

JEMS PROJECT Code....

Priority axis...

Objective....

**Co-financing contract
from Romanian national State budget
No...../.....**

The following co-financing contract between

Ministry of Development, Public Works and Administration
16 Libertatii Bvd., north side, 5th sector, Bucharest, Romania, tax registration no.:.....
acting as Managing Authority for the Interreg IPA Romania - Serbia Programme, hereinafter
referred to as MA,
represented by
....., Minister of Development, Public Works and Administration and
..... [Name and address, fiscal registration number],
represented by
hereinafter referred to as Partner(B)

is concluded on the basis of the approved application no. <JEMS code>, having as 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;
- Regulation (EU) 2021 /1529 of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III));
- 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;
- Commission Decision (EU) 2018/1520 of 9 October 2018 repealing Delegated Regulation (EU) No 1268/2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable

to the general budget of the Union;

- Commission Decision No. 5322/2022 approving the Interreg IPA Romania - Serbia Programme for 2021-2027 period;
- Financing Agreement signed between the European Commission, Republic of Serbia and Romania;
- National law and procedures on public procurement for the Romanian beneficiaries;
- National law No. 231/2022 regarding the management and use of external non-refundable funds and of national public co-financing for European Territorial Cooperation Objective;
- Rules of application of National law No. XX/2022 regarding the management and use of external non-refundable funds and of national public co-financing for European Territorial Cooperation Objective, with subsequent modifications and amendments,

§ 1 Award of national co-financing

- 1) The object of this contract is the award of national co-financing by the MA for the implementation of the [code and title of the project], herein referred to as “project”, according to the decision of the Monitoring Committee no..... on [date] in [place].
- 2) The LP receives financing in the terms and conditions stipulated in the present contract. The annexes are part of the contract; the LP must observe the provisions of both the contract and its annexes.
- 3) The LP accepts the funding and shall implement the part of the project for which it is responsible in due time according to the provisions of the present contract and of the national and European legislation.

§ 2 Duration of the contract

- 1) The contract becomes effective on the date the last party signs. The last party signing has the obligation to note the date.
- 2) This contract is effective under the condition that subsidy contract is valid. Thus, the contract ends at the same date as the subsidy contract between the Lead partner and MA.
- 3) The implementation of the project starts the day after when the subsidy contract becomes effective.
- 4) The implementation period of the project is months.
- 5) The co-financing contract ends in 5 years from the final payment to the Lead Partner, provided that all parties fulfilled their obligations.

§ 3 Budget of the project

- 1) The total budget of the operation is EUR <amount in figures> of which:
- the total eligible value EUR (non-refundable financing and the contribution of the partner), respecting the JEMS system calculation of the financial sources, out of which:
 - a. EUR IPA, representing maximum 85 % of total eligible value
 - b. EUR Romanian State Budget co-financing, representing 86,66% of non-IPA partner eligible budget (maximum 13 % of partner eligible budget) from the Romanian partner (s) budget
 - c. EUR Romanian partners own contribution, representing 13.34% of non-IPA partner eligible budget (minimum 2 % partner eligible budget) from the Romanian partner (s) budget
 - d. EUR Serbian partners own contribution, representing the difference between total partner eligible budget and its corresponding IPA funds from the Serbian partner (s) budget (but minimum 15% of the project budget)
 - the total non-eligible value is in amount of..... representing the total of non-eligible expenditure supported by the Lead Partner and partners.

§ 4 Value of the contract

- 1) The value of the present contract is<amount in figures> EUR/<amount in letters>, representing the value of the financing from the MA budget from the total eligible value of the project, proportional to the eligible value of the activities realized by the partner and according to Annex 1 - Approved application form and Annex 2 - Approved Budget. MA commits itself to transfer these funds to the partner, in Lei representing maximum 13% of the total eligible value of the activities realized by the partner.
- 2) Irrespective of possible fluctuation between the exchange rate used for calculation of lei amounts hereunder at the moment when the contract is signed and the exchange rate applicable at the date when any amounts are paid by the MA to the partner,.
- 3) MA will make the transfer of co-financing funds from the state budget in the limit of the existent balance at the date of the project report and in case of insufficient funds, payment process will be suspended until the Ministry of Finance credit the program's account with the amounts representing the co-financing funds from the state budget. the Lead Partner and its partners commit to support from their own budget the funds necessary for the implementation of the project, according to the approved Application and observing the provisions of the present contract and its annexes and of the European and national legislation in force.
- 4) The partner commits itself to support its own contribution and the non-eligible expenditures.
- 5) In case the MA cannot reimburse the expenditures due to lack of available funds at

Programme level, the partner commits to support from its own budget the funds necessary for the implementation of the project, according to the approved Application Form and observing the provisions of the present contract and its annexes and of the European and national legislation in force. The MA shall notify the LP/ partner regarding the lack of available funds.

§ 5 Eligible Expenditures

- 1) Activities and related costs for the project are eligible if they were contracted after the entry into force of the subsidy contract and before the end of the implementation period of the project and paid during 1 month after this period at the latest and provided they are necessary for the project and are stipulated in Annex 1 - Approved application form and Annex 2 - Approved Budget.
- 2) The expenditures related to the project are eligible provided that they respect the provisions of Annex F to the Applicant's Guide - "List of eligible expenditures", including the methodologies for project preparation costs and for project closure costs, the applicable European and national legislation in force, that they are stipulated in Annex 1 -Approved Application Form and Annex 2 -Approved Budget and provided that they comply with the terms and conditions stipulated in the present contract.
- 3) The lump sum of project preparation costs shall be included in the project preparation period of the JeMS and shall be requested as soon as the subsidy contract is signed.

§ 6 Reimbursement of the expenditures

- 1) The partner has the possibility to submit project reports via JEMS to the MA through the LP at any given time, provided that the amount claimed for reimbursement is not lower than 6,000 euro.
- 2) The minimum total amount each partner commits to spend and request for control by the end of the month marking the half of the implementation period is provided below.

Month of implementation	Amounts to be requested for control		
	LP	P2	P3
Total of amounts requested for control at half of the implementation period (month N)	X	Y	Z
Partner's total budget			

- 3) In case the minimum total amounts requested for first level control verification are lower compared to the amounts forecasted for the half of the implementation period,

provided in para.2), the MA is entitled to decommit project funds, by reducing the original project budget and the corresponding IPA contribution, as follows:

- a) 5% reduction of the budget (excluding preparation and closure costs) for the partners who have requested amounts for control lower than 75% of the initial amounts included in the schedule for control requests.
 - b) 10% reduction of the budget (excluding preparation and closure costs) for the partners who have requested amounts for control less than 50% of the initial amounts included in the schedule for control requests.
- 4) In case of a decision on reduction of the project`s budget, the Lead partner shall submit to the MA a revised budget, reflecting the decommitment, within two weeks 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 Managing Authority signing the contract, which will be notified to the Lead Partner/ partner, and which becomes part both of the subsidy and co-financing contract.
- 5) The reduction shall be done without prejudice for beneficiaries` obligation to implement all the activities and achieve all the results, according to the approved application form.
- 6) In case of reduction, the Lead partner together with the partners may decide to give up financing and properly notify the MA within two weeks following the receipt of MA`s notification. In this case, the LP has the obligation to repay to the MA all the funds received.
- 7) A control system has been established both in Romania and Serbia in order to check the expenditure made by the project partners from each country. Therefore, each partner has the obligation to ensure that its expenditures are checked and validated by a controller from the state on whose territory it is located, before the project report is submitted.
- 8) The LP and its partners must present all documents needed for validation of expenditure via JEMS to the controllers and make sure that the partners which have incurred and paid expenditure present their documents, in order to be verified before drafting and forwarding to JS the project report via JEMS.
- 9) In case of clarifications requested from any of the control bodies, the LP/ project partners must answer in maximum 5 working days from the clarification request. In case of failure to observe this deadline, the respective expenditure shall be postponed for decision in a subsequent report (“sitting duck” in JEMS).
- 10) In case partners decide not to externalize activities, as foreseen in the approved Application Form, and decide to implement them “in house”, without requesting the reimbursement of the respective amounts from the Programme, the project budget shall be reduced automatically with the respective amounts. To this end the partners have the obligation of informing the MA in due time, through the LP, regarding the decision taken and request the reduction of the budget. The reduction of budget shall take the form of a decision of the representative of the Managing Authority signing the contract, which will be notified to the partners, and which becomes part both of the subsidy and co-financing contract.
- 11) The project reports submitted by the LP shall contain only validated expenditure and shall be accompanied by the Control certificate issued by the controllers of the project partners. The expenditures that were not validated by the controllers are deemed

to be non-eligible for the programme and shall not be requested for reimbursement, with the exception of the “sitting ducks” representing suspended amounts, and the amounts resulting from the approval of an appeal against Control (that shall be requested again in a subsequent partner report via JEMS, where the appeal supporting documentation will be also uploaded).

12) The partner will receive the 13%, in Lei from the national budget directly, in the account indicated, and opened separately for this project, according to the contribution of the partner to the project. The expenditures resulted from the exchange rate risk are non-eligible expenditures for the project.

13) The expenditure incurred in a currency other than the euro shall be converted into euro by using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the first level controller. The lead partner receives all IPA amounts and will transfer the received IPA amounts to all partners within 5 working days and will make no deduction, retention or further specific charge from the IPA amounts it receives.

14) The interest of the funds transferred by the MA must be resent to the MA.

15) At least every three months the LP shall submit project reports to the JS via e-MS, except for the last reporting period, which can have a different duration. The instructions presented in the reporting models must be followed exactly. All reports must be submitted in English.

16) The final project Report has to be submitted to the JS via JEMS at the latest within **three months** after the end date of the implementation period of the project. Not observing this deadline may result in not reimbursing the amounts. Also, the total amount of the final reimbursement is depending on the fulfillment of the project activities, indicators and results, assessment made based on the Procedure for financial corrections, available on the Programme website.

§ 7 Rights and duties of the parties

A Partner

In addition to the obligations of the partner already stated, the partner undertakes the following duties:

- 1) The partner has the obligation to start the implementation of the operation at the date stipulated at article 2, paragraph 3 from the present Contract.
- 2) The partner has the responsibility of implementing the operation according to the provisions of the present contract, of the Partnership Agreement and of the national and European legislation in force. The partner shall be responsible in front of the MA and lead partner for the implementation of the obligations assumed in the Contract and in the Partnership Agreement, for the implementation of the operation and for achieving the goals stipulated in the contract and its annexes.
- 3) The Partner has to participate in an agreement laying down the arrangements for its relations with the partners participating in the operation comprising, inter alia, provisions guaranteeing the sound management of the funds allocated to the operation,

including the arrangements for recovering amounts unduly paid.

- 4) The partner has to:
 - a) observe the national and European legislation on, state aid, equal opportunities, sustainable development, environmental protection;
 - b) make all expenditure according to the programme relevant public procurement rules.
 - c) select the final beneficiaries of the operation (target groups) by a transparent procedure;
 - d) inform the MA, through the Lead partner, in 5 working days if one of the disbursement conditions ceases to be fulfilled, or circumstances arise which entitle the MA to reduce payment or to demand repayment both of the subsidy and co-financing contract wholly or in part;
 - e) ensure that all changes regarding the partnership, activities or budget must have the approval of the Project's Steering Committee and of the MA/JS;
 - f) know and observe the provisions of the Applicant Guide (published on the programme website www.romania-serbia.net)
 - g) present its expenditures to the controllers for verification via JEMS at least in maximum 15 working days after the end of the reporting period. This deadline is needed in order to allow for maximum 60 calendar days for verification of the expenditure before the deadline for submitting the project report (payment claim in accordance with art. 74 of Regulation 1060/2021. Requests for control not accompanied by appropriate supporting documents will not be taken into consideration.
 - h) the List of eligible expenditure submitted by the partner to the lead partner shall contain only validated expenditure and shall be accompanied by the Control Certificate issued by the Controllers of the project partner.
 - i) to submit in due time to the lead partner, who has to coordinate the submission of the project reports all necessary documents in order to observe the spending forecast;
 - j) have a separate accounting system or an adequate accounting code for all transactions relating to the operation and a separate bank account in "lei"; the accounting system must be in line with the national legislation;
 - k) have established at the level of their institution a set of anti-fraud measures;
 - l) to observe the provisions from the Visual Identity Manual (available on the programme website www.romania-serbia.net);
 - m) observe and make sure that all partners respect the provisions of the JEMS manual (published on the programme website www.romania-serbia.net and also at the following web address <https://jems-rors.mdlpa.ro>)
 - n) to reply to any written requests from the lead partner, MA, NA, JS or any other bodies involved in the implementation of the Programme in the deadlines stipulated in the respective requests;

- o) The 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 license 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 2021/1060.
- 5) The partner declares on its own responsibility that the operation is not being financed from national or European public funds, and that it did not receive financing from national or European Programmes for the same project;
- 6) Any results or rights related to the project, including author rights and/or any other intellectual or industrial property rights, obtained from the implementation or as a result of the implementation of the contract, except the case where such rights were present before the contract, shall represent the property of the partner, as the case may be. All projects' results must be presented in English.
- 7) The partner takes full responsibility for the damages caused to third parties from its own fault during the implementation of the operation. MA and lead partner have no responsibility for the damages caused to third parties as a result of executing the contract;
- 8) The Partner cannot mortgage, sell or impose any other form of bank guarantee on the goods purchased from the financing throughout the entire validity period of the contract.
- 9) By exception from the provisions of the previous paragraph, the partner may mortgage or impose other form of bank guarantee on the capital asset/s that represent/s the subject of financing throughout the entire validity period of the contract, provided the value of the credit obtained does not exceed the total value of the beneficiary's budget.
- 10) The partner, via the Lead partner has to inform the Managing Authority and present the following documents in maximum 10 working days from the signing of the contract:
 - a. The evaluation of the asset (if the asset was already delivered), performed by a bank or independent evaluator.
 - b. A copy of the contract or, in case of mortgage a copy of the documents related to the registration of the mortgage in the relevant public registers.
- 11) The Managing Authority reserves the right not to agree with the mortgage or with other form of bank guarantee.
- 12) In case the bank/institution where the credit was obtained imposes on the partner to use its own account, then all the expenditures related to the project implementation must be performed from the respective account.
- 13) In case of projects comprising investment in infrastructure or productive investment, the Lead partner shall reimburse the MA the amounts received according art. 65 of Regulation (EU) no. 1060/2021 if within 5 years of the final payment it is subject to any of the following:
 - a) a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;

- 14)b) substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives. The partner understands and agrees that MA has delegated tasks to the JS, according to the Implementing Agreement concluded between the MA and the JS and therefore the partner agrees to cooperate with the JS in the same way as with the MA.
- 15) In duly justified cases, not imputable to the partners, when project partners are in impossibility of fulfilling their obligations according to the contract, they may request through the Lead partner and with the written agreement of all partners, the suspension of the implementation period, for a clearly determined period of time. After verifying the conditions, the MA may approve, under its specific conditions, through a written decision of the representative of MA signing the contract, the suspension of the contract starting with the date indicated by the beneficiaries. The partners requesting the suspension of the implementation period has the obligation to inform MA in maximum 3 days from the date when he took notice of the situation, in any written form (including e-mail) and the Lead Partner has the obligation to submit all the relevant documents in maximum 5 working days, including the written agreement of all beneficiaries. During the suspension period no activity shall be performed by any of the project partners.
- 16) As an exception to the previous paragraph, when the suspension of the contract could harm another partner unaffected by the situation which would justify the suspension, by stopping his activities, LP, with previous agreement of all partners, may submit a request for prolongation of the implementation period for a period equal to the one for which the suspension would have been necessary, observing the Programme's provisions.
- 17) The partner is at all times obliged to retain for audit purposes all files, documents and data about the project on customary data storage media in a safe and orderly manner.
- 18) During the implementation period of the project as well as after the end of the implementation period of the project, a 5-year period from 31 December of the year in which the last payment by the managing authority to the partner is made, the partner has the obligation to preserve and to present, to the Joint Secretariat (JS, within the Regional Office for Cross-Border Cooperation Timisoara, Romania), MA,), Audit Authority (AA, within the Romanian Court of Accounts), European Commission (EC), European Court of Auditors and any other body designated to perform controls on the use of the financing, all project documents, including the inventory for the actives gained as a result of using the funds. The time period shall be interrupted either in the case of legal proceedings or by a duly justified request of the Commission. The documents must be properly archived. Also, the MA must be informed on the location of these documents.
- 19) The partner must implement the recommendations received after an audit/ control, otherwise the MA has the right to terminate the contract.
- 20) In case of lack of available funds at Programme level, the partner has the obligation of ensuring from its own budget the necessary funds for implementing the operation according to the approved Application Form, the present contract and the national and European legislation in force. The MA shall notify the LP/ partner regarding the lack of available funds.

- 21) The partners must notify, through the LP, the MA within 15 days after following the finalization of implementation of a public procurement contract of any remaining funds/ savings at project level.
- 22) The partners, through the LP, must clearly specify in the notification the amounts of the remaining funds and if there is a need of re-using these within the project.
- 23) The LP and its partners must ensure the sustainability of the project results and, after the project's implementation period has ended, the following 5 years the LP has the obligation to submit annually a sustainability report (Annex 12).

B Managing Authority

- 1) The MA has the obligation to inform the LP regarding the reports, conclusions and recommendations made by the European Commission or Audit Authority that may affect the implementation of the present contract.
- 2) Additional obligatory deadlines to submit a project report may be set by the MA in order to avoid decommitment of IPA contribution at programme level. The additional deadlines shall be communicated at least 2 months in advance to the LP/ partner.
- 3) In case one of the obligations of the partner's not fulfilled, the MA may suspend the execution of the contract.
- 4) In case of suspending the subsidy contract, the MA may suspend the execution of the present contract.
- 5) In case of suspending the contract, the MA notifies the partner regarding this decision, suspension period, corrective measures and also the related financial measures. The MA also notifies the partner when the suspension period is finished before the initially set deadline.
- 6) The MA has the right to decide on the eligibility of expenditure included in the project reports.
- 7) The MA is entitled to verify and to control the proper use of funds by the beneficiary. The verifications to be carried out by the managing authority shall cover administrative, financial, technical and physical aspects of the project, as appropriate, including of 5 years after the final payment to the project. The MA shall be responsible for the control of the proper use of funds by the LP or by its partners, in particular through preventing, detecting and correcting irregularities and recovering amounts unduly paid together with interest on late payments where appropriate.
- 8) The responsible auditing bodies of the EU and the two partner states and, within their responsibility, the Audit Authority from Romania and the group of auditors as well as the MA are entitled to audit the proper use of funds by the LB or by its project partners or arrange for such an audit to be carried out by authorized persons.
- 9) MA is entitled to verify the sustainability of the project for a period of 5 years after the final payment to the project.
- 10) The MA shall authorize all eligible expenditures approved for a project report submitted via JEMS, as per the Control Certificates issued by the controller and recommendation of the JS and own verifications.
- 11) The Managing Authority may issue instructions in accordance with the Programme rules

for the purpose of implementation of the present contract, which shall be communicated to the partners and to the National Authority and posted on the Programme's website. The instructions shall enter into force from the date of their communication, will become part of the contract and are mandatory for the LP and partners.

12) The MA is entitled to publish data regarding the project in accordance with Article 49(3) of Regulation (EU) no. 1060/2021.

13) Subject to availability of funds, the Managing Authority shall pay the total due amount of eligible public expenditure no later than 80 days from the date of submission of the project report by the Lead Partner to the JS, in conformity with the deadline mentioned at the article 74 (1) of the Regulation (EU) no. 1060/2021.

14) The payment deadline mentioned in paragraph 14 may be interrupted by the Managing Authority in accordance with the provisions of Article 74 (1) of the Regulation (EU) no. 1060/2021;

15) The payment deadline shall be resumed once the cases mentioned above have been solved.

16) The Managing Authority may decommit/use the remaining funds following the finalization of public procurement procedures and/or public procurement contracts at project level, as per the provisions of para 7, part A, art. 21.

17) In case the project contribution to indicators is lower compared to the application form, the MA is entitled to decommit project funds by reducing the original project budget and the corresponding IPA contribution, according to the Programme specific procedure (Procedure for financial corrections to be applied to projects that do not/partially achieve the indicators set in the subsidy contract Interreg IPA Romania-Serbia Programme).

18) The MA and the JS analyses the progress and the deficiencies encountered in the implementation period of the project and will make suggestions to the project partners for their improvement.

§ 8 Publicity

1) The partner must inform the public by means of the measures laid down in Annex IX of Regulation (EU) no.1060/2021, about the assistance obtained from the Funds.

2) The partner is responsible for the implementation of the information and publicity activities related to the non-reimbursable financial assistance received through the programme.

3) The Partner must ensure transparency and accurate information to the mass media on the projects financed under the Programme.

4) All information and publicity actions developed by the project partner (including the Lead Beneficiary) must observe the Visual Identity Manual (available on the programme website: www.romania-serbia.net or on request at the Joint Secretariat).

5) The rules stipulated in the Visual Identity Manual are mandatory for the Lead partner and all partners.

- 6) The publications edited within a project financed under the Programme shall include the name of the project and reference to the EU co-financing of the Programme, on the first and the last cover. The publications shall also contain contacts (persons, institution/organization, phone, fax, email and postal address) for the persons interested in finding out further details. The responsibility for the content of materials belongs solely to the partner.
- 7) For all information and publicity actions developed by the project partners, they must archive in a single place (hard copy and/or electronically) the documents related to these activities (e.g.: information and publicity materials they produced: printed materials, audio-video materials).
- 8) The partner is responsible to inform the Joint Secretariat regarding the information and publicity measures taken in order to promote the projects financed under IPA.
- 9) By accepting the funding, the partner gives their acceptance for their inclusion in the list of projects published in accordance with Article 49(3) of Regulation (EU) no. 1060/2021.
- 10) The partner shall ensure the proper means of communication between the project and the programme, including:
 - a. participation, whenever requested, in trainings organized by the JS;
 - b. participation, whenever requested, in other events organised by the Programme with the purpose of presenting/ discussing/ developing/ sharing project results and creating synergies with other projects and relevant organisations.
 - c. providing a visible link on the project's website to the Programme website.
- 11) The competent structures within the MA, upon notification from the JS, verify compliance with the mandatory requirements regarding information and publicity measures contained in the Visual Identity Manual and the applicable European regulations, propose remedial actions and, where remedial actions have not been put into place, the managing authority shall apply measures, taking into account the principle of proportionality, by cancelling up to 2 % of the support from the funds.

§ 9 Confidentiality

- 1) With the exception of the situations foreseen at art. 7 A para. 18 and art. 8, the Managing Authority and the partner undertake to preserve the confidentiality of any document, information or other material communicated to them in confidence until at least five years from the official closure of the Programme. 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) The data used for publicity purposes, for informing on and promoting the use of IPA funds, shall not be considered as having confidential status.
- 3) Notwithstanding the obligations set forth by this contract and its Annexes to it 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 Managing Authority has the right to release information regarding the project at the request of public institutions, investigating the project.
- 5) The contracting party shall bare no responsibility for releasing information on the contract if:
 - a. the information was released with the written agreement of the other contracting party; or
 - b. the contracting party was legally forced to release the information.
- 6) Failing to observe the confidentiality obligation gives the damaged party the right to claim compensations from the damaging party.
- 7) The partner shall not use confidential information for any aim other than fulfilling their obligations under this Contract unless otherwise agreed with the MA.

§ 10 Conflict of interests

- 1) In the present Contract, the conflict of interests represents any circumstances that have affected or may affect the execution of the contract by the parties in an objective and impartial manner. Such circumstances may result from reasons involving family, emotional life, economic interests, political or national affinities or any other shared interest with the recipient.
- 2) The parties take upon themselves to take all necessary measures in order to avoid any conflict of interests and to keep each other informed, in up to 5 (five) days from finding out, on any circumstances that have generated or may generate such a conflict. Any conflict of interests that arises during the implementation of the contract shall be immediately notified to the JS. The MA reserves the right to verify such circumstances and take the necessary measures, if the case.

§11 Irregularities and recovery of the funding

- 1) “Irregularity” according to the current Contract means any breach of Union law, or of national law relating to its application, resulting from an act or omission by partners or an economic operator involved in the implementation of the IPA Funds, which has, or would

have, the effect of prejudicing the budget of the Union or the national budgets by charging an unjustified item of expenditure to the budget of the Union or the budgets these manage in their name and/or the budgets granting the related co-financing.

2) MA shall show zero tolerance to any suspected cases of fraud and shall take all necessary measures to prevent and correct such cases.

3) In case of irregularity, the MA shall impose to the partner all the necessary measures for the elimination or diminishing of the consequences on the implementation of the project.

4) MA may suspend or terminate the contract in case the partners fail to take the measures imposed.

5) In case an irregularity is confirmed, the Romanian partner is responsible for repaying to the MA the co-financing amount affected by the irregularity. The amount to be repaid to the MA will be calculated taken into account all flat rates that were automatically granted according to the Programme rules.

6) The MA takes the decision for suspending/terminating the contract, after verifying the reasons presented by the LP and/or JS and the related documents.

7) In case the contract shall be terminated, the MA notifies the partner regarding this decision and the related financial measures. In this case, within 30 days from receiving such notification, the LP and / or project partners shall fully return the amounts specified in the notification, without deducting any bank charges.

8) For the irregularities committed by a project beneficiary, the LP is entitled to request these amounts from the responsible project partner in order to be repaid to the MA. In specific cases, for irregularities discovered after payment of the final project report via the eMS, the partners may repay the due amounts directly to the MA, notifying the LP about this option.

9) Any extra payment done by the MA is considered unduly paid amount, and the LP has to repay the respective amounts within 30 days from the receipt date of such notification from the MA.

10) In case the irregularity is discovered before the final payment, the MA is entitled to diminish the reimbursed amount starting with the next payment until the total recovery of the debt, to which the bank charges are added.

11) In case the irregularity resulting in an unduly paid amount is discovered after the final payment or the debt was not entirely recovered, the MA shall notify the partner regarding the unduly paid co-financing amount, and the LP has the obligation to return, within 30 days as of the receiving date of the notification, the amount, including bank charges.

12) The final payment will be made only after the recovery of any known debts from the Lead partner and/or any other partner of the project.

13) Starting with the 31st day as of the expiry of the deadlines stipulated at paragraphs 7,9,11 an interest rate bigger with one and a half points than the rate applied by the European Central Bank as in force on the first working day from the month of the deadline date shall be applied to the owed amounts.

14) In case the European Commission applies financial corrections to the Programme on

the basis of extrapolation or flat rate, the Managing Authority may decide to cover these corrections from the projects' budgets, concerned by the corrections by applying the same flat rate.

15) In case of observations and/or reservations raised by the Commission on the description of the Management and Control System of the Programme or in case of a system error detected, the MA has the right to temporarily withhold payments to a particular partner (LP or P) 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.

§ 12 Assignment, legal succession

1) The partner cannot renounce totally or partially the rights and obligations resulted from the present contract unless it has the clear agreement of the MA/ the Joint Monitoring Committee.

2) In case of legal succession, e.g. where the partner changes its legal form, the partner is obliged to transfer all duties under this contract to the legal successor. The partner shall notify the Lead partner and the MA about any change with 15 working days beforehand.

§ 13 Amendment

1) Any modification to the present contract shall be done with the agreement of both parties, with the exception of the situations foreseen at Articles 6(4), 6(10), 7 A(15) - Partner section and 7 B (11), (16), (17) - Managing Authority section of the present contract, any modification to the present contract shall be done with the agreement of both parties.

2) Any request for modification of the Co-financing Contract has to be justified and submitted by the LP to the Joint Secretariat in a written form. The Joint Secretariat will analyze the request and may request additional information and other clarifications and submits it for approval to the Managing Authority or the Monitoring Committee according to the type of the modification requested. The addenda to the Contract have to be signed by both parties.

3) As an exception from the provisions of paragraph 1, the partner may operate the following changes, through a notification with justification sent to the MA:

- a. Change of headquarter, bank account may be done and shall be forwarded to the MA within 15 days following the change of address, bank account;
- b. Change of the legal representative of the project partners shall be notified to the MA within 15 days following the change of the legal representative;
- c. Replacement of the project team members, except the project manager.

4) For the modification of the contract through addenda, these shall be sent to the JS,

together with the No objection letter issued by NA for Serbian LPs, with minimum 67 working days before the addendum is intended to produce its effects. JS shall send it, after verification, to the MA in maximum 7 working days from its receipt from the partner. If clarifications are needed, these shall be requested from the partner and the partner is obliged to answer in maximum 5 working days. Following MA's approval, the JS shall inform the partner in 1 working day and the partner will operate the changes in JEMS in maximum 3 working days.

- 5) Notwithstanding the provisions of para. 4, the project implementation period and/ or the value of the grant for the projects contracted under this call for proposals may be increased¹ by decision of the Monitoring Committee, based on the proposal made by Managing Authority in consultation and National Authority, after careful consideration of the Lead Partners' justifications. The increase of the project implementation period and/ or the value of the grant shall be done in consideration of achieving the objective(s) of the project and its indicators.
- 6) Addenda become effective on the day of the signature by the last party.
- 7) Only from the moment the addenda or notifications enter into force and are operated by the partner in JEMS may the partner submit project reports for the activities effectively carried out/costs actually incurred that are subject to the stated addendum or notification.
- 8) Costs incurred prior to the entry into force of addenda or notifications are on the financial risk for the partner.
- 9) The LP/partner agrees and understands that the MA has the right to refuse the signature of the addenda or approve notifications.
- 10) Modifications incurred in the respective national/ European applicable legislation with impact on the implementation of the contract, become effective from the date the respective legal act enters into force without being confirmed through addenda.
- 11) Modifications incurred in Annex 6, 7, 8, 11, 12 become effective from the date the revised version is communicated to the partners and to the National Authority and posted on the Programme's website, without being confirmed through addenda.
- 12) The LP has the obligation to inform all partners about the approval by the MA of the addenda or any other contract modification within maximum 10 working days from its entry into force.
- 13) As an exception from the previous provisions, any other changes must be duly justified and shall be subject to the Programme Monitoring Committee's approval (changes of partners, changes in budget lines over € 50.000,00, changes between partner budgets, etc.) and will be operated by addenda to the present contract. In this case, the MA may decide to suspend the implementation of the project until the MC Decision.

§ 14 Termination

¹ The new project implementation period and/ or the new grant value may exceed the maximum duration/ value, as specified in the current Applicant Guide.

- 1) Any breach of the provisions of the present contract may result in the termination of the present contract and in the recovery of the financing, including any interest and/or related bank charges.
- 2) The MA is entitled to terminate this contract, after a previous conciliation procedure and to demand repayment of the co-financing amounts already paid for the following cases, but not limited to these:
 - a) The MA finds an inconsistency between the reality and the declarations of the partner in the application form, regarding the financing of the project from national or European public funds, or regarding the financing from other national or European Programmes; or
 - b) The MA or audit bodies find that the subsidy awarded has been partially or entirely misapplied for purposes other than those agreed upon herein, including 5 years after the final payment; or
 - c) The partner closes down; or
 - d) The MA finds that during the entire validity period of the contract, the LP or any project Partner wholly or partly sells or transfer in any form the right of property of the goods purchased from the financing, including under the conditions of article 65 from Regulation 1060/2021 a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage; a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.);
 - e) The partner fails to observe the provisions of article 7 paragraphs 9-12 of the present contract;
 - f) The MA decides that the project is ineligible, if during its implementation, including 5 years after the final payment modifications appear that affect the implementation conditions/ create for a third party an unjustified advantage, and the modification is the result of a change in the nature of the property/ ceasing/ change of the location of the project; or
 - g) The MA finds that, during the implementation period of the project, including 5 years after the final payment, the LP or any project partner wholly or partly sells the project/goods purchased from the financing granted herein to a third party; or
 - h) The MA finds that the partner failed to notify the MA in the deadline on a case of conflict of interests or the necessary measures for ending such a situation were not taken; or
 - i) The MA finds that the partner made false declarations regarding the VAT eligibility and state aid.
 - j) the project has not been or cannot be fully implemented by carrying out the planned activities, the planned outputs and results or the project cannot or could not be realized in due time;
 - k) the partner has failed to submit within the deadlines required reports or proofs, or to supply necessary information, within the set deadline and has not justified these delays; or
 - l) the LP or the project partners has/have impeded or prevented the auditing or

- control; or the recommendations resulted from the audit missions are not observed;
or
- m) a fraud is discovered at the LP/project partner level; or
 - n) the LP/partner has failed to fulfill any other conditions or requirements stipulated in this contract; or
 - o) The LP/partner fails to submit two project reports within the reporting deadlines; or
 - p) the partner fails to provide immediate information about circumstances that delay, hinder or make impossible the realization of the project, as well as about any circumstances that trigger a change of the reimbursement conditions and frameworks as laid down in this contract or which entitle the Managing Authority to reduce or demand repayment of the IPA contribution wholly or in part.
- 3) In case the indicators are not reached as mentioned in the approved Application Form, the MA has the right to decide the termination of the contract and to demand the repayment of already reimbursed funds, or to apply corrections according to Programme specific procedure (Procedure for financial corrections to be applied to projects that do not/partially achieve the indicators set in the subsidy contract).
- 4) In case the European Commission takes the decision of interrupting or totally suspending the funds, the Managing Authority may terminate the contract.
- 5) In 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 the Beneficiary(ies) 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 payments will not be made and the Contract may be terminated.”
- 6) In all cases where, if the MA exercises its right of termination, the partner is obliged to transfer amounts paid as an advance/reimbursed to the MA. The amounts must be repaid within 30 days following the date of the receipt of the notification by the partner; the due date will be stated explicitly in the termination decision. In case of non-payment at the due date, penalties bigger with 1.5 (one and a half) point than the rate applied by the Central European Bank from the first working day from the month of the deadline date shall be applied to the owed amounts. These penalties will not be supported from the contract value (they are non-eligible expenditure).
- 7) If any of the circumstances stipulated at paragraph 2 appear before the entire amount is paid to the partner, the payments will cease and there will be no requests from the Lead partner for the reimbursement of the remaining amount.
- 8) For all cases of contract breach, the partner is legally late.

§ 15 Force majeure and fortuitous event

- 1) Force majeure is any external even considered unforeseeable, absolutely invincible and inevitable, occurred after the conclusion of the present contract that prevents a party

from performing any of its obligations. Force majeure, established under the law, exonerates the party in case of failure of performing the obligations under this Contract, in whole or in part, as long as they act only if the other party has been duly notified. It is not considered force majeure any event similar to those above which, without creating an impossibility of execution, determines one or the other party to perform its obligations with extremely high costs.

- 2) The party invoking force majeure shall notify the other party of the force majeure event, within five days from the date when the event occurred. The party invoking force majeure has the obligation to send to the other party the document stating the existence of force majeure, within 15 (fifteen) days from the date of its communication by the competent entity. The party invoking force majeure has the obligation to communicate the date of termination of the force majeure, within five (5) calendar days from its termination/it ceased to exist.
- 3) The responsible party will support all costs of the notification procedure.
- 4) The parties shall endeavor to take all necessary measures/to perform all necessary actions in order to limit the consequences of Force Majeure.
- 5) If the party invoking the force majeure does not properly notify the commencement and termination of the force majeure according to the terms and conditions laid down in the present contract, it will not be exempted from its responsibility and will be held responsible for any loss caused by the lack of notice to the other party. The responsible party will support all related costs (if any) if the notification procedure is not observed.
- 6) The execution of the contract is suspended during the period of “force majeure” for the period the event exists.
- 7) In case of suspension according to para.6), 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.
- 8) In case the contract must be suspended from this reason on a period longer than three months, the Parties will meet within a period of ten (10) days before the three months period expires, to agree on how to continue, modify or terminate the Contract.
- 9) Fortuitous case does not exonerate the parties of their obligations foreseen in the contract.

§ 16 Correspondence

- 1) Any legally binding correspondence and any official notifications can be lawfully served at the following address:
 1. For the MA -.....[Name, address, telephone, fax, email address, fiscal registration number] (as MA)
 2. For the JS -.....[Name, address, telephone, fax, email address, fiscal registration number] (as JS)
 3. For the Partner-[Name, address, telephone, fax,

email address, fiscal registration number]

- 2) All correspondence between the MA and the partner shall be done through the JS, in English.
- 3) Any change of headquarters shall be forwarded to the other party of this contract within 15 days following the change of Address.

§ 17 Transparency

1. The present contract, including its annexes, together with the information and documents regarding its implementation represent public information according, respecting the exceptions foreseen by law and of those established by the present contract.

2. The following elements, as they are in the present contract and its annexes, including addenda, if the case, cannot be considered confidential:

- a) The name of the project, full name of the partner and of the partners, commencement and end date, contact information - at least an email address and a phone number - functional for the project team, place of implementation of the project - town, county, region and, if the project implements activities which are addressed to the public, the exact address and contact details for spaces dedicated to these activities in the project;
- b) Total value of the non-refundable financing, the intensity of support expressed both as a concrete amount, and as a percentage of total eligible project cost and the amount of payments done;
- c) The dimension and characteristics of the target group and, case by case, the final partners of the project;
- d) Information regarding the human resources of the project, namely: name, position, working time;
- e) The estimated results of the project and the ones already achieved, including the ones corresponding to the objectives, as well as the ones corresponding to the activities, addressing the indicators established;
- f) Name of the suppliers, services providers and works enterprises contracted within the projects, as well as the object of the contract, its value and the amount of payments done;
- g) Elements regarding the sustainability of the projects results and the durability of the infrastructure or productive investments - information provided according to the contract and according to art.65 of Regulation 1060/2021.

§ 18 Protection of personal data

1. Personal Data processing, storage and collection shall be performed 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) for the purpose of

project implementation and monitoring, fulfilment of its objectives, as well as statistical purpose.

2. Personal Data, as classified by Regulation (EU) 679 / 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, shall be processed in accordance with the laws aforementioned throughout the Agreement Term, including during the Agreement objective check and follow-up, to the purpose and legal ground for which/based on which this contract is concluded.

3. The parties shall take appropriate technical and organizational actions, according to their respective institutional powers and duties to ensure a proper Personal Data security level, either in their processing and re-processing, or in their transfer to third-parties and publishing on internal or external public sources;

4. The parties shall provide, according to their own institutional powers and duties, all the technical and organizational conditions to keep the Personal Data confidentiality, integrity and availability;

5. The parties shall inform and notify each-other within maximum 24 hours, on any processing security breaches related to the Personal Data from this Agreement, in order to be urgently adopted the required technical and organizational actions and to be notified the National Supervisory Authority for Personal Data Processing (ANSPCDPC), according to the obligations arising from the provisions of Regulation (EU) No 679 / 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;

6. The parties, by their representatives assigned to process the Personal Data in this Agreement and in the Addendum to it, shall keep records of the processing activities according to Article 30 of the Regulation (EU) No 679 / 2016;

7. Each partner has the obligation of obtaining and keeping of the records of the acknowledgements of the persons which are part of the projects' 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 projects' objectives.

§ 19 Data communication

1. The Partner agrees that the documents and information mentioned in art.17, para.(2) referring to transparency will be provided by the MA/JS, in case the programme authorities receive a request in this sense, observing the provisions of the contract.

§ 20 Final provisions

1) In case a dispute arises between the MA and the partner, regarding the implementation of the present contract, a friendly conciliation shall be attempted. The competent legal authorities from Bucharest shall solve the dispute in case no mutual agreement can be reached.

2) Romanian law governs the present contract.

3) The present contract forces the parties to observe in all and with good faith every provision, according to the principle of the bindery legal force of the contract between parties.

4) If any provision in this contract proves to be wholly or partially ineffective, the parties to this contract undertake to replace it by an effective one which comes as close as possible to the purpose of the ineffective provision.

§ 21 Signatures

1) This co-financing Contract is issued in two originals, in English language, one for the partner and one for the Joint Secretariat.

2) The following Annexes shall be deemed to form and be read and constituted as part of this contract:

Annex 1: Subsidy contract

Annex 2: Approved application form

Annex 3: Approved Budget of the project

Annex 4: Signed Partnership Agreement

Annex 5: Applicant`s Guide available on the Programme Website <https://www.romania-serbia.net/> section Applicant`s guide

Annex 6: Public procurement procedure

Annex 7: Advance request template

Annex 8: Project report -JEMS template

Annex 9: Addendum template

Annex 10: Control manual

Annex 11: Sustainability report

3) The 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) Co-financing contract

b) Any subsequent amendments of the contract and its Annexes made in accordance with the provisions of Article 13.

Managing Authority

Partner

Legal representative:

Legal representative:

Name:

Name:

Signature

Signature

Date

Date

