

## Partnership Agreement

Project title: **SMARTMUSEUM AS A WAY TO PRESENT  
CULTURAL HERITAGE**

*Application ID: HUSKROUA/1702/3.1/0026*

HUSKROUA ENI CBC Programme 2014-2020

## Preamble

Having regard to

- Commission Implementing Decision of 8 October 2014 adopting a programming document for European Union support to ENI Cross-Border Cooperation for the period 2014-2020 (Programming Document);
- Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (ENI Regulation);
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action (ENI CIR);
- Commission Implementing Regulation (EU) No 897/2014 of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument (hereinafter referred to as ENI CBC Implementing Rules);
- 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, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012
- Joint Operational Programme 2014-2020 of Hungary-Slovakia-Romania-Ukraine for the ENI Cross-Border Cooperation;
- National rules applicable to the Lead Beneficiary and Beneficiaries;
- State Aid applicable rules;
- Guidelines for Applicants;
- Grant contract;
- Project Implementation Manual of the Programme;
- Project Communication Guidelines.



The following agreement has been concluded between:

	Full official name	Address
Lead Beneficiary	NGO "Small Business and Innovation Development Association "Uzhgorod–XXIst Century"", ID 25442638 [Асоціація розвитку малого і середнього бізнесу та інновацій «Ужгород – XXI-й вік»]	75, Mukachivska str., 88000 Uzhhorod, Ukraine
And		
Beneficiary 1	Mukachevo Historical Museum , ID 04813036 [Мукачівський Історичний Музей]	n/a, Zamkova Hora, 89600 Mukachevo, Zakarpattia, Ukraine
Beneficiary 2	Košice Self-governing Region ID35541016 [Košický samosprávny kraj]  Tax number: 2021624924	1, Námestie Maratónu mieru 04266 Košice, Slovakia
Beneficiary 3	Agency for the Support of Regional Development Kosice, ID31257402 [Agentúra na podporu regionálneho rozvoja Košice, n. o.]  Tax number: 2021734902	3, Strojársená str., 04001 Košice, Slovakia
Beneficiary 4	Herman Otto Museum, ID350855 [Herman Ottó Múzeum]  Tax number: 15350851-2-05	28, Görgey street, H3529 Miskolc, Borsod-Abaúj- Zemplén megye, Hungary
Beneficiary 5	Castle Stewardship of Füzér ID 797850 [Füzéri Várgondnokság] Tax number 15797852-2-05	3/A, Petőfi út, 3996 Füzér, Borsod-Abaúj- Zemplén megye, Hungary

In case more than one Slovak Beneficiary participates in the project, they are supposed to appoint one organisation among themselves that fulfils the role of a Main Cross-Border Beneficiary.

Main Cross-Border Beneficiary is the Slovak entity with whom Ministry of Agriculture and Rural Development of the Slovak Republic signs a contract for the national co-financing provided for all Slovak Beneficiaries

Beneficiary 2:

Agency for the Support of Regional Development Kosice  
[Agentúra na podporu regionálneho rozvoja Košice, n. o.]



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Hereinafter jointly referred to as Parties, have agreed as follows:

## 1. Subject of the Agreement

The purpose of this Partnership Agreement (hereinafter "the Agreement") is to define the rules of procedure for the joint implementation of the project: "SmartMuseum as a way to present cultural heritage", reference number HUSKROUA/1702/3.1/0026 ("the Project") approved by the Joint Monitoring Committee (hereinafter referred to as JMC) of the Joint Operational Programme Hungary-Slovakia-Romania-Ukraine European Neighbourhood Instrument Cross-border Cooperation Programme on the 12<sup>th</sup> of July 2018 and the relations among the Lead Beneficiary and Beneficiaries.

The Parties, through the present Partnership Agreement, lay down the rules of procedures for the work to be carried out and the relations that shall govern the partnership set up in order to successfully, effectively and efficiently implement the above-mentioned cross-border cooperation Project. This Agreement shall also define their mutual responsibilities concerning the administrative and financial management of the Project.

The Grant Application Form as approved by the Joint Monitoring Committee and the Grant Contract (with all its provisions) signed by all signatories are to be regarded as integral parts of this Agreement, therefore their content and the obligations set by the above-mentioned documents have to be fully respected by the Parties and the provisions related to the Lead Beneficiary apply *mutatis mutandis* to the partners, with the exceptions of the ones linked to the application of Lead Partner principle.

## 2. Definitions

Where in this Agreement the "MA" is mentioned this refers to the Ministry of Foreign Affairs and Trade of Hungary, which shall sign the Grant Contract with the Lead Beneficiary and shall provide the grant funding. The MA is not a party to this Agreement.

Where in this Agreement the "JTS" is mentioned it refers to the Joint Technical Secretariat of the Hungary-Slovakia-Romania-Ukraine European Neighbourhood Instrument Cross-border Cooperation Programme. The JTS is not a party to this Agreement.

Lead Beneficiary: the Lead Beneficiary is designated by the Project Participants and assumes full legal and financial responsibility for ensuring implementation of the entire project. The Lead Beneficiary is also responsible for the proper reporting of progress during project implementation to the Joint Technical Secretariat as stipulated in the Grant Contract.

Beneficiary: an actor that commits itself to functionally and financially implement a project part of the Project according to the Grant Application Form as approved by the Joint Monitoring Committee.



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Project Participants: means Lead Beneficiary and other Beneficiary/Beneficiaries together.

Project part: covers a set of activities within the Project as a whole, undertaken by the Lead Beneficiary or another Beneficiary in a defined timeframe and presented as a Lead Beneficiary / Beneficiary budget sheet in the budget of the Grant Application Form.

### 3. Obligations of the Parties

The Project Participants commit themselves in doing everything in their power to foster the implementation of the Project and shall ensure their performance in time and in compliance with obligations to the JMA. Furthermore, they shall implement the Project with the requisite care, transparency and diligence, in line with the principles of sound financial management and with the best practices in the field.

Project Participants shall actively cooperate in the development and implementation of the Project. In addition, they shall cooperate in the staffing and financing of the Project. The Lead Beneficiary and each Beneficiary shall be legally and financially responsible for the activities that it is implementing and for the share of the Union funds and, if relevant, the related State contribution it has received for its project part. The Lead Beneficiary shall assume the sole responsibility for the entire Projects towards the MA and fulfil all obligations arising from the Grant Contract of the approved project and is entitled to represent all Project Participants involved in the project towards MA/JTS/programme management bodies.

*In addition to the obligations set out in the Grant Contract the Lead Beneficiary is obliged, in particular:*

- a. to be responsible for the overall coordination, management and implementation of the entire Project
- b. to inform all Beneficiaries on the signature of the Grant Contract and provide all Beneficiaries with a copy thereof
- c. to implement the Project in compliance with requirements set in the Grant Contract
- d. to appoint a project manager for the overall project coordination
- e. to appoint a financial manager in charge of the overall project financial implementation ensuring a proper book keeping system, filing the original supporting documents.
- f. to appoint a communication manager in charge of the assurance of the visibility requirements, and the communication and capitalisation activities
- g. to set up a reliable internal control system, coordination system and audit trail, including mechanisms to avoid double financing
- h. to guarantee the legality and regularity of the funds allocated to the Project, in compliance with all the eligibility criteria
- i. to arrange the recovery of amounts unduly paid

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- j. to ensure that the Beneficiaries receive the total amount of the Union contribution as quickly as possible and in full in accordance with the present Agreement
- k. to provide the co-financing to the ENI grant according with Article 3 of the Grant Contract
- l. to ensure that the expenditure presented by the Project Participants has been paid for the purpose of implementing the Project and corresponds to the activities agreed between the Project Participants
- m. to communicate with the JTS and report to it in time about any Project complications, changes of the activity or Beneficiaries and to notify the JTS/MA immediately of any event that could lead to a temporary or final termination or delay of the project activity as well as endanger/jeopardise the implementation of the Project
- n. to consult Beneficiaries regularly, keep them fully informed of the progress of the Project and about all essential issues connected to project implementation (e.g. about any variation of the conditions at the basis of the present Agreement or about any modification that could influence the implementation of the Project, the information activity or the payment of financing) and notify them immediately of any event that could lead to a temporary or final termination or delay of the project activity as well as endanger/jeopardise the implementation of the Project
- o. to make any effort to contact the Beneficiaries in resolving the difficulties including seeking the assistance of the JTS/MA
- p. to ensure that all Beneficiaries are involved in the decision making regarding the Project, and especially agree with the Beneficiaries before submitting any request for reallocation between budget lines and for any amendment of the Grant Contract/Partnership Agreement to the JTS/MA
- q. to support the Beneficiaries in implementing their obligations by giving them the correct information, indications and clarifications on the procedures
- r. to have its expenditures incurred in the given reporting period, verified by the accepted auditor
- s. to collect expenditure verification reports and submit those to the JTS in due time
- t. to provide help and support for the national controllers or the auditor in the preparation of the expenditure verification reports
- u. to be responsible for the submission of requests for payment to the JTS
- v. to draw up and present the consolidated interim and the consolidated final reports (hereinafter referred to as Project Interim Reports and Project Final Report) to the JTS as set in the Article 6 of the Grant Contract
- w. to report in accordance with the existing legislation and national guidelines if the project activities are State Aid relevant in accordance with EU legislation for beneficiaries located in the Member States and in accordance with Chapter 10 of the Association Agreement between the European Union and Ukraine for the Ukrainian beneficiaries



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- x. to properly archive project documents for the period of five years from the date of payment of the balance of the Programme, as per Art. 70 of ENI CBC Implementing Rules
- y. to implement its individual part of the Project accordingly
- z. to enable the responsible bodies indicated in the grant contract to carry out their audit, control and monitoring / evaluation activities
- aa. to guarantee the systematic collection and the safe storage of all the documentation regarding project expenditure and activities
- bb. to keep a copy of all project documents prepared by the Project Participants or other bodies.

Each Beneficiary is directly and exclusively responsible to the Lead Beneficiary for the due implementation of its respective project part and for the proper fulfilment of its obligations as set out in the Partnership Agreement and in the Grant Application Form.

*In addition to the obligations set out in the Grant Contract each Beneficiary is obliged, in particular:*

- a) to implement its Project part in compliance with requirements set in the Grant Contract
- b) to provide the co-financing to the grant contribution
- c) to appoint a project manager who is responsible for its part of the project implementation
- d) to appoint a financial manager in charge of ensuring a proper book keeping system, filing the original invoices, ensuring adequate measures to avoid double financing etc.
- e) to set up effective, efficient and reliable management and control system and audit trail at a project Beneficiary level
- f) to ensure that the expenditure has been incurred for the purpose of implementing the project and correspond to the activities agreed by the Project Participants and described in the Grant Application Form
- g) to have its expenditures incurred in the given reporting period, verified by the designated national controller or auditor and to submit the expenditure verification report issued by national controllers (for the Member States) or the auditor (for Ukraine) to the Lead Beneficiary in due time
- h) without any delay to inform the Lead Beneficiary about any changes concerning the bank account to which the Union contribution of the Beneficiary shall be transferred
- i) to provide the help and support for the national controllers or the auditors in order to prepare the expenditure verification reports
- j) to submit to the Lead Beneficiary the Beneficiary level interim and final reports
- k) without any delay to provide the Lead Beneficiary with any information needed to draw up Project interim and final reports
- l) to guarantee the systematic and safe collection of all the documentation regarding its part of project expenditure and its transmission to the Lead Beneficiary, as well as to guarantee the access to documents to all the representatives of the

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institutions in charge of verifications and to the bodies authorised to monitor or audit the Project;

- m) to report to the Lead Beneficiary in accordance with the existing legislation and national guidelines if the project activities are State Aid relevant in accordance with EU legislation for beneficiaries located in the Member States and in accordance with Chapter 10 of the Association Agreement between the European Union and Ukraine for the Ukrainian beneficiaries
- n) to guarantee the legality and regularity of the funds allocated to the part of the Project implemented under its own responsibility, in compliance with all the eligibility criteria
- o) to repay the amounts unduly paid to the Lead Beneficiary, if so requested by the MA/JTS
- p) to react promptly to any request of the Lead Beneficiary or MA/JTS in particular for what concerns requests related to the coordination and implementation of the project
- q) to notify the Lead Beneficiary immediately of any event that could lead to a termination or temporary delay of the project activity as well as endanger/jeopardise the implementation of the Project
- r) to ensure that all information to be provided and requests made to the MA/JTS are sent via the Lead Beneficiary
- s) to properly archive project documents for the period of five years from the date of payment of the balance of the Programme, as per Art. 70 of ENI CBC Implementing Rules

The breach of the obligations of the Agreement by one of the Beneficiaries may lead to an early termination of its participation in the Project. Should a Project Participant not fulfil its obligations under this Agreement in due time, the Lead Beneficiary shall admonish the Beneficiary to fulfil them within a reasonable period of time. The Project Participants undertake to find a rapid and efficient solution. Should the non-fulfilment continue, the Lead Beneficiary may decide to terminate the Beneficiary concerned from the Project. This termination has to be decided by consensus by all the other Beneficiaries in a documented manner. The Lead Beneficiary shall communicate to the MA/JTS the reasons for the proposed termination of one of the Beneficiary's participation and the date on which the termination shall take effect, as well as a proposal on the reallocation of the tasks of the Beneficiary whose participation is terminated provided that the eligibility rules of the Call for Proposal are kept with the remaining Beneficiaries, or on its possible replacement with the involvement of a new Beneficiary. Such proposal shall be endorsed by the Joint Monitoring Committee. If the JMC agrees with the termination and with the proposed changes in the partnership, the Grant Contract shall be amended accordingly.

#### 4. Duration of Agreement

The Agreement is valid from the date of signature by all Parties and enters into force from the day the Grant Contract between the MA and the Lead Beneficiary enters into force. It shall





remain in force until the Lead Beneficiary has discharged in full its obligations arising from the Grant Contract towards the MA, including the period of availability of documents for financial controls, as well the period of receiving the funds of the final payment of ENI grant and their distribution among the Project participants according to the final reports approved by the Granting Authority.

This Agreement shall also remain in force if there is any non-resolved dispute among the Parties at an out-of-court arbitration body.

In case the Grant Contract terminates, the present Agreement remains valid until the end of the availability of documents for financial controls.

## **5. Results**

All the Parties shall adhere to the set numbers of the activities and action plan, so that the planned results and related indicators are achieved, as detailed in the Grant Application Form.

## **6. Amendment of the activities, action plan, results and indicators**

If for some reasons one of the Project Participants cannot implement one of the defined activities or deviation from the approved action plan is unavoidable with the necessary changes in the set of indicators, the Lead Beneficiary has to inform the MA/JTS in writing about the difficulties raised and shall request the possible modification accordingly.

Where the amendment does not affect the basic purpose of the Project, the Lead Beneficiary may amend the Description of the Project and shall inform the JTS accordingly. Such amendments shall be collected during the concerned reporting period in form of a 'request for modification(s)' by the Lead Beneficiary and submitted for approval to the Joint Technical Secretariat favourably at the end of the reporting period but in the report at the latest.

Where the level of amendment requires prior approval, the Lead Beneficiary shall submit a duly justified request to the JTS thirty days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the JTS. Upon approval, such amendment will be embodied in form of an Addendum to the Grant Contract.

The Lead Beneficiary shall obtain the written prior agreement of all the Beneficiaries for any amendment before applying to the MA/JTS with the request.

The amendment may not have the purpose or the effect of making changes to the Grant Contract and Grant Application Form that would call into question the grant award decision or be contrary to the equal treatment of applicants.

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## 7. Management of the project

### Management system

Each Beneficiary is responsible for management of the project activities under his/her responsibility. For the purpose of effective project management the Beneficiaries delegate the Lead Beneficiary to represent the project partnership, to do all necessary actions and communications referred to the competency of the Lead Beneficiary and described in details in Article 3 of this Grant Contract.

Effective and sound management of the project will be secured by the following principles:

- lead partnership principle: all the decisions must be coordinated & approved with the Lead Beneficiary but strategic decisions are taken by all Beneficiaries together;
- the principle of joint staffing: the team consists of experts with qualifications & experience relevant for the tasks fulfilled in the project. Each partner appoints at least 1 person responsible for activities & 1 for finances. Also, partners responsible for management must have communication managers: 1 in each country. Furthermore, for specific tasks the partners will involve staff with relevant professional qualifications or external expertise.
- the principle of transparency: changes will be introduced in line with the Grant Contract on the basis of the results of & according to the procedures of the internal progress evaluation & internal monitoring described below. All the changes affecting joint activities in the project must be agreed by all Beneficiaries. Organizational & personal changes must be duly justified & qualification of new staff members cannot be lower than of the previous ones.

In order to establish successful internal communications within the Project partnership and monitoring of the project activities the Lead Beneficiary and all the Beneficiaries will establish a Board of Coordinators/Managers, which will consist of organization leaders and/or project managers/coordinators of the Beneficiaries. The Board of Coordinators will meet at least once every six month or will have extra meetings when necessary. Such issues are referred to the competency of the BoC/M as major project changes, project level monitoring and evaluation and etc. The forms of work: progress meetings and Skype conferences. All meetings and decisions will be duly recorded in meeting minutes.

### Monitoring and evaluation arrangements

In order to secure sound management of the complicated partnership structure a detailed monitoring/evaluation plan will be drafted, incl. templates, instructions in line with the programme rules.

Monitoring and evaluation procedures are as follows:

- Evaluation: progress evaluation & final evaluation to check whether the project achieves its goals, objectives & indicators. If necessary progress evaluation is a basis for re-scheduling, re-budgeting, re-planning of the project activities. It is referred to the

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competency of the Board of Coordinators. Final evaluation will be done during preparing of the final project report.

- Monitoring. Internal monitoring will deal with the followings: whether the activities are on schedule, in the budget & produce the outputs & results planned. The internal monitoring procedures are subdivided on beneficiary & project levels. Each Beneficiary will be responsible individually for the Beneficiary level monitoring and evaluation: daily/weekly progress checks (staff meetings, sub-contractors), monthly monitoring based on activity reports, timesheets, stakeholders' feedback, accounting data. Project level monitoring is assigned to the functions of the Board of Coordinators & Managers.

## 8. Changes in the project partnership

All changes in the project partnership need prior approval of the Joint Monitoring Committee and that the Grant Contract shall terminate if the number of Beneficiaries falls below the minimum number of participants, the Project Participants agree not to back out of the Project unless there are unavoidable reasons for it.

In case one of the Project Participants withdraws from the Project or its participation is terminated from it (the process is detailed under Article 3), the remaining Project Participants shall undertake to find a rapid and efficient solution to ensure further proper project implementation without any delay. Consequently, the Project Participants shall endeavour to cover the contribution of the withdrawing Project Participant, either by completing its tasks by one or more of the remaining Project Participants or by involving a new potential Beneficiary to join the project partnership, taking into account the relevant programme provisions.

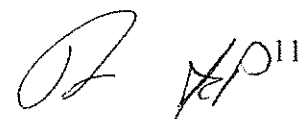
In case of legal succession, e.g. when the Beneficiary changes its legal form, the Beneficiary is obliged to transfer all duties under this Agreement to the legal successor. The Beneficiary shall notify the Lead Beneficiary in written form within [to be defined by the partnership] days. The Lead Beneficiary shall notify the JTS according to the provisions set out in the Grant Contract.

The Lead Beneficiary shall inform the MA/JTS as soon as changes in the project partnership are foreseeable. The changes in the partnership enter into force only after approval by the Joint Monitoring Committee.

The Beneficiary whose participation in the Project was terminated or the one who backed out of the Project will be obliged by the present Agreement for its whole duration with regard to the activities carried out and expenditure incurred until the moment when the termination took effect or when the Beneficiary withdrew from the Project. The provisions set for document keeping, recoveries and financial controls and audits remain applicable to them.

## 9. Liability

The Project Participants agree that one Party cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the other Party while the Project is being carried out or as a consequence of the Project.

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The Project Participants agree that they shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the part of the Project implemented under their own responsibility is being carried out or as a consequence of that part of the Project.

#### **10. Sub-contracting**

The Project Participants may subcontract a limited portion of the Project.

In the case in which one of the Beneficiaries sign agreements/contracts with subcontractors for a partial execution of their part of the Project, Beneficiary will continue to be responsible towards the Lead Beneficiary for all the obligations arising from the present Agreement.

If the implementation of a project requires procurement of goods, works or services by a Beneficiary, the following rules shall apply:

(a) where the Beneficiary is a contracting authority or a contracting entity within the meaning of the Union legislation applicable to procurement procedures, it may apply national laws, regulations and administrative provisions adopted in connection with Union legislation  
In all other cases the applicable rules are set out in Art. 52 paragraph 2 and Articles 53 to 56 of ENI CBC Implementing Rules, as well as any specific instructions defined in the Guidelines for Applicants and the Project Implementation Manual.

#### **11. Financing of the Projects**

The financing of the Project will be performed in accordance with the Article 3 of the Grant Contract.

The total eligible cost of the Project is estimated at 801.668,12 Euro, as set out in the Budget of the Project, annexed to the Grant Contract. The maximum ENI grant is estimated at 721.501,29 Euro, equivalent to 90.00 % of the estimated total eligible cost of the Project.

The total eligible cost of the Project assigned under the responsibility of Lead Beneficiary is estimated at 182.286,00 Euro, as set out in the Budget of the Project, annexed to the Grant Contract. The maximum ENI grant is estimated at 179.058,00 Euro.

The total eligible cost of the Project assigned under the responsibility of "Beneficiary 1" is estimated at 108.203,00 Euro, as set out in the Budget of the Project, annexed to the Grant Contract. The maximum ENI grant is estimated at 82.382,10 Euro.



The total eligible cost of the Project assigned under the responsibility of "Beneficiary 2" is estimated at 207.843,36 Euro, as set out in the Budget of the Project, annexed to the Grant Contract. The maximum ENI grant is estimated at 187.059,02 Euro.

The total eligible cost of the Project assigned under the responsibility of "Beneficiary 3" is estimated at 67.919,76 Euro, as set out in the Budget of the Project, annexed to the Grant Contract. The maximum ENI grant is estimated at 61.127,78 Euro.

The total eligible cost of the Project assigned under the responsibility of "Beneficiary 4" is estimated at 112.344,84 Euro, as set out in the Budget of the Project, annexed to the Grant Contract. The maximum ENI grant is estimated at 101.110,35 Euro.

The total eligible cost of the Project assigned under the responsibility of "Beneficiary 5" is estimated at 123.071,16 Euro, as set out in the Budget of the Project, annexed to the Grant Contract. The maximum ENI grant is estimated at 110.764,04 Euro.

Separate Beneficiary level budget for the part of the Project implemented under each Beneficiary's own responsibility should be filled in and annexed to the present Agreement. Beneficiary level budgets should be annexed in as many tables as the number of the Project Participants (including the Lead Beneficiary), conforming to Annex II of the Grant Contract (Budget of the project indicated per beneficiary including ENI share in amount and in percentage).

In accordance with the Project approved, the Lead Beneficiary is the Lead Financial Partner of the Project in line with Grant Contract №HUSKROUA/1702/3.1/0026 responsible to finance all other Beneficiary's activities within the Project in the part of the ENI grant share.

The activities to be carried out by the Beneficiaries are financed by the Lead Beneficiary from the EU grant contribution sources received in line with Grant Contract HUSKROUA/1702/3.1/0026.

The Lead Beneficiary commits to secure financing for the activities to be carried out by Beneficiaries in accordance with individual Beneficiary's Budget via bank transfer of pre-financing and final payments to the bank account of the Beneficiary in the amounts and according to the procedure established by this Agreement and the Grant Contract № HUSKROUA/1702/3.1/0026.

All bank commissions related to transfer of funds under this Agreement are covered by the Lead Beneficiary.

## 12. Co-financing of the Projects

The Project Participants shall co-finance the ENI grant contribution according to the requirements of the Grant Contract.

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The Lead Beneficiary undertakes to co-finance the implementation of the Project with 3.228,00 Euro.

The Beneficiary 1 undertakes to co-finance the implementation of the Project with 25.820,90 Euro.

The Beneficiary 2 undertakes to co-finance the implementation of the Project with 20.784,34 Euro (including State contribution 10.392,16 Euro).

The Beneficiary 3 undertakes to co-finance the implementation of the Project with 6.791,98 Euro (including State contribution 3.395,98 Euro).

The Beneficiary 4 undertakes to co-finance the implementation of the Project with 11.234,49 Euro (including State contribution 5.617,24 Euro).

The Beneficiary 5 undertakes to co-finance the implementation of the Project with 12.307,12 Euro (including State contribution 6.153,55 Euro).

Failure to respect this clause may cause penalties correspondent to the caused damage or even a project termination and recovery.

Project Participants shall follow the applicable State Aid rules.

### 13. Payment

All Union contributions for implementation of the Project will be transferred to the bank account of the Lead Beneficiary defined in the Financial identification form (Annex 2 to this Agreement). All the payments in the frame of Project will be made by the Lead Beneficiary from this bank account in Euro.

Any changes of the bank account data by the Beneficiary must be reported to the Lead Beneficiary as soon as possible.

The Lead Beneficiary shall be responsible for the administrative and financial management of the funds.

The Lead Beneficiary takes responsibility for distributing the Union funds between the Project Participants as the pre-financing payments and in accordance with their verified expenditures incurred for project actions and payment requests. The fund will be distributed by means of the transfer within 10 working days without delay as from the date of receipt of the instalment of Grant, proportionally to each Beneficiary's contribution to the Project unless justified, without making any deduction, retention or further specific charge, and shall submit the proof of transfer to MA/JTS within 10 working days.



Financial Identification Form (FIF) per each Beneficiary (conforming to the model provided in the Application Package and Annex 2 to the present Agreement) contains details of the bank accounts to which the ENI share of the Beneficiaries shall be transferred by the Lead Beneficiary. If the total verified accepted eligible costs of the part of the Project implemented under the Beneficiary's responsibility at the end of the Project are less than the estimated cost, the Beneficiary shall be limited to the amount approved by the MA for the respective part of the Project.

Any interest accruing from pre-financing paid by the Lead Beneficiary to the Partners shall be mentioned in the final report. Any interest or equivalent benefits from the pre-financing paid by the MA to the Lead Beneficiary and transferred to the project Beneficiaries will not be due to the MA and shall be used by each Beneficiary for the project activities. However, for the purpose of monitoring, the interest obtained will need to be stated in the final reports.

Revenues generated by the project are monitored throughout the whole project life cycle in narrative and financial reports. The revenues to be potentially generated within the project implementation may constitute the Lead Beneficiary's or the Beneficiaries co-financing (at least 10% of the project) if they have been predicted in the project budget. Any revenues above the threshold of the Lead Beneficiary's and Beneficiaries' co-financing shall be deducted from the reported eligible expenditures in the final payment claim submitted by the Lead Beneficiary.

Other specific cases and definitions are set in the Article 10 "Financial provisions" of the Grant Contract and in the Project Implementation Manual.

#### **14. Budget and eligible expenditures**

The Lead Beneficiary is the sole responsible party to the MA/JTS for the budgetary and financial management of the Project.

The Project Participants commit themselves to respect the budget breakdown as set in the Annex II of the Grant Contract (Budget of the project) and the Beneficiary level budgets annexed to the present Agreement and shall implement the project according to the budget reported.

The Lead Beneficiary must ensure the correctness of the accounting, financial reports and documents drawn up by the Beneficiaries regarding the budget. The Lead Beneficiary may request further information, documentation and evidence from the Beneficiaries to that effect. Each Beneficiary shall be held responsible for financial implementation of its part of the budget assigned for the Project.

Any amendment of the project budget shall be performed by the Lead Beneficiary according to Article 16 of the Grant Contract and under the prior agreement of the Beneficiaries. Provisions set out in Article 6 "Amendment of the activities, action plan, results and indicators" of present Agreement applies for the amendment of the budget as well.



Each Beneficiary is committed to keep accounts solely used for the Project budget, following the requirements indicated in the grant contract.

The accounts shall provide total expenses related to the budget operation in national currency and translated into Euro for reporting following the method stipulated in the Grant Contract.

The Project Participants commit themselves to respect all the eligible criteria.

### **15. Monitoring**

The Lead Beneficiary has overall responsibility for monitoring the actions undertaken by the Beneficiaries on an on-going basis, aiming at the achievement of the results and measured by the related indicators.

The Lead Beneficiary is obliged to promptly inform the MA/JTS and to provide it with all necessary details in case of any events that could jeopardize the implementation of the Project or the achievement of the planned results.

### **16. Reporting**

The Lead Beneficiary can submit a Request for Payment to the JTS only by providing proof of progress of the Project. Therefore, in order to provide adequate information on the progress of the Project, each Beneficiary has to submit an Interim Report to the Lead Beneficiary consisting of a narrative part describing the activities carried out with their outputs and results during the reporting period and a financial part presenting the financial progress of the Project part implemented under his own responsibility, compared to the approved Grant Application Form.

The Beneficiary level interim report shall consist of a narrative part and a financial part shall conform to the template as published by the Programme and shall cover every 12 months of the implementation period of the Project.

The Beneficiary level final report consisting of a narrative part and a financial part shall conform to the template as published by the Programme.

The proofs of the transfers of ownership referred to Article 19 "Ownership/use of results".

The Beneficiaries have to respect the reporting deadlines of the Grant Contract and have to submit their Interim/Final Reports and Expenditure Verification Reports for the part of the Project implemented under its own responsibility to the Lead Beneficiary in due time.

The Expenditure Verification Report shall be issued by a national controller (in case of Beneficiary from a Member State) or by an approved independent auditor (in case of Beneficiary from Ukraine). - who meets the specific conditions of the Terms of Reference for





the expenditure verification, in accordance with article 32 of ENI CBC Implementing Rules and the provisions defined in the Guidelines for Applicants and the Project Implementation Manual. For verification of expenditures Ukrainian Beneficiaries have to choose pre-select independent external auditor from the list of auditors approved by the Ministry of Finance of Ukraine from 14 March, 2019 No 111.

An Expenditure Verification Report shall be attached to:

- any interim report
- the final report.

Having collected all the Beneficiary level interim reports and Expenditure Verification Reports, the Lead Beneficiary prepares and then submit the Project Interim Report to the JTS accompanied by a request for further pre-financing payments and all the connected Beneficiary level interim reports and Expenditure verification Reports. The same procedure applies for the Final Report with exception to the request for further pre-financing payments.

The Reports shall be drafted in English language and should be drawn up in Euro. The Beneficiaries shall convert into Euro the amounts of expenditure in the list of expenditure incurred in national currency before submission for verification to the responsible controller or auditor. The expenditures shall be converted as described in the Grant Contract. The exchange rate risk is borne by the Beneficiary concerned.

If a Beneficiary fail to supply the Lead Beneficiary with any of the Reports by the deadline set above, it has to represent sufficient written explanation of the reasons why it is unable to comply with this obligation.

Failure to respect this timing may cause penalties correspondent to the caused damage or the suspension of any further transfer of resources from the Lead Beneficiary to the Beneficiary(ies).

Each Beneficiary is obliged to supply the Lead Beneficiary with all information that is needed for the preparation of the Project Reports and for any other specific documentation that might be requested.

The Lead Beneficiary shall keep the Beneficiary(ies) informed on a regular basis about all relevant communication with the MA/JTS regarding the approval of the Reports and about all other essential issues connected to the Project implementation.

## **17. Financial control and audit requirements**

The Lead Beneficiary shall perform the verification of expenditure as laid down in Article 6.7 of the Grant Contract.

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The requirement of the Article 6.7 of the Grant Contract will be extended to all Beneficiaries independently of the amount granted.

The Lead Beneficiary will receive Beneficiaries' expenditure verification coming from either an accredited and approved auditor in the case of Ukrainian Beneficiaries or from national controllers in the case of Beneficiaries coming from Member States. The received expenditure verification reports attached to the individual (Beneficiary level) reports will be submitted by the Lead Beneficiary to the JTS, together with the Project report accompanied by a request for further pre-financing payment in case of interim reports.

The information concerning the reality and validity of actions and expenses eligible for funding provided by each Beneficiary shall engage only his responsibility.

The Project Participants take all the necessary arrangements to assure that the foreseen verification will be carried out and provide the national controllers/auditors of any requested information on the project, giving them access to the accounting books, supporting documents and other documentation related to the project, including site visits for the equipment, works and infrastructure.

The coverage rate for the expenditure to be verified shall be defined in the published Terms of Reference, in accordance with applicable national legislation and international standards.

## 18. Recovery

The Lead Beneficiary shall be responsible for the recovery of any unjustified or ineligible expenditure and for the reimbursement to the MA of its share or amounts recovered according to the Article 14 of the Grant Contract.

Where ineligible expenditure already covered by a payment is identified on receipt of the final report for a contract or following a control or an audit, the Lead Beneficiary shall make out the recovery to the Beneficiaries (or the Subcontractors) concerned. The Beneficiaries (or Subcontractors) will reimburse such funds to the Lead Beneficiary on the base of the recovery orders.

The Beneficiary whose participation in the Project was terminated is obliged to refund to the Lead Beneficiary any ineligible funds and any damage to the remaining Project Participants.

Project Participants recognize the right of the MA to directly request from them the recovery of any amount claimable for which they are responsible. Likewise, and in case the MA is unable to recover the debt within one year of issuing the recovery order, all Project Participants further recognize the right of the national authorities of the country to which they belong to directly claim from them the recovery of any amount claimable for which they are responsible, including by offsetting of any Union contribution from any financial instrument. They also accept the right of the European Commission to directly claim the recovery by the same means.

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## 19. Ownership/use of results

The issues of the ownership are regulated by Article 12 "Ownership/use of results and of assets" of the Grant Contract .

The Project Participants has agreed and describe in the present Agreement an equitable distribution of equipment, vehicles and supplies for the Project purchased with the EU grant among the final beneficiaries of the Project on the base of the copies of the proofs of transfers.

The Project Participants agree that owners of the investments are the following:

Owners official name	Investment's result description, ownership
Mukachevo Historical Museum	Results/products and assets owned: <ul style="list-style-type: none"> <li>- Restoration works results (Lower Castle of Mukachevo Palanok Castle)</li> <li>- Exhibition ICT equipment purchased by the Lead Beneficiary from his/her part of the budget</li> <li>- Mutual presentation equipment</li> </ul>
Small Business and Innovation Development Association "Uzhgorod-XXIst Century"	Results/products and assets owned: <ul style="list-style-type: none"> <li>- Office furniture and computer equipment/software for project staff</li> </ul>
Košice Self-governing Region	Results/products and assets owned: <ul style="list-style-type: none"> <li>- Notebook + data projector</li> <li>- Trebišov museum exhibition equipment</li> <li>- Zemplín museum exhibition equipment</li> <li>- Markušovce museum exhibition equipment</li> <li>- LCD monitor + mini PC for interactive mutual presentation</li> </ul>
Agency for the Support of Regional Development Kosice,	Results/products and assets owned: <ul style="list-style-type: none"> <li>- notebook + software - equipment for staff members.</li> </ul>
Herman Otto Museum	Results/products and assets owned: <ul style="list-style-type: none"> <li>- Visual guide equipment.</li> </ul>
Castle Stewardship of Füzér	Results/products and assets owned: <ul style="list-style-type: none"> <li>- Multimedia equipment (exhibition needs).</li> </ul>

The Project Participants agree that owners of the Project outputs/deliverables are the following:

Owners official name	Project outputs/deliverables description
Mukachevo Historical Museum	<p>Results/products owned:</p> <ul style="list-style-type: none"> <li>- The series of Animation movie "The story of Palanok Castle" (10 series * 4 min. = 40 min.);</li> <li>- Interactive digital exhibition "History of Mukachevo Castle" (content, design, digitalized objects, users software and interface developed);</li> <li>- Historical study reports produced;</li> <li>- Museum objects digitized by HOM – in case it owned the real exhibits.</li> </ul>
Small Business and Innovation Development Association "Uzhgorod–XXIst Century"	<p>Results/products owned:</p> <ul style="list-style-type: none"> <li>- Package of SMART promo items.</li> </ul> <p>Other results produced will be transferred to Beneficiary 1 – MHM; however, the Lead Beneficiary will be entitled to use them and their elements for further development projects.</p>
Košice Self-governing Region	<p>Results/products owned:</p> <ul style="list-style-type: none"> <li>- Package of smart promo items;</li> <li>- Digitalized objects;</li> <li>- Interactive exhibitions software/interface;</li> <li>- Museum objects digitized by HOM – in case it owned the real exhibits.</li> </ul>
Agency for the Support of Regional Development Kosice	<p>Results/products owned:</p> <ul style="list-style-type: none"> <li>- Promo video (however, the right to use it will be secured to all six Beneficiaries);</li> <li>- Programmed content for interactive screens (however, the right to use it will be secured to all six Beneficiaries).</li> </ul>
Herman Otto Museum	<p>Results/products owned:</p> <ul style="list-style-type: none"> <li>- Museum objects digitized – in case it owned the real exhibits;</li> <li>- CBC WebArt Platform (however, the right to use it will be secured to all six Beneficiaries).</li> <li>- Visual Guide software.</li> </ul>
Castle Stewardship of Füzér	<p>Results/products owned:</p> <ul style="list-style-type: none"> <li>- Museum objects digitized by HOM – in case it owned the real exhibits;</li> <li>- Presentation of the Visitor Center museum and partners museums;</li> <li>- Exhibition design, exhibition installation, graphic design</li> <li>- Interactive maquette of the Fuzer castle;</li> <li>- Interactive educational software "Ancient Fuzer";</li> <li>- mobile application "Virtual Time Journey".</li> </ul>

The copies of the proofs of transfers will be attached to the Final Reports as set in the article "Reporting".

As to the sustainability of project results after the end of the implementation period, further as to the steps to be taken after project closure, the Project Participants agree on the following activities and designate the following rights and duties within the project partnership:

- The result of the restoration works will form an integral part of the castle complex. The final beneficiary (as assets holder/managing organization) of all the results of the infrastructural component will be Mukachevo Historical Museum. After the project end maintenance and management of the castle will be done from the MHM's own resources. Use of the results according to the set purpose is guaranteed by the Law of Ukraine On protection of national historic & cultural heritage, to which Mukachevo Castle Palanok belongs since 1963 (included into the watch list of National Historic Landmark under No168).
- Financial sustainability of project results is guaranteed by 6 target museums, which will own the project outputs & maintain them from their own resources.
- In UA, outputs (renovated premises, animation movies & smart exhibition) maintained by MHM, a self-sustainable institution partially co-financed from local budget, assets holder & managing organization of Castle Palanok.
- In SK, project results & outputs (smart exhibitions) will be transferred for use by 3 target museums (Museum & Cultural Centre of South Zemplín, Zemplín Museum in Michalovce, Spis Museum in Markusovce), who will maintain them & guarantee sustainability.
- In HU, project outputs & results (smart exhibition, CBC platform) will be maintained from resources of partners HOM & FVG.

In connection to the revenues generated after project closure, the Project Participants agree on the following rules:

Products/results produced by the project (exhibitions, promotional items, videos, CBC platforms and others) are expected to attract more visitors & to generate more revenues for the target museums. The revenues generated by each beneficiary museum after project closure will be owned by a corresponding museum. The CBC products developed by the partnership are not designed to generate direct revenues for the beneficiaries but only to push their development.

Taking into account the provisions of Article 39 point 3 of ENI CBC Implementing Rules, any project including an infrastructure component shall repay the Union contribution if, within five years of the project closure or within the period of time set out in state aid rules, where applicable, it is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives. Sums unduly paid in respect of the project shall be recovered by the MA in proportion to the period for which the requirement has not been fulfilled. Therefore, owners of an infrastructure

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component shall not substantially modify their respective project parts affecting its nature, objectives or its implementation conditions.

## **20. Communication, publicity and projects results**

Any publicity measure undertaken by any of the Project Participants shall be conducted in accordance with the Article 19 of the Grant Contract and with any other provisions of the Hungary-Slovakia-Romania-Ukraine ENI Cross-border Cooperation Programme 2014-2020.

2. Information and publicity measures shall be co-ordinated among the Project Participants. Each Project Participant is equally responsible for promoting the fact that financing for the Project is provided from Union contribution within the framework of the Hungary-Slovakia-Romania-Ukraine ENI Cross-border Cooperation Programme 2014-2020 and is responsible for ensuring the adequate promotion of the Project.

3. The Project Participants take note of the fact that the results of the Project as well as any study or analysis produced in the course of the Project can be made available to the public and they agree that the results of the Project shall be available for all Project Participants and for the public free of charge.

4. The Project Participants agree that the Lead Beneficiary may provide the MA/JTS or other programme management bodies to publish, in whatever form, unrestricted as far as data protection is concerned, and on or by whatever medium, with the following information:

- title of the Project;
- the name of the Lead Beneficiary and the other Beneficiaries;
- the amount granted and the EU co-financing rate;
- the purpose of the contribution (i.e. the overall objective of the Project);
- the geographical location of the Project;
- project results, evaluations, summaries;
- any other information about the Project if considered relevant.

## **21. Amendments of the Agreement**

Any amendments to this Agreement shall be in writing and shall be signed by all Parties and only after prior approval of the MA/JTS.

No amendments should be done retroactively.

## **22. Dispute settlement**

The Parties shall do everything possible to settle amicably any dispute arising between them during implementation of the Project. To that end, they shall communicate their positions and any solution that they consider possible in writing and meet each other at either's request.

The Lead Beneficiary shall inform the MA/JTS of any unsolved disputes arises during the project implementation.

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This Agreement is governed by the law of Ukraine, being the law of the Lead Beneficiary. Disputes will be settled by the Commercial Court of justice of the Transcarpathian region (2A Kotsubynskoho str., 88000 Uzhhorod, Zakarpatska oblast, Ukraine).

### **23. Compliance**

This Agreement is in compliance with ENI Grant Contract and other Call for proposals documents. In case of contradictions between the text of the Agreement and the Grant Contract, the provisions of the latter prevail. The Agreement has to be signed by the Lead Beneficiary and Beneficiaries before the signature of the Grant Contract. Present Agreement is integral part of the Grant Contract and its annexes.

### **24. Transparency**

The Lead Beneficiary has to secure the circulation of information received from the MA/JTS to all Beneficiaries and vice versa.

In order to secure transparency of information circulation the partners will form a group e-mail service. The group e-mail list will include all CBC team members.

Any decisions and agreements of partners will be fixed in writing and meeting minutes will be kept. These documents will be made accessible to all Beneficiaries by sending them within the group mail service of the project.

The Lead Beneficiary takes the responsibility to communicate to all Project Participants all important messages received from the JTS that are relevant for the whole partnership.

### **25. Confidentiality**

The principle of the confidentiality will be kept by the Project Participants according to Article 9 of the Grant Contract.

### **26. Working language**

The working language of the project partnership shall be English as defined in the Section 8 of the Joint Operational Programme Document. Present Agreement is concluded in English. In case of translation of this Agreement to another language the English version will be the binding one.

Nine original copies will be made of this Agreement of which each Party keeps one original, while three originals are attached to the Grant Contract.

Name of the Lead Beneficiary:	NGO "Small Business and Innovation Development Association "Uzhgorod-XXIst Century" ID 25442638
Name and title of legal representative:	Yevheniy LUKSHA Head of board
Place, date and stamp:	Uzhhorod, Ukraine "24" July 2019
Signature	

Name of the Beneficiary 1:	Mukachevo Historical Museum, ID 04813036
Name and title of legal representative:	Myhailo BELEKANYCH Director
Place, date and stamp:	Mukachevo, Ukraine, "24" July 2019
Signature	



Name of the Beneficiary 2:	Košice Self-governing Region ID35541016
Name and title of legal representative:	Rastislav Trnka President
Place, date and stamp:	Kosice, Slovakia, 9.7.201 " _____ " _____ 2019
Signature	

Name of the Beneficiary 3:	Agency for the Support of Regional Development Kosice, ID31257402
Name and title of legal representative:	Jaroslav Tešliar Director
Place, date and stamp:	Kosice, Slovakia, " 24 " JUNE _____ 2019
Signature	

Name of the Beneficiary 4:	Herman Otto Museum, ID350855
Name and title of legal representative:	Péter Szolyák Managing director
Place, date and stamp:	Miskolc, Hungary, "12" <u>July</u> 2019
Signature	

Name of the Beneficiary 5:	Castle Stewardship of Füzér ID 797850
Name and title of legal representative:	Márta Tompa-Vida, Director
Place, date and stamp:	Füzér, Hungary, "15" <u>July</u> 2019
Signature	

**ANNEXES:**

Annex 1. Legal Entity Form of each Beneficiary <sup>1</sup>

Annex 2. Financial Identification Form of each Beneficiary<sup>2</sup>

Annex 3. Budget of the Project (Annex II of the Grant Contract)



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<sup>1</sup> Attach as many Legal Entity Form as the number of Beneficiaries

<sup>2</sup> Attach as many Financial Identification Form as the number of Beneficiaries

