***Partnership Agreement***

***<Title of the Project / acronym>***

***<Reference KAXXXX>***

***Disclaimer***

This partnership agreement serves only as a template for Karelia CBC projects. We do not guarantee or accept liability for completeness, correctness or full compliance with European Union (EU) law, national law or any other relevant provisions. As a model form, it may be modified and adjusted to meet the needs of the project partner according to their legal and administrative framework.

Please note that the partnership agreement must include the following elements, which are set out in section 2.5 of the programme manual:

* the role, objectives and responsibilities of each organisation, and their shared responsibilities (articles 5–7);
* the right of the managing authority and other relevant bodies to carry out the verifications defined in the grant contract and its annexes and addendums (article 19);
* the partner’s budget (article 9);
* the principles concerning the partner´s own contribution: its accumulation, documentation and reporting (article 10);
* the principles concerning bookkeeping and sound financial management (article 8);
* the procedures for payments between the partners (article 11);
* the verification of expenditure and the reporting of the factual findings (article 12);
* the procedures to be followed by the lead partner and partner in case of recovery, and their related responsibilities (article 18); and
* the processing of personal data (article 20).

Copies of completed partnership agreements must be submitted to the managing authority (the contact person for the project) as soon as possible, and by no later than the date the first project update is submitted. If any of the obligatory elements are missing from the completed partnership agreement, the managing authority may ask the lead partner to supplement the agreement.

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**This partnership agreement relates to the project** <**Title of the project *KAXXXX***> **between**

[Full official name of the Lead Partner], of address ….. , referred to hereafter as the lead partner

**and**

[Full official name of the Partner], of address ….., referred to hereafter as the partner.

The project will be implemented on the basis of the grant contract signed between the managing authority and the lead partner. By signing this partnership agreement, the partner and lead partner commit to implementing the project in line with the rules and principles of the latest valid version of the grant contract, including its annexes and addendums.

**Programme rules and regulations that apply**

* The ENI CBC Karelia 2014–2020 Programme adopted on 17 December 2015, C(2015) 9134
* The grant contract and all its annexes and addendums
* The latest version of the programme manual, available at <http://www.kareliacbc.fi/sites/default/files/assets/images/Karelia_CBC_Programme_Manual.pdf>
* ENI CBC Implementing Rules (Regulation (EC) No 897/2014) of 18 August 2014, which sets out specific provisions for implementing cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument

Add any other relevant rules and regulations here:

The parties have agreed to the following:

# Article 1: Subject of the agreement

This partnership agreement sets out the working relationship between the lead partner and the partner for the project <*Project reference KAXXXX*>. It sets out each partner’s responsibilities for ensuring that the project is managed properly and implemented jointly and effectively, in accordance with the description contained in the project plan and the rules and conditions laid down by the regulations and documents mentioned above.

# Article 2: Entry into force and duration of the partnership agreement

This partnership agreement will enter into force on <date>. It will remain in force until the grant contract execution period ends as defined in article 4 below and the final balance of the project costs has been agreed by the partners.

After this agreement ends, each partner will continue to be responsible for their part of the project and for the costs incurred during the period defined in article 15 on keeping documents.

The rights and obligations concerning the recoveries (article 18) and verification and checks (article 19) remain valid for the period defined in article 15.

# Article 3: Objectives of the project

The partner is committed to implementing the activities, producing the outputs and achieving the project objectives outlined in the project plan attached to the grant contract.

# Article 4: Duration of the project

The project implementation period will begin on <date> and end on <date>. The project’s indicative implementation period will be <XX> months.

The grant contract execution period will end when the managing authority has made the final payment or 18 months after the project implementation period ends, whichever happens earliest.

# Article 5: Partnership obligations

The lead partner and the partner are committed to ensuring that the project is implemented in a proper and timely way, in accordance with the obligations between the lead partner and the managing authority.

The lead partner alone is accountable to the managing authority for the implementation of the project, but the partner is committed to following the same principles as the lead partner in line with the conditions of the grant contract.

# Article 6: Lead partner’s obligations

The lead partner will:

* have the overall responsibility for the implementation of the project;
* receive the financial contribution from the managing authority for the implementation of the project activities;
* pay the Karelia CBC Programme grant to the partner in accordance with the principles set out in article 11 of this agreement;
* ensure that the partner receives the grant without delay, in accordance with the partnership agreement payment plan;
* be responsible for guaranteeing the sound financial management of programme funds received and, in case of recovery, for reimbursing the managing authority for unduly paid programme funds;
* ensure that the costs reported in the partner’s financial reports are in line with the grant contract, budget and the work plan;
* have the right to reject a cost charged by the partner if the cost does not belong to the project or if it is not eligible;
* ensure that the partner’s expenditures are verified in line with the requirements of the Karelia CBC Programme; and
* be responsible for repaying the Karelia CBC Programme grant to the managing authority in cases of recovery. The lead partner is responsible for reclaiming the programme grant from the partner.

The lead partner has the ultimate responsibility for the project’s implementation and finances. In addition to the obligations set out above, the lead partner will:

* regularly communicate with the managing authority about relevant news and issues and submit timely reports, especially in case of problems with and delays in the project implementation and any modifications to the budget, activities or partners; and
* provide the partners with copies of all relevant project documents, in particular the signed grant contract and its annexes, any amendments to the contract that have been approved by the managing authority, and reports on the implementation of the project. The lead partner must regularly inform the partners of all relevant communication between the lead partner and the managing authority.

# Article 7: Partner’s obligations

The partner will:

* actively cooperate in the development and implementation of the project;
* cooperate in the staffing and/or financing of the project in accordance with the partnership agreement;
* be responsible for guaranteeing the sound financial management of programme funds received and, in the case of recovery, for reimbursing the lead partner for unduly paid programme funds; and
* keep to other obligations on the basis of this partnership agreement.

In addition to the obligations set out above, the partner will provide the lead partner with all the information and documents required for:

* coordinating and regularly monitoring the technical and financial progress of the project; and
* preparing the progress, interim and final reports concerning the part of the project that the partner is responsible for.

# Article 8: Project accounting obligations

The lead partner and the partner agree to:

* record the project costs in the accounting records in accordance with the accounting principles and the rules of the country concerned, and to comply with the organisation’s usual accounting practices;
* establish an accrual-based double-entry accounting system for project-related costs, revenues, bank account interest and individual contributions from external donors in the accounting records;
* establish project-specific accrual-based accounts that are up-to-date, understandable, reliable and easily identifiable and verifiable (with a separate cost centre or specific project code for the project in the accounting system);
* ensure that the project-specific accounts include only project-related costs/invoices, revenues, bank account interest and individual contributions from external donors;
* ensure that all project costs are properly documented (original invoices, memo verifications, explanatory notes) and that there is a clear audit trail between the invoices, the accounting system and the financial report;
* submit an accurate general ledger of the project costs, listing all invoices reported in the financial report (ensuring consistency between the general ledger and the financial report);
* ensure that all project costs have been recorded in the project accounts by the end of the project implementation period;
* ensure that the project accounts do not include any costs related to future commitments or the delivery of services, work or supplies after the end of the implementation period; and
* ensure that all costs are paid before the final report is submitted. Exceptions are made for costs relating to the verification of expenditure and the final evaluation of the project.

# Article 9: Project budget and eligible expenditure

The total project budget is <... …> EURO. The total contribution from Karelia CBC amounts to <...> EURO> (a maximum of <…..>% of the total eligible project costs).

The partner’s total budget is <... …> EURO. The budget includes costs for the following items:

*<select relevant items from the following: staff, travel, equipment, supplies and small-scale investments, external expertise and services, administrative costs, investments>*.

The lead partner and the partner commit to respecting the list of eligible costs as described in article 14 of Annex II of the grant contract, and they will be responsible for the financial management of their budget.

If the partner foresees any change in its part of the project budget or the financial plan (or both), the partner will communicate with the lead partner before the change takes place.

The lead partner will inform the partner of any expected amendments to the grant contract that may have an impact on the partner’s activities, budget or financing.

# Article 10: Co-financing the project

The partner agrees to co-finance the implementation of the project with <... …> EURO.

or

The partner agrees to co-finance the implementation of the project with <... …> EURO or <xx>% of the total eligible costs incurred to it, whichever is lowest.

The partner’s co-financing share consists of project costs amounting to a maximum of <…..>EURO and donations from external donors amounting to a maximum of <….>EURO, which are recorded in the project accounting records. The external donors are <*names of the donors*>.

The total co-financing for the project amounts to <... …> EURO, which is <xx>% of the total eligible project costs.

The partner will ensure that its own contribution is documented properly. The own contribution will be reported in the financial reports as follows: the contribution by external donors must be recorded in every interim and final report, and the partner’s own contribution is recorded in the final report only.

# Article 11: Payment to the partner

<*As a general rule, all the programme contributions for the implementation of the project will be paid in euro by the programme managing authority. Payment will be made to the lead partner’s bank account. The lead partner will be responsible for the administrative and financial management of these funds.*>

The lead partner takes responsibility for distributing the programme funds and the pre-financing payment among its partners in accordance with partners’ expenditures incurred in project activities.

The funds are paid by the lead partner to the partner as follows:

<*define your model; the following represents one option>*

* *The first payment, a total of XXX euro, will be made as a pre-financing payment within 30 days of the date the lead partner receives the first pre-payment from the managing authority.*
* *The second payment, based on the partner’s share of the total eligible costs, will be made by the end of the reporting period and within 30 days of the date the lead partner receives the payment from the managing authority.*
* *The final payment, based on the partner’s share of the total eligible costs, will be made within 30 days of the date the lead partner receives the final balance from the managing authority.*

The project funds will be paid from the lead partner to the partner by bank transfer into the accounts given by the partner and officially communicated to the lead partner.

If the partner’s bank account details change, the partner will notify the lead partner in a timely manner.

<in case the partner is not a public body or government organisation, include the following clause>

*Any interest accruing from pre-financing paid by the lead partner to the partner will be mentioned in the final financial report and deducted in the final project payment.*

At the end of the project, on the basis of the total eligible costs approved by the managing authority, the lead partner must calculate each partner’s share. This defines the final amounts to be paid to each partner.

# Article 12: Verifying expenditure

*<****Choose from the following options, based on the chosen model. Please see section 15.1 of the Programme Manual****>*

***Option 1: Decentralised accounting model***

The lead partner and all partners will carry out the verification of the expenditure. An expenditure verification report will be drawn up by an auditor.

In all circumstances, the expenditure of each partner will be verified by a qualified auditor with appropriate knowledge of the language and legislation of the country in question.

For each reporting period, the partner agrees to send its auditor’s report to the lead partner by <deadline> to enable the lead partner’s auditor to prepare the consolidated report.

The lead partner and the partner will make all the necessary arrangements to ensure that the verification is carried out properly. They will also provide the auditors with any requested information on the project, giving them access to accounting books, supporting documents and other documents related to the project.

Each partner is responsible only for the validity and eligibility of its own activities and expenses, unless otherwise specifically agreed. The partner must cover any costs stated as ineligible in the managing authority’s payment order.

***Option 2: Partly decentralised accounting model***

*<Please note that the use of the partly decentralised accounting model always requires approval from the managing authority beforehand. Please also note that the* *invoicing partner and the reporting partner must be from the same country.*

*All the programme rules and responsibilities (procurement, eligibility of costs, accounting rules, etc.) apply to the invoicing partners too. The partner charging the costs from the lead partner or from another partner is referred to as the invoicing partner and the partner from whom the costs are charged is referred to as the reporting partner.>*

***Option 2A: Partly decentralised accounting model, reporting partner***

Reporting partner: <name of the organisation>

Invoicing partner(s): <name of the organisation(s)>

The reporting and invoicing partners have agreed to use the partly decentralised accounting model.

The lead partner and all reporting partners will conduct the verification of the expenditure. An expenditure verification report will be drawn up by an auditor.

In all circumstances, the expenditure of every partner will be verified by a qualified auditor with appropriate knowledge of the language and legislation of the country in question.

For each reporting period, the partner agrees to send its auditor’s report to the lead partner by <deadline> to enable the lead partner’s auditor to prepare the consolidated report. The project costs of the invoicing partner(s) are included in the financial report of a reporting partner and are verified by the reporting partner’s auditor. The invoicing partners will respect the agreed reporting periods.

The partner will make all the necessary arrangements to ensure that the verification is properly carried out. They will also provide the auditors with any requested information on the project, giving them access to accounting books, supporting documents and other documents related to the project.

The lead partner and the partner are responsible for the eligibility of their own costs, unless otherwise specifically agreed. The partner must cover any costs stated as ineligible in the managing authority’s payment order.

***Option 2B: Partly decentralised accounting model, invoicing partner***

Invoicing partner: <name of the organisation>

Reporting partner: <name of the organisation>

The invoicing and reporting partners have agreed to use the partly decentralised accounting model.

The invoicing partner will respect the agreed reporting periods. For each reporting period, the invoicing partner agrees to send all the necessary material (e.g. salary statements, travel bills, and a general ledger on project-related costs) to the reporting partner by <deadline>.

The reporting and invoicing partners remain responsible for the eligibility of their own costs, unless otherwise specifically agreed. The partner’s ineligible costs as stated in the managing authority's payment order are covered by the partner.

# Article 13: Monitoring and reporting

According to article 5 of the grant contract, the lead partner will provide the managing authority with all necessary reports relating to the implementation of the project. These reports will include a narrative section and a financial section.

The partner will provide the lead partner with its contributions to both the narrative and financial sections. The partner is committed to meeting the deadlines set by the lead partner for submitting the reports. The partner is aware that failure to comply with this commitment may result in the suspension of any further transfer of resources from the lead partner.

The lead partner may ask the partner to provide additional information at any time.

# Article 14: Procurement procedures

*<Include the relevant chapters of the following (depending on the type of partner) and delete the others:>*

Public and private entities, Finland

The Finnish Act of Public Contracts (2016/1397) applies to procurements by the partner.

Public entities, Russia

The Russian national laws on procurement apply to procurements by the partner.

Private entities, Russia

The rules defined in the document ‘Award of procurement contracts’ annexed to the grant contract apply to procurements by the partner.

# Article 15: Keeping documents

In accordance with article 16.4 of Annex II of the grant contract, the partner must keep all project documents for a period of five years from the date the programme balance is paid. In particular, this includes reports and supporting documents, accounts, accounting documents and any other documents that are relevant to the activities or the financing of the project.

The estimated date from which documents will no longer have to be kept is 31 December 2030. The managing authority will inform the lead partner of the exact date after the balance payment has been issued to the programme. The lead partner must inform all partners of the exact period within which documents must be kept.

# Article 16: Ownership and use of the project results

According to article 7 of Annex II of the grant contract, the lead partner and its partners will own, and hold title and intellectual and industrial property rights to, the project’s results, reports and other documents relating to it.

The partners will submit photos, videos and other relevant visibility material to the managing authority as instructed in the programme manual. The partners grant the managing authority the right to use the submitted material freely in its communication and visibility activities.

The Republic of Finland, the Russian Federation and the European Commission will have the right to use, publish or disclose to third parties all studies financed under this project.

If the project includes an infrastructure component or a small-scale investment, it may not be subject to a substantial change within five years of project closure. In the event of such a substantial change, the managing authority will recover the programme contribution from the partner in proportion to the period for which the partner cannot fulfil the requirement.

# Article 17: Communication, publicity and dissemination of the project results

The lead partner and the partner will ensure that all activities and results are visible to the project’s final beneficiaries and to the general public.

The lead partner and the partner agree to follow the programme manual for communication and visibility and to provide any material that may be useful to publications at the programme level (brochures, newsletters, etc.) that are developed during the life of the project.

# Article 18: Recovery

The lead partner will be responsible for recovering any unjustified or ineligible expenditure and for reimbursing the managing authority for the whole amount recovered. The partner concerned will repay any amounts recovered to the lead partner.

If one partner fails to fulfil some or all of its obligations or commits a material error in the implementation of the project activities, the partner concerned will repay the amounts unduly received or unused to the lead partner within <xx days > of being asked.

***In the case of unsuccessful recovery from the lead partner***

*Include the relevant chapters of the following (depending on the type of partner) and delete the others:*

Private entities, Russia

If the managing authority is unable to recover the amounts unduly paid from the lead partner, the European Commission may recover any such amounts directly from the Russian private entity that is acting as a partner in the project.

Public entities, Russia

If the managing authority is unable to recover the amounts unduly paid from the lead partner, the Russian National Authority governing the programme may recover any such amounts directly from the Russian public entity acting as a partner in the project.

Public and private entities, Finland

If the managing authority is unable to recover the amounts unduly paid from the lead partner, the Finnish National Authority governing the programme may recover any such amounts directly from the Finnish partner of the project.

# Article 19: Rights for verifications and checks

The partner allows verifications related to the project to be carried out by the managing authority or its branch offices on its behalf, the European Commission, the European Anti-Fraud Office, the European Court of Auditors, the Programme Audit Authority / members of the Groups of Auditors, representatives of the national authorities involved in implementing and financing the programme, and any representative or external auditor authorised by the managing authority.

The partner allows the above entities to:

* access the sites and locations where the project is being implemented;
* examine its accounting and information systems, documents and databases concerning the technical and financial management of the project;
* take copies of documents;
* carry out spot checks; and
* conduct a full audit on the basis of all accounting documents and any other documents relevant to the financing of the project.

Verifications conducted by the entities mentioned above will be confidential with respect to third parties, without prejudice to the obligations of public law to which they are subject.

# Article 20: Processing personal data

The partner will guarantee that all natural persons participating in the project or the project activities have given their consent in advance to the collection, recording, storage and transfer of their personal data in the databases used by the programme authorities and management bodies.

# Article 21: Amending the partnership agreement

Any amendment to this partnership agreement must be set out in writing. The modifications may not relate to the nature of the project, including its objectives and results, or to increasing the project budget.

Information about any relevant changes to this agreement must be provided to the managing authority.

# Article 22: Changes in the project partnership

The partner agrees to withdraw from the project only in case of exceptional and duly justified circumstances, for example in the case of *force majeure*. If the partner intends to withdraw from the project, it must send an official request to the lead partner in writing.

The lead partner will immediately inform the managing authority and all other partners. The lead partner and the remaining partners will try to find a rapid and efficient solution to ensure the project continues to be implemented without any delay. Consequently, when a partner withdraws from the project, the remaining partners will cover the contribution of the withdrawing partner, either by assuming its tasks or by asking one or more new partners to join the project partnership. Finally, the lead partner will issue a request for change to the managing authority in PROMAS, including technical and financial information about the causes of the withdrawal and the solution that has been identified, if any.

The partner withdrawing from the partnership has the right only to the part of the grant that corresponds to the partial execution of the project activities and to the expenditure that has been verified up to the date of its withdrawal. This amount will be included in a final report and will not affect the lead partner’s right to claim full or partial repayment of amounts already paid, if the partner’s withdrawal is unjustified.

# Article 23: Ending the agreement

If a party believes that this agreement can no longer be executed effectively or appropriately, it will consult the other party. If there is no agreement on a solution, either the partner or the lead partner may end the grant contract by serving two months’ notice in writing, without being required to pay compensation.

# Article 24: Settling disputes

If a dispute arises in the execution of this partnership agreement between the lead partner and the partner, they will do everything possible to settle the dispute amicably. To this end, they will communicate their positions and any solution that they consider possible in writing.

The lead partner will immediately notify the managing authority of any disputes that arise during the project implementation period.

If an amicable agreement cannot be reached, the dispute will be submitted to the courts of the country of the lead partner, and the law of the country where the lead partner is established will apply.

# Article 25: Annexes

The following documents are annexed to the partnership agreement:

<……………..>

# Article 26: Working language

The partner will prepare its reports to the lead partner in the <……………..> language. The <*lead partner or partner*> is responsible for the translation of the necessary material into English. Reports submitted to the managing authority must be written in English.

|  |  |
| --- | --- |
| **For the lead partner**  Name and position of legal representative  Date, place and signature | **Partner**  Name and position of legal representative  Date, place and signature |
|  |  |  |
|  |  |