

Subsidy Contract

Subsidy Contract No.....¹

on implementation of the Project²

**within the South Baltic Cross-Border Co-operation Programme 2007-2013, objective:
European Territorial Cooperation**

signed by and between:

The Minister of Regional Development, ul. Wspólna 2/4, 00-926 Warsaw, Poland, acting as the Managing Authority designated in the South Baltic Cross-Border Co-operation Operational Programme 2007-2013, hereinafter referred to as “Managing Authority”, represented by:

Mr Krzysztof Hetman, Undersecretary in the Ministry of Regional Development of Poland, on the basis of the power of attorney No MRR/320-UPM/08 dated 25th January 2008 attached to the Contract

and

.....³, acting as the Lead Beneficiary,

represented by:

.....,

on the basis of dated⁴

attached to the Subsidy Contract

in accordance with the following documents:

- The EU regulations, in particular:
 1. *Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, repealing the Regulation (EC) 1260/199 (O.J. L 210 dated 31.7.2006, with further changes), hereinafter referred to the General Regulation;*
 2. *Regulation (EC) No. 1080/2006 of the European Parliament and Council of 5 July 2006 on the European Regional Development Fund, repealing the Regulation (EC)1783/2006 (O.J. L 210 dated 31.7.2006), hereinafter referred to the ERDF Regulation;*

¹ Please enter the number assigned by the Managing Authority

² Please enter the name and the number of the Project assigned by the Joint Technical Secretariat.

³ The name of the Lead Beneficiary, address (and other details depending on the legal status of the Lead Beneficiary, e.g. in case of a Polish entity REGON and NIP).

⁴ Please enter the document defining the power of attorney of the Lead Beneficiary, according to the national requirements of the Member State hosting the Lead Beneficiary.

3. *Council Regulation (EC) No. 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (O.J. L 371 dated 27.12.2006), hereinafter referred to the Implementing Regulation.*

- And the following documents:

1. Operational Programme for the South Baltic Cross-Border Co-operation Programme 2007-2013 (hereinafter referred to as Operational Programme), approved by the Decision of European Commission No. C (2007) 6499 dated on 20th December 2007;
2. The Description of the management and control system to be set up pursuant to the provisions of Title VI of the General Regulation;
3. Communication plan prepared by the Managing Authority pursuant to the provisions of Title 2 of the Implementing Regulation;
4. *Eligibility Guidelines adopted for the Programme in each Member State hosting Project Partners:....⁵* ;
5. The up-to-date Programme Manual approved by the Monitoring Committee published on the website of the Programme (www.southbaltic.eu).
6. *Up-to-date Guidelines for determining financial corrections to be made to expenditure co-financed by the Structural Funds or the Cohesion Fund for non-compliance with the rules on public procurement (COCOF 07/0037/02-EN).*
7. *Up-to-date Commission Interpretative Communication on the Community law applicable to contract awards not or not fully subject to the provisions of the Public Procurement Directives (2006/C 179/02).*

The Parties agree as follows:

§ 1.

DEFINITIONS

Each time the Subsidy Contract refers to:

- 1) ERDF – this shall mean the European Regional Development Fund ;
- 2) Programme – this shall mean South Baltic Cross-Border Co-operation Programme 2007-2013, approved by the European Commission with the decision No C(2007) 6499 dated on 20th December 2007;
- 3) Application Form – this shall mean the Application for financial support from the Programme together with all attachments, approved by the Steering Committee on No., attached to the Subsidy Contract;
- 4) Project – this shall mean the operation defined in the Application Form, implemented within the Programme based on the present Subsidy Contract;

⁵ Please enter the full name of eligibility guidelines adopted in each Member State hosting a Project Partner – if any.

- 5) National controllers – this shall mean the controllers set up in a given Member State pursuant to art. 16 item 1 of the ERDF Regulation, responsible for verifying the regularity and legality of declared expenditures;
- 6) Lead Beneficiary – this shall mean the entity defined in the Application Form which signs the Subsidy Contract and which bears the overall responsibility, including financial responsibility for Project implementation;
- 7) Partners – this shall mean the entities indicated in the Application Form, which are an individual, legal persons or an organisational units with legal identity, who participate in the Project implementation and sign a Partnership Agreement with the Lead Beneficiary;
- 8) Subsidy – this shall mean funds originating from the ERDF, transferred to the bank account of the Lead Beneficiary;
- 9) National co-financing – this shall mean the own contribution of the Partners in the total costs of the Project, defined in the Application Form;
- 10) Eligible costs – this shall mean costs deemed as eligible pursuant to the Implementing Regulation, national regulations and provisions accepted for the Programme in the up-to-date Programme Manual and [*Eligibility Guidelines adopted for the Programme in each Member State hosting Project Partners:....⁶*];
- 11) Co-financing rate - results from dividing the subsidy awarded from the Programme (ERDF) by the total eligible costs of the Project and is presented as a percentage value with two digits after comma. It cannot exceed 85% for the whole Project, with reservation of maximum rate 75% for Project Partners from Denmark and Sweden and 85% for Project Partners from Germany, Lithuania and Poland;
- 12) Expected effects of the Project implementation – this shall mean output and results indicators and their target values, defined in the Application Form;
- 13) Project start – this shall mean the date when the activities concerning Project implementation were initiated;
- 14) Project completion – this shall mean the expected date of completion of thematic activities of the Project (the last undertaken action of the Project); e.g. the date of acceptance of works, deliveries or services;
- 15) Joint Technical Secretariat – this shall mean the institution designated on the basis of the South Baltic Cross-Border Co-operation Operational Programme 2007-2013 in order to assist the appropriate authorities, in particular Managing Authority, in carrying out their respective duties;
- 16) Programme account – this shall mean the bank account on which the ERDF funds transferred for the Programme by the European Commission are collected;
- 17) Partnership Agreement – this shall mean an agreement regulating mutual rights and obligations among Project Partners and the Lead Beneficiary;
- 18) Lead Beneficiary’s account – this shall mean the following bank account, run in EUR:

Name and address of the Bank:

.....
 Bank Code (BIC/SWIFT):.....
 IBAN:.....

⁶ Please enter the full name of eligibility guidelines adopted in each Member State hosting a Project Partner – if any.

Name and address of the Lead Beneficiary:.....

.....

Bank account

No.....

§ 2.

AIM OF THE SUBSIDY CONTRACT

1. The aim of this Subsidy Contract is to define the terms and conditions on which the Managing Authority transfers the subsidy from ERDF for the implementation of the Project.
2. In particular, the Subsidy Contract defines the mutual rights and obligations of the parties, concerning the Project implementation in the field of mode and terms of reimbursement, monitoring, reporting and payments, control and audit, information and publicity as well as Project management.
3. When implementing the Project, Lead Beneficiary must comply with both the EU and the specific national regulations and provisions. In particular, the Lead Beneficiary is obliged to respect the rules of fair competition and equal treatment, environmental protection provisions, public aid rules, the rule of equal status of men and women, and partnership.
4. Lead Beneficiary is obliged to ensure that the EU and national regulations, provisions and rules mentioned in item 3 are applied by all Project Partners.

§ 3.

PROJECT BUDGET

1. The Managing Authority, grants the Lead Beneficiary financial support from ERDF in the amount approved in the Application Form for the implementation of the Project in the amount of % ⁷ of total eligible costs amounting to EUR (say:EUR) , which is no more than:
EUR (say: EUR).
2. The Lead Beneficiary, on behalf of all Partners, commits oneself to contribute (national co-financing) for the Project implementation in the amount of:
 EUR (say: EUR).
3. The total value of the Project is no more.....EUR (say:.....EUR).
4. Non-eligible expenditures are to be covered by the Lead Beneficiary and its Project Partners and other bodies involved in the Project implementation.

⁷ Please state up to two decimal places. Rounding must be made pursuant to the mathematical principles, i.e. if the third decimal digit is 1,2,3,4 - the second digit is left unchanged, while if it is 5,6,7,8,9, the second decimal digit is rounded up, however no more that 85,00%.

5. The co-financing rate of the funds granted referred to in item 1 results from dividing the subsidy awarded from the Programme (ERDF) by the total eligible costs of the Project. The co-financing rate may change during the implementation of the Project. It cannot however exceed 85% for the whole Project, with reservation of maximum rate 75% for Project Partners from Denmark and Sweden and 85% for Project Partners from Germany, Lithuania and Poland.

§ 4.

PROJECT DURATION

1. The Project implementation period is defined as follows:
 - 1) date of the Project start:
 - 2) date of Project completion:
2. Project implementation should be performed pursuant to the Application Form, which constitute an attachment to this Subsidy Contract.

§ 5.

RESPONSIBILITIES

1. The Lead Beneficiary is responsible to the Managing Authority for the entire Project implementation. The Lead Beneficiary is also liable for all the actions undertaken by the Partners, which cause a violation of the obligations resulting from this Subsidy Contract.
2. The Lead Beneficiary is solely responsible to any third parties for damages occurred with relation to the Project implementation.
3. The Lead Beneficiary relinquishes all the claims towards the Managing Authority for damages caused with relation to the Project implementation by Partner or any third parties.
4. If the Managing Authority, pursuant to the present Subsidy Contract, requests the recovery of a part or the whole of subsidy granted, the Lead Beneficiary is responsible for reimbursement of the requested amount.
5. Lead Beneficiary shall lay down the arrangements for its relations with the Partners participating in the Project in a Partnership Agreement.
6. The Partnership Agreement referred to in item 5 shall be signed according to the minimum requirements set by the Managing Authority.

§ 6.

REPORTING AND PAYMENTS

1. The Lead Beneficiary requests the refund of eligible expenditures on the basis of the Progress Report on Project implementation submitted to the Joint Technical Secretariat

within the deadlines defined in up-to-date Programme Manual and pursuant to procedures specified in the up-to-date Programme Manual.

2. The Lead Beneficiary is obliged to submit the final Progress Report to the Joint Technical Secretariat, within the deadlines and pursuant to procedures specified in the up-to-date Programme Manual after the end of project completion, defined in § 4 item 1 point 2.
3. The Progress Reports referred to in item 1 and 2 consist of the activity part – report on Project implementation, and the financial part – request for payment together with the certification of expenditures, confirming the eligibility of all the costs borne in a given period and included in the payment request.
4. In case the Project is to be completed within the next reporting period following the Subsidy Contract conclusion, the Lead Beneficiary shall submit only the final Progress Report to the Joint Technical Secretariat.
5. In case errors in the Progress Report have been detected, the Joint Technical Secretariat, on the basis of an agreement with the Managing Authority may complete or correct the errors, in case of insignificant errors, i.e. not affecting the correctness of the Progress Report, of which the Lead Beneficiary shall be informed, or address the Lead Beneficiary to correct or complete the report or provide additional explanations, within the specified time.
6. The Managing Authority approves the payment requested and at the same time through the Joint Technical Secretariat, informs the Lead Beneficiary in writing if:
 - 1) any expenditures were considered as non-eligible, with justification;
 - 2) the approved amount subject to reimbursement was reduced by non-eligible costs, referred to in point 1, and financial corrections and revenues referred to in items 11-13 and 15 or the deductions resulting from the provisions of the § 7 of this Subsidy Contract.
7. The subsidy, in form of the refund of eligible expenditures, is transferred from the Programme account to the Lead Beneficiary in Euro, in form of interim payments and final payment, on the basis of the Progress Reports referred in item 1 or 2, as soon as they are approved by the Managing Authority, with reservation to item 6 and 10.
8. The total amount transferred to the Lead Beneficiary cannot exceed the amount of subsidy and the co-financing rate specified in § 3 item 1.
9. The exchange rate risk resulting from the conversion of national currencies into Euro and of Euro to national currencies is borne by the Lead Beneficiary.
10. The payment shall be transferred to the Lead Beneficiary provided that there are funds available on the Programme account.
11. In case the Project generates revenue at the implementation stage, the Managing Authority shall reduce the certified amount of eligible costs by the revenue referring to eligible expenditure generated in the period concerned by the Progress Report, as stated in the Article 55 the General Regulation ⁸.

⁸ Provision applies for Project not subject to the rules on State aid, which total budget exceeds 1 000 000 Euro.

For Project not subject to the rules on State aid, which total budget does not exceed 1 000 000 Euro item 11 have a following wording: “11. In case the Project generates revenue at the implementation stage, the

12. In case the Project generates revenue after the Project completion in the amount exceeding estimated value of the revenues defined in the Application Form, which was taken into consideration in order to estimate the subsidy to be granted for the Project, the revenue generated within five years of the completion of the Project must be returned - up to the amount of the subsidy granted – on terms according to provisions of § 7 of this Subsidy Contract⁹.
13. In case it is found in course of project implementation that the VAT reported is recoverable, the Managing Authority shall reduce the certified amount of eligible costs by the amount referring to the recoverable VAT.
14. In case it is found that the VAT which can be recoverable, was reported and reimbursed, the lead Beneficiary is obliged to pay back the Managing Authority the requested amount together with interests, calculated as referred in § 7 item 3.
15. In case, it is found out that within the scope of project implementation the rules of conducting public procurement were infringed, financial corrections may be applied by the Managing Authority, as adopted in the up-to-date document: *Guidelines for determining financial corrections to be made to expenditure co-financed by the Structural Funds or the Cohesion Fund for non-compliance with the rules on public procurement (COCOF 07/0037/02-EN)*.
16. In duly justified cases, particularly if the Programme is facing the decommitment risk resulting from the n+3/n+2 rule, the Managing Authority may address the Lead Beneficiary to submit additional Progress Report, on the terms specified by the Managing Authority.
17. The refund of subsidy from ERDF to the Lead Beneficiary to be made on the basis of Progress Reports, referred to in item 2 could be conditioned by the on-the-spot check carried out by authorised control bodies in order to verify whether the Project was implemented pursuant to the Application Form.

§ 7.

RECOVERY OF FUNDS

1. Should on the basis of the Progress Reports, financial controls conducted by authorised bodies or any other sources be found that the whole or a part of the subsidy granted was used not as intended, without adhering to the applicable procedures or funds were taken in an undue manner or in excessive amounts, the Lead Beneficiary shall be obliged to

Managing Authority remains the right to reduce the certified amount of eligible costs by the revenue referring to eligible expenditure generated in the period concerned by the Progress Report, having regarded the amount of generated revenues as well as the character of the Project.”

⁹ **Provision applies for Project, which total budget exceeds 1 000 000 Euro.**

In case Project budget exceeds 1 000 000 Euro and it was impossible to assess the revenues at the stage of submitting the Application Form, item 12 shall have following wording: “12. In case Project generates revenue after the Project completion, the revenue generated within five years of the completion of the Project must be returned - up to the amount of the subsidy granted – on terms according to provisions of § 7 of present Subsidy Contract.

For Project, which total budget does not exceed 1 000 000 Euro item 12 have a following wording: “ 12. In case Project generates revenue after the Project completion, the Managing Authority remains the right to ask the Lead Beneficiary to return revenue generated within five years of the completion of the Project - up to the amount of the subsidy granted – on terms according to provisions of § 7.

reimburse these funds, respectively in part or in whole, together with interest, on terms and in the deadlines and to the account indicated by the Managing Authority, according to a decision issued by the Managing Authority.

2. In case the Lead Beneficiary did not perform the reimbursement when due, as referred to in item 1, the Managing Authority shall deduct the incorrectly used or taken subsidy with interest from the amount of the next refund. In case the amount of incorrectly used or taken subsidy exceeds the amount remaining for refund or for other reasons any deduction is impossible, the Managing Authority shall withhold the next transfer and undertake actions aiming to recover the subsidy, including initiating the legal proceeding. The costs of actions aimed to recover the subsidy shall be borne by the Lead Beneficiary.
3. The interest referred to in item 1 and 2 shall be charged from the day the subsidy transfer referred in item 1, was transferred to the Lead Beneficiary account to the date when the transfer is transferred to the bank account indicated by the Managing Authority, with the rate of 10 percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

§ 8.

CONTROL AND AUDIT

1. The Lead Beneficiary is obliged to be subjected to the control and audit with reference to the Project implementation correctness which is performed by the authorised bodies in accordance with national and community provisions.
2. The control and auditing activities shall be carried out in the Lead Beneficiary and/or its Partners registered premises and/or as the on-the-spot checks.
3. The Lead Beneficiary is obliged to ensure the availability of all the documents, including electronic documents related to the Project implementation, to the authorities referred to in item 1, for the entire duration of their storage specified in § 11 item 1 point 8.

§ 9.

INFORMATION AND PUBLICITY

1. Unless the Managing Authority requests otherwise, any notice or publication by the Project, including a conference or seminar, shall specify that the Project has received a subsidy from the ERDF within the framework of the Programme. The Implementing Regulation and the up-to-date Programme Manual to be carried out by the Member States concerning assistance from the ERDF must be observed.
2. In case of any notice or publication by the Project, in whatever form and on or by whatever medium, including the Internet, is made by the Lead Beneficiary or its Partners without prior consultation, agreement or approval by the Managing Authority, it shall be specified that it reflects the author's views and that the Managing Authority is not liable for any use that may be made of the information contained therein.
3. The Managing Authority shall be authorised to publish, in whatever form and on or by whatever medium, including the Internet, the following information:

- 1) the name of the Lead Beneficiary and its Partners;
- 2) the purpose of the subsidy;
- 3) the amount of the subsidy granted and the proportion of the total cost of the operation accounted for by the funding;
- 4) the geographical location of the operation;
- 5) Progress Reports including the final Progress Report.

§ 10.

OWNERSHIP – USE OF RESULTS

1. Ownership, title and industrial and intellectual property rights in the results of the Project and the Progress Reports or other documents relating to it shall, depending on the applicable national law, vest in the Lead Beneficiary and/or Partners.
2. The use of the results of the Project will be agreed by the Lead Beneficiary and the Managing Authority, in order to guarantee a widespread publicity of such results and to make them available to the public.

§ 11.

OBLIGATIONS OF THE LEAD BENEFICIARY

1. The Lead Beneficiary shall:
 - 1) regularly monitor the progress in the Project implementation and inform the Managing Authority immediately of any existing irregularities, circumstances significantly delaying or preventing the complete implementation of the Project, or of the intention to cease the Project implementation;
 - 2) monitor the output and result indicators achieved during the Project implementation, pursuant to the monitoring indicators defined in the Application Form;
 - 3) use the financial support funds only for eligible expenditures, for which the date of accounting event is no later than the deadline for the submission of the final Progress Report defined in up-to-date Programme Manual;
 - 4) spend the subsidy granted in a manner which ensures their optimum utilisation, pursuant to the best economic practice rule and guarantees fair competition between the potential sub-contractors. In particular, the Lead Beneficiary is obliged to apply the national provisions relating to the public procurement and the up-to-date document: *Commission Interpretative Communication on the Community law applicable to contract awards not or not fully subject to the provisions of the Public Procurement Directives (2006/C 179/02)*;
 - 5) prepare and timely submit documents, information and Progress Reports referred to in § 6 item 1 and 2 and correct identified errors and submit written explanations in the period specified by the Managing Authority, on pain of withholding of the next payment for Project eligible expenditure.

- 6) maintain separate accounting for the Project implementation purposes, in manner ensuring the identification of each financial operation within the Project;
 - 7) disclose any revenues which occur or may occur with relation to the Project implementation and during the period of five years after the Project completion as stated in § 6 item 11 and 12 and Article 55 of General Regulation.
 - 8) keep the documentation related to the Project implementation until 31 December 2020 but not shorter than during the period of three years after the Programme closure (according to Article 90 of the General Regulation and Article 19 of the Implementing Regulation);
 - 9) ensure that the public is informed about the Project being co-financed from the Fund, pursuant to requirements referred to in the Implementing Regulation and in the Communication Plan adopted for the Programme;
 - 10) transfer the payments from the ERDF to Project Partners in the amount deriving from the Progress Reports, mentioned in § 6 item 1 and 2, as soon as possible and without any deductions, with reservation to § 6 item 6;
 - 11) disclose the recoverable VAT within the project implementation and pay back the Managing Authority, in case it is find out, that the VAT which can be recoverable, was reported and reimbursed, as mentioned in § 6 item 14;
 - 12) deliver to the Joint Technical Secretariat the Partnership Agreement in the deadlines defined in the up-to-date Programme Manual, but no later than with the first Progress Report;
 - 13) spend the subsidy granted as intended and for the expenditures concerning Project implementation.
2. The Lead Beneficiary, on its own behalf and on behalf of other Partners:
- 1) declares that no double financing from the European Union funds occurs as far as the Project implementation is concerned;
 - 2) commits to be subject to control concerning the public procurement according to relevant national provisions and regulations;
 - 3) consents to processing of personal details, on terms specified in separate regulations, for Programme monitoring, control, promotion and evaluation purposes;
 - 4) commits to cooperate with external evaluators, operating by the Commission of the Managing Authority;
 - 5) declares that the information provided in the Subsidy Contract and in the attachments is true;
 - 6) declares that it has acknowledged the applicable provisions and other documents, regulating the principles and terms of the subsidy granting.
3. Should the Lead Beneficiary fail to perform its obligations resulting from this Subsidy Contract, in particular referring to the reporting and payments, control and audit as well as information and publicity, regardless on the Managing Authority's right to terminate this Subsidy Contract according to § 13 of this Subsidy Contract, the Managing Authority may cause the withholding of payments until the Lead Beneficiary performs the obligations due.

§ 12.

SUBSIDY CONTRACT AMENDMENTS

1. All amendments to the Subsidy Contract require a written form on pain of nullity, with reservation to items 2, 4 and 5 and § 15 item 2.
2. Changes concerning the attachments to the Subsidy Contract do not result in changing the Subsidy Contract in the form of an annex, provided that they do not effect directly in other provisions of the Subsidy Contract and are agreed with the Managing Authority in written, with reservation to item 4. Such changes are registered by the Managing Authority in the register of changes to the Subsidy Contract, run by the Managing Authority, which constitute an attachment to this Subsidy Contract.
3. The Lead Beneficiary shall reimburse the subsidy granted pursuant to the decision mentioned in § 7 item 1 together with interests as referred to in § 7 item 3, should the project be significantly modified within 5 years from the Project completion date, as referred to in article 57 of the General Regulation.
4. The changes not exceeding 10% of the original eligible costs of a given budget line of the Project or 20% of the original value of target output indicators included in the Application Form, may be performed individually by the Lead Beneficiary. The Lead Beneficiary shall inform the Managing Authority, of the changes made, in the project Progress Report.
5. The changes exceeding 10% of the original eligible costs of a given budget line of the Project or 20% of the original value of target output indicators included in the Application Form may be made only upon a written consent of the Managing Authority. Such changes shall be indicated in the Progress Report.
6. The notification of changes referred to in item 4 and 5 requires the Lead Beneficiary to prepare an updated Application Form.
7. The shifts in the Project expected effects cannot lead to significant changes of the Project's objectives.
8. In case the expected effects of Project are not achieved and lead to the significant changes in Project objectives, the Managing Authority, basing on the decision of the Steering Committee is entitled to reduce the value of the subsidy granted.
9. Should the Lead Beneficiary fail to inform about a change of the bank account, it is the Lead Beneficiary who bears the consequences.

§ 13.

SUBSIDY CONTRACT TERMINATION

1. The Managing Authority may terminate the present Subsidy Contract, with one-month notice, if the Lead Beneficiary:
 - 1) received subsidy from ERDF on the basis of false or incomplete declarations or documents;

- 2) when spending funds, the Lead Beneficiary did not respect the procedures specified in the Subsidy Contract or provisions resulting from EU and national regulations, or other documents;
 - 3) used a part or the whole subsidy granted not as intended or inconsistently to the Subsidy Contract;
 - 4) is not able to finalize the Project in the planned period referred to in § 4 item 1 point 2 and if the implementation of planned actions is delayed by more than 6 months compared to the up-dated Application Form;
 - 5) did not start the Project implementation within 3 months from the starting date of the Project defined in § 4 item 1 point 1, for reasons dependent on the Lead Beneficiary;
 - 6) ceased the Project implementation or the Project is implemented inconsistently to this Subsidy Contract;
 - 7) did not meet the expected Project objectives for reasons in the Lead Beneficiary's control;
 - 8) did not achieve the expected effects of the Project implementation for reasons in the Lead Beneficiary's control;
 - 9) did not submit Progress Reports pursuant to this Subsidy Contract;
 - 10) refused to be subject to control or audit by authorised bodies;
 - 11) did not remedy the stated irregularities when due;
 - 12) did not submit the requested information or documents despite a written request from the Managing Authority or other institutions entitled to carry out control duties, in which the deadline was settled and legal consequences of failure to meet the request of the Managing Authority or other institutions entitled to carry out control duties were defined;
 - 13) is unable to prove that the final Progress Report contains complete and true data, and that the costs reported are eligible;
 - 14) is under liquidation or bankruptcy proceeding was initiated against it, or the bankruptcy proceeding was dismissed due to insufficient assets to cover the costs of bankruptcy proceeding or when it is subject to the receivership or when it suspended its business activity or it is a subject of similar proceedings.
2. In case the Subsidy Contract is terminated for reasons referred to in item 1, the Lead Beneficiary is obligated to reimburse the subsidy granted with interests calculated pursuant to the provisions in § 7 item 3. If the Subsidy Contract is terminated for reasons specified in item 1 point 3 and 11, the Managing Authority, in duly justified cases, may decide to request the refund of only an adequate part of the subsidy granted.
 3. The present Subsidy Contract may be terminated as a result of a common will of the contracting parties or as a result of circumstances which prevent the execution of the Subsidy Contract herein. In such cases the Lead Beneficiary is entitled to the part of subsidy from the ERDF which corresponds to the part of the Project executed correctly.
 4. The Subsidy Contract may be terminated upon a written request of the Lead Beneficiary, if the Lead Beneficiary refunds the subsidy granted together with interest calculated pursuant to the provisions specified in § 7 item 3.
 5. Regardless the reason of the Subsidy Contract termination, the Lead Beneficiary is obligated to submit the final Progress Report within the deadlines defined by the

Managing Authority, from the Subsidy Contract termination date and to archive the documentation related to its implementation for a period referred to in § 11 item 1 point 8.

§ 14.

FINAL REGULATIONS

1. If any of the provisions of this Subsidy Contract turns out to be void, unenforceable or against the law other provisions stay in force, and the Subsidy Contract shall be amended in order to replace or omit the void, unenforceable or against the law provision.
2. In the scope not regulated by the present Subsidy Contract, provisions specified in the acts defined in the preamble, are being applied.

§ 15.

CORRESPONDENCE

1. Any correspondence related to the Subsidy Contract execution should be prepared in English and sent to the following addresses :

Managing Authority

Ministry of Regional Development

Department of Territorial Cooperation

ul. Wspólna 2/4

00-926 Warsaw

Poland

Lead Beneficiary:

[name]

[address]

and for the information of the Joint Technical Secretariat, South Baltic Programme, Rzeźnicka 58, Gdansk 80 – 822, Poland.

2. Changes of the addresses defined in item 1 do not result in changing the Subsidy Contract in form of an annex.

§ 16.

GOVERNING LAW AND JURISDICTION

1. The Subsidy Contract shall be governed by the Polish law and with respect to the § 14 item 2.
2. In case of a dispute, the Parties will aim to settle it by compromise.
3. In case the dispute is not resolved by amicable negotiations, it will be decided upon by the court of local jurisdiction in Poland.

§ 17.

SUBSIDY CONTRACT LANGUAGE

This Agreement is made in English in three counterparts. One for the Lead Beneficiary and two counterparts for the Managing Authority.

§ 18.

SUBSIDY CONTRACT VALIDITY

The Subsidy Contract comes into force on the date of its signing by both Parties.

Attachments:

1. *Power of attorney for the person representing the Minister of Regional Development,*
2. *Power of attorney for the person representing the Lead Beneficiary,*
3. *Up-dated Application Form,*
4. *List of approved projects by the Steering Committee during the meeting 6 – 7 April 2009, Kalmar/ Sweden,*
5. *Template of the register of changes.*

Managing Authority

Lead Beneficiary

.....

.....

(signature)

(signature)

.....

.....

(Place, date)

(Place, date)