

MED PROGRAM



IPA SUBSIDY CONTRACT

BETWEEN

Provence-Alpes-Côte d'Azur Region

- as Managing Authority¹ for the MED Program (hereafter MA), represented by:

Monsieur le Président du Conseil Régional PACA, Michel Vauzelle

AND

Regional Council of Shkodra

- as IPA Partner of the Project < *Design of a future Common integral land management scheme to protect natural resources in synergy with social and economical valorisation / MEDLAND2020* > with Head Office *Keshilli i Qarkut Shkoder, Rr:28 Nentori, Shkoder, ALBANIA* and represented by *MAXHID CUNGU, President of Regional Council of Shkodra*

¹ Such as defined in art. 60 of the Regulation 1083/2006 and 15 of the Regulation 1080/2006

Preamble

Pursuant to:

- the Council Regulation (EC, Euratom) No. 1605/2002 of 25 July 2002 on the Financial Regulation applicable to the general budget of the European Communities and its amendments
- Decision C (2007) 6578 of the European Commission approving the MED Operational Programme 2007-2013 ;
- COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) (hereinafter referred as the IPA Regulation);
- COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-Accession Assistance (IPA) (hereinafter referred to as the IPA Implementing Regulation);
- Regulation (EC) No 80/2010 of 28 January 2010 amending the above mentioned Commission Regulation ((EC) 718/2007)
- Community rules regarding Community horizontal policies such as the rules for competition and entry into the markets, the protection of the environment, the equal opportunities between men and women and public procurement
- Implementation guide of the MED Operational Programme of 15 February 2008 approved by the Monitoring Committee MED
- Commission Decision C (2007) 2034 on the rules and procedures applicable to service, supply and work contracts financed by the general budget of the European Communities for the purposes of co-operation with third countries
- the Practical Guide to contract procedures for EU external actions (hereinafter referred to as the PRAG).

THE ABOVE PARTIES ADOPT THIS CONTRACT

Article 1 - Purpose of the Contract

- 1.1 In accordance with the decision of the MED Programme Selection Committee of <13th March 2013>, it was decided to grant a subsidy, under the conditions set forth in this contract and its annexes, to the IPA Partner for the implementation of the relevant activities foreseen by the project No. 1CAP-MED12-19 entitled < *Design of a future Common integral land management scheme to protect natural*

resources in synergy with social and economical valorisation / MEDLAND2020 (hereafter "project"). The decision (or advance notification) of the Selection Committee is an integral part of this contract.

- 1.2 The approved application form, along with all its annexes, is an integral part of this contract.
- 1.3 The IPA Partner is part of the global partnership of the project and has to respect in all matters the Lead Partner principle.
- 1.4 Without prejudice to the Lead Partner principle the IPA Partner is responsible for the implementation of the abovementioned part of the project in close cooperation with the whole partnership and for the benefit of the project.
- 1.5 The IPA subsidy granted by the Selection Committee for the implementation of the project is <42.512,75€> Euro.
- 1.6 The total budget <IPA+ National public co-financing> is the following:

Source of funding	Granted Budget €
National public co-financing	7.502,25€
IPA co-financing	42.512,75€
TOTAL BUDGET	50.015€

- 1.7 The total IPA subsidy specific to the purpose of this contract, as well as the co-financing rate, are calculated on the basis of the total eligible costs as indicated below:

Approved IPA Contribution:	<IPA> 42.512,75 Euro (€)
National public co-financing for IPA:	7.502,25 Euro (€)
Total approved eligible budget:	<TOT> 50.015 Euro (€)

IPA Co-financing rate : **<IPA / TOT. ELIGIBLE>85%**

- 1.8 The Community co-financing rates per IPA Partners are set in Annex I (Application Form) of the IPA Subsidy Contract. As a general rule, the Community co-financing rates per IPA Partners cannot exceed 85 per cent of the eligible public expenditures.

- 1.9 The maximum amount of Community funding awarded for the Project cannot be exceeded.
- 1.10 The IPA Partner confirms that the action, all or in part, does not or will not receive other funding from the European Union (except the above IPA funding as stated in table 1.4) throughout the duration of the project.
- 1.11 The IPA payments from the Certifying Authority to the IPA Partner will be carried out in relation to the effective transfer of funds from the European Commission to the Program.
- 1.12 Reimbursement of the Community funding is under the condition that the European Commission makes the funds available to the above-described extent and the Financing Agreement signed by each Participating IPA Country is in force.
- If the European Commission fails to make the funds available or if the Financing Agreement signed by the Participating IPA Countries is no longer in force, the Managing Authority will be entitled to withdraw from the present Contract.
- 1.13 This contract shall enter into force upon signature and after having been notified to concerned parties without prejudice to the provisions concerning the implementation of the action and the eligibility of expenditures, and ends upon receipt of the final payment, although commitments with regard to national and community legislation still apply.
- 1.14 The expenditures for the implementation of the action are eligible from the date of the submission by the Lead Partner of the complete approved application <31st October 2012>².
- 1.15 The duration of the project, is <18 months> months following the starting date indicated in the project application form – Annex 1.
- The IPA Partner is in the obligation to start the activities it is in charge of, respecting the time schedule of the working plan specified in the abovementioned project application form.
- In any case IPA Partner is in the obligation to start the activities no later than **2 months** after the notification of the contract. Beyond that date the MA reserves the right to put an end to the subsidy contract if the delay is caused by the IPA Partner itself.
- 1.16 The date of the end of the project is stated in the project application form - Annex 1 to this contract. All operational expenditure should be engaged and paid out before the date of the end of the project.
- In case these costs cannot be paid out within the delay, they may be paid out within two months following the end date, but all project activities must finish by the end date, and in any case before the 30th June 2015.

² Provided that the Financing Agreement between the competent authority of the relevant IPA country, the European Commission, and the Managing Authority is already signed.

Article 2 - Eligibility of expenditures

- 2.1 The subsidy is granted solely for the implementation of the activities the IPA partner is in charge of within the project application form as approved by the Selection Committee and hereafter annexed
Only expenditure related to the project are eligible for co-financing under the IPA fund.
Any major change of this contract and / or its annexes (budget, partnership, project duration) will amend them (see Article 10 of the present contract)
- 2.2 Relevant EC regulations, in particular Articles 34, 89 and 97 of Regulation (EC) No 718/2007 and national relevant rules as well as PRAG guidelines have to be respected in order to ensure the eligibility of expenditures held in the framework of the project.
In case national rules set stricter requirements, then the stricter requirements must be applied.

Article 3 – Request for payments

- 3.1 The IPA partner in accordance to the Lead Partner principle and just like all other project partners has to submit certifications of expenditures to the LP. The certifications of expenditures should be in euros. The IPA Partner shall also elaborate the activity report for the period in question providing adequate evidence of the work progress in accordance with the work plan and timetable specified in the application form as approved by the Selection Committee. For the presentation of this documentation, the IPA Partner must use the web tool the Programme MED works with (PRESAGE CTE).
- 3.2 The MA / JTS of the MED Programme will receive payment claims through the LP, supporting documents and progress reports. Once this information is received and expenses accepted by the MA, the latter will send a certified copy to the CA plus expenditure tables for each budget heading with the payment claim.
- 3.3 The IPA Partner submits certifications of expenditures to the LP at six months intervals, maximum two months after the end of each reporting period, in the respect the following timetable:

Time Frame Progress report	Payment claim (estimated) Euro		Deadline for submission of the report to the JTS
	IPA €	Total Eligible €	
Start-up report (not related to payment)			<31 st July 2013>

I period of implementation (from 1 st July 2013 to 31 st December 2013)	17.000€	20.000€	<28 th February 2014>
II period of implementation (from 1 st January 2014 to 30 th June 2014)	13.600€	16.000€	<31 st August 2014>
III period of implementation (from 1 st July 2014 to 31 st December 2014)	11.912,75€	14.015€	<28 th February 2015>
Final Report			<28 th February 2015>

If the IPA Partner is claiming a payment for a six month period of which the amount of IPA claimed is below the above foreseen amounts, there is no guarantee that the undeclared IPA amount is available for the following periods, in regard to the art.137 of Regulation (EC) 718/2007 (decommitment rule).

- 3.4 Payments will be made, after the approval of the progress reports by the Programme authorities (MA and CA).

The IPA Partner has to take into account that if certifications of expenditures and activity reports are submitted late, incomplete or unsatisfactory, the reimbursement process will be delayed.

- 3.5 Payment will be made directly by the CA to the IPA partner to the bank account indicated by the IPA Partner. The payments will be in euros. The IPA Partner remains in charge of the bank charges for transfer of funds.

IPA Partners from Participating Candidate and Potential Candidate Countries which have not adopted the euro as their currency shall convert into euro the amounts of expenditure in the list of invoices incurred in national currency before submission for validation to the responsible Control Body of the Participating Candidate or Potential Candidate Country. The expenditures shall be converted into euro using the monthly accounting exchange rate of the European Commission in force in the month in which the expenditure is submitted by the IPA Partner to the respective Control Body.

- 3.6 IPA Partner has to enter expenditures in the web tool the Programme MED works with (PRESAGE CTE) in euro according to the abovementioned method.
- 3.7 IPA Partner has to provide the Lead partner with any financial information required converting them into euro according to the method mentioned in point 3.5.
- 3.8 When submitting the expenditures to Control Body, IPA partner has to send to its Lead Partner and to JTS the monthly accounting exchange rate that applies.

The exchange rate risk is borne by the IPA partner.

3.9 Payments will be made according to the actual transfer of funds from the European Commission. In the case of delay of the contributions transferred from the European Commission no payments can be preceded by the CA to the IPA Partner.

3.10 One year after the signing of the IPA subsidy contract, if the total certified expenditure does not reach at least 10% of the IPA Partner's IPA budget of the project, the MA can consider the possibility to put an end to the participation of the IPA partner into the Project.

The application of this clause shall be notified in advance by a justified mail to the IPA Partner and in copy to the LP, requesting from the IPA Partner, within one month, to send a report explaining the reasons for this failure, before the decision is taken by the Selection Committee

3.11 The IPA Partner has to provide immediate information to the Joint Technical Secretariat and the LP about circumstances which delay, hinder or make impossible the implementation of the action, as well as about any circumstances which represent a change of the reimbursement conditions and frameworks as laid down in the present Contract or which entitle the Managing Authority to reduce or demand repayment of the Community funding entirely or in part. Immediate information shall also be provided in case the action has not been or cannot be fully implemented by carrying out the planned activities, the planned outputs and results and by achieving at least 80 per cent of the quantifiable outputs as per each reporting period indicators, or if the action cannot or could not be implemented in due time. In case the action cannot be implemented in line with the time schedule determined in the Application Form contained in Annex I, as well as in line with the payment schedule specified in Point 3.3 of the present Article, the fact has to be reported immediately to the Joint Technical Secretariat in order to seek written approval of this contract amendment with its annexes. The request for approval does not imply the approval.

Article 4 - Responsibilities of the IPA Partner

4.1 The IPA Partner signs the IPA Subsidy contract, assuming all financial responsibilities in relation to the absorption and proper management of the IPA funds of the project thus, without derogation of the overall Lead Partner principle, the IPA partner becomes financially and legally responsible vis-a-vis the MA for the abovementioned responsibilities.

4.2 The IPA Partner confirms the compliance with European Union regulations, as referred to in the preamble of the present Contract, and with the relevant national legislation with special regard to public procurement, State Aid, further rules on sustainable development and equal opportunities.

- 4.3 The IPA Partner confirms to maintain separate accounting for the implementation of the action in a manner ensuring the identification of each financial operation within the Project.

The IPA Partner undertakes the responsibility to ensure the sustainability of the achieved results of the action.

- 4.4 The IPA Partner takes full responsibility for the damages caused to third parties from its own fault during the implementation of the action. The Managing Authority has no responsibility for the damages caused to third parties as a result of executing the Subsidy Contract.
- 4.5 Except in case of force majeure, the IPA Partner is required to repair any damage caused to the MA as a result of failure to implement the action.

Article 5 – Obligations of the Managing Authority

The Managing Authority shall:

- 5.1 Ensure that the conditions of the IPA subsidy approval set forth in this contract are respected.
- 5.2 Control and validate payment claims, required documents and progress reports and send a certified copy to the CA including the request for payment.

Article 6 – Procurement rules

- 6.1 In line with Article 121 of the IPA Implementing Regulation for the award of service, supply and work contracts, the procurement procedures shall follow the provisions of Chapter 3 of Part 2, Title IV of Regulation (EC, Euratom) No 1605/2002 and Chapter 3 of Part 2, Title III of Regulation (EC, Euratom) No 2342/2002, as well as Commission Decision C (2007) 2034 on the rules and procedures applicable to service, supply and work contracts financed by the general budget of the European Communities for the purposes of co-operation with third countries, with the exclusion of Section II.8.2.

Article 7 - Publicity

- 7.1 All communication or publication activities and produced outputs have to respect the rules set out by the IPA Implementing regulation (EC) No 718/2007.

IPA partner should also refer to the communication and visibility manual concerning EU external actions and published by the European Commission in July 2009.

Article 8 - Irregularities

- 8.1 In case of irregularities identified during the implementation of the action the Managing Authority reserves the right to claim the repayment of the Community funding in full or in part from the IPA Partner and has the right to reduce the amount of the Community funding awarded.
- 8.2 Based on the above 8.1, the IPA Partner is always responsible for securing the repayment of the Community funding unduly paid.

Article 9 – Expiration of Contract

- 9.1 In the following cases the MA, with the approval of the Selection Committee, may put an end to this contract and reclaim all amounts already paid without providing any compensation:
 - a. False statements made at the signature of this contract.
 - b. False documents produced at the signature of this contract.
 - c. Non-performance of the IPA Partner's obligations under this contract, when this is not justified and when urged by a letter to comply with the obligations, still has failed to comply, without providing a satisfactory explanation within 30 calendar days from the letter sent by the MA;
 - d. Using part or all of the subsidy granted for purposes other than those specified in this contract;
 - e. Transfer or assignment from the IPA Partner of part the entire project to a third party except as provided for in article 12.2 and 12.3 of this contract;
 - f. The IPA Partner becomes insolvent or subject to bankruptcy proceedings;
 - g. In case of identified irregularities
- 9.2 When the contract is put to an end in the cases specified by this contract and the MA demand full or partial repayment of the amounts paid, the IPA Partner has to repay the amounts owed under the conditions and within the time specified in the Communication from the MA.

- 9.3 If the MA exercises his right of termination, the IPA Partner must pay the MA the amount he is due, without reducing any unpaid amounts based on this IPA Subsidy contract.
- 9.4 If the MA exercises its right of termination, the amounts due will be reimbursed, with interest, run from the date of the first payment (by the MA) until the date of repayment. The interest rate, in euro, will be the one the European Central Bank applies to main refinancing projects on the first day of the deadline month for payment established by the MA.
- 9.5 Bank charges resulting from the repayment to the MA of amounts due shall be borne by the IPA Partner.
- 9.6 In the cases provided for in article 9.1 the MA will suspend further payments as a precaution and without notice.
The above mentioned procedures shall be without prejudice to the application of other measures or sanctions that may follow from the French legal system.

Article 10 - Contract Modification

- 10.1 The IPA Partner must communicate to the LP (following the article 13.1) any request for redistribution between budget lines and components.
Project budget changes will be implemented according to article 9 of the ERDF subsidy contract.
- 10.2 Any change of contact information or change of bank account is subject to a simple notification. In justified cases the MA can refuse to accept the IPA Partner's choice. Change of bank account must be specified in the payment claims.

Article 11 - Monitoring, Accounting, certification and evaluation

- 11.1 The IPA Partner accepts that the relevant departments of the European Commission, of the participating Countries, of the European Court of Auditors and of national co-financing structures, as well as the Audit Authority, Certifying Authority, Managing Authority/Joint Technical Secretariat of MED Programme, can monitor, on the basis of documents or on the spot checks, the use made of the subsidy. The IPA Partner is obliged to retain for audit purposes all files, documents and data about the Project for at least until the 31st of December 2021.
- 11.2 To this purpose, the IPA Partner provides the staff of the institutions/structures mentioned in the previous point 11.1, and persons authorised by them, the right to access to the premises of the IPA Partner including all computer systems, as well as all documents and databases concerning the financial and content management

of the project. Access to authorised persons occurs under conditions of strict confidentiality in regard to third parties. The documents must be filed so as to easily allow controls, with the principle of separate accounts. In the case of control, the IPA Partner will be informed with a notice at least one working week beforehand.

- 11.3 The IPA Partner shall make available to mid-term or ex-post evaluators of the programme, any document or information allowing the evaluation to be successfully completed, and gives them the right of access described in article 11.2 of this contract.

Article 12 - Transfer

- 12.1 The MA has the right to transfer or assign the subsidy and subsequent payments to a third party. In this case, the MA shall inform the IPA Partner without delay.
- 12.2 The IPA Partner may transfer or assign the rights and obligations arising out of this contract to a third party with the prior written consent of the MA and the Selection Committee.
- 12.3 In the case of any change of legal status, the IPA Partner has to transfer the rights and obligations arising out of this contract to its legal successor and inform the MA, as well as the respective national coordinator without delay.

Article 13 – Final provisions

- 13.1 Any communication in the framework of this contract must be submitted to the MA of the Programme in writing i.e., in French or in English, and it must, specify the number and title of the project as well as the contract number. Any communication should be sent to the following address:

STC MED/JTS MED

Hôtel de Région – 27, place Jules Guesde

13481 Marseille cedex 20 (France)

And in copy to :

JTS MED – Thessaloniki Liaison Office

65 Georgikis Scholis Ave.,

GR-57001 Pylaia, Thessaloniki (Greece)

- 13.2 If one or more provisions of this contract are declared by a competent judicial authority, void, illegal or inapplicable, the two parties will seek to amend the provision in question to reflect such decision.
- 13.3 Any formal and substantial modification of this contract (budget, duration), including the annexes, and without prejudice to the provisions in article 10.1, must be made in writing and signed by an amendment between both parties. The amendment of the IPA subsidy contract qualifies also as an amendment of the Partnership Agreement, the IPA Partner having to transmit, upon reception, copies of the amendment to all partners.
- 13.4 Any request sent to the MA to change the budget (reduction / increase), will have to be first accepted by the Steering Committee of the project (during meeting or by written procedure).
- 13.5 This contract is subject to the French law and any dispute that might arise in its execution and not be settled amicably between the parties, must be submitted to the court of law in Marseille, France. When this contract is prepared and signed in English the value of the original, is provided.

Article 14 - Annexes

- 14.1 This contract is an Annex of the ERDF global Subsidy Contract of the project, signed between the LP and the MA. The annexes of the ERDF global Subsidy Contract, namely the project Application Form and the Partnership Agreement, apply to the present IPA Subsidy Contract as well.

Signed in two copies in French or in English (one for the MA and one for the IPA Partner).


For the IPA Partner

Shkoder, ALBANIA, date
25/9/2013
.....
(Place and date)

MAXHID CUNGU,
President of Regional Council of Shkodra

.....
(Name of the signatory for the IPA Partner)

.....
(Signature and stamp)



For the Managing Authority

06 SEP. 2013
Marseille, the
(date)

M Michel Vauzelle
(Name of the signatory for the MA)

.....
(Signature and stamp)

