

Partnership agreement between the lead partner and its project partners for the implementation of the project #R043 RDI2CluB of Interreg Baltic Sea Region

Having regard to

- 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 goal, Article 13(2),
- The cooperation programme "Interreg Baltic Sea Region" (CCI 2014TC16M5TN001) - hereinafter referred to as **Programme**,
- The Interreg Baltic Sea Region Programme Manual, hereinafter referred to as **Programme Manual**,
- The Agreement on the Management, Financial and Control Systems of Interreg Baltic Sea Region (hereinafter referred to **MCS Agreement**) made between the countries participating in the Programme and the Investitionsbank Schleswig-Holstein, hereinafter referred to as **IB.SH**,
- The Agreement on Management, Control and Audit concerning beneficiaries located outside the Programme area of the Interreg Baltic Sea Region Programme 2014-2020 (Agreement according to Article 20(2)(c) of Regulation (EU) No 1299/2013) made between the partner countries to the Programme and the IB.SH (hereinafter referred to as **MCA Agreement**),
- The Agreement between the European Commission, the Russian Federation and the Federal Republic of Germany on the financial contribution of the European Union and the Russian Federation both provided for the implementation of the Transnational Cooperation Programme "Interreg Baltic Sea Region 2014-2020" in the Russian Federation, hereinafter referred to as **Financing Agreement**,
- The subsidy contract for the implementation of the project #R043 RDI2CluB of Interreg Baltic Sea Region (hereinafter referred to as **subsidy contract**), in particular Article 5(4) thereof,
- The latest version of the project data available in the electronic Monitoring System (hereinafter referred to as **project data**). These data derive from the original application selected by the Monitoring Committee, and comprise subsequent changes to the original project setup approved by the IB.SH. All decisions on project selection and changes to the project setup including their enclosures form an integral part of the subsidy contract,

the following partnership agreement (hereinafter referred to as **agreement**) is concluded between

Jyväskylän ammattikorkeakoulu (JAMK) - JAMK University of Applied Sciences

business ID: 1006550-2
with its official address at Rajakatu 35, FI-40200 Jyväskylä, FINLAND
and represented by Rector, Managing Director, Jussi Halttunen

hereinafter referred to as **lead partner, or LP**, meaning the lead beneficiary of the project as defined in Article 13 of Regulation (EU) No 1299/2013. The LP is listed in the project data as project partner no° 1.

and

Keski-Suomen liitto – Regional Council of Central Finland

business ID: FI08301553
with its official address at Cygnaeuksenkatu 1, FI-40100 Jyväskylä, FINLAND
represented by Executive Director, Tapani Mattila
and listed in the project data as **project partner no° 2**

SSYP Kehitys Oy – SSYP Kehitys Oy Ltd

business ID: FI 2410366-1
with its official address at Sivulantie 11, FI-43100 Saarijärvi, FINLAND
represented by Managing director, Petri Mustamäki
and listed in the project data as **project partner no° 3**

Høgskolen i Innlandet – Inland Norway University of Applied Sciences

business ID: 918108467
with its official address at P.O.Box 400, 2418 Elverum, NORWAY
represented by Rector, Kathrine Skretting
and listed in the project data as **project partner no° 4**

Hedmark Fylkeskommune – Hedmark County Council

business ID: 942116217
with its official address at Parkgata 64, 2325 Hamar, NORWAY
represented by Council director, Hanne Varhaug-Søberg
and listed in the project data as **project partner no° 5**

Tretorget AS - Tretorget Ltd

business ID: 983375014
with its official address at Box 368, 2403 Elverum, NORWAY
represented by CEO, Ola Erik Rostad
and listed in the project data as **project partner no° 6**

Regionalne Centrum Naukowo-Technologiczne – Regional Science and Technology Center

business ID: 959 18 66 812
with its official address at Podzamcze 45, 26-060 Chęciny, POLAND
represented by Director, Michał Piast
and listed in the project data as **project partner no° 7**

Województwo Świętokrzyskie - Świętokrzyskie Voivodeship

business ID: REGON291009337
with its official address at ul. Paderewskiego 34a, 25-502 Kielce, POLAND
represented by Deputy Director of the Department of Promotion, Education, Culture, Sport and Tourism, Ewa Kapel-Śniowska
and listed in the project data as **project partner no° 8**

Fundacja Edukacji i Dialogu Społecznego PRO CIVIS - Foundation for Education and Social Dialogue PRO CIVIS

business ID: KRS0000298129
with its official address at Szkolna 36A Street, 25-604 Kielce, POLAND
represented by President of the Board, Tadeusz Pęczek
and listed in the project data as **project partner no° 9**

Vides risinājumu institūts – Institute for Environmental Solutions

business ID: 50008131571
with its official address at Lidlauks, Priekule County, Priekule Parish, LV4101 Priekule, LATVIA
represented by Managing director, Inese Suija Markova
and listed in the project data as **project partner no° 10**

Vidzemes plānošanas reģions – Vidzeme Planning Region

business ID: 90002180246
with its official address at Jāņa Poruka iela 8-108, LV-4101 Cēsis, Cēsu novads, LATVIA
represented by Head of Administration, Guna Kalniņa-Priede
and listed in the project data as **project partner no° 11**

Stockholmi Keskonnainstituudi Tallinna Keskus - Stockholm Environment Institute Tallinn Center

business ID: 9000966
with its official address at Lai 34, 10133 Tallinn, ESTONIA
represented by Director, Lauri Tammiste
and listed in the project data as **project partner no° 12**

- each hereinafter referred to as **project partner**, or **PP**, meaning the other beneficiary as defined in Article 13 of Regulation (EU) No 1299/2013, in the Programme and in the Programme Manual, for the implementation of the project #R043 RDI2CluB selected by the Monitoring Committee of Interreg Baltic Sea Region on 24/05/2017 (hereinafter referred to as **project**).

Table of content

Article 1 Subject of the agreement	5
Article 2 Duration of the agreement	5
Article 3 Project objectives, project partnership	5
Article 4 Obligations of the lead partner.....	6
Article 5 Obligations of the project partners	6
Article 6 Project Steering Committee.....	8
Article 7 Management Support Team	9
Article 8 Co-operation with third parties	10
Article 9 Detailed work plan and quality of main outputs	10
Article 10 Background Material	11
Article 11 Ownership and User Rights for Project Outputs	11
Article 12 Detailed project budget, LPs and PPs contributions.....	13
Article 13 Detailed spending plan	13
Article 14 Request for payments, reporting.....	14
Article 15 Liability.....	16
Article 16 Non-fulfilment of obligations.....	16
Article 17 Recovery of amounts unduly paid	16
Article 18 Withdrawal from the partnership	17
Article 19 Applicable law.....	17
Article 20 Dispute settlement	17
Article 21 Working language, communication, publicity	18
Article 22 Confidentiality requirements.....	19
Article 23 Concluding provisions	19
Annexes.....	20

Article 1

Subject of the agreement

1. Subject of this agreement is the organisation of a partnership and the stipulation of provisions in order to ensure a sound implementation of the project.
2. The subsidy contract between the IB.SH (acting as Managing Authority and Joint Secretariat of Interreg Baltic Sea Region) and the LP dated 18/09/2017 for the implementation of the project – including annexes, amendments, and supplements, as well as the body of rules and regulations it is based on and refers to – is considered to be an integral part of this agreement. The subsidy contract and any addendum to the subsidy contract shall be attached to this agreement as **Annex I**.

Article 2

Duration of the agreement

1. This agreement shall take effect retrospectively from the date the subsidy contract entered into force (cf. Article 13(1) of the subsidy contract), i.e. from 18/09/2017. In case project activities are carried out in the phase after the day of the selection decision by the Monitoring Committee (24/05/2017) but before the entry into force of the subsidy contract and this agreement, the provisions of this agreement shall already apply to this phase of project implementation.
2. It will remain in force until complete fulfilment of the LP and PPs' obligations under this agreement and the subsidy contract.

Article 3

Project objectives, project partnership

1. The LP and the PPs commit themselves in doing everything in their power to jointly implement the project in accordance with the project data and to support one another with the aim to reach the objectives of the project. This also includes the commitment to produce qualitative outputs and to achieve the results set in the project data.
2. The PPs entitle the LP to represent the PPs in the project towards the IB.SH. They commit themselves to undertake all steps necessary to support the LP in fulfilling its obligations specified in the subsidy contract and in this agreement.

Article 4

Obligations of the lead partner

1. The LP shall be responsible for the overall coordination, management and implementation of the project. It shall fulfil all obligations arising to the LP from Article 13(2) and (3) of the Regulation (EU) No 1299/2013, the subsidy contract including the body of rules and regulations it bases on and refers to, as well as the Programme Manual. That means in particular:
 - a) complying with the rules on eligibility of expenditure as stipulated in Article 3 of the subsidy contract,
 - b) providing progress reports to IB.SH, requesting and receiving payments from IB.SH in accordance with Article 4 of the subsidy contract,
 - c) complying with the obligations defined in Articles 5 and 6 of the subsidy contract,
 - d) carrying out publicity measures and maintaining the project's website, if part-financed by the Programme, in accordance with Article 7 of the subsidy contract,
 - e) ensuring that any repayment is made in accordance with Article 8(2) and (3) of the subsidy contract,
 - f) assisting any audit or evaluation and retaining all files, documents and data related to the project in accordance with Article 9 of the subsidy contract,
 - g) complying with the rules on assignment, liability, dispute settlement towards the IB.SH and communication as determined in Articles 10-13 of the subsidy contract.
2. In addition to the responsibilities of the LP stipulated in this article, specific obligations of the PPs (cf. Article 5 of this agreement) do also apply to the LP.

Article 5

Obligations of the project partners

1. Each PP undertakes to comply with the body of rules and regulations referred to in Article 1 of the subsidy contract (including any amendments made to these rules and regulations) as well as relevant national regulations and all other rules applicable to the PP. That means in particular:
 - a) completing all activities, outputs and main outputs as foreseen in the detailed work plan (cf. Article 9 of this agreement),
 - b) complying with the rules on eligibility of expenditure as provided for in the Programme Manual and in line with Article 3 of the subsidy contract,
 - c) guaranteeing a sound financial management of its budget as indicated in the last approved version of the project data,
 - d) in accordance with Article 14 of this agreement, providing proof of progress in the implementation of project activities and the achievement of outputs and submitting a validation on the eligibility

of the project-related expenditure by a controller designated/approbed by the respective country (first level controller),

- e) upon request submitting to the LP the accounting reports or other documents, including copies of all pieces of evidence (receipts, invoices or accounting documents of equivalent probative value, documents related to tender, bank statements, etc.) (cf. Article 14 of this agreement),
- f) assuming responsibility in the event of any irregularity in the expenditure it has declared,
- g) repaying the LP any amounts unduly paid and complying with any request for repayment by the IB.SH and/or the LP based on Article 8(2) of the subsidy contract and Article 17 of this agreement,
- h) being responsible for information, communication and publicity measures for the public as referred to in Article 21 of this agreement,
- i) keeping the ownership of project outputs having the character of investments within 5 years as specified in Article 71 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council and in the Programme Manual,
- j) keeping available all its documents related to the project. In line with the requirements of the Programme Manual, each PP is obliged to retain for audit purposes all files, documents and data about the project, in particular the subsidy contract and partnership agreement, as well as all reports and supporting documents regarding expenditure co-financed by the Programme. The retention periods depend on the type of Programme co-financing awarded and are laid down in the Programme Manual. Other possibly longer statutory retention periods as might be stated by national law remain unaffected. These obligations shall persist even if the PP is excluded from the project or the PP has withdrawn from the project (cf. Article 16(1), 18(1) of this agreement).

2. By signing this agreement, each PP declares that it:

- a) is familiar with and adheres to the content of the subsidy contract and the provisions it bases on and refers to; this includes the rules defined in Article 8 of the subsidy contract, which entitle the IB.SH to terminate the subsidy contract and/or to demand repayment of the co-financing in full or in part,
- b) is familiar with and adheres to the latest approved version of the project data,
- c) undertakes to inform the LP immediately about all circumstances that delay, hinder or make impossible the realisation of the project as well as all circumstances that mean a change of the disbursement conditions or which would entitle the IB.SH to terminate the subsidy contract, to discontinue payments or to demand repayment of the co-financing in full or in part (cf. Article 8 of the subsidy contract).

Article 6 Project Steering Committee

1. In accordance with the description of the strategic project management in work package 1 'Management and administration' of the project data, the LP, in agreement with the PPs, shall set up a Project Steering Committee (hereinafter referred to as **PSC**) responsible for monitoring the implementation of the project. The PSC shall be set up within 6 months after this agreement entering into force. The establishment of the PSC shall be without prejudice to the obligations of the LP and the PPs as determined in this agreement.
2. The PSC shall be chaired by the representative of the LP. Each partner shall have a representative in the PSC. Financiers' representatives can be invited to the PSC meetings, but they shall have no right to vote in the meetings. PSC may be extended, if mutually agreed by the Partners. Experts of Project Advisory Board or Multiplier Group can be invited to the PSC meetings when deemed beneficial. Experts shall have no right to vote.
3. The PSC meeting has a quorum, when at least 50 % of the members of the PSC and the representative of the LP are present. The Lead partner shall have two votes and other members of the PSC shall have one vote.
4. The PSC shall meet once during every reporting period. Meetings can take place via video conferencing. Meetings take place at the request of its Chairperson or at the request of at least 50 % of the PSC members. LP shall convene the meetings with at least 20 days' prior notice and provide the meeting agenda and materials on at least 7 days' prior notice.
5. The GoA leaders will each act as secretary of the PSC meetings in their turn starting with GoA2.1 leader and ending with GoA4.2 leader. The minutes shall be transmitted to the PSC members within two working days by email. The members shall make possible remarks on the minutes within the following week. The minutes shall be accepted in the next PSC meeting.
6. The PSC can decide to set up task forces in order to support the work of the PSC and facilitate the implementation of the project.
7. The PSC shall be in charge of:
 - a. steering, supporting and supervising the implementation of the Project;
 - b. analysing, on a regular basis, the results achieved by the Project;
 - c. approving and amending the detailed Project work plans;
 - d. agreeing on a need to request permission for a major change to project data in line with the procedure and definition for major change in the Programme Manual; and

- e. settling disputes in accordance with Article 20 of this Agreement
- 8. Further rules concerning proceedings of the PSC such as its composition, tasks, competencies, co-chairmanship, frequency of meetings, decision-making procedures, etc. shall be regulated in rules of procedure of the PSC. The rules of procedure of the PSC shall be agreed by the LP and the PPs and approved by the PSC during its first meeting.

Article 7 **Management Support Team**

1. In accordance with the description of the strategic project management in work package 1 'Management and administration' of the project data, the LP, in agreement with the PPs, shall set up a Management Support Team (hereinafter referred to as **MST**) responsible for coordination of the implementation of the project. The MST shall be established by the signature of this Agreement. The MST shall consist of the Project Coordinator and the leaders of each Group of Activities.
2. The MST shall be chaired by the Project Coordinator. Each member of the MST shall have one vote. MST shall meet 2-4 times per project period. LP shall convene the meetings with at least 15 days' prior notice and provide the meeting agenda and materials on at least 7 days' prior notice. The MST shall meet at the request of its Chairman or at the request of one of the Work Package Leaders. The meetings can take place via video conferencing. The MST shall decide upon its own meeting procedures and adjust them based on majority vote.
3. LP will make notes of the meetings and the meeting notes will be shared on the internal communication platform of the project for all PPs for open commenting and dialogue. All commentary within two weeks since the notes have been made available will be compiled for the final notes archived at the internal communication platform.
4. The MST shall be in charge of:
 - a. coordination of overall progress in the project;
 - b. drawing up future work plans for the practical implementation of the Project to be presented to the PSC by the Project Coordinator;
 - c. coordination of target group involvement, documentation of learning experiences and dissemination of outputs as well as monitoring the fulfilment of the open-access principle;
 - d. technical coordination and cooperation between Work Packages; and
 - e. agreeing on minor changes to project data in line with the procedure and definition for minor change in the Programme Manual.

Article 10

Background Material

1. The Project and this Agreement shall not cause any changes in the ownership of the Background Material. Background Material shall mean all material or information, which is held by a party to this agreement prior to the conclusion of this agreement, or acquired by it independently from the project and which is needed to carry out the project or utilize the project outputs, regardless of the form this Background Material takes or whether it is protected or unprotected in terms of intellectual property rights.
2. The PP or LP shall submit Background Material free of charge for use by the project as agreed in the Work Plan or elsewhere separately. When a PP or LP provides Background Material for use in the project, it shall at the same time give other PPs and LP a limited right to use the part of its Background Material that is necessary for carrying out the assigned tasks relevant to this project. This limited right to use Background Material is granted only for the duration of the project. In all other regards, the party to this agreement owning the Background Material reserves all rights to its Background Material which has been granted to another party to this agreement, and the latter party to this agreement has no other right to use said Background Material than for fulfilling duties according to this Agreement.
3. Where the parties to this agreement have not before the project or during the project specifically agreed over the use of the owning party's Background Material and the special terms for the use of the Background Material in the aforementioned way, the owning party provides without separate compensation the other parties with the User Right also to that part of the Background Material that the Owning party has included in the project output and that is needed to utilize the other parties' or party's own project output.

Article 11

Ownership and User Rights for Project Outputs

1. A Project Output and Material generated in the project is owned by the party to this agreement which has generated it. A Project Output shall mean all publications, reports, models, platforms and other outputs described in the Project Data. Material shall mean material developed during Project Activities, including figures, illustrations, source code, and audio-visual material; as well as material collected during Project Activities, including statistical data, measurement and observation data collected in pilot activities, information collected from stakeholders, target groups and experts via interviews, questionnaires, surveys and workshops and any other data collected during implementation of project activities. Any PP and LP shall submit all Project Material for the other parties to this agreement for use by the project as agreed in the Work Plan or elsewhere separately. When a PP or LP provides Material for use in the project, it shall at the same time give other PPs and LP a limited right to use the part of its Material that is necessary for carrying out the assigned tasks relevant to this project.

2. Where several parties to this agreement have jointly carried out work generating the Project Output and Material, and where their respective share of the work cannot be ascertained, they shall have joint ownership of such Project Output and Material. Each Joint owner shall have the perpetual and irrevocable right, without territorial restriction, to use, modify and grant non-exclusive licenses to the joint Project Output and Material with due alignment to Article 11(3) of this agreement. The right to grant sub-licenses includes a right for the sub-licensee to grant further non-exclusive sub-licenses to third parties.
3. With respect to the open access principle of the Interreg BSR programme, all Project Outputs are open-source and widely disseminated on a non-exclusive and non-discriminatory basis to ensure the most transparent and the widest possible access to all interested stakeholders including potential competitors. The publications on the aforementioned Project Outputs have to be in the form of “defensive publications”, so that all innovations and inventions arising from the project are made available in the public domain and become state of art.
4. The Project Outputs to be stored and published on Open Virtual BSR Biobusiness Hub shall be decided upon by MST. The platform will be open for any interested user and material is published on Creative Commons licenses or equivalent to be chosen by the party to this agreement owning the Project Output in question.
5. A party to this agreement part of whose Project budget has been used for generating Project Output by person or persons (either a natural person or juridical) other than Partners or their employees shall ensure that appropriate agreements will be entered into in order to transfer to the aforementioned person or persons the obligations concerning the ownership and user rights of the Project Outputs under this Agreement.
6. The PPs grant the IB.SH the user rights for the Project Outputs and Material as described in the subsidy contract and the rules and regulations constituting the contractual basis of it.
7. If a natural person (a member of personnel, student or other) working for a PP or LP is entitled to claim rights to Project Output or Material, the PP shall take steps to reach appropriate agreements to ensure that these rights can be exercised in a manner compatible with its obligations under this Agreement.
8. Where a PP or LP transfers its ownership of a Project Output and Material, it shall conclude agreement to pass on to the assignee its obligations under this Agreement and under subsidy contract, in particular regarding the operation and maintenance of the Project Outputs and the granting of user rights.
9. The PPs and LP agree to enter into an agreement on the operation and maintenance as well as ownership rights of the Open Virtual BSR Biobusiness Hub to be generated in the project before the end of the project.

Article 12

Detailed project budget, LPs and PPs contributions

1. The PPs accept the detailed project budget determined in the latest project data, as well as the amount and composition of the earmarked co-financing (approved grant) awarded to the LP as defined in the subsidy contract (cf. Article 2(1) and (2) thereof). Each PP commits itself to providing its own contribution to the total project budget. If a PP exceeds its project budget as defined in the Annex III, the overspend is considered to be an increment of the PP's own contribution, and it does not entitle to claims for additional co-financing. Respectively, if a PP sees that it will not use part of its budget, it shall immediately inform the LP. In case that in the end of the project the PP's project costs turn out to be lower than estimated, the ERDF co-financing granted to the said PP will be reduced correspondingly.
2. The detailed project budget in the latest project data provides detailed financial data for the LP and each PP per budget line (hereinafter referred to as BL). Furthermore, it specifies the LP's and each PP's co-financing rates and their detailed budgets for BL4 'External expertise and services' and BL5 'Equipment'.
3. The amounts of co-financing defined in the project data are considered as maximum provisional amounts. The Programme co-financing will be paid by the LP to the PPs on the basis of the reported eligible expenditure only.
4. Disbursement of co-financing shall be made by the LP subject to the condition that the IB.SH makes the funds available to the extent specified in the project data. If the IB.SH does not make the funds available to the extent specified in the project data, any claim by a PP against the LP for whatever reason is excluded.
5. The PPs shall inform the LP immediately when any need for an amendment of the project budget occurs. Any request for amendment of the project budget as laid down in the project data submitted by the LP to the IB.SH, shall be authorised by the PPs beforehand. The rules on changes in the approved project set-up as determined in the Programme Manual and in the subsidy contract will be observed by the partnership.

Article 13

Detailed spending plan

1. Based on the spending plan for project expenditure included in the latest project data and corresponding to the detailed work plan referred to in Article 9 of this agreement, the LP and the PPs have agreed on a detailed spending plan which is attached to this agreement as **Annex III**. It provides six-monthly spending targets at the level of all parties to this agreement.
2. All PPs declare that they will report costs and request payments according to the timeframe established in Article 14 of this agreement and at least to the extent defined in the spending plan

(Annex III). Costs not reported or payments not requested in time and in full as indicated in the spending plan may be lost. Moreover the maximum amount of ERDF co-financing approved (cf. Article 2(1) of the subsidy contract) might be reduced, if the amounts of actual payment requests are less than the expected payment requests. Further details on financial planning and de-commitment are provided in the Programme Manual.

3. PPs agree that any cost reported and included in a payment request has to be eligible according to the financing rules set in the subsidy contract. Any cost failing to fulfil the said eligibility, remains liability of the reporting PP.

Article 14 **Request for payments, reporting**

1. The PP is aware, that expenditures incurred as a result of implementation of project activities are reimbursed retrospectively. Therefore, each PP shall apply relevant measures to maintain sufficient level of financial liquidity to cover the project related expenditures.
2. The PPs are entitled to request payments by providing proof of progress in the implementation of their activities as described in the latest approved version of the detailed work plan (Annex II). The PP shall present to the LP partner progress reports by using special forms provided by the LP consisting of an activity report and a validated financial report.
3. Partner progress reports must be validated by the first level controller of the PP as defined in the Programme Manual before their submission to the LP.
4. The PPs must observe detailed instructions for submission of the partner progress reports as laid down in the partner reporting forms and the Programme Manual. In order to enable the LP to meet the deadlines for submission of progress reports according to Article 4 of the subsidy contract, the following dates of submission apply for each PP:

Partner progress report	Reporting period		Deadline for submission
	Start date	End date	
1	25/05/2017	31/03/2018	01/06/2018
2	01/04/2018	30/09/2018	01/12/2018
3	01/10/2018	31/03/2019	01/06/2019
4	01/04/2019	30/09/2019	01/12/2019
5	01/10/2019	31/03/2020	01/06/2020
6	01/04/2020	30/09/2020	01/12/2020

The PPs are also aware of the time limits concerning a request for postponement of a deadline for submission of a progress report and the right of the IB.SH to consider consequences in case a

progress report is delayed (cf. Article 4 of the subsidy contract). Any postponement of a deadline for submission of a partner progress report must be approved by the LP beforehand.

5. In case a PP ascertains that it will be behind schedule with its contribution to the progress report as defined in Article 4 of the subsidy contract, the PP shall immediately inform the LP; such an information must not be submitted later than the actual deadline for submission of the given partner progress report. The PP concerned and the LP, supported by the other parties to this agreement, shall make any effort to jointly sort out the problem causative for the default. If necessary, the LP shall submit a request for postponement of the deadline for submission of the progress report to the IB.SH in accordance with Article 4 of the subsidy contract.
6. In case a PP does not comply with the requirement to inform the LP, does not sort out any problem causative for the default, is responsible for not meeting a deadline for a request for postponement according to Article 4 of the subsidy contract, or such a request is not approved by the IB.SH, the LP shall be entitled to exclude the partner progress report (activity report and financial report) in the relevant reporting period from the progress report the LP is obliged to submit to the IB.SH according to the subsidy contract.
7. In order to proceed with the analysis of progress and final reports, each PP must provide additional information if the LP or the IB.SH deem that necessary. Additional information requested by the IB.SH shall be collected and sent by the LP within the time frame demanded by the IB.SH.
8. Similar to the right of the IB.SH as laid down in Article 4(5) of the subsidy contract, the LP reserves the right not to accept – in part or in full – expenditure validated by PPs' first level controllers if – due to the results of the LP's own checks and/or controls or audits performed by another authority (e.g. the first level controller of the LP) – the validation or the facts stated therein prove to be incorrect or if the underlying activities are not in line with the legal framework as set out in Article 1 of the subsidy contract. In such a case, the LP will either reduce the requested payment, demand repayment of funds already paid out unduly or set them off against the next payment request submitted by the PP, if possible and in accordance with Article 132 of Regulation (EU) No 1303/2013.
9. The co-financing awarded by the subsidy contract and paid to the account of the LP following its request for payment according to Article 4 of the subsidy contract, shall be redistributed between the relevant PPs to accounts indicated by the PPs. No deduction, retention or further specific charges which would reduce the amount of a share covering the eligible costs of a PP and accepted by the IB.SH for the said PP in accordance with these rules shall be made by the LP. Any exchange rate risk shall be borne by the respective PP.

Article 15

Liability

1. Within the partnership, each party to this agreement shall hold harmless the other parties and indemnify them from liabilities, damages and costs resulting from the non-compliance of its individual duties and obligations as set forth in this agreement and its annexes.
2. The LP and each PP is solely liable for the statements/commitments made in its partner declaration which is attached to the latest project data.
3. No party to this agreement shall be held liable for not complying with obligations ensuing from this agreement and its annexes in case of force majeure. In such a case, the party concerned must announce this immediately in writing to the other parties to this agreement.

Article 16

Non-fulfilment of obligations

1. In case a PP repeatedly does not fulfil its obligations stipulated in the subsidy contract, this agreement and the respective annexes, the LP may decide to exclude the PP from the project, with approval of the Monitoring Committee of Interreg Baltic Sea Region. The LP shall without delay inform the IB.SH of such decision. In case the exclusion is approved by the Monitoring Committee of Interreg Baltic Sea Region, the PP is obliged to refund to the LP any Programme funds received by the day of exclusion for which it cannot prove that they were used for the implementation of the project according to the rules of eligibility of expenditure.
2. In case of non-fulfilment of obligations of a PP is having financial consequences for the funding of the project as a whole, the LP may demand compensation to cover the sum involved.

Article 17

Recovery of amounts unduly paid

1. In case the IB.SH demands, in full or in part, repayment of the co-financing already paid to the LP in accordance with the provisions of the subsidy contract, every PP is obliged to transfer its portion of any amount unduly paid to the LP in compliance with Article 27(2) of Regulation (EU) No 1299/2013. The LP shall without delay inform the PPs by forwarding a copy of the letter by which the IB.SH has asserted the repayment claim (cf. Article 8(2) of the subsidy contract). Moreover, the LP shall notify each PP in writing of the amount repayable to the account of the LP. Alternatively and where applicable, the repayment amount will be offset against the next payment by the IB.SH to the LP or remaining payments can be suspended (cf. Article 8(4) of the subsidy contract).
2. Taking into account the due date stated in the letter of the IB.SH as referred to in Article 8(2) of the subsidy contract, repayment by the PPs to the LP is due within two weeks following the date of the