

Connecting cities
Building successes



**The URBACT II Programme
2007 - 2013**

**SUBSIDY
CONTRACT
PHASE II**

SUBSIDY CONTRACT FOR THE PROJECT

RE-Block

BETWEEN

Ministère de l'Égalité des Territoires et du Logement

Ministère délégué à la ville

**Secrétariat Général du Comité Interministériel des Villes
5, rue Playel
93283 Saint Denis CEDEX**

acting as Managing Authority of the European Territorial Cooperation
programme URBACT II, (assisted by the URBACT Secretariat,)

AND

Municipality of 18th District of Budapest

Pestszentlőrinc-Pestszentimre

400 Üllői út

1184, Budapest Hungary

acting as Lead Beneficiary as referred to in article 20 of Regulation
(EC) No 1080/2006 and hereinafter referred to as **Lead Partner**

**Due to French legislation (law n°94-665, 04 August 1994), this contract is
bilingual EN/FR. The contracting parties will be able to avail of both texts.**

EUROPEAN UNION
European Regional
Development Fund



Preamble

The 27 European Union Member States, Norway and Switzerland have entrusted the French Ministry for Housing and Cities to assume the task of Managing Authority of the URBACT II Operational Programme. Within this context, the Managing Authority also has the task of signing the contracts with Lead Partners as final beneficiaries in line with Articles 20.1 and 15.2 of Regulation (EC European Commission) No 1080/2006.

Therefore the Managing Authority enters into the following:

SUBSIDY CONTRACT

on behalf of the Member/ Partner States of the URBACT II Operational Programme, on the basis of:

- the European Union Regulations laying down provisions on the Structural Funds, in particular Council Regulation (EC) No 1083/2006 of 11 July 2006 (OJ L 210, 31.7.2006, p. 25), as last amended by Regulation (EC) No 1989/2006 of 21 December 2006 (OJ L 411, 30.12.2006, p. 6), Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 (OJ L 210, 31.7.2006, p. 1) as last amended by Regulation 397/2009 of 6 May 2009, Commission Regulation (EC) No 1828/2006 of 8 December 2006 (OJ L 371, 27.12.2006, p. 1), No 643/2000 of 28 March 2000 (OJ L 78, 29.03.2000, p. 4) as last amended by Regulation 846/2009 of 1 September 2009;
- the European Union legislation laying down provisions on public procurement, in particular Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 (OJ L 134, 30.4.2004, p. 1-113), as last amended by Council Directive 2006/97/EC of 20 November 2006 (OJ L 363, 20.12.2006, p. 107-128), Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 (OJ L 134, 30.4.2004, p. 114-240) as last amended by Council Directive 2006/97/EC of 20 November 2006 (OJ L 363, 20.12.2006, p. 107-128), Commission Regulation (EC) No 1564/2005 of 7 September 2005 (OJ L 257, 1.10.2005, p. 1-126), as last amended by Commission Regulation (EC) No 1792/2006 of 23 October 2006 (OJ L 362, 20.12.2006, p. 1-66), Commission Directive 2005/51/EC of 7 September 2005 (OJ L 257, 1.10.2005, p. 127-128), Council Directive 92/13/EEC of 25 February 1992 (OJ L 76, 23.3.1992, p. 14-20) as last amended by Council Directive 2006/97/EC of 20 November 2006 (OJ L 363, 20.12.2006, p. 107-128), Council Directive 89/665/EEC of 21 December 1989 (OJ L 395, 30.12.1989, p. 33-35) as last amended by Council Directive 92/50/EEC of 18 June 1992, OJ L 209, 24.7.1992, p. 1-24.
- the European Territorial Cooperation Operational Programme URBACT II (CCI n°2007CB163PO048), approved by the European Commission on 02 October 2007 [ref: E/2007/2063-C(2007)4454] and reprogrammed according to decision of 3 November 2011

- the Memorandum of Understanding between the European Union Member States, the Managing Authority (Délégation Interministérielle à la Ville) and the Certifying Authority (Caisse des Dépôts et Consignations) - - on the implementation of the URBACT II Operational Programme.
- the *ad hoc* Memorandum of Understanding between Norway, Switzerland, the Managing Authority (Délégation Interministérielle à la Ville) and the Certifying Authority (Caisse des Dépôts et Consignations) on the implementation of the URBACT II Operational Programme.
- Programme specific guidance laid out in the URBACT II Programme Manual as first approved by the Monitoring Committee on 21 November 2007 and subsequently amended, last version approved by Monitoring Committee in October 2012.

which the Lead Partner hereby recognises.

§ 1 - Award of subsidies

1.1. In accordance with the decision of the Monitoring Committee dated 28 January 2013, and the amendments as referred to in Article 2.5 of this contract, an earmarked subsidy is awarded to the Lead Partner from funds of the URBACT II Operational Programme for the maximum amount of

518,003.00 €

(Five hundred and eighteen thousand and three Euros)

[Norwegian/Swiss funds amount]€
(Written: Euros)

to carry out the following project: Re-Block

The approved total cost of this project is

699,970.00 €

(Six hundred and ninety nine thousand nine hundred and seventy Euros)

1.2. In compliance with Article 53 of Regulation (EC) No 1083/2006 and with chapter 7.1.4 of the URBACT II Operational Programme:

- partners from the Convergence region of thematic networks, working groups and other projects will be financed at 80% maximum by European Regional Development Fund
- partners from the Competitiveness region will be financed at 70% maximum by European Regional Development Fund;
- partners from Norway and Switzerland will be financed at 50% maximum by the respective national funds.

1.3. Disbursement of the subsidy is subject to the condition that the European Commission and, if Norwegian and/or Swiss partners are participating in the project, Norway and/or Switzerland make available the funds to the extent described above.

1.4. If the European Commission and/or Norway and/or Switzerland fail to make the funds available, the Managing Authority will be entitled to withdraw from this contract and any claim by the Lead Partner against the Managing Authority for whatever reason is excluded.

1.5. Disbursement of the subsidy is subject to the condition that this subsidy contract is signed by all parties to this contract.

1.6. Disbursement of the subsidy is subject to the condition that European Union Member States, Norway and Switzerland have signed the Memorandum of Understanding and finalised their first level control system (without reservation expressed by the Audit Authority) before the end of projects' development phase

(phase I). For this reason, the Lead Partner and/or partners whose State will not have signed and sent its Memorandum of Understanding and/or will not have finalised the first level control system (without reservation expressed by the Audit Authority) by the end of the project's development phase, will be allowed to participate to the project's implementation phase (phase II) only at their own costs (without funding from European Regional Development Funds and/or Norwegian/Swiss funds). The costs incurred by these Lead Partner and/or partners during the development phase will not be considered refundable by European Regional Development Fund and/or Norwegian/Swiss funds.

§ 2 - Object of use, eligibility of expenditure, reallocation and reprogramming

2.1. The subsidy is awarded exclusively for the project as it is described in the Declaration of Interest/Final Application and enclosures approved by the Monitoring Committee. The approval decision, including enclosures, forms an integral part of this subsidy contract.

2.2. Project costs which qualify for a subsidy consist exclusively of eligible project costs listed in the project Declaration of Interest/Final Application and enclosures approved by the Monitoring Committee. The eligibility of project costs for European Regional Development Fund co-funding is regulated in Article 56 of Regulation (EC) No 1083/2006, in Articles 7 and 13 of Regulation (EC) No 1080/2006, in Articles 48 to 53 of Regulation (EC) No 1828/2006, national regulations and rules laid down in the latest version of the URBACT II Programme Manual. In case of contradictions between the rules mentioned above, the stricter rule applies.

2.3. To be considered eligible, costs must:

- be directly linked to the subject matter of this subsidy contract and be provided for therein;
- be necessary for carrying out the project covered by the subsidy contract;
- be reasonable and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- have been paid, certified and declared by the Lead Partner during the project eligibility period;
- have actually been incurred, be recorded in the beneficiary's accounts or tax documents, and be identifiable and controllable.

2.4. Project activities are eligible if they are carried out from the project's starting date to the closing date indicated in the Declaration of Interest/Final Application. The related expenditure for the project's activities are eligible if they are paid and certified (by the First level Controller) from the project's starting date to the 3 months after the closing date indicated in the Declaration of Interest/Final Application (See Programme Manual – Fact sheet 6b – Section 5).

2.5. The Lead Partner is allowed to reallocate funds between budget categories (the 9 categories of expenditure in table 1.2) by up to 20% of amounts indicated in the approved project budget. In this case, the Lead Partner shall inform the URBACT II Secretariat of the reallocation of funds through the regular reporting routines and in a detailed and justified manner (reasons of the reallocation of funds, categories and budget lines concerned, etc.). If the reallocation exceeds

this limit an approval by the Monitoring Committee is necessary before the reallocation can become effective (See Programme Manual - Fact sheet 6b - Section 8).

§ 3 - Request for payments

3.1. The Lead Partner may only request for payments by providing proof of progress of the project as described in the approved version of the Declaration of Interest/Final Application. Therefore the Lead Partner has to present progress reports to the Managing Authority/URBACT Secretariat, according to the procedures and the timetable outlined in the Programme Manual (Fact sheet 6b - Section 9). The Managing Authority/URBACT Secretariat shall provide reporting forms available in the web-based system PRESAGE-CTE. The progress reports have to be done using the format available in PRESAGE-CTE. Any other format will not be considered acceptable by the Managing Authority/URBACT Secretariat.

3.2. The progress reports have to be filled in electronically, printed, signed and sent to the Managing Authority/URBACT Secretariat within three (3) months after the end of each reporting period i.e.

- within the 30 September for the reporting period January to June
- within the 31 March for the reporting period July to December

The first reporting period will coincide with the length of the development phase (phase I).

3.3. The progress report may include a declaration of the expenditure incurred by the project from the beginning of the project until the end of the reporting period concerned. The Lead Partner shall be responsible to ensure that the expenditure declared by each partner is supported by a certificate and statement of expenditure. The Lead Partner is also responsible to verify and ensure that all certificates and statements of expenditure received by the partners are signed by the competent certifying bodies designated by the partners' national authorities. Together with the progress report, the Lead Partner shall send to the Managing Authority/URBACT Secretariat the original and signed certificate and statement of expenditure supporting the costs incurred by the Lead Partner, the original and signed certificates and statements of expenditure supporting the costs incurred by the partners, the original and signed project payment claim supporting the total amount of expenditure declared by the project in the reporting period concerned.

3.4. In the progress report, the Lead Partner has to give evidence of the implementation of the work programme as planned in the approved version of the Declaration of Interest/Final Application. The progress report shall be the indicator tool that enables the Managing Authority /URBACT Secretariat to check whether the declared activities and expenditures are in line with the approved work programme and budget in the Declaration of Interest/Final Application. If it is not the case, the Managing Authority/URBACT Secretariat has the right to refuse the progress report and consequently to temporarily interrupt the refunding of European Regional Development Fund and/or Norwegian/Swiss

funds until the Lead Partner gives evidence of the implementation of the work programme as defined in the Declaration of Interest/ Final Application.

3.5. Each interim reporting period will be treated by the URBACT Secretariat and will be paid based on the certified costs per project partner. The Lead Partner will be responsible for transferring the correct amount of ERDF to the project partners. For each reporting period the Lead Partner shall provide details about the redistribution of shared costs for the period in the form of a predefined excel table.

At the end of the project, the Lead Partner will provide a financial contributions summary which will outline the real certified expenditure from each partner, taking into consideration the project shared costs and any cash transfers for 'mixed' or 'centralised' management projects.

Based on this information, the URBACT Secretariat will calculate the amount of ERDF due to the project. The final payment will be calculated based on the information provided by the Lead Partner.

For this final payment, the Lead Partner will be responsible for transferring the correct amount of ERDF to the project partners.

3.6. Based on the fact that the payments by the European Commission to the Certifying Authority will only be made in accordance with the corresponding budget commitments (Title VII in conjunction with Articles 75(1) to 76(2) of Regulation (EC) No 1083/2006), the Lead Partner must request payments according to the timeframe of the budget per year outlined within the project Declaration of Interest/Final Application (Table XI.4). All costs will be incurred in 2012.

Budget per year

ERDF					
Public co-financing (EU PP)					
Private co-financing (EU PP)					
Public co-financing (Non EU PP)					
Private co-financing (Non EU PP)					

The payment of the subsidy is made subject to the provision that the European Commission has paid corresponding amounts to the Certifying Authority beforehand.

The latest approved version of the Declaration of Interest/Final Application contains project budget details and annual spending targets. Project will be expected to meet these targets (or at least come close) and failure to do so may result in a cut in the grant to the project if the programme de-commits as a result of poor project performance.

3.7. Pursuant to Article 80 of Regulation (EC) No 1083/2006, the Certifying Authority ensures that Lead Partner receive payments of their European Regional Development Fund or national contributions in full as quickly as possible. No deduction, with the exception of the irregularities and/or suspicious of irregularities detected by the Managing Authority (through the URBACT Secretariat) and/or the Certifying Authority, retention or further specific charges which would reduce the amount of the payment shall be made. In case of system error detected, the Managing Authority and Certifying Authority have the right to temporary withhold payments to the Lead Partner. Payment suspension(s) shall be lifted as soon as the managing Authority and Certifying Authority have received sufficient evidence on the solution of the systemic error(s) detected.

3.8. The funds will be disbursed in Euro (EUR; €) only and transferred to an account indicated by the Lead Partner without delay. Any exchange rate risk will be borne by the Lead Partner. All changes on bank account data of the Lead Partner must be communicated to the Managing Authority/URBACT Secretariat through the progress report in order to avoid delays in the refunding process.

§ 4 - Project partnership

4.1. Partners are listed in the latest approved version of the Declaration of Interest/Final Application. Only expenditure paid and borne by organisations listed as partners in the approved latest version of the Declaration of Interest/Final Application are eligible to European Regional Development Fund and Norwegian/Swiss funding. During project's phase I, the expenditure incurring for the involvement of additional partners in the activities of the development phase must be paid and borne by the first core group of partners as listed in the approved latest version of the Declaration of Interest.

4.2. In accordance to Article 20 of Regulation (European Commission) No 1080/2006 the partnership shall be governed by a Joint Convention signed by all partners. The Joint Convention signed by the complete project partnership (concerning phase I and phase II) must be submitted by the Lead Partner at the end of the development phase (phase I). The submission of the signed Joint Convention is a mandatory requirement and a prerequisite to receive the approval by the Monitoring Committee to enter the implementation phase (phase II). Projects that do not submit the signed Joint Convention at the end of phase I will not be refunded with Programme funds for the costs incurred during the development phase.

§ 5 – Representation of partners, liability

5.1. The Lead Partner shall, in compliance with Article 20(1) of Regulation (EC) No 1080/2006:

- a) be responsible for ensuring the implementation of the entire project

b) be responsible for transferring the European Regional Development Fund

and Norwegian/Swiss funding to the partners participating in the project as soon as possible after receiving the payment from the Certifying Authority.

5.2. The Lead Partner guarantees that it is entitled to represent all partners participating in the project and that it will establish with the partners the division of the mutual responsibilities in the form of a Joint Convention. The Lead Partner guarantees furthermore that it has complied with all requirements under the law which applies to the Lead Partner and to its partners and that all necessary approvals have been obtained.

5.3. The Lead Partner is liable towards the Managing Authority for ensuring that all of its partners have a legal status that is in line with the definition given in the URBACT II Operational Programme and in the latest version of the Programme Manual. Moreover the Lead Partner is liable towards the Managing Authority for ensuring that its partners fulfil their obligations under this contract. The Lead Partner is also liable towards the Managing Authority for infringements of obligations under this contract by its partners in the same way as for its own conduct.

5.4. If the Managing Authority demands repayment of subsidy funds in accordance with this contract (Article 8), the Lead Partner is liable towards the Managing Authority for the total amount of the subsidy.

§ 6 – Lead Partner's obligations

The Lead Partner represents a key element in the management of the URBACT II projects. It bears overall financial and legal responsibility towards the Managing Authority and its role is therefore critical to the success of a project. The Lead Partner acts as an administrative link between the project and the programme.

6.1. When it comes to general project management and implementation, the Lead Partner's obligations are the following:

- a. To sign all the required contractual agreements with partners and with the Managing Authority concerning Development phase (phase I)/ Implementation phase (phase II).
- b. To ensure implementation of the project (including implementation of work packages and production of outputs, and more especially the baseline study during the development phase according to the description in the latest version of the Declaration of Interest/ Final Application approved by the Monitoring Committee.
- c. To be responsible for the division of tasks among the partners involved in the project;
- d. To ensure the coherence between activities defined in the work packages and the allocated budget;
- e. To ensure an efficient internal management and control system;

- f. To ensure that partners' tasks are fulfilled in compliance with the Declaration of Interest/Final Application, the Joint Convention and the Subsidy Contract;
- g. To request and receive payments of programme funding according to the procedures detailed in the Programme Manual - Fact sheet 6b - section 9;
- h. To transfer programme funding to the partners in compliance with the amounts reported in the progress report and certified by the Certifying Authority (according to the financial management system set up - further details are available in Article 7);
- i. When funds are incorrectly (or unduly) paid to a project, to repay the irregularly paid amount to the Managing Authority/Secretariat and to recover the amount from a partner responsible, according to the procedures defined in the URBACT II Description of Management and Control system;
- j. To inform the URBACT Secretariat immediately if project costs are reduced, if there is a change in the composition of partnership, in the project objectives, in the work programme or in the budget plan on which this contract is based, or if one of the disbursement conditions ceases to be fulfilled, or if circumstances arise which entitle the Managing Authority to reduce or demand repayment of the subsidy wholly or in part;
- k. To request approval from the Monitoring Committee if there are changes to the partnership, the actions as described in the work programme included in the latest approved version of the Declaration of Interest/ Final Application, the project budget (out of the flexibility rule) or in case of other major changes. The approval from the Monitoring Committee is asked by the Managing Authority who must have been provided with the reprogrammed application form by the project's lead partner;
- l. To take part to the activities of the Thematic Pole to which the project will be assigned (which includes especially taking part to the Thematic Pole meetings - See Programme Manual, Fact sheet 3a);
- m. To ensure participation to activities at Programme level (i.e. initial training session, annual Lead Partner meetings, annual conference of URBACT cities, Thematic Regional Conferences, etc.);
- n. To ensure that the URBACT Local Support Groups are set up by each Project Partner and operating in relationship with the project work activities (See Programme Manual - Fact sheets 2a and 2c);
- o. To ensure production and dissemination of project's results and findings within the local authority administration, to the media, to local relevant stakeholders as well as to the wider community of European urban policy-makers and practitioners;

- p. To define and to implement a communication plan for the Implementation phase of the project in accordance with the guidance provided by the URBACT Secretariat;
 - q. To use the URBACT website as the main internet tool to communicate on the project and to regularly update the space dedicated to the project (once every 3 month minimum). When it comes to the web-site, the project budget can finance only actions related to the use of the URBACT web-site;
 - r. In public statements (reports, publications etc.) to point out that the project was implemented through financial assistance from funds of European Regional Development Fund within the framework of URBACT II Programme in accordance with Chapter II, section 1, of Commission Regulation (EC) No 1828/2006, and with URBACT II Programme Manual (See Fact sheet 6a – section 5 and Fact sheet 6b – section 10.2.). It must be clearly stated that the project has been co-financed by European Regional Development Fund through the URBACT II Operational Programme in addition to using the European flag and programme logo and slogan;
 - s. To retain at all times, for audit purposes all files, documents and data about the project on customary data storage media in a safe and orderly manner at least until 31 December 2020. Other possibly longer statutory retention periods, as might be stated by national law, remain unaffected;
 - t. To comply with the regulations referred to in the preamble to this contract as well as with relevant national legislation.
- 6.2. When it comes to project development, the Lead Partner's obligations are the following:
- a. To finalise the partnership,
 - b. To carry out a baseline study concerning all partners included in the completed partnership (phase I plus phase II),
 - c. To ensure all partners included in the completed partnership set up the URBACT Local Support Groups,
 - d. To agree a detailed work programme for the Implementation phase (phase II),
 - e. To collect all documents necessary for the submission of the Final Application: signed letters of commitment from all project partners, signed project audit trails from all project partners (see Programme Manual, Fact sheet 6b – section 11), signed Joint Convention.
 - f. To complete and submit the Final Application for the implementation phase (phase II), along with all requested documents.
 - g. This development phase shall receive active support from the URBACT Secretariat and must involve the Lead expert attached to the project.
- 6.3. When it comes to project reporting, the Lead Partner's obligations are the following:
- a. To deliver, within the deadlines, progress reports (activity and financial) and all other required documentation to the Managing Authority/URBACT

Secretariat on behalf of the project. The first reporting period will coincide with the length of the development phase (phase I);

b. To inform the Managing Authority /URBACT Secretariat through the six monthly progress reports on changes in the contact information, the rescheduling of activities and on budget deviations as regulated in Article 2 of this contract;

c. To ensure that the partners report expenditure that have been checked and confirmed according to their Member State control requirements.

6.4. When it comes to project closure, the Lead Partner shall provide the following documents within the fixed deadlines:

a. The final project payment claim;

b. The final certificates and statements of expenditure of Lead partner and partners;

c. The administrative closure report;

d. The Match Funding Sheet (summary of the matching funding contributions from all partners) signed by Lead Partner and certifying body of the Lead Partner;

e. The project's final outputs as defined in the Declaration of Interest/Final Application shall be handed in to the Managing Authority/URBACT Secretariat in paper and electronic formats, and uploaded on the project's space on the URBACT website.

6.5 All of these documents shall be submitted to the Managing Authority/URBACT Secretariat no later than 3 months after the project's official end date (indicated in the Declaration of Interest/ Final Application).

6.6 In addition to these obligations, the Lead Partner has the opportunity to submit a proposal of project reprogramming once per year, normally in September. The deadline for the submission of the reprogramming proposals by the Lead Partner shall be fixed each year by the Managing Authority/URBACT Secretariat according to the date of the last Monitoring Committee meeting of the same year, following the procedures defined in the Programme Manual, Fact sheet 6b, section 8. The Managing Authority/URBACT Secretariat shall submit the proposals of project reprogramming to the Monitoring Committee for approval. The Managing Authority/URBACT Secretariat shall inform the concerned Lead partner about the Monitoring Committee decision after the meeting.

§ 7 - Lead Partner necessary resources

7.1. The Lead Partner bears several duties and responsibilities for ensuring the project's implementation. Particularly, the Lead Partner takes over the responsibility for management, communication, implementation and coordination of activities among the involved partners. As a consequence, the Lead Partner shall be supported by a team specifically in charge of implementing different tasks related to the Lead Partner Principle, mainly the coordination, implementation and communication of the project. The Lead Partner team shall ensure the implementation of the following activities:

- a. Project coordination: a coordinator shall be responsible for the organisation of the project's work, of the implementation of the work programme, of the production of all expected outputs as defined in the Declaration of Interest/ Final Application. The coordinator should be able to act as a driving force in the partnership and to mobilise the partners in order to achieve the objectives laid down in the application within the given time. The coordinator should also ensure the relationship with the thematic experts, the thematic poles and the Managing Authority/URBACT Secretariat. He/ she shall personally take part to the activities of the Thematic Pole to which the project will be assigned. He/ she shall ensure representation of the project in related communication/ dissemination events.
- b. Administrative and financial management: a financial manager is responsible for the accounts, financial reporting, the internal handling of European Regional Development Fund, Norwegian and Swiss funds and EU Member States' national co-financing. The financial manager should work in close contact with the coordinator and the partners in order to enable efficient financial management of the operation. The financial manager should be familiar with accounting rules, international transactions, European Union and national legislation for the management of European Regional Development Fund, public procurement and financial control. He/she shall deal with the on-line monitoring and accounting system PRESAGE-CTE (further details on PRESAGE-CTE are available in the Programme Manual, Fact Sheet 6a, paragraph 1.1.3).
- c. Communication and dissemination: a person shall be responsible of the relationships with partners, medias, the Managing Authority/URBACT Secretariat (particularly the Communication manager) and other external institutions and organisations when it comes to communication and dissemination objectives; he/ she should also be in charge of the coordination and implementation of communication activities (newsletter, brochures, the coordination of dissemination actions (participation to conferences and events, production of dissemination tools the definition of the dissemination plan at local level etc...) the respect and implementation of the publicity rules (see Programme Manual, Fact sheet 6a). A webmaster shall be responsible of the management and regular update of the project's space on the URBACT II website.

7.2 It is strongly requested that the administrative and financial management be led internally by the Lead partner. In any case, the Lead Partner can in no

way delegate the financial and legal responsibility for the project. For the project coordination and administrative/financial management, the level of human resources mobilised by the Lead Partner should correspond to 2 full-time posts.

§ 8 - Right of termination

8.1. In addition to the right of termination laid down in Article 1 and in Article 13 of this contract, the Managing Authority is entitled to terminate this contract and to demand repayment of funds in full or in part, if:

- a) Lead Partner has obtained the subsidy through false or incomplete statements; or
- b) the project has not been or cannot be fully implemented by achieving the planned outputs and results, or it has not been or cannot be implemented in due time; or
- c) Lead Partner has failed to countersign this subsidy contract, or to submit required reports or proofs, or to supply necessary information, provided that the Lead Partner 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; or
- d) Lead Partner has failed to immediately report events delaying or preventing the implementation of the project funded, or any circumstances leading to its modification; or
- e) Lead Partner has impeded or prevented the auditing (Article 9); or
- f) the subsidy awarded has been partially or entirely misapplied for purposes other than those agreed upon; or
- g) insolvency proceedings are instituted against the assets of the Lead Partner or insolvency proceedings are dismissed due to lack of assets for cost recovery, provided that this appears to prevent or risk the implementation of the programme objectives, or the Lead Partner closes down; or
- h) subject to the provisions of Article 12, the Lead Partner wholly or partly sells, leases or lets the project to a third party; or
- i) it has become impossible to verify that the final progress report is correct and thus the eligibility of the project to URBACT II funding; or
- j) the Lead Partner 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 implementation of the programme objectives.

8.2. If the Managing Authority exercises its right of termination, the Lead Partner is obliged to transfer the requested repayment of funds to the Managing Authority. The repayment of funds is due within one month following the date of the letter by which the Managing Authority asserts the repayment claim; the due date will be stated explicitly in the order for recovery.

8.3. If the Managing Authority exercises its right of termination, the Lead Partner is only entitled to set off undisputed claims against the Managing Authority.

8.4. If the Managing Authority exercises its right of termination, the amount repayable shall be subject to interest, starting on the day the payment was made and ending on the date of actual repayment. The interest rate will be determined in accordance with Regulation (EC) No 1083/2006, Article 102.

8.5. If any of the circumstances indicated in Article 8 occurs before the full amount of subsidy has been paid to the Lead Partner, payments may be discontinued and there shall be no claims to payment of the remaining amount.

Any further legal claims shall remain unaffected by the above provisions.

§ 9 - Audit rights, evaluation of the project

9.1. The responsible auditing bodies of the URBACT II programme, of the European Union (notably the European Court of Auditors) and, within their responsibility, the auditing bodies of the participating European Union Member States, Norway and Switzerland or other national public auditing bodies as well as the Managing Authority/URBACT Secretariat/Certifying Authority and the Audit Authority, are entitled to audit the proper use of funds by the Lead Partner or by the project partners or arrange for such an audit to be carried out by authorised persons.

9.2. The Lead Partner will produce all documents required for the audit, provide necessary information and give access to its business premises. The Lead partner and its partners are at all times obliged to retain for audit purposes all files, documents and data about the project on customary data storage media in a safe and orderly manner for a minimum period of three years after the payment of the final balance by the European Commission to the URBACT II Operational Programme (i.e. at least until 31 December 2020). This period shall be interrupted either in the case of legal proceedings or at the duly motivated request of the Commission. Other possibly longer statutory retention periods, as might be stated by national law, remain unaffected.

9.3. According to Article 48 of Regulation (European Commission) No 1083/2006, the Lead Partner undertakes to provide independent experts or bodies carrying out the programme evaluation with any document or information necessary to assist the evaluation.

9.4. The Lead Partner is obliged to guarantee that both the Lead Partner and all of its partners fulfil the duties stipulated above.

§ 10 Publicity

10.1. Unless the Managing Authority requests otherwise, any information and publicity measures aimed at beneficiaries, potential beneficiaries and the public must specify that the operation has received a subsidy from the programme funds as defined in Article 1(1) within the framework of the European Territorial Cooperation programme URBACT II. Provisions of Regulation (European Commission) No 1828/2006 of 27 December 2006, Chapter II, Section 1 (in particular articles 8 and 9) relating to information and publicity measures concerning assistance from the Structural Funds and the Managing Authority/URBACT Secretariat guidelines must be observed.

10.2. Furthermore, it must be clearly stated that the project has been co-financed by European Regional Development Fund through the URBACT II Operational Programme in addition to using the European flag and programme logo and slogan.

10.3. Any notice or publication by the project, in whatever form and on or by whatever medium, including the Internet, must specify 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.

10.4. The Managing Authority/URBACT Secretariat shall be authorised to publish, in whatever form and on or by whatever medium, including the Internet, the following information

- the name of the Lead Partner and its partners
- the purpose of the subsidy,
- the amount granted and the proportion of the total cost of the project accounted for by the funding,
- the geographical location of the project,
- progress reports including the final report and all final outputs,
- whether and how the project has previously been publicised.

10.5. The project undertakes to send to the URBACT Secretariat at least one copy of any publicity and information material produced. The project furthermore authorises the URBACT Secretariat, Managing Authority and the European Commission to use this material to showcase how the subsidy is used.

10.6. Any information, media appearance, or other publicity of the project shall be communicated to the URBACT Secretariat for potential website updates or showcases.

10.7. The project shall ensure that at least one member of the URBACT Secretariat will be invited to present the programme during the project's Final Conference or other closing event.

10.8. Projects are requested to appoint a permanent contact for Information and Publicity purposes.

10.9 The URBACT communication language is English. This applies as a general rule to all tools of communication. However, URBACT intends to implement new

tools of communication within each 29 Member / Partner State and in the relevant local language(s). This is especially important to the "National Dissemination Points" and the "Thematic Regional conferences".

§ 11 Ownership/use of results

11.1. Ownership, title and industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall vest in the Lead partner and its partners.

11.2. The use of the results of the projects will be agreed by the Lead Partner and the Managing Authority, on behalf of the Monitoring Committee, in order to guarantee a widespread publicity of such results and to make them available to the public.

11.3. The Lead partner and the Managing Authority (on behalf of the Monitoring Committee) shall find individual arrangements in those cases where intellectual property rights (such as for data acquired for the project, which do not belong to public domain) already exist.

§ 12 Assignment, legal succession

12.1. The Managing Authority is entitled at any time to assign its rights under this contract. In case of assignment the Managing Authority will inform the Lead Partner without delay.

12.2. The Lead Partner is allowed to assign its duties and rights under this contract only after prior written consent of the Managing Authority and the Monitoring Committee.

12.3. In case of legal succession, e.g. where the Lead Partner changes its legal form, the Lead Partner is obliged to transfer all duties under this contract to the legal successor. The Lead Partner shall notify the Managing Authority about any change beforehand.

§ 13 Force majeure

13.1. According to the present contract, the "force majeure" represents any unpredictable and insurmountable event, occurred after the signing of the present contract and that prevents the total or the partial execution of the contract.

13.2. There are specific cases of "force majeure": wars, natural calamities, general strikes, insurrections, revolts, epidemics, earthquakes, floods and other similar events.

13.3. The "force majeure" exonerates the parties of the responsibility for not executing partially or totally the obligations stipulated in the present contract during the period they appear and only if the events were properly notified.

13.4. It is not considered to be "force majeure" an event similar to those presented above, that, without creating an impossibility of execution, makes the execution of the obligations very expensive for one of the parties.

§ 14 Amendment of this contract

- 14.1 This contract shall only be amended by means of an annex to that effect signed by all parties involved.
- 14.2 Modifications to the project (time schedule, budget) that have been approved by the Monitoring Committee can be carried out without amending this contract.
- 14.3 Modifications to the official programme documents this agreement refers to (e.g. Operational Programme, Programme manual, etc.), if approved by the Monitoring Committee and, when relevant, by the European Commission, automatically apply to this agreement without amending it.

§ 15 - Concluding provisions

- 15.1. All correspondence with the Managing Authority/URBACT Secretariat under this contract must be in English or in French and has to be sent to the following address:

URBACT Secretariat
Secrétariat Général du Comité Interministériel des Villes
5, rue Pleyel
93283 Saint Denis Cedex FRANCE
Tél : 00 33 (0)1.49.17.46.02
Fax : 00 33 (0)1.49.17.45.55

- 15.2. 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.
- 15.3. Amendments and supplements to this contract - and any waiver of the requirement of the written form - must be in written form.

§ 16 – Applicable law - disputes

- 16.1. This contract is governed by French law.
- 16.2. Any dispute between the parties which could not be resolved amicably concerning their contractual relationship and, more specifically, the interpretation, performance and termination of this contract, shall be referred to the Tribunal Administratif de Cergy-Pontoise which shall have exclusive jurisdiction.

§ 17 - Signatures

This Subsidy Contract is issued in three copies. Each copy must be countersigned by the Lead Partner. To be considered valid, three copies of this subsidy contract shall be returned to the URBACT Secretariat. One copy signed by the Managing Authority shall be returned to and archived by the Lead Partner.