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UNITED NATIONS DEVELOPMENT PROGRAMME

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PROJECT DOCUMENT

Republic of Serbia

Project Title: Strengthening the capacities of the Ministry of Construction, Transport and infrastructure

Project Number: 01005099

Implementing Partner: Ministry of Construction, Transport and Infrastructure

Start Date: 1 April 2026 **End Date:** 31 December 2028 **PAC Meeting date:** 10 December 2025

Brief Description

The programme "Water Supply and Wastewater Treatment in Medium-Sized Municipalities in Serbia VI" is envisaged as a programme focusing on the improvement of the quality of receiving water bodies in Serbia and the enhancement of living conditions of the population in selected medium-sized Serbian municipalities/towns (> 30.000 inhabitants), through investments in wastewater infrastructure. The overarching objective of the programme is to ensure environmentally sound and hygienically safe discharge, collection and treatment of wastewater at affordable prices in selected Serbian municipalities. The programme will also make a substantial contribution to the implementation of the EU Urban Wastewater Treatment Directive, thereby supporting Serbia's aspiration to join the EU. The planned investment measures include the rehabilitation/extension of existing wastewater treatment plants for complying with EU standards, construction of new wastewater treatment plants, rehabilitation/replacement of collectors, construction/extension of wastewater transmission mains and further investments in the sewage system. In addition to investments, the programme will also finance activities for institutional strengthening of Public Utility Companies in the selected municipalities to improve their operational capacities and increase the quality level of their service as well as to plan and implement the necessary investments in the wastewater infrastructure.

Taking into account the large number of participating Municipalities (6) as well as the comprehensiveness and volume of both preparatory tasks as well as the subsequent physical investments, the existing capacities in the Ministry of Construction, Transport and Infrastructure (Programme Implementation Unit – PIU) will be improved through this proposed Project in order to ensure the proper assumption of the role of overall coordination and monitoring of all programme activities. In that sense it was jointly decided that the human resource capacities in the Sector for Communal activities, Housing and Architectural Policy, Energy efficiency and Construction Materials of the PIU will be strengthened through engagement of qualified experts simultaneously with the initiation of the overall programme.

This Project aims at providing experts with relevant qualifications and experience, through a cooperation scheme between KfW, UNDP and MCTI. The necessary experts engaged through UNDP in consultation with the MCTI will join the existing team in the Sector for Communal activities and will perform tasks and duties mainly related to the preparation and implementation of investment programmes in the water and wastewater sector, and other tasks as requested by Sector for Communal activities management.

Contributing Outcome (UNDAF/CPD): By 2030, Serbia ensures an independent and transparent judicial and law enforcement system, good governance and inclusive digital transformation, civic engagement and full realisation of human rights and gender equality, fostering social cohesion and an inclusive and participatory democracy for all.

Indicative Output(s): Governance systems are strengthened to ensure accountability, security, services for all and evidence-based policies responsive to the needs of men and women.

(GEN 1)

Total resources required:	EUR 350.000 USD 408,878.50 (as per UN exchange rate for 9th Sep 2025)	
Total resources allocated:		USD 408,878.50
	UNDP TRAC:	N/A
	Donor:	
	Government:	USD 408,878.50
	In-Kind:	N/A

Government	UNDP
Aleksandra Sofronijević, Minister of Construction, Transport and Infrastructure	Yakup Beris, UNDP Resident Representative
Print Name:	Print Name:
Date: 16.04.2026.	Date: 16.04.2026.

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I. DEVELOPMENT CHALLENGE

One of the biggest development challenges that Serbia faces is the current state of play of the environment. Namely, due to several decades of insufficient investments into landfills, wastewater treatment plants, sewers and water supply networks etc. the country is among the most polluted countries in Europe - which puts the health of the population at risk, shortens life expectancy, decreases the quality of life and leads to uneven regional development. In addition, improving the situation in the field of environmental protection is also an obligation stemming from the EU accession process Serbia is undertaking. Namely, environmental protection is one of the fundamental principles of the EU - therefore, in the process of EU accession; Serbia is obliged to increase its efforts in reaching the required standards in this field. Environmental protection represents one of the accession negotiation chapters in which the gap between Serbia and EU standards is the largest. This is especially apparent in the water and wastewater subsector where the EU Acquis is broad, complex to administer and expensive to implement.

Although Serbia has achieved some level of preparation in the area of environment and climate change in terms of adopting the legislation which is harmonized with the EU acquis, a sharp increase in environmental infrastructure investments is required in order to make a valuable impact.

Infrastructure in the water and wastewater sector requires by far the largest public investments compared to other sectors. In terms of water protection, the largest investments will be needed for the expansion and rehabilitation of the existing sewer network and the construction of wastewater treatment installations. The sewer network in Serbia is not sufficiently developed and does not provide for adequate collection of wastewater and transport to wastewater treatment plants.

The lack of adequate human resource capacities is a cross-cutting development challenge Serbia faces. Due to various reasons, some of which are relatively uncompetitive remuneration packages in the public services, better opportunities in private sector or abroad, the deficiency of properly educated and experienced professionals is being felt in the field of environmental infrastructure, which is hindering the implementation of current and planned projects and shall be addressed through the proposed project.

II. STRATEGY

The Programme "Water Supply and Wastewater Treatment in Medium-Sized Municipalities in Serbia VI" (the Programme) is an open programme supporting Municipalities and their Public Utility Companies (PUCs) in the provision of communal water and wastewater services to their inhabitants. The Programme is directed towards the improvement of the quality of the receiving water courses in Serbia and living conditions of the population of medium-sized Municipalities in Serbia. The Programme, as well as mainly all investment programmes coordinated by the Sector for Communal activities, Housing and Architectural Policy, Energy efficiency and Construction Materials, is implemented in two phases.

In the preparatory phase (Phase 1), the Municipalities and their PUCs have been supported in the preparation for the implementation of numerous infrastructure measures and by strengthening their management capacities in eight Serbian municipalities: Jagodina, Kikinda, Pirot, Požarevac, Smederevo, Trstenik, Vršac, and (initially) Pančevo.

Key Results from the Phase 1

1. Comprehensive Project Preparation and Design

- All participating municipalities completed extensive inception, concept, feasibility, and planning phases, resulting in robust technical documentation for wastewater collection, treatment, and stormwater management systems.
- Over 90 km of new or rehabilitated sewerage networks were designed, and seven wastewater treatment plants (WWTPs) with a combined capacity of over 350,000 PE were

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planned, using best-practice technology selection based on local needs and cost-benefit analysis.

- Vršac redirected its investment focus to stormwater management, resulting in a city-wide hydraulic model and prioritized interventions.

2. *Institutional Strengthening and Capacity Building*
   - All Public Utility Companies (PUCs) received targeted support to improve customer databases, billing and collection efficiency, asset management, and legal compliance.
   - Management Information Systems (MIS) and benchmarking forums were expanded and institutionalized, enabling real-time performance monitoring and peer learning across 19 utilities.
   - Tariff models and adjustment plans were developed for all municipalities, incorporating social affordability analyses and supporting negotiations with the Ministry of Finance on sustainable financing structures.

In this phase, the investment phase (Phase 2), Municipalities that meet certain performance criteria will implement infrastructure investments, in this case related to collection, transmission and treatment of wastewater. The investments are prepared as stand-alone Projects for the individual Municipalities participating in the Programme.

The main goal of the Project described under this Project Document is to bridge the existing gap when it comes to personnel in the Sector of the Ministry of Construction, Transport and Infrastructure (PIU), especially in relation to the upcoming investment programmes with KfW's financing, including and not limited to "Water Supply and Wastewater Treatment in Medium-Sized Municipalities in Serbia VI", "Efficient Water and Sanitation Program for Green and Resilient Cities in Serbia", "Introduction Integrated Solid Waste Management", "Sustainable Solid Waste Management to contribute to a circular economy (DKTI)". Stemming from the central role of the PIU in the Programme setup and its overall responsibility for the successful preparation and implementation, numerous and versatile tasks (coordination of stakeholders, monitoring, reporting, managing of funds, planning, managing of consulting contracts, approval of requests and documents, etc.) stand ahead of the relevant employees. Considering the small number of staff as well as the broad range of the Sector's additional competencies and duties, the proposed Project contributes to adequately respond to the requirements of an implementation set-up for demanding environment sector infrastructure investment programmes.

In that sense, it has been agreed with MCTI that additional experts to supplement the existing PIU team need to be engaged. UNDP will in accordance with its experience and best practice conduct a procedure for engagement of up to 4 adequately qualified experts. The experts will be hired in accordance with the UNDP standard rules and procedures, the TORs for the experts will be developed jointly by UNDP and MCTI and no objected by KfW. The selection of the experts will be conducted in line with UNDP recruitment policy and procedure.

The experts shall have a university degree and extensive experience in, but not limited to, one or more of the following areas:

- Infrastructure project management;
- Civil engineering;
- Hydro engineering;
- Mechanical engineering;
- Legal expertise;

The main tasks of the additional staff in the MCTI would be to support the MCTI in the administrative management of investment programmes in the water, waste water and solid waste sectors and to support the work and performance of tasks stemming from the institution's central role in investment programmes (e.g. coordinating, monitoring, supervising, reporting, managing

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funds and budgets etc.). The engaged experts will be located at MCTI premises, and would be a part of the Sector for Communal activities, Housing and Architectural Policy, Energy efficiency and Construction Materials, performing all the tasks necessary in relation to the implementation investment programmes in accordance with the respective programme documents, this Project Document, their specific Terms of Reference and instructions received from the PIU management.

The main value of the chosen strategy is the fact that the experts will work in an already established system of programme implementation and supplement a unit that already has substantial experience in the matters, a clear structure, well-known and defined tasks, which would allow them to assume assigned duties quickly with a minimal adjustment period. In addition, it is acknowledged that UNDP through a well-established selection scheme will perform the selection of services of highly qualified experts, execute payments to the experts, take care of reporting requirements, and hence ensure highly qualified expertise as well as a reduced administrative burden for the PIU, benefitting the investment programme at hand.

III. RESULTS AND PARTNERSHIPS

Expected Results

The main outcome of the Project is the strengthening of capacities on a national level at MCTI in the implementation of environment sector goals through investment programmes. The experts procured in the context of the Project contribute to increasing capacities and qualifications within the PIU for an efficient programme development and implementation in close cooperation with local self-governments.

Given the fact that in the Project in question long term technical assistance will be provided, the below list of expected results cannot be considered as final and exhaustive and can be subject to change. In addition, the results will be further elaborated in the Terms of Reference for each of the experts and will also depend on the instructions of the PIU management as well as the developments during the implementation of the investment programmes.

In the framework of the Project described herein the following results shall be achieved:

At least 3 maximum 4 experts are engaged to work in the PIU on the implementation of investment programmes, with a focus on the Programme "Water Supply and Wastewater Treatment in Medium-Sized Municipalities in Serbia VI";

1. Experts engaged under the project made a significant contribution to the successful implementation of the waste water Programme:

   1.1. PIU is assisted in evaluating and commenting deliverables in the preparatory stage submitted by the Consultant implementing the Programme, in order to have an adequate quality assurance;

   1.2. Experts provided assistance with relation to supervision of consultants, reviews and approvals of technical designs and BoQs as presented by the consultants, detailed monitoring and supervision of the construction works on the sites, where required, and provide final clearance for payment requests vis-à-vis MCTI;

   1.3. Experts established and maintained working relations with national partners, local institutions, and local services in support of the implementation of Programme activities.

   1.4. Progress and risks in the Programme are monitored by experts, ensuring that changes are controlled, and problems addressed timely;

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1.5. Support for information gathering is provided when requested, i.e. web searches or local enquiries for updated statistics, locating copies of key reports, etc. and other duties performed upon request of PIU management.

2. Experts engaged under the project assisted PIU in performing other tasks and duties within the competency of the Sector (on request assistance on other ongoing programs, administrative tasks, research, representation etc.).

3. Capacity building activities are implemented.

It is understood that recruited experts, in addition to the reporting line to UNDP regarding administrative aspects to the Contract, shall report to the MCTI, in line with the established MCTI and/or KfW procedures.

Resources Required to Achieve the Expected Results

The Ministry of Construction, Transport and Infrastructure acts as a Programme Implementation Unit (PIU) for the overall Programme and will be in charge of coordinating all Programme activities between the Municipalities, their PUCs and towards the Serbian Government and KfW. MCTI is assigned to monitor the implementation of the Programme and is the contracting partner (Employer) for the Consultant. Hence, additional resources will need to be put in place in order to strengthen MCTIs Human Resource capacities. It is foreseen to strengthen the respective department in the MCTI with up to 4 experts. This would be achieved through a partnership between the MCTI and UNDP, using the procedures and schemes UNDP already deploys in the Republic of Serbia.

Partnerships

The main partnership within the Programme will be established between the Ministry of Construction, Transport and Infrastructure (MCTI), the United Nations Development Programme (UNDP), and the local self-governments. This collaborative arrangement is designed to ensure effective coordination and implementation of activities, with MCTI providing leadership and oversight, UNDP supporting with expert engagement and administrative management, and local self-governments facilitating on-the-ground execution and cooperation. By combining their respective strengths, these key actors aim to achieve the objectives of the Programme efficiently and sustainably.

Risks and Assumptions

The Project will face certain risks that have to be monitored and managed in order to achieve the defined goals.

1. Lack of political support on the side of Serbian Government.

Control/Mitigation: Political support will most probably remain high given the fact that the Republic of Serbia is pursuing the EU Accession Agenda. Continuous liaison with relevant Serbian Authorities, monitoring the situation related to the EU accession process, insight into relevant strategies, and capacity building activities.

2. Lack of adequately qualified experts on the market.

Control/Mitigation: UNDP experience in finding the best solutions present on the market. Job advertisements will be published and disseminated as broadly as possible (nationally and internationally). Careful development of expert's Terms of References in order to set the requirements in such a way that would allow getting the best possible quality of experts.

3. Delays in project implementation

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Control/Mitigation: Another potential risk to consider is the possibility of delays in project implementation due to bureaucratic procedures and administrative bottlenecks within the various partner institutions. Such delays could impact the timely achievement of project milestones and may require proactive coordination and regular progress monitoring to mitigate their effects.

4. Insufficient engagement from local communities and authorities

Control/Mitigation: There is a risk of insufficient stakeholder engagement or lack of buy-in from local communities and authorities, which could hinder the smooth execution of activities and the sustainability of project outcomes. Early and continuous communication, as well as participatory planning with all relevant stakeholders, would be essential in addressing this risk.

Stakeholder Engagement

The experts engaged through the Project described herein will, within the framework of performing their tasks related to the implementation of the said wastewater programme and other delegated tasks, have to operate within the following stakeholder environment:

Ministry of Construction, Transport and Infrastructure - MCTI shall coordinate all wastewater Programme activities between the Municipalities, their PUCs and towards the Serbian Government. The Ministry shall act as Programme Implementing Unit (PIU).

Experts engaged through this Project will strengthen the ranks of the PIU's Sector which will bear the responsibility for the implementation of the program.

UNDP - UNDP will, on behalf of the MCTI (PIU) procure and engage an adequate number of qualified experts that will strengthen the capacities of the PIU.

Municipalities, Public Utility Companies (PUCs) Municipalities/ Towns shall authorise their PUCs to be in charge of the preparation, implementation and operation of their respective investment projects within the wastewater programme.

South-South and Triangular Cooperation (SSC/TrC)

N/A

Knowledge

Certain body of knowledge will be built within the PIU, partner Municipalities and their PUCs, and other stakeholders involved in the Programme, with the assistance of the experts, which would be available to all future employees in the PIU as well as to those of the Municipalities and PUCs. The experts under this Project will help the further dissemination of the knowledge base that will be created through the wastewater programme, among other, consisting of e.g. written procedures for collection of fees, accounting, maintenance of facilities, public relations, as well as of useful software solutions like Management Information System (MIS) – a tool for planning and monitoring. Last but not least, over the course of the Project experts engaged and existing PIU staff will share their knowledge and exchange experiences, which will bring the team as a whole to a new qualitative level.

Sustainability and Scaling Up

The fact that the Project is envisaged as a long-term technical assistance to the PIU as well as that the experts engaged will be a part of the PIU team making the results of their work transparently available to all the members will contribute to strengthening the sustainability of the results attained.

The possibilities for scaling up the Project potentially exist, through possible commitment of new funds by the donor, accompanied by extension of the initial project duration and/or engagement of additional experts.

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IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The cost effectiveness of the project is ensured by the rapid provision of the best available experts in the Republic of Serbia. Such expertise will, when created, remain in the Ministry of Construction, Transport and Infrastructure and will be available to the Ministry and UNDP.

Project Management

The project "Strengthening the capacities of the Ministry of Construction, Transport and infrastructure" has already established the Project Implementation Unit which is responsible for the implementation of the "Water Supply and Wastewater Treatment in Medium-Sized Municipalities in Serbia VI" Programme and is in full function from the onset of the Project. Its activities are focussed on supporting the Municipalities and their PUCs in the preparation for the implementation of numerous infrastructure measures and strengthening their management capacities.

However, in relation to this Project, a **Project Board** will be established with a strategic role. The Project Board will meet twice a year to provide a strategic direction and analyse the effects, as well as achieving goals. Furthermore, the Project Board will hold project reviews to assess the performance of the Project and appraise the Annual Work Plan for the following year. In the project`s final year, the Project Board will hold an end-of-project review to capture lessons learned and discuss opportunities for scaling up and to highlight project results with relevant stakeholders.

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V. RESULTS FRAMEWORK[1]

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:
By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.

Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:
Output3.2. Functions, financing and capacity of sub-national level institutions enabled to deliver improved basic services and respond to priorities voiced by the public, #of countries where sub-national administration show improved capacities for planning, budgeting and monitoring basic services delivery

Applicable Output(s) from the UNDP Strategic Plan: Improved implementation of local development plans and applied sustainable solutions

Project title and Atlas Project Number: Strengthening the capacities of the Ministry of Construction, Transport and infrastructure XXXXXXX

EXPECTED OUTPUTS	OUTPUT INDICATORS[2]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	Year ...	FINAL	
Output 1 *Strengthening of MCTI in the implementation of Sector goals in the wastewater sector through adequate investment programmes.*	*1.1 Up to 4 experts hired for PIU.*	*MCTI internal act on the classification of jobs; UNDP Report; Published Job Ad; Contracts signed.*	0	2026	*up to 4 experts*	up to 4 experts	up to 4 experts	N/A	*N/A*	*up to 4 experts*	*On site visit*
	1.2 Experts contribute to increase of capacities and qualifications in PIU for efficient programme development and implementation in close cooperation with local self-governments	*MCTI Reports; UNDP Reports.*	*No*	*2026*	*Yes*	*Yes*	*Yes*	*N/A*	*N/A*	*Yes*	*On site visit*

[1] UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

[2] It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

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VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project Report	A progress report will be presented to the	Annually, and at			

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	Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	the end of the project (final report)			
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

Evaluation Plan[3]

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
e.g., Mid-Term Evaluation						

[3] Optional, if needed

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VII. MULTI-YEAR WORK PLAN [45]

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year, US$			RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2	Y3		Funding Source	Budget Description	Amount, US$	Amount, EUR (UNORE 0.856)
OUTPUT 1: *Capacity strengthening with up to 4 experts hired for PIU.*	1.1 Technical and operational assistance by experts (NPSA contracts)	107,888.72	107,888.72	107,888.72	UNDP	MCTI	Service Contracts (71400)	293,666.16	251,378.22
Baseline: *Lack of technical capacities to implement loans and credit in MCTI*	1.2 Travel (DSAs)	11,000.00	11,000.00	11,000.00	UNDP	MCTI	Travel (71600)	33,000.00	28,248.00
Indicator: *# of staff and experts hired in accordance with job classification and ToRs*	1.3 Audit	10,000.00	10,000.00	10,000.00	UNDP	MCTI	Audit (74100)	30,000.00	25,680.00
	1.4 UNDP operating expenses	7,133.32	7,133.32	7,133.32	UNDP	MCTI	Operating expenses (70000)	21,399.97	18,318.37
Target: *4 experts*	**Sub-Total for Output 1**	**126,022.04**	**126,022.04**	**126,022.04**				**378,066.13**	**323,624.60**
	Delivery Enabling Services (5%)	6,301.10	6,301.10	6,301.10	UNDP	MCTI	DES (64300)	18,903.31	16,181.23

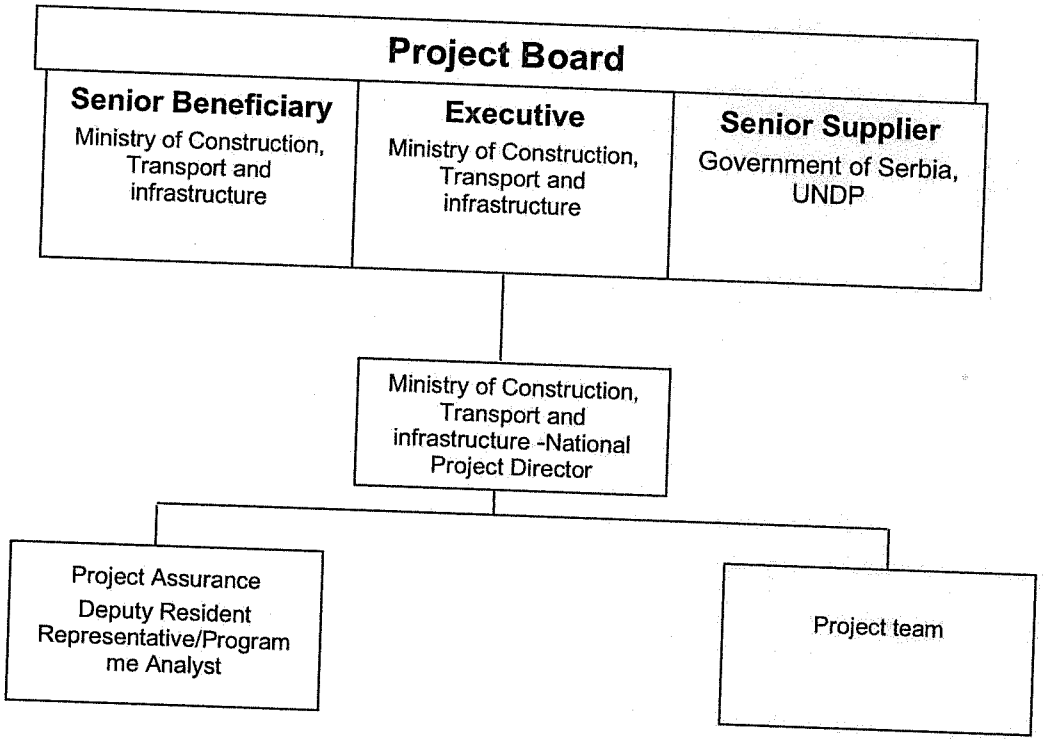
[4] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[5] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

	General Management Support (3%)	3,969.69	3,969.69	3,969.69	UNDP	MCTI	GMS (75100)	11,909.08	10,194.18
TOTAL								**408,878.52**	**350,000.00**

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VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS



The project will be executed under the National Execution Modality with UNDP support services as required.

MCTI will appoint a National Project Director (NPD) to take overall responsibility of project execution. The NPD will delegate responsibility for day-to-day management to the Project Manager who will also report the project progress to the Project Board.

The Project Board is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager, including recommendation for approval of project plans and revisions. Project Board decisions should be made in accordance to standards that shall ensure best value to money, fairness, integrity transparency and effective international competition. Project reviews by this group will be made semi-annually, or as necessary when requested by the Project Manager. This group is consulted by the Project Manager for decisions when time, budget and quality tolerances are likely to be exceeded. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies.

Project Assurance is the responsibility of each Project Board member but is usually delegated. In this case, UNDP Programme Analyst will perform the project assurance role. UNDP Programme Analyst will support the Project Board by carrying out objective and independent project oversight and monitoring functions thus ensuring that appropriate project management milestones are managed and completed.

The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

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The Project Support role provides project administration, management and technical and financial support to the Project Manager.

All deliverables produced during the project term, will bear the donor and UNDP logo and, where appropriate, the standard UNDP disclaimer.

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IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Socialist Federal Republic of Yugoslavia - SFRY (the Republic of Serbia as the legal successor of the SFRY) and UNDP, signed on24th of March 1988. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by the Ministry of Construction, Transport and infrastructure ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
   b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

   (a) In the implementation of the activities under this Project Document, the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

   (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.

5. a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive

and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:

i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;

ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;

iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof;

iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and

v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

6. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

7. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

8. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

9. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

10. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

11. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

12. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

    Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

    Option 1: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

    Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

    Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

13. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

14. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

15. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

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Special Clauses.

1. The schedule of payments and UNDP bank account details.

UNDP Representative in Serbia USD Account
Bank of America, 1401 Elm St, Dallas TX 75202-2958
Account number: 3752174582
SWIFT: BOFAUS3N
ACH routing number: 111000012
Wire routing number: 026009593

Date payment due	Amount (stated currency)
(a) April 10th 2026	up to USD 204,439.26
(b) March 20th 2027	up to USD 204,439.26

2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.

3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.

5. All financial accounts and statements shall be expressed in United States dollars.

6. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.

7. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph [] above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

8. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

(a) [3%] cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices

(b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

9. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

10. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP."

XI. ANNEXES

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1. **Project Quality Assurance Report**

2. **Risk Analysis**. Use the standard Risk Log template. Please refer to the Deliverable Description of the Risk Log for instructions

3. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

4. **Project Board Terms of Reference and TORs of key management positions**

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RISK LOG

(see Deliverable Description for the Risk Log regarding its purpose and use)

Project Title: Strengthening the capacities of the Ministry of Construction, Transport and infrastructure	Award ID:	Date: 26.03.2023

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	*Early elections cause slower pace of decision making*	During project development phase	Political	Enter probability on a scale from 1 (low) to 5 (high) P = 2 Enter impact on a scale from 1 (low) to 5 (high) I = 4	Secure consultations at the highest level immediately after establishment of Cabinet in order to discuss further project duration and objectives	Project manager	Project developer	Project development phase	
2	*Changing priorities of the Government of Serbia re-focus attention to different projects than those identified in the existing financing arrangements*	Project development phase	Operational Political Strategic	P = 2 I = 2	Keep an open line of communication between the MPALSG, staff and UNDP to be able to quickly adapt the project activities to this changing environment	Project manager	Project developer	Project development phase	
3	*Frequenet changes of projet staff;*	Project development phase	Strategic	P = 2 I = 2	Clear vision towards the development of the project pipeline and harmonious working environment in line with high UNDP standards sustained.	Project manager	Project developer	Project development phase	
4	*Identified national expertise may not be sufficient for all activities*	Project development phase	*Operational*	*P = 1* *I=4*	*Broadening the expertise base to the region of RBEC and international for solicitation of adequate exertise*	Project manager	Project developer	Project development phase	