



**SUB-PROJECT**

Youth Adventure Tourism

With reference to the Sub-Grant for enhanced tourism service-delivery and local economic impact (Linkages and Innovation sub-grant) No. LRCP-1/17-SG-4, on the basis of Grant Agreement No. TF0A1779 concluded between the Republic of Macedonia (RM) and the International Bank for Reconstruction and Development (World Bank), acting as Administrator of the European Commission for the European Union Instrument for Pre-Accession Trust Fund, with respect to the “Local and Regional Competitiveness Project” funded by the European Commission under European Union Instrument for Pre-Accession Trust Fund (EC IPA TF) (the “World Bank Grant Agreement”), the Youth organization Scout Group “Krstе Jon” as part of the Sub-Grant engaged Tatjana Boshkov, PhD for project positions in implementing sub-project:”Youth Adventure Tourism”.

❖ **RECRUITED LOCAL STAFF:**

Name	Profession	Function	Country of Nationality	On the board since
Tatjana Boshkov, PhD	Professor at Goce Delcev University – Stip, Macedonia	Preparing project activities, Evaluating of the budget, Preparing financial reports	Macedonia	17.01.2019-20.11.2019

University Professor:

Tatjana Boshkov, PhD

Project manager:



Implementers of the sub-project:



Local and Regional Competitiveness Project  
This project is funded by the European Union



**SUB-GRANT AGREEMENT**

Бр./No. 05-1971 **Sub-Grant for enhanced tourism service-delivery and local economic impact**  
(Linkages and Innovation sub-grant)

17.01

2019 год./year

No. LRCP-1/17-SG-4

*This Sub-Grant Agreement is signed on the basis of Grant Agreement No. TFOA1779 concluded between the Republic of Macedonia (RM) and the International Bank for Reconstruction and Development (World Bank), acting as Administrator of the European Commission for the European Union Instrument for Pre-Accession Trust Fund, with respect to the Local and Regional Competitiveness Project" funded by the European Commission under European Union Instrument for Pre-Accession Trust Fund (EC IPA TF) (the "World Bank Grant Agreement")*

29.11.2018

The Parties of this Sub-Grant Agreement (the "Parties")

- a) **Government of the Republic of Macedonia/Cabinet of the Deputy Prime Minister in Charge of the Economic Affairs and coordination with economic departments (CDPMEA)**, represented by Dr. Koco Angjushev, Deputy Prime Minister in Charge for Economic Affairs and Coordination of Economic Departments (the "Implementing Agency"), and
- b) **Project Implementation Unit (PIU) for the "Local and Regional Competitiveness Project"**, represented by Ms. Antonija Sisak, Project Director, (the "PIU LRCP"), on the one hand, and
- c) River Scout Group "Krste Jon" - Struga represented by Mr. Ferjanco Gogoski (the "Beneficiary"),

**Taking into account that:**

Local and Regional Competitiveness Project aims to enhance the contribution of tourism to local economic development and improve the capacity of the Government of the RM and public entities to foster tourism growth and facilitate destination management.

Local and Regional Competitiveness Project helps communities and destinations to upgrade their tourism assets and related infrastructure, develop skills, stimulate tourism-related jobs and enterprises, and increase value chain linkages in at and around destinations, and

The River Scout Group "Krste Jon" from Struga obtained a sub-grant to implement the "Youth Adventure Tourism" sub-project in Struga, Republic of Macedonia.

***Hereinafter the Parties agree as follows:***

**I. SUB-PROJECT OBJECTIVE AND COST**

1.1 The parties will implement the "Youth Adventure Tourism" sub-project in Struga, Republic of Macedonia, further in this Sub-Grant Agreement called "sub-project", with the financial and technical assistance of the PIU LRCP.

- 1.2 The sub-project's total cost includes the cost of civil works, goods, services and incremental operating in the amount of **MKD 16.724.710** (sixteen million seven hundred twenty-four thousand and seven hundred ten denars).
- 1.3 The total cost of the sub-project shall be the one stipulated by the Parties in the Certificate of Completion (Investment transfer to the beneficiary's balance).
- 1.4 The Beneficiary shall contribute to sub-project implementation with not less than **10%** of the total sub-project's cost, in the amount of **MKD 1.672.800** (one million six hundred seventy-two thousand and eight hundred denars).
- 1.5 PIU LRCP shall provide to the Beneficiary for the implementation of the sub-project in the amount of **MKD 15.051.910** (fifteen million fifty-one thousand nine hundred and ten denars) as a sub-grant under the **EC IPA TF Grant No. TF0A1779**.
- 1.6 The Sub-grant amount will be further actualized in case of civil works/goods/services cost modifications during the implementation process, based on the signed contracts/amendments with vendors and suppliers.
- 1.7 The Beneficiary shall entirely cover from its own sources or from other available sources all the cost increases in case of contract cost modifications during the implementation process, such as additional quantities of the same works or additional works that can occur.
- 1.8 In case the Beneficiary does not provide the required contribution, the PIU LRCP shall suspend the financing of sub-project activities from the Sub-Grant until the Beneficiary fulfills its financial obligation under this Agreement, but not later than 30 days after this Agreement is signed.  
In case the Beneficiary fails to fulfil its financial obligation within the given period the Implementing Agency and PIU LRCP will terminate the Agreement.
- 1.9 The list of goods, works and services, stipulated in the sub-project's Procurement plan shall be established depending on the needs of the Beneficiary and will be provided in the Appendix 1 (Initial Procurement plan) to this Agreement.
- 1.10 The proper implementation of the sub-project rests with the Beneficiary as its responsibility and property, that is also liable towards PIU LRCP and the community for the possible breaches committed in the framework of the delegated activities in terms of observance of this Agreement and the legislation of the RM.
- 1.11 In terms of environmental protection, the sub-project preparation and implementation shall be carried out in accordance with the Environmental and Social Management Framework - ESMF (Section C.3 of the Grant Agreement TF. 0A1779) in order to guarantee the lack of a negative impact on the environment. Environmental due diligence shall be carried out for the sub-project following procedures defined in the ESMF. In case of a potential negative impact, suitable mitigation measures will be incorporated into sub-project's design and Environmental Management Plan, developed for the sub-project. The Parties will apply the Environmental Management Framework under the execution of rehabilitation works and other works and activities with potential negative environmental impacts as defined in ESMF. Failure to adhere to ESMF and/or implement measures defined in the environmental due diligence of the sub-project can result in withdrawal of financial support and delay or cancelation of further payments until non-compliances are addressed.
- 1.12 The Parties will implement the sub-project in accordance with the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011.

## II. PROCEDURE FOR TRANCHES DISBURSEMENT BY THE PIU LRCP

- 2.1 In view of managing the financial proceeds from the sub-grant and its own contribution, the Beneficiary shall open a separate bank account in a commercial bank, hereinafter named **Sub-Grant account**.
- 2.2 The Sub-grant account will be used by the Beneficiary only for the implementation of this sub-project. At the stage of financial closure of this Sub-Grant Agreement, the Beneficiary shall submit to the PIU LRCP the last bank account statement with a zero balance.
- 2.3 PIU LRCP will disburse the Sub-Grant to the Beneficiary in tranches, transferring them to the Sub-Grant account. The tranches will be made in the following order:
- 30% proportionate to the accomplished works and delivered goods and will be made based on the approval of the Implementing Agency and PIU LRCP;
  - 40% proportionate to the accomplished works and delivered goods and will be made based on the approval of the Implementing Agency and PIU LRCP;
  - 30% upon completion of all activities based on the approval of the Implementing Agency and PIU LRCP.
- 2.4 PIU LRCP will disburse the first tranche, after this Agreement is signed, but not before the following:
- Beneficiary transfers its contribution to its separate special account;
  - Beneficiary organizes tenders and signs civil works, goods, non-consulting and consulting services contracts;
  - Beneficiary presents a report on contracts signed from the fulfilled procurements;
  - Beneficiary presents a duly completed Request for tranche form.
- 2.5 The Request for tranche accompanied by a Quarterly Report shall include:
- a) contain complete information on bank's name and address, as well as Beneficiary's account number;
  - b) be signed by authorized persons; and
  - c) be accompanied by:
    - i) *originals of statement of accomplished works; or*
    - ii) *in case of delivery of goods - originals of invoices;*
    - iii) *primary documents of the payments (account statement and orders for payment);*
    - iv) *a report on the incurred expenditures;*
    - v) *a report on the management of the previous disbursed tranches.*
- 2.6 The request for the next tranche can be submitted to the PIU LRCP only after 80% of the previous tranche have been spent, as evidenced by bank statements.
- 2.7 PIU LRCP will disburse tranches within 10 working days after the verification by the PIU LRCP's team of the completed activities and payments and their approval in whole. In case some payments made by the Beneficiary to contractors/suppliers are not approved by the PIU LRCP due to: (i) poor quality of the works or services provided or (ii) lack of operational documents for the accomplished works or (iii) expenditures or amounts not eligible pursuant to the budget or this Agreement or (iv) expenditures not justified by the evidence provided to the financial auditor, the Beneficiary shall promptly upon notice from the PIU LRCP:
- (A) request to the relevant contractor or consultant to redo the work or services at the satisfactory level and provide the evidence of new quality; or
  - (B) refund to the bank account the amount of ineligible expenditures; or
  - (C) provide additional evidence as the PIU LRCP may request for justification of the made payments.

unused financial proceeds and to transfer the last tranche in strict accordance with the de facto spent expenditures;

- supervise the carrying out by the Beneficiary of its obligations, pursuant to the Sub-grant Agreement; and
- take remedial actions (including restitution of funds) against the Beneficiary in case the Beneficiary shall have failed to comply with its obligations under the respective Sub-grant Agreement.

## **IX. AGREEMENT AMENDMENTS**

**9.1** Any request to amend the Sub-Grant Agreement shall be made by the Parties, with the Bank's prior written consent, following the procedures below:

- a) Request shall be submitted in writing.
- b) After receiving the request, the Parties has 10 days to approve or reject it.
- c) In case of approval, the respective annex to the Agreement shall be formulated and signed indicating the respective modifications, which shall become part of the Agreement from the moment of signing it by the Parties.

## **X. AGREEMENT CANCELLATION**

**10.1** The PIU LRCP may cancel this Agreement at any time during sub-project implementation, if it finds out a breach has occurred under this Agreement.

**10.2** The PIU LRCP shall inform the Beneficiary in writing about the existence of any grounds for suspension and shall establish a timeline by which the Beneficiary shall remedy the situation. If the situation persists within the established deadline, the PIU LRCP may cancel this Agreement. In case of such cancellation, the responsibility shall be borne by the Beneficiary.

**10.3** In case of cancellation, the PIU LRCP shall cause the Beneficiary to refund the grant proceeds paid in accordance with provisions of this Sub-Grant Agreement.

## **XI. DISPUTES SETTLEMENT**

**11.1** The Parties shall make all reasonable efforts to resolve any dispute situation or opinion differences through negotiations. If negotiations fail to resolve a dispute, Parties shall refer to adjudication/arbitration in accordance with the laws of the RM.

## **XII. FORCE MAJEURE**

**12.1** In case of Force Majeure situation, this Agreement shall be affected in line with the procedures described in the laws of the RM.

## **XIII. FINAL ARRANGEMENTS**

**13.1** The duration of this Sub-Grant Agreement is from the date of signing this Sub-Grant Agreement to the date of 20.11.2019 (Expiration date).

**13.2** The Beneficiary recognizes that it took note of all the documents and procedures of the PIU LRCP, including the Grant Manual related to the PIU LRCP Grant No. TF0A1779 which are used for the purposes of this Sub-Grant Agreement, both directly and through

the trainings performed by the PIU LRCP, so that any eventual statement of the Beneficiary made at a stage of this sub-project implementation about the ignorance of a document or relevant procedures cannot escape the Beneficiary's liability for any breach of this Sub-Grant Agreement or non-compliance with any obligation with third parties, as a result of this Sub-Grant Agreement or document related to it.

- 13.3** The PIU LRCP is not responsible for any obligation or responsibility assumed by the Beneficiary with third parties.
- 13.4** Beneficiary's obligations to third parties, including those related to losses and damages of any kind which occurs during the sub-project implementation will be totally borne by the Beneficiary.
- 13.5** Any exchange of information between the Parties regarding their relation based on this Agreement shall be in writing to the addresses below:
- Cabinet of the Deputy Prime Minister in Charge for Economic Affairs and Coordination of Economic Departments: Ilindenska No.2, 1000 Skopje, Republic of Macedonia
  - Project Implementation Unit "Local and Regional Competitiveness Project": Miroslav Krleza No.60/1, 1000 Skopje, Republic of Macedonia
  - Beneficiary: River Scout Group "Krste Jon", str. "Partizanska" bb, 6330 Struga, Republic of Macedonia
- 13.6** This Sub-Grant Agreement was produced in accordance with the RM legislation.

**Cabinet of the Deputy Prime Minister in Charge for Economic Affairs and Coordination of Economic Departments**

  
Dr. Kocho Angusev  
Deputy Prime Minister




**Beneficiary  
River Scout Group "Krste Jon"**

  
Ferjanco Gogoski  
President



**Project Implementation Unit  
"Local and Regional Competitiveness  
Project"**

  
Antonija Sisak  
Project Director



**List of Annexes:**

- Annex 1: Initial Procurement Plan
- Annex 2: Visibility Guidelines
- Annex 3: River Scout Group "Krste Jon" full sub-project proposal
- Annex 4: Budget after negotiations