

FINANCING AGREEMENT

for Interreg-IPA CBC Croatia - Bosnia and Herzegovina - Montenegro 2014-2020

CCI 2014TC1615CB004

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, and

Montenegro, hereinafter referred to as "**IPA II beneficiary**", represented by the Ministry of Foreign Affairs and European Integration,

of the other part

have agreed as follows:

Article 1 - The Programme

- (1) The Union agrees to finance and the IPA II beneficiary agrees to accept the financing of the following cross-border cooperation programme as set out in Annex I and approved by Commission Implementing Decision C(2015)8447 of 24 November 2015:

Interreg-IPA CBC Croatia - Bosnia and Herzegovina - Montenegro 2014-2020
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hereinafter referred to as 'the Programme'.


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

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)¹ (the IPA II Regulation, 'IPA II');

- (3) The total estimated cost of the Programme is EUR 67 241 552, and the maximum Union contribution under IPA II to the Programme is set at EUR 57 155 316, of which EUR 28 577 658 as contribution from Heading 4.

The Union contribution shall be split in yearly commitments in accordance with Annex I. 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

¹ OJ L 77, 15.03.2014, p. 11.

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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 the IPA II beneficiary expenditure shall be eligible for funding under IPA II assistance if it has been incurred by a final beneficiary from the IPA II beneficiary and paid after the submission of the Programme, i.e. 18 November 2014, and before 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 of this Agreement.
- (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.
- (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

- (1) If a provision of this Agreement is or becomes invalid, or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of, and intent of, the invalid provision.

- (2) The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the regulatory framework.

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**

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

(b) **for the IPA II beneficiary**

Ministry of Foreign Affairs and European Integration
Stanka Dragojevića 2
81000 Podgorica
Montenegro

Article 6 - Framework Agreement

In accordance with Article 8(5) of the Framework Agreement between the European Commission and Montenegro on the arrangements for implementation of Union financial assistance to Montenegro under the Instrument for Pre-Accession Assistance (IPA II) which entered into force on 4 June 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 Montenegro.

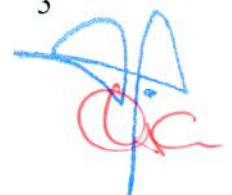
This Financing Agreement shall be supplemented by the provisions of the Framework Agreement, in particular where this Financing Agreement does not contain specific provisions on a given issue.

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, the latter shall take precedence.

Article 7 - Annexes

(1) This Financing Agreement is composed of:

- (a) these Special Conditions;
- (b) the following Annexes which form an integral part thereof:
 - i. Annex I: the IPA-CBC 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);
- iv. Annex IV: the General Conditions.

(2) In the event of a conflict between, on the one hand, the provisions of the Annexes and, on the other hand, the provisions of these Special Conditions, the latter shall take precedence.

In the event of a conflict between, on the one hand, the provisions of Annex I and, on the other hand, the provisions of Annex IV, the latter shall take precedence.

Article 8 - Provisions supplementing Annex IV

Provisions supplementing Annex IV:

- (a) in supplementing Article 11(2) of Annex IV, the participating countries in the Programme have not agreed on specific rules and conditions for community-led local development, joint action plans and integrated territorial investments as the Programme does not foresee these actions;
- (b) 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;
- (c) in supplementing Article 34(5) of Annex IV, eligibility as defined in that Article is not further restricted with regard to the nationality, geographical location or nature of applicants;
- (d) in supplementing Article 37(4) of Annex IV, the participating countries in the Programme have not designated the single managing authority to carry out the functions of the certifying authority;
- (e) in supplementing Article 42(3) 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 a cooperation programme;
- (f) in supplementing Article 45 of Annex IV, the national IPA co-ordinator has not delegated its managing role for co-ordinating the participation of the IPA II beneficiary in the relevant cross-border programmes to a territorial cooperation coordinator or operating structure;
- (g) in supplementing Article 49 of Annex IV, the co-financing rate and the maximum amount of IPA II assistance, are based on total eligible expenditure, including public and private expenditure;
- (h) in supplementing Article 57(3) of Annex IV, the method chosen for this Programme is the one referred to in point (b) of the first subparagraph of that Article;
- (i) in supplementing Article 73(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 IPA II assistance.

Article 9 - 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 duplicate in the English language, one being handed to the Commission and one to the IPA II beneficiary.

For the IPA II beneficiary:

Ambassador Aleksandar Andrija Pejović
State Secretary for European Integration
National IPA Coordinator

Signature
Podgorica, date



For the Commission:

Walter Deffaa
Director General DG REGIO

Signature
Brussels, date

10 JUN 2016