

# SUBSIDY CONTRACT No. 15-57

Vilnius

This Subsidy Contract on implementation of the project *Joint Lithuanian – Polish improvement of public service of fire and rescue* No LT-PL-1R-073 (hereinafter – the Project), approved by decision of the Joint Monitoring Committee (hereinafter – JMC) of the (Interreg V-A) Lithuania–Poland cooperation Programme (hereinafter – the Programme) of October 26<sup>th</sup>, 2016, is signed by:

**The Ministry of the Interior of the Republic of Lithuania**, acting as the Managing Authority of the Programme (hereinafter – the **Managing Authority**), represented by the Vice-minister Giedrius Surplys

and

**Šilalės Region Municipality Fire Fighting Department** (hereinafter – the **Lead Beneficiary**), represented by the Commander Evaldas Lazdauskas

(hereinafter jointly named – **the Parties**).

## § 1

### SUBJECT OF THE SUBSIDY CONTRACT AND LEGAL FRAMEWORK

1.1. The Managing Authority undertakes to allocate funds from the European Regional Development Fund (hereinafter – ERDF) for the Project implementation as it is indicated in paragraph 2.2 of this Subsidy Contract in the terms and conditions set out in this Subsidy Contract; the Lead Beneficiary (hereinafter – LB) undertakes to carry out the Project according to the provisions of this Subsidy Contract.

1.2. The LB shall ensure that the Project is implemented and managed in accordance with this Subsidy Contract, Programme Manual and the valid regulations and rules as well as the horizontal policies of the European Union (hereinafter – EU), other Programme documents and valid national legislation.

1.3. Respective country's national rules applicable to the LB and Project Beneficiary/-ies (hereinafter – PB) of the Republic of Lithuania and the Republic of Poland.

## § 2

### PROJECT BUDGET

2.1. In accordance with the decision of the JMC the total eligible Project budget is maximum 706.690,00 EUR [seven hundred six thousand six hundred ninety euro and zero eurocents].

2.2. Not more than 85 per cent from the total eligible Project budget shall be allocated to the Project implementation by the Managing Authority from the ERDF.

2.3. Not less than 15 per cent of the total eligible Project budget shall be allocated to the Project implementation by all Project Beneficiaries (hereinafter – PB).

2.4. Costs for the Project can be incurred within the Project implementation period as indicated in paragraphs 3.1.1 and 3.1.2 of this Subsidy Contract.



2.5. Disbursement of the ERDF funds for the Project implementation is subject to the condition that the national 1<sup>st</sup> level control process as well as the certification by the Managing Authority have been carried out adequately.

2.6. If the European Commission fails to make ERDF funds available to the Programme for whatever reason, the Managing Authority is entitled to withhold payments for as long as is needed or, as an ultimate tool, to terminate this Subsidy Contract.

### § 3

#### PROJECT DURATION

3.1. Project implementation period is defined as follows:

3.1.1. Project starting date is: February 1<sup>st</sup>, 2017;

3.1.2. Project end date is: July 31<sup>st</sup>, 2018;

3.1.3. Project duration 18 months.

3.2. Project implementation activities must start and must be finalised and all related costs must be paid until Project end date indicated in paragraph 3.1.2. of this Subsidy Contract.

### § 4

#### REPORTING AND PAYMENTS

4.1. Only the LB is entitled to request payment of ERDF funding. The LB may only request the refund of the Project eligible expenditures providing proof of progress of the Project as described in the approved Project application (Annex 2 to this Subsidy Contract) on the basis of the Consolidated Progress Reports (consisting of the activity report, financial report and application for payment) submitted to the Joint Secretariat (hereinafter – JS). The Consolidated Progress Reports shall be prepared in English.

4.2. The LB must observe detailed instructions for filling in and submission of the Consolidated Progress Reports as laid down in the Programme Manual approved by the JMC.

4.3. The LB shall ensure that the expenditure and activities of the PBs have been verified by the appropriate bodies executing the First level control functions in accordance with EU, Programme and national requirements and to prepare each Consolidated Progress Report on the basis of the Progress Reports provided by PBs.

4.4. The LB has to submit Consolidated Progress Report to the JS no later than 75 (seventy five) days after the end of the reporting period within the timeframe laid down in the Project reporting schedule (Annex 4 to this Subsidy Contract).

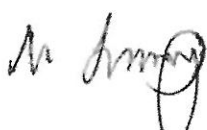
4.5. If the documents are prepared improperly, the LB undertakes to eliminate any inconsistencies detected by JS in the Consolidated Progress Report and Progress reports and newly submit corresponding documents by the day set by the JS.

4.6. The Managing Authority undertakes to evaluate the Consolidated Progress Reports, indicated in paragraph 4.1. of this Subsidy Contract in 10 (ten) working days from the day of receiving the approved documents from the JS and:

4.6.1. if the documents are prepared properly, to approve the Consolidated Progress Report;

4.6.2. if they are prepared improperly or not all documents proving the eligibility of expenses are submitted, or it is not possible to make a conclusion that the incurred expenses are eligible according to the supplied documents, via the JS to inform the LB about the detected inconsistencies in writing and to set the term for the elimination of inconsistencies and submission of the corresponding documents. Newly submitted documents are analysed under procedure specified in paragraph 4.6 of this Subsidy Contract.

4.7. The Managing Authority is entitled to withhold any ERDF payment until all unclear issues related to the implementation, management and reporting of the Project are clarified



and is also entitled to deduct any ineligible cost found during the certification process and as a result proportionally reduce the ERDF funding of the Project.

4.8. The Managing Authority undertakes within 10 (ten) working days after approval of the documents mentioned in paragraph 4.6 of this Subsidy Contract to issue the payment to the LB of approved ERDF funding amount.

4.9. Payments of ERDF funds to the LB will be made on a reimbursement basis and no advance payments can be made from the Programme.

4.10. The ERDF funds will be disbursed in Euro only and transferred to an account indicated by the LB. Any exchange rate risk will be borne by the LB.

4.11. In duly justified cases the LB can ask the Managing Authority via the JS for postponement of the deadline for submission of a Consolidated Progress Report submitting to the JS a reasoned request in written for postponement not later than 2 (two) weeks before the actual deadline for submission of the given Consolidated Progress Report.

4.12. In case the request described in paragraph 4.11 of this Subsidy Contract appears, Managing Authority will reply in written via the JS within 5 (five) days after receiving it, setting up the new deadline for submitting the given Consolidated Progress Report. The provisions of paragraph 6.2.2 of this Subsidy Contract will be applied accordingly.

4.13. In duly justified cases, particularly if the Programme facing the de-commitment risk resulting from the n+3 rule, the Managing Authority is entitled to address the LB to submit additional Consolidated Progress Reports, on the terms and conditions specified by the JMC.

## **§ 5**

### **OBLIGATIONS OF THE PARTIES**

#### **5.1. The LB undertakes of its own and the PBs:**

5.1.1. full legal and financial responsibility towards the Managing Authority for the implementation of the Project;

5.1.2. to represent all PBs participating in the Project and to guarantee that the LB has established with the PBs the division of the mutual responsibilities in the Partnership Agreement. LB furthermore guarantees that the Partnership Agreement complies with all requirements under the legal framework, which applies to the LB and the PBs; the LB is directly responsible for forwarding all relevant information, documents and guidance given by the Managing Authority to the PBs;

5.1.3. to establish and maintain the Project management and accounting system that allows the LB and PBs to implement the Project activities with the requisite care, reliability and efficiency in the use of the Project's resources, transparency and diligence and to establishing adequate Project monitoring and evaluating system that ensures timely achievement of Project outputs and results in a proper quality;

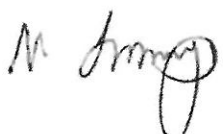
5.1.4. to ensure that the Project funds have been used only for the purpose of implementing the Project and corresponds to the activities and budget described in the Project application approved by the JMC and agreed between the LB and the PBs;

5.1.5. to ensure that the funds specified in paragraph 2.3 of this Subsidy Contract will be assigned for the Project implementation;

5.1.6. to prepare and timely submit documents and information referred to in paragraph 4 of this Subsidy Contract;

5.1.7. to ensure keeping in line with the eligibility, public procurement, state aid rules as mentioned in the Programme Manual as well as with the other legislation of the EU and of the respective country the LB is based in;

5.1.8. to inform the Managing Authority immediately in cases when State aid is appropriated;



5.1.9. to transfer the ERDF funds to the PBs participating in the Project as soon as possible after receiving payments from the Managing Authority. To provide the information about such transfer to the Managing Authority via the JS within 5 (five) days after transactions to the PBs are made (including the final payment);

5.1.10. to ensure that the ownership of any outputs and results produced during the Project implementation remains with the LB or PBs for at least 5 (five) years after the Project end date;

5.1.11. to ensure that all estimated revenue during the Project and within the period of 5 (five) years after the Project end date shall be calculated and deducted from the Project's eligible expenditure in the final Consolidated Progress Report at the latest. If it is impossible to calculate in advance revenue generated within 5 (five) years of the completion of a project – reports on such revenue shall be submitted annually to the Managing Authority via JS during the 5 (five) years period or once at the end of this 5 (five) years period and the revenue gained has to be returned to the account indicated by the Managing Authority within the terms set by the Managing Authority. Provisions of this paragraph are applied only to projects exceeding 1 000 000 EUR;

5.1.12. to ensure that all the Project expenditure and revenues gained by the LB and the PBs from the Project are recorded in relevant accounts and is identifiable, verifiable and backed by original invoices or other accounting documents of equivalent value;

5.1.13. to fulfil responsibilities of the beneficiaries specified in the Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 and in particular Annex XII of this regulation and to ensure that the PBs comply with this provision as well;

5.1.14. to ensure that all documents related to the Project implementation are stored in a safe and orderly manner by the LB and the PBs at least 5 (five) years after the final payment has been paid to the LB;

5.1.15. to inform the Managing Authority via JS in writing about any changes of its own or PBs legal addresses, names and contacts of Project coordinator and Project financial manager in 10 (ten) working days after the day the changes came into existence;

5.1.16. to request the JS for changes in Project implementation according to the provisions of Programme Manual and provide all documents related to the changes in Project implementation to the JS;

5.1.17. to submit upon request all documents related to the Project implementation and other necessary information to the Managing Authority, JS and other competent authorities responsible for the implementing and monitoring of the Programme or their authorized representatives and also to ensure the conditions to carry out Project inspections *in situ*;

5.1.18. to inform immediately the Managing Authority via JS in writing about any circumstances that may affect the results of the Project implementation, Project procrastination or improper implementation;

5.1.19. liability for all the actions undertaken by the PBs, which cause a violation of the obligations under this Subsidy Contract;

5.1.20. to return the paid ERDF funds that were used infringing the provisions of this Subsidy Contract and European Union as well as national legal acts under terms and conditions specified in this Subsidy Contract and in accordance with the Partnership Agreement.

## **5.2. The Managing Authority undertakes:**

5.2.1. to allocate the ERDF funds indicated in paragraph 2.2. of the Subsidy Contract for the Project implementation under the terms and conditions specified in this Subsidy Contract;





5.2.2. to check how the LB is following the obligations assumed in this Subsidy Contract;

5.2.3 to make decision on the LB request specified in paragraph 4.11. of this Subsidy Contract and to inform the LB via JS about the decision made in writing within 10 (ten) working days after the day of receiving this request;

5.2.4. to carry out the control of the use of the ERDF funds by the LB and other PBs;

5.2.5. when presenting information about the Project publicly, to specify:

5.2.5.1. the name of the Project;

5.2.5.2. the name of the LB and PBs organisations;

5.2.5.3. the Project summary;

5.2.5.4. the start and the end date of the Project;

5.2.5.5. total eligible expenditure allocated to the Project;

5.2.5.6. the sums of funds allocated to the Project by the ERDF and by the LB and PBs for the Project implementation and their ratio;

5.2.5.7. the location (locations) of the Project implementation;

5.2.5.8. the name of category of intervention for the Project.

## § 6

### NON-FULFILMENT, LIABILITY AND TERMINATION OF THE SUBSIDY CONTRACT

6.1. In case the LB does not fulfil or fulfils the terms and conditions of this Subsidy Contract improperly, the Managing Authority shall be entitled to demand from the LB to eliminate the violations of the Subsidy Contract within the terms set by the Managing Authority and to suspend the performance of its contractual obligations for this time period.

6.2. The Managing Authority may terminate the Subsidy Contract and/or to demand repayment of ERDF amounts already paid to the LB in full or in part, after prior consultation with JMC by informing the LB about termination of the Subsidy Contract in writing before 10 (ten) working days, if:

6.2.1. the LB or PBs has received the ERDF funds after presenting incorrect, deceitful or incomplete information which influenced the legality of the Project implementation;

6.2.2. the LB has failed to submit required reports or proofs, or supply necessary information, provided that the LB 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;

6.2.3. the LB does not eliminate the violations of this Subsidy Contract by the day which was set by Managing Authority as it is indicated in paragraph 6.1. of this Subsidy Contract;

6.2.4. a precondition for the approval of the Project (e. g. minimum number of project partners) is no longer fulfilled;

6.2.5. it is not and will not be possible to implement the Project in due time;

6.2.6. the ERDF funds allocated for the Project implementation were used in breach of provisions of this Subsidy Contract, national and / or European Union legal requirements;

6.2.7. the LB or PBs have impeded or prevented controls, audits or evaluations provided that the LB has received a written request 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;

6.2.8. the LB is undergoing reorganization, liquidation, restructuring or bankruptcy procedures;



6.2.9. the LB or PBs committed in any act of fraud or corruption or are involved in a criminal organization or any other illegal activity detrimental to the Communities' financial interests;

6.2.10. the LB has transferred its obligations (or part of them) arising from this Subsidy contract to any third party without a previous written consent of the Managing Authority.

6.3. If the Managing Authority according to the provisions of this Subsidy Contract demands repayment of ERDF amounts already paid to the LB in full or in part, the LB is obliged to transfer the appropriate amount within 1 (one) month from the date of receiving the Managing Authority's demand. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date and ending on the value day of actual repayment. The interest rate will be determined in accordance with Lithuania national law.

6.4. If any circumstances indicated in paragraph 6.2. of this Subsidy Contract occurs before the full amount of the ERDF funds as stipulated in paragraph 2.2. of this Subsidy Contract has been paid to the LB, payments may be deducted or suspended by the Managing Authority and there shall be no payment requests from the LB for the remaining ERDF amount.

6.5. If the European Commission terminates Programme funding, the Managing Authority is entitled to terminate the Subsidy Contract. In such a case the Managing Authority informs the LB about termination of the Subsidy Contract in writing before 10 (ten) working days; any claim made by the LB against the Managing Authority for whatever reason is excluded.

6.6. The Subsidy Contract may be terminated upon a written request from the LB if the LB refunds the ERDF funds together with interest calculated pursuant to the provisions specified in paragraph 6.3. In this case the interest shall be calculated and charged from the day the ERDF funds transfer to the LB.

6.7. The Subsidy Contract may be terminated as a result of a mutual agreement of the Parties.

6.8. Regardless the reason of the Subsidy Contract termination, the LB is obliged to ensure that all documents related to the Project implementation are stored in a safe and orderly manner by the LB and the PBs' for a period referred to in paragraph 5.1.14. of this Subsidy Contract.

## § 7

### FINAL PROVISIONS

7.1. This Subsidy Contract shall enter into force on the date the last of its Parties signs and shall be valid until the Parties fulfil all their obligations according this Subsidy Contract.

7.2. All communication on project implementation with the Managing Authority should be done via JS in English.

7.3. This Subsidy Contract is issued in English in 2 (two) originals.

7.4. This Subsidy Contract shall be interpreted and applied according to the laws of the Republic of Lithuania.

7.5. This Subsidy Contract may be amended and / or modified by a written consent of all the Parties. All amendments and modifications hereto shall form an integral part of this Subsidy Contract and shall be valid if made in writing, signed by the Parties or their authorized representatives and sealed.

7.6. This Subsidy Contract shall be amended if there are amendments in the provisions of the Legal acts and / or if new provisions of the Legal acts enter into force, providing for the different procedure for assignment, usage and / or payment of the funds of the Programme for the Project implementation.

7.7. Disputes regarding implementation of this Subsidy Contract shall be settled by negotiations. In case of a failure to resolve any disputes by negotiations within 1 (one) month from the date the disagreement appeared, disputes, disagreements and claims shall be settled



in courts of the Republic of Lithuania, jurisdiction place – Vilnius, if the laws do not stipulate for an exceptional jurisdiction.

7.8. Annexes to this Subsidy Contract:

Annex 1 – Copy of Decision of the Joint Monitoring Committee of the (INTERREG V-A) Lithuania – Poland Cooperation Programme on the approval of the Project;

Annex 2 – Project Application approved by JMC;

Annex 3 – Copy of signed Partnership Agreement;

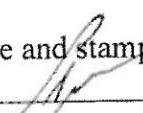
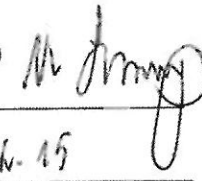
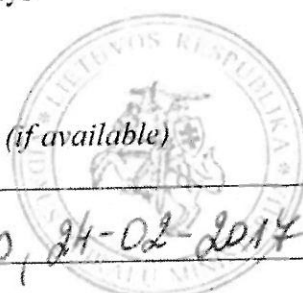
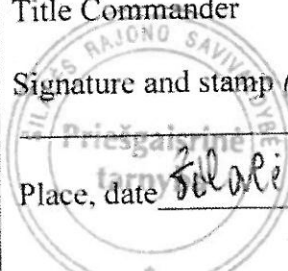
Annex 4 – Project reporting schedule.

§ 8

**ADDRESSES AND OTHER LEGAL INFORMATION ABOUT THE PARTIES OF  
THE SUBSIDY CONTRACT**

**MANAGING AUTHORITY**

**LEAD BENEFICIARY**

<p>Ministry of the Interior of Republic of Lithuania</p> <p>Šventaragio st. 2, LT 01510 Vilnius</p> <p>Phone: +370 5 271 71 54</p> <p>Fax: +370 5 271 85 51</p> <p>E-mail: bendrasisd@vrm.lt</p> <p>Institution code: 188601464</p> <p>VAT payer code: LT886014610</p> <p>Bank: AB Swedbank</p> <p>Bank code: 73000</p> <p>Account number: LT167300010002456293</p>	<p>Šilalės Region Municipality Fire Fighting Department</p> <p>Maironio str. 20 b, LT-75137 Šilalė</p> <p>Phone: +370 611 228 86</p> <p>Fax: n/a</p> <p>E-mail: <a href="mailto:savgaisrine@gmail.com">savgaisrine@gmail.com</a></p> <p>Institution code: 276635940</p> <p>VAT payer code: n/a</p> <p>Bank: AB DNB bankas</p> <p>Bank code: 40100</p> <p>SWIFT code: AGBLLT2X</p> <p>Account number: LT174010044500150855</p>
<p>Name Giedrius Surplys</p>	<p>Name Evaldas Lazdauskas</p>
<p>Title Vice-minister</p>	<p>Title Commander</p>
<p>Signature and stamp (if available)</p> 	<p>Signature and stamp (if available)</p> 
<p>Place, date Vilnius, 24-02-2014</p> 	<p>Place, date Šilalė, 2014.06.15</p> 



## Annex No. 1