Subsidy Contract for European Union Contribution

Project ID: …
Project acronym: …
Project title: …

Interreg VI-A NEXT Hungary Slovakia Romania Ukraine 2021-2027 Programme

SUBSIDY CONTRACT

for the implementation of Project No. [project ID]

with acronym [project acronym]

entitled [project title]

within the

Interreg VI-A NEXT Hungary Slovakia Romania Ukraine 2021-2027 Programme

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

Ministry of Foreign Affairs and Trade of Hungary
Address: 1027 Budapest, Bem rakpart 47, Hungary
Tax number: 15311344-1-41

acting as the Managing Authority of the Interreg VI-A NEXT Hungary Slovakia Romania Ukraine 2021-2027 Programme (hereinafter referred to as the Managing Authority)

on one hand,

and

[name of Lead Partner organisation (in original language and in English)]
Address: [postal code, town, address, country]
Tax number: […]

acting as the Lead Partner

on the other hand,

hereinafter jointly referred to as the Parties[1],

based on the following legal framework:

- 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 (hereinafter referred to as the CPR);
- 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 (hereinafter referred to as the ERDF Regulation);
- 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 (hereinafter referred to as the Interreg Regulation);
- Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument –

[1] The Managing Authority and the Lead Partner are the only Parties to this Contract.

Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (hereinafter referred to as the NDICI Regulation);

- Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union;
- Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid;
- ;
- Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty;
- Regulation (EU) 2016/679 of the European Parliament and of the Council on the Protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation, GDPR);
- Implementing acts and delegated acts adopted in accordance with the aforementioned legislation;
- Financing Agreement concluded between the European Commission, Hungary and Ukraine,

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

- the Interreg VI-A NEXT Hungary Slovakia Romania Ukraine 2021-2027 Programme, approved by the European Commission on 3 November 2022 by Decision Ref No C(2022)8029 (hereinafter referred to as the Programme);
- EU rules regarding EU horizontal policies such as the rules for competition and entry into the markets, the protection of the environment, the equal opportunities between men and women and public procurement;
- national rules applicable to the Lead Partner and its Partners and their activities;
- the relevant national legislation regarding State aid rules;
- documents of the 2nd Call for Proposals of the Programme, published on the official website of the Programme;
- the Project Implementation Manual of the Programme, laying down the programme specific rules for the implementation of the projects;
- Eligibility of expenditures of the Programme;
- Indicator Guide of the Programme;
- the Visibility Manual of the Programme, laying down the programme specific rules on information and publicity measures of the projects;
- the relevant national level legislation governing the rules of public procurement in member states and procurement rules in Ukraine.

Article 1
Award of subsidy

1. In accordance with the decision of the Monitoring Committee, dated […], a subsidy is awarded to the Partnership (represented by the Lead Partner) from the EU funding under the Interreg VI-A NEXT Hungary Slovakia Romania Ukraine 2021-2027 Programme for the implementation of the project No. [project ID] with the acronym [acronym], entitled [project title] (hereinafter referred to as the Project).

Maximum EU contribution awarded:	say:	[…] EUR
Total project budget: (including Lead Partner and the other Partners)	say:	[…] EUR

2. As a general rule, the EU co-financing rate per Partner (including the Lead Partner) cannot exceed 90 per cent of the total eligible expenditures. The amounts of EU contribution and the EU co-financing rates per Partners (including the Lead Partner) are set in Annex II of the Contract (i.e. in the Finalised Project Form). It is the responsibility of each Partner[2], including the Lead Partner, to finance the own contribution of their respective project parts.

3. The maximum amount of EU contribution awarded for the Project and contained in Article 1.1 above cannot be exceeded without a corresponding decision of the Monitoring Committee and the modification of this Subsidy Contract.

4. Should the total eligible costs after the completion of the Project be lower than the budgeted amount, the above-mentioned EU contribution awarded under the Programme will be correspondingly reduced according to the EU co-financing rates per Partners as set in Annex II.

5. For receiving the payment of EU contribution from the Managing Authority and for the transfers of EU contribution to the Partners, the Lead Partner shall open a separate EUR bank account exclusively for the Project. The EU contribution will be transferred in EUR to the following separate project bank account indicated by the Lead Partner:

IBAN account number	
SWIFT code	
Name of bank	
Address of bank	

6. The Lead Partner has to officially notify the Joint Secretariat in written form in case of a change of the separate project bank account within 15 calendar days or with the submission of the Application for Reimbursement at the latest. With the LP's notification the bank account will be modified and the modification of this Contract is not necessary. In case the Lead Partner fails to

[2] In case the Partner receives EU contribution.

properly inform the Joint Secretariat on the details of its separate bank account, all consequences, including those of financial nature, shall be borne by the Lead Partner.

7. Payment of the EU contribution is under the condition that the European Commission makes the funds available to the above-described extent on the Programme bank account and the Memorandum of Understanding signed by the Partner Countries is in force and the Financing Agreement between the European Commission, Hungary and Ukraine is in force.

8. If the European Commission fails to make the funds available on the Programme bank account, either if the Memorandum of Understanding signed by the Partner Countries is no longer in force or the Financing Agreement between the European Commission, Hungary and Ukraine is no longer in force, the Managing Authority will be entitled to withdraw from the present Contract. Any claim by the Lead Partner or the Project Partner(s) against the Managing Authority for whatsoever reason is excluded.

9. If the subsidy to be received for the implementation of the Project is affected by State aid, detailed rules can be found in Annex V of the present Contract.

10. Without prejudice to the provisions of this Article, Programme co-financing to Ukrainian Partners can be made available to the Project only after the respective Financing Agreement has entered into force. By way of derogation from Article 63(2) of Regulation (EU) 2021/1060, expenditure shall be eligible for a contribution from external financing instruments of the Union if it has been incurred and paid in the preparation and implementation of Interreg operations from 1 January 2021 or from the date of the programme submission, whichever date is earlier, but may be claimed from the Programme after the date when the Financing Agreement with Ukraine was concluded.

Article 2
EU advance payment

1. According to the Programme rules the Managing Authority ensures EU advance payment. The amount of the EU advance is equal to 25% of the maximum EU contribution mentioned in Article 1.1. Based on the above-mentioned description the amount of EU advance is […] EUR (say …).

2. Subject to availability of funds as specified in Article 5.7 of the General Terms and Conditions, the amount of the advance is transferred to the separate bank account of the Lead Partner within 60 calendar days from the date of signature of this Subsidy Contract.

3. The approved amount of the EU contribution will be transferred in two forms: One form is advance payment which is 25% of the EU contribution. The other form is reimbursement based on the approved Project Report(s) and Applications for Reimbursement. Once the reimbursed amount reaches 60% of the total EU contribution of the Partner receiving financial support, the Programme starts to settle the advance payment. The amount of settlement will appear on the Application(s) for Reimbursement in which the reimbursement of 60% of the total EU contribution is exceeded. Therefore, when approving these Project Report(s) and Application(s) for Reimbursement the amount of transferable EU contribution will be calculated with the consideration of the settled amount of advance payment. The total amount of a Partner's advance payment is fully settled if the EU contribution part of the eligible expenditure in the Application(s) for Reimbursement reaches 85%.

4. In case the EU contribution part of eligible expenditure in the Applications for Reimbursement does not reach 85% of a Partner receiving financial support by the end of project implementation, the unsettled amount of the advance payment will be recovered by the Managing Authority with (and – if necessary – after) the approval of the Final Project Report. The Lead Partner is obliged to secure repayments from the Partner(s) concerned, and has to repay the amount specified by the Managing Authority before the due date. In case of any delay in the repayment, the amount to be recovered may be subject to interest on late payment starting on the due date and ending on the date of actual payment. 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.

Article 3
Duration of the Project

1. Project starting date: […]

2. Project end date: […]

3. The project activities have to be carried out and finalised within the project implementation period as specified in Point 1 and 2 above and to be in line with the rules of the Project Implementation Manual / Eligibility of expenditures.

Article 4
Object of use

1. The EU contribution is awarded exclusively for the implementation of the Project as approved by the Monitoring Committee and registered in the INTERREG+ system. The Lead Partner accepts the EU contribution and takes responsibility for implementation of the Project as described in Annex II. The Lead Partner shall guarantee the sound financial management of the respective Union funds allocated to the Project, including the arrangements for recovering amounts unduly paid. The Lead Partner declares that it has noted and accepted the provisions of the Contract and of its Annexes in their entirety.

2. Project expenditure which qualifies for the EU contribution awarded according to Article 1.1 consists exclusively of project expenditure related to the approved project activities. The rules for the eligibility of expenditure are set in the Project Implementation Manual / Eligibility of expenditures. The relevant EU Regulations in force, in particular Articles 37 to 44 of the Interreg Regulation, as well as the rules contained in Articles 63 to 66 of the CPR, furthermore the national eligibility rules have to be respected. In case of contradiction between the above-mentioned rules, the stricter rule shall apply. The expenditure related to the Project is eligible only if it is in compliance with the applicable European and national legislation in force and if it observes the terms and conditions stipulated in the Contract. The non-compliance with the relevant rules could lead the National Authority to take corrective measures and exclude ineligible expenditure.

Article 5
Reporting deadlines

1. The Lead Partner shall send Project Reports and Applications for Reimbursement on the basis of the following table:

	Reporting period	Deadline for submission of the Project Reports and Applications for Reimbursement
1.		
2.		
3.		
4.		
5.		
6.		

Article 6
Double funding

1. The Lead Partner shall ensure that expenditure contained in the Project is not double funded by any other European and/or national funds.

2. If in the process of the project implementation it becomes clear that the operation has been financed by any other source of funding, the Lead Partner shall inform the Managing Authority without delay after obtaining information about this circumstance.

Article 7
General Terms and Conditions

1. The present Contract and its Annexes are to be taken as mutually explanatory of one another. For the purposes of interpretation, the priority of the documents shall be in accordance with the following sequence:

   a) Subsidy Contract and Annex I, General Terms and Conditions,

   b) any subsequent amendments of the Contract or its Annexes.

2. The detailed rules governing the obligations and rights of the Parties are contained in the General Terms and Conditions, constituting Annex I which is an integral and indivisible part of the present Contract.

3. Please refer to the contractual provisions and their content as follows (references are to the related Articles of the General Terms and Conditions):

   Article 1 – General provisions

   Article 2 – Representation of the project partnership, liability and obligations of the Lead Partner

   Article 3 – Rights and obligations of the Managing Authority

   Article 4 – Project Reports and Applications for Reimbursement

   Article 5 – Payment of the EU contribution to the Lead Partner

Article 6 – Procurement rules

Article 7 – Information and publicity

Article 8 – Ownership/use of results

Article 9 – Audit rights

Article 10 – Irregularities

Article 11 – Right of withdrawal, cancellation, repayment and suspension of reimbursement

Article 12 – Assignment, legal succession

Article 13 – Amendments to the Contract and other project changes

Article 14 – Force majeure

Article 15 – Conflict of interests and good conduct

Article 16 – Confidentiality, data protection

4. The full list of Annexes to this Contract is the following:

   Annex I – General Terms and Conditions in force as published on the official Programme website

   Annex II – Finalised Project Form

   Annex III – Partnership Agreement

   Annex IV – List of documents to be retained

   Annex V – Applicable project specific State aid rules

5. The Annexes to this Contract are binding and form an integral part of the Subsidy Contract.

Article 8
Concluding provisions

1. If any provision in this Contract should be entirely or partly ineffective, the remaining provisions remain binding for the Parties. The Parties to the Contract undertake to replace the ineffective provision by an effective one which comes as close as possible to the purpose of the ineffective provision.

2. The Parties to this Contract shall use their best efforts to amicably settle 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 Managing Authority shall reply to a request sent for an amicable settlement within 30 calendar days. Once this period has expired, or if the attempt to reach amicable settlement has not produced an agreement within 120 calendar days of the first request, the Lead Partner or the Managing Authority may notify the other Party that it considers the procedure to have failed.

3. The present Contract is governed by Hungarian law, Hungary being the country of the Managing Authority; all matters not regulated in the Contract are subject to the legal understanding laid down in the Hungarian Civil Code (Act V. of 2013). In case of differences that are not ruled by the present Contract, the Parties agree to find an amicable and mutually acceptable solution. If the

Parties fail to do so, all disputes arising in connection with the Subsidy Contract shall be settled by the Buda Central District Court.

4. The present Contract is concluded in English language. In case of translation of the present Contract and of its Annexes into another language, the English version shall prevail.

5. The Lead Partner duly consents to the fact that the Data Controllers (Ministry of Foreign Affairs and Trade acting as Managing Authority and Széchenyi Programme Office Nonprofit LLC. hosting the Joint Secretariat) will manage all the personal data included in the Project and provided in the contracting or project implementation phase, in line with Regulation (EU) 2016/679 (the GDPR).

6. By signing the present Contract the Lead Partner acknowledges that they have understood all conditions governing the subsidy and that they accept the rules of both the Subsidy Contract and the General Terms and Conditions.

7. Provisions on modification of the present Contract are regulated in the General Terms and Conditions.

8. The present Contract is signed in three original copies of which one remains at the Lead Partner and two original copies are to be returned to the Joint Secretariat (out of which one copy will be sent to the Managing Authority by the Joint Secretariat). The Lead Partner is to provide a copy of the Contract and its Annexes to all other Partners.

9. The Subsidy Contract enters into force on the date of signature by the last of both Parties. The Lead Partner undertakes to sign the Contract within 30 calendar days from the date of its reception from the Managing Authority.

10. The present Contract shall remain in force until the Lead Partner has discharged in full its obligations arising from the Subsidy Contract towards the Managing Authority, i.e. as long as any duties linked to the EU funding might be claimed.

Place and date:	Place and date:
Lead Partner represented by	Managing Authority represented by
…….	……
Name Title	Head of the Managing Authority