

Interreg ATLANTIC AREA

SUBSIDY CONTRACT

Project number and Acronym

The Monitoring Committee's decision of XXXXXX

The Monitoring Committee decision notification letter of XXXX

The following contract, Interreg ATLANTIC AREA Subsidy Contract “Project number” and “Acronym”, concluded between the Comissão de Coordenação e Desenvolvimento Regional do Norte, acting as Managing Authority (hereinafter “MA”) of the European territorial cooperation programme "Interreg V B Atlantic Area", located in Rua Rainha D. Estefânia 251 – 4150-304, Porto, Portugal, tax identification number 600074404, represented by its President,

and

“NameOrganisationP1”, Lead Partner (hereinafter “LP”), with the tax identification number “TaxIdentificationNumberPartner1”, located in “AddressOrganisationPartner1”, “PostCode” “City”, “Country”, represented by “Name Surname Legal Representative Partner1” and representing the partners of the above mentioned project (hereinafter “PPs”).

is concluded on the basis of :

Article 1 - Legal Framework

- The European Structural and Investment Funds Regulations, Delegated and Implementing Acts for the period 2014-2020, especially Article 125(3) c) of the Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 and Article 12 (5) of Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 as further specified below.
- The European Territorial Cooperation Interreg Atlantic Area Programme, approved by the European Commission on 17 November 2015 (Decision No C (2015) 8196 final) setting the Programme strategy (hereinafter referred to as AA Programme).

Also the following laws and documents constitute the legal framework applicable to the rights and obligations of the parties to this contract:

- 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;
- The European Structural and Investment Funds Regulations, Delegated and Implementing Acts for the period 2014-2020, especially:
 - ✓ 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 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 and any amendment;

- ✓ 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, and any amendment;
 - ✓ 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 and any amendment;
 - ✓ Implementing and Delegated Acts, especially Commission Delegated Regulation (EU) No 481/2014 of 4 March 2014 supplementing Regulation No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes and any amendment.
- Articles 107 and 108 of the Treaty on the Functioning of the European Union (TFEU), 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.
 - All other EU legislation and the underlying principles applicable to the LP and its PPs, 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.
 - National rules applicable to the LP and its PPs and their activities.
 - All Manuals, Guidelines and any other documents relevant for project implementation (e.g. Programme Manual) in their latest version as published on the programme website (www.atlanticarea.eu/).
 - The management, financial and control systems implemented by the AA Programme.

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

Article 2 – Subsidy Award

Based on the latest version of the application form (hereinafter referred to as PAF - Project Approved Form) and the amending documents, in accordance with the decision of the Programme Monitoring Committee (hereinafter “MC”) and possible amending decisions, an earmarked subsidy is awarded to the LP for the project "Index", "Title" .

Maximum ERDF amount of funding awarded:

TOTAL BUDGET

| | |
|-----------------------|---|
| ERDF | € |
| Partners Contribution | € |
| Eligible Costs | € |
| Total Costs | € |

The LP ensures that the compliance of legal rules and regulations regarding each partner financing has been checked.

The final ERDF amount to be awarded is conditioned to the work plan implementation as presented in the PAF and will be calculated based on paid and duly certified expenditures, after deduction of eventual incomes, generated and received.

Considerable underspending of ERDF by the project could lead to de-commitment procedure that shall be approved by the Programme MC.

Programme co-financing to project partners located outside the programme area can be made available only if the MA of AA Programme has obtained the signed Agreement on the management, financial and control systems of the programme from the country where the project partner is located. The document should define, in particular, the provisions on financial control of expenditure. It should be signed before this Subsidy Contract.

Article 3 – Object of use and eligibility of costs

1. The subsidy is awarded exclusively for the project as described in the latest version PAF in accordance with the conditions set out by the MC. The PAF and its annexes, as approved by the MC, form an integral part of this contract.
2. Disbursement of the subsidy is subject to the condition that the European Commission makes the funds available. In case of non-availability of funds the MA cannot be deemed responsible for late or missing payments in accordance with Article 132 of Regulation (EU) No 1303/2013.
3. If the European Commission fails to make the funds available due to reasons that are outside of the sphere of influence of the programme, the MA is entitled to terminate this contract and any claim by the LP or the PPs against the MA for whatever reason is excluded. In such a case the LP will be duly notified by the MA and guided on the respective steps to be taken.
4. The LP accepts the subsidy and undertakes to carry out the project under its own responsibility as laid out in the European Structural and Investment Funds Regulations, delegated and implementing acts or the programme rules based thereon.
5. Should it become evident that the project will not spend the maximum amount of ERDF-co-financing awarded, the MC may decide to reduce it.

6. Budget disbursement is subject to the condition that this Subsidy Contract is signed by both the parties.
7. In case one or more output and result targets, as set in the latest version of the PAF, are not successfully reached, corrective measures may be put in place to ensure the project performance as well as to minimise the impact at the programme level (e.g. adaptation of the project to the changed situation) following the procedures specified in the Programme Manual.
8. In case a project fails to respect the contractual arrangements on timeliness, budget absorption and achievement of outputs and results, as defined in the PAF, the programme may also reduce the ERDF allocated to the project or, if necessary, stop the project by terminating the Subsidy Contract.
9. The LP undertakes to do a careful analysis and obey these eligibility rules and principles and to contractually forward this obligation to its project partners.
10. The non-compliance with the relevant rules could lead the programme authorities to take corrective measures and exclude from the project budget ineligible expenditure.

Article 4 – Project and contract duration

1. The Project start date is the date of notification of Monitoring Committee's decision by the JS. The project has a duration as provided for in the latest version of the PAF.
2. The Subsidy Contract enters into force on the date of signature by both parties and is valid until the declaration of closure of the project by the MA.
3. Administrative duties of the LP and PPs related to the closure of the project will take place over a period of three months after the project end date specified in the latest version of PAF and unless differently agreed by the MA. Further specifications on project closure are laid out in the Programme Manual.
4. Without prejudice to the provision regarding the project implementation and the eligibility of expenditure as well as to the rules governing state aid, this contract expires in accordance with obligations on availability of documents as defined in Article 140 of Regulation (EU) No 1303/2013.

Article 5 – Request for payment

1. In accordance with Article 122 of Regulation (EU) no 1303/2013, all exchanges of information between the Lead Partner and the Programme authorities shall be carried out by means of electronic data exchange systems. Accordingly, the submission of financial claims, progress reports, and requests for changes shall be done by using the electronic data exchange system of the programme, without prejudice to the utilization of an alternative medium as a contingency in exceptional circumstances.
2. The LP may only request payments of the ERDF contribution on behalf of the project by providing proof of progress of the project towards the achievement of the outputs and results as set in the PAF, in compliance with the principle of sound financial management (as determined by the principles of economy, efficiency and effectiveness) and by demonstrating the utility derived from any purchases. To this purpose the LP has to present two progress reports in each twelve month period on dates to be determined by the MA, and a final report to the MA through the Joint Secretariat (hereinafter referred to as JS) as described in Article 6 of this document and in the Programme Manual.
3. Furthermore, payment of funds is subject to the condition that the legality and regularity of activities underlying the expenditure declared can be sufficiently demonstrated as stipulated in the European Structural and Investment Funds Regulations, Delegated and Implementing Acts or the Programme rules based thereon and that all supporting documents and certificates necessary for the assessment of the JS are submitted in due time.
4. The MA reserves the right not to accept – in part or in full – certificates of expenditure of this contract if due to the results of its own checks and/or controls or audits performed by another authority such a certificate or the facts stated therein prove to be incorrect or if the underlying activities are not in line with the legal framework as set out in Article 1 of this document. In such a case, the MA will either reduce the claimed certified amount, demand repayment of funds already paid out unduly or set them off against the next payment claim submitted by the LP, if possible. In compliance with Article 132 of Regulation (EU) 1303/2013, payments to the project can be suspended partially or in full in cases of suspicion of an irregularity. The MA or Certifying Authority (hereinafter referred to as CA) is entitled to withhold any ERDF payment to a particular beneficiary (LP or PPs) or the project as a whole until all unclear issues related to the implementation, management and reporting are clarified.
5. The MA, through the JS, may request relevant information at any time. That information must be supplied by the LP within the demanded time frame. The LP will also provide information and/or requested documents to other programme authorities, courts of auditors or other control institutions acting within their respective sphere of responsibility.
6. In case of observations and/or reservations raised during the programme designation process as provided for in Article 123 of Regulation (EU) No 1303/2013, delays in the said procedure, or in case of system errors detected within audits, the MA and CA also have the

right to temporarily withhold payments. Payment suspension(s) shall be lifted as soon as observations and/or reservations raised by the relevant bodies have been withdrawn.

7. The CA, after the request made by the MA, ensures that the LP and the PPs receive payments of the approved contribution from the programme in time and in full. No deduction, retention or further specific charges which would reduce the amount of the payment shall be made, without prejudice of provisions as above in this article. Opposite, the ERDF contribution paid by the CA shall not exceed the share of ERDF resulting from the eligible amount validated by each responsible control authority in compliance with Article 7 of this document.
8. The disbursement of funds by the CA is subject to the provision by the LP and PPs of all the statements needed.
9. The funds will be disbursed in Euro (EUR; €) only. Any exchange rate risk will be borne by PPs. The subsidy will be transferred to the Bank accounts as indicated by the LP and PPs in the PAF. There should either be a specific project related bank account or an adequate accounting code should be used for all transactions relating to the project. All expenditure relating to the project must be verified by a first level controller in accordance with Regulation (EU) no 1303/2013, Article 125(4).
10. By paying out the subsidy according to this contract the MA fulfils its obligations resulting from the present contract.
11. Payments not requested on time and in full or not in compliance with the payment schedule as indicated in the Project report and the overview table of reporting targets and deadlines may be lost, according with the procedures established in the Programme Manual.
12. Approved projects which have signed the Subsidy Contract with the MA are entitled to claim a lump sum cost of 16000 euros in recognition of costs that would have been incurred in the preparation of the project proposal, co-financed at a rate of 75% ERDF, which amounts to 12000 euros. This is subject to the LP having included this sum in the PAF.

Article 6 – Reporting

1. In order to demonstrate the progress of the project implementation the LP has to present two progress reports in each twelve month period, and a final report to the MA through the JS.
2. The final report is to be sent to the MA via JS at the latest three months after the project end date.
3. Further details on the contents of the reports and procedural rules are laid out in the Programme Manual, the contents of which the LP accepts and contractually forwards to its PPs.

Article 7 – Expenditure Validation

1. Each progress report is submitted by the LP to the MA *via* the JS together with certificates stating the eligibility of expenditure, both at the LP and the PPs level, issued by national controllers as referred to in Article 23 (4) of Regulation 1299/2013, according to the system set up by each Member State and in compliance with the requirements set by the legal framework listed in Article 1 of this contract.
2. In cases of LP and PPs from countries having set a decentralised control system, the MA reserves the right, after agreement with the national responsible institution, to require that the controller directly selected by the LP or PPs is replaced if considerations, which were unknown when the contract was signed, cast doubts on the controller's independence or professional standards.
3. The LP notifies the JS the persons or institutions performing the control activities selected in accordance with the system set up by each Member State and meeting the requirements of qualification and independence presented in the national procedures of each Member State. Details about the notification procedure are laid out in the Programme Manual, which the LP accepts and contractually forwards to its PPs.
4. LP acknowledges and agrees that the French PPs will have to follow the specific control system set up by their National Authority, the Préfecture de la région Pays de la Loire: once the approved controller by the national framework agreement, has checked and confirmed the reported expenditure, the first level control certificate has to be validated by the National Authority.
5. LP acknowledges and agrees that the Irish PPs will have to follow the specific control system set up by their National Authority: the Northern & Western Regional Assembly.
6. LP acknowledges and agrees that the Portuguese PPs will have to follow the specific control system set up by their National Authority, the Agência para o Desenvolvimento e Coesão, I.P. (AD&C): once the approved controller has checked and confirmed the reported expenditure, the first level control certificate has to be validated by AD&C.
7. LP acknowledges and agrees that the Spanish PPs will have to follow the specific control system set up by their National Authority, the Ministerio de Hacienda y Función Pública: once the approved controller has checked and confirmed the reported expenditure, the first level control certificate has to be validated by the Ministry.
8. LP acknowledges and agrees that the PPs from the United Kingdom will have to follow the specific control system set up by their National Authority: the Department for Communities and Local Government (DCLG).
9. Changes of address, changes of account number and changes of control authority/institution or name of controller(s) have to be duly notified following the procedure laid out in the Programme Manual for project changes.

Article 8 – Project Changes

1. The execution of approved projects must fully respect the features of their approval by the Monitoring Committee. Nevertheless, exceptionally, changes in budget allocations per budget lines, work packages and partner as well as changes in activities/outputs and project duration can be considered by the JS as long as the maximum amount of funding awarded is not exceeded, if provisions related to state aid discipline are respected and if they comply with the conditions and procedures as set out in the Programme Manual.
2. In the PAF documents the contribution of the LP and each PP are clearly defined. Changes in the Project Partnership require the prior approval of the relevant programme bodies as outlined in the Programme Manual. However, once approved, they are valid retrospectively starting from the date when a written request was submitted to the JS.

Article 9 – Project Partners representation, Lead Partner Liability

1. “Project Partners” are the organisations listed as such in the latest PAF version. Only expenditure incurred and paid by the PPs are eligible for ERDF co-financing, with the exception of expenditure calculated as lump sums or on a flat rate basis.
2. The LP guarantees that it is entitled to represent the partners participating in the project and that it has established a Partnership Agreement according to Article 13 (2) of Regulation (EU) No 1299/20133, holding as a minimum content at least the rules as set in the template provided by the Programme. The allocation of tasks, division of mutual responsibilities and obligations among the LP and the PPs are specified in this Partnership Agreement.
3. The LP guarantees that the Partnership Agreement as a whole provides also for a clear division, in line with the application documents, of the mutual responsibilities between all partners and of the obligation of each PP to assume responsibility in the event of any irregularity or incorrectness in the expenditure which has been declared.
4. The signature of the Partnership Agreement shall be demonstrated at the latest within three months after the entering in to force of the Subsidy Contract as laid out in Programme Manual. The MA reserves the right to check the Partnership Agreement in order to verify that it has been signed and that it is in conformity with the minimum requirements.
5. The LP guarantees furthermore that it has complied with the legal framework according to Article 1 of this contract and with all the relevant legal and other requirements under the law which applies to it and to the PPs and their activities and that all necessary approvals (e.g. building permissions, environmental impact assessment statements) have been obtained. The LP is obliged to contractually forward Article 1 of this contract in its entirety to the PPs and to include all obligations as set out in this document into the Partnership Agreement.
6. The LP shall provide the PPs with all information and documents needed for a sound and legally correct project implementation including requirements related to communication and publicity.

7. In accordance with Article 13 (2) of Regulation (EU) No 1299/2013, the LP bears the overall financial and legal responsibility for the entire project and for the PPs. It will be held liable if obligations as laid out in this contract or in applicable European Union's or national laws are not fulfilled by the project partnership.
8. The LP shall ensure that each PP is obliged to retain for audit purposes all files, documents and data about the project, in particular all supporting documents regarding expenditure co-financed by the programme for the period stated in the Programme Manual. This period shall be interrupted either in case of legal proceedings or by the duly justified request of the European Commission. Other possibly longer statutory retention periods as might be stated by national law remain unaffected. These obligations shall persist even if the PP is excluded from the project or goes into administration/liquidation. In the latter case the LP shall liaise with the appointed legal authority for the affected PP with a view to secure and take possession of the complete audit trail related to expenditure claims made by that PP.
9. The LP is furthermore liable towards the MA for ensuring that all PPs fulfil their obligations. It is liable towards the MA for infringements by the PPs of obligations under this contract in the same way as for its own conduct.
10. If the MA demands repayment of allocated funds in accordance with this contract, the LP is liable towards the MA for the total amount of those funds. The LP is entitled to ask repayment from its PPs as stipulated in Article 27 (2) of Regulation (EU) No 1299/2013.
11. In practice, in the first instance, the MA would seek recovery of an irregular amount from the concerned PP by off-setting it against any amount due to the PP. If no amounts are outstanding to the PP the MA will pursue the irregular amount by issuing a demand note. If the MA fails to recover the amount in a reasonable timeframe then, in accordance with Article 27.3 of Regulation (EU) 1299/2013, the LP would be asked to recover the irregular amount from the concerned PP. If the LP does not succeed in securing repayment from the concerned PP, despite using all reasonable endeavours, the EU Member State or third country on whose territory the PP concerned is located shall reimburse the MA any amounts unduly paid to that PP. The EU Member State or third country on whose territory the concerned PP is located shall be entitled to undertake any legal action that it may deem necessary towards the concerned PP in order to recover the unduly paid amount, based on national jurisdiction rules and in accordance with any agreement the EU Member State or third country may have entered into with the PP.
12. The MA cannot under any circumstances or for any reason whatsoever 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 can therefore not accept any claim for compensation or increases in payment in connection with such damage or injury.
13. The LP and PPs shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while discharging their own responsibilities/tasks allocated in the project. The LP shall discharge the MA of all liability associated with any claim or action brought as a result of an infringement of rules or regulations by the LP or one of its PPs, or as a result of violation of a third party's rights.
14. The MA will be liable for any breaches or failures to comply with its obligations deriving from

this contract or from any other document referred to in Article 1. This provision is without prejudice to the liabilities of the EU Member States or other stakeholders involved based on the legal framework detailed in Article 1.

Article 10 – Project Management

1. The LP ensures a professional management of the project.
2. The LP lays down the arrangements for its relation with the other PPs participating in the project in a Partnership Agreement.
3. In compliance with Article 65 (11) of Regulation (EU) No 1303/2013 the LP ensures that expenditure items included in requests for reimbursement do not receive support from the same or any other EU Programme, EU fund or Union instrument.
4. The LP coordinates the start and implementation of the project according to the time schedule as indicated in this contract and the work plan included in the PAF.
5. The LP and the PPs must install either a specific project bank account or an adequate accounting code specifically for the project and must safeguard that the eligible costs as well as the received subsidies can be clearly identified.
6. In line with Article 13 (2) lit. c and d of Regulation (EU) No 1299/2013 the LP ensures that the expenditure made by the PPs has been controlled and verifies that it has been used for the purpose project implementation and corresponds to the activities carried out and agreed between the LP and PPs as set out in the PAF.
7. The LP ensures that the financial controllers of each partner are chosen by each beneficiary and validated by the respective Member State, before the submission of the first Progress report and expenses claim. It should also confirm, for partners located in a country not covered by the Atlantic Area (inside or outside the European Union), the existence of a protocol signed between the Managing Authority and the competent authorities of the countries concerned, which defines, in particular, the provisions on financial control of expenditure. The protocol should be signed before the signing of this Subsidy Contract between the lead beneficiary and the Managing Authority.
8. The LP is responsible for ensuring the implementation of the entire project in according to the rules and procedures set in the Programme Manual and for ensuring that the PPs are aware of their obligations.
9. The LP informs immediately the JS about all circumstances that delay, hinder or make impossible the realisation of the project as well as all circumstances that mean a change of the disbursement conditions and frameworks as laid down in this contract (e.g. loss of a project partner, making use of additional subsidies) or circumstances which oblige the MA to reduce payment or demand repayment of all subsidy or part.
10. The LP provides the JS with any information requested without delay, according to the

schedule established in the PAF.

11. The LP implements the project in accordance with European Union's and national legislation as well as in line with the programme requirements, e.g. on public procurement and state aid, and also ensures that the PPs respect these rules.
12. The LP provides data for the programme monitoring system in compliance with this contract and according to the JS instructions.
13. If possible, the LP submits, jointly with the respective progress report, the main outputs and deliverables as stated in the PAF and following the procedures set in the Programme Manual. One sample of each developed material shall be stored at the LP's or PPs' premises for control and audit purposes.
14. The LP seeks the guidance from the JS where necessary and participates in transnational seminars organised by the programme.
15. The LP can invite the MA and the JS to participate in project partnership meetings as an observer and sends the minutes of these meetings to the JS.
16. The LP supports the programme in its information, communication and evaluation activities (e.g. joins project exhibitions, submits texts for programme website and publications).
17. Furthermore, the LP agrees on behalf of all PPs, that the names and addresses of all project partners, the purpose and the amount of the subsidy may be used by the programme bodies in the framework of information and communication measures concerning the programme as well as reporting to the European Commission.
18. In accordance with Articles 56 and 57 of Regulation (EU) 1303/2013, the LP and all PPs undertake to provide experts or bodies authorised by the Interreg AA Programme carrying out project evaluations and/or studies with any document or information requested for the evaluation purpose. Information might be provided by the LP and PPs also through surveys and/or interviews.
19. (for state aid relevant projects)

The LP ensures that, in case of aid granted under the *de minimis* regime, the LP and its PPs will respect all necessary requirements provided for in Regulation (EU) No 1407/2013 and will ensure their respect, when necessary, by those bodies benefitting of project activities/outputs. The LP is obliged to contractually forward this clause in its entirety to the PPs.

Article 11 – Financial Controls, Audits

1. The European Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors (ECA) and, within their responsibility, the auditing bodies of the participating EU Member States or other national public auditing bodies as well as the Programme Audit Authority, the MA or CA and the JS are entitled to audit the proper use of funds by the LP or

by its PPs or to arrange for such an audit to be carried out by authorized persons. The LP and PPs will be notified in due time about any audit to be carried out on their expenditure.

2. The LP undertakes all the necessary actions to comply with the fundamental requirements indicated in this contract, the applicable laws and programme documents (e.g. Programme Manual), to provide for comprehensive documentation on compliance with those norms and the accessibility to this documentation. Besides the obligations with regard to reporting and information, the LP particularly:
3. Keeps all documents and data required for controls and audits safely and orderly as further specified in Article 10 of this contract;
4. Makes all necessary arrangements to ensure that any audit, notified by a duly authorized institution can be carried out smoothly, and
5. Provides any requested information to these institutions about the project and gives access to their business premises, provides and gives access to all the information and documents supporting the audit trail as requested in the European Structural and Investment Funds Regulations, Delegated and Implementing Acts and the Programme Manual.
6. The LP shall promptly inform the JS about any audits that have been carried out by the above mentioned bodies.
7. If, as a result of the controls and audits, any expenditure is considered non eligible according to the regulatory framework as in Article 1 of this contract, the procedure described in Article 12 and Article 5 (4) of this contract shall apply.

Article 12 – Withdrawal or Recovery of Funds

1. In case the MA or CA discover (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 Article 1 of this document, or in case the MA is notified of such cases, the MA or CA shall, if necessary in consultation with the respective MS concerned and by informing the MC, demand from the PP repayment of the subsidy in whole or in part.
2. The concerned PP must repay any amounts unduly received in violation of terms of the Partnership Agreement and the rules set in the Programme Manual. The amount to be repaid can be withdrawn from the next payment due or, where applicable, remaining payments could be suspended. In the case of closed projects, the PP is obliged to transfer the unduly received funds to the CA. The repayment amount is due within one month following the date of receiving the formal demand notification from the MA; the due date must be stated explicitly in the demand order for recovery. In case of correspondence via email the relevant date will be the date the e-mail is sent.
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 interest rate

applicable to the late payment would be calculated in accordance with Article 147 of Regulation (EC) No 1303/2013.

4. In case factors behind the recovery procedure show violation of the Subsidy Contract (see Article 17 of this contract) the MA would consider termination of the contract as last resort. In any case the partnership will be given the opportunity to put its case before a final decision is taken on the termination of the Subsidy Contract.

Article 13 – Publicity, Communication and branding

1. Unless the MA requests otherwise, any notice or publication made by the project including presentations at conferences or seminars, shall point out that the present project was implemented through financial assistance from ERDF funds of the AA Programme as required by Annex XII to Regulation (EU) 1313/2013. All information, communication and branding measures of the project shall be carried out in accordance with the aforementioned rules, the latest version of the PAF, the Programme Manual and any other guidelines that could be issued by the programme on the matter. The LP shall take care that the PPs comply with these requirements and provide them with relevant documents.
2. Any notice or publication relating to the project made in any form and by any means, including the 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.
3. Each PP also takes the full responsibility for the content of any notice, publication and marketing product provided to the MA which has been developed by the LP, any of the PPs or third parties on behalf of the LP or the PPs. Each PP are liable in case a third party claims compensation for damages (e.g. because of an infringement of intellectual property rights). The PP will indemnify the MA in case the MA suffers any damage because of the content of the publicity and information material.
4. The LP shall ensure that the project partnership complies with all publicity, communication and branding obligations (e.g. on the use of the programme logo, information requirements, organization of events etc.) as further specified in the Programme Manual.
5. The Programme Authorities shall be authorized to publish, in any and by any means, the following information:
 - ✓ LP name and its partners;
 - ✓ Project representatives contact data;
 - ✓ the project name;
 - ✓ project activities summary;
 - ✓ Project objectives;
 - ✓ Geographic location of undertaken actions;

- ✓ Project start and end dates;
 - ✓ ERDF funding and project total eligible cost;
 - ✓ Abstracts of the progress reports and final report.
6. The MA is entitled to furthermore use these data for information and communication purposes as listed in Annex XII of Regulation (EU) No 1303/2013, cited in Article 1 of this contract.
 7. The MA on behalf of the MC and of other programme promoters at national level is entitled to use the outputs of the project in order to guarantee a wide spreading of the project deliverables and outputs and to make them available to the public. The LP agrees that the outputs are forwarded by the MA to other programme authorities as well as the Member States taking part in the programme to use this material to showcase how the subsidy is used.
 8. For the purpose of meeting the objectives as set out in Article 5 of this contract the LP has to provide evidence of the deliverables and outputs produced as further specified in the Programme Manual.
 9. Any communication campaign, media appearance or other publicity of the project shall be communicated to the JS for potential website updates or showcases.

Article 14 – Ownership / Use of Outputs

1. Ownership, title and industrial and intellectual property rights (hereinafter “IPR”) in project results and reports and other documents relating to it shall, depending on the applicable national law and/or the Partnership Agreement, vest in the LP and/or its PPs. However, since any IPR is in the public domain if funded by the European Union, the partnership must formally establish the property rights of the products deriving from the project in the Partnership Agreement.
2. The ownership of outputs having the character of investments in infrastructure or productive investments realised within the project must remain with the concerned LP and/or PPs according to the timeframe as well as under the conditions set in Article 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 JS must be immediately informed by the concerned LP or PP. The MA will recover the unduly paid ERDF contribution in proportion to the period for which the requirements have not been fulfilled.
3. The LP and PPs 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 ensures 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 results, especially studies and analyses, produced during project implementation are 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 are fully respected.
5. Any income generated by the intellectual property rights must be managed in compliance with the applicable EU, national and programme rules on-revenues and state aid.

Article 15 – Revenues generation

Revenues 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 Article 61 of Regulation (EU) No 1303/2013 and stipulations in the Programme Manual. The LP undertakes to contractually forward these stipulations to its project partners.

Article 16 – Assignment, Legal Succession

1. The MA is entitled at any time to assign its rights under this contract. In case of assignment the MA will inform the LP without delay.
2. The LP is in exceptional cases and in well-founded circumstances allowed to assign its duties and rights under this contract only after prior written consent of the MA and the MC. The procedure will be further specified in the Programme Manual.
3. Where according to national laws the legal personality does not change and where all assets of the LP or a PP are taken over so that a deterioration of the financial capacity of the acquiring institution is not to be expected (i.e. in cases of universal succession) prior consent by the MC is not necessary. The LP, however, will submit related information together with all documents that are necessary to analyse the legal case in due time to the JS. If the MA comes to the conclusion the conditions as stated above are not fulfilled (e.g. in cases of a singular succession), the LP will be informed that a partner change procedure as stated in point 2 has to be initiated.
4. In case of assignment or any form of legal succession of a LP or PP, the LP or PP concerned is obliged to assign all rights and obligations and all project related documents to each and any assignee or legal successor. Related reports to the JS as requested in the Programme documents have to be forwarded by the LP.

Article 17 – Penalties

1. In addition to the right of termination as laid down in Article 3 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 partners receive additional funding from the European Union for all or part of the project expenditure reported under the Programme 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 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 results planned and stated in the latest version of the PAF;
- f) The project outputs and results are not in line with those described in the PAF;
- g) The LP has failed to submit required reports (e.g. the progress reports);
- h) The LP has infringed its duty to ask for prior written approval where indicated by this contract or in the Programme 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 Article 11 of this contract;
- j) The amount of funding awarded has been partially or entirely misapplied for purposes other than those agreed upon;
- l) Insolvency proceedings are instituted against the assets of the LP or one of the PPs or insolvency proceedings are dismissed due to lack of assets for cost recovery or the LP or one of the PPs closes down or liquidates, provided that this appears to prevent or risk the achievement of the project objectives;
- m) The provisions related to income and revenues as mentioned in Articles 14 and 15 of this contract are infringed or the LP does – for any other reasons – not make available the outputs to the MA;
- n) Exceeding the permissible limits of the funding regulations (e.g. Article 61 of Regulation (EU) No 1303/2013), the LP wholly or partly sells, leases or lets the project outputs/results to a third party;
- o) Regulations of EU-law including the horizontal policies or national regulations have been violated;
- p) 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 Article 71 of Regulation (EU) No 1303/2013;

q) It has become impossible to verify that the progress report is correct and thus the eligibility of the project by funding from Interreg AA Programme;

r) The LP and/or any of the PPs are in the situation of undertaking in difficulty, within the meaning of 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) as well as in compliance with Article 3(3) d) of Regulation No 1301/2013;

s) The LP has failed to fulfil any other conditions or requirements for assistance 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.

2. Prior to terminating the contract as provided for in this article, the MA may suspend payments as a precautionary measure (after MC authorization). 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 notification by which the MA asserts the repayment claim; the due date will be stated explicitly in the order for recovery.
4. If a LP or PP fails to return unduly paid funds in another project funded by the Interreg AA Programme, the CA has the right to withdraw the corresponding ERDF from any open payment in this project.
5. If the MA exercises its right of termination, offsetting is excluded in case of the claim of the LP is undisputed or recognised by declaratory judgement.
6. If the MA exercises its right of termination and the LP is demanded full or partial repayment of amounts already paid. 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 will be calculated in accordance with Article 147 of Regulation (EC) No. 1303/2013.
7. After termination of this contract, the LP’s obligations (inter alia Articles 10 11, 12, 17, 20) and liabilities remain.
8. Bank charges incurred by the repayment of amounts due to the MA shall be borne entirely by the LP.
9. If any of the circumstances indicated in the aforementioned point 1 of this paragraph occur 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.
10. As laid out in Article 3(3), 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.

11. Any further legal claims shall remain unaffected by the above provisions.

Article 18 – Force majeure

1. Neither party shall be liable for any failure of its contractual obligations if the fulfilment of such obligations have been impeded due to any case of force majeure occurring after the date of signature of the contract by the MA, or the date of the beginning of operations, whatever happens first.
2. For the purposes of this contract, the following are examples of “cases of force majeure” strikes, lock-outs or other labour disputes, acts of terrorism, situations of war, blockades, insurrections, riots, epidemics, natural cataclysms, explosions and any other unforeseeable event that the parties cannot avoid or overcome.
3. The “Force Majeure” exonerates the parties to execute partially or totally their obligations stipulated in the present contract during the period in which they occur and when properly notified.

Article 19 – Applicable Law and Dispute Settlement

1. Without prejudice to the applicable European law, this Subsidy Contract shall be governed by the Portuguese law. Thus, the laws of Portugal shall apply to all legal relations arising in connections with this agreement.
2. In case of disputes between the MA and the LP, presumption of the good faith from the LP will be privileged and, prior to litigation, mediation procedures shall be set in place.
3. In case of litigation, venue is the Administrative and Fiscal Court of Oporto which has the jurisdiction and is competent to resolve all issues arising from the implementation of this contract.

Article 20 – Concluding Provisions

1. In all matters that are not explicitly covered in this contract, the European Community and national legal provisions will be applied.
2. Any communication within the context of this present contract shall be made in writing, mentioning the project number and title, through the Programme website.
3. When, for some unexpected reason, it is not possible to comply with the stipulation in the previous paragraph, the communication will be made through other legally admitted means without prejudice of subsequent recording in the website of the Programme.
4. Done in two originals, in the English language, one for the MA and one for the LP.

Done in _____ , on the _____
(place) (date)

Done in Porto, on the _____

Name: _____

Name: _____

Job Title:

Managing Authority Representative
Title: _____

LP Signature

Signature:

(Stamp if available)

(Stamp)

Annexes:

- 1. Project Approved Form (PAF) and appendices as mentioned in the Programme Manual.