



## HARMONISED IMPLEMENTATION TOOLS FOR INTERREG<sup>1</sup> PROGRAMMES-TN/CBC

### Factsheet<sup>2</sup>: Project partnership agreement

#### Legal base

- Art. 13. 2.(a) of the ETC Regulation (EU) No 1299/2013, as well as *mutatis mutandi* from the subsidy contract provisions Art. 125.3.c) of the Common Provision Regulations (EU) No 1303/2013 and the whole Art. 13 and Art. 12.5 of the ETC Regulation 1299/2013
- Cooperation programme
- Other relevant programme documents, e.g. Programme Manual, templates, etc.

#### Background information

While the subsidy contract<sup>3</sup> is signed between the Lead Partner (LP) and the Managing Authority (hereinafter MA), project partnership agreements constitute the formal project contract between the partners. As part of the LP principle, for the period 2014-2020 all territorial cooperation projects still must have a partnership agreement. While the LP is responsible for ensuring the implementation of the entire project towards the MA, each PP is responsible for ensuring the implementation of its part of the project towards the LP. Project partners should give full support to the LP to ensure the successful implementation of the project, its high quality and fulfillment of its objectives. Nevertheless, it is always good to remember that any partnership should be based on a mutual trust.

The partnership agreement provides a framework for this efficient project implementation and governance and aims at guaranteeing the project's compliance with the Cooperation Programme. Project implementation arrangements are in the territorial cooperation partnerships more complex than in other types of ESIF<sup>4</sup> interventions. For this reason, the risks associated with territorial cooperation projects are arguably greater than is the case with other EU funded activities. The use of a partnership agreement to carry out projects should help reduce these risks:

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<sup>1</sup> With INTERREG we mean here the so called INTERREG Programmes (European Territorial Cooperation Regulation (EU) No 1299/2013) but also those at the borders of the European Union, such as IPA CBC with Member States (IPA II Regulation (EU) No 231/2014 and Commission Implementing Regulation (EU) No 447/2014).

<sup>2</sup> Due to the fact that during the previous programming periods programmes have already developed their own templates of the Project Partnership Agreement, INTERACT decided to publish only the Factsheet on this document which points out all necessary elements to be included. We suggest using the list as a checklist when verifying whether the programme's partnership agreement template includes all the information required for further smooth implementation. Additional elements (e.g. provisions on financial instruments) can be added when needed due to the specificity of a project and the operational programme. Moreover, *INTERACT Handbook Partnership Agreement 2007-13, including template* available on the INTERACT website: [http://www.interact-eu.net/downloads/713/INTERACT\\_Handbook\\_and\\_Template\\_on\\_Partnership\\_Agreement\\_2007\\_13.doc](http://www.interact-eu.net/downloads/713/INTERACT_Handbook_and_Template_on_Partnership_Agreement_2007_13.doc) can provide additional support in shaping the programme's partnership agreement template.

<sup>3</sup> Subsidy Contract is in some programmes also called Grant Offer Letter or Grant Notification. To support harmonization, programmes are encouraged to use the term Subsidy Contract.

<sup>4</sup> European Structural and Investment Funds.



- By clearly defining and raising awareness on project responsibilities and procedures for each project partner (PP) and within the project as a whole, partnership agreements should make it easier to implement projects. The agreement lays out important principles as it comes to the sound financial management of the project's budget, including the arrangements for recovering the amounts unduly paid (Art. 27.2 and 3 the ETC Regulation 1299/2013);
- The legally-binding nature of partnership agreements means that if problems arise that cannot be resolved by the partners themselves, procedures can be enforced to arrive at a solution (although in practice it is extremely unusual for partnerships to end in legal disputes and most conflicts can be solved in more informal ways such as regular communication and meetings);
- More generally, the use of partnership agreements is a prudential measure which provides a way of minimising the various types of risks involved in carrying out territorial cooperation projects.

### Good practices on the Partnership Agreement

The LP offers to all PPs a partnership agreement, either in the form of a bilateral or multi-lateral contract, or as a unilateral notification, with an acceptance period for the project partner, depending on specific demands of the related programme and Member State. It is common to indicate the submission of the first project report as the deadline for conclusion of the agreement between the partners. To assure that the LP is in the position to fulfil its obligations, which project partners are responsible for, some programmes require partners to sign the partnership agreement even before the subsidy contract and to enclose this to the subsidy contract. Others require partners to sign only letters of commitment / declarations, including these obligations, and the actual partnership agreement is signed only after the subsidy contract. A good practice is that the first level controller of the LP verifies that a partnership agreement has been signed by all PPs.

In many cases programme management provides a template for partnership agreements which then can be adjusted to the specific content and needs of the project. The level of detail required for the contents of a partnership agreement varies, as it is the case for subsidy contracts with the LP. In many projects from the period 2007-2013, the application form was used as a key reference document by partners. The application form, financial annexes and the subsidy contract will normally cover many of the issues that might typically be included in a partnership agreement. Rather than duplicating contents, these additional documents can be annexed to the actual partnership agreement and referred to in the text of the agreement.

The below checklist identifies the elements that needs to be regulated in the partnership agreements either by explicit articles or by reference to the subsidy contract.

### Checklist of issues to be included in a Partnership Agreement

- ☐ The parties of the agreement, i.e. the Lead and project partners;
- ☐ The subject/aim and duration, the nature of the agreement. i.e. partners as beneficiaries of a grant, as well as content of the project (objectives, results to be achieved, eligibility period), reference to subsidy contract (part of the agreement);
- ☐ The overall budgetary allocation, based on subsidy contract, partners shares, arrangements for so called "shared costs", if allowed by the programme;



- ☐ Procedures and deadlines for advance, interim and final payments to PPs, accounts to be used, exchange rate, generated revenues, de-commitment rules or spending plan for PPs, based on the subsidy contract provisions;
- ☐ Partnership principles, mutual obligations and responsibilities for PPs (e.g. timely information, reporting, working language, etc.), as well as their rights (e.g. for PPs to receive payment in full, for the LP not to accept non-certified expenditures). Decision-making procedures (e.g. steering group if any) and overall project management assignment (LP, PPs tasks);
- ☐ Reporting obligations and procedures for PPs, including reporting deadlines reporting on outputs indicators as foreseen in the project, targets to be reached (e.g. milestones) and consequences for not reaching them;
- ☐ Conditions for projects changes, for project budget shifts, deviation to the activities approved in the project, rights and procedures to terminate agreement, i.e. withdraw or replace PPs, involve sub-partners;
- ☐ Obligation to comply with the applicable eligibility rules at EU, programme and national levels, simplified costs options, if not already regulated at the programme level;
- ☐ Procurement rules (e.g. for direct procurement, below national thresholds, IPA II CBC procurement rules, private partners), state Aid rules (e.g. de-minimis), VAT rules (e.g. exceptions).
- ☐ Obligations and rights related to information and publicity, intellectual and industrial property rights as well as durability;
- ☐ The use of an electronic monitoring system (e-Cohesion) and provisions on the audit trail, such as the deadlines for keeping documentation after project closure;
- ☐ First level control provisions, specifying the rights and obligations of the LP, PPs, MA/Joint Secretariat, national authorities, on-the-spot checks;
- ☐ Provisions on audit of operations, including deadlines for submission of documents to the auditors, in order for them to be able to conclude their audit work timely;
- ☐ Financial liabilities: Consequences/penalties in case of failures to deliver and in case of irregularities. Recovery obligations and procedures, i.e. procedures for reporting irregularities, procedures for withdrawal and recovery of unduly paid amounts, deadlines for repaying funds. Liabilities for flat rate cuts, due to systemic errors, which cannot be traced back to an individual PP, or arrangements in case of suspension of payments. Bank guarantees, if foreseen. Liabilities to third parties;
- ☐ Closure arrangements, in particular financing for reporting activities after the eligibility period;
- ☐ Rules for amendments to the agreement, as well as applicable law, legal succession and litigation.

***DISCLAIMER:** According to the objectives and nature of INTERACT, this document is by no means legally binding and does not reflect on the views of any institution concerned. The document reflects on some practices in use at cooperation programmes (ETC and IPA CBC), summarised by INTERACT for the benefit of a greater knowledge exchange among programmes. It is not exhaustive and may be on-going updated.*

*Please feel free to share your experiences with us, as well as suggestions for completing this document.*