



World Food
Programme

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The Food Aid Organization of the United Nations System

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Савезни одбор
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БЕОГРАД

LETTER OF UNDERSTANDING

BETWEEN YUGOSLAV RED CROSS AND UN WORLD FOOD PROGRAMME

Introduction

Within the framework of the Humanitarian Emergency Operation providing humanitarian relief assistance to refugees, IDPs and social cases in Serbia and in view of the mandate of the United Nations and in particular of the UN World Food Programme (WFP) that Yugoslav Red Cross and the World Food Programme agree to co-operate in food handling, management and final distributions of food commodities, contributed and provided by WFP having received from Donors.

The objective is to avail, impartially, humanitarian assistance to vulnerable groups and individuals in Serbia according to the details laid down in this agreement, which shall be concluded between:

The **Yugoslav Red Cross** (hereinafter referred to as "YRC")
Simina 19
11000 Belgrade

Represented by: Dr. Rade Dubajic, Secretary General

and

The **United Nations, World Food Programme** (hereinafter referred to as "WFP")
Aleksandra Stambolijskog 13
11000 Belgrade

Represented by: Robert Hauser, Senior Emergency Co-ordinator

concerning the provision and management of WFP commodities, their storage, handling and final distribution of food commodities to vulnerable refugees, IDPs and social cases in Serbia, as specified in the relevant project document. Both parties agree to the terms and conditions contained hereinafter and in the annexes: Annex 1 "Terms of Reference of Warehouse Operation", Annex 2 "WFP Monitoring", attached to it.

Yugoslav Red Cross, as in the past, continues to oversee the operations of Montenegrin RC, particularly related to Finance/Administrative issues.

ARTICLE I

EXTENDED DELIVERY POINTS

- 1.01 WFP will deliver food to 10 regional warehouses established by YRC in Serbia commonly known as the Extended Delivery Points (EDPs), located in Belgrade, Sabac, Pozarevac, Kragujevac, Kraljevo, Uzice, Nis, Zajecar, Vranje and Novi Sad. YRC will create sufficient storage capacities to efficiently accommodate WFP's incoming food shipments for the cyclical distribution of food rations to the beneficiaries. The location of 10 EDPs can change or new EDPs can be added by mutual agreement.
- 1.02 WFP may consider delivering its commodities directly to a selected number of municipal warehouses/ cluster municipalities or other agreed locations identified jointly by WFP and YRC as extended delivery points.
- 1.03 Food deliveries to the EDPs will be planned by WFP in close co-ordination with the YRC, taking into account the beneficiaries' needs and the logistics capacities.
- 1.04 Food deliveries to the YRC distribution system (10 EDPs) will be closely linked to the dynamics of Donors' responses to the WFP appeals for food aid. Therefore, the delivered quantities may exceed the monthly requirements in the region. Consequently, the warehouse capacity should be flexible in order to be able to adjust to the delivered quantities in excess or short of monthly food needs.
- 1.05 Storage conditions should be in line with the WFP Warehouse Service Manual and the local legislation.
- 1.06 WFP will endeavour to deliver food to EDPs in sufficient quantities, which correspond to WFP/YRC joint planning exercises.
- 1.07 WFP/Belgrade will support YRC/Belgrade in the latter's management of the operation at the EDP level. WFP EDP Monitors and YRC EDP Co-ordinators will work together in the receipt of WFP food commodities and provide feedback with regard to food management related issues.
- 1.08 Data entry in the WFP data base (COMPAS) related to the EDPs food movements will be performed by WFP COMPAS Clerk on the basis of the copies of the CMRs and WBs provided by the YRC to WFP Sub-offices on daily basis. Connection with the YRC computer network will be also maintained by WFP/Serbia Sub-offices on a daily basis.

ARTICLE II

RELEASE OF WFP FOOD

- 2.01 YRC will release food from the EDPs to the municipal branches (and/or other locations on an exceptional basis as decided between WFP and YRC) as agreed upon jointly by WFP (EDP Monitor) and the YRC (EDP Co-ordinator) and approved by WFP/Belgrade and YRC/Belgrade, taking into account updated number of beneficiaries (to be provided by WFP on the monthly basis), WFP monthly food rations and food availability/ stocks at the municipal warehouses/ locations.
- 2.02 YRC will ensure sufficient logistics capacity (trucks/ vans) to enable the smooth internal transportation and distribution of WFP commodities to municipalities.

ARTICLE III

FINAL FOOD DISTRIBUTION TO BENEFICIARIES (MUNICIPAL LEVEL)

- 3.01 YRC shall develop and arrange efficient food rations distribution system to beneficiaries as per the plan worked out between WFP and YRC EDP Co-ordinators and WFP Sub-offices.
- 3.02 WFP provided food commodities should be distributed monthly and in accordance with the agreed monthly rations under the condition that the commodities are delivered to YRC in adequate individual packing (monthly ration), as far as possible. WFP food commodities should not be distributed retroactively.
- 3.03 In case of shortage of some food commodities, only priority groups (agreed between WFP and YRC at the municipal level and approved by WFP/Belgrade and YRC/Belgrade) should be provided monthly WFP food rations.
- 3.04 YRC should create sufficient logistics capacity at the municipal level and beyond, and arrange the required work force for efficient food distribution to beneficiaries and its record keeping operation.
- 3.05 YRC shall maintain hygienic and sanitary conditions in and around each warehouse as required by the local legislation for handling WFP supplied humanitarian food commodities.
- 3.06 Distribution reporting should be ensured by YRC in two ways:
- regular updating of the LCRS database in WFP main office and WFP Sub-offices
 - making available to WFP staff original distribution sheets (with beneficiary signatures) for verifications.

ARTICLE IV

MONITORING

- 4.01.1 YRC will organise food distributions according to the monthly distribution plan agreed with WFP. Monitoring of food distribution will be undertaken by WFP and YRC officers. For its part, WFP will have two types of Monitors in the field:
- WFP EDP Monitors, will, under the direct supervision of the WFP Heads of Sub-offices, advise on monthly distribution plans and ensure that the call forward system is established, in close collaboration with the YRC representatives.
 - WFP Food Monitors will, under the direct supervision of the WFP Heads of Sub-offices, take a pro-active role in monitoring and organising WFP food distribution in close collaboration with YRC representatives and other institutions that take part in the local committees.
 - WFP will keep YRC informed of all such actions that need YRC attention.
- 4.02 In order to ensure efficient food distribution to the beneficiaries and good and productive monitoring by WFP, YRC will ensure that WFP officials, missions, consultants have:
- unhindered access to beneficiary figures on a regular basis
 - regular update on stock position in the YRC distribution system
 - access the distribution sheets
 - random access to beneficiaries, and
 - any other information needed by WFP, with due regard to WFP and YRC policies.

- 4.03 In case of any irregularities and anomalies in WFP food distributions noticed by WFP, WFP shall inform YRC in writing and could suspend food delivery and distributions.
- 4.04 YRC will provide full access to the EDPs and municipal warehouses to WFP and its consultants for monitoring purposes, as well as access to warehouse record and documentation related to, storage and commodity supplied by WFP and distributed by the YRC.

ARTICLE V

CO-ORDINATION

- 5.01 To ensure proper beneficiary selection and co-ordination between various implementing partners, branch representatives of YRC should actively participate in local Committee meetings organised by WFP at the municipality level. YRC should facilitate the work of these local committees.
- 5.02 YRC enable WFP to participate in the regular YRC Co-ordination Meetings at the regional level with the municipalities.

ARTICLE VI

REIMBURSEMENT OF FOOD MANAGEMENT COST

- 6.01 WFP and YRC, in consultation with UNHCR, IFRC, ICRC, ECHO, will set up a system to establish and review the fixed rates for various food management stages. The rates should be revised when required by WFP.
- 6.01.1 WFP will reimburse to YRC the distribution costs according to rates established and agreed to by the Joint Task Force (IFRC/ICRC/WFP/UNHCR/YRC) set-up for this purpose.
- 6.01.2 Warehouse, storage and handling cost for all WFP provided food at the regional warehouse (EDP) level will be paid to by WFP directly to YRC according to the agreed rates.
- 6.02 YRC will be paid by UNHCR/IFRC for the refugee food distribution whereas WFP will pay the cost of its food distribution to social cases, according to the agreed rates.
- 6.03 Payments will be made by WFP directly to YRC in US Dollars or its equivalent in NYD according to the UN exchange rate to the following bank account in Belgrade:

YUGOSLAV RED CROSS
Account number USD 5443- 840-7024690
Komercijalna Banka

- 6.04 YRC shall raise invoice at the end of each month based on a consolidated warehouse receipt and dispatch report as per the agreed format, which shall be, in turn, based on YRC's existing database system and which shall be mutually agreed upon by both parties. This invoice, supported by a consolidated reporting format, shall contain delivered and dispatched quantities of commodities both in terms of metric tons and in terms of numbers of packing units with relevant dates, as well as WFP's specific reference numbers related to each consignment (S.I. numbers).
- 6.05 Clearance of invoices on behalf of WFP shall be done by WFP Sub-Offices on the basis of the copies of the WBs/CMRs provided to WFP Sub-Offices and based on the distribution statements.
- 6.06 Copies of the YRC database (LCRS) should be made available on a regular basis for update to WFP main office in Belgrade and to 4 WFP Serbia Sub-Offices in: Belgrade, Novi Sad, Kraljevo and Nis.
- 6.07 All invoices submitted by YRC to WFP for the payment of the management of the regional warehouses, will be issued on the basis of the LCRS database and will be cross checked by WFP against COMPAS database. In case of discrepancies between the two databases, WFP and YRC would jointly check the figures and correct the mistake. Consequently, YRC will issue a new invoice modified accordingly.
- 6.08 All the invoices submitted by YRC for the payment of secondary distribution to social cases and pensioners, will be issued on the basis of the LCRS data base. Those invoices would be checked against COMPAS (food movements up to the municipal level) and against the distribution sheets and distribution reports at municipalities (final distribution to beneficiaries from municipalities), that should be available to WFP representatives.
- 6.09 WFP may consider, if requested, for an advance to YRC to meet any immediate cash requirement to hire warehouses and make other food handling arrangements. This amount would be adjusted from the final payment to YRC against the final invoice covered by this agreement or termination of its extension. WFP reserves the right to recall this advance.

ARTICLE VII

LIABILITY AND INSURANCE

- 7.01 YRC will take all the necessary measures to protect WFP's commodities from theft, fire, misuse, damage, unauthorised sale, and will give full compensation in goods to WFP in the event of losses or damages, with 0.5% tolerance of the delivered quantities.
- 7.02 YRC shall also take out at its own expenses adequate third party insurance to cover death or personal injury of any third party that may arise as a result of YRC's actions or any persons or agents hired or employed by him for the performance of its services to WFP. WFP shall not be liable to indemnify any third party claim, debt, damage or demand, arising from the implementation of this agreement.

ARTILCE VIII

DAMAGES

YRC shall notify WFP in writing, on the condition of food commodities that appear to be deteriorating or unfit for human consumption and shall not take any unilateral action for their disposal. YRC will follow WFP instructions so as to mitigating measures or as to how to proceed in respect of treatment or disposal of such food. This includes any possible action on laboratory analysis, commodity destruction or disposal, and damaged commodity repackaging as well as any other food storage related activities related to such damages.

ARTICLE IX

DURATION OF THE AGREEMENT

This Agreement enters into force from 1st January 2000 and will be valid until 31 December 2000. This agreement could be extended for a further period on similar terms and conditions with agreed modifications.

ARTICLE X

TERMINATION

This agreement could be terminated by giving a written notice of 30 days to the other party if such a need arises due to phasing down of WFP operations or if either party fails to comply with their commitments/ obligations arising from this Agreement.

ARTICLE XI

FORCE MAJEURE

In case during the implementation of this agreement, it shall become impossible for any parties to perform any of its obligations for reasons of force majeure, that party shall notify the other party in writing of the existence of such force majeure, whereupon the party giving notice shall be relieved from such obligations as long as force majeure persists.

ARTICLE - XII -

ARBITRATION

Any dispute arising from this agreement which is not settled by amicable and mutual discussion between the parties shall be referred, upon agreement by the parties, to one Arbitrator, in default of the agreement, to two Arbitrators to be appointed in accordance with the arbitration rules of the United Nations Commission on International Trade law. If one party fails to appoint Arbitrator for 14 (fourteen) clear days after the other party, having appointed its Arbitrator, has served the party making default with notice to make appointment, the party who has appointed an Arbitrator may appoint that Arbitrator to act as the sole Arbitrator in the reference and her/his decision shall be biding on both the parties as if he/she had been appointed by consent.

ARTICLE XIII

IMMUNITY

Nothing in this agreement shall imply a waiver by the UN World Food Programme, the United Nations, or any of its Agencies or Organizations of any privileges or immunity enjoyed by them or their acceptance of the jurisdiction of the courts of any country over disputes arising out of the said agreement.

ARTICLE XIV

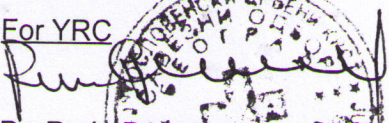
LANGUAGE

The parties agree that the valid language for this contract shall be English. No part of this contract may be waived or disputed on the basis of misunderstanding of the text or any other linguistic difficulty on the part of either party.

Neither WFP nor YRC assumes any liability for any claims against the other for damages, deaths, injuries, losses or debts arising out of their activities under this Agreement.

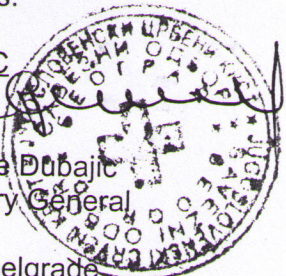
This contract agreement is signed on 21 September 2000 and is made of 15 Articles and of two Annexes.

For YRC

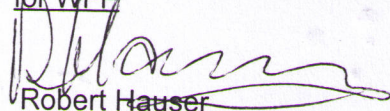

Dr. Rade Dubajic
Secretary General

Place: Belgrade

Seal:



for WFP


Robert Hauser
Senior Emergency Co-ordinator

Place: Belgrade

Seal:

TERMS of REFERENCE for WAREHOUSE OPERATION in Serbia

The following specific terms shall be applicable for this Letter of Understanding between the Yugoslav Red Cross and the World Food Programme related to Warehouse operations of YRC.

Obligations of the Yugoslav Red Cross

1. Provide secure and weatherproof warehousing facilities to store WFP food commodities for further transportation covered by UNHCR/WFP and their implementing partners or cluster municipalities in Serbia.
2. Ensure security of WFP food commodities in the warehouse round the clock seven days a week during the full duration of this Agreement.
3. Operate the warehouses during working hours from 0700 to 1600 hours from Monday to Saturday inclusive, if no pre-advance is received on Friday for Saturday reception of commodities, the warehouse may be closed. If necessary the warehouse will remain open outside normal working hours to discharge trucks that arrive before closing of warehouse. This is to avoid any claims for detention or demurrage by transport contractors being raised.
4. Ensure that all pre-advised trucks, as per agreed delivery plan, are discharged on the day of arrival to allow for fast turn around. Trucks arriving after normal working hours will be given priority for unloading on the next day, unless otherwise agreed as indicated in clause 3.
5. Ensure that the WFP food commodities and non-food items are received, stored and handled according to WFP's Food Storage Manual available from the WFP office.
6. Release food commodities according to the agreed distribution cycles, allocation plans and terms of distribution, following the first-in-first-out principle except when otherwise requested by WFP.
7. YRC shall provide to WFP regular reports on losses and damaged commodities identified with the relevant SI number.
8. YRC will maintain proper stack cards.
9. Permit the WFP appointed superintendent agent/ surveyor to carry out, inter alia, superintendence at the time of unloading trucks.
10. Promptly recondition all samples or draw damaged commodities that may be detected at the time of receipt, whilst in store or at the time of delivery. Any sweepings will be sifted as soon as possible and those still suitable for human consumption shall be bagged at standard weights for the commodity involved. If empty bags are not provided by WFP the warehouse operator/ contractor may, upon specific authorisation only, debit WFP with the cost of empty bags purchased and actually utilised.
11. Take all steps to exercise regular rodent and insect control measures and to always ensure that stocks are rotated on a first-in-first-out basis. Any fumigation and pest/ rodent control costs will be borne by unless the consignment is found to be infested at the time of arrival. In the letter case WFP will make separate agreements for the fumigation if requested.

12. Endeavour to assign clearly defined part(s) of or whole warehouse storage capacity exclusively to be used for WFP food commodities and non-food items of stored in the same premises.

13. Allow WFP and UNHCR staff members and consultants or other agencies/personnel with whom WFP has a sub-contractual agreement access to the premises, books, records and food commodities kept by the warehouse management/staff for monitoring and audit purposes.

14. EDP/regional warehouse should fax or hand over on daily basis WFP CMRs and the YRC waybills to WFP Sub-offices.

16. YRC should allow WFP to conduct physical stock counting when requested.

WFP MONITORING

The monitoring plan for WFP/Serbia is intended to ensure both that the programme is implemented according to plan, and that food reaches the intended beneficiaries in a timely and efficient manner. In addition, the overall food economy will be monitored to ensure that interventions can be modified as necessary and future interventions can be planned judiciously.

In order to cover these beneficiaries efficiently, monitoring units will be located in the Belgrade office (Belgrade, Pozarevac and Sabac regions) and the three sub-offices in Novi Sad (Vojvodina region) Kraljevo (Kraljevo, Uzice and Kragujevac regions) and Nis (Nis, Vranje and Zajecar regions). In general municipalities with a larger number of beneficiaries will be visited at least once a month, while those with smaller numbers of beneficiaries will be visited at least once in two months. Information will be collated and analyzed on a monthly basis.

The monitoring plan consists of the following categories:

- A. Logistics/Warehouse/Stock monitoring, to monitor storage, handling and record keeping procedures from delivery by WFP to distribution to beneficiary. This will be achieved by:
- regular visits by WFP programme and logistics staff
 - regular visits to EDPs and municipality warehouses by WFP EDP Monitors from WFP Sub-offices, with monitoring formats to be completed.
 - reconciling of WFP dispatch records with YRC receipt records
 - reconciling of distribution reports and stock reports/records
- B. Distribution monitoring to ensure that distribution is conducted according to agreed mechanisms, that accurate records are maintained, that beneficiaries are properly informed and that normative are observed. This will be achieved by:
- regular monitoring visits by staff from WFP Sub-offices in Belgrade, Novi Sad, Nis and Kraljevo
 - sharing information with UNHCR, IFRC, NGO monitoring teams visiting distributions to observe procedures and record keeping
 - interviewing beneficiaries and random weighing of commodities received
- C. Beneficiary Contact monitoring, to ensure that the distribution mechanism is adequate, to evaluate the impact of food assistance on beneficiary families and to provide baseline data to allow WFP to plan future interventions. This will be achieved by:
- staff from WFP offices in Belgrade, Novi Sad, Nis and Kraljevo carrying out regular field visits to interview randomly selected beneficiaries in their homes, as well as managers and inmates of collective centers and institutions

D. Targeting monitoring, to ensure that targeting criteria are valid, that targeting is inclusive, and that the targeting is seen to be fair. This will be achieved by:

- Sub-office programme staff, in particular Food Aid Monitors, and WFP/VAM unit conducting interviews with beneficiaries, host families, local authorities and other key informants

E. Food Economy monitoring to build up and maintain a comprehensive picture of the overall food situation in Serbia. This will be achieved by:

- collecting information on food availability and prices in local markets
- collecting anecdotal information on the food situation
- using a variety of information available from other sources – WFP/VAM unit, OCHA reports, UNICEF, WHO, and UNHCR reports, Government Bureau of Statistics reports, and any relevant reports from NGOs in the field.

F. Reporting Monitoring. YRC has a detailed database covering all distribution points in Serbia and giving detailed information (by donor, by SI/reference number, by distribution point, by type of beneficiaries) on all of the food/non food commodity movements throughout the country. This database also provides detailed information on stock positions at the EDPs and municipalities. WFP Belgrade has access to this database. The data comes from YRC branch offices (at the distribution points) to YRC Belgrade, and YRC Belgrade updates on a monthly basis the WFP Belgrade database.

- END -