



Hungary-Slovakia
Cross-border Co-operation
Programme 2007-2013

Building Partnership

European Union
European Regional Development Fund



Subsidy Contract

**Project Code:
HUSK/1101/2.2.1/0183**

**Acronym:
ZOO CESTA**

**Project title:
ZOO spoločne a vzájomne k ochrane prírody a prírodných
hodnôt/
Állatkertek - közösen és kölcsönösen a természet és természeti
kincsek védelméért**

European Territorial Co-operation 2007 – 2013

- granted to certain undertakings entrusted with the operation of services of general economic interest;
- COMMISSION REGULATION (EC) No 800/2008 on declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General Block Exemption Regulation);
 - COUNCIL REGULATION (EC, Euratom) No 1605/2002 of 25 June 2002 and its amendments on the financial regulation applicable to the general budget of the European Communities;
 - Communication from the Commission - Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis (2009/C 83/01)
 - the Hungary – Slovakia Cross-border Co-operation Programme 2007-2013, approved by the European Commission on 20 December 2007, Decision No. C(2007)6488 (hereinafter also referred to as Programme).

The following regulations and guidelines have to be also respected in the framework of this contract:

- Community rules regarding Community horizontal policies such as the rules for competition and entry into the markets, the protection of the environment, the equal opportunities between men and women and public procurement;
- National rules applicable to the Lead Partner and its Project Partners (hereinafter also referred to as PPs);
- the relevant Call for Proposals (HUSK/1101) published on 23rd June 2011 on the website of the Programme;
- the HUSK Project Implementation Handbook laying down the programme specific rules for the implementation of the projects;
- the HUSK Visibility Guide for Projects laying down the programme specific rules on information and publicity measures of the projects.

Article 1 Award of subsidy

In accordance with the decision of the Monitoring Committee, dated 2nd April, 2013 an earmarked subsidy is awarded to the LP from the European Regional Development Fund (hereinafter referred to as ERDF) under the Hungary – Slovakia Cross-border Cooperation Programme for the implementation of the

„HUSK/1101/2.2.1/0183 - ZOO CESTA”

ZOO spoločne a vzájomne k ochrane prírody a prírodných hodnôt/ Állatkertek - közösen és kölcsönösen a természet és természeti kincsek védelméért

| | |
|---|----------------|
| Maximum Community contribution awarded: | 372,108.92 EUR |
| say: three hundred and seventy-two thousand, one hundred eight euros ninety-two cents | |
| Total project budget: | 437,775.20 EUR |
| say: four hundred and thirty-seven thousand, seven | |

3. State aid rules in application of Articles 87 and 88 of the EC Treaty as defined in annex VI must be respected if applicable.

Article 4

Reporting and Application for Reimbursement

1. The LP can only submit Application for Reimbursement to the Joint Technical Secretariat (hereinafter referred to as JTS) accompanied by proof of progress of the project. Therefore the LP has to submit a Progress Report – with each Application for Reimbursement – consisting of the description of the activities carried out and their outputs and results during the reporting period and a financial report presenting the financial progress of the project in accordance with the approved application. Even if no expenditures was incurred in a reporting period, the progress report shall be submitted in due time to the JTS.
2. The LP has to submit the Progress Report and the Application for Reimbursement for each four-month reporting period from the project starting date indicated in Article 2.1. The LP is entitled to submit a startup Progress Report within 105 calendar days from the conclusion of the subsidy contract in case the project was approved with preparation costs to be co-financed or the starting date of the Project is before the conclusion date of this subsidy contract. In this case the first Progress Report shall cover the period between the signature of the Contract and the end of the first four-month reporting period. The Progress Report and the Application for Reimbursement have to be submitted to the JTS within 105 calendar days from the end date of each reporting period. The reporting periods and the actual deadlines for submission are indicated in Article 4.13.
3. Additional obligatory deadlines to submit an Application for Reimbursement may be set by the MA in order to avoid decommitment of ERDF contribution at programme level.
4. The startup Progress Report and Application for Reimbursement (if any) have to cover the preparation costs of the project and the project expenditure incurred between the starting date of the project and the conclusion date of this subsidy contract. In case no startup Progress Report and Application for Reimbursement is submitted, the above mentioned costs have to be included in the first Progress Report and Application for Reimbursement covering the first reporting period as indicated in Article 4.13.
5. The final Progress Report and final Application for Reimbursement have to be submitted to the JTS within 120 calendar days after the end date of the project as indicated in Article 2.2.
6. The language of each report is English. The forms and tools of the Progress Report, Application for Reimbursement and the Declarations on validation of expenditure are defined for the HUSK programme and are obligatory to use. The LP has to complete and submit the Progress Report and the Application for Reimbursement online through the Front Office surface of the IMIS 2007-2013 (the monitoring and information system of the Programme; hereinafter referred to as the system). Access to the system is only permitted by means of an individual username and password. The Rules of Use of the system are set in Annex VII. of this contract. Further rules on reporting – including the documents to be submitted with the Progress Report – are set in the HUSK Project Implementation Handbook.

| | | | |
|--------|-------------------------|---|------------|
| | | period, latest 13/08/2015 | |
| 5 | 01/05/2015 - 30/06/2015 | Within 120 days after the last day of reporting period, latest 28/10/2015 | 37,268.69 |
| Total: | | | 437,775.20 |

14. The spending forecasts of the project are set out in point 13. and remain unchanged for the whole project period. The LP has the possibility to deviate from the spending forecasts considering that in case of n+2/n+3 decommitment resulting from underspendings compared to the spending forecast, the MA is entitled to decommit the project by reducing the original project budget and the corresponding ERDF contribution. In case of the decision on the decommitment of the Project, the MA initiates the amendment of the present SC. The Addendum to the SC has to be signed by both Parties.
15. In case of projects with investment activities co-financed, the LP shall submit yearly follow-up reports till the end of the period laid down in article 14(1) in the format set in the HUSK Project Implementation Handbook to the JTS proving the sustenance of the project outputs. The first follow-up report shall be submitted within one year from the end date of the Project.
16. The LP has to provide immediate information to the JTS about circumstances that delay, hinder or make impossible the realization of the project, as well as about any circumstances that mean a change of the reimbursement conditions and frameworks as laid down in this contract or entitle the MA to reduce or demand repayment of the ERDF contribution wholly or in part. Immediate information shall also be provided in case the project has not been or cannot be fully implemented by carrying out the planned activities, the planned outputs and results and by achieving at least 80% of the quantifiable outputs, or the project cannot or could not be realized in due time. In case that the project cannot be implemented according to the time schedule fixed in the Application and in annex 1 as well as according to the payment schedule stated in point 13 of this article the fact has to be reported immediately to the JTS in order to seek written approval. The request for approval does not imply the approval.
17. ERDF funds not requested according to the plan may be lost by the beneficiaries.

Article 5

Reimbursement of ERDF contribution to the LP

1. The reimbursement of ERDF contribution to the LP will be initiated only after the verification and acceptance of the Progress Report and its annexes, the Application for Reimbursement and the Declarations on validation of expenditure.
2. The LP may be requested for completion of the Progress Report and the Application for Reimbursement during the verification process by the JTS. After the second unsuccessful request for completion, the Application for Reimbursement and the Progress Report may be rejected. A rejected Application for Reimbursement can be resubmitted only once and for the next reporting deadline following to the reporting period concerned.
3. The reimbursement of ERDF contribution will be authorised by the Certifying Authority. In case the ERDF balance of the programme single bank account handled by the Certifying Authority does not cover the amount to be reimbursed,

- b) to co-ordinate the implementation of the project according to the time schedule stated in this contract and the Application;
- c) to inform the JTS immediately in written form if the project budget has to be changed, if the partners, the project objectives, the activity plan, on which this contract is based have to be changed, or one of the reimbursement conditions cannot be fulfilled, or circumstances arise, which entitle the MA to reduce or demand repayment of the ERDF contribution (entirely or in part);
- d) to comply with European Union regulations, as referred to in the preamble to this contract, and to the relevant national legislation for the whole partnership;
- e) to collect documents and information from every PP in order to present Applications for Reimbursement and Progress Reports;
- f) to transfer the ERDF funds correctly upon receipt to the other PPs according to Article 5.8 (In case of a claim for repayment from the MA, the LP cannot exculpate himself with the argument of the transfer of the funds);
- g) to maintain separate accounting for the project implementation purposes in manner ensuring the identification of each financial operation within the project.
- h) to be aware that the activities of the PP(s) and eventual sub-contractors will be considered like his own activities;
- i) The LP ensures that the controllers have verified the expenditure presented by the PPs participating in the project through collecting the validation of expenditure;
- j) The LP is liable towards the MA for ensuring that its PPs fulfill their obligations under this SC. The LP is also liable towards the MA for all irregularities, even those committed by the PPs;
- k) The LP must answer all written requests from the MA, JTS or other bodies involved in the implementation of the Programme within the deadline stipulated in the respective request
- l) The LP takes full responsibility for the damages caused to third parties from its own fault during the implementation of the project. The MA has no responsibility for the damages caused to third parties as a result of executing the SC.

Article 8 Obligations of the Managing Authority

1. The MA shall make available the information regarding the official closure date of the HU-SK Programme to the LP on the official website of the Programme.
2. The MA has the obligation to support the LP by providing necessary information and clarifications for the implementation of the project.
3. The MA has the obligation to reply through the JTS to any written solicitation from the LP in maximum 30 days from the date the MA receives the request.
4. The MA ensures the technical and financial monitoring of the operation of the project.

Article 10 Confidentiality

1. The MA and the LP undertake to preserve the confidentiality of any document, information or other material communicated to them in confidence until at least three years from the official closure of the Programme.
2. As an exception from the rules provided in the previous paragraph, the data used for publicity purposes for informing on and promoting the use of ERDF funds shall not be considered as having confidential status.
3. Releasing any information to persons involved in implementing / verifying /controlling / auditing the operations shall be performed on confidential basis and shall only cover the information that is necessary for implementing the operations.
4. The contracting party shall bare no responsibility for releasing information on the contract if:
 - a) the information was released with the written agreement of the other contracting party; or
 - b) the contracting party was legally forced to release the information.
5. Failing to observe the confidentiality obligation gives the damaged party the right to claim compensations from the damaging party.

Article 11 Conflict of interests

1. In the present SC, the conflict of interests represents any circumstances that have affected or may affect the execution of the SC by the parties in an objective and impartial manner.
2. The parties take upon themselves to take all necessary measures in order to avoid any conflict of interests and to keep each other informed, in up to 5 days from finding out, on any circumstances that have generated or may generate such a conflict. Any conflict of interests that arises during the implementation of the SC shall be immediately notified to the JTS.

Article 12 Amendments to the Subsidy Contract and other project changes

1. The LP has to request the modification of the Subsidy Contract in case of substantial changes in the project, which are the followings:
 - a) changes in the partnership composition (excluding changes related to Associated Partners);
 - b) substantial changes in the content of the project (resulting in more than 20% deviation from the quantified outputs);
 - c) activities (either introducing new or replacing the old ones);

2. The LP will produce all documents required for the audit, provide necessary information and give access to its business premises. The LP is obliged to retain for audit purposes all files, documents and data about the project for at least until 31 December 2022. The list of the documents to be retained is listed in Annex V.
3. The LP is obliged to guarantee fulfilment of the above stipulated duties in relation to all other PPs of the project.

Article 15 Irregularities

1. In case of irregularities identified the MA reserves the right to claim the repayment of ERDF contribution in full or in part from the Lead Partner and has the right to reduce the amount of the ERDF contribution awarded.
2. The LP is responsible for securing repayment of the ERDF contribution unduly paid to the project, even if the irregularity was committed by one of the partners.
3. If a project partner commits an irregularity, the LP – after having received the notice on repayment – is obliged to request the amount unduly paid from the Partner concerned and repay it to the MA within the deadline for the repayment set in Article 13.2. The Lead Partner shall exercise due diligence to ensure repayment.
4. If the LP does not succeed in securing the repayment from the partner(s), within 5 days from the end of the deadline given the LP has to notify the JTS and has to send a complete file containing all the documents needed for recovery as well as proof of steps taken by the LP towards the project partner(s).
5. When the amount unduly paid has not been recovered or a complete file, referred to in Point 4, has not been transferred to the JTS, due to negligence of the LP, the LP shall remain responsible for the repayment.

Article 16 Right of withdrawal and repayment, suspension of reimbursement

1. The MA is entitled to withdraw from this contract and to demand repayment of ERDF contribution in full or in part, if:
 - a) the LP has obtained the ERDF contribution through false statements or incomplete statements to bodies/appointees of the European Commission, the MA or any other authorities involved in the implementation of the Programme; or
 - b) a precondition for the approval of the project is lost, in particular the compulsory cross-border partner resigns from the project and is not replaced in line with the provisions of Article 8; or
 - c) the Partnership Agreement concluded between the LP and the PPs is no longer in force or;
 - d) the LP becomes insolvent or subject to bankruptcy proceedings;
 - e) in case of identified irregularities; or

5. If the MA exercises its right of withdrawal, offsetting by the LP is excluded unless its claim is undisputed or recognised by declaratory judgement.
6. The LP is entitled to exercise the right of withdrawal if implementation of the project becomes impossible caused by circumstances independent from the LP. In this case, the LP shall repay the whole amount of ERDF contribution reimbursed with the interest chargeable within two months from the date of notifying the MA on the withdrawal from the contract. The rate of interest shall be the rate applied by the European Central Bank in its main refinancing operations on the date of notifying the MA on the withdrawal from the contract.
7. In case of delays in submitting the Progress Report and Application for Reimbursement or request for modification, or in case multiple completions of the Progress Report and/or Application for Reimbursement are required attributable to the LP and/or any of the PPs, the MA is entitled to apply a proportional reduction to costs related to project management up to 10%.
8. The MA may decide to suspend the reimbursement of the ERDF contribution if the provisions laid down in the Memorandum of Understanding are not respected by the Member States concerned. The LP shall be informed on the suspension.

Article 17
Ownership/use of results, revenues generated

1. In accordance with the Article 57(1) of Regulation (EC) No 1083/2006, the project retains the ERDF contribution only if that project does not, within five years from the end date the project, undergo a substantial modification:
 - a) affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and
 - b) resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity.

The LP is obliged to notify the JTS of any such changes described beforehand.

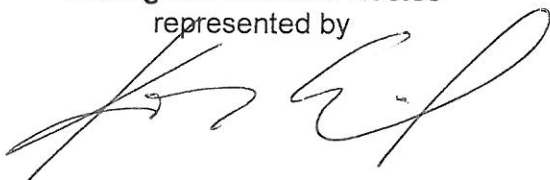
2. Ownership, title and industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall vest in the LP and PPs. Leasing, handing over/selling and transferring the rights of use of the outputs of the project is only possible with the prior written consent of the MA and only in case if all the rights and obligations following from this contract and connected to the subject of matter will be transferred to the new party.
3. The use of the results of the projects will be agreed by the LP and the JTS in order to guarantee a widespread publicity of such results and to make them available to the public.
4. The LP and the JTS 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.
5. Should the project be identified as revenue-generating in accordance with the definition provided in Article 55(1) of Regulation (EC) No 1083/2006, the MA is entitled to deduct from the Application for Reimbursement the estimated net revenue that may be generated by the project. In order to define the amount to be

6. The Subsidy Contract is signed in three original copies, of which one remains at the LP and two original copies have to be returned to the JTS.
7. The contract enters into force on the date of signature by the last of both parties.
8. The contract shall remain in force until the LP has discharged in full its obligations arising from the subsidy contract towards the MA, i.e. as long as any duties linked to the ERDF subsidy might be claimed, i.e. at least 3 years after the closure of the programme, in any case however until December 31, 2022.

Place and date:

Place and date:
BUDAPESŤ, 18/04/2014

Zoologická záhrada Košice
represented by



Mgr. Erich Kočner
director

Zoologická záhrada
Košice

Managing Authority
represented by




Balázs Simó
Head of MA