

Use of “Contingency” budget line by IPA CBC Programmes beneficiaries

The amounts from the budget line “Contingency” can be used only with written approval by the Managing Authority

These amounts can be used for additional activities/additional quantities, resulted by unfavorable or emergency situations which could not be foreseen at the stage of the investment planning.

Examples for spending total or partial amounts of “Contingency” budget line are listed below:

1. If in the process of construction works it is necessary to add quantities or execute activities exceeding the approved works design, BL “Contingency” appears a conditional reserve fund, a result of pre-assessment of an experienced, qualified contractor for the loss he would suffer constructing an approved investment project under unfavorable or emergency situations, which could not be foreseen at the stage of contracting. Such extreme circumstances are by all means connected with situations beyond subject will of the contracting sides. For example: natural disasters, price changes, excise or tax changes and circumstances which could not be foreseen in the process of investment planning and preparation of the contractor’s tender offer;
2. In case of additional costs in the process of project implementation related to legislation changes – excise, taxes and other public claims which refer to equipment, service or construction values;
3. Under force majeure circumstances;
4. Other situations which could not be foreseen in the process of investment planning and preparation of the contractor’s tender offer;

When additional expenses have to be made in the process of project implementation, LP has to send to MA Explanatory note with detailed description and analysis of the circumstances leading to such necessity, with attached comparative/substitute table describing the activities and prices contracted with the sub-tenderer together with the exact amount (unit price, quantity, total amount) of the contingency. In case of works contract, the substitute table must be signed by each side involved in the process – designer, supervisor, contractor, implemented the construction works, beneficiary representative appointed with an order or municipal administration, in case when the beneficiary is with status different from municipal administration. It is obligatory the documents to be attached by statement of the author’s

supervision (designer/s of the respective part), coordinated supervisor of the construction works. The above listed documents will be subject of review and consideration for signing an Addendum to the Subsidy Contract.

In case of approval by MA, the contracting entity must sign an Addendum with the construction works contractor. The annexes to the Addendum should be at least: Explanatory note, substitute table, statement of the author's supervision, order book for construction works, and all technical documentation of the project with underlined changes and variations, and any other indicated by the contracting side.

At the same time, it should be noted that in case of amendment of the approved works design, it becomes a subject to approval under provisions of the respective national legislation.

Due to the variety of the activities and the possibilities of unforeseen situations of different character in the process of project implementation, MA will take into consideration each request for reallocation of the amounts from BL "Contingency" independently and will inform the beneficiary in written with the decision concerning the respective request.