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PROJECT DOCUMENT - ADDENDUM 5

UNDP Serbia

Project Title: **Advanced Capacity for Accelerated Delivery Initiative (ACADI) Project Document - Addendum 5**
Project Number: **Award: 00102693, Output Project: 00104644**
Implementing Partner: **Public Investment Management Office of the Government of the Republic of Serbia;**
Start Date: **01 May 2019**
End Date: **30 June 2022**
PAC Meeting date: **17 March 2017**

Brief Description
<p>Public Investment Management Office (PIMO) and UNDP partnered in 2017 so as to enable and support implementation of a series of Research and Development Infrastructure Investment Initiatives aimed at revitalizing public R&D in Serbia. These investments include upgrading existing research facilities and infrastructure, creating a new science centre, accommodation facilities as well as scientific infrastructure in the field of medicine.</p> <p>UNDP, with its emphasis on capacity development and knowledge management, supports building of this advanced capacity and provide PIMO with access to its knowledge platforms, rosters of expertise and specializations and facilitate timely delivery of projected results.</p> <p>Therefore, the project is supported with specialised expertise in the areas of project management, public procurement, finance, law, technical sciences, and administration to implement loans and blend loans with budgetary funds. Having in mind the complexity of projects, this support needs to be extended for additional implementation period.</p>

<p>Contributing Outcome (UNDAF/CPD): By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.</p> <p>Output 1: Improved implementation of local development plans and applied sustainable solutions Indicative Project Output(s):</p> <ol style="list-style-type: none"> Advanced capacity for R&D Infrastructure Investment Initiative established Advanced Capacity for the Preparation facility established 	Total resources required:	US\$ 2,244,668.91	
	Total resources allocated:	€ 2,000,000.00 (as per UN exchange rate April 2019)	
		Government:	US\$ 2,244,668.91
		UNDP In-Kind:	
	Unfunded:		

Agreed by (signatures)¹:

Government	UNDP
<p>Marko Blagojevic, Acting Director, Public Investment Management Office</p> 	<p>Francine Pickup, Resident Representative UNDP Serbia</p> 
<p>Date: 07.06.2019.</p>	<p>Date: 6/6/2019</p>

¹ The project costs induced in the induction phase of the project, prior to the receipt of the funding by UNDP as per amendment of the project document III, will be covered in line with approved project document and previous amendments.

I. PROJECT BRIEF

In March 2017, the Public Investment Management Office (PIMO) and UNDP initiated a project Advanced Capacity for Accelerated Delivery Initiative (ACADI), with the purpose to increase PIMO capacity to implement projects funded by loans (CEB) thus ensuring timely and impactful implementation. UNDP, with its emphasis on capacity development and knowledge management, supports building of this advanced capacity and provide PIMO with access to its knowledge platforms, rosters of expertise and specializations and facilitate timely delivery of projected results. ACADI provides specialised expertise in the areas of project management, public procurement, finance, law, technical sciences, and administration to implement loans and blend loans with budgetary funds.

In its portfolio of projects PIMO is currently focusing on implementing two initiatives:

- 1) Serbian R&D Infrastructure Investment Initiative, funded by the Council of Europe Development Bank (CEB) and European Investment Bank (EIB)
- 2) Preparation facility for the KfW-financed initiatives

The project concerns series of investments aimed at revitalizing R&D in Serbia. These investments, spread throughout Serbia include existing research facilities and infrastructure, creating a new science centre to promote science literacy among the general public, construction of student and young scientist accommodation and improving scientific infrastructure in the field of medical science.

The investment sub-projects that will be are financed through EIB loans include:

1. Adaptation of existing buildings and laboratories
2. The Petnica Science Centre and the mathematics High School Campus
3. New capital equipment for research
4. Centre for promotion of Science in Belgrade
5. Creation of Centres of Excellence in priority research fields; energy and energy efficiency, environmental protection and climate change, materials science and nano sciences, agriculture and food, biomedicine and information and communication technologies
6. Improving the country's infrastructure for the development of information technologies:
 - o phase 2 of Science and Technology Park in Novi Sad
 - o Creation of Science and Technology Park in Nis
 - o Expanding of the Faculty of Electronic Engineering at University of Nis
 - o Construction of a new building of the Faculty of Organizational Sciences in Belgrade
 - o Construction of a new building for the University of Belgrade
 - o Bio Sense Institute
 - o Verrocchio project of the Institute for Physics Belgrade
7. New apartment buildings for young researchers in Belgrade, Novi sad, Nis and Kragujevac
8. Centralized stock and purchasing system
9. Improvement of scientific infrastructure in the filed of medical science through the purchase of new capital equipment, adaptation of existing and /or construction of new facilities for the purposes of:
 - o Institute for Oncology and Radiology of Serbia
 - o Institute for Orthopedic Surgery "Banjica"
 - o Centre for Radiology and Magnetic Resonance
 - o The Obstetrics and Gynaecology Clinic Narodni front
 - o Construction of new building for hospital specialized for cerebrovascular diseases
10. Technical support to project planning and implementation.

The investment sub-projects that are financed through CEB loans include:

1. Reconstruction and modernisation of the Institute for Neurosurgery
2. Construction of new building - Institute for Cardiovascular Diseases "Dedinje"
3. Reconstruction and modernisation of Clinical Center "Dr Dragiša Mišović"
4. Reconstruction and modernisation of existing building of University Children Clinic "Tiršova"
5. Reconstruction and modernisation of Clinical Center "Zemun"
6. Reconstruction and modernisation of Emergency Center
7. Reconstruction and modernisation of Obstetrics and Gynaecology Clinic "Višegradska"
8. Financial and technical support to the Project Implementation Unit

The Advanced Capacity for Accelerated Development Initiative (ACADI) Project enables efficient and effective provision of the necessary expertise, which will, on one hand, boost the capacity of the Government of the Republic of Serbia – Public Investment Management Office (PIMO) for fast delivery of projects funded through loans to the Republic of Serbia and on the other, strengthen the capacity of the beneficiary institutions to comply with the requirements of the lender to Serbia in regards to: 1) procurement rules; 2) management; 3) supervision and visibility of intervention. Having a gender-balanced profile of the services required, the ACADI Project shall strengthen the access of women to skilled work with equal pay and enable gender-disaggregated data to be factored in the implementation of the projects funded by loans to the Republic of Serbia.

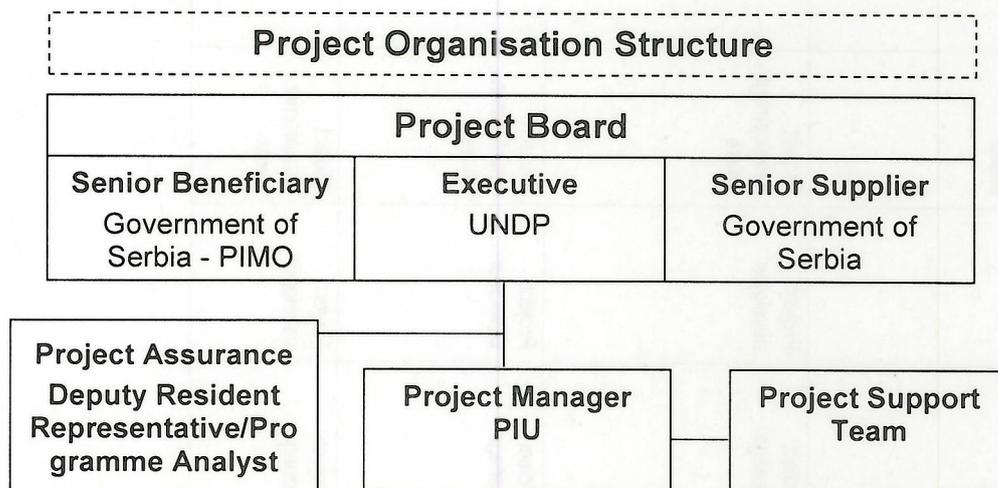
The funds provided to the project are dedicated to strengthening PIMO's Project Implementation Unit, by securing specialised expertise in the areas of project management, public procurement, finance, law, technical sciences, and administration. Such expertise is vital for the effective delivery of results by PIMO. Funds will also be directed to cover the operational costs of project implementation.

The ACADI Project contributes directly to the capacity of PIMO and the Government of the Republic of Serbia to implement projects that result in increased quality of healthcare services in Serbia, and significant improvement in the quality of research and educational infrastructure in neurosurgery and related fields and in the quality of general working conditions for research and medical staff, and patients. Improvements in infrastructure and increase in capacity will be reflected in better services and shorter waiting periods and improving the quality of life of the Serbian population.

III. MULTY-YEAR WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year, in EUR				Responsible party	PLANNED BUDGET (EUR)			PLANNED BUDGET (USD)
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	
1: Output Advanced capacity for R&D Infrastructure Investment Initiative supported;	1.1 Activity: Up to 40 experts contracted for advancing capacity to deliver loans	311,562.85	467,344.28	467,344.28	233,672.14	UNDP	GoS	National Consultants	1,479,923.56	1,660,969.20
		15,414.37	23,121.55	23,121.55	11,560.77			Travel	73,218.23	82,175.35
	1.2 Support to UNDP financial, accounting, procurement, travel and reporting of ACADI.	7,707.18	11,560.77	11,560.77	5,780.39	UNDP	GoS	Company contracts	36,609.12	41,087.67
		13,387.38	20,081.06	20,081.06	10,040.53			UNDP Operating expenses	63,590.04	71,369.29
		6,961.44	10,442.15	10,442.15	5,221.08			DPC	33,066.82	37,112.03
2: Output Advanced Capacity for the Preparation facility supported;	2.1 Activity: Up to 5 experts contracted for advancing capacity to prepare loans	10,651.00	15,976.49	15,976.49	7,988.25	UNDP	GoS	GMS	50,592.23	56,781.41
		365,684.21	548,526.32	548,526.32	274,263.16					
	2.2. Support to UNDP financial, accounting and reporting of ACADI.	50,674.73	76,012.09	76,012.09	38,006.04	UNDP	GoS	National Consultants	240,704.95	270,151.45
		2,026.99	3,040.48	3,040.48	1,520.24			UNDP Operating expenses	9,628.20	10,806.06
		1,054.03	1,581.05	1,581.05	790.53			DPC	5,006.66	5,619.15
General Management Support (3%)	1,612.67	2,419.01	2,419.01	1,209.50	UNDP	GoS	GMS	7,660.19	8,597.30	
	55,368.42	83,052.63	83,052.63	41,526.32						263,000.00
TOTAL Project		421,052.63	631,578.95	631,578.95	315,789.47				2,000,000.00	2,244,668.91

III. GOVERNANCE AND MANAGEMENT ARRANGEMENTS



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

PIMO 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 standards² 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.

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.

² UNDP Financial Rules and Regulations: Chapter E, Regulation 16.05: a) The administration by executing entities or, under the harmonized operational modalities, implementing partners, of resources obtained from or through UNDP shall be carried out under their respective 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. b) Where the financial governance of an executing entity or, under the harmonized operational modalities, implementing partner, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, that of UNDP shall apply.

#	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	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 PiMO, staff and UNDP to be able to quickly adapt the project activities to this changing environment. publicity	Project manager	Project developer	Project development phase	
3	High turnover of experts and increased competition on the market results in frequent changes of project 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 which PiMO plans;	Project development phase	Operational	P = 1 I = 4	Broadening the expertise base to the region of RBEC and international for solicitation of adequate expertise	Project manager	Project developer	Project development phase	

IV. LEGAL CONTEXT

Select the relevant one from each drop down below for the relevant standard legal text:

1. Legal Context:

- Country has signed the Standard Basic Assistance Agreement (SBAA)

2. Implementing Partner:

- Government Entity (NIM)

Government Entity (NIM)

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/aa_sanctions_list.shtml.
4. 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>).
5. 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.
6. 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.
7. 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.
8. 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.
9. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes. 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.

10. 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.

11. *Choose one of the three following options:*

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.

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.

12. 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.
13. 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.
14. 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.

V. ANNEXES

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**