

**GRANT CONTRACT**

**Interreg Next Programme Romania-Ukraine 2021-2027**

**- financed by NDCI-CBC-**

**[Grant contract identification number]**

(**the “Contract”**)

**The following grant contract between**

**Ministry of Development, Public Works and Administration**

16 Libertatii Street, Bucharest, Romania, postal code 050741, fiscal code 26369185

acting as the Managing Authority for the Interreg Next Programme Romania-Ukraine 2021-2027, ("**the MA**"), represented by [name of the legal representative], Minister of development, public works and administration

of the one part,

[Full official name of the Lead Partner]

[Legal status (organisation)]

[Full official address]

**[**fiscal code**]**, acting as Lead Partner, represented by [name of legal representative], [title]

("**the Lead Partner**")

of the other part,

in partnership with the following (as indicated in the Partnership Agreement, annexed to the present contract)

[Full official name of Partner 1]

[Legal status (organisation)]

[Full official address]

**[**fiscal code**]**, acting as **Partner 1** (“**Partner**”),

[Full official name of Partner 2]

[Legal status (organisation)]

[Full official address]

**[**VAT number, for VAT registered Partners or registration number**]**, acting as **Partner 2 (“Partner”)**, and

[Full official name of Partner 3]

[Legal status (organisation)]

[Full official address]

**[**fiscal code**]**, acting as **Partner 3 (“Partner”)**,

is concluded having as non-exhaustive legal basis:

* REGULATION (EU) 2021/1060 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy;
* REGULATION (EU) 2021/1059 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments;
* Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund;
* Interreg Next Programme Romania-Ukraine 2021-2027 approved by the Commission Implementing Decision of 30 November 2022 including all subsequent modifications and additions;
* 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, including all subsequent modifications and additions;
* REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
* Financing Agreement concluded between the Government of Ukraine and the European Commission as of [date];
* Guidelines for the grant applicants for small scale projects and any subsequent corrigenda, approved by the Monitoring Committee.

**Article 1 - Purpose of the Contract. General provisions.**

1.1 The purpose of this Contract is the award of an INTERREG grant by the MA for the implementation of the project entitled: [*title of the project]* **(**"**the project**") described in Annex I.

1.2 The Contract is signed in accordance with the Decision no. […] of the Monitoring Committee of the Interreg Next Programme Romania-Ukraine 2021-2027 from [*date/month/year*] to award a grant to the project.

1.3 The Lead Partner shall be awarded the INTERREG grant on the terms and conditions set out in this Contract and its annexes, which the Lead Partner hereby declares it has noted and accepted.

1.4 The Lead Partner accepts the INTERREG grant and assumes responsibility for ensuring the implementation of the entire project.

1.5 The Lead Partner shall implement the project jointly with the Partner with the requisite care, transparency and diligence, in line with the principles of sound financial management and with the best practices in the field. The Lead Partner and the Partners shall mobilise all the financial, human and material resources required for its full implementation.

The Lead Partner and Partners shall implement all measures in order to fully achieve the project specific objectives and results and provide the stated contribution to the Programme Results and Outputs to ensure its relevance, efficiency, effectiveness, impact and sustainability, including, *inter alia*, the involvement of all the necessary stakeholders.

1.6 In case the project is not finalized during the implementation period as defined by Article 2.3 and depending on the category of non-achieved indicators (ie. contributing to Programme indicators), the decision regarding the closure of the project will be taken in accordance with the relevant instructions/guidelines/manuals, which the Lead Partner and Partners are obliged to observe.

1.7 The Lead Partner receives the INTERREG Grant from the MA and ensures it is distributed to the Partners and managed in accordance with the grant Contract and its annexes.

1.8 This Contract and the payments attached to it shall not be assigned to a third-party in any manner whatsoever.

1.9 The Lead Partner and the Partners understand and agree that the MA may delegate tasks related to monitoring of the project implementation to the Joint Secretariat of the Programme (“**the JS**”).

1.10 The Lead Partner and the Partners must answer all written requests from the MA/JS, within the deadline stipulated in the respective request and must also support the MA/JS in fulfilling their tasks, including on-site visits and other tasks related to the monitoring, evaluation and implementation of the Programme and the project.

1.11 The Lead Partner and the Partners understand and agree that, for the sound implementation of the Contract and of the Programme, the MA, either directly or through the JS, may issue mandatory instructions, guidelines, and manuals in line with the provisions of the Contract.

1.12 The Lead Partner and the Partners must use for the verification of expenditure the control system established at national level.

1.13 The Lead Partner and the Partners shall ensure the necessary IT equipment and proper internet connection in order to communicate with the Programme in a proper manner.

The Lead Partner and the Partners shall upload and validate data in to the Joint Electronic Monitoring System (JEMS) of the Programme in accordance with the MA/ JS instructions.

1.14 All references to days in this grant Contract are to calendar days, except when it is specified otherwise.

1.15 Substantial error means any breach of the contractual provisions which significantly affects its implementation and may determine the MA to suspend the Contract, payments or time-limit for a payment, or terminate the Contract. Substantial errors are mainly related, without being limited to, articles 1.5, 1.9, 1.11, 1.14, 4.7, 4.16, 5.2 to 5.7, 6.1, 9.1 to 9.5, 10.1 to 10.5, 11.2 to 11.9, 13.1 to 13.4, 14.1, 15.3 to 15.4, and 20.4.

**Article 2 - Duration of the grant contract**

2.1 The Contract shall enter into force on the date when the last of the two Parties signs.

2.2 Implementation of the project shall begin on the day following that on which the last of the two Parties signs (start date of implementation).

2.3 The project's implementation period, as laid down in Annex I, is [number of months], but no later than 31st December, 2029.

2.4 The execution period of this Contract will end at the moment when final payment is made by the MA and in any case at the latest 18 months as from the end of the implementation period as stipulated in art 2.3 above, unless postponed in accordance with Article 4.10 of the Contract, but not later than 30 June 2030.

2.5 The validity period of this Contract shall end five years from the date of payment of the balance for the project.

**Article 3 - Project budget**

3.1 The total eligible cost of the project is estimated at […] **EUR**, as set out in Annex I.

3.2 The MA undertakes to finance a maximum of […] **EUR**, equivalent to [*enter applicable percentage, maximum 90%]* of the estimated total eligible cost of the project; the final amount of the eligible costs shall be established in accordance with Articles 8 and 12. The Lead Partner and the Partners shall provide at least 10% of co-financing per each Partner’s budget.

3.3 Pursuant to Article 8.3, [*enter applicable percentage, maximum 20%]* of the final amount of direct eligible costs other than the direct staff costs of the project at partner level established in accordance with Articles 8 and 12 may be claimed as cost of staff assigned to the project.

3.4 Pursuant to Article 8.3, [*enter applicable percentage, maximum 7%*] of the final amount of direct eligible costs of the project established in accordance with Articles 8 and 12 may be claimed as office and administrative costs.

3.5 Pursuant to Article 8.5, a contingency reserve not exceeding [*enter applicable percentage, maximum 10% of the budget for infrastructure]***,** may be included in the Budget for the project. It can be used only for the respective infrastructure and with the prior written authorization of the MA.

3.6 The maximum amount reimbursed by the Managing Authority for costs of technical documentation(s) (including those prepared before the grant contract signature, if the case may be) is 10% of the costs related to the provision of infrastructure.

**Article 4 - Payment and reimbursement arrangements**

**Advance payment**

4.1 An advance payment shall be granted from INTERREG funds, representing 30% of the value of the contract, subject to availability of INTERREG funds. In order to receive the advance payment, the Lead Partner must send an advance payment request to the MA, stipulating the amount and the bank account.

1. The MA shall verify the advance payment request in maximum 15 days from the registration date at the MA level. The MA may suspend this deadline in case clarifications, modifications or other additional information are needed. The information/clarifications/additional documents must be provided by the Lead Partner in maximum 5 working days from the request.
2. The MA shall transfer the advance to the Lead Partner in maximum 10 days from the date of the approval of the advance payment request. The payment date is considered to be the date when the payment is done from the MA account.
3. The Lead Partner shall transfer the corresponding amounts of the Grant to the Partners without delay as from the date of receipt of the advance payment, proportionally to each Partner’s contribution to the project, in accordance with the provisions of the Contract and the Partnership Agreement, without making any deduction, retention or further specific charge, and shall submit the proof of transfer to the MA within 7 days from the date of the transfer.
4. The advance will be recovered by deducting 30% from the eligible value of the next payment requests until the amount is cleared. If the advance is not recovered from the interim payment requests, the percentage for deduction may be increased in the request for the final balance.

**Further payment requests**

1. The LP is entitled to request further payments from the MA using the model in Annex III following the reporting procedures defined in the JeMS. The payment request shall be accompanied by:

a) a narrative and financial report in line with Article 5;

b) a control report in line with Article 4.7.

**Control reports**

1. A control report report for Lead Partner and each Partner, conforming to the instructions of the MA according to Article 1.12, produced by a controller appointed in accordance with the control system established at national level, shall be attached to the requests for payments;

The controller examines whether the costs declared by the Lead Partner /Partner are real, accurately recorded and eligible, including necessary for the implementation of the project, in accordance with the Contract, as well as the revenue of the project including the interest from the grant and issues an expenditure verification report conforming to the instructions of the MA according to Article 1.12.

The Lead Partner will submit to the MA the control reports accompanied by the Control Certificate issued by the Controllers of all Project Partners for control.

The control reports accompanying a request for payment of the final balance covers all expenditures not covered by any previous control report.

Based on the control reports, conforming to the instructions of the MA according to Article 1.12, the MA determines the total amount of eligible expenditure and the amount of MA contribution, according to the provisions of Article 3.2.

The MA reserves the right not to accept – in part or in full – expenditure validated by controllers if – as a result of its own checks and/or controls or audits performed by another authority – the validation or the facts stated therein prove to be incorrect, or if the underlying activities or expenditure are not in line with the legal framework as set out in this contract.

The Lead Partner and the Partners grant the controllers all access rights necessary for the administrative, on-site and financial verifications.

**Payment deadlines**

1. The advance payment shall be made according to art. 4.1-4.5.
2. Payments of the interim instalments and of the final balance shall be made by the MA within 45 days of receipt of the payment request from the Lead Partner by the JS, subject to the approval by the MA of the accompanying interim and final reports.
3. The payment obligations of the MA under this Contract shall end 18 months after the implementation period laid down in Article 2, unless this Contract is terminated according to Article 17.

Notwithstanding the first paragraph, the MA may postpone this end date to be able to fulfil its payment obligations, in all cases where the Lead Partner has not submitted a payment request in accordance with contractual provisions or, in case of dispute until completion of the dispute settlement procedure provided for in Article 22, or in other exceptional circumstances accepted by the MA. The MA shall notify the Lead Partner of any postponement of the end date.

**Suspension of the period for payments**

1. Without prejudice to Article 17, the MA may suspend the time-limits for payments by notifying the Lead Partner that:

a) the amount indicated in its request of payment is not due, or

b) proper supporting documents have not been supplied, or

c) the MA needs to request clarifications, modifications or additional information to the narrative or financial reports, or

d) the MA needs to carry out additional checks, including on-the-spot checks to make sure that the expenditure is eligible, or

e) it is necessary to verify whether presumed substantial errors, irregularities or fraud have occurred in the grant award procedure or in the implementation of the project, or

f) it is necessary to verify whether the Lead Partner and/or the Partners have breached any substantial obligations under this Contract.

f) in case of dispute between the Contract parties as provided in Article 22.

g) in other exceptional circumstances.

The suspension of the time-limit for payment starts when the above notification is sent by the MA to the Lead Partner via the JS. The Lead Partner shall provide any requested information, clarification or document within the deadline stipulated in the request, but no later than 15 days from the date of the request. The time-limit starts running again on the date on which the requested information, clarification or document is recorded by the MA/JS.

If, notwithstanding the information, clarification or document provided by the Lead Partner, the payment request is still inadmissible, or if the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, corruption or breach of obligations then the MA may refuse to proceed further with payments or declare the respective expenditure as ineligible and may, in the cases foreseen in Article 17, terminate accordingly this.

In addition, the MA may also suspend fully or partially the payments as a precautionary measure, with prior notice of the Lead Partner, prior to, or instead of, terminating this Contract as provided for in Article 17. Moreover, where the award procedure or performance of the Contract is vitiated by substantial errors or irregularities or by fraud or corruption attributable to the Lead Partner and/or the Partners, the MA may refuse to make payments or may recover amounts already paid, in proportion to the seriousness of the errors, irregularities, fraud or corruption.

**Rules for currency conversion**

1. The MA shall make payments in euro to the Lead Partner to the bank account referred to in the financial identification form in Annex III, which allows the identification of the funds paid by the MA.

Reports shall be submitted in euro. For the purpose of reporting, conversion into euro shall be made by each Partner using the monthly accounting exchange rate of the European Commission of the month during which the expenditure was submitted for control in accordance with Article 4.7.

**Other**

1. If exceptional circumstances occur, the MA may retain in full or partially the payments to the Lead Partner or request the Lead Partner to retain the payments to the Partners.
2. If the Lead Partner considers that the transfer should not be done to one or more Partners, either because the EU funds could be jeopardized, or because the contract was/is breached by the Partner/Partners concerned, it shall consult the MA accordingly.
3. The MA shall make each payment under the condition of availability of funds.
4. In case of projects including infrastructure, the Lead Partner must submit within 6 months from the start date of implementation, the feasibility study(ies) or equivalent, the technical project(s) or equivalent, the building permit(s) and any other execution details, consents, approvals, authorizations and agreements requested by the national laws of the respective country and mandatory to begin execution of the infrastructure, in English translation, as photocopies certified “According to the original”.
5. In the absence of the documents mentioned in Article 4.16 or in case of their incompliance with the application form including its annexes, the Contract may be terminated in accordance with Article 17.
6. In the case of contracts signed based on virtual pre-contracting site visits, the correctness and conformity of the information and documents presented by the Lead Partner and Partners during the virtual pre-contracting visits shall be verified during the first monitoring on-site visit performed by the JS. If it is concluded that the information or the documents provided by the Partners during the virtual pre-contracting visits are inaccurate or are misrepresented, the payment of the interim instalment will not be made and the Contract may be terminated in accordance with Article 17.

**Article 5 - Obligation to provide information and reports**

1. The Lead Partner and the Partners shall provide the MA/JS with all required information on the implementation of the project, in the language of the Contract. To this end, the Lead Partner must draw up reports and provide any other information requested by MA/JS.
2. If the Lead Partner fails to provide any report or fails to provide any additional information requested by the MA within the set deadline, and without an acceptable and sufficient written explanation of the reasons, the MA will not make the payment and may terminate this Contract according to Article 17.2 recovering the advance payment.

**Interim and final reports**

1. The interim and final reports shall describe the project’s implementation during the reporting period. When submitting a report, the Lead Partner shall ensure that all the Partners have the same reporting period except the situation when, due to justified reasons, one or more Partners do not submit individual payment request(s).
2. The level of detail in any report should match that of the Description of the project and of the Budget for the project. The Lead Partner shall collect from the Partners all the necessary information and draw up consolidated interim and final reports. These reports shall be drafted in the currency and language of this Contract and shall:

a) cover the project as a whole, regardless of which part of it is financed by the MA;

b) consist of a narrative and a financial report;

c) provide a full account of all aspects of the project's implementation for the period covered, including status of the procurement procedures of the contracts awarded under Article 9 and achievement of project outputs and results as measured by the corresponding indicators and with clear reference to relevant sources of verification;

d) describe the difficulties encountered and measures taken to overcome them;

e) inform about any changes intended to be made to the project;

f) include necessary updates on: project management arrangements and risks management, schedule of activities, the information and communication plan, etc;

g) present the status of implementing the measures recommended following the monitoring or verification missions undertaken.

Additionally, the final financial report shall cover any period not covered by the interim report. The final narrative report shall cover the whole implementation period.

1. Interim reports shall be submitted by the Lead Partner accompanied by the payment request conforming to the model in Annex III and a consolidated control report as specified in Article 4.7, at any given time for one or more partners, provided that the amount claimed for reimbursement is not lower than 5,000 euro. Exceptions can be made in cases where the beneficiaries require an additional reimbursement to be able to ensure the cash flow, but in this case they must provide sufficient justifications, as well as in cases where the failure to submit a payment application with a value of less than 5000 EURO can have the effect of decomitment at the program level. The reports shall be submitted not later than every 4 months of the implementation period, in maximum 45 days after the respective 4 months have elapsed. In case the Lead Partner does not receive from one or more Partners the individual payment request(s) accompanied by the corresponding control report(s), it may nevertheless submit the interim payment request provided that there is proper justification analysed and approved ex-ante by the MA.
2. The final report accompanied by the payment request conforming to the model in Annex III and a control report as specified in Article 4.7 shall be submitted no later than 4 months after the end of the implementation period as defined in Article 2. If needed, this period may be reduced through the MA’s instruction as provided for in Article 1.12.
3. The Lead Partner and the Partners shall ensure that any information provided is complete, correct and reliable, is substantiated by adequate supporting documents that can be checked and that the costs declared have been incurred and paid and can be considered as eligible in accordance to this Contract.
4. Adequate supporting documents referred to in Article 5.7 include, without limiting at:

a) Relevant extracts of accounting records (computerised or manual) from the Lead Partner and the Partners’ accounting system such as general ledger, sub-ledgers and analytical accounting sheet, cash flow statement and fixed assets registers and other relevant accounting information;

b) Proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;

c) Proof of commitments such as contracts and order forms;

d) Proof of delivery of services such as approved reports, studies, publications, time sheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates), proof of organisation of meetings (invitations, agenda, minutes, list of participants) etc.;

e) Proof of receipt of goods such as delivery slips from suppliers;

f) Proof of completion of works, such as acceptance certificates;

g) Proof of purchase such as invoices and receipts;

h) Proof of payment such as bank statements, debit notices, proof of settlement by the contractor;

i) Proof that taxes and/or VAT that have been paid cannot actually be reclaimed (only for projects the total cos of which is over EUR 5 000 000 (including VAT);

j) For fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs.

1. For projects including infrastructure, the building permit and any other execution details, technical documentation, approved architectural and engineering drawings, consents, approvals, authorizations and agreements, following the issue of the building permit, etc, as requested by the national laws of the respective country, shall be available and uploaded in Jems as supporting documents, at the date of submission of the report with investment related expenditure(s) for verification to the controller.
2. Approval of the reports by the MA shall not imply recognition of their regularity nor of the authenticity, completeness and correctness of the declarations and information that they contain.
3. The MA reserves the right to require that the controller referred to in Article 46 of Regulation no 1059/2021 be replaced if considerations which were unknown cast doubt on the controller's independence or professional standards, inter alia due to the non-reliability of the submitted reports, if so, detected by the National Authority, MA or the Audit Authority.

**Expenditure commitment**

1. The minimum amount each partner commits to spend and submit for control until half of the implementation period has elapsed is provided below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Months of implementation** | **Amounts to be submitted for control** | | | |
|  | LP | P1 | P2 | P3 |
| **Total of amounts**  **requested for control**  **at half of the**  **implementation period**  **(month N)** |  |  |  |  |
| **Partner’s total budget** |  |  |  |  |

1. In case the amounts submitted for verification are lower compared to the amounts forecasted for the half of the implementation period, as mentioned in art. 5.12, the MA is entitled to decomit project funds, by reducing the original project budget and the corresponding Interreg contribution, as follows:

-5% reduction of the budget for the partners who have submitted for control an amount lower than 75% of the amount mentioned in art 5.12;

-10% reduction of the budget for the partners who have submitted for control an amount lower than 50% of the amount mentioned in art 5.12.

1. In case of a decision to reduce the project budget, the Lead Partner shall submit to the MA a revised budget, reflecting the decommitment, within 10 days following the receipt of MA’s notification. In case of failure to respect the deadline, the reduction shall be applied proportionally to all budgetary lines. The modification of the contract in case of reduction at project level shall take the form of a decision of the representative of the MA signing the contract, which will be notified to the Lead Partner and which becomes part of the contract.
2. The reduction shall be done without prejudice to the partners’ obligation to implement all the activities and achieve all the results, according to the approved project.

**Reports on durability**

1. In case of a project including an infrastructure component, the Lead Partner shall provide the MA/JS with all required information related to the durability aspects as indicated in the Description of the project and/or as recommended by any monitoring missions.
2. The reports shall be submitted annualy for a period of five years starting from the first year following the payment date of the final balance to the project. The annual deadline for submission of the above-mentioned reports is of maximum 30 days from the day and month of the payment of the final balance to the project.
3. The MA may decide to ask the Lead Partners of projects to provide durability reports for the equipment included in the investment component for the five years following the project closure.

**Other information to be provided**

1. The MA/JS may request additional information at any time. The Lead Partner shall provide this information within the deadline stipulated in the request but no later than 15 days from the request. Moreover, the Lead Partner/Partners shall facilitate meetings, interviews, surveys etc. with or within the project target groups/final Partners/main stakeholders at the request of the MA/JS.
2. The Lead Partner/Partners shall support the JS/MA and EC in performing any monitoring and evaluation missions including, but not limited to, provision of all the information required within the deadlines requested.
3. The Lead Partner/ Partners shall inform the JS on the upcoming major project events within a reasonable period of time but no later than 10 working days prior to carrying out an event.

**Article 6 - Role of the Lead Partner**

1. The Lead Partner shall:

a) assume responsilibity for ensuring implementation of the entire project, respectively monitor and ensure that the entire project is implemented in accordance with this Contract, the Guidelines for Grant Applicants, the Programme and the applicable EU and national legislation, and ensure coordination with all Partners in its implementation;

b) be the intermediary for all communications between the Partners and the MA/ JS. Notwithstanding this provision, the MA/JS may address directly any of the Partners if the circumstances so require, with copy to the Lead Partner;

c) be liable towards the MA for ensuring that all the Partners and contractors fulfil their obligations under and in accordance with this Contract.;

d) be responsible together with all the Partners for supplying and uploading into the electronic system of the Programme (JeMS) all documents and information related to project’s implementation according to MA/JS instructions, in particular reports, modification requests and the requests for payment. Where information from the Partners is required, the Lead Partner shall be responsible for obtaining, verifying and consolidating this information before passing it on to the MA/ JS.

Any information provided, as well as any request made by the Lead Partner to the MA, shall be deemed to have the agreement of all the Partners;

e) inform the MA/ JS of any event likely to affect or delay the implementation of the project;

f) inform the MA/ JS of any change in the legal, financial, technical, organisational or ownership situation of the Lead Partner or of any of the Partners affecting project’s implementation, as well as of any change in the name, address or legal representative of the Lead Partner or of any of the Partners;

g) be responsible in the event of audits, checks, monitoring or evaluations, as described in Article 11 for ensuring the provision of all the necessary documents, including the project accounts of the Partners, copies of the supporting documents and signed copies of any contract concluded according to Article 9;

h) ensure that the expenditure presented by the Partners has been incurred for the purpose of implementing the project and corresponds to the activities set in the grant contract;

i) verify that the expenditure presented by the Partners has been examined pursuant Article 4.7;

j) submit to the MA/ JS the payment requests in accordance with the Contract;

k) be the sole recipient, on behalf of all of the Partners, of the payments from the MA. The Lead Partner shall ensure that the appropriate payments are then made to the Partners without delay and in full accordance with the arrangements laid down in the Partnership Agreement (Annex II). No amount shall be deducted or withheld and no specific charge with equivalent effect shall be levied that would reduce those amounts for the Partners. Notwithstanding the provisions of this paragraph, the provisions of Article 4.6, 5.14, 18.5, 18.6 shall apply;

l) not delegate any, or part of, these tasks to the Partners or other entities;

m) commit itself to take all necessary measures to ensure that all Partners ensure their own contribution and the non-eligible expenditures, as well as the temporary availability of funds for the proper implementation of the project until they are reimbursed by the MA;

n) bear the responsibility for monitoring and reporting on the level of achievement of the project’s output and result indicators.

**Article 7 – Liability**

1. 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 Lead Partner and of the Partners while the project is being carried out or as a consequence of the project. The MA cannot accept any claim for compensation or increases in payment in connection with such damage or injury.
2. The Lead Partner and the Partners shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the project is being carried out or as a consequence of the project. The Lead Partner and the Partners shall discharge the MA of all liability arising from any claim or action brought as a result of an infringement of this Contract, of the rules or regulations by the Lead Partner and by the Partners, or the Lead Partner’s and the Partners’ employees, or individuals for whom those employees are responsible, or as a result of violation of a third party’s rights. For the purpose of this Article 7, employees of the Lead Partner and of the Partners shall be considered third parties.

**Article 8 - Eligible Costs**

**Cost eligibility requirements**

1. Eligible costs are actual costs incurred and paid by the Lead Partner and/or the Partners, which meet all the following criteria:

* Be related to the costs estimated and indicated in the project budget, necessary for implementing a project, in accordance with the signed grant contract;
* Be related to costs that were not already financed from other EU Funds or other contributions from third parties (no double funding);
* Be related to activities implemented in accordance with the programme rules as concerns the eligible geographical location where programme activities are being implemented;
* Be identifiable, verifiable and registered in the partner’s accounts through a separate accounting system or appropriate accounting codes for all transactions relating to the project;
* Comply with the requirements of the applicable EU and national legislation;
* Be supported by invoices, proof of payment and/or accounting documents of equivalent probative value (except for simplified costs);
* Observe the relevant public procurement rules, as applicable;
* Be reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency, and with the visibility requirements;
  + Cash transfers between the Lead Partner and/or the Partners may not be considered as costs incurred;

8.2 The costs must be incurred during the implementation period of the Project and paid before the submission of the final report.

8.3 An exception is made for costs relating to final reports, only for control reports, and, if the case, final evaluation of the projects, which may be incurred after the implementation period of the project.

8.4 Costs related to studies and documentation for projects including an infrastructure component e.g. Feasibility Study or equivalent, Environmental Impact Assessment, technical project, building permit and other technical documentation may be incurred before the project implementation period, starting with 1st of January 2021. Maximum 10% of the value of works per project may be reimbursed as cost related to technical documentation provided that a grant contract for the project is signed.

8.5 Subject to Article 8.1 and, where relevant, to the provisions of Article 9 being respected, the following direct costs of the Lead Partner and/or the Partner shall be eligible:

a) External expertise and services costs, according to art. 42 Interreg Regulation

b) Travel and accommodation costs

b) Equipment costs

c) Costs for infrastructure and works

8.6 The following costs will be eligible based on flat rates:

- Staff costs – up to 20 % of the eligible direct costs, at partner level;

- Office and administration- up to 7% of the eligible direct costs;

8.7 No justifying /supporting documents proving the expenditures incurred under cost categories Staff costs and Office and administration costs have to be provided.

**Contigency reserve**

8.8 A contingency reserve not exceeding 10% of the costs as per budget line 6 may be included in the project budget in order to allow adjustments in case of unforeseen circumstances. It can be used only with the prior written authorisation of the MA, upon duly justified request by the Lead Partner.

**In kind contributions**

8.9 Any contributions in kind do not represent actual expenditure and are not eligible costs.

**Non-eligible costs**

8.10 The following costs shall not be considered eligible:

a) debts and interest on debts;

b) provisions for losses or liabilities;

c) costs declared by the Lead Partner and/or the Partners and financed by another project or programme, or from any other sources;

d) purchase of land or buildings;

e) costs related to fluctuation of foreign exchange;

f) loans to third parties;

g) fines, financial penalties and expenses of litigation and legal disputes;

h) contributions in kind;

i) purchase of used equipment or vehicles;

j) gifts.

**Article 9 – Procurement rules**

1. If the Lead Partner and the Partners have to conclude procurement contracts with contractors in order to carry out certain project activities, they shall respect the procurement rules set out in Regulation no 1059/2021.
2. Contracting authorities or contracting entities within the meaning of the Union legislation applicable to procurement procedures located in the Member States, shall apply national laws, regulations and administrative provisions adopted in connection with Union legislation, as laid down in Article 58.1(a) of the Regulation no 1059/2021.
3. In all other cases, the public or private Partners shall apply the provisions set out in Articles 58.2 of the Regulation no 2021/1059, which make references to the provisions of Regulation no 1046/2018 and have also been reflected in Annex 2 Public Procurement of the Financing Agreement between Ukraine, Romania and the European Commission.
4. The Lead Partners and the Partners shall ensure that the conditions applicable to them under Articles 7, 10, 11, 13, 14, 20, 21 and 23 of this Contract are also applicable to contractors awarded a procurement contract.
5. If it is not foreseen otherwise in the national legislation of the Lead Partner and/or of the Partners, procedures to award contracts may have been initiated and contracts may be concluded by the Lead Partner and/or the Partners before the start of the implementation period of the project, provided the provisions of this Article have been respected.

**Article 10 – Visibility and communication**

1. The Lead Partner and the Partners shall acknowledge financial support from the European Union by using visual identity provided by the MA for the programme, on all information and communication materials created for the projects. Furthermore, the Lead Partner and the Partners shall implement the appropriate transperancy and communication actions forseen by the Regulation no. 1059/2021, corresponding to the Union contribution.
2. **Each Lead Partner / Partner shall acknowledge the support from the Programme by:**
   1. providing on the Lead Partner / Partner’s official website or social media sites, where such sites exist, a short description of the operation, proportionate to the level of support provided by the Programme, including its aims and results, and highlighting the financial support from the Programme;
   2. providing a statement highlighting the support from the Programme in a visible manner on documents and communication material relating to the implementation of the operation, intended for the general public or for participants;
   3. organize a communication activity, at project level, to publicize the launching and the closure of the operation, including a short description of the project, its aims and results, and the EU support. This may be a media information material, a conference etc., which will be promoted on the online channels of the project partners.
   4. keep a record of the investment for promotion purposes, in the form of video materials (at least 10 qualitative photos and/or 2 short videos etc.) at the project location, where physical implementation or purchase of equipment is involved, at different stages of implementation. Where events are being organized (other than those dedicated to project team meetings), such video materials will also be prepared, in order to be used for project promotion;
   5. displaying durable plaques or billboards clearly visible to the public, presenting the flag of the EU in accordance with the technical characteristics laid down in Annex IX of Regulation EU/2021/1060, as soon as the physical implementation of an operation involving physical investment or the purchase of equipment starts or purchased equipment is installed;
   6. for Interreg operations not falling under para e), publicly display at least one poster of a minimum size A3 or equivalent electronic display with information about the Interreg operation highlighting the support from an Interreg fund.
3. For operations of strategic importance and operations whose total cost exceed EUR 5,000,000, the Lead Partner/Partners shall organise, in a timely manner, a distinct communication event, involving the Commission and the Managing Authority, in order to promote the strategic impact of the project.

**Article 11 - Accounts and technical and financial checks**

1. The MA/JS reserve the right to check, at any time, the conformity of the Programme funds' commitment and disbursement with the rules. In particular, MA and/or JS verify, on a sample basis, that services, supplies or works have been performed, delivered and/or installed and whether expenditure declared by the Lead Partner and the Partners has been paid according to the applicable law, Programme rules and Contract provisions. Verifications shall include administrative verifications for each payment requested by the Lead Partner and may include also on-the-spot project verifications.

**Accounts**

1. The Lead Partner and the Partners shall keep accurate and regular accounts of the implementation of the project using an appropriate accounting and book-keeping system. The accounts:

a) may be an integrated part of or an adjunct to the Lead Partner and the Partners’ regular system;

b) shall comply with the accounting and book-keeping policies and rules that apply in the country concerned;

c) shall enable expenditure relating to the project to be easily traced, identified and verified (except for simplified costs).

1. The Lead Partner/ Partners shall ensure that any financial report as required under Article 5 can be properly and easily reconciled to the accounting and book-keeping system and to the underlying accounting and other relevant records (except for simplified costs). For this purpose, the Lead Partner and the Partners shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.

**Right of access**

1. The Lead Partner and the Partners shall allow verifications to be carried out by the Audit Authority, the European Commission, the European Anti-Fraud Office, European Public Prosecutor’s Office, the European Court of Auditors, the relevant authorities in the countries participating in the Programme, the MA/ JS as well as any bodies / entities authorised by the MA or the above mentioned institutions and bodies that may exercise their power of control concerning premises, documents and information irrespective of the medium in which they are stored. The Lead Partner and the Partners have to take all steps to facilitate their work.

The verifications described above shall also apply to the activities of contractors and subcontractors. To this end, the Lead Partner and the Partners shall ensure, through contractual provisions and any other means at their disposal, that these persons are legally bound by the same obligations as the Lead Partner and the Partners toward the Audit Authority, the European Commission, the European Anti-Fraud Office, the European Court of Auditors, the national authorities in the countries participating in the Programme, the MA/ JS and any bodies / entities authorised by the MA or the above mentioned institutions and bodies, and that its own documentation can remedy any shortcoming to the effective enforcement of the said obligations.

1. The Lead Partner and the Partners shall allow the entities mentioned in Article 11.4 to:

a) access the sites and locations at which the project is implemented;

b) examine its accounting and information systems, documents and databases concerning the technical and financial management of the project;

c) take copies of documents;

d) carry out on the-spot-checks;

e) conduct a full audit on the basis of all accounting documents and any other document relevant to the financing of the project.

f) Additionally, the European Anti-Fraud Office shall be allowed to carry out on-the-spot checks and inspections in accordance with the procedures laid down by the European Union legislation for the protection of the financial interests of the European Union against fraud and other irregularities. Where appropriate, the findings may lead to recovery by the MA.

1. Access given to agents of the Audit Authority, the European Commission, European Anti-Fraud Office, European Public Prosecutor’s Office and the European Court of Auditors, the national authorities in the countries participating in the Programme, the MA/ JS and to any bodies / entities authorised by the MA in carrying out verifications as provided for by this Article as well as by Article 4.7 shall be on the basis of confidentiality with respect to third parties, without prejudice to the obligations of public law to which they are subject.

**Record keeping**

1. The Lead Partner and the Partners shall keep all records, accounting and supporting documents related to this Contract for five years following the payment of the balance of the project, and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim has been disposed of.

They shall be easily accessible and filed so as to facilitate their examination and the Lead Partner and the Partners shall inform the MA/ JS of their precise location upon request.

1. All the supporting documents of the activities and the expenses and revenues shall be available in the original form and in electronic form if so requested and in JeMS.

**Article 12 - Final amount of the grant**

**Final amount**

1. If the eligible costs at the end of the project are less than the estimated eligible costs as referred to in Article 3.1, the grant shall be limited to the amount obtained by applying the percentage laid down in Article 3.2 to the eligible costs of the project approved by the MA.

**No profit**

1. The grant may not produce a profit for the Lead Partner and the Partners during the implementation period. Profit is defined as a surplus of the receipts over the eligible costs approved by the MA when the request for payment of the final balance is made.
2. The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the final balance is made by the Lead Partner that fall within one of the two following categories:

a) revenue generated by the project;

b) financial contributions specifically assigned by the donors to the financing of the same eligible costs financed by this Contract. Any financial contribution that may be used by the Lead Partner and/or the Partners to cover costs other than those eligible under this Contract or that are not due to the donor where unused at the end of the project are not to be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the Lead Partner and/or the Partners;

c) interest produced by the prefinancing and interim payments received from the MA.

**Article 13 – Durability, ownership/ use of project results and assets**

1. The durability arrangements declared and assumed in the project are binding for the Lead Partner and the Partners and may be monitored and verified accordingly by the MA/ JS during project implementation or/and after the payment of the final balance, including by requesting relevant reports and/or other documents or information.
2. In case the project includes an infrastructure component, if, within five years of the project closure, the project is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives, the Lead Partner shall repay to the MA the INTERREG grant. Sums unduly paid in respect of the project shall be recovered by the MA in proportion to the period for which the requirement has not been fulfilled in the same way, mutatis mutandis, as described in art. 19.5.
3. Ownership of, and title and intellectual and industrial property rights to the project's results/assests, reports and other documents relating to it will be vested in the Lead Partner and the Partners. The Lead Partner and the Partners are responsible for the purposeful use of equipment after its receipt.
4. Without prejudice to Article 13.3, the Lead Partner and the Partners shall grant the MA/ JS, the National Authorities of the countries participating in the Programme and the European Commission the right to use freely and as they see fit and, in particular, to store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the project whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.
5. The Lead Partner and the Partners shall ensure that they have all rights to use any pre-existing intellectual property rights necessary to implement this Contract.
6. The Lead Partner shall ensure that communication and visibility material realized by the project is made available upon request to programme bodies, Union institutions, bodies, offices or agencies and that a royalty-free, non-exclusive and irrevocable licence to use such material and any pre-existing rights attached to it is granted to the Union, in accordance with point 2 from Annex IX of CPR Regulation no. 1060/2021.

**Article 14 – Evaluation/monitoring of the project**

1. If the MA/JS or the European Commission carries out an interim or ex post evaluation or monitoring mission, the Lead Partner and the Partners shall undertake to provide it and/or the persons authorised by it with any document or information which will assist with the evaluation or monitoring mission, and grant them the access rights described in Article 11.

**Article 15 - Amendment of the Contract**

1. Any amendment to the Contract, including the annexes thereto, must be set out in writing in an addendum. This Contract can be modified during its execution period.
2. The amendment may not have the purpose or the effect of making changes to this Contract that would call into question the grant award decision or be contrary to the equal treatment of applicants.
3. If an amendment is considered necessary, the Lead Partner shall submit a duly justified request to the MA with 30 days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the MA.
4. Notwithstanding the provisions of Article 15.1, changes which do not alter in a significant way the project and is not contrary to the principle of equal treatment of the beneficiaries, may be performed by means of a notification. The modifications may include, without limited to, change of the contact person or of the legal representative of the Lead Partner/Partners, change of the bank account, address, controller, minor changes in the Work plan related either to a change of format or to rescheduling of activities/deliverables, correction of material errors or inconsistencies, transfers of amounts between items within the same main budget heading, transfer between main budget heading involving a variation of 20% or less of the initial contracted amount in the source budget heading, not having a major impact on the budget. However, in duly substantiated circumstances, the MA may oppose the Lead Partner’s or the Partners’ choice and in this case it will notify the Lead Partner accordingly in 15 days from the receipt of the notification in this respect from the Lead Partner.
5. The Lead Partner may send to the MA/JS a maximum of 5 notifications according to art 15.4 during the project implementation period.

In case the Lead Partner fails to inform about any changes or the modifications notified are not in line with contract provisions all consequences, including those of financial nature, shall be borne by the Lead Partner.

1. The MA reserves the right to require that the auditor from Ukraine to be replaced if considerations which were unknown cast doubt on the auditor's independence or professional standards, inter alia due to the non-reliability of the submitted reports, if so detected by the National Controller in Ukraine, MA or the Audit Authority.

**Article 16 - Extension and Suspension**

**Extension**

1. The Lead Partner shall inform the MA/JS without delay of any circumstances likely to hamper or delay the implementation of the project. The Lead Partner may request an extension of the project's implementation period as laid down in Article 2 in accordance to Article 15 no later than 45 days before it ends, unless circumstances duly justified and accepted by the MA occur. The request shall be accompanied by all the supporting evidence needed for its appraisal. A final decision on such requests is subject of approval by the Monitoring Committee. The Lead Partner and Partners understand and agree that an extension of the project implementation will not imply an increase of the costs for the staff assigned for the Action, unless circumstances duly justified and accepted by the MA occur.

**Suspension by the Lead Partner**

1. The Lead Partner may suspend implementation of the project, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous or, although timely measures have been taken, delays may occur in fulfilling the contractual obligations. The Lead Partner shall inform the MA without delay, stating the nature, probable duration and foreseeable effects of the suspension.
2. The Lead Partner or the MA may terminate this Contract in accordance with Article 17.1. If the Contract is not terminated, the Lead Partner and/or the Partners shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow, informing the MA accordingly.
3. The Lead Partner shall communicate the suspension without delay, in writing, to the MA. The communication shall contain all information foreseen by Article 16.2 and by indicating the start date of the suspension as well as the duration.
4. After verifying the circumstances described by the Lead Partner, following the proposal of the JS, the MA shall issue a decision of the representative of MA signing the contract, confirming the suspension of the contract, or any part thereof, as the case, starting with the date indicated by the Lead Partner. If there is a risk that the suspension, as presented by the Lead Partner, jeopardizes the implementation of the project, the MA may agree with the suspension under specific conditions or may reject the proposal. The MA will communicate without delay its decision to the Lead Partner.
5. Extension of the suspension period may be requested by the Lead Partner and the suspension will be considered as continuous, provided that the request is made during the suspension period and approved by the MA under the same conditions as described above.
6. If circumstances that led to the suspension cease to affect the project implementation at any time during the period of suspension communicated to MA, the Lead Partner may decide, in agreement with all project partners, to resume the implementation of the project activities before the suspension deadline, and inform without delay the MA. The MA shall issue a decision of the representative of MA signing the contract, confirming the earlier restart of project implementation, starting with the date indicated by the Lead Partner in its written information.
7. During the suspension period no activity shall be performed and no expenditures are to be incurred and paid unless otherwise instructed by the MA, except for the payments related to activities performed before suspension by any of the project partners or, in case of partial suspension, by the concerned partners(ies).
8. The partial suspension may have effects also on other obligations as laid down in the Grant Contract and/or Partnership agreement(s), therefore addenda may need to be concluded to adapt the implementation to the respective circumstances.
9. The new implementation period as a result of a suspension, as foreseen by art.16.2 of this Contract, shall duly consider the implementation period of the programme, laid down in the Regulation (EU) No. 1059/2021 and shall not jeopardize the Programme closure.

**Suspension by the Managing Authority**

1. The MA may request the Lead Partner to suspend implementation of the project, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous or, although timely measures have been taken, delays may occur in fulfilling the contractual obligations. To this purpose, the MA shall inform the Lead Partner stating the nature and probable duration of the suspension.
2. The MA or the Lead Partner may terminate this Contract in accordance with Article 17.1. If the Contract is not terminated, the Lead Partner and/or the Partners shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow and after having obtained the approval of the MA. No activities are to be made and no expenditures are to be incurred and paid within the suspension period, unless otherwise instructed by the MA.
3. The MA may also suspend this Contract or any part thereof if the MA has evidence that, or if, for objective and well justified reasons, the MA deems necessary to verify whether presumably:

a) the grant award procedure or the implementation of the project have been subject to substantial errors, irregularities or fraud;

b) the Lead Partner and/or the Partners have breached any substantial obligation under this Contract.

1. The Lead Partner shall provide any requested information, clarification or document within the deadline stipulated in the request but no later than 15 days of receipt of the requests sent by the MA. If, notwithstanding the information, clarification or document provided by the Lead Partner, the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the MA may terminate this Contract according to Article 17.2.

**Force majeure**

* 1. The term *force majeure*, as used herein, covers any unforeseeable events, not within the control of either party to this Contract and which by the exercise of due diligence neither party is able to overcome such as strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars whether declared or not, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosion. A decision of the European Union to suspend the cooperation with the partner country is considered to be a case of force majeure when it implies suspending funding under this Contract.

**Extension of the implementation period following a suspension**

* 1. In case of suspension according to Articles 16.2, 16.11 and 16.13, the implementation period of the project shall be extended by a period equivalent to the length of suspension, without prejudice to any amendment to the Contract that may be necessary to adapt the project to the new implementing conditions.

**Maximum duration of extension of the implementation period**

* 1. The maximum duration of the extension of the implementation period following an extension according ro 16.1 and 16.16 and/or a suspension according to 16.2, 16.11 may not exceed 3 months.

**Article 17 – Termination of the Contract**

**Termination in case of exceptional circumstances**

1. In the cases foreseen in Article 16.2 and 16.11, if the Lead Partner or the MA believes that this Contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the Lead Partner or the MA may terminate this Contract by serving two months’ written notice, without being required to pay indemnity.

**Termination by the Managing Authority**

1. Without prejudice to Article 17.1, in the following circumstances the MA may, after having consulted the Lead Partner, terminate this Contract without any indemnity on its part when:
2. the Lead Partner and/or the Partners fail, without justification, to fulfil any substantial obligation incumbent on them individually or collectively by this Contract thus leading to substantial errors including the infringement of State Aid rules and, after being given notice by letter to comply with those obligations, still fail to do so or to provide a satisfactory explanation within 15 days of receipt of the letter;
3. the activities of the project fall under the State Aid rules;
4. the Lead Partner or the Partners have impeded or prevented the auditing, control or monitoring mission or the recommendations resulted from these missions are not observed or the corresponding deadlines are unjustifiably delayed;
5. where the Lead Partner and/or the Partners change legal personality, unless an addendum recording that fact is drawn up;
6. the Lead Partner and/or the Partners have misrepresented the information required as a condition for participating in the call for proposals;
7. the European Commission decides to discontinue the Programme.
8. the Lead Partner and/or the Partners fall under the exclusion situations described in art 136, paragraph 1 and 4 of Regulation (EU, Euratom) no. 1046/2018.
9. The MA shall exclude the Lead Partner and/or the Partners where a person who is a member of the administrative, management or supervisory body of that Lead Partner and/or Partners, or who has powers of representation, decision or control is in one or more of the situations referred to in points f) to j) of Article 17.2. The MA shall also exclude the Lead Partner and/or the Partners where a natural or legal person that assumes unlimited liability for the debts of the Lead Partner and/or Partners is in one or more of the situations referred to in point c) or d) of Article 17.2.
10. This Contract may be terminated if it has not given rise to any payment by the MA within 6 months of its signature on top of the initial pre-financing, pending the MC Decision in this respect.

**Effects of termination**

1. Upon termination of this Contract, the MA is entilted to request the Lead Partner to reimburse the entire amount of the grant paid by the MA. The Lead Partner shall take all immediate steps to bring the project to a close in a prompt and orderly manner and to reduce further expenditure to a minimum.

Without prejudice to Article 8, following a case-by-case analysis, the MA may agree that the Lead Partner and the Partners might be entitled to payment only for the part of the project carried out, proportionally to the achieved indicators, excluding costs relating to current commitments that are due to be executed after termination, subject to the approval of the Monitoring Committee.

In such cases, the Lead Partner shall submit a payment request to the MA within the time limit set by Article 5.3 starting from the date of termination.

In the event of termination according to Article 17.1, the MA may agree to reimburse the unavoidable residual expenditures incurred during the notice period, provided that the first paragraph of this Article 17.4 has been properly executed.

**Article 18 – Administrative sanctions and financial corrections**

1. Without prejudice to the application of other remedies laid down in the Contract, the Lead Partner and/or the Partners who have made false declarations and fraud or were in serious breach of the contractual obligations may be excluded from all contracts and grants financed by the MA.
2. In additionto the administrative sanctions laid down in Article 18.1, the Lead Partner and/or the Partners may also be subject to financial corrections.
3. The MA may apply financial corrections if the Lead Partner and/or Partners do not/ only partially achieve the project indicators depending on their category (eg. indicators contributing to the Programme indicators).
4. The MA shall make also financial corrections required in connection with individual or systemic irregularities detected in the project. The financial corrections shall consist of cancelling all or part of the Union contribution to the project. The MA shall take into account the nature and gravity of the irregularities and the financial loss and shall apply a proportionate financial correction.
5. The criteria for establishing the level of financial correction to be applied mentioned in Article 18.4 and the criteria for applying flat rates or extrapolated financial correction are those adopted in accordance with Regulation (EU) No 1060/2021, in particular Article 104 and annex XXV;
6. If the Lead Partner / Partner fails to provide any report or fails to provide any additional information requested by the MA within the set deadline without an acceptable and sufficient written explanation of the reasons, the MA may apply measures, taking into account the principle of proportionality, by cancelling up to 5 % of the support from the Programme to the Lead Partner / Partner concerned or may terminate this Contract according to Article 17.2 a).
7. Where the Lead Partner/Partner does not comply with its obligations under art. 10.2 and art.10.3 and where remedial actions have not been put into place, the MA shall apply measures, taking into account the principle of proportionality, by cancelling up to 2 % of the support from the Programme to the Lead Partner/Partner concerned.
8. The MA shall formally notify the Lead Partner and/or the Partners concerned of any decision to apply such corrections.
9. In case the European Commission applies individual financial corrections to the Programme according to Article 104 of Regulation no 1060/2021, the MA shall cancel part of the grant in order to cover these corrections from the projects’ budgets, concerned by the corrections.
10. In case the European Commission applies financial corrections to the Programme according to Article 104 of Regulation no 1060/2021 and the financial corrections concern systemic deficiencies in the programme management and control system in relation with irregularities at projects level, the MA may decide to cancel part of the grant in order to cover these corrections from the project’ budgets, as follows:
11. if the systemic deficiency concerns one specific country, the Lead Partner and/or the Partners established in the respective country will be required to reimburse to the Programme accounts the amount identified by MA as a result of the financial correction;
12. if the systemic deficiency concerns the whole system, the Lead Partner and each Partner will be required to reimburse to the Programme accounts the amount representing the percentage of the financial correction applied to the expenditure incurred by the Lead Partner and the Partners and declared by the MA to the European Commission at the date of the decision to apply the financial correction.
13. In case the European Commission decommits any amount in the programme according to Article 105 of Regulation (EU) 2021/1060, when the beneficiaries fail to submit their payment requests according to their calendar set up at the project level and the delays generate decommitment at the Programme level, the MA may decide to cancel part of the grant, pending a MC decision in this respect.
14. In case of a decision to cancel a part of the grant, the Lead Partner shall submit to the MA a revised budget, within 14 days following the receipt of MA’s notification. In case of failure to respect the deadline, the cancellation shall be applied proportionally to all the budgetary lines. The modification of the contract in case of cancellation at project level shall take the form of a decision of the representative of the Managing Authority signing the contract, which will be notified to the Lead Partner, and which becomes part of the Contract.
15. Subject to Article 97 of Regulation no 1060/2021, the MA has the right to temporarily withhold payments to a particular Partner (Lead Partner or Partner) or the project as a whole. Payment suspension(s) shall be lifted as soon as observations and/or reservations raised by the Commission have been withdrawn and the MA has received sufficient evidence on the solution of the systemic error(s) detected.
16. Where the Contract is vitiated by substantial errors or irregularities, or by fraud, or by breach of obligations attributable to the Lead Partner and/or the Partners, the Managing Authority may refuse to make payments or may recover amounts already paid, in proportion to the seriousness of the errors, irregularities or fraud.
17. In addition, and without prejudice to its right to terminate this Contract pursuant to Article 17, if the project is implemented poorly or partially - and therefore not in accordance with the Description of the project - or late, the MA may, by a duly reasoned decision and after allowing the Lead Partner to submit its observations, reduce the initial grant in line with the actual implementation of the project and in accordance with the terms of this Contract.

**Article 19 - Recovery**

1. MA shall recover any amount paid as a result of an irregularity from the Lead Partner. To this end, partners shall repay to the Lead Partner any amounts unduly paid..
2. If recovery is justified under the terms of this Contract, including where the award procedure or performance of the Contract is vitiated by substantial errors including infringement of State Aid rules or irregularities or by fraud attributable to the Lead Partner and/or the Partners or if any amount is unduly paid to the Lead Partner and/or to the Partners, the Lead Partner undertakes to repay the MA these amounts, within 45 days of the issuing of the debit note, the latter being the letter by which the MA requests the amount owed by the Lead Partner and/or by the Partners, including bank charges incurred by the MA for the payment to the Lead Partner of the amounts which become due to the MA
3. Payments made do not preclude the possibility for the MA to issue a debit note following a control report, an audit or further verification of the payment request, an on the spot check, or any other type of verifications including those reffered to in Articles 13.1 and 13.2.
4. For the irregularities committed by a Partner, the Lead Partner shallrequest these amounts from the responsible Partner in order to be repaid to the MA. In specific cases, for irregularities discovered after payment of the final payment request, the Partners may repay the due amounts directly to the MA, notifying the Lead Partner about this option.
5. Notwithstanding art. 19.2 and art. 19.4, the provisions of Art. 52 of Regulation no. 1059/2021 and the proviusions of the Financing Agreement signed between Ukraine, Romania and the European Commission shall apply.

**Interest on late payments**

1. Should the Lead Partner fail to make repayment within the deadline set by the MA, the MA may increase the amounts due by adding interest of 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.

The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the MA, and the date on which payment is actually made. Any partial payments shall first cover the interest thus established.

**Article 20 - Conflict of interests and good conduct**

1. For the purpose of this Contract, the conflict of interest shall mean any situation where there is a divergence between the fulfilment of responsibilities under this grant Contract by the Parties and the private interest of the persons involved in the Contract, which may adversely affect the impartial and objective exercise of the functions of any person involved in the implementation/verification/control/audit of this Contract, for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.
2. The Lead Partner and the Partners shall prevent or end any situation that could compromise the impartial and objective performance of this Contract. Any conflict of interests which may arise during performance of this Contract must be notified in writing to the MA without delay. The Lead Partner and the Partners shall take appropriate actions to remedy any negative effects of the conflict of interest within 30 days from the notification of the MA.
3. The MA reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken if necessary.
4. The Lead Partner and the Partners shall ensure that their staff, including their management, are not placed in a situation which could give rise to conflict of interests. Without prejudice to their obligation under this Contract, the Lead Partner and the Partners shall replace, immediately and without compensation from the MA, any member of their staff in such a situation.
5. The Lead Partner and the Partners shall respect human rights and applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards.

**Article 21 – Confidentiality**

1. Subject to Article 11, the MA and the Lead Partner and the Partners undertake to preserve the confidentiality of any information, notwithstanding its form, disclosed in writing or orally in relation to the implementation of this Contract and communicated to them in confidence until the end of the validity period of this Contract as defined by Article 2.5 above. The release of information to persons involved in implementing/ verifying/ controlling/ auditing the project shall be performed on confidential basis and shall cover the information that is necessary for implementing the project.
2. As an exception from the rule provided in the previous paragraph, the data used for visibility purposes, for informing and promoting the use of INTERREG funds, shall not be considered as having confidential status.
3. Notwithstanding the obligations set forth by this Contract and its Annexes concerning providing the information and documents required by the authorized institutions/ departments in order to perform audit and control activities, the Parties hereby undertake to preserve the confidential nature of the Personal Data, according to the provisions of Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA of the Council and according to the provisions of the Regulation No 679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
4. The Parties shall bear no responsibility for releasing information on the Contract if:

a) the information was released with the written agreement of the other Party; or

b) the Party was legally forced to release the information.

1. The Lead Partner and the Partners shall not use confidential information for any aim other than fulfilling their obligations under this Contract unless otherwise agreed with the MA.

**Article 22 - Applicable Law and Dispute Settlement**

1. This Contract shall be governed by the law of Romania.
2. The parties to this Contract shall do everything possible to settle amicably any dispute arising between them during the implementation of this Contract. To that end, they shall communicate their positions and any solution that they consider possible in writing, and meet each other at either's request. The Lead Partner and the MA shall reply to a request sent for an amicable settlement within 30 days. Once this period has expired, or if the attempt to reach amicable settlement has not produced an agreement within 120 days of the first request, the Lead Partner or the MA may notify the other part that it considers the procedure to have failed.
3. In the event of failure of the above procedures, each party to this Contract may submit the dispute to the courts of Bucharest.

**Article 23 – Protection of personal data**

23.1Any personal data will be processed solely for the purposes of the performance, management and monitoring of this Contract by the MA and may also be passed to the bodies in charge with monitoring or inspection tasks or any bodies/entities authorised by the MA. The Lead Partner and the Partners will have the right of access to their personal data and the right to rectify any such data. If the Lead Partner and the Partners have any queries concerning the processing of personal data, they shall address them to the MA.

23.2 The Lead Partner and the Partners shall limit access and use of personal data to that strictly necessary for the performance, management and monitoring of this Contract and shall adopt all appropriate technical and organisational security measures necessary to preserve the strictest confidentiality and limit access to this data.

23.3Personal Data collection, processing and storage shall be performed according to the provisions of the Regulation No 679/2016 for the purpose of project implementation and monitoring, fulfillment of its objectives, as well as statistical purpose.

23.2 Personal Data, as classified by Regulation No 679/2016, shall be processed in accordance with the legislation aforementioned throughout the contractual period, including during the period of monitoring and verification of the contractual objectives, for the purpose and the legal basis for which this contract was concluded.

23.3 The Parties shall take appropriate technical and organizational actions, according to their own responsibilities and institutional competencies, in order to ensure a proper Personal Data security level, during their processing and re-processing, their transfer to third-parties and publishing on internal or external public sources.

23.4 The Parties shall ensure, according to their own responsibilities and institutional competencies, all the technical and organizational conditions to preserve the confidentiality, integrity and availability of Personal Data.

23.5 The Parties shall inform and notify each-other about any security breaches regarding the processing of Personal Data related to this contract, in order to be urgently adopted the required technical and organizational actions and to be notified the Romanian National Supervisory Authority for Personal Data Processing (ANSPCDCP), according to the obligations arising from the provisions of Regulation No 679/2016.

23.6 The Parties, through their representatives assigned to process the Personal Data related to this contract and its possible addenda, shall keep records of the processing activities according to Article 30 of the Regulation No 679/2016.

23.7 Each Partner has the obligation of obtaining and keeping the records of the acknowledgements of the persons which are part of the project’s target group, as well as of all the persons involved in the implementation of the project whose Personal Data are being used (e.g project team members, external experts, guests to events, etc.), for the activities in their responsibility, for the attainment and implementation of the project’s objectives.

**Article 24 - Contact addresses**

24.1 Any communication relating to this contract must be in English language, in writing, state the number and title of the project and be sent to the following addresses:

For the MA:

**Ministry of Development, Public Works and Administration**

General Directorate for European Territorial Cooperation

Directorate MA for European Territorial Cooperation

14, Libertatii Blvd., 040129 Bucuresti, sector 5, Romania

[Info.roua@mdlpa.ro](mailto:Info.roua@mdlpa.ro)

For the Joint Secretariat

**Regional Office for Cross Border Cooperation Suceava**

8A, Bistritei street, 720274 Suceava

Suceava County, Romania

[info.ro-ua@brctsuceava.ro](mailto:info.ro-ua@brctsuceava.ro)

For the Lead Partner

[Address of the Lead Partner for correspondence including email address]

**Article 25 - Annexes**

25.1 The following documents are annexed to this Contract and form an integral part of the Contract:

**Annex I**: Description of the project (including the Application Form and budget, Logical Framework, Justification of costs, Project financial plan, Declaration by the Applicant, Partnership Statement, State Aid self-assessment grid, Job descriptions, template with basic technical information and cost estimation)

**Annex II**: Partnership Agreement between the Lead Partner and the Partners

**Annex III**: Standard request for payment and financial identification form

**Annex IV**: Supporting documents

**Annex V**: Documents provided/produced during the contracting stage

In the event of conflict between the provisions of the Annexes and those of the present document (Grant contract), those of the Grant contract shall take precedence.

Done in English, in four originals: one for the Lead Partner and three for the Managing Authority.

|  |  |  |  |
| --- | --- | --- | --- |
| **For the Lead Partner** | | **For the MA**  **Ministry of Development, Public Works and Administration** | |
| Name |  | Name |  |
| Title |  | Title | Minister of Development, Public Works and Administration |
| Signature |  | Signature |  |
| Date |  | Date |  |