

# EUROPEAN UNION CONTRIBUTION AGREEMENT WITH AN INTERNATIONAL ORGANISATION

Agreement number: 265589

(the "Agreement")

The European Union, represented by the European Commission (the "Contracting Authority")

of the one part,

and

the United Nations Development Programme, hereinafter referred as "the UNDP"; International Organisation; with its Head office at 1, United Nations Plaza, New York, NY 10017, United States of America ("the Organisation")

of the other part,

(Individually a "Party" and collectively the "Parties"), have agreed as follows:

## Special Conditions

### Article 1 – Purpose

- 1(1) The purpose of this Agreement is a contribution by the Contracting Authority for the implementation of the action entitled: *ARCH-Vukovar: "Heritage as a means of development. Reconstruction of Architectural Heritage in Vukovar Town Centre - Sustainable Revival and Development of a war-torn community"* (the "Action") as described in Annex I.
- 1(2) The Organisation will be awarded the contribution on the terms and conditions set out in this Agreement, which complies with the provisions of the Financial and Administrative Framework Agreement between the European Community and the United Nations signed on 29 April 2003 and consists of these special conditions (the "Special Conditions") and their annexes.
- 1(3) The Organisation accepts the contribution and undertakes to do everything in its power to implement the Action under its own responsibility.
- 1(4) The Action is a Joint Management Action for all purposes of this Agreement.
- 1(5) The Action is a Multi-donor Action for all purposes of this Agreement.

## **Article 2 – Entry into force, Implementation Period and Execution Period**

- 2(1) This Agreement shall enter into force on the date when the last of the two Parties signs.
- 2(2) The implementation of this Agreement will begin on the day following that on which the last of the two Parties signs.
- 2(3) The implementation period of this Agreement, as laid down in Annex I, is 24 months (the "Implementation Period").
- 2(4) The execution period of this Agreement shall start at the entry into force of this Agreement as provided for in Article 2(1) and shall end at the moment when final payment is paid by the Contracting Authority in accordance with Article 17 of Annex II or when the Organisation repays any amounts paid in excess of the final amount due pursuant to Article 18 of Annex II. In cases where there is no final payment by the Contracting Authority or final repayment by the Organisation, the end of the execution period shall be the end date referred to in Article 12.5 of Annex II.

## **Article 3 - Financing the Action**

- 3(1) The total cost of the Action eligible for financing by the Contracting Authority is estimated at EUR 1.340.000 as set out in Annex III.
- 3(2) The Contracting Authority undertakes to finance a maximum of EUR 1.000.000,00 equivalent to 74,63 % of the estimated total eligible cost specified in paragraph 1; the final amount will be established in accordance with Articles 14 and 17 of Annex II..
- 3(3) Pursuant to Article 14(4) of Annex II, 7% of the final amount of direct eligible costs of the Action to be reimbursed by the Contracting Authority to the Organisation in accordance with Articles 14 and 17 of Annex II, may be claimed by the Organisation as indirect costs.
- 3(7) Pursuant to Article 14.3 of Annex II, the Regulation under which this Agreement is financed excludes financing of taxes, including VAT, in the case the Organisation can show it cannot reclaim.

## **Article 4 - Narrative and financial reporting and payment arrangements**

- 4(1) Narrative and financial reports shall be produced in support of payment requests, in compliance with Articles 2 and 15(1) of Annex II.
- 4(2) Payment will be made in accordance with Article 15 of Annex II; of the options referred to in Article 15(1), the following will apply:

Pre-financing	EUR 349.826,02
Forecast pre-financing/ interim payments (subject to the provisions of Annex II)	EUR 624.026,15
Forecast final payment (subject to the provisions of Annex II)	EUR 26.147,83

## Article 5 - Contact addresses

Any communication relating to this Agreement shall be in writing, shall state the number and title of the Action, and shall use the following addresses

### For the Contracting Authority:

Payment requests and attached reports, including requests for changes to bank account arrangements shall be sent to:

Any communication relating to this contract must be in writing, state the number and title of the Action and be sent to the following addresses:

### For the Contracting Authority

Payment requests and attached reports, including requests for changes to bank account arrangements should be sent to:

Delegation of the European Union to the Republic of Croatia

Trg žrtava fašizma 6, 10000 Zagreb

For the attention of: Finance and Contract Section

Copies of the documents referred to above, and correspondence of any other nature, should be sent to:

Delegation of the European Union to the Republic of Croatia

Trg žrtava fašizma 6, 10000 Zagreb

For the attention of: Political, Economic, Trade and Press & Information Section

### For the Organisation

United Nations Development Programme

Radnička cesta 41, 10000 Zagreb, Croatia

## Article 6 - Annexes

6(1) The following documents are annexed to these Special Conditions and form an integral part of the Agreement:

Annex I: Description of the Action

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

Annex III: Budget for the Action

Annex IV: Financial identification form

Annex V: Standard request for payment

6(2) In the event of a conflict between the provisions of the present Special Conditions and any Annex thereto, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other annexes, the provisions of Annex II shall take precedence.

2011

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Updated March 2011

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Done in Zagreb in three originals in the English language, two for the Contracting Authority and one for the Organisation.

**For the Organisation**

**Name** LOUISA VINTON

**Position** UNDP RESIDENT  
REPRESENTATIVE

Signature



Date

30/5/2011

**For the Contracting Authority**

**Name** PAUL VANDOREN

**Position** HEAD OF THE EU  
DELEGATION TO  
THE REPUBLIC OF  
CROATIA

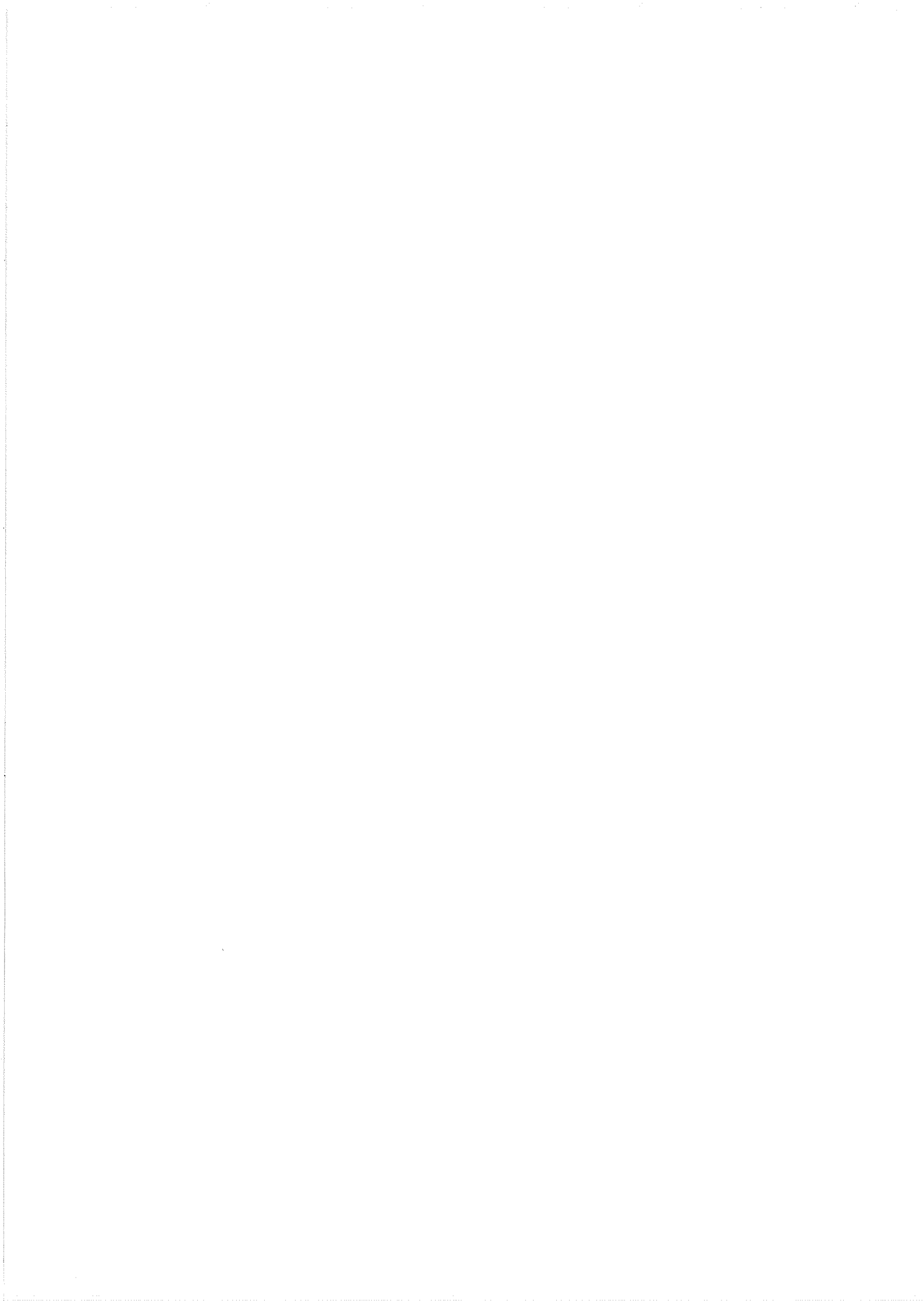
Signature



Date

30/5/2011

# Annex I



## ANNEX 1: DESCRIPTION OF THE ACTION

### Title of the Action: ARCH-Vukovar: "Heritage as a means of development. Reconstruction of Architectural Heritage in Vukovar Town Centre - Sustainable Revival and Development of a war-torn community"

#### 1. OVERALL OBJECTIVE AND PROJECT PURPOSE

##### 1.1 Overall Objective:

To contribute to reconciliation between the different communities in Croatia and address the post-war legacy of physical damage and inter-ethnic tension through the cultural, social and economic reconstruction of Vukovar community. This project is aimed at enhancing intercultural dialogue within the community and the process of social and economic revival in Vukovar.

##### 1.2 Project purpose:

1. To restore the external appearance of the most representative national monument – the Worker's Hall – in the Vukovar town centre, thereby contributing to the restoration of the town's material and non-material cultural heritage.
2. To promote inter-cultural and inter-ethnic dialogue
3. To increase the city's attractiveness to tourists together with improvement of the area's potential for overall economic development.

##### 1.3 Link with AP/NPAA/EP/SAA:

The action is strictly related to Article 95 of the **Stabilization and Association Agreement (SAA)** which states the importance of cultural cooperation, in order to promote mutual understanding and esteem between individuals, communities and peoples.

##### 1.4 Link with the MIPD 2007-2009 for Croatia

The MIPD is a reference document for the implementation of the Instrument for Pre-Accession Assistance. As such, it is not mandatory in this pilot project. Nevertheless, the project corresponds, albeit indirectly, to the following major cross-cutting issues to be tackled in the Republic of Croatia:

- *Equal opportunities and non-discrimination* will be respected as regards gender as well as minorities and vulnerable groups at the programming and implementation stage, particularly in relation to socio-economic support programmes.
- Furthermore *minority and vulnerable groups' concerns* will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development.

## 1.5 Link with National and Regional Development Plans

The project reflects the high priority that Croatia places on the revival of the town of Vukovar through both physical reconstruction and socio-economic development. This priority is manifested in a separate *Law for the Restoration and Development of Vukovar Municipality* and the associated *Plan and Programme for Restoration and Development of Vukovar Municipality*.

The project's aims are compatible with objectives, priorities and measures set in *County Development Strategy 2007-2013 for Vukovar-Srijem County*. That can be seen from:

**“OBJECTIVE 3: Improvement of quality of life through preservation of natural and cultural heritage, health and social inclusion**

**Priority 5: *Renewal and protection of natural and cultural heritage***

**Measure 23:** Renewal and protection of cultural facilities and preservation of natural heritage

**Measure 25:** Organisation of workshops and seminars for renewal/revival of traditional crafts (e.g. making folk costumes and instruments), upgrading/construction of facilities for crafts and promotion of manufacturing”

This development strategy has already been agreed for the Nomenclature of Territorial Units for Statistics (NUTS) III regional level. The NUTS II regional level strategy for the Pannonian region is in the final stages of being adopted.

The Strategy on Regional Development of Republic of Croatia provides guidelines for sectoral national investment strategies, which include the adoption of a separate strategy for investment in the restoration of urban areas.

On the national level, several strategies relate to the need for preserving cultural heritage:

- *Strategic Framework for Development 2006 – 2013*.

Croatian culture is in need of an elaborate management programme. Projects such as Vukovar-Vučedol-Ilok, as well as the revitalisation process of the area included in the project, will become a driving force for the whole region. Investments in the protection and preservation of cultural heritage are investments in development of society as a whole. (...) cultural heritage has to become an integral part of any region's development.

- *Croatian Tourism Development Strategy*.

Croatia's rich and diverse cultural potential is insufficiently included into its tourist supply. Due to the long-run need to preserve heritage, wider public access to cultural monuments may be permitted only when conservation or other forms of restoration or maintenance are ensured.

The aims of the restoration and promotion of cultural heritage in the Vukovar area are currently implemented through 3 projects:



### **1. Vukovar-Vučedol-Ilok Project**

Funded by the Government and the Council of Europe Development Bank, this project includes an investment in the reconstruction of the protected historic Baroque town centre of Vukovar. This area suffered enormous war devastation and is included among the 100 most-endangered monuments of culture in the framework of the World Monuments Fund. The project budget amounts to EUR 30.2 million and is at this time the largest investment in Croatia aiming to restore the cultural heritage of a single region.

### **2. Tourism development in Eastern Slavonia – Danube basin**

This project was funded by the Austrian Development Agency (ADA), the Municipalities of Vukovar and Ilok, and UNDP, with the goal of enhancing the economic and social cohesion of Vukovar-Srijem County through the promotion of sustainable and ecologically oriented tourism development in Vukovar and Ilok. The project consists of the reconstruction of traditional architecture and revival of traditional customs and crafts and the connection of cultural heritage with archeological and historical events that embody the cultural heritage of Eastern Slavonia. A significant part of the project was aimed at the construction of a multipurpose building named Eco-Ethno Club “Adica,” with a variety of tourism facilities (accommodations, restaurant, rooms for traditional crafts, etc) in the famous natural surroundings of the Adica oak forest.

### **3. Renewal programme under the *Plan and Programme for the Restoration and Development of Vukovar municipality***

This project should have a positive effect on economic development by encouraging tourists to visit Vukovar. Although Vukovar has the only passenger river terminal on the Danube in Croatia it has failed so far attract significant tourist turnover. Tourism prospects are hampered by the significant destruction of the city’s cultural heritage during the 1991 siege and a lack of sufficient resources to carry out swift repairs and restoration of damaged cultural monuments.

## **2. DESCRIPTION OF PROJECT**

### **2.1 Background on the ARCH Vukovar Project:**

#### Introduction

After having consulted the main partners and stakeholders in Croatia, the European Commission identified the town and municipality of Vukovar as a suitable location for this Project.

The three-month siege of Vukovar in 1991 destroyed the city’s cultural heritage. Between September and November, 118 individual monuments and valuable architectural ensembles in the historic urban area of Vukovar were demolished or badly damaged, of which 21 were completely destroyed. The restoration and rehabilitation of the cultural heritage in the historic area of Vukovar thus has multiple importance: it contributes to the establishment of sustainable peace; it provides a framework for returnees to Vukovar to exercise their rights; it contributes to the preservation of a Croatian identity built on ethnic diversity; and at the same time it helps promote the sustainable development of an underdeveloped region of Croatia. Given the multiethnic background of Vukovar, which consists of 20 different ethnic groups, and the extent of the ravages to which the historic centre has been exposed, the restoration or reconstruction of the

destroyed heritage is a contribution to maintaining European models of "unity in diversity." Vukovar is one of the most valuable historic centres in the region, but is also, at the moment, one of the most gravely damaged areas in Europe and therefore was listed as one of 100 most endangered cultural sites in the world within the World Monuments Fund Programme.

Given the keen awareness of the people of Vukovar of the importance of their city's heritage, and their strong attachment to cultural monuments that were destroyed in 1991, the successful return and re-integration of refugees and displaced persons originally from Vukovar depends directly on the extent to which the destroyed heritage can be restored. The reconstruction of historically important buildings in Vukovar began in 1998 under the *Plan and Programme for Restoration and Development of Vukovar Municipality*, and was accompanied by a markedly increased level of activity by non-governmental organizations and returnee communities.

Nevertheless, divisions between the two main ethnic communities represented in Vukovar (Croat and Serb) remain amongst the most profound in Croatia. Children in the town still attend separate kindergartens, schools and high schools according to different "ethnic" curricula.<sup>1</sup> Teaching is usually organized as "Two schools in one building," making the separation more pronounced.

Some reconstruction of war-destroyed heritage has taken place already. This has so far extended mainly to individual monuments intended for the use of local and regional institutions. Just a few of the dozens of outstanding representative residential and commercial properties in Vukovar have been restored. The Baroque centre of the city is now under revitalization, where the properties provide evidence of the traditional organization of public, social and economic life.

However, the historic centre still manifests evidence of a deeply divided community and of the very restricted right to access to public space and the right to the preservation of cultural heritage. This is the main reason to choose Vukovar as a location to promote intercultural dialogue.

### The Project

The main aim of the project is to promote the economic and human development of the Vukovar community and to foster interethnic reconciliation by restoring the most symbolic secular monument of the urban historic centre: **Radnički dom**, or the **Worker's Hall**. The Worker's Hall building, the former Grand Hotel, is the most representative building in the town's center.

The project will cover costs for the partial restoration of the **Worker's Hall** building within the urban centre of Vukovar. The restoration of the town's best-known structure will help repair the ravaged image of the urban centre and restore the town's familiar urban landscape. In the process, it will give residents who were victims of persecution and war destruction a sense of recovery and restoration of their homeland. The project is also meant to promote follow-on developments,

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<sup>1</sup> Croatian education system allows different models of ethnic minority education ranging from forms of additional schooling, bilingual schooling, to schooling completely in the language of the minority group. The Serbian minority in Eastern Slavonia region, in difference to the rest of Croatia, has widely decided to exercise their rights in form of completely separate schooling program starting from pre-schools to secondary level schools. Educational programs are completely done in Serbian language and writing and have no elements of learning about the majority's culture.

such as the establishment of a local cultural centre, which could be private or incentive-based through the Ministry of Tourism, or achieved by means of donations and development projects.

Cultural and natural heritage is a major potential resource for the development of the Vukovar economy. Even before 1991, cultural and seasonal tourism had begun to flourish. The current prospects for developing cultural tourism opportunities in Vukovar were confirmed by a Council of Europe expert mission for assessment of projects under the "Integrated Rehabilitation Project Plan/Survey of the Architectural and Archaeological Heritage" (IRPP/SAAH) initiative. This mission affirmed Croatia's potential in the field of restoration and rehabilitation, because of the relevance and diversity of its heritage and its partial destruction during the last war, and advocated further investment in those activities. The IRPP/SAAH initiative recommends the popularization of cultural heritage through educational programmes, exhibitions, European Heritage Days and similar events that gradually integrate cultural heritage into everyday lives.

This project will constitute an important step towards developing this sort of public awareness. It foresees a set of activities to raise awareness about the business possibilities of cultural heritage for owners and for local communities, to raise awareness about the importance of cultural heritage and to catalyse the creation of SMEs based on local material and nonmaterial heritage.

The complex of the Worker's Hall is a registered high-A category monument. During the war the complex suffered severe damage. Until now repair works have focused on the structural reconstruction of the complex as well as the ornament-rich roof of the building. The complete reconstruction of this facility will take several years due to specific restoration needs as well as the specialist conservationist works needed, weather conditions and the large size of the building.

Technical documentation has been completed for three sides of the façade (main-street views). This has required permits and clearance from Ministry of Culture's Conservation Department in Vukovar. But drawings of outside joinery, together with fourth side of the façade, do not exist.

Even though reconstruction works have not been completed, the historic facility is already much in demand for use for different cultural and even economic activities (e.g., the Vukovar Ethno Fair, the Youth Festival "Summer in Vukovar," concerts by alternative groups, and so on). However, the final purpose of the interior space has not yet been decided. There are various proposals from different stakeholders for using interior of the Worker's Hall in future (city café, theatre/cinema, Multimedia Youth Centre, Mayor's office with Town Hall, gallery, archive, offices of worker's unions and political parties, rooms for NGOs, etc.). In other words, the different stakeholders and cultural groups have not yet achieved a consensus. One of the project's goals will be to facilitate an intercultural dialogue that can yield such a durable consensus.

## **2.2 Assessment of project impact, catalytic effect, sustainability and cross border impact**

This project is being built on the outcomes of previous projects in order to spread their impact. The European Commission has so far funded six projects in Croatia dealing with restoration of cultural heritage. Most important of these is the "IRPP/SAAH joint programme" between the European Commission and the Council of Europe. Through this programme, the Cultural Heritage Protection Department within the Ministry of Culture has elaborated a Priority Action

List (with Preliminary Technical Assessments and Feasibility Studies). Among the 18 monuments and sites included in this Priority Action List, Vukovar is represented by Eltz Castle.

The mechanism established within this project for achieving consensus among different stakeholders, cultural and ethnic groups will represent the model for involvement of citizens in the decision-making process surrounding the Worker's Hall. This model of achieving consensus can be used for any case important for community life in the future.

A direct cross-border impact has not been foreseen. Nevertheless, given the city's position on the Danube, the proximity of other tourist locations and the proximity of Serbia, some positive synergies and incentives could and should be expected, especially in regard to the continuous improvement of cooperation between Vukovar and Bac municipality in Serbia. In addition, the importance of Worker's Hall as a historic place where the Yugoslav communist party was established could have positive impact on Vukovar tourism from all parts of former Yugoslavia. The project could also act as a catalyst for similar projects in the wider Western Balkans.

### **2.3 Results and measurable indicators:**

1. Result n° 1: Reconstruction of external appearance of the Worker's Hall monument in Vukovar

*Measurable indicators:*

- (re)construction works on the object foundations and/or other structural elements (if found necessary for the continuation of the works) carried out and approved by the supervising engineer
- Four sides of the object's façade fully restored in line with the project technical documentation and conservationist's instructions
- Object external carpentry fully restored in line with the project technical documentation and conservationist's instructions
- Final BoQs and other relevant final documents related to restoration and rehabilitation works submitted by contractors, inspection performed and documents approved by the supervising engineer

2. Result n° 2: Established mechanism for full participation of stakeholders of different ethnic and cultural background in reaching decisions related to architectural and cultural heritage in the town of Vukovar.

*Measurable indicators:*

- All stakeholders from different cultural backgrounds were included in process of achieving consensus about future purpose of interior space of the building
- Established formal model for involvement of citizens in decision making process.
- Joint initiatives presented after the end of the facilitated consultations, workshops and training

3. Result n° 3: Increased awareness of the importance of the common heritage in Vukovar and possibilities for its integration into development, particularly tourism development.

*Measurable indicators:*

- Vukovar nationally recognised as architectural and cultural heritage site of interest
- Number of business with their premises established within cultural properties

- Increased number of visitors to culture events and sites in Vukovar
4. Result n° 4: Improved capacity of all the stakeholders to initiate, consult, design, prepare and implement local development projects related to architectural and cultural heritage

*Measurable indicators:*

- At least 10% increase in number of projects prepared and submitted to various funds/foundations dealing with heritage, tourism or SME development

## **2.4 Activities:**

### **Activity 1: Restoration, conservation, reconstruction and revitalization of the cultural-historical properties selected**

Activity 1 will focus on the external reconstruction/restoration of the Worker's Hall in Vukovar.

*The facility is located in the old city centre on the corner of the main street and the green promenade along the bridge and the shoreline of the Vuka River. This large building, with richly designed new baroque fronts, is one of the most representative buildings in Vukovar's Baroque centre, surrounded by other historical buildings. It is the most representative work of the late Vukovar styles. Its significance lies in its central position connecting the main commerce street and recreational paths placed along the Vuka River. This is the reason why the Worker's Hall building was always a significant meeting place for Vukovar citizens regardless of their ethnic backgrounds and a place that housed many local cultural events.*

*The building has a total of 2.999 square meters of space, of which half is on the ground floor. Originally built as the Grand Hotel in 1895, it was purchased by the Worker's Union for the purpose of becoming the Worker's Hall in 1918.*

*The complex consists of a main corner building which served many public functions previously (a library, city cafe, restaurant, museum, and office areas) and a large hall with a stage in its extension which in recent times housed the cinema theatre.*

Activity 1.1: The organization of preparatory activities (such as the Terms of Reference and the Project Design Task) that are needed to secure technical documentation for the missing part of façade as well as detailed drawings of the outside joinery. This documentation will be prepared in close cooperation with the Ministry of Culture's Directorate for Cultural Heritage Protection Conservation Department in Vukovar.

Activity 1.2: Detailed Terms of Reference and Bills of Quantities for the works contract will be prepared. The call for tenders will be started in Q2 2011, eventually through a Framework Contract. All the procurement procedures will be managed by UNDP in line with UNDP rules and procedures and as provided for in the Financial and Administrative Framework Agreement (FAFA) and General Conditions constituting Annex 2 of the present EU-UNDP contribution agreement.

The launch of the call for tenders for the works contract(s), the quality controls, the coordination and the supervision of the works will all be implemented in close cooperation with the Ministry

of Culture's Conservation Department in Vukovar which has a *de jure*<sup>2</sup> monopoly with regard to control of the restoration and preservation of national monuments in the country.

Activity 1.3: Reconstruction/restoration activities will be implemented most probably through three works contracts (covering the outside joinery, the street façade and the backyard façade). After the initial inspection, if deemed necessary, an additional contract will be implemented prior to starting with the execution of these three contracts, in order to carry out repairs on the object foundations and/or other structural elements that might be necessary to ensure the sustainability and quality of interventions on the external appearance of the object. Once awarded, the contracts will include a special clause providing for cooperation with the relevant stakeholders when implementing Activity 1.3. All procurement procedures will be managed by UNDP in line with UNDP rules and procedures and as provided for in the Financial and Administrative Framework Agreement (FAFA) and General Conditions constituting Annex 2 of the present EU-UNDP contribution agreement.

The formulation and implementation of the project will be in accordance with international standards for the restoration and rehabilitation of historical and cultural monuments/sites. Regarding the implementation of these reconstruction/restoration activities, the contractor will employ skilled staff, in order to ensure a transmission of knowledge. In that sense, the contractor cannot forget that the objective of this activity is not only to restore a building but also to transmit the most modern tools and knowledge regarding restoration and rehabilitation of cultural / historical sites / monuments to actors involved in the implementation of such works. One of the requirements from the works contract will be involvement of other actors, such as students coming from relevant local universities / Higher Education Institutes to participate in the works.

Permission to carry out the restoration work will need to be obtained from the owners of the property concerned. The necessary permits will have to be obtained from the Ministry of Culture's Conservation Department Office in Vukovar. The role of the Cultural Heritage Protection Department within the Ministry of Culture is crucial here.

Three levels of supervision will be established: the supervising engineer for contracted works, UNDP's chief engineer for overall supervision as well as supervision from the Conservation Department in Vukovar.

## **Activity 2: Establishing model for involvement of citizens in the decision-making process.**

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<sup>2</sup> The *de jure* monopoly is provided through the Ministry of Culture Directorate for Cultural Heritage Protection and its associated local Conservation Departments (e.g. Conservation Department in Vukovar for the area of the Vukovar-Srijem County) and through the Croatian Conservation Institute. Their role in the process is set through two separate legislative acts: 1) *Decree on Binding of all Public Institutions Dealing with Conservation* (Uredba o spajanju javnih ustanova restauratorske djelatnosti (NN 2/97, NN 119/01) which in article 4 defines the area of responsibility of the new formed Institute; and 2) *Cultural Goods Protection and Preservation Act* (Zakon o zaštiti i očuvanju kulturnih dobara (NN 69/99, NN 151/03; NN 157/03) especially through articles 55-65 which define steps needed to ensure restoration of protected national monuments in accordance with standards of the conservation profession.

Activities under this section will aim to establish a model for involvement of citizens in the decision-making process concerning the use of the Worker's Hall. UNDP will facilitate the inclusion of all stakeholders from different cultural and ethnic backgrounds in the process of building a consensus about the future purpose of interior space of the Worker's Hall. Various participatory techniques such as public surveys and focus groups will be used. In addition, a facility management expert will be hired to evaluate different proposals and ensure economical viability of chosen option.

As a result of this iterative process within the activity, promising users will be identified and a final Project Design Task will be created to define the purpose of the interior of the building. That will be further used for making technical documentation of the interior of the facility.

Determining the future use and layout of the interior will in turn determine the amount and type of funding necessary to complete the restoration works on the Worker's Hall and provide for maintenance of the building as well as future revenue yield. Strong involvement by the Ministry of Regional Development, Forestry and Water Management, Ministry of Culture, the Municipality of Vukovar and local entrepreneurs is expected in this process, and investment commitments from these key stakeholders in the further rehabilitation of the interior, on behalf of future sustainable users, will emerge as a result of this participatory planning.

The model created to build consensus and establish links among stakeholders and the wider public can then be employed for any future case important to Vukovar community life.

### **Activity 3: Promotion of cultural diversity, common heritage and dissemination activities**

Activities under this section will aim to improve the intercultural dialogue around the heritage shared by the people of Vukovar community. When implementing these activities, local NGOs engaged in cultural preservation, in the promotion of intercultural dialogue and/or in working with youth will need to be involved. To this end, several sub-activities will be organized:

- “Our common heritage – Rebuilding a multiethnic society”

The school system should introduce a stronger curriculum for learning about local heritage, with the aim of raising awareness about local traditions and values based on Vukovar's heritage. The lectures should be adapted to the age and level of education and should incorporate knowledge about the local cultural heritage of all ethnic groups and a presentation of Vukovar's past development and should raise awareness about the importance of material heritage for their personal, as well as the total local cultural and ethnic identity. This activity will also convey to students how much work and cost is involved in restoration and rehabilitation activities to make them aware of the value of cultural heritage. These activities will consist of workshops, games, and other age-appropriate content related to the history of the building and Vukovar in general.

Special activities promoting intercultural dialogue should target the young population. When implementing these activities, special efforts will be made to make them ethnically diversified. These activities should include discussion boards about connections and differences between ethnic groups, improvement of intercultural dialogue and understanding, conflict resolution – conflict transformation, and achieving new strength of the local community through acceptance of differences. Other municipalities, especially the neighbouring Bac municipality in Serbia, will

be involved. Activities will include pedagogical material and participatory discussions, role-playing games, and other active forms of learning.

- Public presentations of the Projects and Public Discussions

Power-point presentations and lectures on heritage and specifically on the project will be combined with exhibitions in order to make them approachable, understandable and open to all residents and visitors.

The Project will ensure media coverage and visibility, in particular the activities regarding the reconstruction/restoration of the Worker's Hall in Vukovar.

- Publication of tourist material

A heritage-oriented tourist guide of Vukovar and its surroundings oriented to depicting its multi-ethnic heritage and products derived from the local cultural heritage will be prepared and published. Worker's Hall reconstruction activities will be highlighted in these materials.

Activity 3 will be implemented and managed by UNDP. Collaboration with the Ministry of Culture, charged with the co-ordination of the project, the Vukovar Development Agency (VURA), local community representatives and local NGOs among other relevant stakeholders will be established. All procurement procedures will be managed by UNDP Croatia in line with UNDP rules and procedures and as provided for in the Financial and Administrative Framework Agreement (FAFA) and General Conditions constituting Annex 2 of the present EU-UNDP contribution agreement.

#### **Activity 4: Development of human resource capacities and economic development**

- Organization of seminars and workshops relating to "Restoration and culture as a mean for improving local and regional economic development" and concerning the following issues:

*Possibilities of funding for restoration projects*

Workshops dealing with an assessment of economic and social values of cultural heritage and cultural diversity will be organized. The workshops will provide up-to-date knowledge to beneficiaries (owners and public administration) on different ways of funding restoration projects (national and international donors, private funding and cooperation with private capital). The possibility of organising meetings with potential donors should be taken as a follow-up activity.

*Utilising local heritage for tourism and general economic development*

A workshop dealing with the economy of tourism and the relevance of restoration works is to be organised in order to make the stakeholders aware about the economic importance of cultural heritage. The aim is to share knowledge about products and events that could be developed based



on the local multiethnic heritage and to encourage setting up of SMEs oriented to the production of goods and services derived from local heritage. Workshops will focus on education regarding how to write a business plan, apply for financing, search for possible donors for programs, etc.

#### *Case study visits for students*

Study visits will be offered for the students of tertiary-level programs dealing with architecture, heritage, the history of art and rehabilitation. These visits will have the aim of promoting restoration and rehabilitation activities. These visits can also be offered for students of secondary education and VET programs dealing with restoration, heritage, art and history of art. Due to the significance of the site and complexity of the restoration works, this is a unique opportunity for students to learn about building techniques and craftsmanship from the 18<sup>th</sup> and 19<sup>th</sup> centuries.

This sub-activity will have a regional dimension and enable students to learn in a practical way about restoration and rehabilitation activities. Agreements for participation of students in the restoration works can be considered. Regarding this, special focus and attention will be given to the outcomes in the implementation of the Pilot Projects in Prizren (Kosovo) and Stolac (Bosnia and Herzegovina). This activity would allow the stakeholders to create an informal network of professionals dealing with restoration and rehabilitation of cultural heritage in the region.

Activity 4 will be implemented with the full involvement of UNDP in collaboration with the Ministry of Culture and the Vukovar Development Agency (VURA), among other relevant stakeholders. All procurement procedures will be managed by UNDP in line with UNDP rules and procedures and as provided for in the Financial and Administrative Framework Agreement (FAFA) and General Conditions constituting Annex 2 of the present EU-UNDP contribution agreement.

### **2.5 Conditionality and sequencing:**

The contractor(s) has/have to take into account the following issues:

- Permission to carry out the restoration work should be obtained from the owners of the property concerned and the necessary permits from the Ministry of Culture's Conservation Department Office in Vukovar as well as City of Vukovar's Administrative Offices.
- Close cooperation with the Ministry of Regional Development, Forestry and Water Management, the Municipality of Vukovar, the Croatian Department for Protection of Cultural Heritage and the Vukovar Conservation Department Office under the Ministry of Culture should be ensured.
- An agreement between UNDP and the owner, with defined procedures concerning decision making, rights and obligations, should be reached before the implementation of the restoration works.
- If previously unknown archaeological finds should be uncovered at the start of the works, their surveying, cataloguing and protection could affect the timelines and costs of project implementation. Such findings will be reported to the relevant entity ministries and a

request will be made for them to be surveyed and for funds to be provided for their conservation as a matter of urgency.

## 2.6 Linked activities

### IRPP/SAAH and the "Ljubljana Process"

This project has been built on the outcomes of a joint action between the European Commission and the Council of Europe. This Joint Programme, called *Integrated Rehabilitation Project Plan - Survey on Architectural and Archaeological Heritage in South-Eastern Europe (IRPP/SAAH)*, is essentially related to heritage management.

Since 2003 the "Integrated Rehabilitation Projects Plan / Survey of the Architectural and Archaeological Heritage" has carried out:

- A Priority Action List regarding restoration of monuments/sites (with 18 monuments/sites)
- 18 Preliminary Technical Assessments

This is a joint initiative of the European Commission and the Council of Europe. This initiative was re-launched in May 2008 through the so-called "Ljubljana Process", in the context of which a restoration project will be funded in Croatia.

### Activities funded by the EU

There have, so far, been several projects funded by the EU in Vukovar-Srijem County. Most of them were related to agriculture and development of human resources. The only EU-funded project considering cultural heritage is the Vukovar-Vucedol-Ilok project funded through Council of Europe Development Bank (75%) in the total amount of EUR 32.2 million.

Other significant activities include;

- E.R.S.P.A. PROJECT – Eco River in Spacva and Po Area, funded through the INTERREG III Initiative, which includes actions to improve tourist supply in the areas of the Spacva and Bosut rivers. The project budget is EUR 200 000.
- AGROKOVAR, funded by the INTERREG III Initiative in order to explore investment possibilities in Vukovar-Srijem County. The project budget is EUR 755 000.
- CLUSTHERM, funded through FP7 in order to explore possibilities of exploitation of geothermal springs in Vukovar-Srijem County.

### Activities funded by the budget of Croatian authorities

The priority of Vukovar revival through both physical reconstruction and socio-economic recovery is manifested through a separate law and related programme: the *Law for Restoration and Development of Vukovar Municipality and the associated Plan and Programme for Restoration and Development of Vukovar Municipality*. This programme covers all areas including restoration of cultural heritage.

At the initiative of the Croatian government, all Croatian Counties have donated funds for the restoration of public buildings in Vukovar. The programme included 18 public buildings and has ensured the necessary spaces needed for public services and basic social need of the citizens.

The Croatian Government also funds the Vukovar-Vucedol-Ilok Project, together with the Council of Europe Development Bank, as previously described.

Through a loan from the World Bank, the Croatian government has been conducting a grant scheme called "Programme for the Social and Economic Recovery of Areas of Special State Concern" intended to support social and small infrastructure projects in war-affected areas.

The Croatian Ministry of Tourism is currently funding the "Heritage in Tourism" programme with the goal to encourage the restoration and protection of heritage and its inclusion into tourist supply of underdeveloped regions of Croatia.

### **2.7 Lessons learned**

Any activity related to the idea of "Intercultural dialogue" needs to be formulated in close cooperation with all stakeholders. Given Vukovar's difficult history, the extent of war-time destruction, and the complicated inter-cultural legacy, the widest possible consensus needs to be built. The full involvement of a large cross-section of the local community will be secured.

### 3. Indicative Implementation Schedule (periods broken down per quarter)

The overall duration of the project implementation period is

Contracts	Launch of calls	Signature of contract	Project Completion
<b>Activity 1.1:</b> Preparatory work, ToRs for project design & other conservation documentation – service contract(s)	Q2 2011	Q2 2011	Q3 2011
<b>Activity 1.2:</b> Service contract for the preparation of BoQs and technical specifications for construction works for Activity 1.3	Q2 2011	Q2 2011	Q2 2011
<b>Activity 1.3:</b> Works contract for restoration and reconstruction	Q3 2011	Q3 2011	Q4 2012
<b>Activity 2:</b> Service contract	Q1 2011	Q2 2011	Q4 2012
<b>Activity 3:</b> Service contract for the promotion of cultural diversity, common heritage and dissemination activities	Q2 2011	Q2 2011	Q4 2012
<b>Activity 4:</b> Service contract	Q2 2011	Q2 2011	Q4 2012

### 4. Cross cutting issues

#### 4.1 Equal Opportunities

Participation in the project activities will be guaranteed on the basis of racial or ethnic origin, religion or belief, disability, sex or sexual orientation. No discrimination on the grounds of the above-mentioned criteria or any other will be accepted.

#### 4.2 Environment

The beneficiaries and UNDP as the organisation implementing the project will ensure that the actions undertaken do not damage the environment and will take into consideration the environment when implementing the project.

#### 4.3 Minorities

One of the aims of this project is to enhance the intercultural dialogue and the understanding within the Vukovar community. The project beneficiaries and UNDP as the organisation implementing the project will ensure the respect of the Vukovar population and its minorities and try to involve them when implementing the project. Given the scope of this project and the situation in the Vukovar area, special attention to this cross-cutting issue will be paid when organising the dissemination and training activities foreseen in this project.

#### 4.4. Sustainability

Since the activities funded within this project will not lead to the full reconstruction and restoration of the Worker's Hall – the central cultural monument in Vukovar and the focus of the project – nor will it restore the building to the full use expected of it, issues of sustainability need to be assessed carefully and understood by all stakeholders.

The project will build upon previous and ongoing works undertaken to restore the Worker's Hall (including the clean-up of the debris and interventions in the main structure to protect against further deterioration and weather conditions). The focus of the project is to restore the exterior appearance of the object. However, further funding will need to be secured to complete all the restoration work that is needed and make the building suitable for the full range of uses expected by the Vukovar community.

Achieving this longer-term goal depends on several factors, some of which will be addressed through activities 2, 3 and 4 of this project:

- 1) A joint decision-making mechanism will be established to secure a consensus of the entire Vukovar community, including the two major ethnic groups and experts on cultural heritage, on the final intended uses of the object and its incorporation into an overall heritage-based development agenda for the town of Vukovar.
- 2) When this consensus is reached, necessary documentation (business plans, interior design and equipment technical documentation, management arrangements, etc.) will be developed in an inclusive manner, leading the main stakeholders through the process in a step-by-step fashion and therefore providing on-the-job training.
- 3) In the process of restoring the exterior appearance of the Worker's Hall, training and direct assistance will be provided to the town and local development agency (VURA) staff on all steps of project cycle management for larger projects involving restoration of cultural and architectural heritage sites. This training will work to strengthen their capacity to prepare good quality project proposals, submit them for funding to available sources, and implement them in an efficient manner.

Initial discussions with the town authorities have led to agreement in principle on these activities. Furthermore, the process of preparing project documentation on the future uses of the interior (foreseen as part of the output of activities 3 and 4) should improve the chances for further investment by, among other potential donors, the Ministry of Culture, the Fund for Reconstruction and Development of the town of Vukovar, and the Town itself.

The discussions with the Ministry of culture have started on the basis of informal exchange of information, and the meeting with the Minister has been initiated for mid-October 2010. The existing information, taking into account that the Ministry's engagement is expected at the later stages of the "Workers' Hall" restoration, and through two or more fiscal years, provides good ground for optimism.

## ANNEXES

- I- Logical framework matrix in standard format
- II- Implementation modalities
- III- Reference to laws, regulations and strategic documents
- IV- Project budget

ANNEX I. Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX		Programme name and number: 2009/021-771	
	<p>Pilot Scheme for preserving and restoring cultural heritage in conflict areas in the Western Balkans for the year 2009</p> <p>The implementation &amp; execution periods are defined in Article 2 of the Special Conditions</p>		
	<p>ARCH-Vukovar: "Heritage as a mean of development. Reconstruction of Architectural Heritage in Vukovar Town Centre - Sustainable Revival and Development of a war-torn community"</p>		
		Total budget :	EUR 1.340 000
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
To contribute to reconciliation between the different communities in Croatia through the cultural, social and economic reconstruction of Vukovar community.	A visually significant portion of a key cultural/historical monument reconstructed and made available for use by all Vukovar communities under equal terms, and a new tourism and cultural offer defined around this key cultural monument and organised in participatory manner and under non-discriminatory basis	Official minutes and reports by the Vukovar town authority and the Ministry of Culture National, regional and local media reports EC progress and other reports Project reports	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>

<p>1. Architectural heritage in Vukovar town centre partially restored and clear plans for further investment and utilisation developed</p> <p>2. Enhanced intercultural dialogue within the community of Vukovar</p> <p>3. Cultural heritage related programmes and events organised and promoted more often by all Vukovar communities</p>	<p>Completed external reconstruction on Worker's Hall - the property designated as a national monument.</p> <p>Developed plans for future utilisation of the object with participation of the stakeholders from different cultural and ethnic backgrounds</p> <p>Available list of potential programmes and events related to culture, architectural and other heritage to be organised in the restored object(s),</p>	<p>Conformation of supervising engineer and Ministry of Culture's Conservation Department Office in Vukovar about successful completion of the works.</p> <p>The minutes of the meetings/workshops with lists of participants;</p> <p>Defined final Project Design Task for the interior of the Worker's Hall.</p> <p>Statistics and yearly reports of Ministry of Tourism for Danube region.</p> <p>Media reports</p>	<p>Maintained political stability and co-operation among Vukovar authorities and active involvement of CSOs</p> <p>National and regional reconciliation policies and initiatives keep pace</p> <p>National and local tourism associations continue promoting cultural heritage</p>
<p><b>Results</b></p>			
<p><b>Objectively verifiable indicators</b></p>			
<p>1. External appearance of monument reconstructed</p> <p>Worker's Hall</p> <p>2. Established mechanism for full participation of stakeholders of different ethnic and cultural background in reaching decisions related to architectural and cultural heritage in the town of Vukovar</p>	<p>Submitted final BoQs and other relevant final documents related to restoration and rehabilitation works from the contractor, object ready for inspection</p> <p>Final reports</p> <p>All stakeholders from different cultural backgrounds were included in process of achieving consensus about future purpose of interior space of the building.</p> <p>Established formal model for</p>	<p>Signed receipts, inspections' reports</p> <p>Construction diary</p> <p>.Official minutes from the consultation process</p> <p>Official Ministry of Regional Development, Forestry and Water Management and (MRDFWM)Town of Vukovar decisions, public announcements</p>	<p>Assumptions</p> <p>Clearance and permits issued by local government and Ministry of Culture's Conservation Department Office in Vukovar</p> <p>Achieved the consensus among different stakeholders and cultural groups about future purpose of interior space of the Worker's Hall.</p>



<p>3. Increased awareness of the importance of the common heritage and possibilities for its integration into local development, particularly tourism development</p>	<p>involvement of citizens in decision making process. Joint initiatives presented after the end of the facilitated consultations, workshops and training</p> <p>Vukovar nationally recognised as architectural and cultural heritage site of interest</p> <p>Number of business with their premises established within cultural properties</p> <p>Increased number of visitors to culture events and sites in Vukovar</p>	<p>and minutes of the meeting MRDFWM, Town of Vukovar official web-site, media Focus groups reports Results of public surveys Final Project Design instructions for the purpose of the interior</p> <p>Tourism Office and national Tourism board data and publications Documentation and reports by the Ministry of Culture Town of Vukovar and VURA official data and reports Copies of business or marketing plans, letters of interest Statistics and yearly reports of Ministry of Tourism for Danube region Hotels and "pansions" turnovers, Media</p> <p>Town of Vukovar and VURA official data and reports Government reports related to absorption of EC and IFI's assistance Media</p>	<p>There are no administrative barriers for the use of cultural building as premises for business and/or public interest services if it is in accordance with protection measures prescribed by the Ministry of Culture</p>
<p>4. Improved capacity of all the stakeholders to initiate, consult, design, prepare and implement local development projects related to architectural and cultural heritage</p>	<p>At least 10% increase in number of projects prepared and submitted to various funds/foundations dealing with heritage, tourism or SME development</p>	<p>Further availability of development funds for Vukovar Trained and experienced staff remains with the Vukovar development institutions (the town administration and VURA)</p>	

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Activities	Means	Costs	Assumptions
<p><b>Activity 1: Restoration, conservation, reconstruction and revitalization of the cultural-historical properties selected</b></p>	<p>Project to be implemented through direct management of the UNDP: The Project Board will be established of representatives from the UNDP, MRDFWM, Municipality of Vukovar, the Fund for Reconstruction and Development of Vukovar and Delegation of the European Union to the RH.</p>	<p><b>Total budget (Act. 1):</b> <b>EUR 1 040 000</b></p>	<p>All missing technical documentation prepared on time</p> <p>A cooperation between the team leader awarded and the main stakeholders is established</p> <p>Administrative obligations are respected and all the necessary documents are issued</p>
<p><b>External reconstruction/restoration of the Worker's Hall in Vukovar</b></p>	<p>1.1 The organization of the preparation activities for making technical documentation for the missing part of façade as well as detailed drawings of outside joinery</p> <p>1.2 Preparation of detailed terms of reference for the works contract; The call for tenders for the works contract (s)</p> <p>1.3 A works contract (s) following an international call for tenders for the restoration works, incl. supervision</p>		

<p><b>Activity 2: Establishing model for involvement of citizens in decision making process.</b></p>	<p>contract (2-3% of the total works value)</p> <p>The UNDP will facilitate process of achieving the consensus among different stakeholders and cultural groups about future purpose of interior space of the Worker's Hall. Different participatory techniques will be used.</p>	<p><b>Total budget (Act. 2):</b> <b>EUR 37 000</b></p> <p>All relevant stakeholders, ethnic and cultural groups included into the process. A cooperation between the team leader awarded and the main stakeholders is established</p> <p>The stakeholders agree on the training and seminars to be organized</p> <p>The stakeholders accept to cooperate beyond cultural ethnical differences</p>
<p><b>Activity 3: Promotion of cultural diversity, common heritage and dissemination activities</b></p> <p>“Our common heritage – Rebuilding a multiethnic society” - Formation and implementation of new school curriculum covering local heritage and values of a multiethnic society</p> <p>Public presentations of the project(s) and public discussions</p> <p>Publication of tourist material s</p> <p><b>Activity 4: Development of human resource capacities and economic development</b></p> <ul style="list-style-type: none"> <li>▪ Organisation of seminars and workshops on the importance of restoration and culture as means for improving local and regional economic development</li> </ul>	<p>The activity will be directly managed by the UNDP.</p>	<p><b>Total budget (Act. 3):</b> <b>EUR 26 000</b></p> <p>A cooperation between the team leader awarded and the main stakeholders is established</p> <p><b>Total budget (Act. 4):</b> <b>EUR 25 000</b></p> <p><b>Mgmt' costs (incl. visibility actions, M&amp;E and travel):</b></p> <p>The stakeholders agree on the training and seminars to be organized</p>

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<ul style="list-style-type: none"><li>▪ Organization of workshops for better economic and tourist utilization of cultural potentials.</li><li>▪ Study visits for students</li></ul>	<p><b>EUR 124 320</b> Administrative costs (GMS): <b>EUR 87 680</b></p>	<p>The stakeholders accept to cooperate beyond ethnical differences</p>
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## **ANNEX II: Implementation modalities**

This project will be implemented by means of a contribution agreement to be concluded between the European Commission and the UNDP Croatia, in accordance with the Financial and Administrative Framework Agreement between the EC and the UN (FAFA).

In order to minimize the administrative and management costs of the project implementation (i.e. avoid opening of a new project office in Vukovar, with all corresponding costs), the UNDP will deploy the existing Petrinja field office staff, premises and the equipment. The Petrinja field office will be engaged on the project and the corresponding activities at least 50% of their office hours.

The benefit of this arrangement lays in the fact that this team has already been implementing large-scale (tourism) infrastructure projects in Vukovar and Ilok, is very familiar with the local stakeholders at all levels, and has already done initial research, including the collection of existing documentation and information gathering on specific conservationists' requirements. External assistance will be sought for the direct supervision of the construction works (legal requirement), production of technical documentation, and provision of co-ordination and knowledge services under Activities 2, 3 and 4.

Because of the complexity of this project and the activities to be undertaken, close co-operation with the relevant institutional stakeholders is needed. Hereby is an indicative list of the institutions to be taken into account:

- Ministry of Regional Development, Forestry and Water Management
- Municipality of Vukovar
- Ministry of Culture
  - Cultural Heritage Protection Department
  - Conservation Department Office in Vukovar
- Relevant Regional Authorities
- The Fund for Reconstruction and Development of Vukovar
- The Vukovar Development Agency (VURA),
- Private sector: local/international NGOs, enterprises

### **ANNEX III Reference to laws, regulations and strategic documents**

The current legislation on historic monument in Croatia is as follows:

- Law on protection and preservation of cultural property (1999, amended 2003 and 2010);
- Regulations on conditions for excavating sunken cultural items in inland and territorial seas of the Republic of Croatia (1998);
- Regulations on identity cards for inspectors responsible for protecting cultural heritage items and on ways and means of recording inspections conducted (1999);
- Regulations on the conditions to be fulfilled by natural or legal persons in order to obtain permits for works to protect and preserve cultural heritage items (1999, amended 2000 and 2002);
- Regulations on procedure for issuing permits for carrying out underwater work in sections of inland and territorial seas of the Republic of Croatia protected as cultural items (2000, amended 2003);
- Regulations on the Register of cultural property in the Republic of Croatia (2001)

The Law on the protection and preservation of cultural property was last amended in September 2003 under the drive to harmonise Croatian law with European legislation. The main amendments concerned the regulations on cultural property franchises, and redefined the provisions relating to renting of monuments.

The main European legal texts have been respected in the work on these new laws and regulations, prioritising Council of Europe conventions, recommendations and resolutions, and the experience of other countries (approximately 40) were also taken into account, including their legislation in the field of cultural heritage protection.

Stabilization and Association Agreement between the European Communities, their member States and Croatia, Article 95 on cultural co-operation

UNESCO Convention for the Safeguarding of the Intangible Cultural Heritage

Convention on the Protection of the World Cultural and Natural Heritage

European Convention on the Protection of the Archaeological Heritage

Convention for the Protection of the Architectural Heritage of Europe

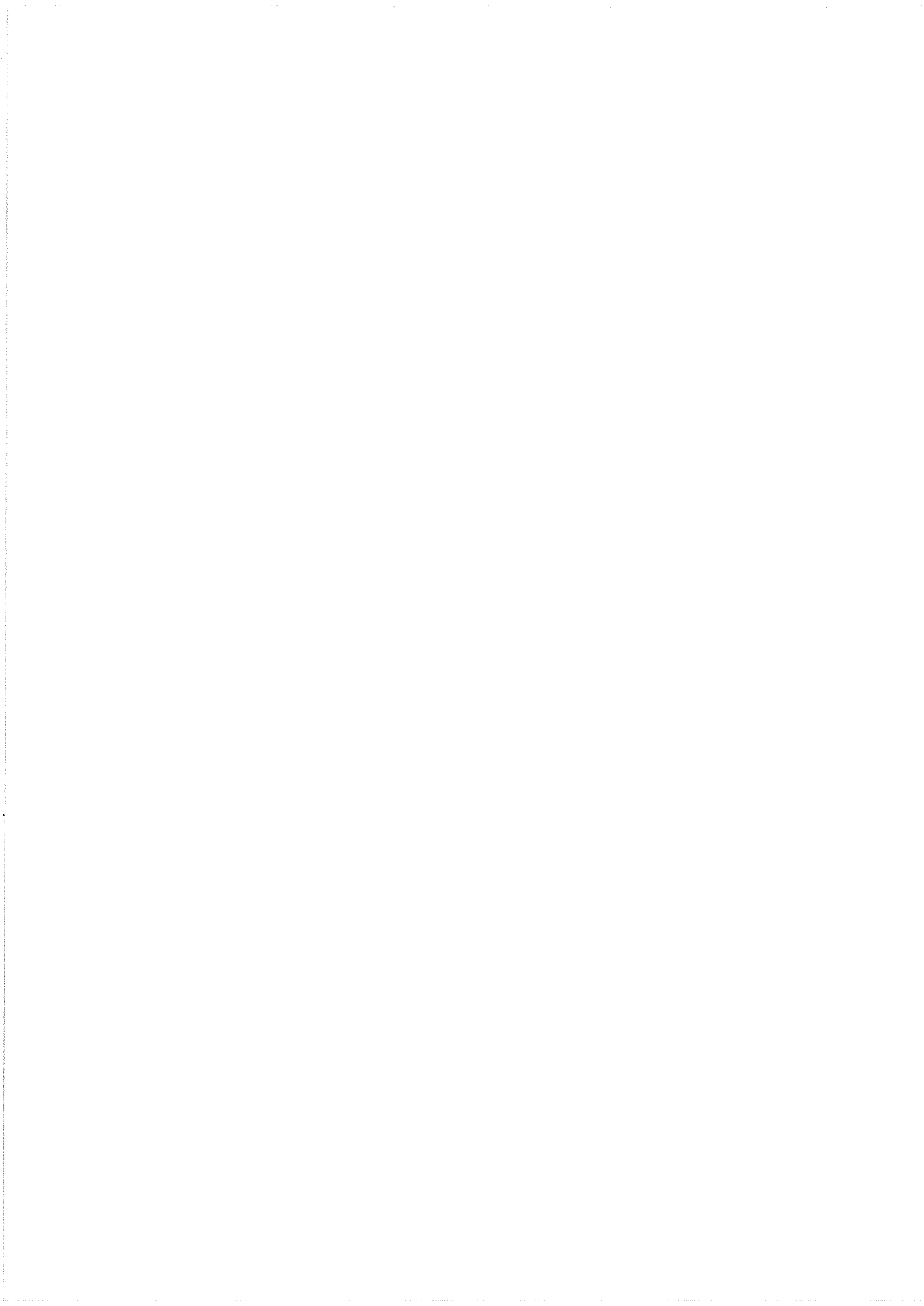
Regional Development Strategy of Vukovar-Srijem County

National Strategy for Regional Development

Strategic Frame for Development 2006. – 2013.

Croatian Tourism Development Strategy

Law on the confirmation of the Memorandum between the European Community and the Republic of Croatia on the participation of Croatia in Culture (2007-2013) ratified on 15 June 2007 (NN-MU 7/07).





## 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 participate effectively 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 proposal or a direct award, and therefore not as a Joint Management Action, the Organisation may only award grants to third parties ("sub-grants") if so provided for in the Special Conditions in order to support the achievement of the objectives of the Action, and in particular where the implementation of the Action requires financial support to be given to third parties. Such sub-granting may not be the main purpose of the Action and it shall be duly justified. The Description of the Action shall include a list with 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 minimum and maximum amount per sub-grant. The maximum amount of a sub-grant shall be limited to EUR 10 000 per third party while the total amount which may be awarded as sub-grants to third parties shall be limited to EUR 100 000. The sub-grants awarded by the Organisation are subject to the nationality rules provided for in Article 10 .

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.

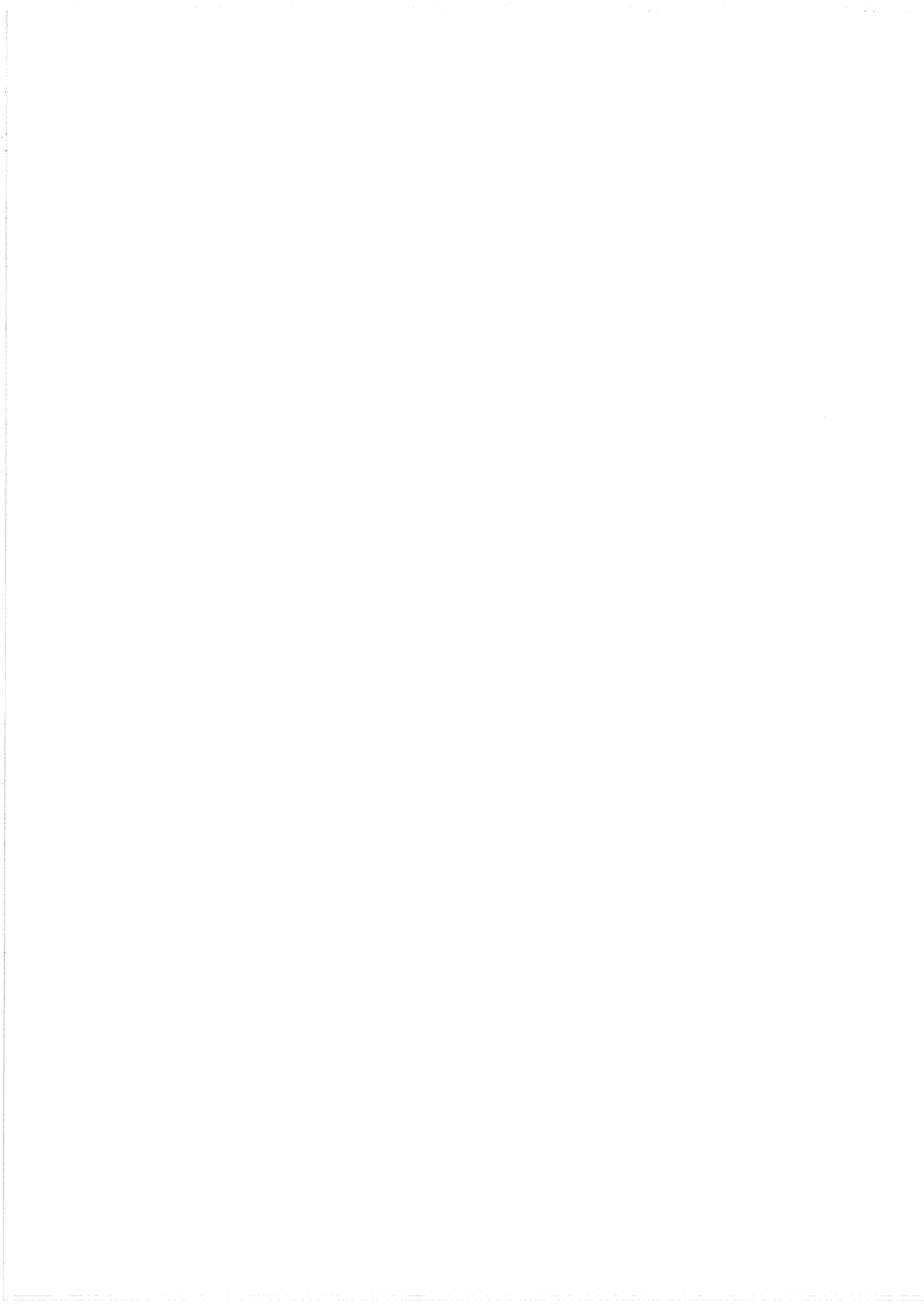
Where appropriate the Organisation shall terminate contracts with partners, contractors or agents involved in fraudulent behaviour or corrupt practices in connection with this or any other actions implemented by the Organisation and financed by the European Union, and shall take all reasonable measures 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 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 the Contracting Authority progress reports 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 all expenses actually incurred by the Organisation), 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 description and activities foreseen in this Agreement);
  - Difficulties encountered and measures taken to overcome problems;
  - Changes introduced in implementation;
  - Achievements/results by using the indicators included in this Agreement;
  - Work plan for the following period including objectives and indicators of achievement. If the report is sent after the end of the period covered by the preceding work plan, a new work plan, albeit provisional, is always required before such date.
- 2.5 The final report shall contain the above information (excluding the last indent) covering the whole Implementation Period of this Agreement, information on the measures taken to identify the European Union as the source of financing and details on the transfers of assets mentioned in Article 7.3 if relevant, plus a full summary of the Action's income and expenditure and payments received.
- 2.6 The reports shall be presented in the same language as the 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 interim payment / pre-financing;
  - 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 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, unless otherwise specified in article 4(3) of the Special Conditions.
- 2.8 Any additional reporting requirement will 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 any legal obligation 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 undertakes to 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 under this Agreement is compromised for reasons involving



family, emotional life, political or national affinity, economic interest or any other shared interest with another party.

**Article 5 - CONFIDENTIALITY**

Subject to Article 16, the Contracting Authority and the Organisation undertake to preserve the confidentiality of any document, information or other material directly related to the 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 shall 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 include appropriate acknowledgement on such vehicles, equipment and major supplies (including display of the European logo (twelve yellow stars on a blue background) provided that such actions do not jeopardise the Organisation's privileges and immunities and the safety and security of the Organisation's staff.

- 6.2 The size and prominence of the acknowledgement and European Union logo shall be clearly visible in a manner that will 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, including by electronic means such as Internet, the following information on grant and procurement contracts financed by the Contracting Authority: title of the contract/project, name and nationality of the contractor or grant beneficiary and amounts of the contract/project. For Multi-donor Actions, the level of information shall comply with the Organisation's rules and procedures pertaining to ex-post publicity.
- 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 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.





## *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 If allowed by the applicable regulatory provisions of the European Union, 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. In any event goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible.

In all other cases the partners, contractors, experts and goods, the cost of which are financed out of the Contracting Authority's contribution, shall originate in the European Union or the country or countries eligible under the programme of which the Action is part. Any departure from the rules of origin and nationality set out above is subject to the specific provisions of the applicable regulatory provisions of the European Union.

- 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 these persons:
- 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;



- have been convicted of an offence concerning their professional conduct by a judgement which has the force of *res judicata*;
  - have been the subject of a judgement which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the EU's financial interests;
  - 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.
  - expose a conflict of interest.
- 10.5 In the event of failure to comply with the above provisions the relevant costs shall not be eligible for funding by the Contracting Authority.

**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 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.
- 11.3 The Contracting Authority may request the Organisation to suspend implementation of all or part of the Action if circumstances so require in particular in case of *force majeure*. 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 shall resume implementation of the Action once the conditions allow, with the prior written approval of the Contracting Authority.
- 11.4 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.
- 11.5 *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 11.2 and 11.3 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 three years of its signature.

12.5 Unless this Agreement is earlier terminated 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 notifies 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 with the exception of costs relating to final reports, expenditure verification and evaluation of the Action, whatever the time of actual disbursement by the Organisation.
  - 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).

14.3 The following costs shall not be considered eligible, whether or not presented as being related to the Action:

- 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;
- taxes, duties and charges charged to the Organisation, unless the Organisation (or, where applicable, its partners) can show it cannot reclaim them and the applicable regulations do not exclude coverage of taxes.

14.4 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. The resulting 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.

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.

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.
- 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 45 days of receiving the Agreement signed by both Parties.

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 forecast budget for the first 12 months of the Action which is being financed by it (excluding contingencies) within 45 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 actual budget for the previous period (including any approved contingencies) and (2) a pre-financing from 80% to 95% of that part of the forecast 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), and be made by the Contracting Authority within 45 days of approving a progress report, provided that at least 70% of the immediately preceding instalments (and 100% of previous instalments if any) has been incurred, as proven by the relevant report. For the purpose of this Agreement funds are incurred when they are the subject of a formal legal commitment between the Organisation (or its partners) and a third party. The Contracting Authority will pay the balance within 45 days of approving the 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 the stipulations of 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 may, within two months of receiving late payment, demand interest 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.

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 For Joint Management and/or Multi-Donor Actions, the Organisation's rules and procedures pertaining to bank interest shall apply, and an equal treatment among donors shall be ensured. This is based on the understanding that these rules and procedures conform to internationally accepted standards.

In all other cases, interest earned by the Organisation on funds received from the Contracting Authority shall be identified as such and reflected in reports to the Contracting Authority. In such cases, subject to the conditions provided for in the applicable regulations of the European Union:

- for pre-financing equal or below EUR 250 000 (or for crisis management, equal or below EUR 750 000 per agreement at the end of each financial year and for projects



of a duration of more than 12 months), interests earned on such pre-financing shall not be due to the Contracting Authority.

- for pre-financing exceeding the amounts indicated above and below EUR 750 000 (except in case of crisis management), interest earned on such pre-financing shall be assigned to the Action and deducted from the payment of the final amount due to the Organisation, unless the Contracting Authority requests the Organisation to reimburse the interest generated by pre-financing before the payment of the balance.
- for pre-financing exceeding EUR 750 000, the amount of earned interests on such pre-financing shall be recovered by the Contracting Authority for each reporting period following the implementation of the Agreement at the end of the financial year.





**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 and expenditure.

The accounting regulations and rules of the Organisation shall apply. This is based on the understanding 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 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 actual expenditure exceeds 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 may be limited to the amount resulting from multiplying the actual expenditure 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 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, including interest earned where applicable, will be reimbursed to the Contracting Authority.
- 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



**Annex IV. Budget for the Action<sup>1</sup>**

Expenses	All years				Year 1 (Starting May 2011) <sup>2</sup>			
	Unit	# of units	Unit rate (in EUR)	Costs (in EUR) <sup>3</sup>	Unit	# of units	Unit rate (in EUR)	Costs (in EUR)
<b>1. Human Resources</b>								
1.1 Salaries (gross amounts, local staff) <sup>4</sup>								
1.1.1 Technical (Project manager, 50% salary)	Per month	12	3200,00	38400,00	Per month	6	3200,00	19200,00
1.1.2 Administrative/ support staff (2 X 50% salary)	Per month	24	1800,00	43200,00	Per month	12	1800,00	21600,00
1.2 Salaries (gross amounts, expat/ int. staff)	Per month				Per month			0,00
1.3 Per diems for missions/travel <sup>5</sup>								
1.3.1 Abroad (staff assigned to the Action)	Per diem	8	110,00	880,00	Per diem	4	110,00	440,00
1.3.2 Local (staff assigned to the Action)	Per diem	20	110,00	2200,00	Per diem	10	110,00	1100,00
1.3.3 Seminar/conference participants	Per diem			0,00	Per diem			0,00
<b>Subtotal Human Resources</b>				<b>84680,00</b>				<b>42340,00</b>
<b>2. Travel<sup>6</sup></b>								
2.1. International travel (consultants air-fare, EU to- and from Vukovar, Croatia)	Per flight	4	500,00	2000,00	Per flight	2	500,00	1000,00
2.2 Local transportation	Per km	38736	0,25	9684,00	Per km	19368	0,25	4842,00
<b>Subtotal Travel</b>				<b>11684,00</b>				<b>5842,00</b>
<b>3. Equipment and supplies<sup>7</sup></b>								
3.1 Purchase or rent of vehicles	Per vehicle			0,00	Per vehicle			0,00
3.2 Furniture, computer equipment				0,00				0,00
3.3 Machines, tools...								
3.4 Spare parts/equipment for machines, tools				0,00				0,00
3.5 Other (please specify)				0,00				0,00
<b>Subtotal Equipment and supplies</b>				<b>0,00</b>				<b>0,00</b>
<b>4. Local office</b>								
4.1 Vehicle costs (maintenance & registration)	Per month				Per month			
4.2 Office rent (50%)	Per month	24	100,00	2400,00	Per month	9	100,00	900,00
4.3 Consumables - office supplies (50%)	Per month	24	100,00	2400,00	Per month	9	100,00	900,00
4.4 Other services (tel/fax, electricity/heating, maintenance) (50%)	Per month	24	150,00	3600,00	Per month	9	100,00	900,00
<b>Subtotal Local office</b>				<b>8400,00</b>				<b>2700,00</b>
<b>5. Other costs, services<sup>8</sup></b>								
5.1 Publications <sup>9</sup> (local consultant - author, copyrights; edit & translation; design and prep. for print; print; related events and conferences - rent, catering, venue design; translation)	per publication	2	5500,00	11000,00	per publication	1	5500,00	5500,00
5.2 Studies, research <sup>9</sup> (local consultants: needs assessment and producing business plans for Radnički dom; preparation of CBC project proposal on protection and promotion of architectural heritage)	per contract	2	4500,00	9000,00	per contract	1	4500,00	4400,00
5.3 Auditing costs				0,00				0,00
5.4 Evaluation costs	per contract	1	4016,45	4016,45	per contract			0,00
5.5 Translation, interpreters (* included under activities lines)				0,00				0,00
5.6 Financial services (bank guarantee costs etc.)				0,00				0,00
5.7 Costs of seminars/workshops <sup>9</sup> (incl. stakeholder consultations under Activity 2 and workshops under Activity 4)	per seminar	6	2500,00	15000,00	per seminar	2	2500,00	5000,00
5.8 Visibility actions (construction site cover and info materials, media relations & materials, press clipping, presentation and promo materials for events, banners, leaflets; works opening and closing ceremonies catering and translation costs, etc.)	contracts		18556,00	18556,00	contracts		8050,00	8050,00
<b>Subtotal Other costs, services</b>				<b>57572,45</b>				<b>22950,00</b>
				<b>All Years</b>				<b>Year 1</b>
<b>Expenses</b>	<b>Unit</b>	<b># of units</b>	<b>Unit rate (in EUR)</b>	<b>Costs (in EUR)</b>	<b>Unit</b>	<b># of units</b>	<b>Unit rate (in EUR)</b>	<b>Costs (in EUR)</b>
<b>6. Activities</b>								
a) "Workers' Hall" works contracts, incl. supervision contracts (2-3% of the works value) (Activity 1)	all contracts		960000,00	960000,00	all contracts		335000,00	335000,00
b) "Workers Hall" service contracts (tech. documentation) (Activity 1)	all contracts		80000,00	80000,00	all contracts		53000,00	53000,00
c) TA & coordination (Activity 2,3,4) service contracts	all contracts		50000,00	50000,00	all contracts		25000,00	25000,00
<b>Subtotal Other:</b>				<b>1090000,00</b>				<b>413000,00</b>
<b>7. Subtotal direct eligible costs of the Action (1-6)</b>				<b>1252336,45</b>				<b>486832,00</b>
8. Provision for contingency reserve (maximum 5% of 7, subtotal of direct eligible costs of the Action)								
<b>9. Total direct eligible costs of the Action (7+8)</b>				<b>1252336,45</b>				<b>486832,00</b>
10. Administrative costs (maximum 7% of 9, total direct eligible costs of the Action)	7%	1	87663,55	87663,55	7%	1	34078,24	34078,24
<b>11. Total eligible costs (9+10)</b>				<b>1340000,00</b>				<b>520910,24</b>

1. The Budget must cover all eligible costs of the Action, not just the Contracting Authority's contribution. The description of items must be sufficiently detailed and all items broken down into their main components. The number of units and unit rate must be specified for each component depending on the indications provided.

2. This section must be completed if the Action is to be implemented over a period of more than 12 months.

3. If the Contracting Authority is not the European Commission, the budget may be established in euro or in the currency of the country of the Contracting Authority. Costs and unit rates are rounded to the nearest euro cent.

4. If staff are not working full time on the Action, the percentage should be indicated alongside the description of the item and reflected in the number of units (not the unit rate).

5. Indicate the country where the per diems are incurred and the applicable rates (which must not exceed the scales published by the E.C. at the time of contract signature). Per diems cover accommodation, meals and local travel within the place of the mission and sundry expenses.

6. Indicate the place of departure and the destination.

7. Costs of purchase or rental

8. Specify. Lump sums will not be accepted.

9. Only indicate here when fully subcontracted.





**Expected sources of funding**

										Amount EUR	Percentage of total %
Applicant's financial contribution											
UNDP's in kind contribution:											
	UNDP local team assets: vehicles and ICT equipment										
Commission/EDF contribution sought in this application										1000000	74,63%
Contribution(s) from other European Institutions or EU Member States											
Contributions from other organisations:											
Name	Conditions										
Vukovar Fund for Reconstr.&Dev.										340000	25,37%
<b>TOTAL CONTRIBUTIONS</b>										<b>1340000</b>	<b>100,00%</b>
Direct revenue from the Action											
<b>OVERALL TOTAL</b>										<b>1340000</b>	<b>100,00%</b>

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# Annex IV



FINANCIAL IDENTIFICATION

PRIVACY STATEMENT: [http://www.undp.org/pressroom/pressroom/privacy\\_statement.asp](#)

ACCOUNT NAME (3)	
ACCOUNT NAME (1)	UNITED NATIONS DEVELOPMENT PROGRAMME
	UNDP
ADDRESS	1 UNITED NATIONS PLAZA
TOWN/CITY	NEW YORK, NY
POSTCODE	10017
COUNTRY	USA

(1) The name or title under which the account has been opened and not the name of the authorized agent

CONTACT	
TELEPHONE	
FAX	
E-MAIL	

BANK	
BANK NAME	BANK OF AMERICA
BRANCH ADDRESS	112 AVENUE KLEBER, CS 71652
TOWN/CITY	PARIS, CEDEX 16
POSTCODE	75773
COUNTRY	FRANCE
ACCOUNT NUMBER	30238172
IBAN (2)	FR76 4121 9100 1000 0302 3817 252

(2) If the IBAN Code (International Bank account number) is applied in the country where your bank is situated

REMARKS:

**Joseph Caracul**  
**Bank of America, N.A.**  
**Global Government Division**  
**730 15th Street, 7th Floor**  
**Washington, DC 20005-1012**

DATE & SIGNATURE OF ACCOUNT HOLDER: (Obligatory)	<i>Julie Anne Mejia</i>
	JULIE ANNE MEJIA Treasurer

(3) It is preferable to attach a copy of recent bank statement. Please note that the bank statement has to provide all the information listed above under 'ACCOUNT NAME' and 'BANK'. In this case, the stamp of the bank and the signature of the bank's representative are not required. The signature of the account-holder is obligatory in all cases.



## 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><sup>1</sup>

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/balance<sup>2</sup> under the Agreement mentioned above.

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

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)<sup>4</sup>

The payment should be made to the following bank account:...<sup>5</sup>

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>

<sup>1</sup> 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.

<sup>2</sup> Delete the options which do not apply.

<sup>3</sup> Delete the option which does not apply.

<sup>4</sup> Delete the items which do not apply.

<sup>5</sup> 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)

