

FINANCING AGREEMENT
for the Programme Interreg V-B Adriatic-Ionian
CCI 2014TC16M4TN002

SPECIAL CONDITIONS

The European Commission, hereinafter referred to as "**the Commission**", acting on behalf of the European Union, hereinafter referred to as "**the Union**",

of the one part,

Bosnia and Herzegovina, hereinafter referred to as "**IPA II beneficiary**", represented by the Directorate for European Integration of the Council of Ministers of Bosnia and Herzegovina,

of the other part, and

The Italian Republic hereinafter referred to as "**Italy**", represented by the Regione Emilia-Romagna, acting as managing authority of the 'Interreg V-B Adriatic-Ionian (ADRION)' transnational cooperation programme,

of the third part,

have agreed as follows:

Article 1 - The Programme

- (1) The Union agrees to finance and Bosnia and Herzegovina agrees to accept the financing of the following transnational cooperation programme as set out in Annex I and approved by Commission Implementing Decision C(2015) 7147 of 20 October 2015, as corrected by Corrigendum C(2017) 12529 of 1 March 2017:

'Interreg V-B Adriatic-Ionian'
CCI: 2014TC16M4TN002
hereinafter referred to as 'the Programme'.

- (2) The Programme is financed from the Union Budget under the following basic acts:

Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and



the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006¹ (the Common Provisions Regulation, 'CPR') and of acts adopted thereupon;

Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal² ('the ETC Regulation') and of acts adopted thereupon;

Article 9(3) of Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II)³ ('the IPA II Regulation', 'IPA II');

- (3) The total estimated cost of the Programme is EUR 117 918 198, and the maximum Union contribution under IPA II to the Programme is set at EUR 15 688 887 as contribution from Heading 4.

The Union contribution shall be split in yearly commitments in accordance with Annex I to this Financing Agreement. Nothing in this Financing Agreement can be interpreted as implying a financial commitment of the Union in relation to credits which have not yet been approved by adoption of the EU budget. The Commission shall inform in writing the managing authority about the adoption of each yearly financial commitment indicated in Annex II.

The Programme requires financial contributions from both the IPA II beneficiary and the Union. The breakdown of the respective financial contributions is set out in Annex III.

Article 2 - Execution period and eligibility period

- (1) The execution period of this Financing Agreement shall commence on the entry into force of this Financing Agreement and end 12 years after this date.
- (2) In Bosnia and Herzegovina expenditure shall be eligible for a contribution from the ERDF assistance⁴ if it has been incurred by a beneficiary and paid between 1 January 2014 and 31 December 2023.

Article 3 - Interpretation

- (1) The provisions of this Agreement and its Annexes shall be interpreted as supplementing and completing the provisions of the regulatory framework provided for under Article 1.

¹ OJ L 347, 20.12.2013, p. 320.

² OJ L 347, 20.12.2013, p. 259.

³ OJ L 77, 15.03.2014, p. 11.

⁴ See definition in point (i) of Article 1(1) of Annex IV to this Financing Agreement: 'ERDF assistance' means the Union support to the Programme from budget lines under the European Regional Development Fund, both the contribution from budget Heading 1b (Economic, social and territorial cohesion) and the contribution from budget Heading 4 (Global Europe) (IPA II).

- (2) Where contradictions exist between the provisions in the Special Conditions of this Agreement and in its Annexes, and in particular the provisions in Annex IV (the "General Conditions"), the provisions contained in the Special Conditions of this Agreement shall prevail.

Where contradictions exist between the provisions of this Agreement and the provisions of the basic acts listed in Article 1(2) or of acts adopted thereupon, the provisions contained in the regulatory framework shall prevail and this Agreement shall be amended or corrected in accordance with Article 73 of the General Conditions.

- (3) Subject to any explicit provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the basic acts listed in Article 1(2).
- (4) Subject to any explicit provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.
- (5) Any references made in this Agreement and its Annexes to European Union instruments are references to such instruments as amended, supplemented or replaced from time to time.
- (6) Headings in this Agreement and in its Annexes have no legal significance and do not affect its interpretation.

Article 4 - Partial invalidity and unintentional gaps

If a provision of this Agreement is or becomes invalid, or if this Agreement contains unintentional *lacunae*'s, this will not affect the validity of the other provisions of this Agreement.

In accordance with Article 73 of the General Conditions, the Parties will replace any invalid provision or fill any unintentional *lacuna* by a valid provision which comes as close as possible to the purpose of, and intent of, the invalid provision.

Article 5 - Addresses and Communication

All communications concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to the Programme as identified in Article 1(1) and shall be sent to the following addresses:

(a) for the Commission

Directorate General for Regional and Urban Policy
B- 1049 Brussels – Belgium
E-mail: REGIO-TRANSNATIONAL-AND-INTERREGIONAL-COOPERATION@ec.europa.eu;

(b) for Bosnia and Herzegovina

Directorate for European Integration of the Council of Ministers of Bosnia and Herzegovina
Trg BiH 3/18
71000 Sarajevo

Bosnia and Herzegovina
E-mail: kabinet.dei@dei.gov.ba;

(c) for Italy

Regione Emilia Romagna
Managing authority of the Interreg V-B Adriatic-Ionian programme
Viale Aldo Moro, 18 - 40127 Bologna, Italy
MAadriion@Regione.Emilia-Romagna.it

Article 6 - Framework Agreement under IPA II

In accordance with Article 8(6) of the Framework Agreement between the European Commission and Bosnia and Herzegovina on the arrangements for implementation of Union financial assistance to Bosnia and Herzegovina under the Instrument for Pre-accession Assistance (IPA II) which entered into force on 24 August 2015 (hereafter referred to as “the Framework Agreement”), the rules for implementation of the Programme shall be set out in this Financing Agreement. Consequently the Programme shall be implemented in accordance with the provisions of this Financial Agreement between the European Commission and Bosnia and Herzegovina.

This Financing Agreement shall be supplemented by the provisions of the Framework Agreement, in particular where this Financing Agreement does not contain specific provisions on a given issue.

In case of conflict between, on the one hand, the provisions of this Financing Agreement and, on the other hand, the provisions of the Framework Agreement, this Financing Agreement shall take precedence.

Article 7 - Annexes

This Financing Agreement is composed of:

- (a) these Special Conditions;
- (b) the following Annexes which form an integral part thereof:
 - i. Annex I: the Interreg V-B Adriatic-Ionian transnational cooperation programme;
 - ii. Annex II: the financial plan (part yearly financial commitments);
 - iii. Annex III: the financial plan (part financial contributions by the Union and the IPA II beneficiaries per priority axis), as corrected by Corrigendum C(2017) 1529 of 1 March 2017;
 - iv. Annex IV: the General Conditions.

Article 8 - Provisions establishing the applicable programme implementation conditions in accordance with Article 26 of the ETC Regulation

Provisions complementing Annex IV:

- (a) In complementing Article 14 of Annex IV, the participating countries have decided that the lead beneficiary for an operation in the Programme can be located in an IPA II beneficiary, as specified in section 9.4 of the Programme.
- (b) In complementing Article 23 of Annex IV, with regard to the ceiling for Technical assistance, considering that the allocation of Technical Assistance has been done separately for the Headings 1b (Economic, social and territorial cohesion) and 4 (Global Europe) (IPA II), the Technical assistance appropriation under IPA II is EUR 1 500 000 as foreseen in Article 23 for programmes with a total allocation not exceeding EUR 50 000 000.

Article 9 - Provisions supplementing Annex IV

Provisions supplementing Annex IV:

- (a) In supplementing Article 12(2) of Annex IV, the participating Member States have decided to apply option (d);
- (b) in supplementing Article 33(1) of Annex IV, the IPA II beneficiary has opted for the use of the Practical Guide to Contract Procedures for EU External Actions;
- (c) in supplementing Article 34(1) of Annex IV, these Special Conditions shall not allow the participation in call for proposals of entities without legal personality;
- (d) in supplementing Article 34(5) of Annex IV, eligibility as defined in that Article is further restricted with regard to the nationality, geographical location or nature of applicants where such restrictions are required by the specific nature and the objectives of the action and where they are necessary for its effective implementation;
- (e) in supplementing Article 40(1) of Annex IV, the participating Member States and the IPA II beneficiary have not authorised the audit authority to carry out directly its functions in the whole of the territory. They have not specified when the audit authority is to be accompanied by an auditor of a Member State or an IPA II beneficiary;
- (f) in supplementing Article 41(2) of Annex IV, the IPA II beneficiary has not authorised the audit authority to carry out directly the functions provided for in Article 127 of Regulation (EU) No 1303/2013 in the whole of the territory covered by the cooperation programme;
- (g) in supplementing Article 44 of Annex IV, the national IPA co-ordinator has not delegated its managing role for co-ordinating the participation of Bosnia and Herzegovina in the Programme.
- (h) in supplementing Article 48 of Annex IV, the co-financing rate and the maximum amount of the ERDF assistance per priority axis, per contribution from budget Heading 1b and per contribution from budget Heading 4 (IPA II) are defined as set out on in Annex III;
- (i) in supplementing Article 56(3) of Annex IV, the method chosen for this Programme is the one referred to in point (b) 2nd option of the first subparagraph of that Article;

- (j) in supplementing Article 67(3) of Annex IV, the participating countries have decided not to recover an amount unduly paid if the amount to be recovered from the beneficiary, not including interest, does not exceed EUR 250 in contribution from the ERDF assistance.

Article 10 - Additional Bilateral agreement

Italy and Bosnia and Herzegovina have agreed that the detailed arrangements between them do not need to be part of this Financing Agreement on form of a specific Annex, because all issues are sufficiently covered in the Programme, the General and Special Conditions, the Implementation manual for beneficiaries, the Technical Assistance Manual, and the description of the management and control system as well as any further specific implementation documents approved by the Monitoring Committee.

Those detailed arrangements have laid down in an exhaustive way all rules governing the respective relationship between the managing authority (including the technical secretariat), the certifying authority and the audit authority of the Programme and the respective authorities in the IPA II beneficiary.

Article 11 - Entry into force

This Financing Agreement shall enter into force on the date on which it is signed by the last party.

This Financing Agreement is drawn up in three exemplars in the English language, one being handed to the Commission, one to Bosnia and Herzegovina and one to Italy.

For Bosnia and Herzegovina,

Edin Dilberović
Director, Directorate for European Integration of
the Council of Minister

Sarajevo, 31.10.2017



For the Commission:

Marc Lemaître
Director General
Directorate General for Regional and Urban Policy

Brussels, 27.11.2017

p.o. [Signature]

For Italy:

Francesco Raphael Frieri
General Manager
Regione Emilia Romagna

Bologna, 16.10.2017

[Signature]

