

**Grant Agreement
Between
The Partnership for Transparency Fund, Inc.
And
Simplicity d.o.o.**

1. Simplicity d.o.o. (Simplicity), owner of Southern News (Juzne Vesti), has requested financial support of The Partnership for Transparency Fund, Inc. (PTF) to implement a program to reduce corrupt practices in budgeting and spending in local governments in South Serbia. Overall, the program has three objectives:

1. to build capacities and develop skills of media and CSOs in performing the watch-dog function for corruption cases;
2. to increase transparency and responsibility of public institutions in the sector of budgeting and spending of public budget;
3. to foster public pressure on public institutions for being financially transparent and responsible to the society.

The program will be called "Capacity building of local media and CSOs in 5 regions in South Serbia for monitoring local budgets" and will commence from January 15, 2012. Simplicity will cause Juzne Vesti to carry out this program in accordance with this agreement.

2. Juzne Vesti has submitted the attached Project Proposal dated November 1, 2011, which includes background information on Juzne Vesti, an operational plan for the project, and a detailed breakdown of costs.

3. On the basis of this information, PTF has approved a grant of US\$30,900 (United States dollars thirty thousand nine hundred) to be disbursed in three tranches, each for the purposes spelled out in the attached documents. The tranches will be disbursed as follows:

- a) First tranche of \$15,000 (United States dollars fifteen thousand) to be disbursed on signature of this Grant Agreement.
- b) Second tranche of \$12,000 (United States dollars twelve thousand) to be disbursed upon receipt by PTF, in form and substance reasonably satisfactory to PTF, of [1] a statement of expenditure, certified by the chief financial officer of Simplicity, showing the itemized use made of the first tranche funds, and [2] a brief report on progress made in the implementation of the project showing that the following activities have been completed satisfactorily:
 - (1) Understandings concerning project participation reached with local authorities, CSOs, and journalists;
 - (2) Design and completion of initial baseline data gathering of information;

- (3) First series of training activities;
 - (4) First series of homework assignments with local authorities.
- c) Third tranche of \$3,900 (United States dollars three thousand nine hundred) to be disbursed on receipt from Juzne Vesti of a satisfactory project completion report that describes and assesses the project achievements, including an assessment of the project's impact and a final statement of project expenditures, certified by the chief financial officer of Simplicity.
4. Simplicity on its part commits to provide counterpart funding of \$6,600 (United States dollars six thousand six hundred), or its equivalent in local currency, to make up the balance of the \$37,500 (United States dollars thirty-seven thousand five hundred) estimated total cost of the project, and any additional balances needed to complete the project.
5. The PTF grant will be made available to Simplicity for implementation by Juzne Vesti on the following conditions:
- a) The grant will be used only for the purposes described in the attached Project Proposal. Any material changes in the use of project funds or project design shall be made only with the prior agreement of the PTF. Simplicity will maintain a separate financial account for the project.
 - b) If PTF finds that the its grant was not used/is not being used for the purposes or in the manner described in the Project Proposal or the conditions have changed such that the project is not likely to achieve its objectives, PTF has the right to cancel the remaining tranches of its grant. In case PTF finds that its grant funds were willfully misused by Simplicity either directly, or indirectly by Juzne Vesti, PTF reserves the right to require the full refund of its grant.
 - c) Any funds disbursed by PTF remaining unutilized at the end of the project shall be returned by Simplicity to the PTF.
 - d) Simplicity shall keep a record of all expenditures incurred under the project and will provide PTF, in form and substance reasonably satisfactory to PTF, a full accounting of these expenditures, certified by the chief financial officer of Simplicity, with relevant supporting documentation, [1] following expenditure of the first tranche funds, and [2] on completion of the project, but in any event no later than April 15, 2013.
 - e) Simplicity shall provide PTF a copy of the audited project financial statement for the term of the grant hereunder, within 180 days of the end of each of its financial years until the completion of the project. Such financial statement shall be accompanied by the auditor's certification, which shall be in form and substance reasonably satisfactory to PTF. Such audited accounts shall include

in its notes or schedules a statement disclosing the PTF grant for the project and the expenditures made thereunder during the relevant period.

- f) PTF shall have the right, upon reasonable notice, to inspect (or to have its designated representatives inspect) the books and records of Simplicity and Juzne Vesti relating to the project and to the grant.
- g) Juzne Vesti will make brief quarterly reports on the implementation of the project accompanied by a statement of expenditure showing the use of PTF funds and, on project completion, a full detailed final report summarizing the implementation of the project and its outcome and assessing the impact of the project on reducing corruption, its likely sustainability and the lessons learned, together with a certified final itemized statement of expenditure. The latter report will be sent within two months of the completion of the project, together with a copy of any other reports prepared under the project.
- h) Following project completion, the PTF may make its own independent ex post evaluation of the implementation, outcome and impact of the project. Simplicity and Juzne Vesti will furnish the person appointed to undertake this task all possible assistance and access to all relevant documents and personnel.
- i) Juzne Vesti will post this Grant Agreement, the Project Proposal, the final project report, and the statement of expenditures on the Juzne Vesti website, and PTF shall have the right to post on its website such documents and any other reports received from Simplicity and Juzne Vesti or from its independent evaluation of the project.

6. Simplicity will be responsible for securing all necessary government approvals of the grant, if any, and any necessary government filings and will be responsible for paying any tax liability arising from the grant. Simplicity shall compensate PTF in the event that PTF suffers any liability or expense as a result of Juzne Vesti's failure to obtain any such required approvals or to pay any such tax liability.

7. This Grant Agreement will become legally binding and effective when signed on behalf of Simplicity and a copy of the signed Agreement is received as a .pdf email attachment addressed to Roger Sullivan, Secretary, PTF at rsullivan@ptfund.org. For all purposes the Grant Agreement shall be evidenced by .pdf copies of counterparts signed by PTF and, separately, Simplicity and such counterparts shall be deemed to constitute one and the same instrument. Requests for subsequent tranche releases may be sent by email to the PTF Secretary at rsullivan@ptfund.org.

8. The responsible PTF Project Advisor in respect of this project is Michael Lippe (mjlippe@ptfund.org) or such other Project Advisor as PTF may subsequently notify to Juzne Vesti. Such Project Advisor shall be Juzne Vesti's principal point of contact in respect of the project.

9. The responsible Juzne Vesti project director in respect of this project is Predrag Blagojević (predrag.blagojevic@juznevesti.com) or such other project director as Juzne Vesti may subsequently notify to PTF. Such project director shall be PTF's principal point of contact in respect of the project.

10. Each of PTF and Simplicity represents and warrants, for the benefit of the other party, that:


- a. it is a legal entity recognized under the laws of the jurisdiction of its formation or in which its principal activities are conducted and, in the case of Simplicity, it does business in Serbia as Juzne Vesti and that actions taken on behalf of and in the name of Juzne Vesti constitute legal and binding obligations of Simplicity; and
- b. this Grant Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

In addition, Simplicity represents and warrants, for the benefit of PTF, that [1] the information set forth in the Project Proposal does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and [2] the making of the grant by PTF shall not subject PTF to any tax or require any governmental approval in the jurisdiction in which Simplicity is organized and operates.

11. This Grant Agreement shall be governed by the laws of the District of Columbia in the United States of America, the jurisdiction in which PTF's principal executive offices are located. In the event of any dispute between the parties in respect of the Grant Agreement, the parties shall act in good faith to resolve such dispute through discussions and negotiation, and they may seek the assistance of a third party mediator to assist them in the resolution of such dispute. In the absence of a mutually acceptable resolution, such dispute shall be resolved by arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of this Agreement. Any such arbitration shall be conducted in the English language before an impartial single arbitrator sitting in Washington, D.C., appointed by the American Arbitration Association as appointing authority.

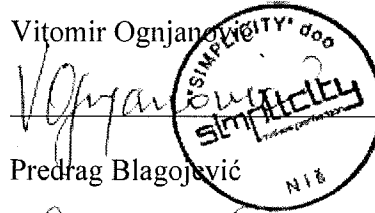
Dated:

Dec. 30, 2011

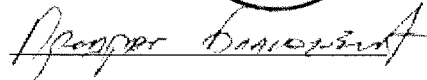
For
The Partnership for Transparency Fund, Inc.

Roger Sullivan
Secretary

For
Simplicity d.o.o.

1. Vitomir Ognjanović



2. Predrag Blagojević



Dated:

Address for Notices:

Simplicity d.o.o.

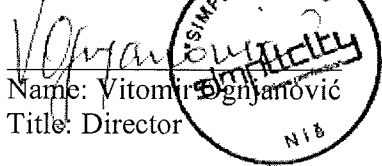
Attention: Vitomir Ognjanović

Mailing Address: Jeronimova 24/A2, Niš

Email: vitomir.ognjanovic@juznevesti.com

Acknowledged and agreed:

Juzne Vesti



Name: Vitomir Ognjanović

Title: Director

Address for Notices:

c/o Simplicity d.o.o. (as above)

Attachments:

1. Project Proposal dated November 1, 2011
2. Logical Framework Matrix
3. Annex 3 Implementation Schedule
4. Budget