Interreg Co-funded by the European Union

IPA South Adriatic

SUBSIDY CONTRACT

In Bari, ITALY, at Corso Sonnino, 177, today 28/03/2024

Between

Regione Puglia
Dipartimento Sviluppo Economico
Corso Sonnino, 177
70121 Bari
Italy
legally represented by the Head of the Managing Authority of the 2021-2027 Programme "Interreg IPA South Adriatic" (EC Implementing Decision C(2022)6940, 26/09/2022, CCI 2021TC16IPCB008 on the (Interreg VI-A) IPA Italia-Albania-Montenegro - Adriatico Meridionale)
- hereinafter referred to as Manging Authority (**MA**)

and

Univerzitet Crne Gore, Institut Za Biologiju Mora
University of Montenegro - Institute of Marine Biology
I Bokeljske Brigade 68 – 85330 Dobrota - Kotor

legally represented by prof. Vladimir Božović
acting as lead partner, as defined in Article 23 of Regulation (EU) 1059/2021
- hereinafter referred to as Lead Partner (**LP**)

is concluded on the basis of the rules and documents as specified in the framework of the regulations and provisions of this contract and lays down the implementing arrangements for the project

No. SA-0200142 /SA SKILLS
(ref. number / project acronym)

herein referred to as the "Parties"

With regard to the framework of the regulations and provisions hereunder:

1. Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-accession Assistance (IPA III) hereinafter referred to as IPA III Regulation;

2. 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;

3. 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;

4. 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 repealing Council Regulation (EC, Euratom) No 966/2012 (the 'Financial Regulation');

5. Rules on procurement as set procurement procedures provided for in Articles 178 and 179 of the Financial Regulation and points 36 to 41 of Chapter 3 of Annex I to that Regulation. Additionally, for Italian partners: the applicable national legislation; and, for Montenegrin and Albanian partners: the respective financing agreements (particularly the Annex II on public procurement), the applicable national legislation, as well as the practical guide (PRAG) on public procurements where applicable;

6. Articles 107 and 108 of the Treaty on the Functioning of the European Union; Commission Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid; Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation – GBER) and its amendments , in particular Commission Regulation (EU) 2021/1237 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty; Delegated and Implementing acts, as well as all applicable decisions and rulings in the field of state aid;

7. Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009;

8. Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds;

9. All other EU legislation and the underlying principles applicable to the LP and its Project Partners (hereinafter referred to as PPs) including the legislation laying down provisions on public procurement,

on competition and entry into the markets, the protection of the environment, theequal opportunities between men and women;

10. The Commission Implementing Decision C(2022)6940 of 26/09/2022 adopting the Programme Interreg IPA Italy-Albania-Montenegro (South Adriatic) (hereafter referred to as the Programme) as well as Chapter 7 Implementing Provisions of the Programme;

11. The respective financing agreements for Albania and Montenegro;

12. The Public Notice to Strategic Project Partners (in compliance to Article 17 (3) EU Regulation 2021/1059) approved by Monitoring Committee on 15/11/2022, and the approved Application Form of Strategic Projects;

13. All Manuals, Guidelines and any other documents relevant for project implementation (e.g. Programme Manual) in their latest version as published on the programme website or handed over to the LP directly during the project implementation;

14. The laws of the Republic of Italy as applicable law to this contractual relationship.

In case of amendment of the above-mentioned legal norms and documents, and any other documents of relevance for the contractual relationship (e.g. application form) the latest version shall apply.

have agreed and accepted the following provisions:

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Article 1: AWARD OF SUBSIDY

1. Based on the application of the LP in its latest version and the supplementing/amending documents in their latest version (altogether hereinafter referred to as "application documents"), in accordance with the decision of the Monitoring Committee of the Programme (hereinafter referred to as MC), dated 15 November 2022 (and amending decisions) an earmarked subsidy is awarded to the LP for the project "High LEVEL and market-respondent Competences for a Blue and Digitalized "Smart and skilled South Adriatic" SA SKILLS/No. SA0200142, from funds of the Interreg IPA South Adriatic 2021/2027.

Maximum IPA amount of funding awarded	**3.983.815,91 Euro (€)**
Approved Partners´ co-financing	**815.861,21 Euro (€)**
Approved project budget	**4.799.677,12 Euro (€)**
Grant rate of the funding	**80% (Italy) - 85% (IPA Countries)**

The parties agree that the amounts set out in the project application form of the electronic monitoring system of the Programme in its most updated version, agreed and approved by the Monitoring Committee, are the valid amounts of the award of subsidy and eventual changes do not require an amendment of this contract.

2. Grant rate of the funding is understood as being the percentage rate which results from dividing the funding awarded from the Programme (IPA funding) by the Interreg IPA South Adriatic 2021/2027 eligible budget of the project (IPA funding + national co-financing by Interreg IPA South Adriatic 2021/2027, both public or private co-financing). The grant rate can change in the course of the implementation of the project. However, the maximum amount of IPA contribution as approved by the MC cannot be exceeded.
The grant rate for the project is up to 80% of the eligible costs for partners located in Italy and up to 85% of the eligible costs for partners located in IPA Countries of the Programme (Albania and Montenegro).

Pre-financing (where applicable)

3. Whereas requested (see annex 4), the LP shall receive a pre-financing amount of 30% of IPA contribution by signature of the present subsidy contract, and it shall transfer the related quota to their project partners without delay. Offset of the pre-financing occurs through the retention of 40% of the IPA amount requested in each joint progress report, until the total amount of pre-financing is completely offset, or not later than the second-last joint project report, in which the total remaining pre-financing shall be completely offset.
In case the concerned partners do not manage to submit enough validated expenditure for compensating the pre-financing received, they shall return the difference to the Managing Authority upon request and without any delay.

Retention at project closure

4. The Managing Authority is entitled to retain 10% of the due amounts of the last 3 reporting periods of the project, in order to safeguard the programme budget from financial corrections resulting from

irregularities detected after project closure. Any retained amounts shall be paid out to the LP after the last annual closure of accounts including certified project expenditure, i.e. once these may not be subject of a programme Audits.

Article 2: TERMS OF FUNDING

1. The subsidy is awarded exclusively for the project as it is described in the latest version of the Application Form (AF) and application relevant documents in accordance with the conditions set out by the MC. The application form and its annexes as approved by the MC form an integral part of this contract (see § 8).
2. Disbursement of the subsidy is subject to the condition that the European Commission makes the funds available to the extent described above and that all applicable EU and national rules are observed by the Partnership. In case of non-availability of funds, the MA cannot be deemed responsible for late or missing payments.
3. If the European Commission fails to make the funds available due to reasons that are outside of the sphere of influence of the Programme, the MA is entitled to terminate this contract and any claim by the LP or the PPs against the MA for whatever reason is excluded. In such a case, the LP will be duly notified by the MA and guided on the respective steps to be taken.
4. The LP accepts the subsidy and undertakes to carry out the project under its own responsibility as laid out in the European Structural and Investment Funds Regulations, the respective financing agreements for Albania and Montenegro, delegated and implementing acts or the programme rules based thereon.
5. Should it become evident that the project will not spend the maximum amount of IPA-co-financing, the MC may decide to reduce the award accordingly following the procedure as specified in the Programme Manual.
6. Disbursement of the subsidy is subject to the condition that this subsidy contract is signed by the parties to this contract.
7. In case one or more output and result targets, as set in the latest approved version of the AF, are not successfully reached, corrective measures may be put in place to ensure the project performance as well as to minimise the impact at programme level (e.g. adaptation of the project to the changed situation) following the procedures specified in the Programme Manual.
8. In case a project fails to respect the contractual arrangements on timeliness, budget absorption and achievement of outputs and results, as defined in the latest approved version of the AF, the programme may also reduce the IPA allocated to the project or, if necessary, stop the project by terminating the subsidy contract.
9. The national co-financing of Italian beneficiaries is regulated separately from this contract.

Article 3: DURATION OF THE PROJECT AND OF THE CONTRACT

1. According to the AF, in its latest version, the project has a duration of 52 months starting **from 1st July 2023.**
2. Specifications on project closure are laid out in the Programme Manual.
3. Without prejudice to the provision concerning the implementation of the project, this contract expires in accordance with obligations on availability of documents as defined in Article 82 of Regulation (EU) No 2021/1060 and the Programme Manual.

Article 4: ELEGIBILITY OF COSTS

1. Costs which qualify for a subsidy pursuant to § 1.1 of this contract shall exclusively consist of eligible costs as listed in the approved AF. Project eligible costs take the form of real costs and/or simplified cost options (SCOs) according to the Regulation (EU) 2021/1059 and the Regulation (EU) 2021/1060, as well as the programme eligibility rules as included in the Programme Manual based thereon. To be co-financed by the Programme, project expenditure has to comply with the methods for determining the costs of the project (real costs or simplified cost options) for each category as defined in the Programme Manual. All programme rules are published on the programme website and it is presumed that they are known by the Lead Partner.
2. The LP undertakes to carefully analyze and obey those eligibility rules and principles and to contractually forward this obligation to its project partners.
3. The non-compliance with the relevant rules could lead the programme authorities to take corrective measures and exclude from the project budget ineligible expenditure.
4. The costs of the Project are eligible as from the starting date to the end date of the Project as specified in the AF in its latest version in force.

Article 5: REQUEST FOR PAYMENTS AND PAYING OUT OF THE SUBSIDY

1. The LP may only request payments of the IPA contribution on behalf of the project by providing proof of progress of the project towards the achievement of the outputs and results as set in the approved AF, in compliance with the principle of sound project management. To this purpose the LP has to present periodic joint progress reports (JPR) and a final joint progress report to the Joint Secretariat (JS) and MA via the JeMS platform as described in § 6 of this contract and the Programme Manual.
2. Payment of costs claimed together with the above-mentioned reports is made subject to the provision that the payment of the amount is due according to the schedule as mentioned in § 6.1 of this document and that the European Commission has paid corresponding amounts beforehand.
3. Furthermore, payment of funds is subject to the condition that the legality and regularity of activities underlying the expenditure declared can be sufficiently demonstrated as stipulated in the applicable EU Regulations, Delegated and Implementing Acts or the Programme rules based thereon and that all supporting documents and certificates necessary for the assessment of the MA/JS are submitted in due time.
4. The MA reserves the right not to accept – in part or in full – certificates of expenditure as described in § 7 of this contract if due to the results of its own checks and/or controls or audits performed by another authority such a certificate or the facts stated therein prove to be incorrect or if the underlying activities are not in line with the legal framework as set out in this document. In such a case, the MA will either reduce the claimed certified amount, demand repayment of funds already paid out unduly or set them off against the next payment claim submitted by the LP, if possible. In compliance with Article 97 of Regulation (EU) 2021/1060, payments to the project can be suspended partially or in full in cases of suspicion of an irregularity. The MA is entitled to withhold any payment to a particular beneficiary (LP or PPs) or the project as a whole until all unclear issues related to the implementation, management and reporting are clarified.
5. The MA, also through the JS, may request relevant information at any time. That information must be supplied by the LP within the demanded time frame. The LP will also provide information and/or requested documents to other programme authorities, courts of auditors or other control institutions acting within their respective sphere of responsibility.

6. In case of system errors detected within audits, the MA also have the right to temporarily withhold payments. Payment suspension(s) shall be lifted as soon as observations and/or reservations raised by the relevant bodies have been withdrawn.
7. The MA ensures that the LP receives payments of the approved contribution from the programme in time and in full. No deduction, retention or further specific charges which would reduce the amount of the payment shall be made, without prejudice of provisions as above in this article. Opposite, the IPA contribution paid shall not exceed the share of IPA resulting from the eligible amount validated by each responsible control authority in compliance with § 7 of this document.
8. The disbursement of funds is subject to the provision by the LP, in addition to the presentation of the certificates of expenditures, of at least the following information: identification of national controllers (as referred to in § 7) of partners claiming costs, bank account of the LP, location of project documents at the premises of the LP and each PPs, evidence of the occurred signature of the partnership agreement (as set out in § 9 of this document).
9. The funds will be disbursed in Euro (EUR; €) only. In case of expenditures denominated in currencies other than Euro, costs shall be converted in Euro using the monthly accounting exchange rate of the EC in the month during which expenditure was submitted for verification to the First Level Controller. Any exchange rate risk will be borne by the LP. The subsidy will be transferred to the account as indicated by the LP in the supplementary information section of the application form. Whenever possible, this account should be of specific project use.
10. By paying out the subsidy according to this contract the MA fulfils its obligations resulting from this contract.
11. In accordance with Article 26 (2) of Regulation (EU) No 2021/1059 the LP shall ensure that the PPs receive the total amount of their respective share of the IPA as quickly as possible and in full. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce that amount for the PPs.
12. Payments not requested in time and in full or not in compliance with the payment schedule as indicated in § 6.1 and the overview table of reporting targets provided in AF may be lost.

Article 6: REPORTING

1. In order to demonstrate the progress of the project implementation as described in § 5.1 of this document the LP has to submit periodic joint progress reports and a final report to the MA via JeMS platform according to the timeframe indicated in the overview table of reporting targets as defined in AF. The LP shall agree with all Project Partners suitable deadlines for submission of partner reports and submission of the joint progress report within the deadlines set in the AF. Further details on the reporting procedures are specified in the Programme Manual.
2. The LP and PPs expressly accept the "Terms of service for the use of the Interreg IPA South Adriatic Joint electronic Monitoring System (JeMS)" in the current valid version published in the JeMS platform.
3. Each periodic progress report consists of an activity part and a financial part.
4. The final report is to be sent to the MA via JeMS at the latest four months after the project end date as mentioned in § 3 of this document and the overview table of reporting targets as defined in AF.
5. Further details on the contents of the reports and procedural rules are laid out in the Programme Manual, the contents of which the LP accepts and contractually forwards to its PPs.

Article 7: VALIDATION OF EXPENDITURES BY NATIONAL CONTROLLERS

1. Each joint progress report submitted by the LP to the MA via JeMS must be accompanied by certificates confirming the eligibility of expenditure, both at the LP and the PPs level, issued by national controllers as referred to in Article 46 of Regulation 2021/1059 according to the system set up by each Participating Country and in compliance with the requirements set by the legal framework of the Programme and of this contract.
2. In cases of LP and PPs from countries having set a decentralized control system, the MA reserves the right, after agreement with the national responsible institution, to require that the controller directly selected by the LP or PPs is replaced if considerations, which were unknown when the contract was signed, cast doubts on the controller's independence or professional standards.
3. Details about the appointment procedure of the National Controllers are laid out in the Programme Manual, which the LP accepts and contractually forwards to its PPs.
4. Changes of address, of account number and of control authority/institution or name of controller(s), have to be duly notified following the procedure laid out in the Programme Manual. Should the MA have any objections to the notified changes it may – after prior discussion with the national responsible institution – ask for replacement of the controller or the institution nominated.

Article 8: CHANGES IN PROJECT

1. Changes in budget allocations, work packages and partner as well as changes in activities/outputs and project duration are allowed, accordingly to the relevant rules and procedures mentioned in the Programme Manual, as long as the maximum amount of funding awarded is not exceeded, if provisions related to State aid discipline are respected and if they follow the conditions and procedures as set out in the Programme Manual. As soon as the LP becomes aware about the need for a project modification, the LP has to inform the JS that will provide support and guidance through the whole modification process.
2. The MA and JS, whereas needed, reserve the right to take the change request before the Monitoring Committee.
3. Any changes occurred in the AF, including the duration of the project and all modifications made according to § 8, are valid retrospectively and by the effect the last version of AF shall prevail without prejudice of the present contract.
4. Expenditures occurred for changes, which were not approved, are ineligible.

Article 9: REPRESENTATION OF PROJECT PARTNERS – LEAD PARTNER LIABILITY – PARTNERSHIP AGREEMENT

1. "Project Partners" are the organizations listed as such in the latest approved version of the AF.
2. The LP guarantees that it is entitled to represent the Project Partners participating in the project and that it has established a partnership agreement according to Articles 23 and 26 (1) a) of Regulation (EU) No 2021/1059, holding as a minimum content at least the rules as set in the template of partnership agreement provided by the Programme. The allocation of tasks, mutual responsibilities and obligations among the LP and the PPs are specified in this partnership agreement.
3. The LP guarantees that the partnership agreement as a whole provides also for a clear division, in line with the application documents, of the mutual responsibilities between all partners and of the obligation of each PP to assume responsibility in the event of any irregularity.

4. The signature of the partnership agreement shall be demonstrated at the latest within one month after the entering in to force of the subsidy contract as laid out in the Programme Manual. A copy of the signed partnership agreement shall be submitted to the MA at the latest with the first project report. The MA reserves the right to check the partnership agreement in order to verify that it has been signed and that it is in conformity with the minimum requirements as mentioned in § 8 (2) of this document.
5. The LP guarantees furthermore that it has complied with the legal framework according to this contract and with all the relevant legal and other requirements under the law which applies to it. The LP is obliged to contractually in its entirety to the PPs and to include all obligations as set out in this document into the partnership agreement.
6. The LP shall provide the PPs with all information and documents needed for a sound and legally correct project implementation including requirements related to communication and publicity.
7. In accordance with Article 26 of Regulation (EU) No 2021/1059, the LP bears the overall financial and legal responsibility for the entire project and for the PPs. It will be held liable if obligations as laid out in this contract or in applicable European Union´s or national laws are not fulfilled by the project partnership.
8. The LP is furthermore liable towards the MA for ensuring that all PPs fulfil their obligations. It is liable towards the MA for infringements by the PPs of obligations under this contract in the same way as for its own conduct.
9. If the MA demands repayment of subsidy funds in accordance with this contract, the LP is liable towards the MA for the total amount of those funds. The LP is entitled to ask repayment from its PPs as stipulated in Article 52 of Regulation (EU) No 2021/1059, as well as to request the involvement of the authorities of the Country of the concerned PP, in case of repeatedly unsuccessful recovery, according to the procedure described in the Programme Manual.
10. The MA cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the LP or one of its PPs while the project is being carried out. The MA can therefore not accept any claim for compensation or increases in payment in connection with such damage or injury.
12. The LP shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the project is being carried out. The LP shall discharge the MA of all liability associated with any claim or action brought as a result of an infringement of rules or regulations by the LP or one of its PPs, or as a result of violation of a third party's rights.

Article 10: PROJECT AND FINANCIAL MANAGEMENT

1.The LP ensures a professional management of the project.
2. The LP lays down the arrangements for its relation with the other partners participating in the project in a partnership agreement as mentioned in § 8 of this contract.
3. The LP coordinates the start and implementation of the project according to the time schedule as indicated in this contract and the work plan included in the application form.
4. In line with Article 26 (1) b) and c) of Regulation (EU) No 2021/1059 the LP ensures that the activities reported by the PPs have been effectively carried out for the purpose of implementing the project and corresponds to the activities agreed between the LP and PPs as set out in the AF.
5. The LP is responsible for ensuring the implementation of the entire project in observation of the rules and procedures set in the Programme Manual (e.g. with regard to monitoring the project physical progress,

recording and storing of documents, written requests for project changes, implementation of information and publicity measures etc.) and for ensuring that the PPs are made aware of their obligations.
6. The LP informs the MA and JS immediately about all circumstances that delay, hinder or make impossible the realization of the project as well as all circumstances that mean a change of the disbursement conditions and frameworks as laid down in this contract (e.g. loss of a project partner, making use of additional subsidies) or circumstances which oblige the MA to reduce payment or demand repayment of the subsidy wholly or in part.
7. The LP provides the MA and JS with any information requested without delay.
8. The LP implements the project in accordance with European Union´s and national legislation as well as in line with the programme requirements and ensures that also that the PPs respect these rules.
9. The LP provides data for the programme monitoring system (JeMS) in compliance with this contract and according to the MA and JS instructions.
10. The LP submits with the respective progress report the main outputs and deliverables as stated in the AF and following the procedures set in the Programme Manual. One specimen of each developed material shall be stored at the LP´s or PP´s premises for control and audit purposes.
11. The LP seeks the guidance from the JS where necessary and participates in seminars organised by the programme.
12. The LP invites the MA/JS to participate in project meetings as an observer and sends minutes of these meetings to the MA/JS.
13. The LP supports the programme in its information, communication and evaluation activities (e.g. joins project exhibitions, submits texts for programme website and publications).
14. In the name of all PPs, the LP agrees, according to 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 that the MA is entitled to use personal data, which are contained in the project application form and which are acquired in the organs and authorized representatives of the following bodies and authorities: national control bodies and bodies and authorities involved in audits carried out for the programme, European Commission, auditing bodies of the European Union and the Regione Puglia, or any other institution responsible for conducting audits or controls according to European Union´s or national laws. In addition, the MA is entitled to use such data and to share them with other programmes in order to implement their tasks linked to European anti-corruption policy and to make such data available to bodies and authorities for evaluation and monitoring purposes.
15. The LP agrees on behalf of all PPs, that the names and addresses of all project partners, the purpose and the amount of the subsidy may be used by the programme bodies in the framework of information and communication measures concerning the programme as well as reporting to the European Commission.
16. The LP ensures that, in case of aid granted under State Aid regime, the LP and its PPs will respect all necessary requirements provided for in Regulation (EU) No 1407/2013 and all relevant applicable Regulations on State Aid and will ensure their respect, when necessary, by those bodies benefitting of project activities/outputs. The LP is obliged to contractually forward this clause in its entity to the PPs.

Article 11: FINANCIAL CONTROL - AUDITS

1. The European Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors (ECA) and, within their responsibility, the auditing bodies of the participating countries or other national public auditing bodies as well as the Programme Audit Authority, the MA, the respective National Authorities in

Albania and Montenegro and JS are entitled to audit the proper use of funds by the LP or by its PPs or to arrange for such an audit to be carried out by authorised persons. The LP and PPs will be notified in due time about any audit to be carried out.

2. The LP undertakes all the necessary actions to comply with the fundamental requirements indicated in this contract, the applicable laws and programme documents (Programme Manual), which are an integral part of this contract, to provide for comprehensive documentation on compliance with those norms and the accessibility to this documentation. Besides the obligations with regard to reporting and information the LP particularly:

a) keeps all documents and data required for controls and audits safely and orderly as further specified in § 10 of this contract;
b) makes all necessary arrangements to ensure that any audit, notified by a duly authorized institution as indicated in § 11.1 can be carried out smoothly and
c) provides any requested information to these institutions about the project and gives access to their business premises, provides and gives access to all the information and documents as requested in the applicable EU Regulations, Delegated and Implementing Acts and the Programme Manual.

3. In case an audit or verification by the Audit Authority, the European Commission, the National and European Court of Auditors, or any other control set by the National legislations substantially detects a failure in the verification of the existence or completeness of the outputs delivered or an error in the calculation method applied by the MA for the SCOs, the MA reserves the right to require the LP and PPs additional documentation of the expenditures incurred, necessary to respond to the specific findings.

4. The LP shall promptly inform the JS about any audits that have been carried out by the bodies mentioned in § 11.1 of this contract.

5. If, as a result of the controls and audits any expenditure is considered not eligible according to the regulatory framework of this contract, the procedure described in § 12 and § 5 (4) of this contract shall apply.

Article 12: WITHDRAWAL OR RECOVERY OF UNDULY PAID-OUT FUNDS

1. In case the MA discovers (e.g. during the day-to-day management or during on-the spot checks) any unduly paid out funds, e.g. due to administrative errors or irregularities, a breach of contract or infringement of the legal provisions, or in case the MA is notified of such cases, the MA shall, if necessary in consultation with the respective Country concerned and by informing the MC, demand from the LP repayment of the subsidy in whole or in part.

2. The LP shall ensure that, if applicable, the concerned PP repays the LP any amounts unduly paid in accordance with the Partnership Agreement and the Programme Manual. In compliance with article 52 of the Regulation (EU) 2021/1059 and the related provisions of the Financing Agreement, when a financial correction is necessary because of irregularities generated by the LP and it may not be recovered through deduction from payments due to the LP, the MA shall submit by registered post a written recovery note to the LP, followed by a second recovery note within 40 calendar days, if the first is unsuccessful. In case financial corrections are necessary because of irregularities generated by the project partners (PPs) and if they may not be recovered by the LP through deduction from payments due, the LP shall submit by registered post a written recovery note to the concerned PP, followed by a second recovery note within 40 calendar days, if the first is unsuccessful. In case these are unsuccessful, the LP shall inform the MA in order

to activate the National Authority of the country, where the PP is located. Once the MA has received the funds from the National Authority of the country of the partner concerned, the MA shall transfer it to the LP.

3. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of the late interest applied to the amount to be recovered will be calculated in accordance with Article 88 of Regulation (EU) No 2021/1060.

4. In case factors behind the recovery procedure show violation of the Subsidy Contract (see § 18 of this contract) the MA will consider the termination of the contract as last resort. In any case the partnership will be heard before taking a final decision on the termination of the contract.

Article 13: PUBLICITY, COMMUNICATION AND BRANDING

1. Any notice or publication made by the project including presentations at conferences or seminars, whether printed or electronically available, shall point out that the present project was implemented through financial assistance from IPA funds of the Interreg IPA South Adriatic Programme as provided in Chapter III Section I and Annex IX of Regulation (EU) 2021/1060 and in Article 36 of Regulation (EU) 2021/1059. All information, communication and branding measures of the project shall be carried out in accordance with the aforementioned rules, the latest version of the approved Application Form, the Programme Manual and any other guidelines issued by the programme on the matter. The LP shall take care that the PPs comply with these requirements and provide them with relevant documents and any programme guidelines.

2. Any notice or publication relating to the project made in any form and by any means, including the web, must state that it only reflects the author's view and that the programme authorities are not liable for any use that may be made of the information contained therein.

3. The LP also takes the full responsibility for the content of any notice, publication and marketing product provided to the MA which has been developed by the LP, any of the project partners or third parties on behalf of the LP or the project partners. The LP is liable in case a third-party claims compensation for damages (e.g. because of an infringement of intellectual property rights). The LP will indemnify the MA in case the MA suffers any damage because of the content of the publicity and information material.

4. The LP shall ensure that the project partnership complies with all publicity, communication and branding obligations (e.g. on the use of the programme logo, information requirements, organization of events etc.) as further specified in the Programme Manual, especially as for the use of Programme logos and programme website.

5. According to Article 49 (3) of Regulation (EU) 2021/1060, Programme Authorities shall be authorized to publish, in any and by any means, the following information:

a) the name of the LP and its partners
b) the project name
c) the summary of the project
d) the objectives of the project and the subsidy
e) the project start and end dates
f) the total project budget (IPA contribution + National co-financing + other public and private funding + PPs own resources);
g) the geographical location of the project partners
h) Summary of the progress reports and final report

i) type of intervention for the project in accordance with point (g) of Article 73 (2) of Regulation (EU) 2021/1060.

6. The MA is entitled to furthermore use these data for information and communication purposes as listed in Annex IX of Regulation (EU) 2021/1060.

7. The MA on behalf of the MC and of other programme promoters at national level is entitled to use the outputs of the project in order to guarantee a wide spreading of the project deliverables and outputs and to make them available to the public. The LP agrees that the outputs are forwarded by the MA to other programme authorities as well as the Participating Countries taking part in the programme to use this material to showcase how the subsidy is used.

8. For the purpose of meeting the objectives as set out in § 5 of this contract the LP has to provide evidence of the deliverables and outputs produced as further specified in the Programme Manual.

9. Any communication campaign, media appearance or other publicity of the project shall be communicated to the MA/JS for potential website updates or showcases.

10. The LP is obliged to inform the JS/MA on possible sensitive/confidential issues that cannot be published in the Programme newsletters and website.

11. In the spirit of cooperation and exchange, the LP and PPS must ensure that the outputs and results produced as a result of the project are in the public interest and publicly available. They should be accessible and available to the general public in a usable format. The MA/JS and any relevant Programme, EU and national body can use them for information and communication purposes in the framework of the Programme.

Article 14: OWNERSHIP - DURABILITY - USE OF OUTPUTS

1. Ownership, title and industrial and intellectual property rights in the results of the project and the reports and other documents relating to it shall, depending on the applicable national law and/or the Partnership Agreement, vest in the LP and/or its PPs. The partnership is entitled to establish the property rights of the products deriving from the project according to the EU and national applicable law.

2. The ownership of outputs having the character of investments in infrastructure or productive investments realised within the project must remain with the concerned LP and/or PPs according to the timeframe as well as under the conditions set in Article 65 of Regulation (EU) No 1060/2021. Should any of the conditions set by the mentioned provision not be timely met, the MA/JS must be immediately informed by the concerned LP or PP. The MA will recover the unduly paid IPA contribution in proportion to the period for which the requirements have not been fulfilled.

3. The LP ensures, through the PA, that results and outcomes of the project are joint property of all PPs. The PA also ensures that the specific national rules and instructions relevant for the ownership rights (title, intellectual and industrial property rights) of the project outcomes and results are taken into account when necessary.

4. The LP respects all applicable rules and the basic principles related to competition law as well as the principles of equal treatment and transparency within the meaning of the funding regulations and it ensures that no undue advantage, i.e. the granting of any advantage that would undermine the basic principles and political objectives of the funding regime, is given to anybody. The LP ensures that the results of the project, especially any study, analysis or database produced during the implementation shall be made available to the public in the Programme official web site, in open format, in order to guarantee a widespread dissemination of the project's outcomes in accordance with the approved AF.

5. The MA reserves the right to use the outputs and results for information and communication actions in respect of the programme. In case there are pre-existing intellectual and industrial property rights which are made available to the project, these are fully respected.
6. Any income generated by the intellectual property rights must be managed in compliance with the applicable EU, national and programme rules on-revenues and state aid.

Article 15: ASSIGNMENTS – LEGAL SUCCESSION

1. The MA is entitled at any time to assign its rights under this contract. In case of assignment the MA will inform the LP without delay.
2. The LP is in exceptional cases and in well-founded circumstances allowed to assign its duties and rights under this contract only after prior written consent of the MA and the MC. The procedure will be further specified in the Programme Manual.
3. Where according to national laws the legal personality does not change and where all assets of the LP or a PP are taken over so that a deterioration of the financial capacity of the acquiring institution is not to be expected (i.e. in cases of universal succession) prior consent by the MC is not necessary. The LP, however, will submit related information together with all documents that are necessary to analyze the legal case in due time to the MA/JS. If the MA/JS comes to the conclusion the conditions as stated above are not fulfilled (e.g. in cases of a singular succession), the LP will be informed that a partner change procedure as stated in § 8 has to be initiated.
4. In case of assignment or any form of legal succession of a LP or PP the LP or PP concerned is obliged to assign all rights and obligations and all project related documents to each and any assignee or legal successor. Related reports to the MA/JS as requested in the programme documents have to be forwarded by the LP.

Article 16: TERMINATION AND REPAYMENT

1. In addition to the right of termination as laid down in § 5 the MA is entitled, in whole or in part, to terminate this contract and/or to demand repayment of subsidy in any of the following circumstances:

a) the LP has obtained the subsidy through false or incomplete statements or through forged documents;
b) the LP and its partners receive additional funding from the European Union for all or part of the project expenditure reported under the Programme during the period of the implementation of the project;
c) the project has not been or cannot be implemented, or it has not been or cannot be implemented in due time;
d) the project has not started in due time and even a written reminder by the MA/JS remains unsuccessful;
e) a change has occurred, e.g. with regard to nature, scale, ownership, cost, timing, partnership or completion of the project, that has put at risk the achievement of the results planned and stated in the latest version of the AF;
f) the project outputs and results are not in line with those described in the approved application;
g) the LP has failed to submit required reports (e.g. the progress reports according to the overview table of reporting targets and deadlines annexed to this contract) or proofs, or to supply necessary information provided that the LP has received a written reminder setting an adequate deadline

and explicitly specifying the legal consequences of a failure to comply with requirements and has failed to comply with this deadline;

h) the LP has infringed its duty to ask for prior written approval where indicated by this contract or in the Programme Manual or has failed to immediately report events delaying or preventing the implementation of the project funded or any circumstances that mean a change of the disbursement conditions and frameworks as laid down in this contract;
i) the LP or its PPs obstruct or prevented the financial control and auditing as indicated in § 11 of this contract;
j) the amount of funding awarded has been partially or entirely misapplied for purposes other than those agreed upon;
k) insolvency proceedings are instituted against the assets of the LP or one of the PPs or insolvency proceedings are dismissed due to lack of assets for cost recovery or the LP or one of the PPs closes down or liquidates, provided that this appears to prevent or risk the achievement of the project objectives;
l) the provisions related to income and revenues are infringed or the LP does – for any other reasons – not make available the outputs to the MA;
m) exceeding the permissible limits of the funding regulations the LP wholly or partly sells, leases or lets the project outputs/results to a third party;
n) regulations of EU-law including the horizontal policies or national regulations have been violated;
o) the ownership of project outputs having the character of investments in infrastructure or productive investments did not remain with the concerned LP and/or PPs for the timeframe and under the conditions set in Article 65 of Regulation (EU) No 1060/2021;
p) it has become impossible to verify that the progress report is correct and thus the eligibility of the project by funding from the Programme;
q) the LP and/or any of the PPs is in the situation of undertaking in difficulty, within the meaning of point 24 (in conjunction with point 20) of the "Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty" (Communication from the Commission No. 2014/C 249/01 of 31.07.2014);
r) the LP has failed to fulfil any other conditions or requirements for assistance stipulated in this contract and the provisions it is based on, notably if these conditions or requirements are meant to guarantee the successful achievement of the programme objectives.

2. Prior to or instead of terminating the contract as provided for in this article, the MA may suspend payments as a precautionary measure, without prior notice. This measure shall be lifted as soon as the reasons for such measures cease to apply or requested proof can be furnished.
3. If the MA exercises its right of termination and the LP is demanded full or partial repayment of amounts already paid, the LP is obliged to transfer the repayment amount to the MA. The repayment amount is due within one months following the date of the letter by which the MA asserts the repayment claim; the due date will be stated explicitly in the order for recovery.
4. If a LP or PP fails to return unduly paid funds in another project funded by the Programme, the MA has the right to withdraw the corresponding IPA from any open payment in this project.
5. If the MA exercises its right of termination, offsetting by the LP is excluded unless its claim is undisputed or recognised by declaratory judgement.

6. If the MA exercises its right of termination and the LP is demanded full or partial repayment of amounts already paid. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of the late interest applied to the amount to be recovered will be calculated in accordance with Article 88 of Regulation (EU) No. 2021/1060.
7. After termination of this contract, the LP's obligations and liabilities remain.
8. Bank charges incurred by the repayment of amounts due to the MA shall be borne entirely by the LP.
9. If any of the circumstances indicated in the aforementioned point 1 of this paragraph occur before the full amount of subsidy has been paid to the LP, payments may be discontinued and there shall be no claims to payment of the remaining amount.
10. As laid out in § 2.3, the MA is entitled to terminate this contract if the European Commission fails to make the funds available due to reasons that are outside of the sphere of influence of the programme.
11. Any further legal claims shall remain unaffected by the above provisions.

Article 17: DE-COMMITMENT

1. The European Commission shall automatically de-commit any part of a budget commitment of a Programme that has not been used according to the Article 105 of Regulation (EU) No 1060/2021. This de-commitment risk on Programme level is consequently considered on project level.
2. Based on the fact that the payments by the European Commission to the MA will only be made in accordance with the corresponding budget commitments, the LP must report on the expenditure as foreseen in the financial plan of the latest AF for each reporting period.
3. If financial performance does not meet the forecast as approved in the AF, the project may be subject to de-commitment as specified in Programme manual.

Article 18: FORCE MAJEURE

1. Force majeure shall mean any unforeseeable and exceptional event affecting the fulfilment of any obligation under this subsidy contract, which is beyond the control of the LP and PPs and cannot be overcome despite their reasonable endeavours (e.g. substantial changes due to changes in political or financial terms). Any default of a product or service or delays in making them available for the purpose of performing this contract and affecting the project performance, including, for instance, anomalies in the functioning or performance of product or services, labour disputes, strikes or financial difficulties do not constitute force majeure.
2. If the LP or PPs are subject to force majeure liable to affect the fulfilment of its/their obligations under this subsidy contract, the LP shall notify the MA via the JS without delay, stating the nature, likely duration and foreseeable effects.
3. If the MA is subject to force majeure liable to affect the fulfilment of its obligations within the framework of this subsidy contract, it shall notify it to the LP without delay, stating the nature, likely duration and foreseeable effects.
4. Neither the MA nor the LP or the PPs shall be considered to be in breach of their obligations to execute the project if it has been prevented from complying by force majeure. Where LP or PPs cannot fulfil their obligations to execute the project due to force majeure, grant for accepted eligible expenditure occurred may be made only for those activities which have actually been executed up to the date of the event identified as force majeure. All necessary measures shall be taken to limit damage to the minimum.

Article 19: LITIGATION

1. This contract is governed by and construed in accordance with the laws of the Republic of Italy. Thus, the laws of Italy shall apply to all legal relations arising in connections with this agreement.
2. Any complaints against acts, omissions and/or decisions of the MA/JS during the project implementation phase or by the MC decisions on the basis of the present contract shall be submitted by the LP on behalf of the partnership to the MA for the examination as indicated in Programme manual. The LP, as well as the interested partner, can file a formal complaint against acts, omissions and/or decisions of control and audit bodies (controllers, auditors, etc.) related to the national control system following the procedures set in place at national and EU level.
3. In case of disputes between the MA and the LP, presumption of the good faith from the LP will be privileged and, prior to litigation, mediation procedures shall be set in place.
4. In case of litigation the venue is the court of competent jurisdiction at the seat of the Regione Puglia, Bari (Italy). Legal proceedings will be in Italian.

Article 20: DATA MANAGEMENT AND PROTECTION

1. Any personal data under this contract must be processed by the MA/JS or other relevant Programme bodies in accordance with the Regulation (EU) 2016/679 (General Data Protection Regulation/GDPR.) on the protection of natural person with regard to the processing of personal data and on the free movement of such data.
2. In accordance with Article 4 of the Regulation (EU) 2021/1060, the MA, other Programme bodies and the Commission must be allowed to process data, where necessary for the purpose of carrying out their respective obligations under the body rules and regulations referred in this contract, in particular for monitoring, reporting, communication, publication, evaluation, financial management, verifications and audits and, where applicable, for determining the eligibility of the participants.
3. The MA may transfer project and/ or personal data to relevant Programme bodies and national authorities for the same purposes as listed in paragraph 2 of this article.

Article 21: FINAL PROVISIONS

1. All the provisions mentioned in this contract shall apply and the rights and obligations derived thereof shall become part of this contact. All cited laws, regulations and Programme documents mentioned are applicable in their currently valid version. The LP declares to respect the legal framework as mentioned and to contractually forward this obligation to the project partnership.
2. The programme language is English. Thus, all correspondence with the MA/JS under this contract must be in English language. Documents have to be submitted as requested in this contract or other programme documents.
3. Unless otherwise stated, all communication is sent to the JS with its office as mentioned on the programme website.
4. If any provision in this contract should be wholly or partly ineffective, the parties to this contract undertake to replace the ineffective provision by an effective provision which comes as close as possible to the purpose of the ineffective provision.
5. In case of differences that are not ruled by this contract, the parties agree to find a joint solution.

6. Amendments and supplements to this contract and any waiver of the requirement of the written form must be in written form and have to be indicated as such. Consequently, any changes of the present contract shall only be effective if they have been agreed on in writing and have been designated as amendment of or supplement to the contract, with the express exclusion of the amendments of AF according to § 8, which are subject only to the project change procedure of the Programme Manual.
7. Any costs, fees or taxes not eligible or any other duties arising from the conclusion or implementation of this agreement shall be borne by the LP and/or its PPs.
8. The Contract is signed digitally where due and whenever possible or, if not possible, with hand- written signature (including also a copy of ID Card or Passport), in two original copies of which one is kept by the LP and one by the MA.
9. The LP is free to accept and sign this contract within one month after having been offered it by the MA (date of the submission by e-mail). After one month, the offer of the MA loses any relevance unless the MA agrees to a prolongation of this period of time.
10. The present contract shall come into force upon signature of signature by the MA. It remains valid as long as any duties linked to the IPA subsidy might be claimed and, in any case, at least until the end of the applicable retention period as communicated by the MA to the LP in compliance with the Programme manual and in accordance with obligations on availability of documents as defined in Article 82 of Regulation (EU) No 1060/2021.

Written in *2 (two)* original copies,

Managing Authority
Interreg IPA SOUTH ADRIATIC

REGIONE PUGLIA
STRUTTURA DI PROGETTO INTERREG
MANAGEMENT STRUCTURE
Autorità di Gestione Programma
Interreg IPA South Adriatic
Corso Sonnino, 177 - 70121 BARI

BARI 28/03/2024

Angela Cistulli
Head of Managing Authority

Place and date

LEAD PARTNER
Project SA SKILLS

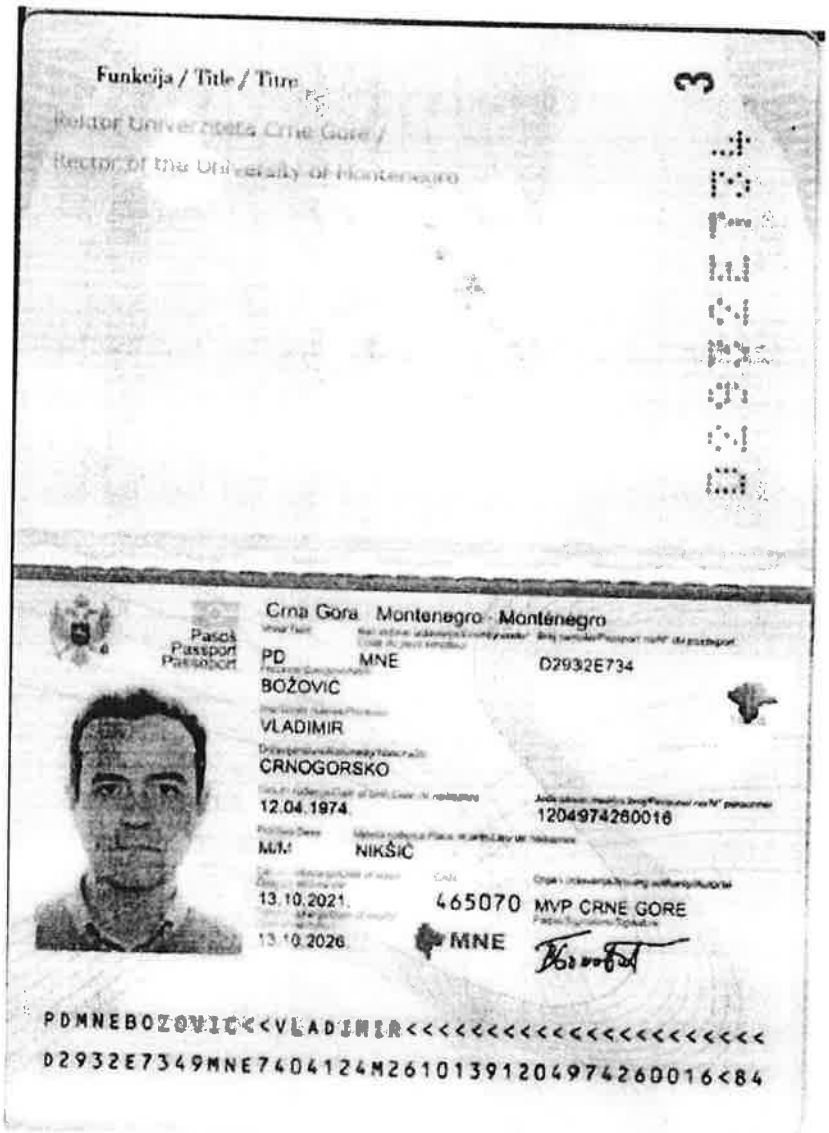
UNIVERZITET CRNE GORE
UCG

Podgorica, 7th of March 2024

Vladimir Božović
Rector

Place and date

Please attach a copy of a valid identity document (e.g. identity card, passport)



Annex

1. Monitoring Committee Decision of 15 November 2022
2. Application form, in its current valid version
3. CUP-No. declaration (Not Applicable)
4. Request of pre-financing

ANNEX 3 – CUP No. declaration (applicable to Italian Lead partners)

Italian partners shall fill in and sign following declaration in the applicable version A for public and B for private bodies.

Version A – Declaration by Italian PUBLIC lead partners

-In compliance with art. 11 of the Italian law no.3/2003, Italian partners have the obligation to request and use a unique identification number (CUP) for each project, as a measure supporting transparency and control of public investments, therefore mitigating fraud risk.

-Furthermore, according to CIPE Decisions no. 45 /2011 and no. 143/2002, the CUP no. is obligatory for all Italian partners EU co-financed projects, even within the European Territorial Cooperation, therefore also for the Interreg IPA CBC Italy-Albania-Montenegro.

-In particular, decision no. 45/2011 specified that if the contributions are paid to public bodies or bodies governed by public law the CUP is requested by each public body or body governed by public law; if contributions are paid to private partners, the managing authority shall request the CUP for the private partner.

On this legal basis, I, the undersigned, *[name, surname]*, as the legal representative of *<name of the Project Partner's organisation in original language>* acting as *Lead Partner /Project Partner* in the project *< project acronym>*,

declare that

- The CUP no. related to this co-funded project is CUP NO. , *[CUP NO]*,
- I committ to use the CUP no., together with the project no. and identification provided in the eMS system, by the organisation I represent, in the financial flows related to the project, such as for payments to contractors, invoices and contracts.

I acknowledge that untruthful/false declarations, in addition to the administrative sanctions and the request for refunding unduly received contribution charged with the interests, can also be prosecuted according to the relevant penal law.

....

Name of the Signatory - Signature *Place and date*

ANNEX 4 – Request of pre-financing

PRE-FINANCING PAYMENT REQUEST

Interreg IPA South Adriatic

*Date and Prot.*_____-

To the Managing Authority
Interreg IPA South Adriatic Programme
Regione Puglia
Dipartimento Sviluppo Economico
Corso Sonnino, 177 70121 Bari - ITALY

SA SKILLS / No. SA-0200142

Name and address of the Lead Partner: University of Montenegro - Institute of Marine Biology

I Vladimir Božović , as legal representative of the LP University of Montenegro - Institute of Marine Biology, hereby request the pre-financing quota, amounting to 30% of the total IPA contribution related to the SA SKILLS / No. SA-0200142 under the Subsidy Contract signed on _____ .

As indicated in Article 1 of the Subsidy Contract the amount requested has the following distribution

Partner	Name of Institution	IPA Pre-financing
Lead Partner	University of Montenegro – Institute of Marine Biology (ME)	€ 388.833,98
Partner 2	Puglia Region – Department of Labour market policies, Education, Training (IT)	€ 284.132,26
Partner 3	Molise Region - Service for the competitiveness of productive systems (IT)	€ 176.234,02
Partner 4	State Agency for Strategic Programming and Aid Coordination (AL)	€ 191.259,38
Partner 5	Ministry of Economic Development of Montenegro	€ 85.636,55
Partner 6	Ministry of Agriculture and Rural Development (AL)	€ 69.048,59
Total		€ 1.195.144,77

The payment should be made to the following bank account:

ACCOUNT HOLDER UNIVERZITET CRNE GORE - CETINJSKA BR.2 - 81000, Podgorica,MONTENEGRO

IBAN ME25510000000000014008 - SWIFT CKBCMEP - CRNOGORSKA KOMERCIJALNA BANKA AD PODGORICA

Yours faithfully,

Legal Representative Signature and Stamp