

**LETTER OF AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME AND
THE CIVIL SERVICE AGENCY OF FEDERATION OF BIH, BOSNIA AND
HERZEGOVINA
ON THE IMPLEMENTATION OF PROJECT:
“ADVANCING PUBLIC FINANCE MANAGEMENT IN
BOSNIA AND HERZEGOVINA”,
WHEN UNDP SERVES AS IMPLEMENTING PARTNER**



Dear Mr. Begić,

1. Reference is made to the consultations between officials of the United Nations Development Programme (*hereinafter referred to as “UNDP”*) in Bosnia and Herzegovina and officials of the Civil Service Agency of the Federation of BiH (*hereinafter referred to as “the Agency”*) with respect to the realization of activities by the Agency in the implementation of project: 00103519 – Advancing Public Finance Management in Bosnia and Herzegovina, funded by the Slovak Republic and implemented by the United Nations Development Programme (UNDP) in BiH. Subject to this Letter of Agreement is the support to delivery of the training programme that is intended for civil servants from local governments and cantons related to establishment of Financial Management and Control System in local governments and cantons in Federation of Bosnia and Herzegovina.
2. In accordance with the Project Document and with the following terms and conditions, we confirm our acceptance of the activities to be provided by the Agency towards the project, as specified in Attachment 2: “Description of Activities” (*hereinafter referred to as “Activities”*). Close consultations will be held between the Agency and UNDP on all aspects of the Activities.
3. The Agency shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its Financial Regulations, rules and other directives, only to the extent they are consistent with UNDP’s Financial Regulations and Rules. In all other cases, UNDP’s Financial Regulations and Rules must be followed.
4. In carrying out the activities under this Letter, the personnel and sub-contractors of the Agency shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of the Agency or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by the Agency, and its personnel as a result of their work pertaining to the Activities.
5. Any sub-contractors, including non-governmental organisations under contract with the Agency, shall work under the supervision of the designated official of the Agency. These sub-contractors shall remain accountable to the Agency for the manner in which assigned functions are discharged.
6. Upon signature of this Letter and received request for advance in the form of the Funding Authorization and Certificate of Expenditures Form (*hereinafter referred to as “FACE Form”*) from the Agency, UNDP will make payments to the Agency, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.
7. The Agency shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. The Agency shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when the Agency is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the Attachment 2. UNDP shall have no obligation to provide the Agency with any funds or to make any reimbursement for expenses incurred by the Agency in excess of the total budget as set forth in Attachment 3.

8. The Agency shall submit a Financial Report within 15 days following receipt of funds, and upon processing the payments of invoices claimed through the submitted FACE request for advance as well as a Cumulative Financial Report each quarter (30 September 2023 and 29 December 2023). The report will be submitted to UNDP through the UNDP Resident Representative within 7 days following those dates. The format will follow the standard FACE Form (provided as Attachment 4). UNDP will include the Financial Report by the Agency in the financial report for 00103519 – Advancing Public Finance Management in Bosnia and Herzegovina.
9. The Agency shall submit Narrative Progress Reports (as per Attachment 6) relating to the Activities every 3 months.
10. The Agency shall submit Annual Financial Reports (based on the FACE Form and including Cash Statement as per Attachment 5) and furnish a Final Narrative and Financial Reports within 2 weeks after the completion or termination of the Activities, including a list of non-expendable equipment purchased by the Agency and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.
11. If applicable, the equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed as agreed, in writing, between UNDP and the Agency.
12. Any changes to the Project Document which would affect the work being performed by the Agency in accordance with Attachment 2 shall be recommended only after consultation between the parties.
13. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Document and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the Agency and UNDP.
14. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of activities of the Agency according to Attachment 2, or until terminated in writing (with 30 days' notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by the Agency unless it receives written indication to the contrary from UNDP.
15. Any balance of funds, transferred to Agency as advance payment by UNDP as per Article 6., that is undisbursed and uncommitted after the conclusion of the Activities shall be returned within 20 days to UNDP.
16. Any amendment to this Letter shall be affected by mutual agreement, in writing.
17. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to Steliana Nedera, Resident Representative, UNDP BiH, Zmaja od Bosne b.b., 71000 Sarajevo.
18. The Agency shall keep the UNDP Resident Representative fully informed of all actions undertaken by them in carrying out this Letter.
19. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.
20. Any dispute between the UNDP and the Agency arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

21. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall thereby constitute the basis for the Agency participation in the implementation of the project.

This Agreement is to be signed in four (4) copies, out of which two (2) shall be in the English and two (2) in the Bosnian language. In case of a dispute, the English language version shall prevail.

Yours sincerely,

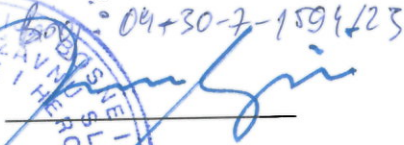
Signed on behalf of UNDP
Emma Morley, Officer in charge



06/7/2023



Signed on behalf of the Agency
Refik Begić, Director



20/7/2023



PROJECT DOCUMENT

ADVANCING PUBLIC FINANCE MANAGEMENT IN BOSNIA AND HERZEGOVINA:

GENERAL INFORMATION

Advancing Public Finance Management in Bosnia and Herzegovina (PFD) is a joint Project of the Slovak Republic and the United Nations Development Programme (UNDP) in Bosnia and Herzegovina (BiH) launched in 2020 with the aim to advance target public finance system stakeholders as part of the wider sustainable development planning system in Bosnia and Herzegovina (BiH). It tackles specific bottlenecks and gaps in the policy and financial planning and implementation processes at different government levels in Bosnia and Herzegovina. The Project operates in a challenging environment characterized by complex administrative structure of the country, frequent political deadlocks and slow pace of reforms.

The Project aids a wide range of domestic partners at sub-national (entities, cantons, Brčko District BiH) and local level towards the achievement in the three main intervention areas:

Intervention area 1: *Development Finance Assessment for SDG financing* - This first intervention area includes support to the wider efforts of the UN in BiH towards defining long-term financing directions and solutions for the SDGs in the country, including mobilizing new finance for sustainable development from alternative sources;

Intervention area 2: *Linking financing with development results* - This intervention area relates to strengthening the linkages between development strategies/policies and budgets at sub-national levels. More specifically, the two entities adopted new legal framework on strategic planning which, for the first time, prescribes clear linkages among strategic and financial planning documents (development strategies – mid-term and annual institutional workplans – mid-term and annual budgets). However, the capacities of finance staff within different ministries for applying the new legislation were deemed insufficient and the Project aimed at designing specific guidelines and capacity development actions to bridge this capacity gap, addressing specific challenges such as direct and indirect costing, determining modalities of cost-sharing of programs within one or among different ministries, etc.;

Intervention area 3: *Strengthening of internal controls and value for money approach in local governments in Bosnia and Herzegovina* - The third intervention area seeks to institute a fundamental level of internal control within the administrations at sub-national levels (local governments - LGs and cantons) in order to help curb mismanagement of public funding. The internal control framework looks at all steps in the financial management process from expenditure authorization, commitment, verification, payment authorization, payment itself and accounting, among other steps.

Attachment 2
DESCRIPTION OF ACTIVITIES

- 1. Project activity title: Organization and delivery of training programme for civil servants from FBIH LGs and cantons on "Internal controls and value for money for local governments and cantons in Federation of Bosnia and Herzegovina"**

Project activity background:

Under the third project component "Strengthening of internal controls and value for money approach in local governments (LGs)", the Project team designed the Comprehensive Training program on "Internal controls and value for money for local governments and cantons in Federation of Bosnia and Herzegovina" which will be, in collaboration with Civil Service Agency of Federation of BiH, furtherly delivered to interested civil servants from LG and cantonal levels. As a part of this project activity Project team designed and delivered a Comprehensive Training of Trainers (ToT) program on "Internal controls and value for money for local governments in Bosnia and Herzegovina". Training participants were selected by the Project team, through a public call. Total of 34 participants successfully completed ToT program

The activity main objective is to contribute to strengthening the capacities of local governments (LGs) in Federation of BiH for the establishment/improvement of the Financial Management and Control (FUK) system, while the specific objective is to deliver the Training Programme on Internal Financial Controls to interested local government practitioners/employees/civil servants.

1.1. Results to be achieved by the Agency

Strengthened capacities of civil servants from LG and cantonal levels in the Federation of BiH for the establishment/improvement of the Financial Management and Control system through delivery of the Internal Financial Controls training programme.

Concretely, through the project implementation, the following will be implemented:

- 320 civil servants from FBIH LGs and 10 cantons trained;

Work to be performed by the responsible partner:

Following are project implementation actions to be carried out by the Agency:

- Conducting procedure for selection of trainers and contracting;
- Organization and delivery of training programme "Internal controls and value for money for local governments and cantons in Federation of Bosnia and Herzegovina" at regional localities/or hotels for minimum 16 training groups - civil servants from FBIH LGs and cantons in the period September-December 2023, with minimum 320 participants in total

The implementation team, consisting of the representatives of the Agency, will be in charge of implementation, ensuring quality control and timely completion of all activities, monitored by the UNDP staff. The project will be completed by 29 December 2023.

Description of inputs:

TOTAL PROJECT ACTIVITY COSTS:	48,000.00 BAM
UNDP CONTRIBUTION: UNDP will finance the costs of engagement of trainers; printing of training materials; accommodation, meals and refreshments for delivery of training organized in regional training localities and/or hotels. ¹	48,000.00 BAM
ADS IN-KIND CONTRIBUTION: ADS will provide premises for organisation and delivery of trainings.	0.00 BAM

¹ UNDP Contribution stipulated in this LoA is not inclusive of VAT. Considering that VAT related to funds provided by UNDP is eligible for refund as per Article 29 of the Law on VAT, Agency is expected to request a refund of VAT costs from the Indirect Taxation Authority (ITA) in accordance with the Law.

2. RESPONSIBILITIES OF THE PARTIES

2.1 The ADS will be responsible:

During the implementation of project activities, the assigned staff of the ADS, consisting of the Implementation team, will be in charge of implementation, ensuring quality control and timely completion of all activities, monitored by the UNDP staff. Specifically, the ADS will be responsible for:

1. The appointment of staff for the implementation and coordination of all planned activities and actions.
2. Ensuring all necessary project, technical and procurement documentation are in place, where relevant.
3. Use of the financial support from this Letter of Agreement in the total estimated amount of the Agreement, exclusively for implementation of the project activity **“Organization and delivery of training programme for civil servants from FBiH LGs and cantons on “Internal controls and value for money for local governments and cantons in Federation of Bosnia and Herzegovina”** in accordance with this Letter of Agreement, enclosed project description and budget.
4. Ensuring technical supervision over all activities related to project implementation, including preparation and submission of Narrative Progress Reports and the entire supporting documentation to UNDP.
5. Ensuring transparent and competitive procurement procedures, in accordance with the Law on Public Procurement.
6. Completion of the project activity „Organization and delivery of training programme for civil servants from FBiH LGs and cantons on “Internal controls and value for money for local governments and cantons in Federation of Bosnia and Herzegovina” in accordance with the Agreement and no later than 29 December 2023.
7. Reporting to UNDP on activity progress and completion in accordance with the Agreement and its Attachments No. 3 and No. 4.
8. Timely submission of financial reports and requests for transfer of funds, in accordance with the Agreement and its Attachment No. 4.
9. Technical and financial monitoring and quality assurance for all activities during project implementation.
10. The ADS will inform UNDP in writing of any case where changes of implementation plan or financial arrangements agreed in this document are required, requesting an amendment to the Agreement; the ADS will not implement any changes prior to signature of an amendment by both parties.
11. The ADS will invest maximum efforts to ensure that all parties (organizations/institutions/companies/entities, as well as subcontractors), involved in the project implementation process, operate based on the highest standards of efficiency, expertise and integrity.
12. Granting the UNDP the right, at UNDP’s own expense, to audit or review any Project related books and records, including availability of relevant personnel of the City, as necessary. The right of UNDP to conduct such audit or review shall not lapse upon expiration or prior termination of the Agreement.

2.2 UNDP will be responsible for:

1. Regular payments of financial amounts to the ADS, in accordance with the time-schedule presented in this Letter of Agreement and/or amended by the actual liquidity needs and based on approved and validated progress reports and Funding Authorization and Certificate of Expenditures (FACE) forms timely submitted to the UNDP; a model copy of the FACE form is provided as Attachment 4.
2. Assigning persons who will, on behalf of the UNDP, provide technical support and perform overall monitoring of the project activity implementation.

Annexes:

- Annex No. 1: Project activity proposal
- Annex No 2: Project activity budget

Attachment No. 3 - Schedule of Activities, Facilities and Payments (year 2020)
“Organisation and delivery of training programme for civil servants from FBiH LGs and cantons on
“Internal controls and value for money for local governments and cantons in Federation of Bosnia and Herzegovina”.

EXPECTED OUTCOMES and indicators including annual objectives	PLANNED ACTIVITIES List of all activities to be undertaken during the planned period according to the listed outcomes	Time frame (2023)				Planned budget			Payments by UNDP	
		09/2023	10/2023	11/2023	12/2023	Budget description	Source	Amount	2023	
									QTR III	QTR IV
Major project result is strengthened capacities of civil servants from FBiH LGs and cantons for the establishment/improvement of the Financial Management and Control (FUK) system through delivery of the following training programme:	Conducting procedure for engagement of trainers.						UNDP	0.00		
							Agency	0.00		
							TOTAL	0.00		
1. "Internal controls and value for money for local governments and cantons in Federation of Bosnia and Herzegovina" for the following target groups:	Selection of trainers and contracting.						UNDP	11,200.00	11,200.00	
							Agency	0.00		
							TOTAL	11,200.00		
• 320 civil servants from FBiH LGs and 10 cantons trained	Organization and delivery of training programme "Internal controls and value for money for local governments and cantons in Federation of Bosnia and Herzegovina"						UNDP	36,800.00	36,800.00	
							Agency	0.00		
							TOTAL	36,800.00		
TOTAL: 48,000.00 BAM						48,000.00 BAM				

Remarks:

* The first advance payment to the Agency will be made upon received and verified Funding Authorization and Certificate of Expenditures (FACE) form. The subsequent advance payments will be made upon verification of the reported expenditures incurred by the Agency from the previous advance (80% liquidation of previous advance and 100% liquidation of penultimate advance) and verification of the request in the signed FACE form. Adjustments and/or changes of the elements and sections of the project may be done only in consultation between UNDP and the Agency. Such adjustments may only be done if these would be in line with and according to the provisions of the Project Document and if these would be found to be in the best interest of the project.

Attachment 4

Funding Authorization and Certificate of Expenditures

Country:	XXXXXXXXXXXXXXXXXXXX
Programme Code & Title:	XXXXXXXXXXXXXXXXXXXX
Project Code & Title:	XXXXXXXXXXXXXXXXXXXX
Responsible Officer(s):	XXXXXXXXXXXXXXXXXXXX
Implementing Partner:	XXXXXXXXXXXXXXXXXXXX

Currency: _____

Activity Description from AWP with Duration
XXXXXXXXXXXXXXXXXXXX (MM/YYYY - MM/YYYY)
XXXXXXXXXXXXXXXXXXXX (MM/YYYY - MM/YYYY)
XXXXXXXXXXXXXXXXXXXX (MM/YYYY - MM/YYYY)
Total

[illegible]

REPORTING

[illegible][illegible]

REQUESTS / AUTHORIZATIONS

Date: DD/MM/YYYY

UN Agency: XXXXXXXXXXXX

Type of Request:

- ☐ Direct Cash Transfer (DCT)
- ☐ Reimbursement
- ☐ Direct Payment

CERTIFICATION

The undersigned authorized officer of the above-mentioned implementing institution hereby certifies that

- ☐ The funding request shown above represents estimated expenditures as per AWP and itemized cost estimates attached.

☐ The actual expenditures for the period stated herein has been disbursed in accordance with the AWP and previously approved itemized cost estimates. The detailed accounting documents for these expenditures can be made available for examination, when required, for the period of five years from the date of the provision of funds.

Date Submitted:

NOTES:

- Shaded areas to be completed by the UN Agency and non-shaded areas to be completed by the counterpart

Name: _____ Title: _____

Time

FOR AGENCY USE ONLY:

FOR ALL AGENCIES	
Approved by:	
Name:	
Title:	
Date:	

FOR UNICEF USE ONLY

FOR UNICEF USE ONLY		
Account Charges		Liquidation Information
CAG Ref.	CRQ ref.	Voucher ref.
CRQ/CAG GL		
	Training (762010)	0
	Travel (762020)	0
	Migs & Confs (762030)	0
	Sat & Sup Costs (761030)	0
	Const. - Proj Prem. (761040)	0
Other CAG (761010)		0
Total		0

FOR UNEPA USE ONLY

FOR UNFPA USE ONLY	
New Funding Release	
Activity 1	0
Activity 2	0
Total	0

Statement of Cash Position

as at 31/12/2014

Country Office:	Bosnia and Herzegovina
Project title:	
Award ID:	
Period covered:	Jan-Dec 2012

		Amount	Amount
		Local currency BAM	US\$
A	Opening Fund Balance		
	Cash in hand	-	-
	Bank	-	-
	Sub Total	-	-
B	Advance Received from UNDP during the reporting period		
C	Total Funds Available (A+B)	-	-
D	Payments/Expenditure for the reporting period		
E	Exchange Gain/(Loss)	N/A	N/A
F	Closing Fund Balance (C-D)	-	-
G	Closing Balance represented by:		
	Cash in hand	-	-
	Bank	-	-
	Total	-	-

Signed by: signature
 Name:
 Title: National Project Manager
 Date:

Signed by: signature
 Name:
 Title: National Project Director
 Date:

Certified by: (stamp & signature)
 Name:
 Title: Senior Partner
 Name of the Audit Firm:
 Date:

Signed by: signature
 Name:
 Title UNDP RR/Country Director/Programme Officer

Attachment 6

Izveštaj o napretku provođenja projekta

Naziv projekta	
Partner na implementaciji	
Mjesto	
Datum početka projekta	
Planirani datum završetka	
Vrijednost projekta	
Period za koji se izvještava:	
1. Planirani kratkoročni rezultati projekta:	
2. Planirani dugoročni rezultati projekta:	
3. Planiranje aktivnosti u periodu na koji se odnosi izvještaj:	
4. Opišite aktivnosti implementirane u periodu na koji se odnosi izvještaj:	
5. Postizanje očekivanih rezultata: <i>Opišite u kojoj mjeri su projektni rezultati postignuti. Svaku smetnju ili izazov u implementaciji projekta je potrebno identifikovati i napisati preporuke u daljem tekstu.</i>	
6. Finansijski menadžment: <i>Svako znatno odstupanje od originalnog budžeta je potrebno objasniti (na primjer, svaku uštedu u sklopu inicijalno planiranog budžeta, svaki trošak koji nije predviđen budžetom, svaku poteškoću u pokrivanju troškova u okviru planiranog budžeta i slično).</i>	
7. Preporuke i koraci: <i>Potrebno je napraviti preporuke kako da se identifikuju smetnje u implementaciji projekta ili unaprijedi implementacija projekta.</i>	

8. Generalni pregled projekta:

Napišite red ili dva koji će dati pregled sveukupnog stanja projekta.

9. Aktivnosti planirane u narednom periodu:

Iz prijedloga projekta.

Partner u implementaciji potpisom svog dolje navedenog ovlaštenog predstavnika potvrđuje sve navedeno u skladu sa stvarnim stanjem:

**Ovlašteni službenik
ADS FBiH**

Ime i prezime: _____ Datum: _____

Komentar odgovornog službenika:

UNDP BiH potpisom svog dolje navedenog odgovornog službenika potvrđuje da je sve navedeno u skladu sa stvarnim stanjem:

**Odgovorni službenik,
UNDP BiH**

Ime i prezime: _____ Datum: _____