



**EEA Financial Mechanism 2009-2014
Scholarship Programme HU08**

GRANT AGREEMENT – GENERAL CONDITIONS

PART "A": LEGAL AND ADMINISTRATIVE PROVISIONS

ARTICLE 1 - LIABILITY

- 1.1 **Project Promoter** has exclusive liability for the completion of all legal obligations stemming from the agreement.
- 1.2 **Programme Operator** cannot be made responsible for damages stemming from the agreement and having occurred out of reasons beyond their control. As a result of this, **Programme Operator** shall not fulfil any reimbursement or compensation claim stemming from such demands.

ARTICLE 2 – CONFLICT OF INTEREST

- 2.1 **Project Promoter** shall take every measure necessary for the elimination of the conflict of interest. Conflicts of interest are especially triggered by economic interest, political or national identity, family or emotional reasons or any other mutual interest, with special regard to the circumstances listed in § 18 of the 326/2012 (XI.16) Hungarian regulation on the implementation of EEA Financial Mechanism and Norwegian Financial Mechanism 2009-2014(hereinafter as Implementation act). Project Promoter acknowledges that in the case of existence of a conflict of interest (thus, especially that of § 6 of 2007/CLXXXI Hungarian law about the transparency of aids provided from public funding), the **Programme Operator** shall be entitled to initiate an irregularity procedure and to determine financial adjustments, as well as to apply another legal consequence for breach of contract.
- 2.2 **Project Promoter** undertakes the obligation to inform the **Programme Operator** without delay, in writing about every event, circumstance that could result in a conflict of interest in the course of the implementation of the project. **Project Promoter** undertakes the obligation to take every necessary measure in order to ward off the conflict of interest.
- 2.3 **Programme Operator** maintains the right to check the completion of the measures above, and, if necessary, may demand **Project Promoter** to take further measures by fixed a deadline.

ARTICLE 3– PROPERTY RIGHT / USE OF THE RESULTS

- 3.1 Should there be no provisions by legislation or this agreement, the copyrights of the project's results, more specifically the rights related to intellectual works and the rights belonging under industrial property protection, as well as those of the related reports and other documents shall become the **Project Promoter's** property.
- 3.2 Except for business secrets, Project Promoter shall ensure the free use of the project results to the **Programme Operator** in accordance with the provisions of industrial property protection and copyright. **Programme Operator** and **Project Promoter** undertake the obligation to keep any business secret in accordance with the regulations of the Hungarian Civil Code.

ARTICLE 4– PUBLICITY

- 4.1 In case of any publications, as well as media communication related to the project (including conferences and seminars), **Project Promoter** must indicate that the project has received funding from the EEA Financial Mechanism.

- 4.2 According to the Communication and design manual to Project Promoters¹, the **Project Promoter** must indicate on any document, distributed or published with the help of the grant, product or material realized with the grant, as well as in any press communication or interview the fact that they have received the grant in the framework of EEA Financial Mechanism. The reference to the grant of EEA Financial Mechanism should be directly followed by the publisher's declaration, according to which, regarding the publication, every liability belongs solely to the author, and that the provider of the grant shall not be held responsible for the use of the information included therein in any way.
- 4.3 **Project Promoter** authorises **Programme Operator** to publish the following information in any form or media, among them on the Internet:
- name and address of the **Project Promoter**,
 - subject and purpose of the grant,
 - amount of the grant awarded.

ARTICLE 5 – PROCUREMENT RULES

- 5.1 Should the **Project Promoter** wish to implement procurement, they should conclude contracts in order to implement the project, and shall use the grant funded by the EEA Financial Mechanism in order to finance this, **Project Promoter** must ensure the consistency between the given cost and the market price before the order and the conclusion of the contract.
- 5.2 Should the procurement not fall within the scope of act 108 of 2011 on public procurements, then **Project Promoter** must request from the possible contracting parties at least three quotations proving the market price, and must conclude the contract with the party having made the offer containing the best price-value proportion. In the course of evaluating the offers, **Project Promoter** must keep to the principles related to transparency and those related to equal treatment of possible service providers and be careful to avoid conflicts of interest.
- 5.3 Should the obligation of carrying out a public procurement procedure in the course of the implementation of a Project, then the **Project Promoter** shall carry out the necessary public procurement procedures. As contracting authority, exclusively the **Project Promoter** shall be held liable for carrying out the public procurement procedures according to the rules. Correspondingly, any infringement related to any public procurement procedure, as well as in the case of determining any irregularity, the **Project Promoter** shall be charged exclusively with the repayment obligation regarding the entire grant or a part of it.
- 5.4 In case in the event of the existence of the estimated value of the contract to be concluded and the conditions included in § 73 of the Implementation act, **Project Promoter** or Project Partner must carry out a public procurement procedure in accordance with act 108 of 2011 on public procurements, and wishes to use grant regarding the expenditures stemming from the contract to be concluded on the basis of public procurement, then **Programme Operator** in the quality of the organ carrying out the authentication shall check the public procurement procedure in accordance with the provisions of subheading 25 of the Implementation act.
- 5.5 **Project Promoter** shall ensure that, in accordance with the General conditions of this agreement, all the terms and conditions shall also be applied to the parties concluding contracts with them.

¹ <http://www.norvegalap.hu/web/guest/kommunikacios-segedletek-projektgazdaknak1>

ARTICLE 6 – CHANGE OF PROJECT PROMOTER, ASSIGNMENT OF PAYMENTS

- 6.1 The implementation of the project may be assigned by the **Project Promoter** to another party if the new **Project Promoter** complies with the conditions included in the call for proposal and the **Programme Operator** agrees to it preliminarily in writing and the grant agreement is amended by the Parties correspondingly. In the course of the assignment of the project, the objectives of the project shall not be modified. In case of assigning the project, the new **Project Promoter** entering into the legal relationship shall be responsible for the completion of every obligation related to the project.
- 6.2 In accordance with the **Project Promoter's** assignment contract, **Programme Operator** may allow the assignment of the payments within the framework of the Grant Agreement.

ARTICLE 7 – AMENDMENTS TO THE AGREEMENT

- 7.1 The agreement may be modified exclusively by a written complementary agreement, duly signed by the persons entitled to represent the Parties.
- 7.2 The complementary agreement may not have the purpose or the effect of making changes to the agreement which might call into question the decision awarding the grant or result in unequal treatment of applicants.
- 7.3 In case of a *force majeure*, the agreement shall be amended. *Force majeure* is an event primarily caused by natural forces the occurrence of which is, on the one hand, unpredictable; and on the other hand, human intervention is not enough to ward it off.
- 7.4 The Party by which *force majeure* emerges shall immediately inform the other Party in a registered mail about the nature of the *force majeure*, its expected duration and its foreseeable effects.
- 7.5 None of the Parties shall be charged for the breach of their obligations existing in accordance with this agreement, should *force majeure* prevent them from the implementation of those. The Parties shall do their best in order to minimize the damages occurring due to *force majeure*.
- 7.6 Should the request for modification be filed by the **Project Promoter**, they should send it to the **Programme Operator** 60 days before its planned entry into force but, in any case, at least 30 days before the closing date of the project. **Programme Operator** may decide about the acceptance of requests submitted on a date after this deadline, properly justified and supported in their own discretionary competence.

ARTICLE 8 – TERMINATION OF THE AGREEMENT

8.1 By the Project Promoter

- a) **Project Promoter** is entitled to withdraw their request for a grant and terminate the agreement, and must announce this in writing, with a proper justification and indicating the reasons for such waiver. In this case, **Project Promoter** must repay the balance within 8 days following the receipt of the notice issued by **Programme Operator**, in an amount increased with the interest in accordance with the Civil Code, to the appropriation account managed by the Prime Minister's Office.

8.2 By the Programme Operator

Programme Operator shall be entitled to terminate the agreement without indemnification obligations, besides the cases listed in § 59 of the Implementation act, in case of the following circumstances:

- a) in the event of a change in the **Project Promoter's** legal, financial, professional, organisational or ownership situation which makes the implementation of the project impossible or due to which change the project shall not comply with the grant conditions in accordance with the call for proposal;
- b) if **Project Promoter** does not fulfil their tax and other contribution obligations existing with the state during the implementation of the project;
- c) where **Project Promoter** or any related entity or person is suspected of substantial errors, irregularities or fraud in the award procedure or the performance of the grant ;
- d) where **Project Promoter** or any related entity or person is suspected of fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the **EEA Financial Mechanism's** financial interest;
- e) if double financing exists;
- f) if **Programme Operator** has evidence that **Project Promoter** has committed errors, breaches, fraud or breach of obligation related to grants issued under other similar conditions, regularly or on a recurring basis;
- g) if **Project Promoter** submits misleading reports not corresponding to the facts in order to acquire the grant ensured by this agreement.

ARTICLE 9 – DATA PROTECTION

All personal data included in the agreement should be treated in the way as follows:

- in accordance with the Hungarian legislation (112 of 2011) as well as
- the Regulation 45/2001/EC of the European Parliament and the Council² about the protection of persons, in particular the processing of personal data by the Community institutions and bodies, as well as the rules on the free movement of such data.

These data may be used exclusively by the **Programme Operator** and exclusively regarding the implementation and monitoring of the Grant Agreement.

Project Promoter may request in writing access to the personal data and the right to correct them in case they are inaccurate or incomplete. In connection with the management of personal data, the **Project Promoter** may contact the **Programme Operator** with all their questions. The **Project Promoter** may file a complaint regarding the management of their personal data in Hungary by the Hungarian National Authority for Data Protection and Freedom of Information (<http://www.naih.hu/>), and by the European Data Protection Supervisor.

² With any questions emerging in connection with the application of regulation 45/2001, the European Data Protection Supervisor shall be contacted: (<http://www.edps.europa.eu>)

PART “B” – FINANCIAL PROVISIONS

ARTICLE 10 – GENERAL DISBURSEMENT CONDITIONS

10.1 Obligation to provide guarantee

Where Special Conditions, as well as the relevant legislations require so, the **Project Promoter** must provide guarantee in order to ensure the repayment of the grant used illegitimately.

The guarantee must remain valid until the payment of the financial balance of the project. **Programme Operator** undertakes to resign from the guarantee within 30 days following it.

Guarantee may be a letter of authorisation issued by the Hungarian State Treasury in case **Project Promoter** holds the bank account specified on the 1st page of Special Conditions at the Hungarian State Treasury. In other cases a collection order issued by the bank that manages **Project Promoter’s** the bank account specified on the 1st page of Special Conditions.

10.2 Advance payment

The aim of advance payment is to provide the **Project Promoter** with the necessary financial basis in order to launch and implement the project.

10.3 Payment of the grant

- a) Payments are made by the Prime Minister’s Office in Euros. Payments are deemed as made on the day when they are debited to the Prime Minister’s Office's appropriation account. **Programme Operator** may dispose of the disbursement laid down in the Special Conditions.
- b) Programme Operator shall be entitled to suspend the payment of the balance, especially if:
 - i. **Project Promoter’s** payment request does not comply with the contractual provisions,
 - ii. The documents requested with the objective of further control have not been presented,
 - iii. as a result of the checks and audits specified in article 13, it turns out that they have breached the contractual provisions,
 - iv. during the implementation of the agreement, breach committed by the **Project Promoter** can be determined.
- c) In case of suspension, the **Programme Operator** shall inform the **Project Promoter** immediately in a return-receipt mail, along with indicating the reason for suspension.

The suspension shall be effective from the day when the **Programme Operator** has made the decision about such suspension; the duration of the suspension shall not be included in the deadlines related to the payments. The remaining disbursement period shall continue from the date when the **Programme Operator** shall file the regular payment request, when the **Programme Operator** shall receive the complementary documents submitted by the **Project Promoter**, or when the period of the suspension is over according to the notice sent by the **Programme Operator**.

ARTICLE 11 – DETERMINATION OF THE FINAL AMOUNT OF THE GRANT

- 11.1 The final payment of the balance of the grant amount shall take place after the closing of the project, on the basis of the actual implementation of the project. Depending on the type of project, interim payment is also possible, which shall be specified in the Special Conditions. In the course of the payment of the balance, repayment obligation may emerge by the **Project Promoter**, in case the preliminarily

transferred amount of the advance payments is bigger than the final amount of the grant specified in the Special Conditions.

- 11.2 By the deadline specified in the Special Conditions, **Project Promoter** must submit a final report that must be supported by the following documents:
- on the basis of the actually implemented activities, explanation of the claimed grant amount based on the actual expenditures and lump-sum or unit-cost calculation, in accordance with the provisions of the Special Conditions;
 - a declaration authenticating that the information included in the final report is complete, accurate and authentic. They should also make a declaration regarding the fact that the activity has been implemented in accordance with the provisions of this agreement and the final report is supported by verifiable documents;
 - the final report has been prepared about the entire amount of the actual incomes and expenditures of the project during the period specified in the Special Conditions;
 - where Special Conditions require, a certificate about the final report of the project and the invoices serving as its basis, which has been issued by the accountant or budgetary body officially. The aim of the accountancy is to verify the fact that everything included in the financial report submitted to the **Programme Operator** complies with the provisions specified in the agreement. Besides, it shall confirm that the incomes and expenditures indicated in the final report are complete, accurate and authentic, and also comply with the expenditures and revenues stemming from the activity.
- 11.3 Without prejudice to the information obtained subsequently in accordance with article 13, **Programme Operator** determines the amount of the final grant awarded to the **Project Promoter** on the basis of the documents referred to and accepted in article 11.2.
- 11.4 The complete amount paid for the **Project Promoter** shall not exceed the maximum amount of grant specified in the Special Conditions.
- Should the conditions specified in Special Conditions regarding the lump-sum or unit-cost-based fundings or other requirements specified in Special Conditions and serving as basis of the awarding of contribution not or only partially be fulfilled during the implementation of the project, then the **Programme Operator** may withdraw or decrease the amount of the grant up to the amount of the fulfilment of the conditions or requirements.
- 11.5 Should the project not be implemented at all, or at a low level, partially or with a delay, then the **Programme Operator** may decrease the amount of the grant originally specified in accordance with the actual implementation of the project, and according to the conditions laid down in the agreement.
- 11.6 On the basis of the final detail of the grant specified this way, as well as on the basis of the advance payments already issued, the **Programme Operator** shall specify the balance of the payment amount. Should the amount of the advance payments earlier transferred exceed the final amount of the grant, the **Programme Operator** shall be entitled to claim back its amount exceeding the grant.

ARTICLE 12 – REPAYMENT OBLIGATION

- 12.1 In case any amount is illegitimately paid to **Project Promoter**, and also, in case, in accordance with the agreement, **Programme Operator** specifies repayment obligation increased with the interest in accordance with the act on the state budget, then **Project Promoter** shall undertake to repay the Prime Minister's Office a specified amount, following the receipt of the letter of formal notice from **Programme Operator**, within the deadline indicated in this letter.

Programme Operator shall send the notice of payment along with the reasoning by mail, in a return receipt mail addressed to the **Project Promoter**.

- 12.2 Should **Project Promoter** not fulfil their repayment obligation within the deadline specified by **Programme Operator**, an interest should be paid for the amount according to the interest rate specified in § 126 of the Implementation act. The period of the delayed payment subject to interest shall last from the last day of the maturity until the day when **Project Promoter** transfers the complete amount due to the Prime Minister's Office account.

First, out of any partial payment, expenditures and default interest shall be paid, and only the remaining part may be spent on the debt itself.

- 12.3 Any banking costs emerging when transferring any amount to be paid back to the Prime Minister's Office shall be charged exclusively at the **Project Promoter**.
- 12.4 **Project Promoter** acknowledges that, in accordance with the Hungarian legislations, the **Programme Operator** shall be entitled to obtaining such implementable deeds that shall ensure the collection of their demand.

ARTICLE 13 – CHECKS AND AUDITS

- 13.1 In every case when **Programme Operator, National Focal Point**, Prime Minister's Office, Financial Mechanism Office or an external organisation authorized by them shall carry out the interim or final evaluation about the project's effects compared to the objectives of the Scholarship programme, **Project Promoter** shall undertake to provide **Programme Operator, National Focal Point**, Prime Minister's Office, Financial Mechanism Office and/or the persons authorized by them with access to all the documents and information, including those in a digital form that could make it possible to continue the evaluation successfully.
- 13.2 **Project Promoter** undertakes to provide detailed information at the request of the **Programme Operator, National Focal Point**, Prime Minister's Office, as well as other bodies entitled to carry out checks or any external body authorized by them (including information existing in a digital form) that is necessary in order to determine whether the project, as well as the contractual provisions are implemented in accordance with the regulations and the legislative provisions.
- 13.3 **Project Promoter** must save a copy of all the original documents related to this agreement, with special regard to the accountancy and taxation registrars, and also, in exceptional and justified cases, an authenticated copy of all the original documents related to this agreement, on any device complying with the relevant national legislation in effect, so as their integrity shall be ensured, for five years following the payment of the balance of the grant amount in a way that it can be made available to the **Programme Operator, National Focal Point**, Prime Minister's Office, as well as any other bodies entitled to carry out checks in case requested.
- 13.4 **Project Promoter** acknowledges and accepts that **Programme Operator, National Focal Point**, Prime Minister's Office or any other body entitled to carry out checks may, in the framework of a financial check or audit, inspect the use of the grant with the help of their own colleagues or an

external body authorised by them. Such checks may be carried out any time during the implementation period of the agreement until the day of the payment of the balance of the grant amount, and from this day on, during five years. As a consequence of the audits, the **Programme Operator** may bring a decision about repayment.

- 13.5 Should the check of the lump-sum amount or the unit-cost-based fundings reveal that the event has not happened and that an illegitimate grant has been paid to the **Project Promoter**, then the **Programme Operator** shall be entitled to claim back the grant up to the amount of the lump-sum amount or the unit-cost-based funding increased with the interest according to the act on state budget.
- 13.6 **Project Promoter** shall provide the colleagues of **Programme Operator**, **National Focal Point**, Prime Minister's Office, as well as other bodies entitled to carry out checks or any external persons authorised by them with complete access to the implementation sites of the project, as well as any information, including those in digital form necessary in order to carry out these screenings.

ARTICLE 14 – APPLICABLE LAW AND JURISDICTION

Regarding the grant, the conditions specified in the agreement, as well as the legislation in effect, with special regard to the following legislations and other provisions shall be applicable:

- *Regulations:*
 - “Regulation on the implementation of the EEA Financial Mechanism for the period from 2009 to 2014”;
- *Regulations by donor states:*
 - Governmental decree 235/2011. (XI.15), between Iceland, the Principality of Liechtenstein, the Kingdom of Norway, on the one hand and the Republic of Hungary, on the other hand, about the announcement of the cooperation agreement on the implementation of the EEA Financial Mechanism for the period from 2009 to 2014;
- Governmental decree 326/2012. (XI.16) on the implementation rules of the period from 2009 to 2014 of the EEA Financial Mechanism and the Norwegian Financial Mechanism
- Act 108 of 2011 on public procurements
- Act 195 of 2011 on the state budget
- Governmental decree 368/2011. (XII.31) on the implementation of the act on the state budget
- Governmental decree 37/2011. (III.22) on the procedure related to state aids and the regional aid map according to the European Union's competition law

Regarding the questions not specified in this agreement, the provisions of the Hungarian Civil Code are applicable. Should the two contracting parties disagree in any disputed question related to this agreement, depending on the amount in dispute, the exclusive jurisdiction of the Central District Court of Pest or the Court of Budapest shall be conferred, in the case of all the disputed questions stemming from this agreement.