

Agreement N° <2G-MED09-282>
Title of the project <**MEDSTRATEGY - Integrated Strategy for Sustainable
Development of Mediterranean Rural Areas**>

MED PROGRAM



ERDF SUBSIDY CONTRACT

BETWEEN

Provence-Alpes-Côte d'Azur Region

- as Managing Authority¹ for the MED Program (hereafter MA), represented by:

**M. Michel Vauzelle, the President of the Provence-Alpes-Côte d'Azur
region**

AND

"Tindari – Nebrodi" Public Services Intermunicipal Consortium

- as Lead Partner (First Beneficiary²) of the Project (hereinafter LP) with Head
Office **Via V. Emanuele, 6 (Palazzo Sciacca) - 98066 Patti, Italy** and
represented by **LOPES Franco Armando, President**

¹ Such as defined in art. 60 of the Regulation 1083/2006 and 15 of the Regulation 1080/2006

² Such as defined in art. 20 of the Regulation 1080/2006

Preamble

Pursuant to:

- Communication from the Commission of 5 July 2005 - Cohesion Policy in Support of Growth and Jobs - Community Strategic Guidelines, 2007-2013 COM (2005) 299
- National strategic reference frameworks
- Decision C (2007) 6578 of the European Commission approving the MED Operational Programme 2007-2013
- Regulation (EC) No. 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and amendments
- Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and amendments
- Regulation (EC) No. 1828/2006 of 8 December 2006 settling out rules for the implementation of Council Regulation (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, and of Regulation (EC) No. 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund and amendments
- Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts and amendments
- National regulations on competition, state aid and public procurement and publicity
- Implementation guide of the Operational Programme approved by the Monitoring Committee MED

THE ABOVE PARTIES ADOPT THIS AGREEMENT

Article 1 - Purpose of the Contract

- 1.1 In accordance with the decision of the MED Programme Selection Committee of **27st - 28st April 2010**, it was decided to grant a subsidy, under the conditions set forth in this contract and its annexes, to the LP for the implementation of the project No. **2G-MED09-282** entitled **MEDSTRATEGY - Integrated Strategy for Sustainable Development of Mediterranean Rural Areas** (hereafter "project"). The decision (or advance notification) of the Selection Committee is an integral part of this contract.
- 1.2 The LP shall implement the project in partnership with the following partner structures:

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- **AnciSicilia - National Association of Sicilian Municipalities, project partner No. 2**
- **Municipality N. Kazantzakis, project partner No. 3**
- **CRES - Centre for Renewable Energy Sources and Saving, project partner No. 4**
- **Province of Teruel, project partner No. 5**
- **Pembroke Local Council, project partner No. 6**
- **Foundation for the Social Development, project partner No. 7**

1.3 The ERDF subsidy granted by the Selection Committee for the implementation of the project is <**833.531**> Euro.

1.4 The total budget for the project will be financed from the following funds

Source of funding	Granted Budget €
National public co-financing for ERDF (national, regional, local)	257.524 €
ERDF co-financing	833.531 €
National public co-financing for IPA (Croatia)	
IPA co-financing (Croatia)	
National public co-financing for IPA (Montenegro)	
IPA co-financing (Montenegro)	
National public co-financing for IPA (Bosnia-Herzegovina)	
IPA co-financing (Bosnia-Herzegovina)	
Other funding	
TOTAL BUDGET	1.091.055 €

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1.5 The total ERDF subsidy specific to the purpose of this contract, as well as the co-financing rate, are calculated on the basis of the total eligible costs as indicated below:

Approved ERDF Contribution:	833.531	Euro (€)
National public co-financing for ERDF:	257.524	Euro (€)
Total approved eligible budget:	1.091.055	Euro €)
ERDF Co-financing rate:	76,40%	

- 1.6 The ERDF co-financing rate may change during the implementation of the project whereas the total amount to be paid by the Certification Authority (hereinafter CA) to the LP may not exceed the maximum amount of the ERDF subsidy determined as <**833.531**> Euro, except decision of the Selection Committee of the Programme.
- 1.7 The ERDF co-financing rate of the project can amount to 75% of eligible costs for the partners in the eligible regions of Portugal, Spain, Great Britain, France, Italy and Greece and to 85% for the eligible regions of Slovenia, Malta and Cyprus.
- 1.8 The LP confirms that the project, all or in part, does not or will not receive other funding from the European Union (except the above ERDF and IPA funding as stated in table 1.4) throughout the duration of the project.
- 1.9 The ERDF payments from the CA to the LP will be carried out in relation to the effective transfer of funds from the European Commission.
- 1.10 If the European Commission does not transfer the funds, the MA may terminate this contract and no rights can be claimed by the LP.
- 1.11 This contract shall enter into force upon signature and after having been notified to concerned parties without prejudice to the provisions concerning the implementation of the project and the eligibility of expenditures, and ends upon receipt of the final payment, although commitments with regard to national and community legislation still apply.
- 1.12 The eligibility period for preparation is from 1st January 2007 until the date of submission of the complete application (final) <**1st February 2010**>. Preparation costs must be engaged and invoiced between 1st January 2007 and the date of the submission of the final Application Form. Related payments must be incurred at the latest within one month after the date of submission of the final Application Form. The preparation costs, maximum 30,000 euro (ERDF and national co-funding), are part of the total eligible budget when in conformity with the Rules of eligibility of expenditures and directly related to the preparation of the project. The total eligible preparation costs as part of the project amounts to <**16.513**> euro, as indicated in the description of the project in Annex I.

- 1.13 The expenditures for the implementation of the project are eligible from the date of the submission of the complete application <1st February 2010>.
- 1.14 The duration of the project, as specified in Annex I is <24> months. The official starting date of the project implementation is the date indicated in the annex 1 <1st June 2010> while the project must begin its activities no later than **2 months** after the notification of the contract. Beyond that date the MA reserves the right to put an end to the subsidy contract if the delay is caused by the LP and / or the partners. The MA may propose to the Selection Committee of the Programme to cancel the approval of the project.
- 1.15 The LP will send to the Joint Technical Secretariat (hereinafter JTS) within **3 months** after the notification of the subsidy contract, a starting report confirming the beginning of activities and identifying the project management structures (e.g. auditors).
- 1.16 The date of the end of the project is stated in Annex 1. All operational expenditure must be engaged and paid out before the date of the end of the project. In case these costs cannot be paid out within the delay, they may be paid out within two months after this date. Closure administrative expenditure (First Level Control and staff costs) may be engaged and paid out within two months after the date of project closure.
- 1.17 The LP accepts the subsidy and undertakes to implement the project under its responsibility in accordance with the "Lead Partner principle", as specified in art. 20 of Regulation 1080/2006 and in the implementation guide of the MED Programme.

Article 2 - Conditions of the subsidy and eligibility of expenditures

- 2.1 The subsidy is granted solely for the implementation of the project as approved by the Selection Committee. The application form, along with all its annexes, is an integral part of this contract. Only expenditure related to project are eligible for co-financing under the ERDF. Any major change of the contract and / or its annexes (budget, partnership, project duration) will amend them (see Article 9 of the present contract)
- 2.2 Regulations No. 1083/2006 of the Council and 1080/2006 of the European Parliament (art.56 and 7) specify the rules for eligibility of expenditure under the projects cofinanced by the Structural Funds, without prejudice to the provisions set out in the MED Operational Programme and in specific national requirements.

Article 3 – Request for payments

- 3.1 The LP must justify requests for reimbursement by providing adequate evidence of the work progress in accordance with the work plan and timetable specified in the application form as approved by the Selection Committee. Payment claims include progress reports for the period in question, consisting of an activity report and certified financial tables. For the presentation of this documentation, the LP must use the official format of the templates provided by the MA and the web tool the Programme MED works with. The financial report must contain a copy of all audit reports (1st level control) for the total expenditure declared in the payment claim. The Lead Partner must submit, with the 1st Progress Report, the complete list and addresses of the auditors of each partner, Lead Partner included.
- 3.2 The MA / JTS of the MED Programme will receive payment claims, supporting documents and progress reports. Once this information is received and expenses accepted by the MA, the latter will send a certified copy to the CA plus expenditure tables for each budget heading with the payment claim. After analysing the progress report, the MA / JTS will inform the competent national authorities of each partner country, about the expenditure controlled by the independent auditor (following the article 16 of Regulation 1080/2006).
- 3.3 Given that the payments of ERDF are carried out following community provisions concerning the budgetary commitments of the structural funds, the LP will submit payment claims to the MA / JTS at six months intervals (except for the starting report, which is not related to a payment and for the first progress report depending on the time of year the project starts) maximum two months after the end of each reporting period, with the following timetable:

Time Frame Progress report	Payment claim (estimated) Euro		Deadline for submission of the report to the JTS
	ERDF €	Total Eligible €	
Starting report (not related to payment)	-	-	31-08-2010
I period of implementation (from 1-06-2010 to 31-08-2010)	85.362	111.735	30-10-2010
II period of implementation (from 01-09-2010 to 28-02-2011)	202.918	265.610	30-04-2011
III period of implementation (from 01-03-2011 to 31-08-2011)	184.297	241.237	30-10-2011
IV period of implementation (from 01-09-2011 to 29-02-2012)	248.739	325.588	30-04-2012
V period of implementation (from 01-03-2012 to 31-05-2012)	112.215	146.885	31/07/2012
Final Report	-	-	31/07/2012

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If the LP is claiming a payment for a six month period of which the amount of ERDF claimed is below the above foreseen amounts, there is no guarantee that the undeclared ERDF amount is available for the following periods, in regard to the art.93 of Regulation (EC) 1083/2006 (decommitment rule).

A final report will be submitted together with the last progress report. It will provide information on actual performance, results and impacts of the entire project as well as the overall financial information.

- 3.4 The reimbursement of eligible preparation costs, as defined in article 1.12 of this contract, will be the subject of a specific request to be attached at the latest to the first progress report.

Payments will be made, after the approval of the progress reports by the Programme authorities (MA and CA).

The LP has to take into account that if progress reports are submitted late, incomplete or unsatisfactory, the reimbursement process will be delayed.

- 3.5 Payment of the amounts owed will be made in euros to the bank account indicated by the LP. The LP remains in charge of the bank charges for transfer of funds as well as for currency exchange losses.

- 3.6 Payments will be made according to the actual transfer of funds from the European Commission. In the case of delay of the contributions transferred from the European Commission no payments can be preceded by the MA to the LP.

- 3.7 One year after the signing of the subsidy contract, if the total certified expenditure does not reach at least 10% of the ERDF budget of the project, the MA can consider the possibility to put an end to the Project.

The application of this clause shall be notified in advance by a justified mail to the LP, requesting from the LP, within one month, to send a report explaining the reasons for this failure, before the decision is taken by the Selection Committee

- 3.8 If the ERDF annuity of the MED Programme is decommitted by the Commission following the Regulation (EC)1083/2006, the authorities of the aforesaid programme reserve the option to cancel the ERDF subsidy related to expenses not incurred in due time. The application of this clause shall be notified in advance by a justified mail to the LP, requesting from the LP, within one month, to send a report explaining the reasons for this failure, before the decision is taken by the Selection Committee

Article 4 - Representations of partners and responsibilities

- 4.1 The LP signs the Subsidy contract of the project, providing financial management and coordination on behalf of the other partners of whom he is thus financially and legally responsible vis-a-vis the MA.

The LP confirms that all partners referred in the present contract under section 1.2 will participate in the activities of the project.

Mutual responsibilities between the partners of the project are established in the partnership agreement.

The LP confirms that the activities foreseen for the project are not in conflict with European and national policies and legislation of any of the countries involved and that all necessary authorisations for their implementation have been obtained.

- 4.2 The LP confirms that all the project partners receiving ERDF funding meet the definition of beneficiaries as stated in the art .2, paragraph 4 of Regulation (EC) 1083/2006.

The LP ensures that the conditions which apply to him under this contract, apply to the partners and all subcontractors as well.

- 4.3 The LP shall lay down provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid from his partners

- 4.4 In any case, the MA cannot be held liable for damage caused to the staff and assets of the LP or one of its partners during the implementation of the project. No claim or increase in the subsidy cannot be granted for those reasons.

- 4.5 The LP is the only legally responsible body for the implementation of the project, if damages of any kind are caused to third parties during the project. The LP cannot hold the MA liable for any claim or lawsuit arising from a breach of the laws, caused by his employees or partners, or a violation of the rights of third parties.

- 4.6 Except in case of force majeure, the LP is required to repair any damage caused to the MA as a result of failure to implement the project.

Article 5 – Lead Partner’s complementary obligations

The LP shall:

- 5.1 Start implementing the project within **two months** after the MA has notified the signed contract.

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- 5.2 Implement the project in coherence with the description and timetable of the components in the application form approved by the Selection Committee (Annex I).
- 5.3 Immediately inform the MA about any reduction of the implementation costs, modification of the objectives and activities as presented in the description of the project, and in the case of any amendment to the budget of the project. The LP will inform the MA of any circumstance likely to have an impact on the conditions of payment of the subsidy, allowing the MA and the Selection Committee to reduce the amount of the subsidy approved or to search for full or partial repayment of the amounts already paid;
- 5.4 Respect Community legislation referred to in this contract as well as other relevant national and Community legislation;
- 5.5 Immediately inform the MA and the JTS of the contact details of the independent auditor or the structures responsible for the certification of expenditure of the LP and of other partners, as soon as their contact details are known, and at the latest, at the first request for reimbursement.
- 5.6 Respect the community and national legislation regarding the competition rules, public procurement, eligibility of expenditure and communication and publicity, as well as cross-cutting principles of Community structural policies (including additionality, gender equality and non-discrimination, sustainable development).
- 5.7 Verify the coherence between the « de minimis » or «state aide » declaration signed by his partners, and the concrete activities they implement in the framework of project. The Lead Partner shall verify that all partners do not commit obvious infringements to the EU and national regulations in the matter of State aid.

Article 6 – Obligations of the Managing Authority

The Managing Authority shall:

- 6.1 Ensure that the conditions of the subsidy approval set forth in this contract are respected.
- 6.2 Monitor the functioning of the management and control system set up by the LP.
- 6.3 Ensure coherence, legality and eligibility of expenditure based on information received from the LP.

- 6.4 Control and validate payment claims, required documents and progress reports and send a certified copy to the CA including the request for payment.

Article 7 - Publicity

- 7.1 All communication or publication regarding the project, including a conference or a seminar, must state that it has received a subsidy from the ERDF through the MED Programme. In organising information dissemination events (conferences, seminars, fairs, exhibitions, competitions...) related to a project partly financed by the Structural Funds, the organizers must indicate the community participation to these projects through the presence of the European flag in the meeting room, of the European emblem and the logo of the programme on the documents. In general, the LP will guarantee the respect of the Regulation (EC) 1828/2006 of the Commission for the information and publicity actions on the European Structural Funds
- 7.2 Any communication or publication related to the project, in whatever form and on whatever medium, including the Internet, should specify that it reflects only the opinion of its author and that the MA is not responsible for the use eventually made of the information.
- 7.3 The MA is authorised to publish, in whatever form and on whatever medium, including the Internet, the approved application form and particularly the following information:
- name of the LP and the partners,
 - purpose of the subsidy,
 - amount granted and cofinancing rate of the total eligible costs of the project,
 - geographical location of the project implementation,
 - progress of the project as well as the final report,
 - any other communication about the project.

Article 8 – Expiration of Contract

- 8.1 In the following cases the MA, with the approval of the Selection Committee, may put an end to this contract and reclaim all amounts already paid without providing any compensation:
- a. False statements made at the signature of this contract.
 - b. False documents produced at the signature of this contract.
 - c. Non-performance of the LP's obligations under this contract, when this is not justified and when urged by a letter to comply with the obligations, still has

- failed to comply, without providing a satisfactory explanation within 30 calendar days from the letter sent by the MA;
- d. Using part or all of the subsidy granted for purposes other than those specified in this contract;
 - e. Transfer or assignment from the LP of part the entire project to a third party except as provided for in article 11.2 and 11.3 of this contract.
- 8.2 When the contract is put to an end in the cases specified by this contract and the MA demand full or partial repayment of the amounts paid, the LP has to repay the amounts owed under the conditions and within the time specified in the Communication from the MA.
- 8.3 If the MA exercises his right of termination, the LP must pay the MA the amount he is due, without reducing any unpaid amounts based on this Subsidy contract.
- 8.4 If the MA exercises its right of termination, the amounts due will be reimbursed, with interest, run from the date of the first payment (by the MA) until the date of repayment. The interest rate, in euro, will be the one the European Central Bank applies to main refinancing projects on the first day of the deadline month for payment established by the MA.
- 8.5 Bank charges resulting from the repayment to the MA of amounts due shall be borne by the LP.
- 8.6 In the cases provided for in article 8.1 the MA will suspend further payments as a precaution and without notice.
The above mentioned procedures shall be without prejudice to the application of other measures or sanctions that may follow from the French legal system.

Article 9 - Contract Modification

- 9.1 The LP must communicate to the MA / JTS (following the article 12.1) any request for redistribution between budget lines, as well as between components, for an amount up to 10% of the total eligible budget. Any request for reallocation of funds should be duly justified and be sent to the MA / JTS prior to implementation. For any modification exceeding 10% of the total eligible budget, the LP must seek prior approval of the MA: who must submit the modification request to the approval of the Selection Committee
- 9.2 For the following modifications:
- a. redistribution of the ERDF amount between partners

- b. changes in the nature of the project, and more specifically the project objectives and expected results
- c. any extension of the deadline for the duration of project activities
- d. modifications to the partnership

an amendment to this contract and a new approval by the Selection Committee (if necessary by written procedure) is required.

Any change of contact information or change of bank account is subject to a simple notification. In justified cases the MA can refuse to accept the LP's choice. Change of bank account must be specified in the payment claims.

Article 10 - Accounting, certification and evaluation

- 10.1 The LP accepts that the relevant departments of the European Commission, of the participating Member States, of the European Court of Auditors and of national co-financing structures, as well as the Audit Authority, Certifying Authority, Managing Authority/Joint Technical Secretariat of MED Programme, can monitor, on the basis of documents or on the spot checks, the use made of the subsidy. The supporting documents for the expenses must be kept for three years after the payment by the European Commission of the final balance of the Programme (art.90 Regulation 1083/2006 – until 31 December 2020) or, where appropriate, for a longer period requested by relevant national legislation or regulations.
- 10.2 To this purpose, the LP provides the staff of the institutions/structures mentioned in the previous point 10.1, and persons authorised by them, the right to access to the premises of the LP including all computer systems, as well as all documents and databases concerning the financial and content management of the project. Access to authorised persons occurs under conditions of strict confidentiality in regard to third parties. The documents must be filed so as to easily allow controls, with the principle of separate accounts. In the case of control, the LP will be informed with a notice at least one working week beforehand.
- 10.3 The LP shall make available to mid-term or ex-post evaluators of the programme, any document or information allowing the evaluation to be successfully completed, and gives them the right of access described in article 10.2 of this contract.
- 10.4 The LP ensures that the partners and possible subcontractors accept the obligations under articles 10.1, 10.2 and 10.3.

Article 11 - Transfer

- 11.1 The MA has the right to transfer or assign the subsidy and subsequent payments to a third party. In this case, the MA shall inform the LP without delay.
- 11.2 The LP may transfer or assign the rights and obligations arising out of this contract to a third party with the prior written consent of the MA and the Selection Committee.
- 11.3 In the case of any change of legal status, the LP has to transfer the rights and obligations arising out of this contract to its legal successor and inform the MA, as well as the respective national coordinator without delay.

Article 12 – Final provisions

- 12.1 Any communication in the framework of this contract must be submitted to the MA of the Programme in writing i.e., in French or in English, and it must, specify the number and title of the project as well as the contract number. Any communication should be sent to the following address:
STC MED / JTS MED
Hotel de Region - 27, place Jules Guesde
13481 Marseille cedex 20 (France)
- 12.2 If one or more provisions of this contract, are declared by a competent judicial authority, void, illegal or inapplicable, the two parties seek to amend the provision in question to reflect such decision.
- 12.3 Any formal and substantial modification of this contract (budget, duration, partnership), including the annexes, and without prejudice to the provisions in article 9.1, must be made in writing and signed by an amendment between both parties. The amendment of the subsidy contract qualifies also as an amendment of the Partnership Agreement, the LP having to transmit, upon reception, copies of the amendment to all partners.
- 12.4 If a new partner join an on-going project, besides providing the statement of co-financing for the ERDF contribution, he must also sign the existing Partnership Agreement that establishes the conditions (please see Article 9).
- 12.5 Any request sent to the MA to change the budget (reduction / increase), the partnership, and the duration of the project, will have to be first accepted by the Steering Committee of the project (during meeting or by written procedure).

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12.6 This contract is subject to the French law and any dispute that might arise in its execution and not be settled amicably between the parties, must be submitted to the court of law in Marseille, France. When this contract is prepared and signed in English, a translation in French, with the value of the original, is provided. In case of any contradiction between the two versions, all parties will seek common understanding.

Article 13 - Annexes

13.1 The following documents are annexed to this contract and are part of it:

- Annex I: Project description (Full application form completed with all its annexes, including commitment letters from all the beneficiaries)
- Annex II: Letter from the MA that communicates to the Lead Partner the Selection Committee's decision
- Annex III: Partnership Agreement
- Annex IV: List and addresses of auditors of each partner in the project to be submitted at the latest with the 1st Progress report

Signed in two copies in French or in English (one for the MA and one for the LP).

For the Lead Partner

For the Managing Authority

Patti (Italy), 26/05/2010

.....
(Place and date)

Marseille, the 07 JUL, 2010
(date)


Mr. Franco Armando LOPES

.....
(Name of the signatory for the LP)

Mr/Ms. Michèle VIAUZELLE
(Name of the signatory for the MA)


.....
(Signature and stamp)




.....
(Signature and stamp)

