

Memorandum of Understanding

**Between the Government of Serbia and Royal Norwegian Ministry of Foreign
Affairs
Regarding**

Bilateral Project Assistance Program 2008

WHEREAS the Government of the Republic of Serbia (hereinafter referred to as Serbia) and the Royal Norwegian Ministry of Foreign Affairs (hereinafter referred to as Norway), agree to continue the co-operation between the two countries through an annual bilateral project assistance program (hereinafter referred to as the Program), which started in 2001.

THEREFORE the Parties (Norway and Serbia) have reached the following understanding as regards the bilateral assistance program for 2008:

PARAGRAPH 1 SCOPE AND OBJECTIVES

- 1.1 This Memorandum of Understanding (MoU) sets out the general commitments and provisions for the co-operation between Norway and Serbia in regard to the Program. Further terms and conditions for the support are stipulated in letters of approval, which will be issued by Norway for each project under the Program.
- 1.2 The funding provided by Norway under this Program is part of the transitional support granted to Serbia and amounts to NOK 71 000 000 (approximately EUR 8 000 000).
- 1.3 The overall objectives for this Program is to support the Republic of Serbia in:
 - Reform processes aimed at strengthening co-operation with and integration in European union and its structures;
 - Institution building and reform, including improved administrative capacity
 - Stabilisation and conflict prevention;
 - Economic development and employment generation, and
 - Support to vulnerable groups

PARAGRAPH 2 CO-OPERATION

- 2.1 The Parties will communicate and co-operate fully with the aim to ensure that the objective of the co-operation on the Program is successfully achieved. The granted financial support shall be realized in compliance with Norwegian rules and regulations, and according to relevant regulations of the Republic of Serbia.
- 2.2 The Parties agree to co-operate on preventing corruption within and through the Program, and will take rapid legal action to stop, investigate and prosecute in accordance with applicable law any person suspected of misuse of resources or

corruption in connection to the Program. The Parties will inform each other of any suspicion of corruption or misuse of resources pertaining to the Program.

- 2.3 The Parties will have annual meetings within the first quarter of each year, at appropriate level, to agree on the Program, project proposals and project implementation. Working level meetings and contacts will be arranged as needed.
- 2.4 As a general rule, overview of project proposals for inclusion in the Program shall be presented to Norway by 1 April each year. Project documents/applications/proposals shall thereafter be submitted to Norway in two groups, as early as possible or when ready. At the latest, the first group shall consist of at least 2/3 of the applications (and of the amount) and shall reach Norway no later than 1 June. The rest of the applications shall reach Norway no later than 15 September. However, exceptionally, Norway will consider proposals arriving after that date in 2008. The maximum period of implementation for the projects is 24 months.
- 2.5 Project proposals submitted to Norway, will be subject to discussion between the Parties before final funding approval is granted by Norway.
- 2.6 Project partners and implementing organizations may be agreed between beneficiaries and Norway for projects financed under this Program. The institution responsible for the implementation of the Norwegian bilateral support is stated in the letters of approval issued by Norway.

PARAGRAPH 3 GENERAL COMMITMENTS OF SERBIA

In order to ensure effective implementation of the Program's projects, Serbia will take all necessary measures to ensure that:

- 3.1 Financial or other resources made available by Norway will be used exclusively for the purposes agreed upon and in accordance with the terms and conditions stipulated in the letters of approval and further described in the project documents.
- 3.2 Funds made available by Norway, including any accrued interest, are properly accounted for and reflected in the plans, budgets and accounts.
- 3.3 The use of funds provided by Norway will not be impeded or delayed by currency or foreign exchange controls or charges imposed by Serbia. No such charges shall be paid from Norwegian contributions.
- 3.4. Bearing in mind that the assistance to Serbia is grant assistance, Serbia shall charge no custom duties, value added taxes or similar charges to implementing parties or beneficiaries on goods or other resources provided or financed by Norway.
- 3.5 Necessary licenses for import financed by Norway will be promptly granted by responsible Serbian institution.

- 3.6 Upon request, Serbian authorities will provide all information pertaining to the use of resources provided by Norway and enable representatives of the latter to visit and scrutinise project activities and to inspect project-related property, goods, records and documents.

PARAGRAPH 4 DISBURSEMENTS

- 4.1 A separate bank account for each project will be opened for disbursement of Norwegian funds. The necessary authorisation for the management of the accounts will be agreed by both parties.
- 4.2 As a main rule, funds will be disbursed upon receipt of each project's letter of approval. Respective recipients of the letters of approval will immediately, in writing, acknowledge receipt of the funds.
- 4.3 Any unspent disbursed funds and accrued interest shall be returned to Norway upon completion of projects unless otherwise agreed.

PARAGRAPH 5 PROCUREMENT

- 5.1 The procurement of goods, works and services will be performed in accordance with generally accepted procurement principles, good procurement practices and the procurement regulations of Serbia unless stated differently in the project proposal and approved by Norway in accordance with article 2.6 of paragraph 2 of this MoU.
- 5.2 No offer, gift, payments or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, will be accepted. Invitations as well as procurement contracts will, respectively, include a clause stating that the offer will be rejected and/or the contract cancelled, in case any illegal or corrupt practices have taken place in connection with the award or the execution of the contract.
- 5.3 Norway may perform or authorise the Ministry of Finance of the Republic of Serbia to perform preliminary and final examination of project-related procurements made by Serbia. The examination may be made in the form of a procurement audit. Serbia and the project implementing organisations/institutions shall provide all necessary documentation in this regard
- 5.4 Complete records and documentation pertaining to procurement shall be kept in an orderly manner for access for a minimum period of ten (10) years. Goods procured under this Program will become the property of Serbia upon termination of the projects, unless otherwise agreed.

PARAGRAPH 6

