the Report and of the Application for Reimbursement during the verification process by the Joint Secretariat. After the second unsuccessful request/notice for completion, the Report and the Application for Reimbursement may be rejected. A rejected Application for Reimbursement can be resubmitted only once and for the next reporting deadline following the reporting period concerned. If the Report contains ineligible expenditure, the amount of these shall be deducted from the Application for Reimbursement. In this case the Lead Beneficiary shall re-compile and re-submit the Application for Reimbursement to the Joint Secretariat. In case the Final Project Report and the Application for Reimbursement are rejected, the Lead Beneficiary shall be informed about the possible/applied sanctions (e.g. suspension of the last payment, repayment of subsidy, withdrawal from the Contract).
3. Following the approval of the Final Project Report the Joint Secretariat initiates the financial closing of the Project in order to calculate the exact amount of EU contribution to be paid to the Project. Financial closing cannot be initiated in case other processes related to the Project are not closed such as irregularity and recovery procedures. After the final payment to the Lead Beneficiary, the Project is considered closed and the Lead Beneficiary is informed about the closure. While the Project is considered closed, audits might be carried out during the programme period and/or within the timeframe stipulated in Article 140(1) of the CPR and further detailed in the Project Implementation Handbook. During this period, irregularity procedures and repayments can be initiated related to the Project.
4. The reimbursement of EU contribution will be authorised by the Certifying Authority. In case the EU contribution 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 until the transfer of the EU contribution from the European Commission is credited to the programme single bank account.
5. For receiving the reimbursement of EU contribution and for the transfers of EU contribution to the Beneficiaries, the Lead Beneficiary has to open a separate EUR bank account exclusively for the Project.
6. The EU contribution will be reimbursed in EUR exclusively and will be transferred to the following separate project bank account indicated by the Lead Beneficiary:

IBAN account number	HR37 2360 0001 5027 6395 9
SWIFT code	ZABAHR2X
Bank name	ZAGREBACKA BANKA DD



Bank address	Trg bana Josipa Jelačića 10, 10000 Zagreb
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7. The Lead Beneficiary has to officially notify the Joint Secretariat in written form in case of a change of the separate project bank account within 15 calendar days or with the submission of the Application for Reimbursement at the latest. In case the Lead Beneficiary fails to properly inform the Joint Secretariat on the details of its separate bank account, all consequences, including those of financial nature, shall be borne by the Lead Beneficiary.
8. The Lead Beneficiary is responsible for transferring the EU contribution to the Beneficiaries according to the approved Application for Reimbursement, within the timeframe agreed in the signed Partnership Agreement.
9. Bank statements proving the management of the separate project bank account and the transfer of funds from the Lead Beneficiary to the Beneficiaries have to be presented to the Joint Secretariat attached to the Report.

#### **Article 6 Double funding**

1. The expenditures shall not be double funded by any other European and/or national funds.

#### **Article 7 Representation of the project partnership, liability and additional obligations of the Lead Beneficiary**

1. In order to lay down the arrangements for its relations with the Beneficiaries the Lead Beneficiary is responsible to conclude a Partnership Agreement with them.
2. The Lead Beneficiary represents the partnership as defined in the Partnership Agreement and is the only direct contact between the project and the programme management bodies. The Lead Beneficiary shall be responsible for ensuring the efficient implementation of the entire Project. To this end, the Lead Beneficiary shall undertake among others:
  - a) to co-ordinate the start of the Project as set in Article 2.1;
  - b) to co-ordinate the implementation of the Project according to the time schedule agreed upon in the present Contract and in the approved application;
  - c) to guarantee the sound financial management of the funds allocated to the Project, including the arrangements for recovering amounts unduly paid;
  - d) to meet the reporting requirements and ensure any other documentation obligations;
  - e) to ensure that the expenditure presented by the Lead Beneficiary and by the Beneficiaries has been paid for the purpose of implementing the Project and to ensure that it corresponds to the activities agreed between the members of the partnership and indicated in the approved application;

- f) to verify that the expenditure presented by the Lead Beneficiary and the other Beneficiaries has been validated by the designated Control Bodies;
  - g) to collect documents and information from the Beneficiaries in order to present consolidated Reports and Applications for Reimbursement;
  - h) to comply with EU regulations, as referred to in the preamble of the present Contract, and with the relevant national legislation for the whole partnership with special regard to public procurement, State aid, publicity, furthermore rules on sustainable development and equal opportunities;
  - i) to transfer the EU contribution correctly and within the timeframe agreed in the Partnership Agreement upon receipt to the other Beneficiaries and in full, no specific charge or other charge with equivalent effect shall be levied which would reduce these amounts for the Beneficiaries; in case of a claim for repayment from the Managing Authority, the Lead Beneficiary cannot exculpate itself with the argument of the transfer of the funds;
  - j) to maintain separate accounting for project implementation purposes in a manner ensuring the identification of each financial operation within the Project;
  - k) to ensure the sustainability of the project results.
3. The Lead Beneficiary bears responsibility for the activities of the other Beneficiaries and the sub-contractors like its own activities.
  4. The Lead Beneficiary takes full responsibility for the damages caused to third parties from its own fault during the implementation of the operation. The Managing Authority has no responsibility for the damages caused to third parties as a result of executing the Subsidy Contract.
  5. The Lead Beneficiary is liable towards the Managing Authority for ensuring that the Project Participants fulfil their obligations under this Contract.

## **Article 8**

### **Procurement rules**

1. According to Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 and other relevant regulations, the projects contracted under the Programme have to manage the procurement of services, supplies / goods / equipment and works in accordance with national procurement rules in force, depending on the seat and operational area of the given organisation (in Hungarian: *Közbeszerzési törvény*, in Croatian: *Zakon o javnoj nabavi*).

## **Article 9**

### **Information and publicity**

1. The Lead Beneficiary undertakes to fulfil the information and publicity measures set out in the Project Communication Guidelines, with the aim of promoting the fact that co-financing is provided from EU contribution available under the Interreg V-A

Hungary-Croatia Co-operation Programme 2014-2020, furthermore it undertakes to ensure the adequate promotion of the Project.

2. The Lead Beneficiary shall ensure that all project official communication (e.g. any notice, publication, website or project event, including conferences or seminars) specifies that the Project has received funding from the EU within the framework of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, by following the instructions detailed in the Project Communication Guidelines.
3. Any notice or publication by the Project Participants, in whatever form and on or by whatever medium, 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.
4. The Managing Authority / Joint Secretariat shall be authorised to publish, in any kind of form and on or by any kind of medium the following pieces of information:
  - a) the title and the acronym of the Project;
  - b) the name of the Lead Beneficiary and of the Beneficiaries;
  - c) the amount of subsidy and the EU co-financing rate;
  - d) the purpose of the EU contribution (i.e. the Project's overall objective);
  - e) the geographical location of the Project;
  - f) project results, evaluations and summaries;
  - g) other information about the Project, if considered relevant.
5. The Lead Beneficiary shall ensure the proper means of communication between the Project and the Programme, including:
  - a) participation, whenever requested, in Lead Beneficiary trainings organised by the Joint Secretariat;
  - b) participation, whenever requested, in other events organised by the programme management bodies 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 (if any) to the Programme website – [www.huhr-cbc.eu](http://www.huhr-cbc.eu) / [www.huhr-cbc.com](http://www.huhr-cbc.com).

## **Article 10**

### **Amendments to the Subsidy Contract and other project changes**

1. The Lead Beneficiary has to request the modification of the Subsidy Contract in case of substantial changes in the Project which are the following:
  - a) changes in the composition of the project partnership;
  - b) substantial changes in the content of the Project (resulting in a more than 20 per cent deviation from the quantified outputs);

- c) changes to activities (either introducing new ones or replacing old ones);
  - d) budget reallocations between main budget lines exceeding 20 per cent of either affected main budget line and exceeding 10 000,00 EUR within the budget of the Lead Beneficiary or the particular Beneficiary;
  - e) prolongation of the project duration.
2. Modifications of the Subsidy Contract cannot affect the basic purpose of the Project as approved by the Monitoring Committee.
  3. Any request for a modification of the Subsidy Contract has to be justified and submitted by the Lead Beneficiary to the Joint Secretariat in a written form, as regulated in the Project Implementation Handbook. The Joint Secretariat will process the request for modification and will submit it for approval to the Managing Authority or the Monitoring Committee, according to the type of 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 Addendum to the Subsidy Contract enters into force on the date of signature by the last of the Parties. The date from which the changes contained in the Addendum shall be effective is to be explicitly identified in the text of the Addendum.
  5. Other changes in the Project than listed in Point 1 will not require Subsidy Contract modification, but the Lead Beneficiary has to notify the Joint Secretariat which in turn has to confirm that the project change is accepted.
  6. Detailed rules describing each case of Subsidy Contract modification or other changes in the Project are set in the Project Implementation Handbook.
  7. The limit of budget reallocation is calculated from the concluded original Subsidy Contract, therefore accumulation of changes is counted together and rules are applied accordingly. By its nature, any increase of budget of a budget line(s) on one side leads to a reduction of budget of other budget line(s) on the other side, therefore either affected budget line is counted when applying the rule. All indicated changes in the Project have to respect the rules of the Call for Proposals laid down in the Guidelines for Applicants, e.g. meaning that if a limit for a certain type of cost was given in the Guidelines for Applicants, the notified (initiated) change has to respect the limit as well. New activities cannot be budgeted in the approved budget.

## **Article 11**

### **Assignment, legal succession**

1. The Managing Authority is entitled at any time to assign its rights under the present Contract. In case of assignment the Managing Authority will inform the Lead Beneficiary without delay.
2. The Lead Beneficiary is allowed to assign its duties and rights under the present Contract only after prior decision of the Monitoring Committee and written consent of the Managing Authority.
3. In case of legal succession the Parties are obliged to transfer all duties under the present Contract to the legal successor. The Parties shall notify each other about any change beforehand. In case of legal succession affecting the Lead Beneficiary or a Beneficiary the Lead Beneficiary shall notify the Joint Secretariat beforehand.

## **Article 12**

### **Audit rights**

1. The responsible auditing bodies of the EU and, within their responsibility, the auditing bodies of the Member States, as well as the Audit Authority, the Managing Authority, the Joint Secretariat and the Certifying Authority of the Programme are entitled to audit the proper use of funds by the Lead Beneficiary and by the Beneficiaries or to arrange for such an audit to be carried out by authorised persons.
2. The Lead Beneficiary shall produce all documents required for the audit, provide necessary information and give access to its business premises. The Lead Beneficiary is obliged to retain for audit purposes all files, documents and data about the Project for at least until the time as specified in Article 140(1) of the CPR and further detailed in the Project Implementation Handbook. Documents to be retained are listed in Annex III.
3. The designated Control Bodies are entitled to carry out on-the-spot checks as part of their verification activities, while the Joint Secretariat or the Managing Authority are entitled to carry out monitoring visits in order to check the progress of the Project from a professional point of view, at the premises of the Lead Beneficiary and of the Beneficiaries.
4. The Lead Beneficiary is obliged to guarantee the fulfilment of the above stipulated duties in relation to all other Beneficiaries as well.
5. Observing the recommendations received after an audit must be ensured by the Project Participants, otherwise the Managing Authority has the right to terminate the Subsidy Contract.

## **Article 13**

### **Irregularities**

1. In case of irregularities identified during project implementation the Managing Authority reserves the right to claim the repayment of the EU contribution in full or in part from the Lead Beneficiary and has the right to reduce the amount of the EU contribution awarded.
2. Based on the above, the Lead Beneficiary is always responsible for securing the repayment of the EU contribution unduly paid to the Project, even if the irregularity was committed by one of the other Beneficiaries.
3. If another Beneficiary commits an irregularity, the Lead Beneficiary – after having received the notice on repayment – is obliged to request the amount unduly paid from the Beneficiary concerned and repay it to the Managing Authority within the deadline for the repayment set in Article 14.2. The Lead Beneficiary shall exercise due diligence to ensure repayment.
4. If the Lead Beneficiary does not succeed in securing the repayment from the Beneficiary / Beneficiaries, within 5 calendar days from the end of the deadline given the Lead Beneficiary has to notify the Joint Secretariat and has to send proof of steps taken by the Lead Beneficiary towards the Beneficiary / Beneficiaries.
5. When the amount unduly paid has not been recovered due to negligence of the Lead Beneficiary, the Lead Beneficiary shall remain responsible for the repayment.

**Article 14**  
**Right of withdrawal – Repayment – Suspension of reimbursement**

1. The Managing Authority is entitled to withdraw from the present Contract and to demand the repayment of the EU contribution in full or in part if:
  - a) the Lead Beneficiary has obtained the EU contribution through false 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 if
  - b) a precondition for the approval of the Project is no longer given, in particular if the compulsory cross-border Beneficiary resigns from the Project and is not replaced in line with the provisions of Article 10; or if
  - c) the Partnership Agreement concluded between the Project Participants is no longer in force; or if
  - d) the Lead Beneficiary becomes insolvent or subject to bankruptcy proceedings; or if
  - e) the Lead Beneficiary becomes guilty of misrepresentation in supplying the information required by the Managing Authority or in failing to provide requested information; or
  - f) in case of identified irregularities; or if
  - g) the Lead Beneficiary fails to fulfil a condition or an obligation resulting from the present Contract, in particular if
  - h) the Lead Beneficiary fails to submit a Report and Application for Reimbursement within the reporting deadline;
  - i) the Lead Beneficiary repeatedly fails to submit Project Follow-up Reports, if applicable; or if
  - j) the Lead Beneficiary fails to sustain the results of the Project as defined in Article 15; or if
  - k) the Project has not been or cannot be fully implemented by carrying out the planned activities and results moreover by achieving at least 80 per cent of the quantifiable outputs, or if the Project cannot or could not be implemented in due time; or if
  - l) the regulations of EU and national law (including provisions concerning public procurement rules, State aid rules, publicity rules, rules on environmental protection and rules on equal opportunities) have been infringed; or if
  - m) the Lead Beneficiary has impeded or prevented the auditing of the Project or failed to retain the project documentation as referred to in Article 12; or if
  - n) the EU contribution awarded has been partially or entirely misapplied for purposes other than those agreed upon; or if
  - o) it has been impossible to verify that the Final Project Report is correct and thus the eligibility of the Project for funding from the Programme cannot be verified.

2. If the Managing Authority sends a request for repayment for the amount of EU contribution paid unduly and the corresponding interest chargeable, the Lead Beneficiary is obliged to secure repayments from the Beneficiary / Beneficiaries concerned and has to repay the amount specified by the Managing Authority before the due date. The repayment by the Lead Beneficiary is due within two months following the receipt date of the request for repayment. The rate of the 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 of the request for repayment.
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 Lead Beneficiary.
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 Lead Beneficiary is excluded unless its claim is undisputed or recognised by declaratory judgement.
6. The Lead Beneficiary is entitled to exercise the right of withdrawal if the implementation of the Project becomes impossible due to circumstances independent from the Lead Beneficiary. In this case, the Lead Beneficiary shall repay the whole amount of EU contribution reimbursed together with the interest chargeable within two months from the date of notifying the Managing Authority on the withdrawal from the Contract. The rate of interest shall be the rate applied by the European Central Bank in its main refinancing operations on the date of notifying the Managing Authority on the withdrawal from the Contract.
7. The Managing Authority may decide to suspend the reimbursement of the EU contribution if the provisions laid down in the Memorandum of Understanding are not respected by the Member States. The Lead Beneficiary shall be informed on the suspension.

## **Article 15**

### **Force majeure**

1. Force majeure is any external event, unforeseeable, absolutely invincible and inevitable occurred after the conclusion of present Contract and which prevents the execution of all or part of this Contract. There are considered cases of force majeure: wars, natural calamities, general strikes, insurrections, revolts, epidemics, earthquakes, floods and other similar events that cannot be attributed to any party of the Contract. Force majeure, established under the law, exonerates the parties in case of failure to execute totally or partially the obligations under this Contract, as long as the force majeure is in force, and only if the other party has been duly notified. It is not considered to be force majeure an event similar to those presented above, that, without creating an impossibility of execution, makes the execution of the obligations very difficult for one of the parties.

2. The parties shall take all measures at their disposal to limit the consequences of force majeure.
3. The execution of the Contract may be suspended from the occurrence of force majeure during the whole period of its action.
4. In case the Contract must be suspended under this reason, for a period longer than 3 (three) months, the Managing Authority has the right to decide on the continuation / modification / termination of the contract.

#### **Article 16** **Ownership/use of results, revenues generated**

1. An operation comprising investment in infrastructure or productive investment shall repay the contribution from the ESI Funds if within five years of the final payment to the Beneficiary or within the period of time set out in State aid rules, where applicable, 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 the 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.

The Lead Beneficiary is obliged to notify the Joint Secretariat of any such changes described beforehand.

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 Project Participants. Leasing, handing over/selling or transferring the rights of use of the outputs of the Project is only possible with the prior written consent of the Managing Authority and only in case if all the rights and obligations following from the present Contract and connected to the subject of matter will be transferred to the new party.
3. The use of the results of the Project shall be agreed upon by the Lead Beneficiary and the Joint Secretariat in order to guarantee a widespread publicity of such results and in order to make them available to the public.
4. The Lead Beneficiary and the Joint 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. In line with Article 61(3) of the CPR potential net revenue of the Project shall be determined in advance by the method defined in the Call for Proposals. The eligible expenditure of the Project to be co-financed from the Programme shall be reduced by the net revenue not taken into account at the time of approval of the Project directly generated only during its implementation, not later than at the Final Application for Payment submitted by the Lead Beneficiary. Where not all the costs are eligible for co-financing, the net revenue shall be allocated pro rata to the eligible and non-eligible parts of the cost. In case net revenue is generated by the Project after its completion Article 61 of the CPR shall apply.



## **Article 17**

### **Concluding provisions**

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

HU-HR Joint Secretariat  
Szép utca 2, IV. em.  
1053 Budapest, Hungary

Name of JS programme manager: Šajn Zrinka  
E-mail: [sajn@huhr-cbc.com](mailto:sajn@huhr-cbc.com)  
Telephone: +36203803559





4. All correspondence with the Lead Beneficiary under the present Contract must be in English language and has to be sent to the following address:

33523 Čađavica,  
Noskovci 2/a,  
Croatia

Name of contact person: Tatjana Arnold Sabo  
E-mail: [tatjana.arnold.sabo@gmail.com](mailto:tatjana.arnold.sabo@gmail.com)  
Telephone: +38533722033, +385992351529

5. The Lead Beneficiary declares that the Contact Person of this Subsidy Contract, the Employees involved and the Beneficiaries have been informed of the processing of his / her personal data required for the performance of this Contract and of his / her rights under the General Data Protection Regulation prior to the transfer of the personal data. The General Data Protection Information of the Programme is available on the Programme website – [www.huhr-cbc.eu](http://www.huhr-cbc.eu) / [www.huhr-cbc.com](http://www.huhr-cbc.com).
6. The present Contract is concluded in English language. In case of translation of the present Contract and of its Annexes into another language, the English version shall prevail.
7. The Annexes to this Contract are binding and form an integral part of the Subsidy Contract.
8. The present Contract is governed by Hungarian law and all matters not regulated in the Contract are subject to the legal understanding laid down in the Hungarian Civil Code (Act V. of 2013). In case of differences that are not ruled by the present Contract, the Parties agree to find an amicable and mutually acceptable solution. If the Parties fail to do so, all disputes arising in connection with the Subsidy Contract shall be settled by the Buda Central District Court.
9. The present Contract is signed in three original copies of which one remains at the Lead Beneficiary and two original copies are to be returned to the Joint Secretariat.

10. The Subsidy Contract enters into force on the date of signature by the last of both Parties.
11. The present Contract shall remain in force until the Lead Beneficiary has discharged in full its obligations arising from the Subsidy Contract towards the Managing Authority, i.e. as long as any duties linked to the EU funding might be claimed.

Place and date: <i>Novkove, August 25<sup>th</sup> 2020</i>	Place and date: <i>Budapest 10 August 2020</i>
Lead Beneficiary represented by	Managing Authority represented by
 	 
Tatjana Arnold Sabo Director	Nikoletta Horváth Deputy Head of the Managing Authority

## **Annexes to the Subsidy Contract**

- I. Application
- II. Partnership Agreement signed by each Project Participant
- III. List of documents to be retained
- IV. Applicable project specific State aid rules

**Annex III**  
**List of documents to be retained**

No.	Document
1.	Approved application
2.	Notification letter from the Managing Authority awarding subsidy
3.	Subsidy Contract (and its amendments)
4.	Partnership Agreement (and its amendments)
5.	Beneficiary Reports
6.	Declarations on Validation of Expenditure
7.	Reports (meaning Project Reports, Final Project Report and Project Follow-up Reports)
8.	Applications for Reimbursement
9.	Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the Project Participant 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 Participant concerned
11.	All project deliverables (all material produced during the project period)
12.	If relevant, documentation related to on-the-spot checks of the Control Bodies (to be retained at the premises of the Project Participant concerned)
13.	If relevant, documentation of monitoring visits of the Joint Secretariat / Managing Authority
14.	If relevant, audit reports
15.	If relevant, the Lead Beneficiary's / Beneficiaries' Subsidy Contracts on State contribution and the related documents

**Annex IV**  
**Applicable project specific State aid rules**

**Relevant to the project / Not relevant to the project**

