



Subsidy Contract

Project Code: DTP2-055-2.2

Acronym: EcoVeloTour

SUBSIDY CONTRACT

for the implementation of the project

DTP2-055-2.2 – EcoVeloTour

**Fostering enhanced ecotourism planning along the Eurovelo cycle
route network in the Danube region**

within the Danube Transnational Programme

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

Ministry of Finance hosting the **Managing Authority/Joint Secretariat** of the Danube
Transnational Programme (hereinafter referred to as MA/JS),

Official address: 1051 Budapest, József nádor tér 2-4.

Tax number: 15303392-2-41

on one hand,

and

Name: City of Budapest, District 14 Zuglo Municipality

Official address: Petervarad u.2, 1145, Budapest, Hungary

Tax number: 15735777-2-42

Name of bank and address: OTP Bank Nyrt., Nador utca 6, 1051 Budapest, Hungary

IBAN number: HU29 1178 4009 1551 4004 1095 0009

SWIFT code: OTPVHUHB

Official representative: Gergely Karácsony

acting as **Lead Partner** (hereinafter referred to as **LP**)

on the other hand,

hereinafter jointly referred to as Parties

based on the following legal framework:

- Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006;
- Regulation (EU) No. 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions

concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006;

- Regulation (EU) No. 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal;
- Regulation (EU) No. 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II);
- Regulation (EU) No. 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (ENI);
- Regulation (EU) 447/2014 of the European Parliament and of the Council of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II);
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014, Common Implementing Regulation for External Actions;
- Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC;
- Commission Delegated Regulation (EU) No 481/2014 of 4 March 2014 supplementing Regulation (EU) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes;
- Regulation (EU, Euratom) No. 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002;
- Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union;
- All other applicable EU legislation, including the legislation laying down provisions on public procurement, on competition, on state aid, on protection of the environment and on equal treatment between men and woman;
- The European Territorial Cooperation Programme Interreg V-B Danube, approved by the European Commission on 20/08/2015 C(2015) 5953 and modified on 12/06/2017 C(2017) 4091;
- All manuals and guidelines issued by the Danube Transnational Programme (e.g. Applicants Manual, Implementation Manual, Guidelines for reporting & project changes) relevant for this contract available on the Programme's website: www.interreg-danube.eu

Terms of this contract will be used according to the abbreviations and glossary of the Applicants Manual of the Danube Transnational Programme (hereinafter referred to as Applicants Manual).

Article 1

Award of subsidy

1. In accordance with the decision of the Monitoring Committee, dated **23.05.2018** an earmarked subsidy is awarded to the LP from the European Regional Development Fund (hereinafter: ERDF), from the Instrument for Pre-Accession Assistance (hereinafter:

IPA) and from the European Neighbourhood Instrument (hereinafter: ENI) under the Danube Transnational Programme for the implementation of the **DTP2-055-2.2 - EcoVeloTour** project.

Total Project budget	2,117,177.58 Euro
Maximum ERDF contribution awarded	1,575,855.96 Euro
Maximum IPA contribution awarded	223,744.97 Euro
Maximum ENI contribution awarded	0.00 Euro

- The co-financing rates for the contribution from the EU Funds (ERDF and IPA and ENI) per project partners are set in the approved Application Form. The co-financing rates for the EU Funds per partners cannot exceed 85%.
- The maximum amount of EU Funds awarded for the project cannot be exceeded.
- Should the total eligible costs after the completion of the project be lower than the budgeted amount, the abovementioned EU Funds awarded under the Danube Transnational Programme will be correspondingly lower.
- Reimbursement of the ENI contribution is under condition that the management and control system of Ukraine and/or Republic of Moldova is considered compliant and has been designated by the Audit Authority of the DTP.
- The MA/JS may decide to suspend the reimbursement of the contribution from the EU Funds if the compliance of the management and control system is not ensured, or system errors are detected within the audits. If the provisions of the IPA and/or ENI Financing Agreements are not respected by the Partner States concerned, the MA/JS may decide to suspend the IPA and/or ENI Contribution. The LP shall be informed on the suspension and also on the end of this suspension.
- If the European Commission fails to make the Funds available due to reasons that are outside the sphere of influence of the programme, the MA/JS will be entitled to withdraw from this contract. In such a case, any claim by the LP or by the PPs against the MA/JS for whatever reasons is excluded.

Article 2

Duration of the project and eligibility in time

- Date of approval of project: 23.05.2018
Project starting date: 01.06.2018

Project end date: 31.05.2021

Deadline for payment of the costs reported in the last reporting period: 30.07.2021.

2. The project activities have to be carried out and finalised within the project period.
3. As a general rule, eligible project expenditure has to be actually incurred and paid between the starting date of the project and the project end date as defined in Article 2(1), with exception of the followings:
 - a) Preparation costs reimbursed in form of a lump sum;
 - b) Expenditure calculated on flat rate basis shall relate only to costs incurred within the project period;
 - c) Costs reported in the last reporting period and incurred before the end date of the project, as well as the control costs related to the last Progress Report and Application for Reimbursement have to be paid within 60 calendar days from the end date of the project. The deadline for payments is defined in Article 2(1).

Article 3 Object of use

1. The contribution from the EU Funds is awarded exclusively for the implementation of the Project as it is described in the Application Form approved by the Monitoring Committee. The Application Form and the Partnership Agreement signed between the Project Partners are Annexes of this contract.
2. Project expenditure, including preparation costs, which qualifies for the contribution from the EU Funds awarded according to Article 1(1), consists exclusively of project expenditure related to the project activities listed in the Application Form approved by the Monitoring Committee.
3. The programme rules for the eligibility of expenditure are set in the Applicants Manual and in the Implementation Manual.

Article 4 Progress Report and Application for Reimbursement

1. The LP can only submit Progress Report and Application for Reimbursement to the MA/JS by providing proof of progress of the project. Therefore, the LP has to submit a Progress Report with each Application for Reimbursement consisting of an activity report which contains the description of the activities carried out and their outputs and results during the reporting period and of a financial report presenting the financial progress of the project in accordance with the approved Application Form.

2. The LP has to submit the Progress Report and the Application for Reimbursement on a 6 month basis reporting period starting from month of the approval date of the project (Article 2(1)) except the first and the last reporting period that can be different than 6 months. The Progress Report and the Application for Reimbursement (including the last Progress Report and Application for Reimbursement) have to be submitted to the MA/JS within 3 months started from the end date of each reporting period and ended at the deadline indicated in the Article 4(3).
3. The reporting periods and the deadlines for submission of the Progress Report and Application for Reimbursement of the project are the followings:

Period ID	Reporting period (dd/mm/yyyy- dd/mm/yyyy)	Deadline for submission of the Progress Report and Application for Reimbursement (dd/mm/yyyy)	Spending forecast ¹ EUR
period 1	01.06.2018-31.10.2018	01.02.2019	256,838.10
period 2	01.11.2018-30.04.2019	01.08.2019	380,063.33
period 3	01.05.2019-31.10.2019	01.02.2020	454,395.83
period 4	01.11.2019-30.04.2020	01.08.2020	453,136.45
period 5	01.05.2020-31.10.2020	01.02.2021	351,719.46
period 6	01.11.2020-31.05.2021	01.09.2021	221,024.41
Total Project budget			2,117,177.58

4. Additional obligatory reporting deadlines to submit Progress Report and Application for Reimbursement may be set by the MA/JS in order to avoid de-commitment of ERDF and/or IPA and/or ENI contribution at programme level. The additional deadlines will be communicated in advance to the LPs by the MA/JS.
5. The LP shall respect the reporting deadlines set in Article 4(3). In case of any delays, the MA/JS shall be notified in written form on the reasons and on the timeline of the delay. The timeframe for the prolongation to the reporting deadlines shall be confirmed by the MA/JS in each case.
6. As general rule, Progress Reports and Application for Reimbursements have to cover the expenditure incurred in the eligible project period and paid until the end date of the given reporting period and the costs calculated as flat rate related to the given reporting period respectively, with the exceptions described in Article 4(7) and 4(8).

¹ Validated expenditure at project level including expenditure of ERDF and IPA and ENI partners.

7. The first Progress Report and Application for Reimbursement have to cover the preparation costs in form of lump sum and the project expenditure incurred and paid within the starting date of the project and the end date of the first reporting period.
8. The Final Report includes the last Progress Report and Application for Reimbursement and summarises the project activities for the whole project period. The expenditure incurred by the end date of the last reporting period and the control costs related to the last Progress Report and the Application for Reimbursement shall be paid within the deadline set in Article 2(3)c).
9. The transmission of documents and data between the MA/JS and the LP shall be carried out using the electronic data exchange system set by the Programme. The MA/JS shall adopt rules for the use of the electronic data exchange system and its access shall be only permitted by means of an individual username and password. In case of unavailability of the electronic data exchange system, the MA/JS will inform the LP on how to process the transmission of project data accordingly.
10. The language of reporting is English. The reporting forms are defined by the Danube Transnational Programme in the electronic data exchange system and are obligatory to use.
11. The LP has to fill in and submit the Progress/Final Report and the Application for Reimbursement to the MA/JS online through the electronic data exchange system.
12. Further rules on reporting – including the documents to be submitted with the Progress Report – are set in the Implementation Manual.

Article 5

Validation of expenditure

1. The LP and each Project Partner shall submit the Partner Report for validation of the expenditure to the responsible controller online through the electronic data exchange system.
2. The Project Partners shall submit the Partner Report and the Control Certificate(s) issued by the Controllers through the electronic data exchange system to the LP.
3. The LP shall ensure that the expenditure presented by the project partners participating in the project have been incurred for the purpose of implementing the project and corresponds to the activities agreed between those partners and is in accordance with the approved Application Form.
4. In compliance with Article 13(2)d) of the Regulation (EC) No. 1299/2013, the LP shall ensure that the expenditure of its PPs has been verified by the controller of the PP. The designated controllers and the national level control requirements for each Partner State are available at the Programme's website: www.interreg-danube.eu.

5. The Progress Report and the Application for Reimbursement shall be submitted by the LP to the MA/JS online through the electronic data exchange system of the Programme and shall contain only validated expenditure supported by the Control Certificates.
6. In case the Partner Reports and Control Certificates are not received by the LP from each project partner for a given reporting period within the reporting deadline indicated in Article 4(3) through the electronic data exchange system, the LP shall submit the Application for Reimbursement on the basis of the Partner Reports and Control Certificates available until the end of the reporting deadline. The expenditure of the project partners not validated for the given reporting period within the reporting deadline shall be requested in the earliest possible next Application for Reimbursement to the reporting period concerned.
7. All expenditure shall be reported in Euro; therefore the Application for Reimbursement and Control Certificates shall be issued in Euro.
8. Expenditure incurred by project partners in a currency other than the Euro shall be converted into Euro by using the monthly accounting exchange rate of the European Commission² in the month during which expenditure was submitted for verification to the controller. This method shall be applicable to all project partners.
9. The conversion shall be verified by the controller in the Partner State in which the respective project partner is located. The date of submission for verification to the controller is the day in which the project partner submitted for the first time the Partner Report online through the electronic data exchange system to the Controller.
10. The exchange rate risk is borne by the project partner concerned.

Article 6

Reimbursement of the EU Funds to the LP

1. The EU Funds requested in a Progress Report and Application for Reimbursement will be reimbursed to the LP within 90 days from the first online submission date of the Progress Report and Application for Reimbursement, after the end of the verification process by the MA/JS.
2. This payment deadline can be interrupted by the MA/JS requesting completion of the Progress Report and Application for Reimbursement in case appropriate supporting documents or clarification have not been provided for an expenditure included in the Progress Report and Application for Reimbursement or an investigation has been initiated in relation to a possible irregularity affecting the expenditure concerned. The requested completions and clarifications shall be provided by the LP within the deadlines set by the MA/JS in the completion letter(s). The interruption is terminated after the requested completion has been fulfilled or the irregularity procedure has been ended.
3. In case of two unsuccessful completions by the LP concerning the expenditure included in the Application for Reimbursement, the MA/JS is entitled to deduct the total amount of the

² http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm

Control Certificate(s) containing the expenditure still not acceptable. All Control Certificates excluded from the Application for Reimbursement concerned shall be re-submitted in the earliest possible next Application for Reimbursement.

4. In case of two unsuccessful completion of the Progress Report by the LP, the Progress Report might be rejected by the MA/JS in case it is still not possible to gain appropriate information from the Progress Report as a whole on the followings:
 - a) the activities carried out and the quality of the outputs delivered by the project partnership in the given period;
 - b) the progress of the project implementation in the given period;
 - c) clear and justifiable relation of the reported activities and outputs to the validated and reported expenditure of the partners.
5. In case a Progress Report is rejected due to reasons listed in Article 6(4), the related Application for Reimbursement cannot be paid to the LP, and without the acceptance of the Application for Reimbursement the Progress Report will not be approved. The Progress Report and the Application for Reimbursement concerned shall be re-submitted before the next reporting deadline following to the reporting period concerned.
6. In case of expenditure of the last Progress Report and Application for Reimbursement, the MA/JS is entitled to deduct the total amount of the Control Certificate(s) for which the reported expenditure has not been proved within 6 months from the first online submission date of the last Progress Report and Application for Reimbursement.
7. After approval of the Progress Report and Application for Reimbursement by the MA/JS, the reimbursement of EU Funds will be eventually executed by the Certifying Authority. In case the Danube programme bank account does not cover the total amount of contribution from the EU Funds to be reimbursed to the LP regarding the concerned Application for Reimbursement, the Certifying Authority will temporarily suspend the reimbursement process until the transfer of the EU Funds from the EC to the Danube programme bank account. The LP will be informed on the suspension.
8. In case of non-availability of the EU Funds the MA/JS cannot be deemed responsible for late payments regulated in point 1 of Article 132 of Regulation (EC) No 1303/2013.
9. The contribution from the EU Funds will be reimbursed to the LP in Euro.
10. The LP shall ensure that all financial transfers related to the project can be identified, tracked and reported on the EUR bank account indicated by the LP as project bank account, either by opening a separate EUR bank account or by opening on the existing EUR bank account a sub-account or technical code for the project purposes.
11. The LP has to notify officially the MA/JS in written form in case of change of the project bank account at the very latest before the submission of the Application for Reimbursement affected. In case the LP fails to properly inform the MA/JS on the details of its project bank account, all consequences, including those of financial nature shall be borne by the LP.

12. In accordance with Article 13 (3) of the Regulation EC No. 1299/2013, the LP is responsible for transferring the EU Funds to the project partners participating in the project according to the approved Application for Reimbursement, as quickly as possible and in full, but at the latest within the deadline specified in Partnership Agreement. No amount shall be deducted or withheld and no specific charge or other specific charge with equivalent effect shall be levied that would reduce the amount for the Project Partners.
13. The LP shall provide evidence to the MA/JS with the next Progress Report that the transfer of the EU Funds approved in the Application for Reimbursement was fulfilled within the timeframe set in the Partnership Agreement to each project partner concerned. In case of the last Application for Reimbursement, the proof of transfers shall be submitted to the MA/JS within 30 days from the date of transfer of the EU Funds of the last Application for Reimbursement to the LP for the financial closure of the project by the MA/JS. In case the LP does not transfer the EU Funds, an irregularity procedure could be initiated by the MA/JS.

Article 7

Responsibilities and obligations of the LP

1. The LP represents the partnership as defined in the Partnership Agreement and is the only direct contact between the project and the programme management bodies (MA/JS, Certifying Authority and Audit Authority) and takes all obligations and responsibilities that specified in the Partnership Agreement towards the MA/JS. To this end, the LP shall undertake:
 - a) to comply with European Union regulations and programme-level regulatory documents, as referred to in the preamble to this contract, and to the relevant national legislation for the whole partnership;
 - b) to coordinate the start, the implementation – including reporting according to the deadlines and requesting project modifications – and the closure of the project according to the Application Form approved by the Monitoring Committee;
 - c) to inform the MA/JS immediately in written form if the project budget has to be changed, if the partners, the project objectives, the activity plan, on which this contract is based need to be changed, or one of the reimbursement conditions cannot be fulfilled, or circumstances arise.
2. The LP shall be responsible that the project respects its time schedule including the financial performance in relation to the project implementation, as well as the achievement of outputs and results.
3. In case force majeure impedes the implementation of the project the LP must immediately inform the MA/JS in order to find solution for the problem.
4. The LP shall ensure the sound financial management of the project according to the Programme rules and in line with the EC Regulations including arrangements for recovering amount unduly paid.

5. The LP shall ensure that separate accounting system or adequate accounting code is set for the project. All expenditure, as well as the Funds reimbursed to the LP or repaid to the Programme within this project shall be clearly identified.
6. The LP shall ensure that expenditure submitted to the programme is not supported by any other EU-funded programme (according to Article 65(11) of regulation 1303/2013).
7. The LP shall ensure that no activities falling under the state aid scheme will be implemented by the partnership under the framework of this contract.

Article 8 **Information and Publicity**

1. The LP undertakes to fulfil the information and publicity measures set out in Commission Regulation (EC) No. 1303/2013, and in the information and publicity guidelines included the Implementation Manual, the Visual Identity Manual for projects and the Communication toolkit of the Danube Transnational Programme with the aim to promote the fact that financing is provided from the European Union Funds in the framework of the Danube Transnational Programme and to ensure the adequate promotion of the project.
2. The LP shall ensure that all project official communications (e.g. any notice, publication, material or project event, including conferences or seminars) specify that the project has received contribution from the EU Funds, within the framework of the Danube Transnational Programme, by proper display of the Danube Transnational Programme logo including the project acronym and the EU emblem and by mentioning the Funds concerned.
3. The LP shall develop and implement a communication plan which includes the realisation of at least the following mandatory outputs:
 - a) setting up of a project webpage within the programme website (whereby the respective activities shall start before the submission of the first Progress Report) and keeping it constantly updated during the whole project implementation;
 - b) production of a poster within six months after the project approval. Each project partner has to place at least one poster with information about the project, and the financial support from the EU, at a location visible to the public during the whole project implementation;
 - c) organisation of at least two public events to create awareness and disseminate the project results. A kick-off event should be organised within two months after the beginning of the project implementation and a final dissemination event should be organised at the end of the project implementation period.

The communication plan should be submitted with the first Progress Report, which is a condition for the approval of the first Progress Report.

4. The LP shall ensure the proper means of communication between the project and the programme, including:

- a) participation, whenever requested, in LP trainings organised by the MA/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.
5. Any notice or publication by the LP or the project partners, in whatever form and on or by whatever medium, including the Internet, must specify that it reflects the author's views and that the MA/JS is not liable for any use that may be made of the information contained therein.
6. The MA/JS, as well as the National Authorities of the Partner States of the programme – including National Contact Points – shall be authorised to publish, in any kind of form and on or by any kind of medium, including the Internet, the following information:
- a) the name of the project;
 - b) the name of the LP and its project partners;
 - c) the amounts granted from contribution from EU Funds, specifying the EU funding (ERDF/IPA/ENI) and the total budget of the project;
 - d) the objective of the contribution from EU Funds and the project;
 - e) the geographical location of the project implementation;
 - f) summary of project activities, including abstracts from progress reports/final report; project results, evaluations and summaries;
 - g) other information about the project, if considered relevant.
7. The MA/JS, as well as the National Authorities of the Partner States of the programme – including National Contact Points – is entitled to furthermore use the data for information and communication purposes as listed in Annex XII of Regulation (EU) No 1303/2013.
8. Any communication campaign, media appearance or other publicity of the project shall be communicated to the MA/JS for dissemination purposes.

Article 9

Amendments of the Subsidy Contract and other project changes

1. The LP has to request the modification of the Subsidy Contract in case of substantial changes in the project, which are the followings:
 - a) changes in the partnership;
 - b) substantial changes in the content of the project;
 - c) budget reallocation between project partners not related to changes in the partnership;
 - d) budget reallocation between budget lines and/or work packages exceeding 10% of the total project budget (as referred to in Article 1(1));
 - e) prolongation of the project duration.

2. Further detailed rules describing each case of Subsidy Contract modification of the Article 9(1), as well as other project changes not listed above not requiring amendment of the Subsidy Contract are set in the Implementation Manual.
3. Any request for modification of the Subsidy Contract described in Article 9(1) has to be justified and submitted by the LP to the MA/JS through the electronic data exchange system, immediately when such need for the above-mentioned amendments occurs, as regulated in the Implementation Manual. The MA/JS will review the request of modification. The MA/JS or the Monitoring Committee decides on the modification requested according to the rules in the Implementation Manual.
4. The last request for modification of the Subsidy Contract shall be submitted not later than three months before the end date of the project.
5. The LP can request amendment of the spending forecasts set in Article 4(3) only in relation to substantial changes in the project (as referred in Article 9(1)) affecting the project budget, otherwise amendment of the spending forecast cannot be requested.
6. In case of MC or MA/JS decision on the de-commitment of the project (according to Article 13(1)), the amendment of the Subsidy Contract will be initiated by the MA/JS.

Article 10

Assignment and legal succession

1. The MA/JS is entitled at any time to assign its rights under this contract. In case of assignment the MA/JS will inform the LP without delay.
2. The LP shall not have the right to assign its duties and rights under this contract without the prior decision of the Monitoring Committee and written consent of the MA/JS.
3. In case of legal succession, e.g. where the LP changes its legal form, the LP is obliged to transfer all duties under this contract to the legal successor. The LP shall notify the MA/JS about any change beforehand. The legal successor takes all responsibilities of the activities fulfilled by the legal predecessor and be financially responsible for any amount unduly paid to the legal predecessor.

Article 11

Audits rights

1. The responsible auditing bodies of the EU, and, within their responsibility, the auditing bodies of the participating Partner States as well as the Audit Authority, MA/JS and Certifying Authority of the programme are entitled to audit the proper use of Funds by the LP or by the project partners or arrange for such an audit to be carried out by authorised persons. The LP and the PPs will be notified in due time about any audit to be carried out on their expenditure.
2. The LP will produce all documents required for the audit, provide necessary information and give access to its business premises.

3. The LP is obliged to retain for audit purposes all files, documents and data about the project for a two year period from 31st December following the submission of the accounts in which the final expenditure of the completed project is included. The MA/JS will inform the LP about the beginning of the mentioned two year period.
4. The LP is obliged to guarantee fulfilment of the above stipulated duties in relation to all other PPs of the project.
5. The LP shall promptly inform the MA/JS about any audits that have been carried out by the bodies mentioned in Article 11(1), as well as about the results of the audits.
6. If, as a result of the audits any expenditure is considered ineligible according to the legal framework of this contract, the procedure described in Article 6(2) and Article 12 shall apply.

Article 12

Irregularities and repayments

1. In case of irregularities identified during the project implementation the MA/JS is entitled to claim the repayment of contribution from the EU Funds in full or in part from the LP based on the irregularity report sent to the MA/JS.
2. Therefore, the LP is always responsible for securing repayment of the EU Funds unduly paid to the project. However, according to Article 122(2) of EC Regulation No. 1303/2013 the MA/JS may decide not to recover an amount unduly paid if the amount of contribution from the EU Funds – considered by Funds (ERDF/IPA/ENI) – does not exceed 250 EUR.
3. If the MA/JS sends a request for repayment on the amount of EU Funds unduly paid, the LP is obliged to secure repayments from the PPs concerned and repay the amount specified by the MA/JS within two months from sending date of the request for repayment. The due date for the repayment will be explicitly given in the request for repayment. The receipt date of the request for repayment shall be the date of sending the email, regardless of the date of receiving any official letter in hardcopy version.
4. If the LP cannot recover the EU Funds unduly paid to a project partner on the basis of the partnership agreement existing between them, the LP shall inform the MA/JS in written form within the deadline for the repayment according to Article 12(3).
5. The MA/JS has the right under this contract to impose interest on late payment on the amount paid back by the LP belatedly. In case of any delay in the repayment, the amount to be recovered shall be subject to interest on late payment, starting on the calendar day following the due date and ending on the actual date of repayment. The rate of interest on late payment shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the due date.
6. The MA/JS has the right to recover the amounts specified in the request for repayment by deducting them from the Application for Reimbursement submitted by the LP. In case of compensation, the MA/JS informs the LP on the amount deducted from the Application for Reimbursement concerned.

Article 13 Decommitment of project budget and right of withdrawal

1. The MA/JS is entitled to reduce the project budget and the corresponding contribution from the EU Funds – on the basis of the decision of the Monitoring Committee – in case of any of the following circumstances:
 - a) in case the LP submits the Progress Report and the Application for Reimbursement or the project modification request with unjustified delays, or more than two completions of the same Progress Report and Application for Reimbursement are attributable to the LP, the MA/JS is entitled to apply a proportional reduction to costs related to project management up to 25%;
 - b) in case the LP does not report validated eligible expenditure according to the approved spending forecast in Article 4(3), the MA/JS will assess the level of under-spending and the reasons for the lower financial performance; in such a case, the MA/JS is entitled to de-commit the project by reducing the project budget and the corresponding contribution from the EU Funds.

2. The MA/JS is entitled to withdraw from this contract and to demand repayment of the EU Funds in full or in part – on the basis of the decision of the Monitoring Committee – in case of any of the following circumstances:
 - a) the LP has obtained the contribution from EU Funds through false statements or incomplete statements or through forged documents;
 - b) a precondition for the approval of the project is not ensured anymore;
 - c) the LP is being wound up, or the court ruling ordering the opening of bankruptcy proceedings has been published or if undergoing liquidation proceedings by final decision;
 - d) in case of identified irregularities affecting the entirety of the project;
 - e) the LP fails to fulfil a condition or an obligation resulting from this contract;
 - f) the LP fails to provide immediate information about circumstances that delay, hinder or make impossible the realisation of the project, as well as about any circumstances that mean a change of the reimbursement conditions and frameworks as laid down in this contract;
 - g) the regulations of the EU and national law including provisions of procurement rules, state aid rules, publicity, rules on environmental protection, and rules on equal opportunities, have been infringed;
 - h) the LP has impeded or prevented the auditing of the project as referred to in Article 11;
 - i) the contribution from the EU Funds awarded has been partially or entirely misapplied for purposes other than those agreed upon;
 - j) the project has not been or cannot be fully implemented by carrying out the planned activities, the planned outputs and results as planned in the latest approved

Application Form and by achieving at least 75% spending of the total project budget, or the project cannot or could not be realised in due time, when the MA/JS receives information about it;

- k) it has been impossible to verify that the Progress Report/Final Report is correct and thus the eligibility of the project by funding from the Danube Transnational Programme;
 - l) after the reduction mentioned in Article 13 (1)a) the LP still fails to submit Progress Reports and Application for Reimbursements within the reporting deadlines – even if the delay was not caused by the activity of the LP itself – or to supply necessary information, provided that the LP has received a written reminder setting adequate deadline and explicitly specifying the legal consequences of a failure to comply with requirements and has failed to comply with this deadline;
 - m) after the reduction mentioned in Article 13 (1)b) the LP still fails to report validated eligible expenditure according to the approved spending forecast in Article 4(3).
3. The LP is entitled to exercise the right of withdrawal if implementation of the project becomes impossible caused by circumstances independent from the LP. In case of withdrawal by the LP, the LP shall repay the whole amount of EU Funds at the same time when the notification of withdrawal has been sent to the MA/JS by the LP.

Article 14

Durability of operations, ownership and use of outputs and results

1. According to Article 71 of the Regulation EC 1303/2013, the project comprising investment in infrastructure or productive investment shall repay the contribution from the ESI Funds if within five years of the final payment to the beneficiary, it is subject to any of the following:
 - a) a cessation or relocation of the productive activity outside the programme area;
 - b) a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
 - c) a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.
2. The project comprising investment in infrastructure or productive investment retains the contribution from the EU Funds only if within 10 years of the final payment the productive activity is not subject to relocation outside the Union, except where the partner is an SME.
3. Ownership, title and industrial and intellectual property rights in the deliverables and outputs of the project and the reports and other documents relating to it shall be vested to the LP and/or PPs to the extent allowed by the national regulation of the LP/PP concerned.
4. Concerning the use of the outputs and results of the project the LP shall guarantee a widespread publicity of such outputs and results and to make them available to the public

in line with the relevant national law. The MA/JS as well as the National Authorities of the Partner States of the programme – including National Contact Points – reserves the right to use the outputs and results of the project for information and communication actions in respect of the programme.

Article 15 Revenues

1. The amount of net revenues generated by the project must be deducted from the eligible costs in full or pro-rata depending on whether it was generated entirely or partly by the co-financed project, in accordance with the provisions of Article 61 and 65(8) of Regulation (EC) No 1303/2013.
2. Where, within three years after the completion of the project, it is established that the project has generated revenue that has not been taken into account, the EU contribution part of the amount of net revenue shall be repaid by the LP to the Danube programme bank account.

Article 16 Concluding provisions

1. If any provision in this contract is wholly or partly ineffective, the remaining provisions remain binding for the Parties. In this case the Parties undertake to replace the ineffective provision by an effective one which comes as close as possible to the purpose of the ineffective one.
2. Amendments and supplements to this contract must be in written form.
3. All correspondence with the MA/JS under this contract must be in English language and in electronic form through the electronic data exchange system, including written notifications, information defined by this contract. All declarations made through the electronic data exchange system shall be deemed legally effective and binding.
4. In case of force majeure or malfunctioning of the developed programme electronic data exchange system allowing electronic exchange of information, the LP and each Project Partner shall act in accordance with the information timely provided by the MA/JS. As soon as the programme electronic data exchange system becomes operational, all relevant documents and data shall be integrated into its database.
5. The official address of the MA/JS in case documents are requested in original:

Ministry of Finance
József nádor tér 2-4.
1051 Budapest, Hungary

6. This contract is concluded in English. In case of translation of this contract and its annexes into other language, the English version shall prevail.
7. This contract is governed by Hungarian law and all matters not regulated in this contract are subject to the legal understanding laid down in the Hungarian Civil Code (Act No. V. of 2013.). In case of differences that are not ruled by this 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 this contract shall be settled by the Buda Central District Court or the County Court of Szekesfehervar.
8. The Subsidy Contract is signed in two original copies, of which one remains at the LP and the other original copy has to be returned to the MA/JS.
9. The contract enters into force on the date of signature by the last of both Parties.
10. The contract shall remain in force until the LP has discharged in full its obligations arising from the Subsidy Contract towards the MA/JS. All relevant provisions of this Contract necessary for the fulfilment of the archiving and audit obligations shall remain in force until the end a two year period started from 31 December following the submission of the accounts in which the final expenditure of the completed project is included. The MA/JS will inform the LP about the beginning of the mentioned two year period.

place and date <i>BUDAPEST, 2018 SZEPT 14.</i>	place and date <i>Budapest 09 09 2018</i>
Signature: 	Signature: 
City of Budapest, District 14 Zuglo Municipality (Lead Partner)	Ministry of Finance (Managing Authority/Joint Secretariat)
Represented by Gergely Karácsony	Represented by Imre Csalagovits
Mayor	Head of Managing Authority



ANNEXES to the Subsidy Contract

1. The latest approved version of the Application Form and budget table
2. Partnership Agreement and its amendments
3. List of documents to be retained
4. Rules of use of the electronic data exchange system



Handwritten signature or initials in blue ink.

ANNEX 3

List of documents to be retained

No.	Document
1.	Approved Application Form (including budget table)
2.	Partnership Agreement (and its amendments)
3.	Subsidy Contract
4.	Amendments of the subsidy contract
5.	Progress Reports (including quality reports)
6.	Final Report
7.	Applications for Reimbursements
8.	Partner Reports
9.	Control Certificates
10.	Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)
11.	All supporting documents related to project expenditure (e.g. payslips, bank statements, public procurement documents, etc.) to be retained at the premises of the project partner concerned
12.	All project deliverables (materials produced during the project period, including project communication related documents and materials)
13.	If relevant, documentation related to on the spot checks of the controllers (to be retained at the premises of the project partner concerned)
14.	If relevant, documentation of monitoring visits of the MA/JS
15.	If relevant, documentation related to audits reports

ANNEX 4

Rules of use of the electronic data exchange system

These provisions lay down the requirements of secure application of the electronic data exchange system.

1. General rules

The User - including all system users acting on behalf of or under the control of the LP and PPs within the electronic data exchange system - is obliged to learn the rules of the proper use of the system and to apply the system according to the Guideline for reporting.

The User is only allowed to complete tasks in line with his/her user role within the system and can access to data in line with his/her competency authorized by the LP.

The User is obliged to cooperate with the MA/JS in case any examination related to system events becomes necessary.

The LP is responsible for the data quality of the data entered by the User into the system and all the User actions within the system.

The LP is responsible for providing necessary information, infrastructure or other personal or technical assistance to the User in order to enable the User to comply with the provisions laid down in this contract.

2. Credibility of data and documents

The Parties agree to accept all data and documents in the electronic data exchange system as official and credible data and documents of the Parties. If similar documents or data in subject exists in hard copy version or in different electronic system (e.g. in e-mail) Parties agree to accept the ones stored in the electronic data exchange system as primary ones.

The Parties accept the date and time values in the corresponding logs of the electronic data exchange system as official event dates of the activities (e.g. submission date and time of the submitted documents).

All decisions during the subsidy management procedures are drawn solely on the basis of the data stored in proper form in the electronic data exchange system. In case data can be set and stored in multiple form in the electronic data exchange system, the Parties agree to accept the data as credible which are set and stored in structured form. For the purposes of this Contract, data stored in structured form are data which are stored in a form directly available for automatic data-processing by the electronic data exchange system. For the consequences deriving from data-discrepancies the responsibility is attributed to the person (and the organization on behalf the person is acting) carrying out the data entry in structured form.

With prejudice to the provisions in the previous paragraph, underlying documents not stored in the electronic data exchange system may be exceptionally used during the subsidy management

procedures. For the consequences deriving from data-discrepancies, the responsibility is attributed to the person (and the organisation on behalf the person is acting) evaluating and/or processing the data stored in hard copy form.

The Parties agree to accept that calculations made in the electronic data exchange system may result different values based on the different rounding rules and decimals applied compared to other systems.

In case of obvious errors, the MA/JS can correct the data without notice. For the purposes of this Contract, obvious errors are data errors stemming from any incompleteness, inconsistency, miscalculation or other kind of clerical errors which can be resolved from other data or documents attached undoubtedly.

For the purposes of the initiation of the electronic subsidy management procedures, MA/JS is entitled to pre-enter the data of the applications into the electronic data exchange system on behalf of applicants. The applicants shall examine the correctness of the data entry and should report any discrepancies found till the time of the data entry of the 1st progress report. In case such error report is not sent in due time, Parties agree to accept the pre-entered data as the correct and credible application data.

3. Security rules

It is prohibited to use any programmes, applications or devices that may affect the operation of the system.

The User is responsible for the secure use of the system.

In order to guarantee the safe operation of the system the User is obliged to use a client computer that is sufficiently protected: equipped with central or local firewall, regularly updated antivirus system and well-protected user accounts for the workstation.

The User is obliged to use a complex password that is kept confidential. The User has to select a password with a length of at least 8 characters, containing lower case letters, capital letters and digits as well. The password shall be changed regularly.

In case of any activity that endangers the safe operation of the system the access of the affected User will be suspended and IT security examination will be started.

4. Rules for suspicion of misuse

In case of unauthorised usage the owner of the user name has to take the responsibility.

In case of reasonable suspicion of unauthorized usage all the tasks accomplished by the User in the system can be examined during the security examination without preliminary notification.

In case of a suspicion that the password could be learned by another unauthorized person the User has to change it immediately and he/she has to inform the MA/JS about this event.

If the client computer used for accessing the system is infected by a virus the User is not allowed to log into the system until the infection is eliminated. The MA/JS shall be informed of the virus infection immediately in order to eliminate the virus infection of files uploaded.

It is prohibited to provide information on any system error or vulnerability to third persons; these issues shall be reported immediately to the MA/JS.

