

Interreg



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IPA Croatia - Bosnia and
Herzegovina - Montenegro

EmBRACE



Subsidy Contract Number **[insert year + project ID]**

Project acronym: **EmBRACE**

Croatian Agency for SMEs, Innovation and Investments, acting as the Small Project Fund Beneficiary (SPFB),

Ksaver 208, 10 000 Zagreb

Republic of Croatia


represented by **Vjeran Vrbanc**, Chairman of the Board of Directors and **Ante-Janko Bobetko**, Deputy Chairman of the Board of Directors

and

xx doo, acting as the Final Recipient xy in Small Project zzzz,
address, postal number city, country

represented by **Name Surname, title**

hereby conclude the following:



Legal framework

The provisions of this Subsidy Contract are based on the following EU legislation, Programme rules and guidelines and national legislation:

- 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 (Common Provisions Regulation – CPR);
- Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund and Corrigendum to Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (Official Journal of the European Union L 231 of 30 June 2021) (ERDF Regulation);
- 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 (Interreg Regulation);
- 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);
- Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing directive 95/46/EC (General Data Protection Regulation, hereinafter referred to as GDPR);
- 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;
- COMMISSION REGULATION (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid
- Interreg VI-A IPA Programme Croatia-Bosnia and Herzegovina-Montenegro, Version 1.1., approved by Commission Implementing Decision No C(2022) 8028 from 3 November 2022 (hereinafter referred to as the Programme);
- Guidelines for MSEs as Final Recipients in frame of Small Project Fund, for Call X ;
- Selection Committee Decision No [insert no] on selection of Small Project from [insert date];
- Approved Application [insert Small Project ID] in the EmBRACE web platform;
- National rules applicable to the Final Recipient.

In case of amendments of the above-mentioned regulations and/or rules, the latest version shall apply.

Article 1

Subject of the Subsidy Contract

1. The purpose of the Subsidy Contract (hereinafter the Contract) is award of a grant by the Small Project Fund Beneficiary (hereinafter referred to as SPFB) to finance the implementation of the following Small Project:

Small Project Title	
Small Project Acronym	
Small Project ID	
Final Recipient	
Start date of the Small Project	
End date of the Small Project	

2. The Final Recipient (hereinafter referred to as FR) accepts the awarded grant and assumes the responsibility to coordinate the implementation of its part of Small Project activities of the Small Project with other FR/FRs in due time according to the provisions of the Contract.

Article 2

Duration of the Contract

1. The Contract shall enter into force on the day on which the last party signs the Contract.
2. The Contract shall cover the whole implementation period of the Small Project and shall be valid until all the obligations related to the implementation of its part of Small Project activities of the Small Project are fulfilled between the parties.

Article 3

Financing of the Small Project

1. The FR total budget of the of its part of Small Project consists of Programme co-financing and private contributions as presented below:

	Total FR budget (EUR)	Programme co-financing (EUR)	Private contribution (EUR)
Small project			

2. The SPFB awards a maximum amount of EUR **vv**, which represents up to 85% of the total Small Project budget.
3. The final amount of SPFB co-financing will be calculated based on certified expenditures only. The maximum amount paid by the SPFB to the Small Project cannot exceed the amount of SPFB co-financing as defined in paragraph 2 of this Article.

4. Funds awarded under this Contract must be used only to finance the Small Project activities. The Small Project must not use funds from other programmes co-financed by the European Union to finance the Small Project activities (no double funding is permissible).
5. Each payment by the SPFB to the FR shall consist of the certified and eligible costs for Small Projects.

Article 4

Responsibilities of the Final Recipient

1. Each FR separately and in coordination with all FRs within a Small Project shall:
 - a) Assume the overall legal and financial responsibility for ensuring the implementation of the Small Project and ensure the professional management of the Small Project;
 - b) coordinate the start, implementation and closure of the Small Project according to the time schedule as indicated in the latest approved version of the Application;
 - c) ensure that all reported expenditures have been incurred for the purpose of Small Project implementation, and correspond to the activities as indicated in the latest approved version of the Application, and in accordance with this Contract;
 - d) ensure that all costs reported within the eligibility period of the Small Project have been verified by the SPFB;
 - e) support the SPFB and the Programme in its communication activities;
 - f) inform the SPFB immediately about all circumstances that delay, hinder or make impossible the realisation of the Small Project, as well as all circumstances that may cause minor and major changes to the Contract (if and when necessary);
 - g) provide any information regarding the implementation of the Small Project upon request of the SPFB, or take the necessary steps requested by the SPFB within the set deadlines;
 - h) use the EmBRACE web platform for reporting and exchanging information (including the relevant supporting documentation) with SPFB;
2. Support to small projects under the SPF Project shall be organised as defined in Article 2(10) of the CPR and Article 25 of the Interreg Regulation. The Final Recipients within the SPF Project shall receive support from the SPFB to implement the Small Projects within that SPF.
3. In addition, the FR shall:
 - (a) appoint a project manager who has the operational responsibility for the implementation of the overall Small Project;
 - (b) ensure the fulfilment of all conditions, set by the SPFB by the approval of the Small Project;
 - (c) provide access to the premises, documents and information, irrespective of the medium in which they are stored, for verifications by the Audit Authority (hereinafter referred to as AA), authorised representatives of the European Commission (hereinafter referred to as EC), the European Anti-Fraud Office, the European Court of Auditors, the Group of Auditors and any external auditor authorised by these institutions or bodies. These verifications may take place up to 3 years starting from 31 December of the year of the final payment from the programme to the FR. The FR must ensure that all original documents, or their certified copies, in line with the national legislation related to the implementation of the Small Project, are made available until the above final date of possible verifications, and until any ongoing audit, verification, appeal, litigation or pursuit of claim has been completed;
 - (d) guarantee the access to the databases and documents to all representatives of the SPFB in charge of controls and “on-the-spot”;
 - (e) guarantee to the SPFB in charge the access to the place where the Small Project has been implemented and to the headquarters of all FRs in order to implement the foreseen “on-the-spot” checks within the activity of control of the Small Project;

- (f) react promptly to any request made by the SPFB;
 - (g) be accountable for the implementation of its part the operation and keep at its level all supporting documents required for the audit trail in accordance with Annex XIII to Regulation (EU) 2021/1060; and
 - (h) make sure to comply with the transparency and communication requirements stipulated in Article 36 of the Interreg Regulation.
4. The FR shall take full responsibility for the damages caused to third parties during the implementation of its part of the Small Project.

Article 5

Responsibilities of the SPFB

1. The SPFB shall:
- a) support the FR by providing the necessary information and clarifications related to the implementation of the Small Project;
 - b) ensure that the FR receives the total amount of eligible expenditure due in full and no later than 80 days from the date of submission of the Small Project Report to the SPFB ;
 - c) inform the FR regarding the reports, conclusions and recommendations made by the European Commission and other Programme bodies, which may affect the implementation of the Contract and the Small Project; and
 - d) ensure that the FR has access to the EmBRACE web platform, as well as instructions on usage of the EmBRACE web platform.
2. The SPFB is also responsible for:
- a) providing guidance for FRs during the application and implementation phase;
 - b) management verification of FRs expenditures based on real costs;
 - c) check of proper application of simplified cost options by FR;
 - d) checking of deliveries, outputs and results of Small Projects;
 - e) controls and on-site visits;
 - f) recording and storing, at its level, the information about Small Projects, including the expenditure incurred by the FRs.
3. In case one or more obligations of the FR are not fulfilled, the SPFB reserves the right to execute the Contract. If this is the case, the SPFB shall notify the FR of the decision and next legal steps.

Article 6

Reporting obligations

1. In order to receive the reimbursement of funds, the FR shall submit a Small Project Report declaring the costs for the relevant reporting period and/ or milestone to the SPFB. Small Project Report shall be submitted through the EmBRACE web platform.
2. The SPFB shall issue a Certificate on the eligible and validated costs to the FR within 60 calendar days after the submission of the Small Project Report.
3. The FR is responsible for submission of the Small Project Report to the SPFB within 10 days from the end of the relevant reporting period, with the exception of the final report within 30 days.
4. The Small Project Reports shall be submitted through the EmBRACE web platform and its purpose is to ensure monitoring of the implementation of Small Project activities and achievement of Small

Project specific objective(s), outputs and results, as described in the Application. The Small Project Report shall serve as a payment claim.

5. After the Small Project Report has been submitted, the SPFB shall perform the verification of the Small Project Report.
6. Following the approval of the Small Project Report, the FR shall receive a total amount of eligible costs due in full within 80 days from the date of submission of the Small Project Report/payment claim to the SPFB.
7. The FR must request payments in accordance with the latest approved budget in the Application.
8. Specific details regarding preparation, content of the Small Project Reports and other reporting obligations are given in Small Project Reporting Guidelines.

Article 7

Payment arrangements and use of euro

1. For reporting purposes, all expenditures incurred and paid in a currency other than EUR shall be converted to EUR by using the exchange rate of the Croatian National Bank (CNB exchange rate) on the day that the expenditure will be transferred to the Final Recipient.
2. All payments by the SPFB to the FR shall be made in EUR and transferred to the account indicated in the Application, in line with applicable national legislation.
3. In case of any delay in the repayment, the amount to be paid shall be subject to interest on late payment, starting on the due date and ending on the actual date of repayment. The rate of such interest shall be calculated following the national rules applicable to the Republic of Croatia.

Article 8

Suspension of payments

1. Any unjustified delay in reporting or the clarification process of the Small Project Report may lead to the suspension of payments or financial corrections.
2. The payment deadline may be interrupted by the SPFB in either of the following duly justified cases:
 - a) information submitted by the FR does not allow the SPFB to establish whether the amount is due;
 - b) an investigation has been initiated in relation to a possible irregularity affecting the expenditure concerned.

The FR shall be informed in writing of the interruption.

3. In addition, the SPFB may also suspend payments as a precautionary measure without prior notice, prior to, or instead of, terminating this Contract as indicated in Article 19 of this Contract.

Article 9

Project performance and corrective measures

1. As a general rule, the SPFB may apply a financial correction in case one or more obligation stated in this Contract is not respected by the FR.
2. The FR is responsible for ensuring that a minimal 90% (except in cases where activities are delayed due to "force majeure") of its part out of total Small Project budget is reported to the SPFB.
3. The FR is responsible for ensuring that Small Project outputs, deliverables and results are achieved as planned in the Application and reported to the SPFB.

4. In case the Small Project fails to achieve one or more planned outputs and/or results contributing to Programme indicators, the SPFB reserves the right to apply a financial correction of max 65% of the planned target value to the Small Project.
5. In case the Small Project fails to achieve one or more planned deliverables; the SPFB reserves the right to apply a financial correction to the Small Project by reducing the Small Project budget by a maximum of 10%.

Article 10

Eligibility of expenditures

1. The expenditures related to the Small Project are eligible only if they are in accordance with the relevant EU legislation, Programme rules, national legislation and other relevant EmBRACE Project documentation, and if they are in line with the terms and conditions stipulated in the Contract.
2. Eligible costs must fulfil all the following criteria as described in the Guidelines for MSEs as Final Recipients for relevant Call
3. Co-financing rate (as stipulated in Article 3) shall be applied to each eligible cost under all cost categories.

Article 11

Procurement rules

1. For the award of service or goods contracts, the FR shall apply the procurement rules according to rules aligned with EmBRACE Procurement Guidelines.

Article 12

Irregularities and recoveries

1. Irregularities may be detected (during implementation and after Small Project closure) by any authority/person involved in SPFB management and/or implementation, whistle-blowers or other bodies and individuals, including anonymous ones.
2. If the irregularity is confirmed during the Small Project implementation, the financial correction may be applied to the next payment claim(s), if applicable.
3. If the financial correction cannot be applied on the next payment claim or the irregularity is confirmed after the final payment has been made to the Small Project, the SPFB shall request the recovery of amounts unduly paid from the FR.
4. The FR is obliged to ensure the recovery of the amounts unduly paid to its part of Small Project activities of the Small Project within 30 calendar days upon receipt of the request for recovery by the SPFB.
5. The SPFB may request the recovery of funds unduly paid of FR part of Small Project activities in case of termination of the Small Project.
6. In case of delay in the recovery of funds by the FR, the SPFB may claim interest, in line with Article 7, paragraph 3 of this Contract.

Article 13

Visibility, communication and use of Project results

1. The FR shall ensure that it's part of Small Project activities complies with all publicity, communication, and branding obligations (e.g. on the use of the programme logo, information requirements and organisation of events) as further specified in the Guidelines for Applicants and/or any other instructions issued by the SPFB.

2. Any notice or publication by the FR, in whatever form and whatever medium, including the Internet, shall specify that it is the sole responsibility of its author and that the SPFB, Programme bodies and the European Union are not liable for any use that may be made of the information contained therein.
3. The FR shall be authorised to publish, in whatever form and on or by whatever medium, including the Internet, the following information:
 - (a) EmBRACE logo;
 - (b) Name of the SPF Beneficiary;
 - (c) Name of the Small Project and name of Final Recipients working on the Small Project;
 - (d) Description of the Small Project, including its aims, results, expected achievements, outputs, activities, etc;
 - (e) Total Small Project budget (in EUR);
 - (f) The amount of EU co-financing (in EUR);
 - (g) Duration of the Small Project (dd.mm.yyyy. – dd.mm.yyyy.);
 - (h) the location of the Small Project and the countries concerned;
 - (i) A reference to the EmBRACE Small Project Fund website (for example, as a hyperlink on the EmBRACE logo);
 - (j) A reference to relevant Funds as described in visibility guidelines for the FR;
 - (k) Disclaimer, as described in visibility guidelines for the FR.
4. The description outcomes and results of the Small Project have to be made available to the general public free of charge.
5. The FR shall ensure that it has all rights to use any pre-existing intellectual property rights if necessary for its part of the Small Project implementation.
6. At the request of the SPFB, the FR shall send a short description of the SP and the achieved results for the publication of the good stories of the EmBRACE project (e.g. brochure, Facebook, etc.)
7. The FR shall respond and participate at the request of the SPFB with their SP in making videos or presenting at events.
8. Detailed information for Small Project visibility and communication are given in Visibility and communication guidelines for the Final Recipient's under EmBRACE project

Article 14

Audits and audit trail

1. The responsible EU audit bodies and, within their responsibility, the Audit Authority and the SPFB are entitled to audit the use of funds by the FR or to arrange for such an audit to be carried out by authorised persons.
2. The FR must provide all documents required for the audit, as well as all necessary information and give access to its business premises.
3. The FR is obliged to ensure that all files, documents, and data related to its part of Small Project activities of the Small Project are retained for audit purposes for a three-year period from 31 December of the year in which the last payment by the SPFB is made.

Documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. Where electronic versions exist, no originals shall be required where such documents meet the applicable legal requirements in order to be considered equivalent to originals and to be relied on for audit purposes.

Article 15

State Aid and de minimis

1. The SPFB is responsible for ensuring that Final Recipients comply with the State aid and de minimis applicable rules.

Article 16

Durability

1. A Small Project comprising investment in equipment shall repay the Programme co-financing if within three (3) years of the final payment to the FR, it is subject to any of the following:
 - a. a cessation or transfer of a productive activity outside the NUTS 2 Region / Programme area;
 - b. a change in ownership of an item of equipment which gives a firm an undue advantage;
 - c. a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.
2. The SPFB is obliged to conduct a durability check at least once in the period of three (3) years after the final payment.

Article 17

Conflict of interests

1. If any conflict of interest arises or may arise during the Small Project implementation, the FR shall immediately take all necessary steps to resolve it and notify the SPFB in writing.
2. The SPFB may verify the measures taken to resolve the conflict of interests and may require additional measures to be taken, if necessary. In case the SPFB establishes that the proposed measures have not been implemented, the SPFB reserves the right to terminate the Contract in line with Article 19 of this Contract.

Article 18

Modifications of the Project

1. Any modification of the Small Project shall be submitted to the SPFB by the FRs on joint level via e-mail. The Small Project can be modified only during its implementation period only once.
2. The modifications of the Small Project cannot affect the basic purpose of the Small Project and the grant award decision.
3. The following modifications are considered major modifications of the Small Project and require written approval by the SPFB:
 - a) prolongation of the Small Project implementation period;
 - b) changes related to indicators.
4. Detailed procedures and deadlines for Small Project modifications are given in EmBRACE Reporting manual.
5. In case of Small Project modifications affecting the content of the Contract, an Addendum to the Contract shall be issued.

Article 19

Termination of the Contract

1. The SPFB may terminate the Contract and demand the repayment of Programme co-financing in full or in part, by giving a 30-day written notice and without paying compensation of any kind, if:
 - a) the FR provide false or incomplete information required in the selection procedure or in the implementation of the Small Project;
 - b) the FR fails to fulfil any condition or obligation resulting from the Contract;

- c) the FR becomes insolvent, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject to bankruptcy proceedings or proceedings concerning those matters or is in any other analogous situation;
 - d) the Final Recipient, or any related person¹, have committed fraud or are involved in any illegal activity detrimental to the European Union's financial interests;
 - e) a change in the FR status or any other FRs statuses which substantially affects the implementation of the Small Project or puts into question the award decision;
 - f) the Small Project has not been or cannot be fully implemented, or it has not been or cannot be implemented in due time;
 - g) the Small Project significantly failed to reach objectives, results and outputs planned in the Application, unless duly justified;
 - h) the FR has failed to submit required reports, proofs, or necessary information requested by the SPFB within the set deadline, provided that the FR has received at least one written reminder setting the deadline and specifying the legal consequences of a failure to comply with the requirements;
 - i) the implementation of the Small Project is affected by one of the FRs without the knowledge/participation of the other FRs (e.g. replacement of the FR or expulsion of only one FR with activities and budget taken over by the other FRs);
 - j) the Programme co-financing has been partially or entirely misapplied for purposes other than those agreed upon;
 - k) the FR has impeded or prevented the auditing of its part of the Small Project or failed to retain its part of the Small Project documentation required for the audit;
 - l) the FR has failed to immediately report events delaying or preventing the implementation of its part of the Small Project, or any circumstances leading to its modification;
 - m) EU legislation and/or national legislation has been violated;
 - n) if the Contract has not given rise to any payment within one year of its signature.
2. Upon termination of this Contract by the SPFB, the FR and other FRs on the Small Project shall receive a written notice with necessary instructions regarding the closure of the Small Project.
 3. In cases of termination of the Contract specified in points a), d), e), i), j) and m) of paragraph 1 of this Article, the SPFB may request full or partial repayment of amounts already paid from the grant, in proportion to the gravity of the irregularity in question after allowing the FR to submit its clarification.
 4. In the cases of force majeure, i.e., if the exceptional circumstances make implementation of the Small Project excessively difficult or dangerous, and if the Contract can no longer be executed effectively and appropriately, the Parties may terminate the Contract by serving a 30-day written notice, without being required to pay indemnity. The SPFB may reimburse the unavoidable residual expenditures incurred during the notice period (only for activities and expenditures that have been properly executed).
 5. The FR shall be entitled to request payments from the SPFB only for the part of the Small Project carried out and activities completed before termination of the Contract that contribute to Programme indicators.
 6. If the European Commission fails to make the funds available or takes the decision to interrupt or totally to suspend the funds, the SPFB is entitled to terminate the Contract. In this case, the SPFB is not obliged to pay any indemnity to the FR.

¹ Any related person means any physical person with powers of representation, decision-making or control in relation to the FRs.

7. The Contract may be terminated by written mutual agreement between the FR and SPFB.

Article 20
Payment instruments

To ensure the orderly fulfilment of contractual obligations, the FR undertakes to deliver to the SPFB:

- 1 (one) blank enforceable debenture of the FR with a guarantor in the person of a member of the Final Recipient's company, signed by an authorized person and the company member, certified by a notary public, up to the full amount of the FR total budget (for Final Recipients based in the Republic of Croatia)
- 1 (one) blank promissory note of the FR and 1 (one) personal blank promissory note of the founder, both with a no protest clause and with a particular bond authorization, up to the full amount of the FR total budget (for Final Recipients based in Montenegro and Bosnia and Herzegovina).

The FR and the guarantor (for Final Recipients based in the Republic of Croatia) allow the SPFB, in case of non-fulfilment of contractual obligations, to fill out a blank enforceable debenture and submit it for collection to the Financial Agency or any other financial institution that is responsible for its payment.

The FR and the founder of the FR as co-borrower/guarantor (for Final Recipients based in Montenegro and Bosnia and Herzegovina) at the same time authorize the SPFB to fill out blank promissory notes and enter all or any promissory and legal components, including the loan amount that corresponds to the due and unpaid amount, to domiciliate them at will, and to take all the actions provided for by the regulations to collect these promissory notes.

Article 21
Final Provisions

1. All official correspondence between the FR and the SPFB shall be in writing and in English language.
2. In case of legal succession any of the Parties, the Party involved is obliged to transfer all the obligations under this Contract to its legal successor.
3. This Contract shall be governed in accordance with the laws of the Republic of Croatia. In case of differences that are not ruled by this Contract, the Parties agree to find an amicable and mutually acceptable solution. In the absence of an amicable settlement, the Parties will submit themselves to the exclusive competence of the competent court in Zagreb.
4. If a provision of this Contract is or becomes invalid or if this Contract contains unintentional gaps or misprints, this will not affect the validity of the other provisions of this Contract. The Parties will replace any invalid provision with a valid provision that is as close as possible to the purpose and intent of the invalid provision. The Parties will fill any unintentional gap or misprint by a provision that better suits the purpose and intent of this Contract, in compliance with the rules applicable.
5. The Contract shall be signed in two (2) original copies. One copy shall be kept by the FR and one copy shall be returned to the SPFB.

For the Final Recipient	For the SPFB
Name:	Name: Vjeran Vrbanec

Title:	Title: Chairman of the Board of Directors
Signature:	Signature:
	Name: Ante-Janko Bobetko
	Title: Deputy Chairman of the Board of Directors
	Signature:
Date:	Date: