

**Interreg  
Europe**



European Union | European Regional Development Fund



*Sharing solutions  
for better regional policies*

# Subsidy Contract & Project Partnership Agreement

6 December 2016 - Second call lead partner workshop



# Subsidy Contract

- **Contract between the Managing Authority (MA) and the lead partner (LP) – “Lead partner principle”**
- **Determines the rights and obligations of the LP and the MA**



# Simplification

- **Designed as static document**
- **Understandable language / definitions**
- **Details of procedures in the programme manual**



# Subsidy Contract - structure

- **First page : project title and LP organisation**
- **Definitions**
- **Core part : 19 articles**
- **Signature page**
  
- **Annex 1 latest approved application form**
- **Annex 2 latest approval notification letter**



# **PROJECT PARTNERSHIP AGREEMENT**

# Project Partnership Agreement (1)



- **Compulsory agreement between the lead partner (LP) and project partners (PP)**
- **Template provided – amendments possible but LP/PP bear the risk of contradiction with the subsidy contract**

# Project Partnership Agreement (2)



- **All obligations deriving from the subsidy contract applicable**
- **Additional provisions to be negotiated between partners (eg. decision making, preparation costs)**

# Project Partnership Agreement (3)



**Annexes to the project partnership agreement (art. 2) :**

- **Annex I - latest approved application form**
- **Annex II - subsidy Contract**
- **Annex III - budget by budget line, spending plan, allocation of tasks, objectives, outputs and results by partner**
- **Annex IV - preparation costs division**





# SUBSIDY CONTRACT



# 19 articles

- Article 1: Legal framework
- Article 2: Award of subsidy
- Article 3: Terms of funding
- Article 4: Duration of the contract
- Article 5: Eligibility of expenditure
- Article 6: Electronic submission
- Article 7: Project and programme performance
- Article 8: Financial claims, reporting progress and changes in project
- Article 9: Liabilities, representation of partners and obligations of the lead partner
- Article 10: Project partnership
- Article 11: Audit rights, evaluation of the project and archiving of documents
- Article 12: Information and communication
- Article 13: Intellectual property rights
- Article 14: Termination of the contract and recovery
- Article 15: Legal succession and assignment of rights
- Article 16: Complaints and disputes
- Article 17: Applicable law
- Article 18: Other provisions
- Article 19: signatures



# Article 1 - Legal framework

- **EU Regulations**
- **Programmes rules** detailed in **the programme manual** (latest version on website)
- **National rules** for cases not covered by EU Regulations and Programme rules

see “In my country section” of the website



# Article 2 & 3 Award of subsidy

## **General conditions :**

- award of the subsidy to the LP to implement the project
- maximum amount of the subsidy in the application form
- contract is signed by both parties
- subject to availability of EU / Norwegian funding

## **LP and Partners' obligations about:**

- compliance with state aid regulations
- adequate audit trail



# Article 4 – Duration of the contract



**Project duration** (project start date-end date)



**Period of eligibility of expenditure** (date of approval to project end date)



**From date of the approval decision  
to end of the archiving obligations period**



# Article 5 – Eligibility of expenditure

- **Criteria for the eligibility of costs**
- **Use of a separate accounting system or accounting code**
- **20% budget flexibility rule**
- **Preparation costs – lump sum of EUR 15,000** (added to the LP costs reported in the first progress report)



# Article 6 – Electronic submission

- **Regulatory obligation**
- **Use of iOLF for the submission of revised application form, progress reports and requests for changes of the application form**



# Article 7 – Project performance

- **If objectives / outputs / results in the application form are not met**
  - **corrective measures may be taken by MA**
  
- **If delays in the activities or budget not spent according to plan**
  - **subsidy may be reduced or contract ended**
  
- **Decommitment risk if spending plan not respected**
  - **funds not requested on time may be lost**





# Article 8 - reporting and changes

- **Reporting procedures in programme manual**

**Phase 1 : every 6 months**

**Phase 2 : at least once a year**

- **Budget reallocation beyond 20% flexibility**

**Possible once during the project lifetime**



# Art. 9 - Liabilities & LP obligations

- **The LP is liable for any breach or default by LP/PP**
- **The LP is liable for the total value of the subsidy**
- **Obligations of the LP** (project partnership agreement, sound financial management, implementation of the project, First Level Control verifications)
- **List of cases where the LP must inform the MA of changes concerning the project or partners** (eg. change of legal status, contact details...) immediately or through the progress reports



# Article 10 - Project partnership

- **Only costs paid by project partners are eligible**
- **Project partners = partners named in the application form**
- **Project partnership agreement is compulsory**



# Art. 11- Audit, evaluation, archiving

- **Audit and evaluation**
- **Archiving of documents**
- **Period for archiving will be communicated by MA after closure of project**

# Art. 12 - Information and communication



**Information given in the  
communication workshop**

# Art. 13 - Intellectual property rights



- **IPR prior the project ? Notify them to MA**
- **IPR generated by the project ? Cover ownership question in partnership agreement**
- **Results of projects have to be made available to the public free of charge**

# Art. 14 - Termination and recovery



- **List of cases where the contract can be terminated by MA and / or funds recovered**
- **Possibility to recover funds from another Interreg Europe project in which the concerned partner is participating**



# Art. 15 – Transfer of rights

- **Right of the MA to transfer its rights and obligations**
- **Right of the LP to transfer its rights and obligations, only after prior written consent from MA**
- **If legal succession, obligation for LP to transfer all rights and obligations and notify the MA**



# Art. 16 - Complaints and disputes



- **Procedure in programme manual**
- **If no amicable settlement possible, jurisdiction of the Tribunal of Lille for legal disputes**



# Article 17 - Applicable law

- **French law applicable in case of disputes for the interpretation of the contract**
- **Bilingual contract but both EN and FR version equally valid**

# Art. 18 & 19 Other & signatures



- **Amendments to the contract – new notification letter**
- **All communication in EN / contact details on the website**
- **Signatures : all originals to be signed by the MA and LP representative**



# Disclaimer and reading list

This presentation is **for information only (not binding)** and does not replace a careful reading of the subsidy contract and partnership agreement.

**All project partners should carefully read :**

- **the subsidy contract**
- **the partnership agreement**
- **the annexes to these documents**
- **the programme manual**
- **the section “In my country” of the website**

**Interreg  
Europe**



European Union | European Regional Development Fund



*Sharing solutions  
for better regional policies*

# Thank you!

Questions welcome



Interregeurope