

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

Partnership Agreement for the implementation of the Operation¹

Operation Title:	
Operation Acronym:	
Operation ID:	
Lead Beneficiary:	
Project Partner 2:	
Project Partner 3:	
Project Partner 4:	
Project Partner 5:	
Project Partner 6:	
Start Date of the Operation:	
End Date of the Operation:	

¹ This document serves as model for the Partnership agreement to be established between the Lead Beneficiary and Project partners in compliance with Article 13(2) of Regulation (EU) No 1299/2013. This document provides all minimum compulsory requirements that the signed Partnership Agreement must hold. The Beneficiaries are obliged to complete the provisions marked in grey.

The following Partnership Agreement is concluded between

[insert full name of the Lead Beneficiary], acting as the Lead Beneficiary
[insert full official address]

represented by **[insert the name of the legal representative]**

and

[insert full name of Project Partner 2], acting as Project Partner 2
[insert full official address]

represented by **[insert the name of the legal representative]**

and

[insert full name of Project Partner 3], acting as Project Partner 3
[insert full official address]

represented by **[insert the name of the legal representative]**

[insert the information for additional partners if needed]

hereinafter referred to as the Beneficiaries.

Legal framework

The provisions of this Partnership Agreement (hereinafter the Agreement) are based on the following EU legislation, Programme rules and guidelines and national legislation:

- Regulation (EC) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006;
- Regulation (EC) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial Cooperation goal;
- Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002;
- Regulation (EU, EURATOM) No 547/2014 of the European Parliament and of the Council of 15 May 2014 amending Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union;
- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II);
- Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II);
- Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union;
- Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020, Version 2.1., approved by the European Commission Decision No C(2017) 6267 of 14/09/2017 (hereinafter referred to as the Programme);
- Programme Rules on Eligibility of Expenditures;
- Programme Visibility Guidelines;
- Second Call for Proposals;
- Joint Monitoring Committee Decision on the approval of the Operation from (date);
- Subsidy Contract No [insert Operation ID] signed between the Managing Authority and the Lead Beneficiary;
- the approved Application [insert ID] in the electronic monitoring system (eMS);
- Project Implementation Manual;
- National rules applicable to the Beneficiaries.

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

Article 1

Definitions

For the purposes of this Agreement the following terms shall have the following meanings:

- a) **Subsidy Contract:** a written agreement between the Managing Authority and the Lead Beneficiary, which sets out the conditions for support of the Operation, including the specific requirements concerning the products or services to be delivered under the Operation, the financing plan and the time limit for execution;
- b) **Lead Beneficiary:** a project partner which represents the partnership towards the Programme bodies and takes the overall responsibility for the implementation of the entire Operation, in particular the responsibility for the sound financial management of the funds allocated to the Operation;
- c) **Project Partner:** any institution participating in the Operation and contributing to its implementation according to the Application and this Agreement.

Article 2

Subject of the Agreement

1. The subject of this Agreement is laying down arrangements that guarantee the sound financial management of funds allocated to the Operation entitled: **[insert the name of the Operation]** (hereinafter the Operation) and establishing cooperation principles which regulate the rights and responsibilities of the Beneficiaries for successful implementation of the Operation within the Interreg IPA Cross-border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014 – 2020.
2. The Beneficiaries commit themselves to jointly implement the Operation in accordance with the distribution of tasks as set in the Application and this Agreement, with the aim to reach the Operation main objectives, outputs and results.
3. The terms and conditions herein are acknowledged and accepted by all Beneficiaries. The Beneficiaries are obliged to comply with the relevant legal framework set forth in this Agreement and in the Subsidy Contract.

Article 3

Duration of the Agreement

1. The Agreement shall become valid under the condition that the Subsidy Contract is signed between the Managing Authority and the Lead Beneficiary.
2. The Agreement shall be valid until the obligations among the Beneficiaries are fulfilled and the Lead Beneficiary fulfils the obligations towards the Managing Authority, as stipulated in the Subsidy Contract.

Article 4

Financing of the Operation

1. The Beneficiaries accept the total budget of the Operation as indicated in the approved Application, as well as the grant awarded to the Operation by the Managing Authority.
2. The Lead Beneficiary and each Project Partner shall provide its part of the national contribution of the total budget of the Operation.
3. The total budget of the Operation is distributed as follows:

Partner	Programme co-financing	National contribution	Total budget
Insert name	EUR [insert number]	EUR [insert number]	EUR [insert number]
Insert name	EUR [insert number]	EUR [insert number]	EUR [insert number]
Insert name	EUR [insert number]	EUR [insert number]	EUR [insert number]
Total	EUR [insert number]	EUR [insert number]	EUR [insert number]

4. The maximum amount of Programme co-financing awarded by the Managing Authority to finance the Operation cannot exceed the amount of Programme co-financing indicated in paragraph 3 of this Article. The actual Programme Co-financing will be calculated and paid to the Operation on the basis of certified expenditures only.

Article 5

Rights and obligations of the Lead Beneficiary

The Lead Beneficiary shall:

- 1) assume the overall legal and financial responsibility for ensuring implementation of the entire Operation and ensure the professional management of the Operation respecting the rules and regulations referred to in the Subsidy Contract;
- 2) represent the Project Partners towards the Programme bodies and sign the Subsidy Contract with the Managing Authority on behalf of the partnership;
- 3) guarantee that all Project Partners have complied with all legal requirements and that all necessary approvals for the proper implementation of the Operation have been obtained;
- 4) coordinate the start, implementation and closure of the Operation according to the time schedule as indicated in the final version of the Application;
- 5) ensure transparent financial flows of Operation funds by opening a separate accounting system for the Operation;
- 6) undertake all actions necessary for full and timely implementation of its part of the Operation in accordance with the Application and this Agreement;
- 7) use relevant electronic monitoring system (hereinafter eMS) for exchanging information and reporting to relevant Programme bodies;
- 8) ensure that all reported expenditure have been incurred in implementing the Operation and correspond to the activities as indicated in the latest approved version of the Application;
- 9) ensure that all expenditure reported within the implementation of the Operation have been verified by the designated first level controllers;
- 10) prepare and submit Partner Progress Report/statement of expenditure and Project Progress Report to the First Level Control/Joint Secretariat/Managing Authority respecting the deadlines indicated in the Subsidy Contract and the Application;
- 11) be responsible for transferring the Programme co-financing to the Project Partners participating in the Operation in full and respecting the Subsidy Contract and this Agreement. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce those amounts for the other Project Partners;
- 12) keep the Project Partners informed about all relevant communication with the Programme bodies;
- 13) ensure the recovery of funds unduly paid to the Operation;
- 14) inform the Joint Secretariat/Managing Authority immediately about all circumstances that delay, hinder or make impossible the realization of the Operation as well as all circumstances that may cause modifications of this Agreement;

- 15) retain for audit purposes all files, documents and data about the Operation;
- 16) provide any information regarding the implementation of the Operation upon request of any of the Programme bodies or take the necessary steps requested by the Programme bodies within the set deadlines.

Article 6

Rights and obligations of the Project Partners

Each Project Partner shall be obliged to:

- 1) undertake all actions necessary for full and timely implementation of its part of the Operation. Each Project Partner is entirely and solely responsible for implementation of its tasks and the sound financial management of funds allocated to him, in accordance with the Application and this Agreement;
- 2) install a separate accounting system for Operation implementation to allow identification of costs within the Operation;
- 3) ensure timely reporting on its activities and expenditures in accordance with the time schedule of the Operation as indicated in the Application and in the Subsidy Contract. The reports shall be submitted respecting the rules given in Project Implementation Manual;
- 4) timely transfer all documents and information required by the Lead Beneficiary, and to take all necessary steps in order to allow the Lead Beneficiary to meet the obligations provided in the Subsidy Contract and other obligations/requests in the deadlines stipulated in the respective requests (in particular to support the Lead Beneficiary in preparation of the Project Progress Report and other relevant documents in accordance with the provisions of the Subsidy Contract);
- 5) provide the Joint Secretariat/Managing Authority with any information regarding the implementation of the Operation (during the implementation and after the Operation closure) regarding output indicators, sustainability and other, in line with deadline specified in the request;
- 6) inform the Lead Beneficiary without delay on relevant circumstances having impact on correctness, timeliness, effectiveness and completeness of its actions, in particular those that can lead to temporary or final discontinuation of the Operation;
- 7) comply with the Lead Beneficiary's request for recovery as indicated in Article 10 of this Agreement;
- 8) retain for audit purposes all files, documents and data about the Operation in line with Article 11 of this Agreement;
- 9) provide access (during implementation and after Operation closure) to all bodies involved in Programme management, implementation, control and audit to all documents and results of the Operation;

- 10) respect the communication, visibility and information provisions, as well as all other provisions stated in the Programme Visibility Guidelines and Project Implementation Manual;
- 11) make available Operation results and information about the Operation to the general public.

Article 7

Cooperation with third parties

1. In case the Lead Beneficiary or Project Partner cooperates with third parties including external service providers to implement the project, it shall remain solely responsible concerning compliance with its obligations as set out in this Agreement. Each Project Partner shall inform the Lead Beneficiary about the subject of any contract concluded with third party.
2. Cooperation with third parties including external service providers shall be undertaken in accordance with the public procurement procedures determined in the Project Implementation Manual.

Article 8

Reporting obligations

1. The Beneficiaries shall submit a Partner Progress Report including a statement of expenditure (and relevant supporting documents) declaring their expenditure for the relevant reporting period to the designated first level controller.
2. The Partner Progress Report/statement of expenditure shall be submitted via e-MS within 15 days after the end of the reporting period (reporting periods are stated in the Subsidy Contract and the Application). The final Partner Progress Report shall be submitted within one month after the end of the reporting period.
3. The Beneficiaries shall provide additional information related to their part of Operation implementation, if requested by the designated first level controller or any other relevant Programme body, at the latest within 7 working days.
4. Each Project Partner shall provide support to the Lead Beneficiary in preparing the Project Progress Report or other specific documents as requested by the relevant Programme bodies.
5. After the Project Progress Report has been approved by the relevant Programme bodies, the Certifying Authority shall transfer the funds to the Lead Beneficiary's bank account.
6. The Lead Beneficiary shall transfer the funds to the Project Partners within 10 working days after the reception of the funds by the Certifying Authority.

Article 9

Exchange rate and interest

1. For reporting purposes all expenditures incurred in currency other than EUR shall be converted within the eMS to EUR using the monthly accounting exchange rate of the Commission (*Inforeuro* exchange rate) in the month during which that expenditure was submitted for verification to the designated first level controller.
2. The Lead Beneficiary shall transfer the funds received by the Certifying Authority to the Project Partners in line with the applicable national legislation and respecting the deadline indicated in Article 8, paragraph 6 of this Agreement. Exchange rate risk shall be borne by the Lead Beneficiary/Project Partner concerned.
3. In case of any delay in the repayment, the amount to be paid shall be subject to interest on late payment, starting on the due date and ending on the actual date of repayment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls. In case of delay by the Lead Beneficiary, the Project Partners may claim interest which the Lead Beneficiary shall be obliged to pay from its own funds.

Article 10

Irregularities and recovery of funds

1. The Lead Beneficiary/Project Partner shall assume responsibility for the irregularity related to the expenditure they reported within Partner Progress Report.
2. Any irregular amount detected by the relevant Programme bodies during the implementation of the Operation (before the final payment has been made) shall be deducted from the next payment(s).
3. In case that irregularity is confirmed after the final payment has been made and/or after additional controls have been performed after Operation closure, the Managing Authority shall issue a request for recovery of funds unduly paid to the Operation.
4. The Lead Beneficiary shall be obliged to recover the specified amount within 30 calendar days upon receipt of the request for recovery by the Managing Authority.
5. In case the irregularity is committed by the Project Partner, the Lead Beneficiary shall without delay forward the request for the recovery to the concerned Project Partner specifying the internal deadline for the recovery. The Project Partner is obliged to reimburse the requested amount to the account indicated by the Lead Beneficiary, in accordance with Article 27(2) of the Regulation (EU) No 1299/2013. The Lead Beneficiary shall be obliged to transfer the requested amount received from the Project Partner to the Certifying Authority.
6. In case the Project Partner does not recover the amount unduly paid to the Lead Beneficiary by the deadline specified in the request for recovery, the Lead Beneficiary shall inform the Managing Authority without delay.

7. If the Project Partner does not repay the amount unduly paid within the specified deadline, the Lead Beneficiary may claim interest applying interest rates indicated in Article 9 of this Agreement.
8. The bank charges resulted from reimbursing the unduly paid amounts are borne exclusively by the Lead Beneficiary/Project Partner making the recovery.

Article 11

Control and audit

1. The responsible EU audit bodies and, within their responsibility, the audit bodies of the Participating Countries, as well as the Audit Authority, the Managing Authority, the Joint Secretariat and the Certifying Authority of the Programme are entitled to audit the use of funds by the beneficiaries or to arrange for such an audit to be carried out by authorised persons.
2. For the purposes of control and audit of the Operation, the Beneficiaries shall be obliged to:
 - a) allow the Programme bodies and any other relevant body to perform control activities and provide all necessary documents and information required for control and audit of the Programme, as well as provide access to their business premises;
 - b) retain documentation and data pertaining to the implemented Operation for a two year period from 31 December following the submission of the accounts in which the final expenditure of the completed Operation is included, in particular documents pertaining to expenditures and controls required for provision of appropriate audit trail. All documents should be in original copies or copies certified by a person authorized to represent the beneficiary;
 - c) keep all Operation records related to State Aid/De minimis for a minimum of 10 years after receiving the final payment (if applicable).

Article 12

Communication and information activities

1. The Beneficiaries shall jointly implement the information and communication activities in accordance with the Workplan presented in the Application.
2. The Project Partners will support the Lead Beneficiary and play an active role in any actions organised by the Programme to disseminate and capitalise on Operation results.
3. The Beneficiaries shall ensure that all Operation official communication and information activities (e.g. publications, website, events, etc.) clearly states that the Operation received funding from the European Union within the framework of the Interreg IPA Cross-Border Cooperation Programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020. The European Union logo and the Programme logo shall be appropriately displayed.

4. The Project Partners agree that the Lead Beneficiary provides the Managing Authority/Joint Secretariat with relevant information regarding the Operation, as indicated in the Subsidy Contract.
5. The Beneficiaries shall respect the information and publicity measures set out in the Programme Visibility Guidelines.

Article 13

Intellectual property rights, ownership and use of results

1. The Beneficiaries agree that the Operation data and results can be freely used and, in particular, store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the Operation whatever their form, in order to ensure a widespread publicity of the Operation results and in order to make them available for the public.
2. The Beneficiaries undertake to enforce the applicable national law on intellectual property rights regarding any output that may be produced during the Operation implementation.
3. In principle each beneficiary shall be the owner of the equipment which is purchased during the Operation implementation, in line with the Partner budget/Application.
4. Without prejudice to the general rule, the Beneficiaries agree on the transfer ownership of the thematic equipment purchased during the Operation implementation in the following way: ²:
<title of the institution> will the owner of the <title of the equipment
<title of the institution> will the owner of the <title of the equipment.
5. In case of Operation comprising investment in infrastructure or productive investment the concerned Lead Beneficiary/Project Partner shall comply with the conditions set in Article 71 (1-2) of Regulation (EU) No 1303/2013 and Programme rules on eligibility of expenditures.

Article 14

Conflict of interests

1. The conflict of interests represents any circumstances that have affected or may affect the execution of the Agreement by the Beneficiaries, in an objective and impartial manner. Such circumstances may result from economic interests, political or national preferences or family connections.

² This Article should be deleted if not applicable.

2. The Beneficiaries are obliged to take all necessary measures in order to avoid any conflict of interests and to keep each other informed without delay on any circumstances that have generated or may generate such conflict.
3. The Beneficiaries shall ensure that their staff, including their management is not placed in any situation which could lead to conflict of interests. Any staff member in such situation shall be replaced immediately.
4. If any conflict of interests arises or may arise during the Operation implementation, the Lead Beneficiary shall immediately take all necessary steps to resolve it and notify the Managing Authority.

Article 15

Modifications of the Operation

1. In case of modifications of the Operation, the Lead Beneficiary shall notify the Joint Secretariat/Managing Authority of the modification, respecting the procedure set out in the Subsidy Contract. The Addendum to this Agreement may be issued following the approval of the change by the Managing Authority.
2. The Addendum can be issued during the Operation implementation period only, and it has to be accepted and signed by all Beneficiaries. Addendum shall enter into force on the day on which the last party signs the Addendum.
3. The Beneficiaries agree not to withdraw from the Operation unless there are unforeseeable reasons for it.
4. In case a Project Partner withdraws from the Operation, the remaining Project Partners will undertake to find a rapid and efficient solution to ensure the further proper implementation of the Operation without delay. The Lead Beneficiary shall inform the Managing Authority on the subject without delay. Replacement of Project Partner/s is not possible.
5. The provisions set in Article 11 of this Agreement shall remain applicable for the withdrawing Project Partner.
6. Detailed information related to modifications of the Operation is given in Project Implementation Manual.

Article 16

“Force majeure”

1. “*Force majeure*” represents any unforeseeable and exceptional event affecting the fulfillment of any obligation under this Agreement, which is beyond the control of the Beneficiaries and cannot be overcome despite their reasonable efforts.
2. If one of the Beneficiaries is prevented from performing any of its obligations under this Agreement due to “force majeure”, it shall give notice without delay to the Lead Beneficiary and

other Project Partners. The Lead Beneficiary shall forward the information to the Managing Authority.

3. The Lead Beneficiary may request the suspension of execution of the Agreement during the period of “force majeure”. The request for suspension must be approved by the Managing Authority.
4. In case that the Agreement must be suspended for a period longer than three months, the Managing Authority reserves the right to terminate the Subsidy Contract and this Agreement consequently.
5. The Lead Beneficiary/Project Partner shall not be held liable for not complying with the obligations set forth in this Agreement caused by “force majeure”.

Article 17

Termination of the Agreement

1. This Agreement shall remain in force until the termination of the Subsidy Contract.
2. In exceptional and duly justified cases (including “force majeure”), the Lead Beneficiary may decide to terminate the Agreement, by giving a written notification to the Project Partners and to the Managing Authority. The obligations of the Beneficiaries shall remain valid until the Managing Authority decides to terminate the Subsidy Contract.
3. In case the number of Beneficiaries falls under the required minimum number, the Managing Authority reserves the right to terminate the Subsidy Contract.
4. If the Operation is not implemented in line with Subsidy Contract and the Application, Programme and Project Implementation documents, the Managing Authority reserves the right to terminate Subsidy Contract.
5. The Beneficiaries shall be held responsible and shall pay the damages resulted from not observing the tasks and obligations established by this Agreement.
6. The Beneficiaries should pay attention that any breach of the provisions of this Agreement may result in the termination of the Agreement and in de-commitment of financing and repayment of amounts unduly paid.
7. Following the termination of the Agreement, the Beneficiaries are obliged to comply with the obligations concerning the documents keeping for audit purposes.

Final provisions

1. All official communication between the Beneficiaries and the Programme bodies regarding the Operation shall be carried out in writing and in English language.
2. In case of legal succession any of the Parties, the Party involved is obliged to transfer all the obligations under this Contract to its legal successor.

3. In case of differences that are not ruled by this Agreement, the Beneficiaries agree to find an amicable and mutually acceptable solution. In the absence of amicable settlement, the Beneficiaries will submit themselves to the exclusive competence of the Permanent Arbitration Court of the Croatian Chamber of Commerce.
4. In case of discrepancies between this Agreement and the Subsidy Contract, the Subsidy Contract shall prevail.
5. If a provision of this Agreement is or becomes invalid or if this Agreement contains unintentional gaps or misprints, this will not affect the validity of the other provisions of this Agreement. The Beneficiaries will replace any invalid provision by a valid provision that is as close as possible to the purpose and intent of the invalid provision. The Beneficiaries shall fill any unintentional gap or misprint by a provision that better suits the purpose and intent of this Contract, in compliance with the rules applicable.
6. This Agreement shall enter into force on the date on which the last Party signs the Agreement. The Lead Beneficiary shall upload the Partnership Agreement in the eMS in accordance with the provisions of the Subsidy Contract.
7. This Agreement is concluded in [insert the number of copies according to the number of beneficiaries] copies. Each copy must be countersigned by every Project Partner.

For the Lead Beneficiary

Name: [insert the name of the legal representative]

Title: [insert function of the legal representative]

Signature:

Date:

For Project Partner 2

Name: [insert the name of the legal representative]

Title: [insert function of the legal representative]

Signature:

Date:

For the Project Partner 3

Name: [insert the name of the legal representative]

For Project Partner 4

Name: [insert the name of the legal representative]



representative]

representative]

Title: [insert function of the legal representative]

Title: [insert function of the legal representative]

Signature:

Signature:

Date:

Date:

[insert the information for more partners if needed]