

Annex I: Description of the Action

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Delegation of the European Union to Bosnia and Herzegovina

Explosive Ordnance and Remnants of War Destruction Project

in

Bosnia and Herzegovina (EXPLODE)

Grant Application Form

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| Name of the applicant: | United Nations Development Programme |
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| Dossier No | |
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Abbreviations

| | |
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| BiH | Bosnia and Herzegovina |
| BCPR | Bureau for Crisis Prevention and Recovery |
| CoM | Council of Ministers |
| CSO | Civil Society Organisation |
| CB | Coordination Board for Small Arms and Light Weapons Control in BiH |
| NIM | National Implementation Modality |
| DPA | Dayton Peace Accords |
| EC | European Commission |
| EU | European Union |
| EUFOR | European Union Forces |
| FBiH | Federation of Bosnia Herzegovina |
| LFA | Logical Framework Analysis |
| LFS | Labour Force Survey |
| MOFTER | Ministry of Foreign Trade and Economic Relations |
| MoD | Ministry of Defence |
| MoU | Memorandum of Understanding |
| NGOs | Non-Governmental Organisations |
| NATO | North Atlantic Treaty Organization |
| OHR | Office of the High Representative |
| OSCE | Organization for Security and Cooperation in Europe |
| OBOD | Open Burning and Open Detonation |
| RS | Republika Srpska |
| EXPLODE | Explosive Ordnance and Remnants of War Destruction Project |
| SOPs | Standard Operating Procedures |
| SEESAC | South-eastern European Small Arms Clearinghouse |
| TA | Technical Assistance |
| ToR | Terms of Reference |
| UNDP | United Nations Development Programme |

List of Annexes

| No. | Name of Document |
|------------|--|
| A | Budget Breakdown |
| B | Log Frame |
| C | Annual Work Plans |
| D | Support letter from the Minister of Defense |
| E | Support letter from the Federal Ministry of Energy, Industry and Mining |
| F | Support letter from the Ministry of Interior of Republika Srpska |
| G | Support letter from the Prime Minister of Republika Srpska |
| H | Memorandum of Understanding for Disposal of High Hazardous Ammunition with the Ministry of Defense |
| I | Memorandum of Understanding for Disposal of Ammunition in TROM, Doboj, Glamoc and Manjaca |
| J | Annex 4 to the Memorandum of Understanding for Disposal of High Hazardous Ammunition |
| K | White Phosphorous Ammunition List |
| L | The decision of the Minister of Defense on disposal of high-risk ammunition |
| M | Summarized storage site assessments developed by UNDP/OSCE |
| N | Request for OSCE assistance for refurbishment (MoD by way of BiH Delegation to OSCE) |

THE PROJECT**1. Description****1.1 Title**

Explosive Ordnance and Remnants of War Destruction Project (EXPLODE)

1.2 Location

The Explosive Ordnance and Remnants of War Destruction Project (EXPLODE) will be implemented in Bosnia and Herzegovina. United Nations Development Programme in Bosnia and Herzegovina is providing assistance and support to the national authorities in addressing the threats and risks posed by large and uncontrolled presence of explosive remnants of war and ammunition and builds on the work and results achieved within the Small Arms Control Programme 2005-2011.

1.3 Amount requested from the Contracting Authority

| | | | |
|---------------------|-----|------|------------------|
| 3,837,830.00 | EUR | 100% | % of the project |
|---------------------|-----|------|------------------|

1.4 Summary

This project builds on the work and progress already made within Phases I and II of the Small Arms Control Reduction Project that were supported and funded by the European Union through the Instrument for Stability (Contract No. 2009/227825 and Contract No. 2008/162944) in the amount of approximately 4.5 million EUR.

In addition, the Explosive Ordnance and Remnants of War Destruction Project (Phase III) has been expanded to include and address stockpile management for the four priority sites identified in the UNDP/OSCE Assessment. This new Component III that deals with the stockpile management will be implemented in partnership with OSCE based on a Memorandum of Understanding between UNDP and OSCE.

Brief Summary of the EU funded Small Arms Control and Reduction Projects:

Number of key achievements has been made that include amongst others, disposal of over 9,100 tons of ammunition that represents over 26% of the total military stockpile as of 2005, and fulfilling obligations of the UN Conventions, primarily UN Convention to Ban Cluster Munitions. Subsequently, a number of storage sites has been closed down and defence funds released that can be now redirected in support to building of professional Armed Forces of BiH.

The underlying results achieved within the SACBiH Phase II are summarized below:

- Disposal of 151 pieces of Orcan Cluster Rockets; 321 pieces of cluster bombs BL 755, 58 pieces of air fuel bombs; 29,580 pieces of counter-armour; 42,251 pieces of cluster munitions type KB 1; approximately 2500 tons of artillery ammunition; around 100,000 pieces of hand grenades and 45 tons of rocket propellant;
- Implementation of the BiH Ministry of Defense obligations stemming from the Convention on the Ban of Cluster Munitions which positions BiH as a leading country in the region on this issue;
- Enhanced capacities of the Ministry of Defense for inspection and identification of ammunition;
- Improved capabilities of the Ministry of Defense in demilitarization of artillery ammunition;
- Disposal of 33,000 pieces of Small Arms and Light Weapons;
- Strengthened information sharing, coordination and cooperation between institution members of the Small Arms and Light Weapons Coordination Board.

Brief Summary of the Storage Upgrade Projects in Bosnia and Herzegovina:

The European Union promotes peace and security in the Western Balkans through, among others, regional initiatives aiming at reducing the risk posed by the excessive accumulation of explosive remnants of war and ammunition. EU supported Regional Project European Union Council Decision number 2010/179/CFSP dated 11 March 2010, implemented by the UNDP/RCC Small Arms Clearing House for SEE (SEESAC) project aiming to: 1) improve the management and security of unsafe and unstable stockpiles of weapons and ammunition; 2) reduce the available stockpiles of weapons and ammunition through destruction activities; and 3) enhance SALW control through the implementation of international and national instruments on marking and tracing and the improvement of weapons registration processes in Western Balkans.

As part of the Regional project UNDP BiH in cooperation with the OSCE is implementing activities in support to upgrade safety at selected prospective sites, primarily focusing on the four priority sites identified in the UNDP/OSCE Assessment. According to the OSCE Assessment and recommendations that were endorsed by the MoD, storage sites indeed require significant upgrades of security and safety measures that include doors, infrastructure, fire and flood protection and intruder alarm system.

Component III of this project will aim on upgrade of safety standards as listed below, with focus on the four priority sites:

- a) Infrastructure upgrades including water and electricity supplies and protection barriers between storage buildings aimed at preventing consecutive explosion of the storage buildings in case of explosion in one of them
- b) Fire and flood protection systems

This activity will have a direct impact on:

- The reduction of risk of explosion by upgrading safety of the ammunition storage sites;

Sense of urgency:

Accidental explosions occur and pose risks to civilians (living in proximity) and soldiers (guarding the storage sites). Since 1998, incidents of this nature have been reported in more than a third of UN member states and on every continent except Australia and Antarctica. They have occurred regularly, with an average of three incidents every two months over the ten-year period 1998–2007. Additionally the rate has increased in recent years to more than one incident every two weeks. During the three-

month period from August to October 2011, eight new incidents have been recorded, bringing the total number of recorded incidents to 35 for the first 10 months of 2011. These are alarming statistics.

The explosions in Serbia have caused more than 10 deaths and 40 injured while heavily contaminating the surrounding areas; in Albania, 30 people were killed at ammunition dismantling plants since 2008; in Croatia, more than 23 deaths and 40 injured have occurred in ammunition disposal sites since 1995.

There are approximately 18,000 tons of military ammunition surpluses in BiH. They are chemically unstable and represent a high risk of uncontrolled explosion. Those munitions present a safety hazard for the local populations and impede their development prospects. BiH is the only country in the region that did not have those uncontrolled incidents although the ammunition stored is over 20 years old in average. Some of the storage sites are close to the borders with Croatia, Serbia and Montenegro and uncontrolled explosion may have a negative impact in the region as well. The safety standards of those facilities are at a very low level enabling such occurrences. The Ministry of Defense has no capacities, capabilities or financial resources to ensure appropriate standards are in place at the storage facilities.

There is an urgent need to continue disposal of the explosive remnants of war to prevent devastating consequences to the region, people and property.

National Context:

Enlargement is in the European Union's (EU) strategic interest as it reinforces peace and stability in Europe. Bosnia and Herzegovina (BiH) is a potential candidate for EU membership. The EU enlargement process will provide a safer and more secure domestic environment and improve the well-being of its citizens. Large quantities of explosive remnants of war and ammunition in BiH may contribute to conflict and are an impediment to economic and human development in the country. Their existence has the potential to destabilize the region. Disposing of the enormous surplus of ammunition is crucial: it is chemically unstable, highly hazardous and, when it falls into the wrong hands, it exacerbates criminal and terrorist activities. Such scenarios could have far-reaching consequences for the whole region.

The MoD and AFBiH ammunition stocks are currently stored in 16 permanent and 3 temporary locations. According to the future requirements of Armed Forces BiH (AFBiH) that include 21,000 SALW and 7,500 tonnes of ammunition the number of storage sites must be reduced to 7 namely 5 ammunition and 2 weapons storage sites. This requires continuous efforts aimed at destruction of the country's surplus defense stockpile of 18,000 tonnes. Currently, due to the huge quantities of ammunition that still exist and are yet to be disposed of, all 19 storage sites are occupied, consuming approximately 3 million BAM or 1.5 million EUR of the defence budget and requiring engagement of 850 soldiers for guarding and maintenance tasks.

In Southeast Europe where ethnic tensions still persist and any sparks of violence can quickly become uncontrolled if weapons and ammunition end up in the wrong hands. Moreover, a threat also exists for countries beyond Southeast Europe should weapons and/or ammunition end up in the hands of terrorists. Those weapons and ammunition must be destroyed urgently.

Based on extensive field experience, expertise and institutional partnership with the Ministry of Defense and the Ministry of Security, law enforcement agencies and the Small Arms and Light Weapons Coordination Board, UNDP hereby submits an implementable project that will work to demilitarize explosive remnants of war, ammunition and to improve stockpile management. This is a cross-cutting project that will have an impact, to certain levels, on:

- **Improved Safety of Local Population** by the reduction of potential risks to the local communities presented by inappropriate ammunition and explosive storage infrastructure, combined with decaying ammunition;
- **Improved Development Prospects for the Local Population** through destruction of highly hazardous and unstable ammunition that is declared for destruction due to its poor condition and improvement of safety of storage facilities;
- **Regional Confidence and Security Building Measures (CSBM)** through already demonstrated transparency and full cooperation;
- **The Implementation of National SALW Control Strategy of Bosnia and Herzegovina** which is designed to ensure compliance with all appropriate international agreements and mechanisms for Explosive Remnants of War Control and armed violence reduction;
- **Support to Public administration reform** within the Ministry of Defense through contributing to the establishment of efficient and effective ammunition stockpile management.

1.5 Lessons Learned

The activities implemented to date provide several important lessons learned that are summarized below:

- Adequate prioritization of ammunition types and improved inspection capacities ensures that the process of disposal is supported by all government levels. Focus on high hazardous ammunition resulted in successful implementation of the project;
- Awareness-raising performed by the local authorities highlighted the danger of weapon surpluses and ammunition stockpile has improved, but is still considered insufficient. Therefore, this requires further special emphasis;
- Successful coordination with the BiH authorities on weapons and ammunition destruction was easily attained. The results achieved confirmed their deep interest in improvements in this area and commitment to utilizing the assistance that is available in this field;
- Although UNDP provided assistance in the consolidation of the BiH Government's efforts in the fields of control and management policy, the financial participation of the local authorities in the destruction process remains low. In order to consolidate ammunition destruction, substantial support by international donors is still required.
- Safety of ammunition storage facilities and high standards of stockpile management is the key to prevention of uncontrolled explosions of the ammunition storage facilities and thefts;
- The Parliament can have a major impact on the government's decision to formulate and monitor the national control policies. To that end, UNDP has established a strong relationship with the Joint Committee for Defence and Security of the BiH Parliament and supported the work of the Parliament Investigation Committee that addresses the issues of monitoring and verification of ammunition destruction processes.
- Use of Open Burning and Open Detonation method is acceptable if used for disposal of unstable ammunition and in case it includes development and implementation of the safety measures such as safeguarding, land clearance, controlled explosions and quantities and professional staff. However it has been proven that the high level safety measures must be ensured to prevent death incidents such as the recent one in Glamoc. The international organisations must insist on ensuring and implementation of safety measures that also include engagement of qualified staff.

1.6 Objective

The EXPLODE with the support of the European Union (EU) will continue to work with the authorities of BiH to reduce the stocks of high hazard ammunition in safe and environmentally benign manner and to improve the safety of the prospective storage sites. The activities will be implemented in line with the

Decision of the Minister of Defense of Bosnia and Herzegovina, dated February 10, 2011 (Annex K) and the Decision of the Presidency of Bosnia and Herzegovina as of November 2011, the requirements of the Ministry of Defense and the recommendations set out in the UNDP and OSCE assessment of ammunition storage facilities in 2011. The project will focus solely on high hazardous and unstable ammunition that is declared for destruction due to its poor conditions.

The project will address several development and safety concerns and will improve the safety throughout the country and contribute to accelerating the Euro-Atlantic integration processes. The expected results will have a direct impact on reduction of unstable and surplus ammunition that is estimated at 18,000 tonnes; increase of safety of the selected weapons and ammunition storage sites; improved weapons control mechanisms and the country's compliance with UN Programme of Action, UN Conventions, including the Convention on Certain Conventional Weapons, Protocol V on Explosive Remnants of War and OSCE Documents including the OSCE Document on Small Arms and Light Weapons (SALW).

1.7 Relevance

The country's major concern at present is its future development and European integration. Although problems still persist, peace and stability are a reality throughout BiH. Tax and customs laws are slowly leading to a single internal market, the defence and security sectors were significantly reformed, the country is a member of the NATO Partnership for Peace (PfP), it was offered a conditional Membership Action Plan and it signed the Stabilization and Association Agreement with the European Union on June 16th, 2008.

The newly introduced multidimensional index of poverty, reported in the Human Development Report for 2011, gives us a closer look at household-level deprivations by considering not only income, but also other indicators of household poverty (e.g. access to health and education, or basic services, such as water, electricity or sanitation). According to this index, poverty in BiH is at the same level as in Serbia, but it is at a better level than Albania or Macedonia. Still, significant regional disparities can be observed, the poverty rate in Sarajevo Canton is 5.2, while in the Foca region it is 37 (UNDP, 2010). Also, GDP per capita ranges from 3,953BAM in Canton 10 to 13,024BAM in the Sarajevo Canton. The unemployment rate remains very high. The official unemployment rate in BiH is 45%, while Labour Force Survey's reports indicate a BiH unemployment rate of 27%. The unemployment rate for youth aged 16 to 24 is 57.5%, which is almost five times higher than the global youth unemployment rate. The official BiH unemployment rate is 7.5% higher for women than for men, which is well above the differences existing in Europe, which is around 0.5%.

Industrial capacity utilization is an important indicator of the condition of both the business and the economy in BiH. As a key country in the former Socialist Federal Republic of Yugoslavia (SFRY) defence complex, Bosnia and Herzegovina (BiH) produced a substantial amount of military equipment, including the bulk of Yugoslav-manufactured remnants of war and ammunition. In the Federation of Bosnia and Herzegovina there are nine factories which form the military industrial complex. These arms and ammunition factories in the Federation currently operate with minimum levels of technology and manpower necessary for the production of the remnants of war, ammunition and military equipment. Approximately 7,000 persons are employed in the military industry of which approximately 4,500 are redundant. The military industry is currently geared towards civilian programmes, such as the production of commercial explosives (i.e. for mines, building companies etc).

Towards the second decade since the end of the conflict, BiH continues to face problems of high levels of explosive remnants of war that still represent one of the key impediments to economic and social development, and the safety of BiH and its citizens. Indeed, the large prevalence of remnants of war and ammunition affects BiH's ability to achieve its Development Strategy which calls on, among others, for

the country's acceleration to EU accession, combating crime, corruption and the enhancement of social policy. The large levels of explosive remnants of war and ammunition in BiH poses a danger to the society, undermines the rule of law, and presents a potential threat to the regional stability. They also help sustain the prevailing perception of BiH that is widely held in Western countries, as a dangerous and unstable country, which in turn has a negative impact on tourism, foreign direct investment and other drivers of economic growth.

1.8 Methodology and Management

The lead organization for the Component 1 and 2 of the project will be the UNDP Country Office in BiH while for Component 3 UNDP will partner with OSCE Mission to Bosnia and Herzegovina.

UNDP was identified as the most appropriate agency to lead and maintain the project management for the national demilitarization and ammunition disposal based on:

- Requests for support by the Minister of Defense and relevant entity ministries (Annex D);
- Its demonstrated 'in-house' capability for the management of large-scale projects for ammunition demilitarization and remnants of war control;
- Its technical expertise;
- Valid agreements with the Ministry of Defense for disposal of ammunition and remnants of war ;
- Its successful implementation of the Small Arms Control and Reduction Project Phase II which resulted in the disposal of over 2,400 tons of artillery ammunition, more than 90,000 pieces of different types of cluster munitions, and more than 100,000 pieces of hand grenades etc;
- Its references in successful destruction of the most complex ammunition systems in the region;
- Its easy access to technical advice and experts.

The stockpile management component (Component 3) will be implemented in partnership with the OSCE Mission to Bosnia and Herzegovina. This partnership is recommended for the following reasons:

- UNDP has an established legal framework and history of successful partnership with the Ministry of Defense;
- OSCE – alone or in cooperation with UNDP – has already carried out successful similar projects in Europe and Central Asia;
- OSCE has a long field experience in deepening political engagement of Bosnia and Herzegovina in the area of Confidence and Security Building Measures;
- OSCE and UNDP already have established financial and administrative structures in Bosnia and Herzegovina that can be utilized for overall project implementation;
- UNDP can utilize regional resources and expertise advise (i.e. SEESAC);
- UNDP and OSCE will focus on cost effectiveness and utilizing the local capacities available in Bosnia and Herzegovina in order to contribute to the overall sustainable development of the country and integration into Euro-Atlantic structures.

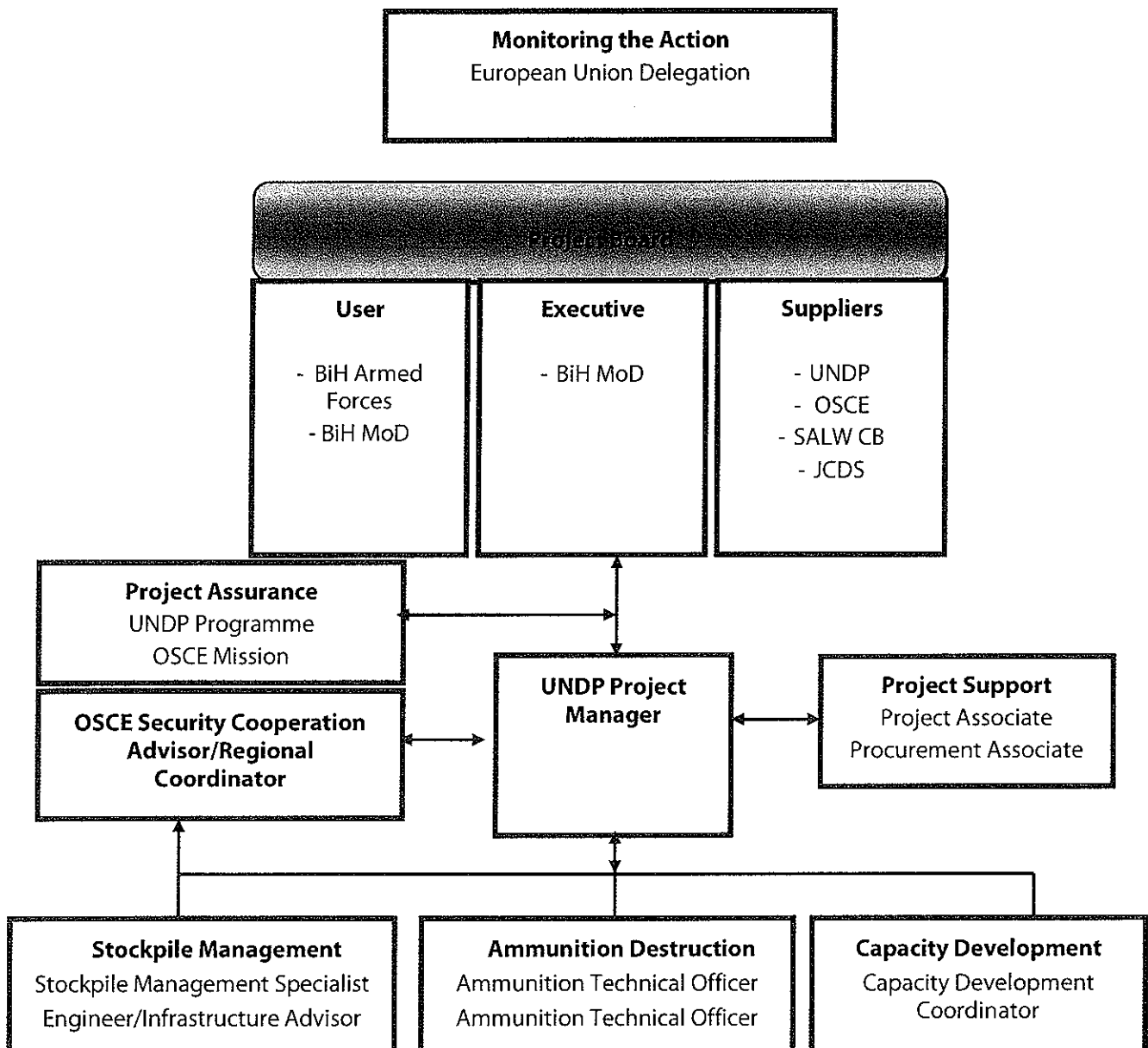
The two main priorities in terms of management of Component 3 are:

- To provide the project with an executive instrument capable of high standards of project management, cost effectiveness, continued mobilisation of resources and implementation of a timely exit strategy, while maintaining confidence on the part of both the BiH authorities and donor(s); and

- To engage Bosnia and Herzegovina at the highest political level in the process of project implementation while providing specialist technical knowledge supported by individual capacity and infrastructure development.

The EXPLODE project will be implemented through the national implementation (NIM). NIM implementation modality is applied when there is an adequate capacity within the government to carry out functions and activities of the project or the programme. The management of the project will be in line with the PRINCE2 management methodology. The component on stockpile management will be implemented in partnership with OSCE based on the existing partnership arrangements between two organizations. UNDP and OSCE will be represented jointly and will have a common position on the subject matters related to the Component 3. The decisions between two organizations will be result oriented and will be made consensually. The decision making process will be based on the principles of mutual respect, technical expertise and the highest level of professionalism.

Project Organisational Structure



Handwritten initials

The executive and operational functions will be performed by a Project Board that will be directly responsible for the efficient execution of the project in accordance with the terms of the project document, associated implementation rules, guidelines and work plans.

The Project Board will consist of the Ministry of Defense as the executive; UNDP, OSCE, Chairperson of the Small Arms and Light Weapons Coordination Board and the representative of the Joint Committee for Defense and Security of the BiH Parliamentary Assembly as the suppliers, the Armed Forces of Bosnia and Herzegovina and the Ministry of Defense as the users and the European Union Delegation as a monitor. The Project Board will provide overall direction and management of the project, and meets quarterly to review progress.

The Project Board tasks are as follows:

- Agrees on project manager's responsibilities, as well as the responsibilities of the other key members of the project management team;
- Delegates any project assurance function as appropriate;
- Reviews the progress report for the Initiation stage (if an initiation plan was approved);
- Reviews and appraises detailed project plans, including the AWP and Atlas reports covering activity definition, updated risk log and the monitoring schedule plan;
- Share annual reports and relevant information on achievement of the outcomes with Programme Board and Outcome Group;
- Ensures complementarity of the project's activities with other ongoing initiatives implemented by BiH Government or international organizations/donors.

Share of the responsibilities of the Project Board members are summarised below:

The Executive: The Ministry of Defense is ultimately in charge of the Project Board meetings and chairs the meetings;

The Suppliers: UNDP will be a lead supplier and is ultimately accountable for the project and has authority to commit team resources to the project. UNDP will ensure that project delivers what was specified in the work plans and will check that the project deliverables achieve the user's objectives. The OSCE will focus on activities related to Component III of the project in making sure that the project meets necessary technical standards. The Joint Defense and Security Committee of the BiH Parliament and the SALW Coordination Board will be giving strategic advice to the Project Manager in complementarity of the project activities with strategic documents of Bosnia and Herzegovina in this area.

The Users: The Armed Forces and the Ministry of Defense of Bosnia and Herzegovina will make sure that the project delivers suitable or *fit-for-purpose* results. The Armed Forces/MoD will be responsible for user assurance and will make sure that project runs properly from a user viewpoint.

The European Union Delegation – as a representative of the donor of the Action – will have key role in monitoring of the project activities and in following the progress of the Action. The Project Manager will also report to the European Union Delegation on project's results, achievement and risks.

The project will be implemented by the project team that will consist of eight full time members under UNDP's contracts. The project team will be responsible for:

- Efficient administration of the Project;
- Preparation and submission of quarterly work plans, work reports and financial statements, along with other aspects of financial management, to the Project Board for approval;
- Ensuring implementation of work plans by the users, in accordance with the guidelines, benchmarks and criteria set out in this Project proposal and by decisions of the Project Board;
- Ongoing analysis of risks to the project, and development of risk mitigation strategies for review and approval by the Project Board;
- Preparations for meetings of Project Board,
- Procurement of goods and services and the hiring of specialists and consultants under the Project, and ensuring that these comply with the competitive procedures and standards of OSCE and/or UNDP depending on the funding source and implementing party;
- Establishment and operation of administrative and financial procedures, which meet OSCE and/or UNDP requirements for transparency and accountability depending on the financial source.

Under the direct supervision of the Project Board, the Project Manager will manage project implementation, including due reporting. The Project Staff (Ammunition Technical Officers, Stockpile Management Specialist, Infrastructure Advisor, Capacity Development Coordinator, Project Associate, and Procurement Associate) will provide operational support and coordinate with the local stakeholders on a daily basis.

The Project Quality Assurance will be performed on an ongoing basis by the Security and Justice Sector Coordinator and the Sector Associate as well as the OSCE Mission for Component III with a view to carry out objectives and independent project oversight, coordination and monitoring functions. The quality assurance will among other things ensure that:

- Project progress data is accurate;
- Financial records are accurate and meet organizational standards;
- Risk management actions are actually being taken;
- The Project plans are realistic and implementable.

The Project Manager will be responsible for overall management and the visibility of the project in line with the conclusions and directions of the Project Board. The Project Manager will directly supervise the Ammunition Technical Officers, Stockpile Management Specialist, Engineer/Infrastructure Advisor, Capacity Development Coordinator, Project Associate and Procurement Associate.

The Ammunition Technical Officers will provide support and assistance to the Project Manager and will directly liaise with experts of the Ministry of Defense and ammunition disposal facilities ensuring timely and effective implementation of the destruction activities. The Ammunition Technical Officers will work closely with the Ministry of Defense, NATO, OSCE and EUFOR, and will monitor and verify ammunition destruction processes.

The Stockpile Management Specialist will be responsible to provide the technical expertise required for implementation of the storage sites safety upgrade and stockpile management activities. Infrastructure advisor will complement responsibilities of the Stockpile Management Specialist providing construction engineering and architectural advice and support. There will be the OSCE Regional Advisor involved in the activities related to Component III. This individual will provide managerial advice in defining the

activity plans and implementation mechanisms related to the stockpile management and application of the international safety standards.

The Capacity Development Coordinator will act as a primary point of contact for the implementation of the component two. He/she will be responsible for the coordination of training events, conferences and workshops. The individual will also be responsible for the coordination of activities with the UNDP experts who are engaged in upgrading the TROM, Dobož facility.

The administrative support staff will provide support to the project staff in financial management, human resource procedures, procurement exercises and office management.

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| <p>Position Human Security and Justice Sector Coordinator Sector Associate Project Manager Project Associate Procurement Associate National Ammunition Technical Officer National Ammunition Technical Officer Stockpile Management Specialist Engineer/Infrastructure Advisor Capacity Development Coordinator</p> |
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1.9 Monitoring and Evaluation

UNDP will prepare progress reports every six months as well as annual reports that will be presented to the EU Delegation in Sarajevo, BiH. The progress reports for the storage sites safety upgrade component will be prepared jointly with the OSCE prior and also submitted to the EU Delegation.

Monitoring and Evaluation Missions (at the end of the Project cycle): An external mission team will be organized consisting of a monitoring and evaluation (M/E) expert and a explosive remnants of war control and programme management specialist. Donor representatives will be invited to participate in the mission if they choose to. The mission team will take field visits, and conduct comprehensive stakeholder interviews to assess results. The mission will also compile lessons-learned and good examples. Copies of the evaluation reports will be made available to the donor.

1.10 The role of the Expert Working Group

In 2006, NATO HQ Sarajevo, EUFOR, OSCE and UNDP formed an expert working group to provide guidance and support to the Ministry of Defense in disposal of ammunition surpluses and stockpile inspections. Specific roles and responsibilities of the organisation is specified within their mandates as follows:

EUFOR – “To contribute to the safe and secure environment in the country for the population of BiH, Armed Forces capacity building and training”;

NHQSa – “To assist BiH authorities in the implementation of the Defence Reform and PfP Programme and preparation for fully joining NATO”;

OSCE – “To assist BiH authorities in complying with their politico-military obligations resulting from the OSCE Documents and to co-ordinate activities of International Community related to arms control”;

UNDP – “To assist BiH authorities in reducing the danger of huge quantities of explosive remnants of war and ammunition and destroying surpluses”.

The Expert Working Group meets on monthly basis and/or on 'ad hoc' basis to discuss the disposal of ammunition surpluses and inspections of the storage sites from the technical point of view and to discuss the best option to deal with complex matters in the area.

In implementation of this project the Expert Working Group will be involved to:

- conduct overall scrutiny of the ammunition disposal processes;
- act as the knowledge hub;
- ensures there is no overlap between other initiatives of the international community; and
- Verify the disposal processes in line with the international rules and regulations and standards including safety measures

The Expert Working Group will be an additional control mechanism to minimize all the risks associated with the implementation of this project. The member organizations will assist UNDP to implement its mandate and this project proposal. This has been a proven and successful practice in the past years.

1.11 Complementarity of the Action with Other Initiatives in this Field

This Action is designed to complement other initiatives in this field. It is based on the pre-agreed activities with the project's key stakeholder- the Ministry of Defense of Bosnia and Herzegovina. The consultation process with the Ministry of Defense in development of this Action has taken into account the Ministry's policies and plans for the mid-term period as well as other initiatives aimed at supporting the Ministry and the Armed Forces of Bosnia and Herzegovina. The Action's description and the outline of the activities have been endorsed by the Ministry.

The Action takes in particular consideration other initiatives of the international community in this field most notably a) the Mobile Training Teams (MTT) of the European Union Force and b) the US-funded ammunition demolition activities.

The MTT provides trainings to the tactical level personnel of the Armed Forces of Bosnia and Herzegovina in the themes linked to the overall stockpile management whilst UNDP's activities are aiming at operational and strategic level personnel focusing on building their capacities in the area of ammunition demilitarization rather than stockpile management itself. Both training programmes have already been inserted in the Armed Forces of Bosnia and Herzegovina training calendar for 2013 in order to avoid overlapping and duplication.

The US-funded activities have been exclusively linked to the demolition of ammunition by open detonation at Glamoc demolition range so far. UNDP, on the other hand, prioritizes industrial disassembly of ammunition and uses open detonation activities in very limited occasions only in case the ammunition cannot be industrially processed. In addition, this Action is based on ammunition quantities and types that have already been entrusted to UNDP for disposal as defined in the Memorandum of Agreement between the Ministry of Defense and UNDP and Annexes stemming thereof. The fact that ammunition has already been entrusted to UNDP ensures that there is no overlap between the US-funded activities and UNDP's activities. This fact furthermore ensures that activities will complement each other even in case the US expands its operational capabilities.

Moreover, the Action's management mechanisms – the tasks of the Project Board and the role of the EWG – represent control tools that guarantee there is no overlap and that this Action synergizes its activities with other initiatives in order to maximize the impact of Action's results.

1.12 Strategy

The Phase III of the UNDP-led project will reinforce the results of Phases I and II through three separate but mutually reinforcing components of the project that includes a separate component that will address the issues and challenges posed by inadequate safeguarding of the ammunition and weapons storage sites. The project consists of three distinct components, namely:

- Component One: Ammunition Destruction and Demilitarisation
- Component Two: Development of Ammunition Control capacities
- Component Three: Stockpile Management

Component one: Ammunition Destruction and Demilitarization

This component addresses the safety hazards the ammunition poses to the local population living in proximity of the ammunition storage sites. By disposal of chemically unstable ammunition declared for destruction this safety hazard will be decreased which will contribute to the development perspectives of the local communities.

Destruction of those munitions will prevent uncontrolled explosions of ammunition storage depots. Any uncontrolled explosion could have devastating safety and development implications for the local population.

In 2011, the Minister of Defense issued a decision for the continuation of ammunition disposal activities. The ammunition listed in the decision has already been entrusted to the UNDP, and has been specified in the Memorandum of Understanding that was agreed between UNDP and the Ministry of Defense for the disposal of this ammunition. The decision and the Memorandum envisaged the disposal of white phosphorous ammunition and additional quantities of air bombs, as well as artillery ammunition, ammunition components, etc. All of those munitions are not serviceable surpluses and require immediate destruction. Additionally, control and inspection for conventional artillery, counter-armour and small arms ammunition as well as unstable ammunition components has been finalized. They need to be urgently disposed of, due to their chemical instability and because they are categorized as high-hazardous ammunition.

Industrial Processing

The destruction process will focus on the recently installed ammunition disposal machinery procured through the financial assistance of the European Union in the previous phases. The conventional ammunition will be dismantled utilizing those machines that meet the highest standards in terms of safety and environment protection. The industrial disassembly will be in general the prioritized approach to the ammunition disposal for its proven record of efficiency, safety and cost-effectiveness. Those activities will be conducted through the network of highest-level experts and based on the criteria from the International Ammunition Technical Guidelines developed by the United Nations and the United Nations Ammunition Destruction Handbook.

Open Burning and Open Detonation

For those munitions that cannot be industrially demilitarized UNDP will opt for an open burning and open detonation method at the demolition ranges of the Armed Forces of Bosnia and Herzegovina that are endorsed by the Presidency of Bosnia and Herzegovina. The methodology for this destruction process will pay special focus on environment and safety arrangements that will include signing of the Protocol between UNDP and MoD. A detailed range clearance and soil remediation will be conducted following each phase of open detonation. The clearance will be conducted through utilisation of the

demining machinery to ensure range free from explosive and/or unexploded ordnance. This will prevent occurrence of incidents.

It is suggested that the ammunition disposal process is strategized to reflect the disposal of munitions in six programmes, namely (for details see Annex I):

1. White phosphorous munitions;
2. Air bombs;
3. Conventional artillery ammunition;
4. Small Arms and Light Weapons ammunition;
5. Counter-armour munitions and other types of ammunition; and
6. Ammunition components.

This comprehensive disposal process is linked to the priorities based on the hazard rate of each munitions programme and represents the highest priority for disposal. The hazard division (HD) of those types are in the range between HD 1.1. to HD 1.4. In case of uncontrolled and accidental explosions, those munitions may produce mass detonation or even explosions and burning of flammable materials. The disposal process of those quantities will require specific expertise and know-how that the Ministry of Defense/Armed Forces does not have; therefore UNDP's technical knowledge assistance is requested.

Component two: Ammunition Control Capacity Development

Appropriate ammunition stockpile management is the precondition for any future disposal activities. Two key elements in the disposal process are ammunition inspection and verification.

Inspection

The first step in the disposal process is an appropriate inspection of ammunition. With those inspections, the Ministry of Defense allocates unstable ammunition for disposal. In order to continue the ammunition disposal process in the future, there is a need to conduct an ammunition inspection and control of specific ammunition systems in all three phases including primarily lab testing of the chemical stability. At present, the Ministry of Defense has extremely limited capacities that include visual inspection of ammunition that in most cases is not accurate. The Minister requested UNDP's support in assessing those munitions. UNDP has already conducted technical inspections of ammunition type FAB 275 air bomb, that has proven as credible, and the ammunition has been declared for disposal.

It is of great importance to assess the lifetime of ammunition fuel. It is necessary to attend to the sampling of fuel from the large quantities of ammunition found in stock of the AFBiH and to establish the database.

Verification

On the other hand, appropriate ammunition verification is the most important element of the transparent ammunition disposal and demilitarization process. The verification process is being conducted at two stages: one, at the level of the Committee for Ammunition Surpluses of the Ministry of Defense and second, during the actual disposal process at the ammunition disposal sites. UNDP has had its own ammunition verification teams at the ground, which enabled a transparent disposal process as well as a process that has been conducted safely with no incidents.

Capacity Development

When taking into account the current level of expertise of the operational and strategic level management structure of the MoD and the Armed Forces, as well as the ongoing training programmes, it has been established that there is a need to provide an advanced certification-training programme for ammunition destruction and demilitarization. This component will be engendered. In organizing the trainings and capacity development activities the project will seek a balanced representation of women in activities. The capacity development will aim to benefit men and women equally, and the subjects of the events will be gender sensitive. The planning and delivery of training will take into consideration principles embodied in the United Nations Security Council Resolution 1325 and the 2004 OSCE Gender Action Plan.

There is a wide misunderstanding what the demilitarization process entails within the management structures of the Ministry of Defense/Armed Forces. Those programmes will therefore ensure that the Ministry of Defense management fully understands all segments of the disposal process including but not limited to:

- Development of disposal methodologies;
- Development of the Standard Operating Procedures for each type of munitions;
- Practical aspects of the disposal process such as transportation constrains, uploading and downloading of ammunition, types of explosives and detonating means, methods of destruction.

TROM, Doboj Upgrade

Moreover, the key military facility for disposal of ammunition TROM, Doboj still needs significant improvements in terms of technological processes, equipment and safety standards. In line with the UNDP-developed assessment of the TROM, Doboj location, there is an urgent need to upgrade safety standards within the site to align them with the safety standards applied for the installation of the EU funded Pull Apart Machine. Apart from the Pull Apart facility, other facilities within TROM Doboj are facing serious safety standard concerns. Explosive ordnance operators are working without any protection equipment and facilities do not meet minimum safety standards. People's lives are at stake every day. In case of an accidental explosion, several individuals could be killed or severely injured. Therefore, it is suggested to:

- Enhance the architectural safety standards within TROM, Doboj location to align them with the standards of the Pull Apart machine facility;
- Upgrade safety measures and safety equipment.

These upgrades, in combination with the continuation of the recently installed ammunition disposal machinery will double the capacity, safety standards of the only military location for disposal of ammunition, namely TROM, Doboj.

Component three: Stockpile Management

Component three will build on the work already done within the Regional Programme funded by the EU and will work to mitigate risks posed by ammunition and weapons storage sites through safety upgrades of selected prospective storage sites. The specific activities will focus on infrastructure and safety management upgrades based on a detailed assessment of safety of storage sites developed by UNDP/OSCE in 2010 and 2011.

UNDP and the OSCE have a long established collaborative relationship in Bosnia and Herzegovina through a shared interest in the monitoring and reduction of potentially unsafe surplus SALW and ammunition in the country. The OSCE has a programme of assistance to OSCE participating states to establish projects that will lead to the secure storing and effective management of weapons and ammunition. This assistance is open to all OSCE participating States that request it. In March 2011, OSCE received such an official request from Bosnia and Herzegovina (Annex N), initiated by the BiH Ministry of Defense and submitted by way of the BiH Ministry of Foreign Affairs BiH Delegation to the OSCE. This led to the formation of an international team of experts brought in by UNDP and OSCE to assess the needs for refurbishment of AFBiH weapons and ammunition storage sites. It is based on this request, the OSCE field presence throughout Bosnia and Herzegovina, and OSCE experience in offering assistance to many other states including those in the region, that UNDP and OSCE have partnered to implement component three of this Project, as a complementary additional component within the overall project to decrease the safety risks posed by excess SALW and ammunition in BiH.

The storage sites share many common deficiencies that require remediation. The existing internal protection barriers between storage buildings do not prevent consecutive explosion of the buildings in case of explosion in one of them. The locations will moreover benefit from suitability approved fire detection systems.

In view of their layout and structure, earth covered magazines ECMs are a solid ground for their further upgrade in view of safety. It is necessary to make certain improvements, for example, increase the thickness of the front wall and the sides, increasing the thickness of the protective layer above concrete arches, improve drainage and ventilation system, etc. It is therefore important to reconfigure the building to improve safety measures and decrease humidity.

Also, improvements to the electrical supply system are necessary as is the installation of an alternative source of electrical power and fire-fighting equipment in order to upgrade safety standards. In implementation of those activities UNDP will duly note the Convention on the Rights of Persons with Disabilities (CRPD) and will endeavour to provide increased access for people with disabilities.

Given that a number of the same inputs are required for all selected storage sites, the assistance will target these common requirements to ensure cost effectiveness and implementation efficiency.

Table I.1: Snapshot overview of the action

| | |
|----------------|---|
| Results | <ul style="list-style-type: none"> - Disposal of chemically unstable and unsafe munitions; - Prevention of uncontrolled and accidental explosions; - Contribute to the improvement of ammunition storage sites safety; - Closure of non-prospective ammunition storage depots; - Release of soldiers engaged to safeguard the storage sites; - Decrease of defense budget allocated for safeguarding the storage facilities; - Implementation of BiH international obligations from the United Nations Programme of Action; - Ammunition disposal standards improved; - Fostering BiH Euro-Atlantic integration processes; - Disposal of obsolete ammunition in the country; - Proceeds ownership; - Improvement of general safety. |
| Risks | <ul style="list-style-type: none"> - Funding shortfalls; - Accidental explosion during the disposal process; - Environmental damage; - Absence of the state government for adoption of critical decisions. |

| | |
|------------------------------|--|
| Indicators of success | <ul style="list-style-type: none"> - 2,000 pieces of different types and models of white phosphorous ammunition disposed of; - 64 pieces of air bombs disposed of; - 91,000 pieces of armour piercing artillery ammunition disposed of; - 36,000 pieces of anti-air craft and artillery ammunition disposed of; - 1,200 tonnes of conventional artillery ammunition disposed of; - 2,000,000 pieces of small arms ammunition disposed of; - 50,000 pieces of ammunition components disposed of; - 1,000 tons of ammunition inspected and assigned for destruction; - Advanced training on ammunition disposal conducted; - Risks of unplanned explosion decreased by upgrading ammunition storage safety standards; - Weapons and ammunition stockpiles' safety improved; - Stockpile management processes and procedures advanced and ammunition lifetime extended; - Ammunition demilitarization capabilities of TROM, Dobož enhanced to increase the pace of ammunition destruction. |
| Time | 2013-2015 (28 months) |
| Budget | 3,837,830.00 |

1.13 Sustainability

Institutional Capacities: Once developed, the institutional capacity for explosive remnants of war and ammunition control will be constant, providing for the sustained control of throughout Bosnia and Herzegovina. Capacities will also be increased to ensure that BiH authorities can undertake necessary - related initiatives as required in the future. The facility upgrades will be built to the standards that last a minimum of 15-20 years. This ensures long-term sustainability and justifiability of the investment.

The National Coordination Board is established by the Council of Ministers, independently from the Small Arms Control and Reduction Project, and has been recognized by the international community as a positive example of government ownership over UNDP projects, in terms of substantiality and in kind contributions to destruction of explosive remnants of war initiatives and programmes in the country. The Coordination Board will also be organizing and chairing the seminars for the parliaments, donors and international counterparts and will work on fundraising to support the destruction of the explosive remnants of war initiatives and projects in Bosnia and Herzegovina.

The successful implementation of the project will have a long-term impact in the sustainability of the action. The primary focus is on ammunition for which the Ministry of Defense has no capacity to deal with. This will achieve a twofold impact on sustainability: one, the ammunition technicians will be trained to deal with high hazardous ammunition through hands-on learning through trainings; secondly, the Ministry of Defense will have equipment and expertise to deal with the remaining types of ammunition.

1.14 Risk Analysis

Funding Shortfalls: The Ministry of Defense has limited funds to invest in the ammunition disposal and demilitarization process. In case there is a lack of international support, the process will be halted or maintained at the lowest possible level. This will have a direct impact to the risk level of unplanned ammunition explosions at the storage sites.

The acceptance of this risk is one possible solution. Nonetheless, due to the potential risks that it poses to the safety of Bosnia and Herzegovina, as well as further investments that are necessary to remediate the results of uncontrolled explosions, the acceptance of this risk should be avoided. Rather, measures should be undertaken in order to prevent such risks.

Although the BiH Government has limited monetary means to support the destruction process, the Ministry of Defense will however contribute to the ammunition disposal process. The contribution of the government will be linked to the covering of the ammunition transportation costs, costs for maintenance and guarding of storage locations, ammunition condition controls, verification of ammunition disposal processes and administrative costs necessary for complex decision-making processes.

Undesired Explosive Events/Safety Hazards: A high probability exists that an undesired explosive event or safety hazard may occur during ammunition destruction or demilitarization activities.

The impact of such a risk would result in a temporary suspension of activities until an investigation has been undertaken to identify the causes and suggest additional safety measures/improvements. Project activities may be delayed for a varying period, depending on the scope of the accident, its implications and recommended follow-up measures. Loss of life may be significant in case such an event does occur. In monetary terms, the impact may result in increased total project costs as a result of the additional time that will be necessary to make up for the delays, the implementation of follow-up measures, as well as the replacement costs in case of a potential loss of equipment.

Risks can be reduced through an expedited process of ammunition destruction and through minimal safety upgrades.

Contingency plans should be developed for all demilitarization and destruction sites in case such an event occurs. Such plans should seek to mitigate the impact of any event. These contingency plans should be developed by the Ammunition Technical Officer, due to his/her expertise on such issues, in coordination with BiH stakeholders.

Environmental Damage: The probability of environmental damage is medium and is most relevant for activities on ammunition destruction (open burning and detonation). Environmental damage in this instance would specifically consist of soil contamination as a result of residual shrapnel and explosives. The consequences of soil contamination could cause problems in the more distant future if it is not carefully monitored.

Noise and air pollution are other risks that could be encountered. Noise pollution may be regulated by timed detonations of limited quantities of unstable ammunition. A plan to address noise pollution factors will be developed by the Ammunition Technical Officer. Air pollution will be diluted by the atmosphere and there will not be any clear apparent consequences.

Accepting the risk should be avoided since the implications of environmental damage are long-term. Depending on the degree and scope of the environmental damage, the consequences may range from acceptable to extremely serious. Risk prevention will take place to the highest degree possible. In particular, all ammunition that can be demilitarized will be sent for demilitarization. Demilitarization will destroy ammunition in an environmentally sound manner. In cases where ammunition is insufficiently stable for demilitarization, it will be destroyed through open burning and detonation. In order to limit environmental impact, the standards are put into place by the Ministry of Defense and UNDP. An environmental assessment will be undertaken of the demolition grounds to ensure that any environmental impact is contained within limits of tolerance.

UNDP has already performed soil sampling at the demolition range, which indicates that there is no significant pollution.

Government Decisions: There is a medium probability that delays may occur in government or partner ministries, thereby making it difficult or impossible for relevant counterparts to respond to needs in a timely manner. Delays may stem from a variety of factors, such as for example, political issues/disagreements and the sheer volume of ongoing reforms affecting institutional capacity to respond in a timely manner or procedural delays.

The impact of such a risk occurring would be to slow down or, in the worst case, halt the project for an interim period. In monetary terms, the impact may result in an increase of total project management costs due to the additional time that will be necessary to make up for the delays. Additionally, the willingness of donors to support the project may potentially decline since delays may be interpreted as a lack of political will to carry through the reforms. The latter may have particularly large consequences for the realization of the overall project since the project relies on donor support for its implementation.

This risk is minimized since this project proposal identifies actions on ammunition demilitarization and destruction that are already approved by all relevant governments.

Ownership of Scrap Metal and Residues: The distribution of scrap metal and residues as products of demilitarization between different governments layers in BiH still represent an issue, on which a political decision has not yet been made. It may be a cause for the delays in project implementation.

However, this risk is not strongly linked to this project proposal. This proposal lists ammunition types and disposal methods that do not involve scrap metal or residues. The ammunition will be disposed of at the military controlled location using recently upgraded machinery as well as previously installed machines by the UNDP. Some types of ammunition that cannot be industrially demilitarized will be disposed of at an open demolition range. This method of disposal processes does not include scrap metal as residue. In case of disposal of ammunition that contains residue this will be returned to the MoD.

2. *Expected Results*

2.1 *General Overview*

The project focuses its attention to unstable and high hazardous ammunition. It is designed to counteract the effects those may have on population. Measures range from physical elimination to control of weapons and ordnance.

The ammunition disposal mechanism proposed by the UNDP will strengthen the capacities of the Ministry of Defense and enhance inter-agency cooperation for further disposals in BiH. UNDP will contribute, in the long term, to autonomous ammunition disposal activities conducted by the local authorities. With a projected budget of approximately 3.87 million EUR, UNDP will assist the Ministry of Defense in the disposal processes and overall improvement of ammunition stockpile management during the periods of 2012-2014. This will consequently lead to removal of high hazardous types of munitions for that the Ministry of Defense has limited capacities to address, and will decrease the amount of other types of chemically unstable ammunition in the country as well as it will improve safety of ammunition facilities.

The primary beneficiaries of an improved, secure and safe domestic environment will be the citizens of BiH. Contributing to a safe and secure environment in BiH, the international rating of the country will

improve and will potentially attract and increase foreign investments and fully engage in socio-economic reforms on its path towards Euro-Atlantic integration.

2.2 Specific Results

Result 1: Disposal of chemically unstable and high hazardous ammunition and explosive remnants of war

Objective:

Threats of uncontrolled explosion posed by chemically unstable and high hazardous ammunition and remnants of war decreased.

Activity 1: Demilitarization of conventional ammunition and remnants of war surpluses through the support to the military facilities for ammunition disposal;

Activity 2: Development of the disposal methodologies for the highly complex ammunition systems and their physical disposal;

Activity 3: Destruction of the high hazardous ammunition and remnants of war listed in the MoD and Presidency Decision

Activity 4: Use of upgraded facilities for ammunition demilitarization in disposal of ammunition surpluses.

Indicators:

- 2,000 pieces of different types and models of white phosphorous ammunition disposed of;
- 64 pieces of air bombs disposed of;
- 9,100 pieces of armour piercing artillery ammunition disposed of;
- 36,000 pieces of anti-air craft and artillery ammunition disposed of;
- 1,200 tons of conventional artillery ammunition disposed of;
- 2,000,000 pieces of small arms ammunition disposed of;
- 50,000 pieces of ammunition components disposed of.

Result 2: Ammunition Control Capacity Developed

Objective:

Capacities of the Ministry of Defense and the Armed Forces for an effective inspection and verification of ammunition in storage sites, including an increase in identification technologies of unstable ammunition and its components enhanced. The effective inspections have a direct impact on the pace and progress of disposal of especially high hazards ammunition. Moreover, the enhanced stockpile management capabilities will decrease risks of unplanned explosions. The full operational capability of the military ammunition demilitarization facility TROM, Doboj will ensure increase in ammunition disposal pace. Implementing these activities, the process will be aligned with international safety standards in ammunition demilitarization.

- Activity 1:** Organization of advanced certification trainings on ammunition disposal and destruction processes for up to 60 individuals of the BiH Ministry of Defense/Armed Forces;
- Activity 2:** Inspection of complex weapons and ammunition systems assigned for disposal;
- Activity 3:** Performance of day-to-day verification of disposed ammunition;
- Activity 4:** Organization of bi-annual workshops on ammunition disposal processes in cooperation with the Ministry of Defense Committee for Movable Property Surpluses;
- Activity 5:** Support to the Control and Inspection Units of the Armed Forces of Bosnia and Herzegovina and in assessing stabilizer levels in ammunition fuels for specific types of ammunition;
- Activity 6:** Construction and architectural improvements of facilities in TROM, Dobož to align them with the safety standards;
- Activity 7:** Procurement of safety protection equipment for TROM, Dobož personnel;
- Activity 8:** Upgrade of equipment and overhauling of machinery for the ammunition demilitarization process at the military facility in TROM, Dobož.

Indicators:

- All ammunition disposal activities verified to be conducted in line with disposal standards;
- Number of munitions inspected;
- Number of munitions declared for disposal;
- Number of individuals trained on ammunition disposal and destruction processes;
- Use of chemical analysis for ammunition inspection;
- Acceptable safety standards of ammunition disposal facilities in TROM, Dobož achieved;
- Safety protection equipment procured;
- Ammunition disposal equipment upgraded and machinery overhauled.

Result 3: Selected prospective storage sites upgraded in line with best practices and international safety standards

Objective: The safety of storage sites is a precondition for improvement of ammunition stockpile management.

- Activity 1:** Construction improvements at the selected SALW and ammunition storage sites to increase safety standards;
- Activity 2:** Replacement of internal and external ventilation grates for air inlet and outlet; closing the existing vents, making new vents and channels; grounding all ventilation grids; analogue device measuring humidity and temperature and similar replacements;
- Activity 3:** Installation of fire protection system and emergency static water tanks;

Indicators:

- Ammunition storage sites upgraded and aligned with international safety standards;

2.3 Multiplier Effects

The main methodology of this project - the partnership approach at the policy and implementation level between the UNDP/OSCE/EU and local authorities, but also between government authorities, civil society, and businesses - is replicable in similar development and institution-building initiatives. It is a natural complement and pre-requisite to the various development projects that are currently underway in BiH. The project works to strengthen the national authorities for taking over critical development functions at various levels and in partnership with the civil society and the private sector. This strategy rests on two pillars: (a) the increased capacity of main stakeholders, and (b) the responsibilities that are gradually being transferred to these institutions.

In principle, the approach described in this grant application could be used in any development project undertaken by the local authorities. The participatory processes undertaken in support of the improved safety in BiH can be easily adopted for local development processes. The principles of good governance on which this project is based upon, is especially important to the participation, transparency, effectiveness, efficiency, and responsiveness. These approaches can deliver considerable value for money by creating a sense of ownership on the part of the stakeholders, and by encouraging high-quality technical implementation.

This project will build and enhance technical competencies that are especially critical in the national management, stockpile control and destruction of explosive remnants of war in BiH processes. It will be applicable to other, longer-term development programmes as well. One important example is the process of setting priorities in direct partnership with the Ministry of Defence of BiH, with the support of the Coordination Board and Joint Committee for Security and Defence of the BiH Parliament. Such decision-making will have to be participatory and has to encourage various stakeholders to become partners in the planning, funding, and implementation of development projects.

2.4 Short and Long-Term Impact

Short-Term Impact:

- Implementation of the Minister of Defense decision on high-risk ammunition disposal;
- Implementation of current decisions on conventional ammunition disposal;
- Decrease of risks of unplanned and accidental explosions;
- Reduction of safety hazards for the local population and improvement of their development prospects;
- Destruction and demilitarization of chemically unstable ammunition;
- Additional quantities of ammunition declared for disposal through control and inspection procedures;
- Strengthen ammunition disposal verification mechanisms;
- Legal and policy framework related to weapons control is improved.

Long-Term Impact:

- Authorities in BiH strengthened to implement explosive remnants of war and ammunition control and disposal measures;

- Budget allocated for safe-guarding of storage sites and ammunition disposal redirected to other development projects.

3. Budget for the Action

The estimated budget for the Action is 3,837,830.00 EUR by the Instrument for Stability in line with the attached Annex A over the period of 28 months (2013 to 2015).

4. Expected Sources of Funding

The source of funding is the Instrument for Stability.

Annex B: Log Frame

| | Intervention Logic | Objectively verifiable indicators of achievement | Sources and means of verification | Assumptions |
|---------------------------------|---|--|--|-------------|
| <p>Overall Objective</p> | <p>Physical elimination of threats posed by chemically unstable and high hazardous ammunition and remnants of war and verification, inspection and security standards in ammunition demilitarization upgraded</p> | | <ol style="list-style-type: none"> 1. Quarterly Project Board Meetings 2. Progress Reports 3. Ammunition destruction process verified by the Ministry of Defense Verification Commission 4. SALW Coordination Board quarterly meetings | |
| | <ol style="list-style-type: none"> 1. Chemically unstable and high hazardous ammunition | | <ol style="list-style-type: none"> 1. Quarterly Project Board Meetings 2. Progress Reports | |

Annex B: Log Frame

| | | | |
|-----------------------------------|---|---|--|
| <p>Specific Objectives</p> | <p>and explosive remnants of war disposed of</p> <p>2. Improved ammunition inspection and verification</p> <p>3. Security and safety standards improved and capacities enhanced to ensure increase of ammunition disposal pace</p> | <p>3. Ammunition destruction process verified by the Ministry of Defense Verification Commission</p> <p>4. SALW Coordination Board quarterly meetings</p> | |
| <p>Expected Results</p> | <p>1.1 2000 pieces of different types and models of white phosphorous ammunition disposed of;</p> <p>1.2 64 pieces of air bombs disposed of;</p> <p>1.3 9100 pieces of armour piercing artillery ammunition disposed of;</p> <p>1.4 36000 pieces of anti-air craft and artillery ammunition disposed of;</p> <p>1.5 1200 tonnes of conventional artillery ammunition disposed of;</p> | | |

Quantity of ammunition destroyed;

Annex B: Log Frame

| | | |
|---|---|--|
| <p>1.6 2000,000 pieces of SALW ammunition disposed of; 1.7 50,000 pieces of ammunition components disposed of</p> | | |
| <p>2.1 Ammunition inspected and assigned for disposal 2.2 Ammunition disposal guidelines drafted 2.3 Chemical analysis used for ammunition inspection</p> | | |
| <p>3.1 MoD management trained on ammunition disposal and destruction processes 3.2 Safety standards of ammunition disposal facilities in TROM, Dobo upgraded 3.3 Safety protection equipment procured 3.4 Ammunition disposal equipment upgraded and machinery overhauled</p> | <p>No of ammunition inspected;</p> | |
| | <p>No of individuals trained;</p> <p>Security standards upgraded;</p> | |

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Annex B: Log Frame

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|--------------------------|---|--|--|---|
| <p>Activities</p> | <p>Demilitarization of conventional ammunition and remnants of war surpluses through support to the military facilities for ammunition disposal</p> <p>Development and adoption of the guidelines and policies for ammunition inspection and verification in line with best practices and standards</p> <p>Inspection of complex weapons and ammunition systems assigned for disposal</p> | <p>Quantity of ammunition destroyed;</p> | | <p><u>Political:</u> Lack of political will in ammunition disposal process may influence the overall result; <u>Actions:</u> Meetings with the Joint Defense and Security Committee of the BiH Parliament and the Ministry of Defense will be held to address the importance of activity. <u>Environmental:</u> Weather conditions may delay destruction activities at Glamoc Disposal Range; <u>Other:</u> Local population dissatisfaction on use of Glamoc Disposal Range may delay destruction process. <u>Actions:</u> UNDP will have Glamoc as a focus municipality in its activities from other sectors.</p> |
|--------------------------|---|--|--|---|

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Annex B: Log Frame

| | | | |
|---|-------------------------------------|--|--|
| <p>Performance of day-to-day verification of disposed ammunition</p> | | | |
| <p>Organization of bi-annual workshop on ammunition disposal process in cooperation with the Ministry of Defense Committee for Movable Property Surpluses</p> | <p>No of ammunition inspected;</p> | | |
| <p>Support to the Control and Inspection Units of the Armed Forces of Bosnia and Herzegovina in assessment of level of stabilizer in ammunition fuels</p> | | | |
| <p>Organization of advanced certification trainings on ammunition disposal and destruction processes</p> | <p>No of individuals trained;</p> | | |
| <p>Construction and architectural improvements of storage facilities and facilities in TROM, Doboï to align them with safety and security standards</p> | <p>Security standards upgraded.</p> | | |

Annex B: Log Frame

| | | | | |
|--|---|--|--|--|
| | Procurement of safety protection equipment for TROM, Doboij personnel | | | |
|--|---|--|--|--|



Broj: 11-03-25-4819 /11
Sarajevo, 28.11.2011. godine

UNDP BiH
Maršala Tita 48
71000 Sarajevo

Vaša Ekselecijoj Afanasiev,

Dozvolite mi da Vam se zahvalim na potpori koju pružate Ministarstvu obrane Bosne i Hercegovine u procesu uništavanja viškova nestabilne i visoko rizične municije kao i na unapređenju kapaciteta OS BiH za uništavanje.

Ministarstvo obrane Bosne i Hercegovine nije u mogućnosti da samostalno provodi proces uništavanja viškova naoružanja i municije s obzirom na ograničene resurse i kapacitete sa kojima raspolaže. U tom smislu, potpora Razvojnog programa Ujedinjenih nacija (UNDP) je od ključne važnosti za Ministarstvo obrane BiH i u budućnosti, te izražavam svoju nadu da ćemo se moći osloniti na Vašu potporu i u narednom periodu.

Ministarstvo obrane Bosne i Hercegovine i UNDP su napravili iskorak u procesu uništavanja viškova municije tijekom 2011. godine. Očekivani rezultati za ovu godinu su dobri i predstavljaju napredak. Posebno bih istakao činjenicu da smo zajedničkim naporima pristupili uništavanju visoko-rizične municije, te ispunjavanju obaveza Ministarstva obrane BiH iz Konvencije o zabrani kasetne municije.

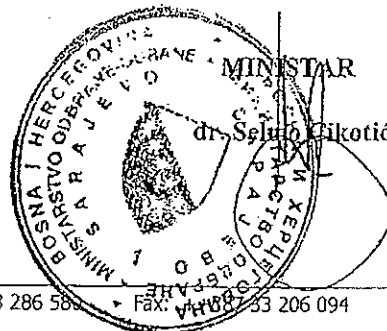
U svjetlu sporazuma između Ministarstva obrane BiH i UNDP-a, očekujem da ćemo nastaviti suradnju tijekom naredne godine, a u cilju daljnjeg uništavanja visoko-rizične municije i provođenju kontrolno-tehničkog pregleda nad sredstvima za koje OS BiH nemaju kapacitet da provedu samostalno.

Poznavajući činjenicu da je Projekat za kontrolu malog oružja UNDP finansiran od strane Evropske unije, molim da prenesete moje zahvale Nj. E. Peteru Sorensenu na potpori koja se preko Razvojnog programa Ujedinjenih nacija (UNDP) daje Ministarstvu obrane Bosne i Hercegovine

Spoštovanjem,

Dostaviti:

- Naslovu
- a/a



JK



Broj: 11- 03-25-4819/10
Sarajevo, 28. 11. 2011. godine

UNDP BiH
Maršala Tita 48
71 000 Sarajevo

Your Excellency Afanasiev,

Allow me to thank you on the support you are providing to the Ministry of Defense of Bosnia and Herzegovina in the destruction process of high risk and unstable ammunition as well as in the process Armed forces disposal facilities upgrade.

Ministry of Defense of Bosnia and Herzegovina is not in a position to handle the process of weapons and ammunition destruction on its own considering the limited resources and capacities on disposal. Having that in mind, the support of United Nations Development Program (UNDP) is of crucial importance to the Ministry of Defense for the future, so I express my hope that we can rely on you support in the period to come.

During 2011 Ministry of Defense and UNDP have made a breakthrough in the process of surplus ammunition destruction. The expected results for this year are very good and they represent progress. I would like especially to underline the fact that we have come together in an effort to destroy high-risk ammunition, and to fulfill the obligations of Ministry of Defense under the Convention on ban of cluster ammunition.

In the light of agreement between the Ministry of Defense of BiH and UNDP, I expect that we will continue our cooperation during next year, all for the goal of high-hazardous ammunition destruction and realization of the control and technical inspection on items that Armed Forces of BiH do not have the capacity to do it themselves.

Knowing the fact that the UNDP Small arms control project is funded by the European Union, please convey my gratitude to H.E. Peter Sorensen for the support to Bosnia and Herzegovina provided through (UNDP) United Nations Development Program.

Respectfully,

Dostaviti:
- Naslovu
- a/a

MINISTAR

dr. Selmo Cikotić

A handwritten signature in the bottom right corner of the page.

Broj:12-18-2804/11
Mostar 28.10. 2011. godine

UNDP Bosna i Hercegovina
Yuri Afanasiev
Rezidentni predstavnik
Razvojni program Ujedinjenih nacija

PREDMET: Podrška saradnji

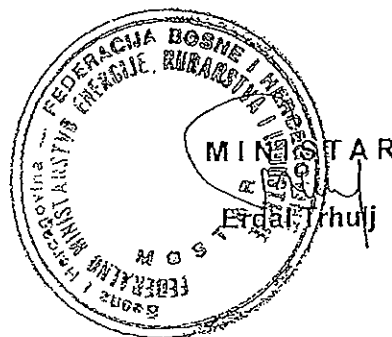
Poštovani gospodine Afanasev,

Kao što znate Bosne i Hercegovina se suočava sa velikim količinama viškova municije koja predstavlja svakodnevnu sigurnosnu prijetnju građanima. Opasnost od nekontrolirane eksplozije municije je velika, te je potrebno po hitnom postupku pristupiti uništavanju svih viškova.

Federacija Bosne i Hercegovine raspolaže sa kapacitetima namjenske industrije koja proces uništavanja municije može umnogome ubrzati, što je i dokazano rezultatima u protekle dvije godine. U tom periodu, uz podršku Vašeg programa, u pogonima namjenske industrije uništene su velike količine municije i minsko- eksplozivnih sredstava bez vanrednih događaja. Naša namjenska industrija je opremljena tehnologijom i znanjem koje u znatnoj mjeri doprinosi sigurnom rješavanju pitanja viškova naoružanja. Na drugu stranu, Vaša organizacija nam je ekspertskim savjetima pomogla da postignemo najviši standard sigurnosti i unaprijedimo procedure uništavanja i delaboracije municije i minsko-eksplozivnih sredstava.

Uzimajući u obzir ulogu Razvojnog programa Ujedinjenih nacija (UNDP) u procesu uništavanja viškova municije, želio bih da izrazim svoje zadovoljstvo dosadašnjim angažmanom Vaše organizacije u ovom procesu i postignutim rezultatima. Želio bih da se Vama i Vašem kompetentnom osoblju koje vodi proces zahvalim na dosadašnjoj podršci, te da izrazim očekivanja da ćemo nastaviti uspješnu saradnju u narednoj godini.

S poštovanjem.



ST

UNOFFICIAL TRANSLATION

BOSNIA AND HERZEGOVINA
Federation of Bosnia and Herzegovina
Federal Ministry of Energy, Mining and Industry

REF: 12-18-2804/11
Mostar, 28 October 2011

UNDP Bosnia and Herzegovina
Yuri Afanasiev
Resident Representative
United Nations Development Programme

SUBJECT: Support Letter

Dear Mr. Afanasiev,

as you are already aware, Bosnia and Herzegovina faces a large amount of surplus ammunition which represents an everyday security threat to citizens. There is a great risk of uncontrolled ammunition explosion and therefore it is necessary to dispose of ammunition surpluses urgently.

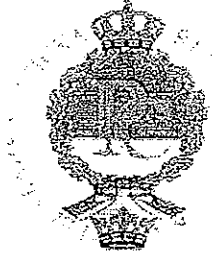
The Federation of Bosnia and Herzegovina have defense industry capacities which can greatly accelerate process of ammunition disposal, as evidenced by the results of the last two years. In that period, with support of your programme, in the facilities of defense industry large quantities of ammunition and unexploded ordinances have been destroyed without any unfortunate events. Our defense industry is equipped with the technology and knowledge that significantly contributes to the safe resolution of munitions surpluses. On the other hand, your Organization helped us with expert advices in achieving the highest safety standard and improving process of ammunition and unexploded ordinances disposal and demilitarization.

Taking into account the role of United Nations Development Programme (UNDP) in the process of disposal of ammunition surpluses, I would like to express my satisfaction with engagement of your organization in this process and for achieved results. I would use this opportunity to thank you, and your competent staff that manages the process, for cooperation and to express my support for continuation of the successful cooperation in the following year.

Sincerely,

/original signed/
Erdal Trhulj
Minister

AT



РЕПУБЛИКА СРПСКА
ВЛАДА
МИНИСТАРСТВО УНУТРАШЊИХ ПОСЛОВА
УПРАВА ПОЛИЦИЈЕ

Булевар Десанке Максимовић 4, Бања Лука, тел.: 051/334-347, факс: 051/334-390, www.vladars.net
E-mail: up@mup.vladars.net

Број: 01- 789 /11
Датум: 28.11.2011. године

УНДП
Маршала Тита бр. 48
САРАЈЕВО

Поштовани,

Као што Вам је познато, дана 23.11.2011. године, финализирали смо дио заједничких активности које за циљ имају стварање безбједног окружења за грађане Републике Српске. Тог дана уништили смо 1218 комада оружја и дијелова оружја, што значи да смо у овој години уништили близу 2000 комада ватреног оружја и дијелова за исто. Све ово остварили смо заједничким напорима и на партнерском односу који траје више година.

Користимо прилику да Вам изразимо захвалност на досадашњем и више него коректном односу као и на несебичној подршци у реализацији заједничких пројеката који имају јединствен циљ, а то је повећање безбједности локалне заједнице и стварање услова за што безбједнији живот свих грађана Републике Српске.

Истовремено, уз захвалност изражавамо наду да ће се веома успјешна сарадња наставити и убудуће довршавањем започетих пројеката и реализацијом нових пројеката у сљедећим годинама.

С поштовањем,

ЗАМЈЕНИК
НАЧЕЛНИКА УПРАВЕ

Војислав Пелкић

UNOFFICIAL TRANSLATION

REPUBLIC OF SRPSKA
GOVERNMENT
MINISTRY OF INTERNAL AFFAIRS
POLICE ADMINISTRATION

Ref: 01-789/11
Date: 28/11/2011

UNDP
Marsala Tita 48
SARAJEVO

Dear Sir and Madam,

As you are already aware, on 23 November 2011 we finalized part of the joint activities aimed to create a safer environment for the citizens of the Republic of Srpska. On that particular date we destroyed 1218 pieces of weapons and their parts, which means that in this year we have destroyed nearly 2000 pieces of firearms and their parts. All of this was accomplished with a joint effort and with a partner cooperation that has last for years.

We would like to use this opportunity to express our gratitude for a fruitful cooperation as well for your generous support in the implementation of the joint projects. They have a unique aim of increasing local community safety and improving safer living conditions for all citizens of the Republic of Srpska.

We take this opportunity also to express our hope that this successful cooperation will continue in the future by completing already started projects and with the realization of new ones in the following years.

Best regards,

Vojislav Pelkic
Deputy Chief of Staff

OH



РЕПУБЛИКА СРПСКА
ВЛАДА
КАБИНЕТ ПРЕДСЈЕДНИКА

Трг Републике Српске 1, Бања Лука, тел: 051/339-103, факс: 051/339-119, e-mail:kabinet@vladars.net

Број: 1.-3800/11

Датум: 26.12.2011. године

УЈЕДИЊЕНЕ НАЦИЈЕ
РАЗВОЈНИ ПРОГРАМ (UNDP)
и/р Yuri Afanasiev, резидентни представник

Поштовани,

Желим изразити захвалност, за све пројекте које UNDP реализује на територији Републике Српске али и читаве БиХ. Сматрам да је улога UNDP, више него видљива и корисна како у после ратном периоду, у процесу обнове, али исто тако и у периоду када претседујемо да постанемо чланица Европске Уније.

Такође, изражавам пуну подршку за све ваше пројекте који за циљ имају уништавање нестабилне и високо ризичне муниције. Увјеравам Вас да ћете сходно досадашњој доброј сарадњи у Влади Републике Српске имати одговарајућег партнера и за ове пројекте.

На крају, уз новогодишње и божићне честитке, поводом наступајућих празника, изражавам своје дубоко поштовање и радујем се нашем следећем сусрету.

С поштовањем,



Председник Владе
Републике Српске
Александар Цомбић

UNOFFICIAL TRANSLATION

REPUBLIC OF SRPSKA
GOVERNMENT
PRIME MINISTER CABINET

Ref: 1.-3800/11
Date: 26/12/2011

UNITED NATIONS
DEVELOPMENT PROGRAMME (UNDP)
Yuri Afanasiev, Resident Representative

Dear Sir,

I would like to express my gratitude for all the projects that UNDP is implementing on the territory of Republic of Srpska as well as in the whole BiH. I believe that the role of UNDP is clearly visible and has been indispensable in the post-war period, in the process of reconstruction, as well as nowadays for our aspirations to become member of the European Union.

Moreover, I would like to express my full support for all your projects that are dealing with destruction of unstable and highly risk ammunition. Based on our previous good cooperation, I assure you that the Government of Republic of Srpska will continue to cooperate on those projects.

Finally, with my best wishes for the New Year's and Christmas holidays, I would like to express my deepest appreciation and I am looking forward to our next meeting.

Best regards,

Aleksandar Djombic
Prime Minister of Republic of Srpska



Memorandum of Agreement on Destruction of High-Risk Ammunition

Memorandum of Agreement on Destruction of High-Risk Ammunition (hereinafter referred to as the "Agreement") made this 01 March, 2011, between the United Nations Development Programme (hereinafter referred to as "UNDP") and the Ministry of Defence of Bosnia and Herzegovina (hereinafter referred to as BiH MoD).

WHEREAS UNDP desires to engage the services of the BiH MoD in the context of destruction of high-risk ammunition declared for destruction, and whereby UNDP is willing to fund the process of destruction of high-risk ammunition on the terms and conditions hereinafter set forth, and

WHEREAS the BiH MoD is ready and willing to accept the engagement of services for UNDP on the said terms and conditions.

NOW, therefore, the parties hereto agree as follows:

I. Subject of the MoU:

- 1.1. The subject of this memorandum is the destruction of high-risk ammunition which was declared for destruction in terms of the relevant decisions of the Presidency of Bosnia and Herzegovina and the decision of the Defence Minister of Bosnia and Herzegovina.
- 1.2. Quantities and types of ammunition will be defined in Annexes to this MoU in accordance with the decisions referred to in the previous paragraph. Annexes will be signed successively on the basis of the Review of types and quantities of ammunition and mines and explosive ordnances which were found surplus for the Armed Forces of BiH, and which could be destroyed immediately based on the performed technical inspection.

II. Responsibilities of BiH MoD:

BiH MoD agrees to provide its available capacities and ammunition to UNDP for destruction.

III. Responsibilities of UNDP:

UNDP agrees to engage experts for destruction of high-risk ammunition, and finance the process of destruction of high-risk ammunition.

IV. Duration

This Agreement will come into effect on being signed by both parties, and shall expire on December 31, 2012 until both parties have fulfilled all obligations arising from it.

V. Verification of destruction

- 5.1. The MoD shall engage the Commission for verification of destruction, and issue reports on the destruction.



5.2. UNDP shall issue demilitarisation certificates for quantities of the ammunition destroyed.

5.3. At the request of UNDP, the MoD shall provide, collect and deliver all the records or information, oral or written, which UNDP may reasonably require in relation to the services performed by the MoD.

5.4. All future correspondence related to the implementation of the Agreement shall be addressed to:

For UNDP:

Mr. Yuri Afanasiev
Resident Representative

UNDP Bosnia and Herzegovina
Marsala Tita 48
71000 Sarajevo

For the MoD:

Dr. Selmo Cikotić
Minister
Ministry of Defence of BiH
Hamdije Kreševljakovića 98
71000 Sarajevo

VI. General Provisions

- 6.1. This Agreement and the Annexes attached hereto shall form the entire Agreement between BiH MoD and UNDP, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Agreement.
- 6.2. The BiH MoD shall carry out all services under this Agreement with due diligence and efficiency. The BiH MoD guarantees that all ammunition schedules for destruction is not radioactive.
- 6.3. UNDP undertakes no responsibilities in respect of life, health, accident, travel or any other insurance coverage for any person who may be necessary or desirable for the purpose of this Agreement or for any personnel performing services under this Agreement. Such responsibilities shall be borne by the BiH MoD.
- 6.4. The rights and obligations of the BiH MoD are limited to the terms and conditions of this Agreement. Accordingly, the BiH MoD and personnel performing services on its behalf shall

[Handwritten signature]



not be entitled to any benefit, payment, compensation or entitlement except as expressly provided in this Agreement.

- 6.5. The BiH MoD shall be solely liable for claims by third parties arising from the BiH MoD's acts or omissions in the course of performing this Agreement and under no circumstances shall UNDP be held liable for such claims by third parties.
- 6.6. This Agreement may be terminated by either party before completion of the Agreement by giving thirty (30) days written notice to the other party.
- 6.7. No modification of or change in this Agreement, waiver of any of its provisions or additional contractual provisions shall be valid or enforceable unless previously approved in writing by the parties to this Agreement or their duly authorized representatives in the form of an amendment to this Agreement duly signed by the parties hereto.
- 6.8. Any controversy or claim arising out of, or in accordance with this Agreement or any breach thereof, shall unless it is settled by direct negotiation, be settled in accordance with the UNCITRAL Arbitration Rules as at present in force. Where, in the course of such direct negotiation referred to above, the parties wish to seek an amicable settlement of such dispute, controversy or claim by conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force.
- 6.9. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.
- 6.10. Nothing in or relating to this Agreement shall be deemed a waiver of any privileges and immunities of the United Nations or UNDP.

IN WITNESS WHEREOF, the undersigned, duly appointed representatives of UNDP and of the BiH MoD, respectively, have on behalf of UNDP and the BiH MoD signed the present Memorandum of Agreement on the dates indicated below their respective signatures.

On behalf of UNDP:

Name: Yuri Afanasiev

Title: Resident Representative

Date:

On behalf of BiH MoD:

Name: Dr. Selmo Cikotić

Title: Minister of BiH MoD

Date:



ANNEX I.

MEMORANDUM OF AGREEMENT BETWEEN THE MINISTRY OF DEFENCE OF BOSNIA AND HERZEGOVINA AND UNITED NATIONS DEVELOPMENT PROGRAMME FOR DESTRUCTION OF HIGH-RISK OF AMMUNITION IN BOSNIA AND HERZEGOVINA

1. Types of high-risk ammunition

Parties signatories to the present Memorandum agree to take action in accordance with the provisions of the Memorandum related to the destruction of the following types and quantities of high-risk ammunition:

- a. Air bomb FAB 275 - 13 pieces;
- b. Air bomb FAB-275 M91 - 24 pieces;
- c. Air bomb BL 755 - 321 pieces.

2. Takeover of ammunition for destruction and transport

The Ministry shall issue all the necessary decisions, orders and permits for UNDP to take over the types and quantities of ammunition referred to in Article 1 of this Annex, and provide an unimpeded use of the Resolute Barbara training range, whereas UNDP will provide transport from the warehouse to the destruction site.

3. Manner of destruction and required capacities

Ammunition referred to in the previous paragraph shall be destroyed at the training ground Bold Barbara in Glamoč, as organised and funded by UNDP. The destruction of high-risk ammunition is carried out in accordance with UNDP's Regional standards for micro-disarmament (RMDS) and Standard Operating Procedures of the Ministry.

4. Monitoring and verification of destruction process

The Ministry shall independently regulate the process of monitoring and verification as necessary.



Memorandum of Agreement on Destruction of Surplus Ammunition in TROM facility, Doboj, Glamoč and Manjača

Memorandum of Agreement on Destruction of Surplus Ammunition in TROM facility, Doboj (hereinafter referred to as the "Agreement") made this 01 January, 2011, between the United Nations Development Programme (hereinafter referred to as "UNDP") and the Ministry of Defence of Bosnia and Herzegovina (hereinafter referred to as BiH MoD).

WHEREAS UNDP desires to engage the services of the BiH MoD in the context of transport of surplus ammunition to sites for ammunition destruction, funded by UNDP and on the terms and conditions hereinafter set forth, and

WHEREAS the BiH MoD is ready and willing to accept the engagement of services for UNDP on the said terms and conditions.

NOW, therefore, the parties hereto agree as follows:

I. Responsibilities of BiH MoD:

- 1.1. The BiH MoD agrees to provide the services as described in the attached Term of Reference (Annex I) which forms an integral part of this Agreement. None of the funds provided pursuant to this Agreement may be used for any purpose other than those expressly set forth in Annex I.

II. Responsibilities of UNDP:

- 2.1. UNDP agrees to make the payments specified in Article IV below.

III. Duration

- 3.1. This Agreement will come into effect on being signed by both parties, and shall expire on June 30, 2012 until both parties have fulfilled all obligations arising from it.

IV. Payments

- 4.1. As full consideration for the services performed by the BiH MoD, UNDP shall pay the BiH MoD an amount not exceeding BAM 390,000.00 (three hundred and ninety thousand BAM) in accordance with the following schedule:
 - KM 75,000.00 (seventy-five thousand) for the cost of transport per 1000 tons of ammunition delivered to ammunition destruction facilities.
 - 50.00 KM (in words: fifty KM) for fuel costs per hour for ammunition destruction in EWI machine, located in TROM facility Doboj.
 - 60% of monthly costs in accordance with the monthly statements for utilities in the TROMA facility Doboj for electricity and water used in the process of demilitarisation/destruction.



- 4.2. All payments shall be in BAM, and deposited into the MoD's bank account of which the details are as follows:

Centralna Banka BiH

0000030000000145, poziv na broj 37111
SWIFT CBBSBA 22

Budžet institucija BiH,

Svrha doznake: Uplata UNDP-a za Ministarstvo odbrane BiH za uništavanje
viškova municije u postrojenju TROM, Dobož

- 4.3. The amount of payment is not subject to any adjustment or revision because of price or currency fluctuations or the actual costs incurred by the RS MoI in the performance of the Agreement.

V. Records, information and reports

- 5.1. BiH MoD shall maintain clear, accurate and complete records in respect of the funds received under this Agreement. MoD's books and records shall be maintained in such a manner that the receipts and expenditures of the funds will be shown separately on such books and records in an easily checked form.
- 5.2. BiH MoD shall furnish, compile and make available at all times to UNDP any records or information, oral or written, which UNDP may reasonably request in respect of the services performed by the BiH MoD.
- 5.3. All further correspondence regarding the implementation of this Agreement should be addressed to:

For UNDP:

Mr. Yuri Afanasiev
Resident Representative
UNDP Bosnia and Herzegovina
Marsala Tita 48
71000 Sarajevo

For the MoD:

Dr. Selmo Cikotić
Minister
Ministry of Defence of BiH
Hamdije Kreševljakovića 98
71000 Sarajevo

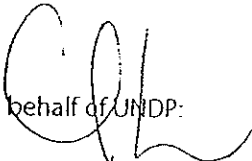


VI. General Provisions



- 6.1. This Agreement and its Annexe I attached hereto shall form the entire Agreement between BiH MoD and UNDP, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Agreement.
- 6.2. The BiH MoD shall carry out all services under this Agreement with due diligence and efficiency. The BiH MoD guarantees that all ammunition schedules for destruction is not radioactive.
- 6.3. UNDP undertakes no responsibilities in respect of life, health, accident, travel or any other insurance coverage for any person who may be necessary or desirable for the purpose of this Agreement or for any personnel performing services under this Agreement. Such responsibilities shall be borne by the BiH MoD.
- 6.4. The rights and obligations of the BiH MoD are limited to the terms and conditions of this Agreement. Accordingly, the BiH MoD and personnel performing services on its behalf shall not be entitled to any benefit, payment, compensation or entitlement except as expressly provided in this Agreement.
- 6.5. The BiH MoD shall be solely liable for claims by third parties arising from the BiH MoD's acts or omissions in the course of performing this Agreement and under no circumstances shall UNDP be held liable for such claims by third parties.
- 6.6. All funds which remain unutilized after completion of project activities shall be promptly returned by the BiH MoD to UNDP, or to be otherwise disposed of in consultation with UNDP.
- 6.7. This Agreement may be terminated by either party before completion of the Agreement by giving thirty (30) days written notice to the other party, and the BiH MoD shall promptly return any unutilised funds to UNDP as per paragraph 6.6 above.
- 6.8. No modification of or change in this Agreement, waiver of any of its provisions or additional contractual provisions shall be valid or enforceable unless previously approved in writing by the parties to this Agreement or their duly authorized representatives in the form of an amendment to this Agreement duly signed by the parties hereto.
- 6.9. Any controversy or claim arising out of, or in accordance with this Agreement or any breach thereof, shall unless it is settled by direct negotiation, be settled in accordance with the UNCITRAL Arbitration Rules as at present in force. Where, in the course of such direct negotiation referred to above, the parties wish to seek an amicable settlement of such dispute, controversy or claim by conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force.
- 6.10. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.
- 6.11. Nothing in or relating to this Agreement shall be deemed a waiver of any privileges and immunities of the United Nations or UNDP.

A handwritten signature or mark in the bottom right corner of the page.

IN WITNESS WHEREOF, the undersigned, duly appointed representatives of UNDP and of the BiH MoD, respectively, have on behalf of UNDP and the BiH MoD signed the present Memorandum of Agreement on the dates indicated below their respective signatures.

On behalf of UNDP: 

Name: Yuri Afanasiev
Title: Resident Representative
Date:

On behalf of BiH MoD: 

Name: Selmo Cikotić
Title: Minister of BiH MoD
Date:

Attachment: Annex I



ANNEX I.

DESTRUCTION OF SURPLUS AMMUNITION IN BOSNIA AND HERZEGOVINA IN TROM DOBOJ FACILITY, GLAMOC AND MANJACA

The Ministry shall provide the following services:

a. Destruction of surplus ammunition

The destruction of high-risk ammunition is carried out in accordance with UNDP's Regional standards for micro-disarmament (RMDS) and Standard Operating Procedures of the Ministry of Defence of BiH;

The Ministry manages the storage of ammunition awaiting destruction, in accordance with the Guidelines for handling and storage of ammunition and mines and explosive ordnances in the AF of BiH;

b. Transport

Ammunition transport is provided from the storage site to the destruction site, as organised by the AF of BiH;

The Ministry shall prepare a detailed transport plan specifying the exact quantities, including the type, model, calibre ammunition and itinerary, which is attached to the Memorandum and Annex as an integral part thereof;

The Ministry shall manage the process, in accordance with RMDS standards and internal procedures of the Ministry.

c. Monitoring and verification of destruction process

The Ministry shall independently regulate the process of monitoring and verification as necessary.

d. Security and Safety

During storage and destruction of high-risk ammunition, the Ministry shall take all necessary safety measures prescribed by the UNDP, and in accordance with international, regional and national standards.



The Ministry shall provide all the materials covered by this Agreement to the highest possible standards, to the moment when they are fully demilitarised.

Any breach of security, theft or disappearance of materials from the sites of AF of BiH covered by the Annexes shall be communicated immediately to the UNDP.

The Ministry is responsible for any and all security and/or safety flaw that is the result of non-compliance with UNDP's international, regional and national standards during the performance of services.

e. Reporting

The Ministry shall inform UNDP of the results achieved as defined by the following schedule:

Report on progress every three months from the date of signing, and

The final report on the expiry of the Agreement.

Handwritten initials or mark.



Bosnia and
Herzegovina

**ADDENDUM 1 TO THE MEMORANDUM OF AGREEMENT ON DESTRUCTION OF SURPLUS
AMMUNITION IN TROM FACILITY, DOBOJ, GLAMOČ AND MANJAČANA**

Memorandum of Agreement on Destruction of Surplus Ammunition in TROM facility, Doboj (hereinafter referred to as the "Agreement") made this 01 January, 2011, between the United Nations Development Programme (hereinafter referred to as "UNDP") and the Ministry of Defence of Bosnia and Herzegovina (hereinafter referred to as BiH MoD).

WHEREAS UNDP desires to engage the services of the BiH MoD in the context of transport of surplus ammunition to sites for ammunition destruction, funded by UNDP and on the terms and conditions hereinafter set forth, and

WHEREAS the BiH MoD is ready and willing to accept the engagement of services for UNDP on the said terms and conditions.

NOW, therefore, the parties hereto agree that Article III of the above-referenced Memorandum of Agreement are hereby amended to read as follows:

III. Duration

3.1. This Agreement will come into effect on being signed by both parties, and shall expire on December 31, 2014 until both parties have fulfilled all obligations arising from it.

All other terms and conditions of the Agreement remain unchanged.

IN WITNESS WHEREFOR, the undersigned, duly appointed representatives of UNDP and of the BiH MoD, respectively, have on behalf of UNDP and the BiH MoD signed the present Addendum 1. to the Memorandum of Agreement on the dates indicated below their respective signatures.

On behalf of UNDP:

A handwritten signature in black ink, appearing to be 'Yuri Afanasiev', written over a circular stamp.

Name: Yuri Afanasiev

Title: Resident Representative

Date:

On behalf of the Ministry of Defense:

A handwritten signature in black ink, appearing to be 'Muhamed Ibrahimovic', written over a circular stamp.

Name: Muhamed Ibrahimovic

Title: Minister of Defense

Date: 18-05-2012

10



Bosnia and
Herzegovina

DODATAK 4. NA MEMORANDUM O RAZUMJEVANJU

Memorandum o razumijevanju o uništavanju visoko-rizične municije (u daljem tekstu „Memorandum“), sastavljen dana 01.03.2011. godine, između Razvojnog programa Ujedinjenih nacija (u daljem tekstu „UNDP“), i Ministarstva odbrane/obrane Bosne i Hercegovine (u daljem tekstu „Ministarstvo“).

KOJIM UNDP želi angažovati kapacitete Ministarstva i civilne kapacitete zbog specifičnosti pojedinih vrsta visokorizične municije koja iziskuje postojanje suvremenih tehnologija za demilitarizaciju, u kontekstu uništavanja viškova visoko rizične municije proglašene za uništavanje i kojim UNDP izražava svoju spremnost da finansira proces uništavanja visokorizične municije u skladu sa odredbama definiranim u nastavku, te

KOJIM Ministarstvo izražava spremnost i volju da prihvati podršku UNDP-a pod navedenim uvjetima i odredbama.

STOGA, strane su saglasne da se slijedeće odredbe gore-navedenog Memoranduma o razumjevanju je ovim mjenja kako slijedi:

ANEKS 1. NA MEMORANDUM O RAZUMJEVANJU IZMEĐU MINISTARŠTVA ODBRANE BOSNE I HERCEGOVINE I RAZVOJNOG PROGRAMA UJEDINJENIH NACIJA ZA UNIŠTAVANJE VISOKO-RIZIČNE MUNICIJE U BOSNI I HERCEGOVINI

1. Vrste i tipovi visoko-rizične municije

Strane potpisnice predmetnog memoranduma su saglasne da se poduzmu aktivnosti u skladu sa odredbama Memoranduma na uništavanju slijedećih tipova i količina visoko-rizične municije:

1. Program dimne municije

- 1.1. Metak dimni M312B1 – 803 komada;
- 1.2. Metak dimni M313 – 260 komada;
- 1.3. Metak dimni L45A2 – 499 komada;
- 1.4. Metak M 60 WP dimni – 74 komada;
- 1.5. Raketa dimna 9M22 – 14 komada;
- 1.6. Metak dimni M110 – 329 komada;
- 1.7. Mina MB M74 – 105 komada;
- 1.8. Mina dimna M74 – 178 komada;
- 1.9. Mina dimna – 62 komada;
- 1.10. Mina dimna M62 – 300 komada;
- 1.11. Mina dimna – 12 komada.

2. Program avio bombi

- 2.1. Avio-bomba FAB 275 – 24 komada;
- 2.2. Avio-bomba FAB 275 M91 – 34 komada;
- 2.3. Avio bomba 250kg M72 – 2 komada;
- 2.4. FAB 50 – 6 komada;
- 2.5. PRAB 250J – 32 komada;
- 2.6. FAB 250M – 24 komada.

3. Program kasetne municije

- 3.1. Raketa 262 mm „Orkan” – 56 komada;
- 3.2. Avio bomba BL 755 – 321 komad;
- 3.3. Mina kasetna 122mm – 52 komada.

4. Program artiljerijske municije

- 4.1. 9,100 komada nedelborisane municije sa lokacije skladišta Daljani – D.Vakuf, preostale od demilitarizacije municije u preduzeću „Pretis” Vogošća iz 2010. godine;
- 4.2. Metak kumulativni 122mm – 14 komada;
- 4.3. Metak kumulativno-obilježavajući 122 mm – 62 komada.

5. Program komponenti municije

- 5.1. 32,188 komada artiljerijskih upaljača sa lokacije skladišta Daljani – D.Vakuf, preostale od demilitarizacije municije u preduzeću „Pretis” Vogošća iz 2010. godine;

6. Program municije malog i srednjeg kalibra

- 6.1. Metak tempirni M57 20mm – 3000 komada;
- 6.2. Metak trenutno zapaljivi M57 20mm – 36720 komada.

Dinamika uništavanja gore-navedenih vrsta i tipova municije će se odrediti u saradnji sa Ministarstvom odbrane i Oružanim snagama Bosne i Hercegovine.

Sve ostali uslovi i odredbe Memoranduma i Aneksa ostaju nepromjenjeni.

U POTVRDU NAVEDENOG, dole potpisani, ovlašteni predstavnici UNDP-a i Ministarstva, u ime UNDP-a i Ministarstva potpisali su predmetni Dodatak 4, dana kako je to navedeno ispod njihovih vlastoručnih potpisa.

U ime UNDP-a:

Ime: Yuri Afanasiev

Pozicija: Rezidentni predstavnik

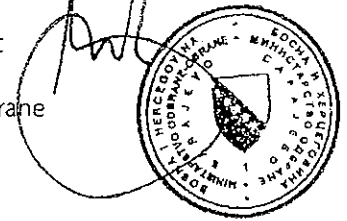
Datum:

U ime Ministarstva odbrane

Ime: Dr. Selmo Cikotic

Pozicija: Ministar odbrane

Datum:





ADDENDUM NO. 4 TO THE MEMORANDUM OF AGREEMENT

Memorandum of Agreement (hereinafter referred to as the "Agreement") made on 01 March 2011 between the United Nations Development Programme (hereinafter referred to as "UNDP") and the Ministry of Defense of Bosnia and Herzegovina (hereinafter referred to as the "MOD").

WHEREAS UNDP desires to engage the services of the BiH MoD in the context of destruction of high-risk ammunition declared for destruction, and whereby UNDP is willing to fund the process of destruction of high-risk ammunition on the terms and conditions hereinafter set forth, and

WHEREAS the BiH MoD is ready and willing to accept the engagement of services for UNDP on the said terms and conditions.

NOW, therefore, the parties hereto agree that the following provisions of the above-referenced Memorandum of Agreement are hereby amended to read as follows:

ANNEX I. MEMORANDUM OF AGREEMENT BETWEEN THE MINISTRY OF DEFENCE OF BOSNIA AND HERZEGOVINA AND UNITED NATIONS DEVELOPMENT PROGRAMME FOR DESTRUCTION OF HIGH-RISK OF AMMUNITION IN BOSNIA AND HERZEGOVINA

1. Types of high-risk ammunition

Parties signatories to the present Memorandum agree to take action in accordance with the provisions of the Memorandum related to the destruction of the following types and quantities of high-risk ammunition:

1. Smoke Ammunition Programme:

- 1.1. Smoke Projectile M312B1 – 803 pieces;
- 1.2. Smoke Projectile M313 – 260 pieces;
- 1.3. Smoke Projectile L45A2 – 499 pieces;
- 1.4. Smoke Projectile M 60 WP – 74 pieces;
- 1.5. Smoke Rocket 9M22 – 14 pieces;
- 1.6. Smoke Projectile M110 – 329 pieces;
- 1.7. MB M74 Munitions – 105 pieces;
- 1.8. M74 Smoke Munitions – 178 pieces;
- 1.9. Smoke Munitions – 62 pieces;
- 1.10. Smoke Munitions M62 – 300 pieces;
- 1.11. Smoke Munitions – 12 pieces.

2. Air Bombs Programme:

- 2.1. Air bomb FAB 275 – 13 pieces;
- 2.2. Air bomb FAB 275 M 91 – 24 pieces;
- 2.3. Air bomb 250 kg M 72 – 2 pieces;
- 2.4. FAB 50 – 6 pieces;
- 2.5. PRAB 250J – 32 pieces;
- 2.6. FAB 250M – 24 pieces.

3. Cluster Munitions Programme:

- 3.1. Rocket 262 mm "Orkan" – 56 pieces;

- 3.2. Air bomb BL 755 – 321 pieces;
- 3.3. Artillery mortar 122 mm – 52 pieces.

4. Artillery Ammunition Programme:

- 4.1. 9100 pieces of ammunition from the storage site Daljani-D. Vakuf that have not been demilitarized during the demilitarization process held in company "Pretis" Vogosca in the year 2010;
- 4.2. Mortar 122 mm – 14 pieces;
- 4.3. Mortar 122 illuminating – 62 pieces.

5. Ammunition Components Programme:

- 5.1. 32.188 pieces of artillery fuses from the storage site Daljani-D. Vakuf that have not been demilitarized during the demilitarization process held in company "Pretis" Vogosca in the year 2010.

6. Small and Mid Caliber Munitions Programme:

- 6.1. Munitions M57 20mm – 3000 pieces;
- 6.2. Munitions M57 flammable 20 mm – 36720 pieces.

Disposal dynamics of the above-mentioned types of ammunition will be determined in cooperation with the Ministry of Defense and the Armed Forces of Bosnia and Herzegovina.

All other terms and conditions of the Agreement remain unchanged.

IN WITNESS WHEREFOR, the undersigned, duly appointed representatives of UNDP and of the MoD, respectively, have on behalf of UNDP and the MoD signed the present Addendum 2. To the Memorandum of Agreement on the dates indicated below their respective signatures.

On behalf of UNDP:

On behalf of the Ministry of Defense:

Name: Yuri Afanasiev

Name: Dr. Selmo Cikotic

Title: Resident Representative

Title: Minister of Defense

Date:

Date:

White Phosphorous Munitions List

| White phosphorus munitions programme | Unit | # of units |
|--------------------------------------|-------|------------|
| M 312B1 | piece | 893 |
| M313 | piece | 216 |
| L452A | piece | 216 |
| M110 | piece | 325 |
| 9M22 | piece | 124 |
| M60 WP | piece | 71 |
| MB M74 | piece | 105 |
| 60 mm smoked | piece | 90 |
| M74 | piece | 178 |
| 82 mm smoked | piece | 162 |
| M62 | piece | 300 |
| 120 mm smoked | piece | 12 |

4

Annex II: General Conditions applicable to European Union contribution agreements with international organisations

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ANNEX II

General Conditions applicable to European Union contribution agreements with international organisations

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GENERAL AND ADMINISTRATIVE PROVISIONS

Article 1 - GENERAL OBLIGATIONS

- 1.1 The Organisation shall ensure that the Action is carried out in accordance with the Description of the Action contained in Annex 1 and is responsible for achieving the objectives set out therein. The Organisation shall report on the indicators of achievement specified in the Description of the Action.
- 1.2 The Organisation shall implement the Action with the requisite degree of care, efficiency, transparency and diligence, as required by best practice in the field concerned, and in compliance with this Agreement.

The Organisation shall make every effort to mobilise all the financial, human and material resources required for full implementation of the Action, as specified in the Description of the Action.

- 1.3 The Organisation may act either alone or in partnership with one or more organisations mentioned in the Description of the Action (implementing partners or partners). Partners shall actually participate in implementing the Action, and the costs they incur shall then be eligible under the same conditions as those incurred by the Organisation.

It may also contract parts of the Action, in accordance with the provisions of article 10 hereof.

Where the EU contribution has been awarded to the Organisation in the form of a grant following a call for proposals or a direct award, and therefore not as a Joint Management Action, and in particular where the implementation of the Action requires financial support to be given to third parties, the Organisation may only award grants to third parties ("sub-grants") as provided for in the Special Conditions, and only in order to support the achievement of the objectives of the Action. The Description of the Action shall include a list and description of the types of activity which may be eligible for sub-grants, together with the criteria for the selection of the beneficiaries of these sub-grants. The Description of the Action shall also establish the total amount which may be used for awarding sub-grants as well as the criteria for fixing the exact amount per sub-grant. The maximum amount of a sub-grant shall be limited to EUR 60 000 per third party, except in cases where the financial support in the form of grants and sub-grants is the primary aim of the action and it is not funded by the European Development Fund. The sub-grants awarded by the Organisation are subject to the nationality and eligibility rules for selection provided for in Article 10.3.

Where the Action is not a Joint Management Action, the bulk of the Action shall be undertaken by the Organisation, and where applicable, its partners.

The Organisation shall remain fully responsible for the co-ordination and execution of all contracted activities.

- 1.4 The Organisation undertakes to ensure that the conditions imposed upon it under Articles 1, 3, 4, 5, 6, 7, 10, 14, 16 and 17 shall also apply to all partners and, where applicable, contractors involved.

- 1.5 The Organisation shall take appropriate measures to prevent irregularities, fraud, corruption or any other illegal activity in the management of the Action. All suspected and actual cases of irregularity, fraud and corruption related to this Agreement as well as measures related thereto taken by the Organisation shall be reported to the Contracting Authority without delay.

Where appropriate the Organisation shall terminate contracts with partners, contractors or agents involved in fraudulent behaviour or corrupt practices in connection with this or any other actions implemented by the Organisation and financed by the European Union, and shall take all reasonable measures to recover funds unduly paid.

- 1.6 Without prejudice to Articles 1.3 and 10, the Agreement and the payments attached to it shall not be assigned to a third party in any manner whatsoever without the prior written consent of the Contracting Authority.

- 1.7 The provisions regarding "Joint Management Actions" in these General Conditions may be applied if provided for in the Special Conditions and where at least one of the following conditions is met:

- the performance of the Action requires the pooling of resources from a number of donors, and it is not reasonably possible or appropriate to assign the share contributed by each donor to each type of expenditure (hereinafter, "Multi-donor Actions"), or
- the European Commission and the Organisation are bound by a long-term framework agreement laying down the administrative and financial arrangements for their cooperation; or
- the European Commission and the Organisation have jointly assessed the feasibility and defined the terms for implementation of the Action.

- 1.8 Where the European Commission is not the Contracting Authority, it shall not be a party to this Agreement, which shall only confer on it rights and obligations where explicitly stated. It will nevertheless endorse the Agreement to ensure that the Contracting Authority's contribution is actually paid by the EU budget, and the provisions on visibility in this Agreement will apply accordingly.

Article 2 - OBLIGATIONS REGARDING INFORMATION AND FINANCIAL AND NARRATIVE REPORTS

- 2.1 The Organisation shall provide the Contracting Authority with full information on the implementation of the Action. To that end, the Organisation shall provide before signature of this Agreement a work plan for the first period of implementation specified in the Description of the Action. The Organisation shall also draw up progress reports and a final report. These reports shall consist of a narrative part and a financial part. Reporting, narrative as well as financial, shall cover the whole of the Action, regardless of whether this Action is wholly financed or co-financed by the Contracting Authority.
- 2.2 The Contracting Authority may request additional information at any time, providing the reasons for the request. Such information shall be supplied within 30 days of the request.

- 2.3 The Organisation shall send progress reports to the Contracting Authority in accordance with the provisions below. Every report shall provide a complete account of all aspects of implementation for the period covered.

The report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed (in particular separate information on the amounts subject to legal commitment and on costs incurred by the Organisation, and where applicable, its partners), the results expected and obtained and the budget details for the Action. The level of detail in any report should match that of the Description of the Action and of the Budget for the Action.

- 2.4 The narrative report shall directly relate to this Agreement and shall at least include:

- Summary and context of the Action;
- Activities carried out during the reporting period (i.e. directly related to the Action and activities described in this Agreement);
- Difficulties encountered and measures taken to overcome problems;
- Changes introduced in implementation;
- Achievements and results measured in accordance with the performance indicators prescribed in this Agreement;
- Work plan for the following period including objectives and performance indicators of achievement. If the report cannot be sent before the end date fixed for the period covered by the preceding work plan, a new work plan, albeit provisional, shall be provided before such date.

- 2.5 The final report shall contain the above information on the activities and results of the Action (except for a work plan mentioned in the last indent, without purpose at the end of the Action) covering the whole Implementation Period, information on the measures taken to identify the European Union as the source of financing, and details on the transfers of assets provided for in Article 7.3 if relevant, plus a full summary of the Action's income, contributions received and cost incurred.

- 2.6 The reports shall be presented in the same language as this Agreement. They shall be submitted at the following intervals:

if payments follow option 1 in Article 15.1:

- a progress report shall be forwarded to the Contracting Authority at the end of every 12-month period, where the Implementation Period of this Agreement is longer;
- a final report shall be forwarded to the Contracting Authority within six months of the end of the Implementation Period of this Agreement as defined in Article 2 of the Special Conditions;

if payments follow option 2 in Article 15.1:

- a progress report shall accompany every request for pre-financing or interim payments;

- the final report shall be forwarded to the Contracting Authority within six months of the end of the Implementation Period of this Agreement as defined in Article 2 of the Special Conditions.

- 2.7 Reports shall be submitted in Euro and in the holding currency used by the Organisation, and may be drawn from financial statements denominated in other currencies as per the Organisation's legislative requirements. In such case and for the purpose of reporting, conversion into Euro shall be made using the rate of exchange at which the Contracting Authority's contribution was recorded in the Organisation's accounts (weighted average), unless otherwise specified in article 4(3) of the Special Conditions.
- 2.8 Any additional reporting requirement shall be set out in the Special Conditions.
- 2.9 If the Organisation fails to supply a final report by the final report deadline laid down in Article 2.6, and fails to furnish an acceptable written explanation of the reasons why it is unable to comply with this obligation, the Contracting Authority may refuse to pay any outstanding amount and recover any amounts unduly paid.

Furthermore, where the Organisation fails to present a progress report and where relevant a request for payment by the end of each 12-month period following the date laid down in Article 2(2) of the Special Conditions, the Organisation shall inform the Contracting Authority of the reasons why it is unable to do so, and shall provide a summary of the state of progress of the Action. If the Organisation fails to comply with this obligation, the Contracting Authority may terminate the Agreement in accordance with the first indent of Article 12.2, refuse to pay any outstanding amount and recover any amounts unduly paid.

- 2.10 In addition to the above mentioned reports, the Organisation will ensure that progress and situation reports, publications, press releases and updates, relevant to this Agreement, are communicated to the Contracting Authority as and when they are issued.

The Organisation and the Contracting Authority will further endeavour to promote close collaboration and exchange of information on the Action. The Organisation will invite the European Commission to join any donor committee which may be set up in connection with Multi-Donor Actions.

- 2.11 In any event the Organisation shall inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action.

Article 3 - LIABILITY

- 3.1 The Organisation shall have sole responsibility for complying with all legal obligations incumbent on it.
- 3.2 The Contracting Authority may not under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Organisation while the Action is being carried out, or as a consequence of the Action. Therefore, the Contracting Authority may not accept any claim for compensation or increases in payment in connection with such damage or injury.

- 3.3 Subject to the rules governing the Organisation's privileges and immunities, the Organisation shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the Action. The Organisation shall discharge the Contracting Authority of all liability associated with any claim or action brought as a result of an infringement by the Organisation or the Organisation's employees or individuals for whom those employees are responsible of rules or regulations, or as a result of violation of a third party's rights.

Article 4 - CONFLICT OF INTERESTS

The Organisation shall take all necessary precautions to avoid conflicts of interests and shall inform the Contracting Authority without delay of any situation constituting or likely to lead to any such conflict.

There is a conflict of interests where the impartial and objective exercise of the functions of any person implementing this Agreement is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another party such as a contractor or grant beneficiary, or the final recipients of funds.

Article 5 - CONFIDENTIALITY

Subject to Article 16, the Contracting Authority and the Organisation shall preserve the confidentiality of any document, information or other material directly related to this Agreement and duly classified as confidential, until at least five years after the end date as specified in Article 12.5. Where the European Commission is not the Contracting Authority, it shall still have access to all documents communicated to the Contracting Authority, and will maintain the same confidentiality.

Article 6 - VISIBILITY AND TRANSPARENCY

- 6.1 Unless the European Commission requests or agrees otherwise, the Organisation shall take all appropriate measures to publicise the fact that the Action has received funding from the European Union. Information given to the press, the beneficiaries of the Action, all related publicity material, official notices, reports and publications, shall acknowledge that the Action was carried out "with funding by the European Union" and shall display in an appropriate way the European logo (twelve yellow stars on a blue background). Such measures will be carried out in accordance with the Communication and Visibility Manual for EU External Actions laid down and published by the European Commission, or any other guidelines agreed between the European Commission and the Organisation.

It is understood that the Organisation's equipment and vehicles may routinely carry its emblem and other indications of ownership prominently displayed. In cases where equipment or vehicles and major supplies have been purchased using funds provided by the European Union, the Organisation shall display appropriate acknowledgement on such vehicles, equipment and major supplies (including display of the European logo. Where such display could jeopardise the Organisation's privileges and immunities or the safety and security of the Organisation's staff, the Organisation shall propose appropriate alternative arrangements.

- 6.2 The size and prominence of the acknowledgement and European Union logo shall be clearly visible in a manner that does not create any confusion regarding the identification of the Action as an Activity of the Organisation, the ownership of the equipment and supplies by the Organisation, and the application to the Action of the Organisation's privileges and immunities.
- 6.3 All publications by the Organisation pertaining to the Action, in whatever form and whatever medium, including the internet, shall carry the following or a similar disclaimer: "This document has been produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union."
- 6.4 If the equipment bought with a European Union contribution is not transferred to local partners of the Organisation or the final recipient of the Action at the latest when submitting the final report, the visibility requirements as regards this equipment (in particular display of the European logo) shall continue to apply between submission of the final report and the end of the overall project, programme or action of the Organisation, if the latter is longer.
- 6.5 Publicity pertaining to European Union contributions shall quote these contributions in Euro (€ or EUR), in parenthesis if necessary. The Organisation's publications and reports prepared in response to, and in accordance with, its legislative directives are excluded from this provision.
- 6.6 The Organisation accepts that the Contracting Authority and the European Commission (where it is not the Contracting Authority) publish in any form and medium, including on their websites the name and address of the Organisation, the purpose of the contribution as well as the amount contributed and if relevant the percentage of co-financing.

Upon a duly substantiated request by the Organisation, the European Commission may agree to forego such publicity if disclosure of the above information would risk threatening the Organisation's safety or harming its interests.

- 6.7 With due regard to the applicable rules on confidentiality, security and protection of personal data, the Organisation shall publish, on an annual basis, on its website, the following information on grant and procurement contracts exceeding EUR 15.000 financed by the Contracting Authority: title of the contract/project, nature and purpose of the contract/project, name and locality of the contractor or grant beneficiary and amount of the contract/project. The term "locality" shall mean the address for legal persons and the Region on NUTS¹ 2 level, or equivalent, for natural persons.
- 6.8 The Organisation shall provide to the Contracting Authority the address of the website where this information can be found and shall authorise the publication of such address in the Contracting Authority's internet site.

The Organisation ensures that the obligation to publish this information shall be also applied by its implementing partners as described in Annex I of this Agreement, with

¹ Nomenclature of Territorial Units for Statistics, available at:
<http://ec.europa.eu/eurostat/ramon>

regard to their own grant and procurement contracts financed by the Contracting Authority.

Article 7 - OWNERSHIP/USE OF RESULTS AND EQUIPMENT

- 7.1 Ownership, title and industrial and intellectual property rights in the results of the Action and the reports and other documents relating to it shall vest in the Organisation, as the case may be together with third parties or as may otherwise be agreed by the Organisation.
- 7.2 Notwithstanding the provisions of the first paragraph and subject to Article 5, the Organisation shall grant the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use free of charge and as it sees fit all documents deriving from the Action, whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.
- 7.3 Unless otherwise specified in the Special Conditions, the equipment, vehicles and supplies paid for by the Contracting Authority's funding shall be transferred to local authorities or local partners (excluding commercial contractors) of the Organisation or to the final recipients of the Action at the latest when submitting the final report. The documentary proof of those transfers shall be kept for verification along with the documents mentioned in Article 16.3.

By way of derogation from the preceding paragraph, the equipment, vehicle and supplies purchased in the framework of multi-donor actions which continue after the end of the Implementation Period of this Agreement, may be transferred to these local authorities, partners or final recipients at the end of the project, programme or action of the Organisation. The Organisation pledges to use the assets to the benefit of those benefiting from the present Action. The Organisation shall inform the Contracting Authority on the end use of the assets in the final report.

In the event that there are no local authorities or partners to whom the equipment, vehicles and supplies could be transferred, the Organisation may transfer the assets to another action funded by the European Union or Contracting Authority or, exceptionally, retain ownership of the equipment, vehicles and supplies at the end of the Action. In such cases, it should submit a justified written request with an inventory listing the items concerned and a proposal concerning their use in due time and at the latest with the submission of the final report. In no event may the end use jeopardize the sustainability of the Action or result in a profit for the Organisation.

Article 8 - EVALUATION OF THE ACTION

- 8.1 Representatives of the European Commission shall be invited to participate in the main monitoring and in the evaluation missions relating to the performance of the Action. The results of such missions shall be reported to the European Commission.
- 8.2 Article 8.1 is without prejudice to any evaluation mission which the European Commission as a donor may wish to perform. Evaluation missions by representatives of the European Commission should be planned and completed in a collaborative manner between the Organisation's staff and the European Commission's representatives, keeping in mind the commitment of the Parties to the effective and efficient operation of this Agreement. These missions are to be planned ahead and procedural matters are to

be agreed upon by the European Commission and the Organisation in advance. The mission will offer to make a draft of its report available to the Organisation for comments prior to final issuance.

Article 9 - AMENDMENT OF THE AGREEMENT

- 9.1 Any modification to the Agreement, including the annexes thereto, shall be set out in writing in an amendment. This Agreement can only be modified during the execution period set out in Article 2(4) of the Special Conditions.

If the request for an amendment comes from the Organisation, the latter shall submit that request to the Contracting Authority one month before the amendment is intended to enter into force, and in any case no later than one month before the end of the execution period, unless there are special circumstances duly substantiated by the Organisation and accepted by the Contracting Authority.

- 9.2 Where a modification to the Description of the Action and/or the Budget does not affect the basic purpose of the Action and the financial impact is limited to a transfer within a single budget heading, including cancellation or introduction of an item, or a transfer between budget headings involving a variation (as the case may be in cumulative terms) of 15 % or less of the amount originally entered (or as modified by a formal amendment) in relation to each concerned heading for eligible costs, the Organisation may amend the Budget and shall inform the Contracting Authority accordingly in writing. This method shall not be used to amend headings for administrative costs or the contingency reserve.

Changes of address and changes of bank account may simply be notified in writing to the Contracting Authority. Changes of bank account must be specified in the request for payment, using the financial identification form attached as Annex IV.

- 9.3 An amendment shall not have the purpose or the effect of making changes that would call into question the award decision. In cases the Agreement follows a call for proposals the amendment may not be contrary to the equal treatment of applicants or increase the maximum amount referred to in Article 3.2 of the Special Conditions.

Article 10 - CONTRACTING

- 10.1 If parts of the Action are contracted, the contracting arrangements, including in particular the principles for the award of procurement and grants, shall be as specified in the Description of the Action. If they are not specified therein, the Organisation will present them to the Contracting Authority as soon as they are available. The Organisation will also inform the Contracting Authority, with as much prior notice as possible, of changes in these arrangements. The Organisation will provide detailed information on contracting arrangements in the final report.

- 10.2 Unless otherwise agreed by the Parties in writing, the procurement of any goods, works or services and the award of grants by the Organisation and its partners in the context of the Action shall be carried out in accordance with the applicable rules and procedures adopted by the Organisation.

This is based on the understanding that the Organisation's rules and procedures conform to internationally accepted standards, in compliance with the principles of transparency,

proportionality, sound financial management, equal treatment and non discrimination, care being taken to avoid any conflict of interests.

Without prejudice to the specific procedures and exceptions applied by the Organisation, the award by the Organisation of grants financed by the Contracting Authority's contribution shall comply with the following principles:

- grants shall not be cumulative, awarded retrospectively or have the purpose or effect of producing a profit for the grant beneficiary;
- grants must involve co-financing from other donors, save in cases of humanitarian and crisis situation, the protection of health and fundamental rights of people, where the grant beneficiaries are third countries or other international organisations and where it is in the interest of the European Union to be the sole donor.

10.3 Unless otherwise provided for in the Special Conditions, the origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Action shall be determined in accordance with the Organisation's relevant rules. However, and in any event goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible.

10.4 The Organisation shall adopt reasonable measures, in accordance with its own procedures, to ensure that potential candidates or tenderers and grant beneficiaries shall be excluded from the participation in a procurement or award procedure financed by the Contracting Authority's contribution, if :

- a. they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b. they or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgement of a competent authority of a Member State which has the force of res judicata;
- c. they or persons having powers of representation, decision making or control over them have been the subject of a judgement which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity detrimental to the EU's financial interests;
- d. they are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or if they fail to supply this information.
- e. they are subject to a conflict of interests.

The Organisation shall inform the European Commission when a candidate or tenderer is in one of the situations under point (c) or when a contractor financed from the present contribution has been found guilty of making false declarations or committing substantial errors, irregularities and fraud.

Without prejudice to the power of the European Commission or of the Contracting Authority to exclude an entity from future contracts and grants financed by the EU, financial penalties may be imposed to contractors by the Organisation according to its own rules and procedures.

- 10.5 In the event of failure to comply with the above provisions the relevant costs may be declared ineligible for funding by the Contracting Authority or by the European Commission, at the latest before acceptance of the Final Report.

Article 11 - IMPLEMENTATION PERIOD OF THE AGREEMENT, SUSPENSION, FORCE MAJEURE

- 11.1 Irrespective of the starting date and implementation period of the project, programme or action of the Organisation, the Implementation Period of this Agreement shall be as set out in Article 2 of the Special Conditions.
- 11.2 The individual contracts implementing the Action under this Agreement shall be concluded as specified in Article 2.5 of the Special Conditions. This contracting deadline also applies to all the individual contracts signed by the Implementing partner(s). After this contracting deadline and up to submission of Final Report, only contracts concerning final audits, evaluation, closure activities and individual contracts concluded after early termination of an existing contract may be concluded. The deadline for conclusion of individual contracts implementing the Action under the Agreement set out in Article 2.5 of the Special Conditions cannot be extended.
- 11.3 The Organisation may suspend without delay implementation of all or part of the Action if circumstances so require, in particular in case of *force majeure*, and informs the Contracting Authority immediately providing all the necessary details. This Agreement may be terminated in accordance with Article 12.1. If the Agreement is not terminated, the Organisation shall endeavour to minimise the duration of the suspension and may resume implementation of the Action once the conditions allow, and shall inform the Contracting Authority accordingly.
- 11.4 The Contracting Authority may request the Organisation to suspend implementation of all or part of the Action if circumstances so require in particular in cases of *force majeure* and in cases such as crisis entailing a change of policy. This Agreement may then be subsequently terminated in accordance with Article 12.1. If the Agreement is not terminated, the Organisation and the Contracting Authority shall endeavour to minimise the duration of the suspension and shall resume implementation of the Action once the conditions allow, with the prior written approval of the Contracting Authority.
- 11.5 The Implementation Period of this Agreement is automatically extended by an amount of time equivalent to the duration of the suspension. This is without prejudice to any amendments to the Agreement which may be necessary to adapt the Action to the new implementing conditions or to Article 12.1, or to a termination in accordance with Article 12.1.
- 11.6 *Force majeure* shall mean any unforeseeable exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under this Agreement, was not attributable to error or negligence on their part (or of their partners, contractors, agents or employees), and could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making them

available, labour disputes, strikes or financial problems cannot be invoked as *force majeure* by the defaulting party. Neither of the Parties shall be held liable for breach of its obligations under the Agreement if it is prevented from fulfilling them by *force majeure*. Without prejudice to Articles 11.3 and 11.4 above, the Party invoking *force majeure* shall notify the other without delay, stating the nature, likely duration and foreseeable effect, and take any measure to minimise possible damage.

Article 12 - TERMINATION OF THE AGREEMENT

12.1 If, at any time, either Party believes that the purposes of this Agreement can no longer be effectively or appropriately carried out, it shall consult the other Party. Failing agreement on a solution, either Party may terminate this Agreement by serving two months' written notice. In this event, the Organisation shall be entitled to payment of the contribution only for the part of the Action carried out, and to reimbursement of commitments entered into by the Organisation for the implementation of the Action, which the Organisation cannot reasonably terminate on legal grounds. The part of the EU contribution unspent or not spent in accordance with this Agreement, shall be recovered by the Contracting Authority in accordance with Articles 17 and 18, after all liabilities incurred by the Organisation have been satisfied, including interest earned where applicable.

12.2 Where the Organisation:

- fails, without justification, to fulfil any of the obligations incumbent on it and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of sending of the letter;
- fails to comply with articles 1.5, 1.6 or 4;
- makes false or incomplete statements to obtain the contribution provided for in the Agreement or provides reports that do not reflect reality;
- commits financial irregularities or is guilty of grave professional misconduct;
- undergoes legal, financial, technical or organisational change that is liable to affect this Agreement substantially or to call the award decision into question;

the Contracting Authority will enter into discussions with the Organisation and, failing a proper solution within one month, may terminate this Agreement, after giving seven days' notice, and without paying compensation of any kind. In that event the Contracting Authority may demand full or partial repayment of any amounts unduly paid, after allowing the Organisation to submit its observations.

12.3 Prior to or instead of terminating the Agreement as provided for in Article 12.2, the Contracting Authority may suspend payments or the declaration of eligibility of expenses as a precautionary measure, informing the Organisation immediately.

12.4 This Agreement shall be automatically terminated if it has not given rise to a payment by the Contracting Authority (including pre-financing) within two years of its signature.

12.5 Unless this Agreement is terminated earlier pursuant to Article 12, the payment obligations of the European Union hereunder shall cease at the "end date", which shall

occur 18 months after the end of the Implementation Period as defined in Article 2 of the Special Conditions.

The Contracting Authority shall notify the Organisation of any postponement of the end date. The Contracting Authority shall postpone the end date, so as to be able to fulfil its payment obligations, in all cases where the Organisation has filed the payment request in accordance with contractual provisions or, in case of dispute, until completion of the dispute settlement procedure provided for in Article 13.

Article 13 - SETTLEMENT OF DISPUTES

- 13.1 The Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or fulfilment of this Agreement, including its existence, validity or termination. In default of amicable settlement, any Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of conclusion of this Agreement.
- 13.2 The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by either Party. The Arbitrator's decision shall be binding on all Parties and there shall be no appeal.
- 13.3 Nothing in this Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any Party hereto by its constituent documents or international law.

FINANCIAL PROVISIONS

Article 14 - ELIGIBLE COSTS

- 14.1 To be considered eligible as direct costs under this Agreement, costs must:
 - be necessary for carrying out the Action, be provided for specifically in this Agreement and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
 - have been actually incurred during the Implementation Period of this Agreement as defined in Article 2 of the Special Conditions, whatever the time of actual disbursement by the Organisation, in particular:
 - (i) Costs relating to services and works properly provided shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Consequently, cash transfers between the Organisation and its partners, signature of a contract, placing of an order, or entering into any commitment for future delivery of services, works or supplies undertaken before or after expiry of the implementation period do not meet this requirement.
 - (ii) Except for multi-donor actions, costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment.

(iii) An exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the Action, which may be incurred after the implementation period of the Action.

(iv) Procedures to award contracts, as referred to in Article 10, may have been initiated and contracts may be concluded by the Organisation and its partners before the start of the implementation period of the Action.

- be recorded in the Organisation's or Organisation's partners' accounts, be identifiable, backed by effective supporting evidence (originals, as the case may be in electronic form), and verifiable pursuant to the provisions of Article 16.4.

14.2 Subject to the above and without prejudice to Article 10.5, the following direct costs of the Organisation or its implementing partners may in particular be eligible:

- the cost of staff assigned to the Action, corresponding to actual salaries plus social security charges and other remuneration-related costs (including in the form of provisions made in accordance with the Organisation accounting rules in case of Joint Management Action). Identifiable personnel costs at headquarters level arising as a direct consequence of the Action may be included. Salaries and costs shall not exceed those normally borne by the Organisation or partners;
- travel and subsistence costs for staff taking part in the Action, provided they do not exceed those normally borne by the Organisation or partners;
- purchase costs for equipment (new or used) which are attributable to the Action;
- purchase costs for goods and services (transport, storage and distributing, rent of equipment, etc.) which are directly attributable to the Action;
- costs directly arising out of, or related to, accepting or distributing contributions in kind;
- costs of consumables and supplies directly attributable to the Action;
- expenditure on contracting directly attributable to the Action;
- the proportion of field office costs that corresponds to the amount of activity directly attributable to the Action or to the proportion of funding by the Contracting Authority;
- costs deriving directly from the requirements of this Agreement (dissemination of information, evaluation specific to the Action, specific reporting for the needs of the Contracting Authority, translation, reproduction, insurance, targeted training for those involved in the Action, etc.) including financial service costs (in particular bank fees for transfers).
- taxes, duties and charges, including VAT, actually paid and that the Organisation cannot reclaim (or, where applicable, its partners), unless otherwise provided in the Special Conditions.

14.3 The following costs shall not be considered eligible:

- debts and debts service charges;
- provisions for losses or potential future liabilities;
- interest owed by the Organisation to any third party;
- items already financed from other sources;
- purchases of land or buildings;
- currency exchange losses.

14.4 Indirect costs are eligible provided that they do not include costs assigned to another heading of the budget of this Agreement.

Indirect costs may be charged on the value of in-kind commodities delivered by the Contracting Authority, including their associated costs.

A fixed percentage of direct eligible costs, not exceeding 7 %, may be claimed as indirect costs by the Organisation to cover the administrative overheads incurred for the Action. Funding in respect of indirect costs does not need to be supported by accounting documents.

Subject to the above, for comparable Actions and Actions where there is more than one donor the amount claimed as indirect costs shall not, in percentage terms, be higher or lower than for other comparable contributions.

Where the rates applied in accordance with the Organisation's governing bodies' decisions exceed 7%, the Organisation may recover the balance as direct eligible costs, subject to the provisions governing direct eligible costs referred to in this Article 14 being fulfilled.

Indirect costs shall not be eligible where the Agreement concerns the financing of an action where the Organisation is already receiving an operating grant from the European Union during the period in question.

14.5 Any contingency reserve included in the Budget of the Action, to cover any adjustment necessary in the light of changed circumstances on the ground, may not exceed 5% of eligible costs and shall only be used with the prior written (by letter) authorisation of the Contracting Authority, upon a duly justified request from the Organisation through an exchange of letters.

14.6 Contributions in kind made by the Organisation or its partners may be considered neither as co-financing nor as eligible costs. The cost of staff assigned to the Action is not a contribution in kind and may be considered as co-financing in the Budget for the Action when paid by the Organisation or its partners.

Article 15 - PAYMENTS

15.1 Payment procedures are set out in Article 4 of the Special Conditions and follow one of the two options below:

Option 1: When the implementation period of the Agreement does not exceed 12 months or the contribution is less than EUR 100 000

The Contracting Authority will provide a pre-financing from 80% up to 95% of the sum referred to in Article 3(2) of the Special Conditions less contingencies within 30 days of receiving the Agreement signed by both Parties.

The Contracting Authority will pay the balance within 90 days of receiving a request for payment accompanied by a final report. Approval of the report will be done within 45 days and in accordance with Article 15.2. The Contracting Authority will pay the balance within 45 days of approving the final report.

Option 2: When the implementation period of the Agreement exceeds 12 months and the contribution is of EUR 100 000 or more

The Contracting Authority will provide a pre-financing from 80% to 95% of that part of the budget for the first 12 months of the Action which is being financed by it (excluding contingencies) within 30 days of receiving the Agreement signed by both Parties.

Each further instalment will consist of (1) an interim payment that will cover the remainder of the Contracting Authority's part of the budget for the previous period (including any approved contingencies) and (2) a pre-financing from 80% to 95% of that part of the budget for the subsequent 12-month period (or of the remaining period if shorter as regards the last instalment of pre-financing) which is financed by it (excluding contingencies), provided that at least 70% of the immediately preceding instalment (and 100% of previous instalments if any) has been subject to a legal commitment between the organization or its partner and a third party as proven by the relevant report.

The instalments and final payment will be made by the Contracting Authority within 90 days of receiving a request for payment accompanied by a progress or final report. Approval of any report will be done within 45 days and in accordance with Article 15.2. The Contracting Authority will then pay within 45 days of approving the progress or final report.

- 15.2 Any report will be deemed approved 45 days after receipt, accompanied by a request for payment conforming to the model attached as Annex V, if the Contracting Authority has not reacted.

If the Contracting Authority does not intend to approve a report, as submitted, it shall revert to the Organisation with a request explaining the reason and specifying the additional information it requires within the first 45-day period. The deadline for approving the report shall be suspended pending the receipt of the requested information. If the Contracting Authority deems that a payment request cannot be met, it shall revert to the Organisation with a request explaining the reason and specifying the additional information it requires within the second 45-day period. The payment period shall be suspended pending the registration of a properly formulated payment request.

Reports shall be presented in accordance with Article 2.

Approval of a report does not imply recognition of the regularity, authenticity, completeness and correctness of the declarations and information contained therein.

- 15.3 On expiry of the payment period specified in Article 15.1, the Organisation, shall receive interest on late payment at the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union on the first day of the month in which payment was due, increased by three and a half percentage points.

The interest shall be payable for the period elapsing from the day following expiry of the time limit for payment up to the day of payment. Any partial payment shall first cover the interest.

By way of exception, when the interest calculated in accordance with this provision is lower than or equal to EUR 200, it will be paid to the Organisation only upon demand submitted within two months of receiving late payment.

The interest shall not be treated as an income for the purposes of determining the final amount of European Union financing within the meaning of article 17. The suspension of payment by the Contracting Authority may not be considered as late payment.

- 15.4 The level of pre-financing referred to in Article 15.1 above shall be set at a level of between 80% and 95 % in 5% increments taking into account past record of the Organisation in particular as regards timely submission of the final report.
- 15.5 The Contracting Authority will make payments in Euro into the bank account referred to in the financial identification form in Annex IV. Where payment is to be made to a bank account which is already known to the Contracting Authority, the Organisation may provide a copy of the relevant financial identification form.
- 15.6 Where feasible, the funds paid by the Contracting Authority shall be maintained in Euro denominated bank accounts. They may be pooled together with contributions from other donors. They may be exchanged for other currencies in order to facilitate their disbursement.
- 15.7 Where according to the Special Conditions interest earned by the Organisation on funds received from the Contracting Authority is due, it shall be deducted from the payment of the balance, re-used for the Action or recovered by the Contracting Authority. In that case, interest shall be identified as such and reflected in reports to the Contracting Authority.

Article 16 - ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS

- 16.1 The Organisation shall keep accurate and regular records and accounts of the implementation of the Action. Separate accounts or sub-accounts shall be kept for each Action, and shall detail all income generated by the Action, donor contributions and expenditure.

The accounting regulations and rules of the Organisation shall apply, provided that these regulations and rules conform to internationally accepted standards.

- 16.2 Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of the Organisation. A copy of the audited financial statements shall be submitted to the European Commission by the Organisation.

- 16.3 The Organisation shall, until at least five years after the end date as specified in article 12.5:
- keep financial accounting documents concerning the activities financed by the contribution and,
 - make available to the competent bodies of the European Union, upon request, all relevant financial information, including statements of accounts concerning the Action, whether they are executed by the Organisation or by its implementing partners or contractors.
- 16.4 In conformity with its financial regulations, the European Union, including its Court of Auditors, may undertake, including on the spot, checks related to the Actions financed by the Contracting authority.
- 16.5 These provisions shall be applied in accordance with any specific agreement concluded in this respect by the Organisation and the European Union.

Article 17 - FINAL AMOUNT OF FINANCING BY THE CONTRACTING AUTHORITY

- 17.1 The total final amount to be paid by the Contracting Authority to the Organisation shall not exceed the maximum contribution established by Article 3(2) of the Special Conditions, even if the overall costs incurred exceed the estimated total budget set out in Annex III.
- 17.2 Where Article 3(2) of the Special Conditions sets out a maximum percentage of estimated total eligible cost to be financed by the Contracting Authority, and if the eligible costs at the end of the Action are less than the estimated total cost specified in Article 3(1) of the Special Conditions, the contribution of the Contracting Authority shall be limited to the amount resulting from multiplying the eligible costs by the percentage laid down in Article 3(2) of the Special Conditions.

Where the percentage set out in article 3(2) of the Special Conditions is likely to change in the course of implementation, the Organisation shall consult the Contracting Authority without delay so as to agree on appropriate measures, in accordance with Article 9.

- 17.3 The Organisation accepts that the contribution of the Contracting Authority shall be limited to the amount required to balance income generated by the Action, donor contributions and expenditure for the Action and that it may not in any circumstances result in a surplus for the Organisation.

In the event of a final surplus balance of total financing over expenditures at the financial closure of the Action, the Organisation shall specify in the final report the amount of the surplus balance in the holding currency used by the Organisation together with the estimated amount in Euro and where the exchange rate of the Organisation can be consulted. This surplus in the Organisation's accounts expressed in holding currency used by the Organisation shall be converted into Euro using the rate of exchange of the Organisation in force on the day when the Contracting Authority's internal recovery order is established, which amount is later reflected in the debit note sent to the Organisation. The resulting Euro equivalent shall then be refunded to the Contracting Authority. This provision shall not apply to the exchange rates used for reporting.

- 17.4 In cases where the Action is suspended or not completed within the Implementation Period of this Agreement, the funds that remain unexpended after all liabilities incurred in this period have been satisfied will be reimbursed to the Contracting Authority, including, where applicable, interest earned.
- 17.5 Where the Action is not carried out at all, or is not carried out properly, in full or on time and without prejudice to its right to terminate this Agreement pursuant to Article 12.2, the Contracting Authority may, after allowing the Organisation to submit its observations and without prejudice to Article 13, reduce the contribution pro rata the actual implementation of the Action on the terms laid down in this Agreement.

Article 18 - RECOVERY

- 18.1 Where recovery is justified, the Organisation shall repay to the Contracting Authority within 45 days of the issuing of a letter (debit note) by which the Contracting Authority reclaims from the Organisation, any amounts paid in excess of the final amount due.
- 18.2 If the Organisation fails to repay by the due date, the sum due shall bear interest at the rate indicated in article 15.3. The interest shall be payable for the period elapsing from the day following expiry of the time limit for payment up to the day of payment. Any partial payment shall first cover the interest.
- 18.3 Amounts to be repaid to the Contracting Authority may be offset against amounts of any kind due to the Organisation, after informing it accordingly. The Organisation's prior consent is not required. This shall not affect the Parties' option to agree on payment in instalments.
- 18.4 Bank charges incurred from the repayment of amounts due to the Contracting Authority shall be borne entirely by the Organisation.

Annex III: Budget for the Action

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Budget for the Action

| Costs | All Years | | | Year 1 | | | Year 2 | | | Year 3 | | |
|--|-----------------|------------|--------------------|-----------------|------------|--------------------|-----------------|------------|--------------------|-----------------|------------|--------------------|
| | Unit | # of units | Unit rate (in EUR) | Unit | # of units | Unit rate (in EUR) | Unit | # of units | Unit rate (in EUR) | Unit | # of units | Unit rate (in EUR) |
| 1. Human Resources | | | | | | | | | | | | |
| 1.1 Salaries (gross salaries including social security charges and other related costs, local staff) | | | | | | | | | | | | |
| 1.1.1 Project Manager (UNDP) | Per month | 28 | 3,000.00 | Per month | 12 | 3,000.00 | Per month | 12 | 3,000.00 | Per month | 4 | 3,000.00 |
| 1.1.2 Administrative support staff (Project Associate (UNDP)) | Per month | 28 | 2,300.00 | Per month | 12 | 2,300.00 | Per month | 12 | 2,300.00 | Per month | 4 | 2,300.00 |
| 1.1.3 Administrative support staff (Recruitment Associate (UNDP)) | Per month | 18 | 2,300.00 | Per month | 12 | 2,300.00 | Per month | 6 | 2,300.00 | Per month | 6 | 2,300.00 |
| 1.1.4 Administration, Technical Officer (UNDP) | Per month | 18 | 2,535.00 | Per month | 12 | 2,535.00 | Per month | 6 | 2,535.00 | Per month | 6 | 2,535.00 |
| 1.1.5 Administration, Technical Officer (UNDP) | Per month | 24 | 2,535.00 | Per month | 12 | 2,535.00 | Per month | 12 | 2,535.00 | Per month | 6 | 2,535.00 |
| 1.1.6 Capacity Development Coordinator (UNDP) | Per month | 18 | 2,535.00 | Per month | 12 | 2,535.00 | Per month | 6 | 2,535.00 | Per month | 6 | 2,535.00 |
| 1.1.7 Stockpile Management Specialist (UNDP) | Per month | 28 | 2,535.00 | Per month | 12 | 2,535.00 | Per month | 12 | 2,535.00 | Per month | 4 | 2,535.00 |
| 1.1.8 Engineer/Infrastructure Advisor (UNDP) | Per month | 24 | 2,535.00 | Per month | 12 | 2,535.00 | Per month | 12 | 2,535.00 | Per month | 4 | 2,535.00 |
| Supervisor/ Human Resources | | | | | | | | | | | | |
| 2. Travel | | | | | | | | | | | | |
| 2.1 International travel | Per travel | 6 | 1,000.00 | Per travel | 3 | 1,000.00 | Per travel | 4 | 1,000.00 | Per travel | 1 | 1,000.00 |
| 2.2 Local travel | Per travel | 200 | 150.00 | Per travel | 75 | 150.00 | Per travel | 75 | 150.00 | Per travel | 50 | 150.00 |
| Supplies | | | | | | | | | | | | |
| 3. Equipment and supplies | | | | | | | | | | | | |
| 3.1 Computer equipment | Per piece | 7 | 1,200.00 | Per piece | 7 | 1,200.00 | Per piece | 7 | 1,200.00 | Per piece | 7 | 1,200.00 |
| 3.2 Office furniture | Per quarter | 6 | 2,300.00 | Per quarter | 4 | 2,300.00 | Per quarter | 4 | 2,300.00 | Per quarter | 1 | 2,300.00 |
| 3.3 Office furniture (excluding machines) | Per quarter | 9 | 1,200.00 | Per quarter | 4 | 1,200.00 | Per quarter | 4 | 1,200.00 | Per quarter | 1 | 1,200.00 |
| 3.4 Office furniture (excluding machines) | Per quarter | 28 | 600.00 | Per quarter | 12 | 600.00 | Per quarter | 12 | 600.00 | Per quarter | 4 | 600.00 |
| Supplies | | | | | | | | | | | | |
| 4. Local office | | | | | | | | | | | | |
| 4.1 Office rent for project staff | Per quarter | 6 | 65,700.00 | Per quarter | 4 | 65,700.00 | Per quarter | 4 | 65,700.00 | Per quarter | 1 | 65,700.00 |
| 4.2 Consumables - office supplies | Per quarter | 9 | 10,800.00 | Per quarter | 4 | 10,800.00 | Per quarter | 4 | 10,800.00 | Per quarter | 1 | 10,800.00 |
| 4.3 Office furniture (excluding machines) | Per quarter | 28 | 15,800.00 | Per quarter | 12 | 15,800.00 | Per quarter | 12 | 15,800.00 | Per quarter | 4 | 15,800.00 |
| 4.4 Office furniture (excluding machines) | Per quarter | 28 | 15,800.00 | Per quarter | 12 | 15,800.00 | Per quarter | 12 | 15,800.00 | Per quarter | 4 | 15,800.00 |
| Supplies | | | | | | | | | | | | |
| 5. Transportation, interpretation for publications and official meetings | Per translation | 100 | 140.00 | Per translation | 40 | 140.00 | Per translation | 40 | 140.00 | Per translation | 20 | 140.00 |
| 5.1 Translation, interpretation for publications and official meetings | Per action | 5 | 7,000.00 | Per action | 2 | 7,000.00 | Per action | 2 | 7,000.00 | Per action | 1 | 7,000.00 |
| 5.2 Vehicle tickets in line with EU stability guidelines | Per service | 125 | 60.00 | Per service | 50 | 60.00 | Per service | 50 | 60.00 | Per service | 25 | 60.00 |
| 5.3 Miscellaneous (postage, newspaper adverts, media inserts, etc) | Per service | 125 | 60.00 | Per service | 50 | 60.00 | Per service | 50 | 60.00 | Per service | 25 | 60.00 |
| Supplies | | | | | | | | | | | | |
| 6. Disposal of Remnants of War (Component 1) | | | | | | | | | | | | |
| 6.1 White phosphorus munitions programs | | | | | | | | | | | | |
| 6.1.1 Whole phosphorus munitions programs | Per piece | 2,679 | 300.00 | Per piece | 1,341 | 300.00 | Per piece | 1,341 | 300.00 | Per piece | 403 | 300.00 |
| 6.1.2 Phosphorus munitions programs | Per piece | 1,000 | 75.00 | Per piece | 400 | 75.00 | Per piece | 400 | 75.00 | Per piece | 115 | 75.00 |
| 6.1.3 UNDP assistance for the identification (IOM, DOD) | Per piece | 38,000 | 6.50 | Per piece | 12,000 | 6.50 | Per piece | 12,000 | 6.50 | Per piece | 24,000 | 6.50 |
| 6.1.4 UNDP assistance for the identification (IOM, DOD) | Per piece | 24 | 529.00 | Per piece | 24 | 529.00 | Per piece | 24 | 529.00 | Per piece | 24 | 529.00 |
| 6.1.5 UNDP assistance for the identification (IOM, DOD) | Per piece | 32 | 529.00 | Per piece | 32 | 529.00 | Per piece | 32 | 529.00 | Per piece | 32 | 529.00 |
| 6.1.6 UNDP assistance for the identification (IOM, DOD) | Per piece | 6 | 529.00 | Per piece | 6 | 529.00 | Per piece | 6 | 529.00 | Per piece | 6 | 529.00 |
| 6.1.7 UNDP assistance for the identification (IOM, DOD) | Per piece | 2 | 529.00 | Per piece | 2 | 529.00 | Per piece | 2 | 529.00 | Per piece | 2 | 529.00 |
| 6.2 SALW demilitarization programs | | | | | | | | | | | | |
| 6.2.1 SALW demilitarization programs | Per piece | 2,000,000 | 0.07 | Per piece | 650,000 | 0.07 | Per piece | 650,000 | 0.07 | Per piece | 1,350,000 | 0.07 |
| 6.2.2 SALW demilitarization programs | Per piece | 100,000 | 0.51 | Per piece | 100,000 | 0.51 | Per piece | 100,000 | 0.51 | Per piece | 100,000 | 0.51 |
| 6.2.3 SALW demilitarization programs | Per piece | 35,111 | 1.51 | Per piece | 12,000 | 1.51 | Per piece | 12,000 | 1.51 | Per piece | 23,111 | 1.51 |
| 6.2.4 SALW demilitarization programs | Per piece | 110 | 980.00 | Per piece | 110 | 980.00 | Per piece | 110 | 980.00 | Per piece | 110 | 980.00 |
| 6.2.5 SALW demilitarization programs | Per piece | 8,485 | 2.04 | Per piece | 2,890 | 2.04 | Per piece | 2,890 | 2.04 | Per piece | 5,595 | 2.04 |
| 6.2.6 SALW demilitarization programs | Per piece | 100 | 12.00 | Per piece | 35 | 12.00 | Per piece | 35 | 12.00 | Per piece | 65 | 12.00 |
| 6.2.7 SALW demilitarization programs | Per piece | 6 | 4,600.00 | Per piece | 3 | 4,600.00 | Per piece | 3 | 4,600.00 | Per piece | 3 | 4,600.00 |
| 6.2.8 SALW demilitarization programs | Per piece | 9 | 9,600.00 | Per piece | 2 | 9,600.00 | Per piece | 2 | 9,600.00 | Per piece | 7 | 9,600.00 |
| 6.2.9 SALW demilitarization programs | Per piece | 18 | 800.00 | Per piece | 12 | 800.00 | Per piece | 12 | 800.00 | Per piece | 6 | 800.00 |
| 6.2.10 SALW demilitarization programs | Per piece | 3 | 28,000.00 | Per piece | 2 | 28,000.00 | Per piece | 2 | 28,000.00 | Per piece | 1 | 28,000.00 |
| 6.2.11 SALW demilitarization programs | Per piece | 2 | 31,570.00 | Per piece | 1 | 31,570.00 | Per piece | 1 | 31,570.00 | Per piece | 1 | 31,570.00 |
| 6.2.12 SALW demilitarization programs | Per piece | 4 | 173,495.00 | Per piece | 2 | 173,495.00 | Per piece | 2 | 173,495.00 | Per piece | 2 | 173,495.00 |
| 6.2.13 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.14 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.15 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.16 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.17 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.18 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.19 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.20 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.21 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.22 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.23 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.24 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.25 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.26 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.27 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.28 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.29 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.30 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.31 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.32 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.33 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.34 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.35 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.36 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.37 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.38 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.39 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.40 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.41 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.42 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.43 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.44 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.45 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.46 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.47 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.48 SALW demilitarization programs | Per piece | 4 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 | Per piece | 2 | 74,355.00 |
| 6.2.49 SALW demilitarization programs | Per | | | | | | | | | | | |

| | | | | | | | | |
|--|----------------------|----|------------|---------------------|----------------------|----|------------|---------------------|
| 6.7.1 Ammunition inspection and stability control | Per piece | 8 | 4,500.00 | 36,000.00 | Per piece | 3 | 4,500.00 | 13,500.00 |
| 6.7.2 Workshop on ammunition disposal inspection and verification | Per workshop | 3 | 6,000.00 | 18,000.00 | Per workshop | 2 | 6,000.00 | 12,000.00 |
| 6.7.3 Ammunition disposal methodology development | Per methodology | 3 | 7,000.00 | 21,000.00 | Per methodology | 2 | 7,000.00 | 14,000.00 |
| 6.7.4 Ammunition verification consultant | Per month | 18 | 800.00 | 14,400.00 | Per month | 12 | 800.00 | 9,600.00 |
| 6.7.5 Advanced certification course on ammunition demilitarization | Per course | 3 | 28,000.00 | 84,000.00 | Per course | 2 | 28,000.00 | 56,000.00 |
| 6.7.6 Upgrade of TROM, Dobo demilitarization facility | Per activity | 1 | 47,454.00 | 47,454.00 | Per activity | 1 | 47,454.00 | 47,454.00 |
| 6.7.7 Improvement of safety standards of TROM, Dobo | Per activity | 2 | 31,570.00 | 63,140.00 | Per activity | 1 | 31,570.00 | 31,570.00 |
| 6.8 SALW and Ammunition Facilities Safety Upgrades (Component 3) | | | | | | | | |
| 6.8.1 Safety infrastructure upgrade of storage facilities in line with the assessments | Per storage facility | 4 | 173,495.00 | 693,980.00 | Per storage facility | 2 | 173,495.00 | 346,990.00 |
| 6.8.2 Safety standards upgrade of storage facilities in line with the assessments | Per storage facility | 4 | 74,355.00 | 297,420.00 | Per storage facility | 2 | 74,355.00 | 148,710.00 |
| Subtotal Disposal of Remnants of War, Stockpile Management and Capacity Development | | | | 2,914,337.01 | | | | 1,504,857.00 |
| 7. Subtotal direct eligible costs of the Action (7-6) | | | | 3,586,757.01 | | | | 1,855,607.00 |
| 8. Administrative costs (7% total direct eligible costs of the Action) | | | | 251,072.99 | | | | 128,492.49 |
| 9. Total eligible costs of the Action (7+8) | | | | 3,837,830.00 | | | | 1,984,099.49 |

| Justification of the Budget for the Action | | All Years |
|--|--|---|
| Costs | Clarification of the budget items | Justification of the estimated costs |
| 1. Human Resources | These human resources represent the project structure defined in the project proposal. Due to the complexity of the project focus and its implementation the specific expertise is required in support of the project mandate. The short description of each position and their justifiability is defined in the project proposal. The project's human resource structure represents the balance between the project's outcomes, funds to be implemented and the UNDP project support. | The salary costs for each position are alligned with UNDP payscale. The number of units are related to the plans for implementation of different components. |
| 1.1 Salaries (gross salaries including social security charges and other related costs, local staff) | | |
| 1.1.1 Project Manager | | |
| 1.1.2 Administrative/ support staff Project Associate | | |
| 1.1.3 Administrative support staff Procurement Associate | | |
| 1.1.4 Ammunition Technical Officer | | |
| 1.1.5 Ammunition Technical Officer | | |
| 1.1.6 Capacity Development Coordinator | | |
| 1.1.7 Stockpile Management Specialist | | |
| 1.1.8 Engineer/Infrastructure Advisor | | |
| Subtotal Human Resources | | |
| 2. Travel | The monitoring and verification of project's activities represent the most important fact related to the accountable use of funds. There will be a need to monitor activities in five different locations in BiH and to coordiante activities with project's stakeholders through out BiH. The international travel will be needed in support of regional and international initiatives related to arms control and stockpile management and reduction. | The travel costs are in line with the UNDP DSA rates as well as market prices of travel-fare. Those calculations are based on experieces from Phase I and II. |
| 2.1. International travel | | |
| 2.2 Local travel | | |
| Subtotal Travel | | |
| 3. Equipment and supplies | The equipment will be needed for the new staff. In previous two phases there were no investment in IT equipment hence the equipment needs to be renewed as the equipment is outdated and needs to be disposed of. | The market price of IT equipment based on the Long Term Agreements with UNDP's IT suppliers. |
| 3.1 Computer equipment | | |
| 4.1 Office rent for project staff | There is a need to accommodate 8 project staff, hence three offices are needed. The offices will accommodate around 3 persons in an average. | Those costs are calculated based on the UNDP's standard arrangements for office space. |
| 4.2 Consumables - office supplies | The consumables are related to the office materials needed for normal functionality of the project team. | The costs are estimated based on the use of office materials in the previous phases. |
| 4.3 Other services (tel/fax, electricity/heating, maintenance) | These costs are related to the heating, electricity, internet, maintainace and other related utility costs. | Those costs are calculated based on the UNDP's standard arrangements for utility costs and average expenditures in previous phases. |
| Subtotal Local office | | |
| 5. Other costs, services | Due to extensive involvement of national stakeholders every document must be bilingual hence involvement of interpreters is critical. The use of interpreters will be minimized as the core of translation services will be provided by the project staff. | The costs are based on standardizes UNDP rates translation/interpreation. Based on the experiences from the previous phases the lump sum costs are estimated. |
| 5.1 Translation, interpreters for publications and official meetings | | |
| 5.2 Visibility actions in line with EU visibility guidelines | | |
| 5.3 Miscellaneous (postage, newspaper adverts, media reports etc) | These costs are related to the i.e. postage costs, procurement and human resource advertisements costs, hospitality costs for official meetings etc. | The costs are estimated based on the use of funds for those activities in the previous phases. |
| Subtotal Other costs, services | | |
| Costs | | |
| 6: Disposal of Remnants of War (Component 1) | The ammunition listed under budget header 6 is the ammunition entrusted to UNDP based on the decisions of the Minister of Defense (Annex | |
| 6.1 White phosphorus munitions programme | | |
| 6.1.1 White phosphorus munitions as per Annex J | | |
| 6.2 Artillery munitions programme | | |
| 6.2.1 Support to the MoD in demilitarization in TROM, Dobo | | |
| 6.2.2 OBOD disposal | | |

| | | |
|--|---|--|
| 6.2.3 Industrial demilitarization of artillery ammunition | L to the Project Proposal). The ammunition listed under this budget header is defined in the Memorandum of Understanding between UNDP and the Ministry of Defense. The Memorandum represents Annex H, I and J to the Project Proposal. The Project Proposal elaborates on the methods of destruction of those munitions in paragraph 1.11. It is important to note that the main method of calculation is in pieces with the exception of budget line 6.2.1. (ammunition transportation) and budget line 6.5.2. rocket fuels. The 'per piece' method give us full clarity what is to be destroyed and allows us to have very precise verification method. | The unit rates are calculated based on the standard market prices for disposal of specific types of munitions. Those are in line with previously approved pricing rates and represent discounted prices and the best value for money in the local and international market. |
| 6.3 Air bombs and rockets programme | | |
| 6.3.1 FAB 250 | | |
| 6.3.2 PRAB 250J | | |
| 6.3.3 FAB 50 | | |
| 6.3.4 M 72 | | |
| 6.4 SALW ammunition programme | | |
| 6.4.1 Small caliber ammunition | | |
| 6.4.2 Hand grenades | | |
| 6.5 Ammunition elements programme | | |
| 6.5.1 Fuses | | |
| 6.5.2 Rocket Fuels | | |
| 6.6 Counter-armor and other types munitions programme | | |
| 6.6.1 Anti-tank ammunition | | |
| 6.6.2 Other types of ammunition | | |
| 6.7 Ammunition Control Capacity Development (Component 2) | | |
| 6.7.1 Ammunition inspection and stability control | This activity is explained in the project proposal under Result 2. The inspection and stability control of ammunition represents the key precondition for safe ammunition disposal process. | The inspection and stability control is being conducted utilizing mobile laboratory with fixed costs of operation. Those costs are defined on the use of reagents for stability control and there are standardized market prices for those. |
| 6.7.2 Workshop on ammunition disposal, inspection and verification | The workshop is linked to the activities to be implemented under Component 2 as explained in the project proposal. There will be three separate workshops. The workshops will gather representatives of the Committee for Movable Defense Property Surpluses. It will bring in over 30 individuals from the General Corp of the Armed Forces of BiH, management of the Ministry of Defense and relevant entity institutions per workshop. | The costs are based on expected number of participants at the workshop and organizational costs for the workshops. Those are estimated based on the previous experience and knowledge of market prices. |
| 6.7.3 Ammunition disposal methodology development | There are three different and complex ammunition system that need to be disposed of within this phase. Those will require development of specific disposal methodology. Those are white-phosphorous ammunition, and two air bombs types. | The calculated expenditure is based on the experiences in development of those methodologies for other types of munitions from the previous phases. |
| 6.7.4 Ammunition verification consultant | The ammunition destruction activities must be verified by external individual that will produce verification reports on the daily bases. This is the most important aspect related to accountable use of funds and transparency. | The costs are based on the average daily fee rate for assignment of this complexity in line with market prices in BiH and UNDP's rules and regulations. |
| 6.7.5 Advanced certification course on ammunition demilitarization | The capacity development represents a separate component of this project proposal. UNDP is conducting training of the MoD personnel and are certifying the ammunition specialists for conducting ammunition disposal operations. It is expected to train over 60 individuals. The training is designed for the strategic and operational level personnel of the Ministry of Defense of BiH. | The costs are based on the previous certification courses held in the EU-funded and SEESAC/UNDP implemented training programmes. |
| 6.7.6 Upgrade of TROM, Doboje demilitarization facility | The upgrade of TROM Doboje aims at increasing capacities of the facility to conduct disposal activities in safer manner. Those activities are explained in the project proposal under Component 2. | The costs represent estimated based on the needs for investment and market prices for those services. |
| 6.7.7 Improvement of safety standards of TROM, Doboje | | |
| 6.8 SALW and Ammunition Facilities Safety Upgrades (Component 3) | | |
| 6.8.1 Safety infrastructure upgrade of storage facilities in line with completed assessments | These costs are related to the activities to be implemented under the Component 3. The activities are defined in line with previously conducted assessments of the storage facilities (Please Note: Those activities are described in the Project Proposal.) | The costs are based on distribution of investment in four selected prospective storage facilities. The estimation is based on the experiences in implementation of storage refurbishment project funded by the EU through UNDP/SEESAC and the knowledge of market prices of each investment. |
| 6.8.2 Safety standards upgrade of storage facilities in line with the completed assessments | | |
| Subtotal Disposal of Remnants of War, Stockpile Management and Capacity Development | | |
| 7. Subtotal direct eligible costs of the Action (1-6) | | |
| 8. Administrative costs (7% total direct eligible costs of the Action) | | |
| 9. Total eligible costs of the Action (7+8) | | |

Expected sources of funding & summary of estimated costs

| Expected Contributions | Amount | Percentage |
|---|--------------|------------|
| | EUR | % |
| EU contribution sought in this application (A) | 3,837,830.00 | |
| Other contributions (Applicant, other EU Funds or EU Member States etc) | - | |
| <i>Name</i> | | |
| <i>Conditions</i> | | |
| Revenue from the Action | - | |
| Estimated Costs | EUR | % |
| Estimated TOTAL ELIGIBLE COSTS (B) | 3,837,830.00 | |
| EU contribution expressed as a percentage of total eligible costs (A/B x 100) | | 100% |

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Annex IV: Financial identification form

A small, handwritten mark or signature in the bottom right corner of the page, consisting of a few stylized, overlapping lines.



FINANCIAL IDENTIFICATION

| <u>ACCOUNT HOLDER</u> | |
|-----------------------|--------------------------------------|
| NAME | UNITED NATIONS DEVELOPMENT PROGRAMME |
| ADDRESS | ONE UNITED NATIONS PLAZA |
| TOWN/CITY | NEW YORK POSTCODE NY 10017 |
| COUNTRY | UNITED STATES VAT NUMBER |
| CONTACT PERSON | |
| TELEPHONE | FAX |
| E - MAIL | |

| <u>BANK</u> | |
|----------------|------------------------|
| BANK NAME | ING BELGIUM SA/NV. |
| BRANCH ADDRESS | 60 COURS ST MICHEL |
| TOWN/CITY | BRUSSELS POSTCODE 1040 |
| COUNTRY | BELGIUM |
| ACCOUNT NUMBER | 301-0186139-77 |
| IBAN | BE80301018613977 |

REMARKS :

| <u>BANK STAMP + SIGNATURE of BANK REPRESENTATIVE</u> | |
|--|--|
| <small>(Both Obligatory)</small> | |
| ING Belgium SA/NV avenue Marnixlaan 24 1000 Brussels | |
|  Michel COPPIN Assistant Regional Manager | |

| <u>DATE + SIGNATURE of ACCOUNT HOLDER :</u> | |
|---|--|
| <small>(Obligatory)</small> | |
|  | |
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Annex V: Standard request for payment

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ANNEX V

Request for payment for contribution agreement with an international organisation

Date of the request for payment <.....>

For the attention of
<Address of the Contracting Authority>
<Financial unit indicated in the Agreement>¹

Reference number of the Agreement: ...

Title of the Agreement: ...

Name and address of the Organisation: ...

Request for payment number: ...

Period covered by the request for payment: ...

Dear Sir/Madam,

I hereby request payment of prefinancing/interim payment/balance² under the Agreement mentioned above.

The amount requested is [as indicated in Article 4(2) of the Special Conditions of the Agreement/the following: ...]³

Please find attached the following supporting documents:

- narrative and financial progress report (for prefinancing / interim payments)
- final narrative and financial report (for payment of the balance)⁴

The payment should be made to the following bank account:...⁵

Please when making the payment indicate the following communication: ...

I hereby certify on honour that the information contained in this request for payment is full, reliable and true, that the costs incurred can be considered eligible in accordance with the Agreement and that this request for payment is substantiated by adequate supporting documents that can be checked.

Yours faithfully,

<signature>

¹ If applicable, please do not forget to address a copy of this letter to the European Union Delegation mentioned in Article 5 of the Special Conditions of the Agreement.

² Delete the options which do not apply.

³ Delete the option which does not apply.

⁴ Delete the items which do not apply.

⁵ Indicate the account number shown on the identification form annexed to the Agreement. In the event of change of bank account, please complete and attach a new identification form as per model.

N.B.: Instalments of prefinancing, Interim payments and final payments are subject to the approval of the corresponding report (see Article 15(1) of the General Conditions of Agreement)