



**Project Title: Modernization and harmonization of Tourism study programs in Serbia**

AGREEMENT NUMBER- 2013-4526/001-001  
Project reference number – 544543-TEMPUS-1-2013-1-RS-TEMPUS-JPCR

between

**Business Technical College of Vocational Studies (Visoka poslovno-tehnička škola strukovnih studija)**,  
Trg Svetog Save 34, 31000 Užice, Serbia  
represented by Prof. Ljubica Diković, PhD,  
being the position, director  
hereinafter referred to as BTC,

and

**Tourism Organization of Wester Serbia**, Dimitrija Tucovića 52, 31000 Užice, Serbia  
represented by Miroslav Rađen  
being the position director,  
hereinafter referred to as TORZS

### **1. Subject of the Partnership Agreement**

The subject of this Partnership Agreement is to define the organisation of the partnership by regulating the rights and obligations of the coordinator and the partner in order to successfully implement the Tempus project.

The respective Grant Agreement (AGREEMENT NUMBER – 2013-4526/001-001), signed between Business Technical College of Vocational Studies and the Education, Audio-visual and Culture Executive Agency on 12 December 2013 is integral part of this contract (see the list of annexes), and takes precedence over it. In more detail, all terms and conditions, articles, annexes and guidelines stated in the Grant Agreement for this project are part of this contract. The BTC and the TORZS shall be bound to this contract and the Grant Agreement for this project. This includes any further amendments to the Grant Agreement which are approved by the Executive Agency.

On the basis of the present contract, the BTC and the TORZS shall contribute to the achievement of the requirements of the Grant Agreement together with the other parties (co-beneficiaries) performing project actions in accordance with the terms and conditions as stated in the present contract. The parties to the present contract shall carry out the work in accordance with the timetable using their best efforts to achieve the results specified therein and shall carry out all of their responsibilities under the present contract in accordance with recognised professional standards.

### **2. Duration of the Agreement**

This agreement shall come into force on the day when it has been signed by all parties, but shall have retroactive effect from the start of the eligibility period (01.12.2013.). It shall remain in force until the BTC has discharged in full its obligations arising from the Tempus grant agreement with the Executive Agency.

### **3. Payment of funds and modalities**

a) The BTC will transfer the funds to the TORZS's account for eligible activities that fully comply with the Work plan only, in accordance with the Grant Agreement and project performance.

The grant received by the TORZS has to be strictly and solely dedicated to the project funding in accordance with the guidelines and regulations of the Grant Agreement. All payments shall be made to the TORZS's bank account, denominated in euro. This bank account will be defined within the specific Annex to this agreement.

The TORZS is obliged to use the given funds exclusively for the purposes defined by the Project, and in accordance with terms and provisions of this Agreement and the Grant Agreement.

b) In the following table the planned TORZS's budget is given according to the categories of project expenses, and is expressed in Euros, in accordance with the Grant Agreement:

Costs	Amount in EUR
Staff cost	12880
Travel cost	
Cost of stay	6113
Equipment cost	
Printing and publishing	
Other costs	2200
Total direct eligible costs	21193
Indirect costs	741.755
Total eligible costs	<b>21934.755</b>
Total EU contribution	19741.196
Total Partner contribution (co-financing)	2193.559
In Total	<b>21934.755</b>

These expenses should be eligible costs in line with the provisions of the Grant Agreement.

At the end of the project, the spent amounts may be lower than the ones initially planned, in case the real expenses are less than expected ones. They shall under no circumstances exceed the stated expenses.

The final amount paid to the TORZS by the BTC will be defined only once the total Tempus grant has been confirmed by the Executive Agency (according to art. II.17 of the Grant Agreement) after the end of the project.

c) The BTC shall pay the TORZS for work completed satisfactorily according to the description and schedule of this work. Payment to the TORZS shall be made according to the following planned schedule:

- First instalment of pre-financing: The BTC will transfer 60% of the TORZS's total direct costs budget, after both parties have sign the present contract, provided that the BTC has received the pre-financing from the Executive Agency and bank details are correctly provided by the partner.
- Second instalment of pre-financing: The BTC will transfer 30% of TORZS's total direct costs budget, provided that the partner provides eligible and full supporting documentation on project expenditure of at least 70% of the first instalment.
- Balance payment: All outstanding payments to cover actual eligible expenditures that have not been received in previous instalments (see above), taking into account the co-financing share, will be paid to the TORZS within 30 days after the BTC receives the final payment from the Executive Agency, on condition that the TORZS has provided the requested eligible supporting documentation and submitted the financial table to the BTC within the foreseen deadline. In case that actual eligible expenditure is lower than previously received instalments and parts of the funds have not been consumed until the end of the project, these funds are to be reimbursed to the BTC at the end of the project.

#### **4. Irregularities and repayment of funds**

If the Executive Agency should – based on the provisions of the grant agreement – request the repayment of EU contribution from the coordinator, the coordinator shall ask the partner that has caused the irregularity resulting in repayment of the EU contribution unduly paid according to the request of the Executive Agency.

The partner that caused irregularity has to repay the requested EU contribution together with the interests chargeable to the coordinator.

The partner concerned has to respect the deadline given by the Executive Agency to the coordinator for the repayment of EU contribution. The partner has to transfer the requested EU contribution together with the interests chargeable to the coordinator 30 (thirty) days before the abovementioned deadline.

#### **5. Management of project and consortium decision making modalities**

The consortium will set up a Steering Committee, the following rules shall apply:

- Composition: Contact person, defined in Application Form, of each partner shall be member of the Steering Committee (SC), with a proper mandate to negotiate on behalf of his/her institution. In addition director of BTC will be member of SC. The participants may temporarily appoint a deputy to the SC.

- Decision Making: at each SC meeting, no less than two-thirds of the members shall constitute a quorum. Decision-making will be by qualified majority (greater than 66%) among the present members (one vote per member).

In case that the BTC has profound objections concerning the compliance of a taken decision with the grant agreement or the legal basis of the TEMPUS programme, the decision shall be frozen until the BTC will have clarified the matter with the Executive Agency. In case that no compliance should be asserted the decision will be cancelled.

#### **6. Specific obligations of the BTC**

The BTC shall take all the steps needed to correctly manage the project in accordance with the Application Form submitted to the Executive Agency and the Grant Agreement.

In addition the BTC shall:

- provides the copy of the Grant Agreement for the TORZS ;
- keep the TORZS informed on a regular basis about all relevant communication between the BTC and the Executive Agency;
- inform the TORZS about all essential issues connected to the project implementation without any delay;
- be responsible for the verification that the expenditure declared by the TORZS has been incurred only for the purpose of implementing the project and corresponds to the activities agreed between the partners in the frame of the submitted Application Form;
- submit Intermediate Report and Final Report to the Executive Agency for the deadline given in the Grant Agreement and its annexes;
- transfer funds to the TORZS in two (or more) instalments: as pre-financing for planned on-going activities of TORZS for half-time period of those activities, or as payment of invoices and/or other supporting documents requested in Annex IV of the grant agreement.

#### **7. Specific obligations of the TORZS**

The TORZS shall respect all the rules and obligations set forth in the Grant Agreement.

In addition the TORZS shall:

- commit themselves to do everything in their power to foster the implementation of the project;
- support the BTC to fulfil its tasks according to the Grant Agreement;
- provide the BTC without any delay with any information needed to draw up the Intermediate Report and the Final Report, to react on any request by the Executive Agency, or provide with any further information needed by the BTC;
- inform the BTC immediately about any circumstance that could lead to a temporary or final discontinuation of the project;
- maintain either a separate accounting system or an adequate accounting code for all transactions relating to the project;
- inform the BTC on the details of the bank account where the part of the Executive Agency contribution shall be transferred by BTC;
- complete the activities foreseen for each reporting period of the project implementation;
- have the expenditures incurred and paid in the given reporting period defined in Article X of this agreement and submit the supporting documents on validation of expenditure to the BTC. The expenditure of the TORZS not covered by supporting documents on validation of expenditure in the given reporting period can be requested only for the next reporting deadline following to the reporting period concerned;
- comply with Tempus and national rules, including rules on public procurement, state aid, publicity and equal opportunities;
- be responsible for the sound financial management of the funds allocated to the project part
- agree with the partners of the project before submission of any request for amendment of the grant agreement to the Executive Agency.

#### **8. Obligations of the BTC and TORZS**

- The TORZS is directly and exclusively responsible towards the BTC for the due implementation of its respective contribution to the project and for the proper fulfilment of its obligations as set out in this agreement. Should the TORZS not fulfil its obligations under this contract in due time, the BTC shall admonish him to fulfil them within a reasonable period of time. The TORZS will undertake to find a rapid and efficient solution. Should the non-fulfilment continue, the BTC may decide to debar the TORZS from the project with approval of the other partners. The Executive Agency shall be promptly informed of such

an intended decision by the BTC and the change in the partnership has to be approved by the Executive Agency according to the provisions of the grant agreement.

- The TORZS shall take the financial responsibility for the EC contribution and the related own contribution for the project.
- In case of irregularities the BTC bears the overall responsibility towards the Executive Agency for the repayment of the amounts unduly paid. By way of the derogation from this principle if the irregularity is committed by TORZS, the TORZS shall repay to the BTC the amounts unduly paid.

#### **9. Accounting, Record Keeping and Reporting**

a) Original invoices, debit notes, receipts, bank statements for every item of expense have to be thoroughly documented and kept by the institution and can only be financed by project funding if they are in compliance with eligibility of expenditure.

The TORZS is fully responsible for the correct delivery of the declaration of expenses and the appropriate application of accounting system. In more detail, the TORZS shall comply with the following:

- to accept the liability for the adequate and orderly accounting of this project according to the rules and regulations of the Grant Agreement for this project.
- to be aware of the fact that the BTC will not compensate for the ineligibility of costs caused by any violation of the Grant Agreement or this contract, for which the TORZS is responsible. Any costs which would be assessed as ineligible by the Executive Agency within their final report assessment need to be reimbursed by the TORZS to the BTC who confirms to forward the ineligible amount to the Executive Agency.
- To make available any documentation on project finance and activities required by the Executive Agency
- To keep a record of any expenditure incurred under the Project and all proofs and related documents for five years after the end of the period covered by the present contract.

b) The BTC will provide the TORZS with the appropriate forms for the declaration of expenses and the respective instructions for their completion.

Only the BTC can submit technical implementation reports and financial statements to the Executive Agency by providing proof of progress of the project. Therefore, in order to provide adequate information on the progress of the project, the TORZS has to submit a Report to the BTC consisting of an activity report describing the activities carried out and their outputs and results during the reporting period, and a financial report presenting the costs incurred in accordance with the approved Application Form. Deadlines for Partner Reports are the following:

- I Partner Report – 31<sup>th</sup> December 2014. (includes realization period from 01.12.2013. to 01.12.2014)
- II Partner Report – 31<sup>th</sup> December 2015. (includes realization period from 01.12.2014. to 01.12.2015)
- III Partner Report – 15<sup>th</sup> December 2016. (includes realization period from 01.12.2015. to 30.11.2016)

The TORZS has to respect the reporting deadlines of the grant agreement, and submit their Partner Report and supporting documents on validation of expenditure to the BTC in due time as requested by the BTC, until 10 (ten) working days. Partner Reports and supporting documents on validation of expenditure not submitted to the BTC within the set deadline will not be included in the progress report of the BTC to be submitted to the Executive Agency.

c) The Partner Reports should be drawn up in Euro. In case of partners from countries which have not adopted the Euro as their currency are participating in the project, the project partner shall convert into Euro the amounts of expenditure in the list of invoices incurred in national currency before submission for validation. The expenditures shall be converted into Euro using the accounting exchange rate established by the Commission, of the month in which the transfers from the Executive Agency are received in the coordinator account (see question n. 90 of the FAQ document).

Practically this means that:

- From the start of the eligibility period until the date that the second pre-financing is received, the rate of the month in which the first pre-financing was received should be applied
- From the date that the second pre-financing is received until the end of the eligibility period, the rate of the month in which the second pre-financing was received should be applied.

Exchange rate can be found on the Internet: (<http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>).

#### **10. Intellectual property**

The cooperation under this project is regarded as a strategic partnership. Beneficiaries make in-kind contributions and offer their intellectual know-how to get a collective product. Copyrights will be respected as follows:

- Material already developed and brought in may be only used within the scope of the project as templates of good practice. Copyrights have to be strictly safeguarded, permission for reproduction and scale of reproduction have to be settled beforehand.
- Where beneficiaries develop material within the scope of the project this material will be available for the partnership as a means within the common goals set in the partnership.
- Collective products in tangible form, like manuals, CD-ROMs, online data as the authorised result of this project work may be disseminated and translated into the respective beneficiary's official language(s) for free as long as they are not marketed for profit. Throughout the contractual period of the project the partnership is the proprietor of the product.

## **11. Audits**

For audit purposes the TORZS shall:

- keep at the Commission's disposal all original documents, especially accounting and tax records, or in exceptional and dully justified cases, certified copies of original documents relating to the grant agreement for a period of 5 years from the date of payment of the balance specified in Article I.4 of the grant agreement;
- enable the responsible auditing bodies of the BTC and any other outside body authorized by the Executive Agency to audit of the use made of the grant;
- give these authorities any information about the project they request;
- give them access to the accounting books and accounting documents and other documentation related to the project, whereby the auditing bodies decide on this relation. Such audits may be carried out throughout the period of implementation of the grant agreement until the balance is paid and for a period of 5 years from the date of payment of balance;
- give them access to their sites and business premises during the ordinary business hours and also beyond these hours by arrangement;
- provide the BTC with any information needed related to such an audit without any delay.

## **12. Information and Publicity**

Any publicity measure undertaken by the TORZS must follow the rules applicable to the visibility of EC education and culture programmes, and be in accordance to Article II.5 of the Grant Agreement.

Information and publicity measures will be coordinated among the partners. The TORZS is equally responsible to promote the fact that financing is provided from the European Union funds in the framework of the TEMPUS Programme and to ensure the adequate publicity of the project.

The TORZS takes note of the fact that the results of the project as well as any study or analysis produced in the course of the project will be made available to the public and they agree that the results of the project shall be available for all partners and for the public free of charge.

## **13. Changes in the Project partnership**

Being aware of the fact that all changes in the partnership must be notified and requires prior approval by the Commission. The following requirements are necessary for the different modifications of project partnership:

- Addition of a project partner requires endorsement from the new member (signed by the legal representative), acceptance letters from all other partners (signed by the contact persons) and a mandate signed between the BTC and the new co-beneficiary. These will be forwarded by the BTC with the request;
- Withdrawal of a TORZS requires written explanation from the BTC and the TORZS, signed by the legal representative. Where the minimum partnership requirements are no longer fulfilled the Executive Agency reserves the right to decide on the continuation of the grant agreement;
- Changes of contact person for the TORZS require written confirmation signed by the new contact person and by the legal representative of TORZS and by the former contact person.
- In case TORZS is not fulfilling its obligations related to the implementation of envisaged activities or withdraws from the project or is debarred from it, the remaining partners will undertake to find a rapid and efficient solution to ensure the further proper project implementation without any delay.

Consequently, the Project Partners will endeavour to cover the contribution of the TORZS, either by assuming its tasks by one or more of the present Project Partners or by asking one or more new participants to join the project partnership, regarding the respective programme provisions. This would lead to the changes in envisaged budget and to the transfer of funds to the partner(s) who assumed the TORZS's tasks.

- The provisions set for audits in Article 8 remain applicable to the partner that backed out of the project or was debarred from the project.

#### **14. Language**

The working language of the partnership shall be English. Any official internal document of the operation shall be made available in the language of the grant agreement, i.e. in English.

#### **15. Conflict resolution**

Conflict resolution will be defined and formalised at the first kick off meeting of the Consortium.

#### **16. Competent and applicable law**

- a) This agreement is governed by the law of the Republic of Serbia, being the law of the country of the coordinator.
- b) This partnership agreement is concluded in English. In case of a translation of this agreement and its annexes into another language than English, the English version shall prevail.
- c) The parties will make an effort to settle any disputes arising from this agreement out of the court. In case an agreement cannot be made in due time, the parties herewith agree that Uzice shall be the venue for all legal disputes arising from this contract.
- d) In case of any dispute on matters under this Contract, which cannot be resolved by an amicable settlement, it will fall within the jurisdiction of the Courts of Uzice to resolve the dispute under the law of the Republic of Serbia.

#### **17. Other provisions**

- a) Any amendments to this agreement shall be in writing signed by the BTC and the TORZS.
- b) Amendments and supplements to the present agreement and any waiver of the requirement of the written form must be in written form and have to be indicated as such.
- c) If any provision in this agreement should be wholly or partly ineffective, the remaining provisions remain binding for the parties. In this case the parties undertake to replace the ineffective provision by an effective one which comes as close as possible to the purpose of the ineffective one.
- d) The BTC and the TORZS commit themselves to taking measures to ensure that all staff members carrying out the work respect the confidential nature of information regarded as such, and do not disseminate it, pass it on to third parties or use it without prior written consent of the BTC and the TORZS.
- e) 3 (three) original copies will be made of this agreement; of which each party keeps one original and one original is attached to the Grant agreement.

#### **18. Termination**

In the event that the TORZS fails to perform any obligations under the present contract or the Grant Agreement, the BTC may terminate or cancel this agreement. If the TORZS or the BTC breaches the terms of the present contract, the other party shall have the right to terminate this contract.

The BTC shall have the right to terminate the present contract if the TORZS has made false declarations to the BTC on work carried out or on expenditure. If the present contract is so terminated, the BTC may require from TORZS to reimburse all or part of the payments made under this contract.

The grant is governed by the terms of the Agreement and the applicable rules of the European Union.

**Annexes**

- Grant Agreement: A copy of the Grant Agreement signed between the BTC and the Executive Agency
- Annex I of the Grant agreement: Description of the action
- Annex II of the Grant agreement: Estimated budget of the action
- Annex IV of the Grant agreement: Deadlines for reports
- Annex V of the Grant agreement: List of co-beneficiaries
- Guidelines for the use of the grant

**Signatures**

We, the undersigned, declare that we have read and accepted the terms and conditions of this contract as described here before, including the annexes thereto.

**For the BTC**

LjUBICA DIKOVIC  
Name of the legal representative

DIRECTOR  
Position

30. 11. 2014, UŽICE  
Date and Place

[Signature]  
Signature

Stamp of the institution



**For the TORZS**

MIROSLAV RADEN  
Name of the legal representative

DIRECTOR  
Position

30. 01. 2014, UŽICE  
Date and Place

[Signature]  
Signature

Stamp of the Institution

