



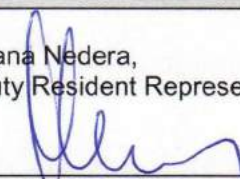

PROJECT DOCUMENT  
UNDP Serbia

**Project Title:** Advanced Capacity for Accelerated Delivery Initiative (ACADI)  
**Project Number:** **Award:** 00102693, **Output Project:** 00104644  
**Implementing Partner:** Public Investment Management Office of the Government of the Republic of Serbia;  
**Start Date:** 31 March 2017 **End Date:** 31 March 2021 **PAC Meeting date:** 17 March 2017

Brief Description
<p>As the Government of the Republic of Serbia advances the implementation of its complex development agenda, it has established a new Public Investment Management Office (PIMO) to manage complex cross-sectorial projects. PIMO needs additional advanced capacity to implement projects funded by loans to ensure timely and impactful implementation and to indemnify the Republic of Serbia from the potential interest and charges which would appear in case of slow pace of project implementation. UNDP, with its emphasis on capacity development and knowledge management, will support 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><b>Contributing Outcome (UNDAF/CPD):</b>                  By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.                  Output 1: Improved implementation of local development plans and applied sustainable solutions</p> <p><b>Indicative Output(s):</b>                  1. Advanced capacity for R&amp;D Infrastructure Investment Initiative Established                  2. Advanced Capacity for the Preparation facility established</p>	<b>Total resources required:</b>	3,559,915.17	
	<b>Total resources allocated:</b>		
		<b>Government:</b>	3,446,447.51
		<b>UNDP In-Kind:</b>	113,467.66
<b>Unfunded:</b>			

Agreed by (signatures)<sup>1</sup>:

Government	UNDP
<p>Marko Blagojevic, Director of Public Investment Management Office</p>   <p>Date: 17 March 2017</p>	<p>Steliana Nedera, Deputy Resident Representative UNDP Serbia</p>   <p>Date: 17 March 2017</p>

<sup>1</sup> Note: Adjust signatures as needed

## I. DEVELOPMENT CHALLENGE

As the Government of the Republic of Serbia advances the implementation of its complex development agenda, elaborated in the 10 points programme of the government approved by the Parliament in 2016, there is an increasing emphasis on complex multi-sectorial cooperation of various sectors of the Government as well as fast implementation of development projects, for which funding has been secured through loans provided by development banks.

To facilitate the above two objectives, the Government of the Republic of Serbia has established a Public Investment Management Office (PIMO), which serves as an operational arm of the Government for cross-sectorial development projects. PIMO is a new body of the Government of the Republic of Serbia, which, in addition to managing reconstruction and aid allocation following natural and other hazards, has a primary responsibility for managing projects of reconstruction of thousands of preschools, schools, health care and social protection establishments<sup>2</sup>. PIMO's work is cross-sectorial in nature. It also requires active participation of all local communities, both in the process of decision-making and in the process of implementation of projects. Considering that PIMO is tasked with loan implementation, it needs additional advanced capacity to implement projects funded by loans, in order to ensure timely and impactful implementation, to indemnify the Republic of Serbia from the potential interest and charges which would appear in case of slow pace of project implementation. The advanced capacity required for loan implementation stems from two notions: (1) the existing capacities are sufficient to implement development projects in line with national policies and procedures (i.e. Serbian law on public procurement). To implement projects based on the European Investment Bank procurement and financial reporting rules, a capacity more advanced than it currently exists is needed, as discussed with the national partner – PIMO during the conceptualization phase of the Project; (2) the realization of the several loans have thus far has been stalled. For this reason, their implementation has been transferred to PIMO, which currently implements and is tasked with their realization.

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);
- 2) Preparation facility for the KfW-financed initiatives

### **The Serbian R&D Infrastructure Investment Initiative**

The Government of Serbia's Research and Development Infrastructure Investment Initiative has implemented a series of projects in the first wave of project execution (2010-2016), financed through contracts with CEB (loans 1711 and 1739) and European Investment Bank (EIB), including:

1. Housing for young researchers – residential block, 144 apartments, Belgrade (CEB 1711)
2. Housing for young researchers – residential block, 210 apartments, Kragujevac (CEB 1739)
3. Procurement of research equipment – cca 70% of initially listed items have been purchased (CEB 1711, EIB)
4. Centralised system for procurement of consumables (EIB)
5. Science and technology Park Novi Sad- phase 1 (EIB)
6. Science and technology Park Zvezdara (EIB)
7. Central building of University in Novi Sad (EIB)
8. Science Centre Petnica (EIB)
9. Natural History Centre Svilajnac (EIB)

The Second Phase of the Serbian R&D Infrastructure Initiative, which is the focus of this Project, is financed through the CEB Loan for financing of F/P 1739 (2011) approved by CEB's

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<sup>2</sup> The Government of the Republic of Serbia established PIMO through a Decree on establishment of the Public Investment Management Office (Official Gazette of the Republic of Serbia, No. 95/15), which stipulated that the PIMO shall perform expert, administrative and operational activities to serve the needs of the Government, related to coordination of the implementation of projects of reconstruction and improvement of public facilities within the competence of the Republic of Serbia, Autonomous Province or local self-government units in terms of collecting the data on current and scheduled projects and the needs for public facility reconstruction, needs and feasibility assessment of the proposed projects, priority identification, coordination of public procurement procedures, meeting of contractual obligations and payments, and also other activities stipulated by the Law or the Government Decision.

Administrative Council on 11 June 2011.<sup>3</sup> The F/P 1739 (2011), Framework Loan Agreement, between CEB and Serbia, was ratified by the Law on Confirming the Framework Agreement F/P 1739.<sup>4</sup> The Serbian R&D Infrastructure Investment Initiative – Second Phase, concerns a series of investments aimed at revitalising public R&D in Serbia. These investments, spread throughout Serbia, include upgrading existing research facilities and infrastructure.

However, the implementation of 1739 has been substantially delayed due to a number of factors on the borrower's side. In 2016, the Government of the Republic of Serbia and CEB, through Technical Annex to Loan Agreement 1739, revised the initially planned project portfolio, and proposed new subprojects. The Government of Serbia decided to give more focus to the development of biomedical and health research infrastructure, especially the ones benefitting younger population.

Eight projects have been formulated and proposed for CEB support in period 2016 - 2018:

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 projects directly contribute to the implementation of the Strategy of Scientific and Technological Development of the Republic of Serbia 2016-2020. The implementation of these projects needs to be done in accordance with the European Investment Bank's *Guide to Procurement* in force at the date of the Agreement and considering that CEB will reserve the right to review at any time the procurement procedures and documentation, on a sample basis, to verify their conformity with the applicable *EIB Guide to Procurement*. Also, all projects are to be realized in accordance with the CEB environmental policy, EIB requirements in this area and national legislation. The requirements of this loan represent a challenge in terms of ensuring adequate expertise and capacity for its implementation.

### **Preparation facility for the KfW-financed initiatives**

The Republic of Serbia and KfW have a multilayered cooperation which is developing at an accelerated pace. The Preparation Facility shall set-up the structure for the promotion of start-up business initiatives in Serbia. This preparation facility shall focus on: (1) inception phase for a mechanism to establish a Government-owned guarantee mechanism for PIMO, to provide cash-backed risk-sharing to banks for loans to start-up companies, (2) inception phase for PIMO to establish a mechanism to provide start-up grants as incentives for new start-ups, (3) inception phase for PIMO Technical Assistance (TA) both for start-ups as well as for banks. The inception phase of the preparation facility shall run throughout 2017, with a view to potential upgrading and incorporating the lessons learned in 2017 into the established preparation facility.

The list of lending institutions is not exhaustive, i.e. the amendment to this Project Document can be made to include facility to assist with the implementation of other loans or Government of Serbia funds;

The United Nations Development Programme (UNDP) works in some 170 countries and territories around the world; our goal is helping to simultaneously reduce poverty and achieve sustainable development that leads to transformational change, bringing about real improvements in people's lives. We promote an integrated approach to achieve sustainable development, while enhancing knowledge, skills and production technologies to reduce risks and sustain development gains. UNDP supports and advocates for a "blended finance" approach to achieve the Sustainable Development Goals (SDGs). ACADI Project shall indirectly contribute to Serbia's progress towards increasing research and development expenditure as a proportion of GDP (SDG indicator 9.5.1, of

<sup>3</sup> The First Phase was approved by CEB in June 2010 under the reference F/P 1711 (2010);

<sup>4</sup> ("Official gazette of the Republic of Serbia – International Agreements 1/2012");

the target 9.5, which aims at enhancing scientific research, upgrade the technological capabilities of industrial sectors in all countries, [...] encouraging innovation and substantially increasing the number of research and development workers [...] the ACADI Project shall also contribute to the improved Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population) (indicator 3.8.1, of the target 3.8, which aims at achieving universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

As the developing countries are relying increasingly on their domestic resources to fund progress against the SDGs, UNDP's role is increasingly to support the advanced capacity of host countries to blend finance from donor sources, lenders, private sources and its own – budgetary funds, until the development countries can take these tasks upon themselves. The multilateral development banks have understood this tendency and are already shifting focus towards blended finance – on programs that support middle-income countries progressing against the SDGs through domestic finance and partnering with the private sector.

UNDP's capacity and role has led to successful partnering with IFIs in respect to (1) Implementing direct grants from IFIs or through government (TA, coordination, implementation support, monitoring and evaluation, oversight as third party/fiduciary agent). For instance, UNDP implemented large scale GEF grants as well as projects in Yemen (with IDA financing), Palestine & Regional Aid for Trade with IDBG. Also, UNDP increasingly implements loans, borrowed by the Government from IFIs. For instance, IADB loan in Argentina, EIB loan in Armenia, AfDB loan in Guinea, IDBG loan in Kazakhstan, ADB loan in Pakistan, IFAD loan in Turkey, etc. Such partnerships enable both transparent and accountable expenditures as well as achieving development gains intended through the loan, and connecting these gains to the SDG agenda.

UNDP and the Office of the Prime Minister are implementing the Project Management of Citizen-Centric Policy Measures, which aims to support the Government of the Republic of Serbia by providing advisory services to its Strategic Project Implementation Unit tasked with supporting the Cabinet of the Prime Minister, in delivering better results faster in five key priority areas: infrastructure, investment climate, agriculture, restructuring of public enterprises and public administration reform..

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## II. STRATEGY (1/2 PAGE - 3 PAGES RECOMMENDED)

The existing capacity of the Republic of Serbia to implement development projects is tuned to Official Development Assistance projects, usually funded by EU and bilateral donors. As Serbia is moving on its EU accession agenda, and since it is recognized as upper middle income country<sup>5</sup>, with high human development,<sup>6</sup> Serbia is expected by its international development partners to lend more to finance is development from own resources.

There is strong willingness by the Government of Serbia to ensure efficient implementation of the development project financed by described loans and facilities. The expertise for this endeavour exists in Serbia. In order to use this expertise a concerted effort by the Government of Serbia – Public Investment Management Office is required to set up the Project Implementation Unit and to organize its capacities in a manner which guarantees the delivery on the said Projects. The Advanced Capacity for Accelerated Development Initiative (ACADI) Project shall enable 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

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<sup>5</sup> <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>

<sup>6</sup> Human Development Index, <http://hdr.undp.org/en/countries/profiles/SRB>

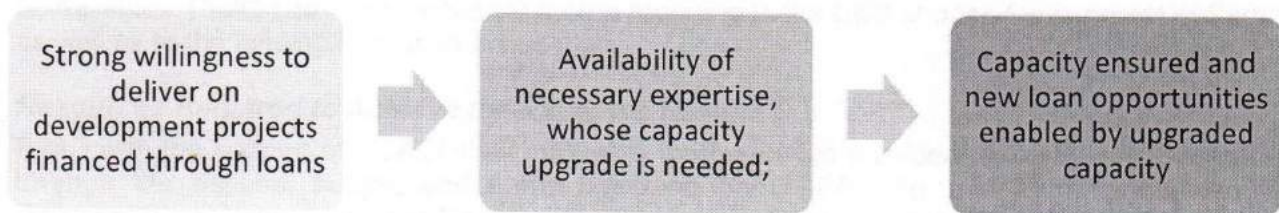
capacity of the beneficiary institutions to comply with the requirements of the lender to Serbia in regards to: 1) procurement rules; 2) management; 3) supervision and visibility of intervention. Having a gender-balanced profile of the services required, the ACADI Project shall strengthen the access 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 strengthen 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.

The ACADI Project will support the establishment and functioning of the Project Implementation Unit (PIU) of PIMO. The PIU shall principally function based on the following principles:

1. Implementing cross-sectorial projects efficiently and effectively;
2. Providing constant feedback to the Government of the Republic of Serbia, through PIMO, about the relevance and sustainability of the project interventions;
3. Ensuring that ownership of achieved results is widely disseminated as ownership of the Government of the Republic of Serbia – through PIMO;

The PIU is established by the Government of Serbia – Public Investment Management Office (PIMO), to streamline project implementation in line with the development agenda of the Republic of Serbia and the requirements of various lending institutions. The PIU shall serve as a single implementation, information and coordination point to reach implementation and policy decisions within the "R&D in public sector" project, co-financed by CEB and EIB.



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### III. RESULTS AND PARTNERSHIPS (1.5 - 5 PAGES RECOMMENDED)

#### ***Expected Results***

The ACADI Project shall assist PIMO in the establishment of the PIU and development of the PIU capacity. In this process, in support of the capacity-development effort, and in addition to UNDP development and management services provided in the framework of the project, PIMO will be

offered access and will be able to use the knowledge platforms of UNDP as well as the rosters of UNDP – vetted consultants on: 1) environment impact assessment; 2) social impact assessments; 3) gender assessments and mainstreaming; 4) roster of UNDP-vetted long-term agreement companies, with UNDP references for: (a) designing; (b) technical control; (c) supervision of works.

UNDP, through the ACADI Project, shall, throughout the implementation of the Project, enable PIMO to use UNDP's procedures, should it wish to do so. The procedures, should PIMO decide to request them, shall be formalized through an amendment to the Letter of Agreement, for the provision of such services. Should PIMO decide to request such assistance UNDP and PIMO shall agree an Annex to this Project document stipulating the details of such amendment.

UNDP, through the ACADI Project shall also, throughout the implementation of the project assist, at PIMO's request, in the visibility and outreach activities, in order to disseminate the results of the project to the desired target audiences. Should PIMO request this support an addendum to the ACADI Project document may be completed.

PIMO has the authority and responsibility to prepare the workplan of the PIU and to set targets and benchmarks for the PIU experts. The PIU shall be comprised of 30 to 45 staff, of various specializations and background, including engineering, finance, administration, procurement and management, which shall be determined during the inception phase, and documented through the decision of the Project Board. The structure and composition of the team shall be periodically reviewed through the decisions of the Project Board, bearing in mind the gender ration of at least 70-30%.

The PIU, with the support of the project, shall focus on the delivery of the following results, within the legal framework defined in Loan Agreements with CEB (LD 1711, LD 1739) and EIB (Public Sector Research and Development). The projects will focus on reconstruction and overhaul of the health institutions (Neurosurgery, Cardiovascular, Clinical Centres, children hospitals ER centre and improving and upgrading the teaching of medical sciences base. UNDP shall support the PIU, which PIMO establishes and renders operational through additional capacity and expertise as well as its ability to connect it to the best available expertise in the region and internationally. However, PIMO, in line with the procedures of the Republic of Serbia and rules and regulations governing the financing mechanism from which a particular action is financed, shall plan the work and accept the deliverables. PIMO shall be responsible for the reporting to the CEB and the Government of Serbia, as well as to the lending institution in question.

### ***Resources Required to Achieve the Expected Results***

PIMO with the support of ACADI shall maximize the resources provided to the Republic of Serbia through the national budget and funds borrowed from CEB, EIB and from various lending instruments i.e. loans which the Republic of Serbia currently implements. The ACADI Project shall also assist PIMO and contribute to the implementation of the activities through the compliance and ensuring transparent and accountable project monitoring, following the internationally recognized transparent and accountable procedures.

### ***Partnerships***

UNDP and the Council of Europe Development Bank have a Memorandum of Understanding, signed on 3 September 2007, which established a framework for cooperation and identified areas where joint efforts would help both UNDP and CEB achieve common objectives. The areas for cooperation identified include: (1) project funding; (2) loans; (3) grants; (4) monitoring and evaluation assistance; (5) policy research; (6) training and other activities. Following the expiration of the initial term, UNDP and CEB extended the duration of the MoU from 6 February 2017 to 6 February 2022. The current Project will contribute to the furthering of partnership between CEB and UNDP.

UNDP and European Investment Bank (EIB) have signed a Memorandum of Understanding, identifying strategic priorities for cooperation, and UNDP committing to cooperating in areas of mutual concern to enhance the effectiveness of their work in support of the 2030 Agenda for

Sustainable Development. The partnership focuses on scaling up ongoing initiatives, and exploring new opportunities to collaborate on developing and implementing effective projects fulfilling mutual goals, with relevance to the SDGs, reinforcing policy-level analysis and collaboration on programming with a view to advancing sustainable results in beneficiary countries and promoting institutional dialogue, knowledge sharing, and cross-institutional learning. This cooperation is focused on (1) Climate change response; (2) Responding to crisis and post crisis situations; (3) Promoting inclusive markets and entrepreneurship, generating jobs; (4) Response to the migration crisis. Examples of this cooperation include work which UNDP and EIB have done in the implementation EUR 30 million border management program in Armenia, whereby UNDP supports the implementation of EIB-funded loan to Armenia as well as joint work on implementing blended loan (EUR 100 million from EIB) and grant funds (20 million for technical assistance from GCF). The Project Energy efficiency in public residential buildings, was approved by the GCF in June 2016, strives to improve energy efficiency in Soviet-era residential buildings throughout Yerevan. Also, cooperation exists in Ukraine for the capacity building component of the Early recovery program.

PIMO shall ensure the inter-governmental coordination with the departments of the Government of Serbia, under whose mandates are the beneficiary institutions described above. PIMO shall also ensure coordination with the lending institution(s), as well as other stakeholders connected to this Project. UNDP may be invited as observer to coordination bodies established by Govt and CEB.

### ***Risks and Assumptions***

The ACADI Project shall strive to support PIMO through the best available capacities and in a timely manner. Risks of the Project involve snap elections on central and local level which could hamper the project implementation. Also, risks include macroeconomic risks connected to the financing mechanisms which the ACADI Project is to assist in implementation as well as regulatory risks connected to the licencing and permits, which would delay the implementation of activities. Some of the identified risks may involve early elections which cause a slower pace of decision making which UNDP shall mitigate by securing consultations to discuss further project duration and objectives. Also, changing priorities of the Government of Serbia can sometimes re-focus attention to different projects than those. 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. At times, high turnover of experts and increased competition on the market results in frequent changes of project staff. UNDP and PIMO shall keep clear vision towards the development of the project pipeline and harmonious working environment in line with high UNDP standards sustained. Finally, although unlikely, some identified national expertise may not be sufficient for all activities which PIMO plans. In this case, UNDP shall broaden the expertise base to the region of RBEC and international for solicitation of adequate expertise.

the ACADI project rests on the assumption that PIMO shall be able to set up the PIU and make it operational as well as that the available expertise in the Republic of Serbia could be attained for the specific development tasks. Also, PIMO and UNDP shall be able to identify quickly the capacity gaps and quickly either build such capacity in PIU, or identify additional expertise which could quickly augment this gap.

### ***Stakeholder Engagement***

The ACADI Project will closely liaise with the Government of Serbia sectors involved in the Project implementation. The ACADI will support PIU in coordinating the work both with the relevant line ministries, such as Ministry in charge of health infrastructure, education, science and other ministries, as well as with representatives of lending institutions.

### ***South-South and Triangular Cooperation (SSC/TrC)***

As the development aid funding is becoming scarcer, and is not sufficient to cover the needs of countries in achieving the targets of the Agenda 2030, the blending of funds and combination of loan/budget/donor funds becomes more needed in various development settings. Serbia is a fruitful ground to test the case for such approach to blending funds, which, if successful, could be transferred into other development settings. The capacity building of people tasked with the complex loan implementation shall entail upgrade of skills, which run beyond usual background. Experts will

need knowledge of procurement procedures, while managers shall require additional knowledge of management in line with the set of rules of the lending institution in question. Therefore, this practice shall be valuable for both south-south and triangular cooperation for Serbia in the future.

### ***Knowledge***

The knowledge obtained through this ACADI Project shall serve both the Republic of Serbia and UNDP for future such interventions when the Republic of Serbia shall have the roster of experts of various specializations available for the implementation of complex cross-sectorial and blended finance loans and UNDP shall be able to facilitate such intervention in even more complex settings and environments.

### ***Sustainability and Scaling Up***

The advanced capacity which the Republic of Serbia shall develop through the ACADI Project shall remain for the implementation of similar loan initiatives as well as for the other initiatives, which Serbia, as upper middle-income country, can foresee, considering the scarcity of development grants and increased relying on the loan funds for complex development initiatives.

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## **IV. PROJECT MANAGEMENT**

### *Cost Efficiency and Effectiveness*

The Cost Efficiency of the Project shall be ensured through quick provision of best available expertise in the Republic of Serbia. Such expertise shall, once created, remain in the Government of the Republic of Serbia and be readily available for further use of PIMO and UNDP.

### *Project Management*

The ACADI project shall be managed by the Project Manager. The Project shall also have the Project Board, which will give strategic guidance of the Project. The Project Board shall meet twice per year to provide strategic direction and review progress performance as well as the achievement of targets. The ACADI Project shall be located physically in Belgrade. No significant travel to locations outside of Belgrade shall be necessary.



## V. RESULTS FRAMEWORK<sup>7</sup>

<b>Intended Outcome as stated in the UNDAF:</b>										
By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.										
<b>Outcome indicators targets:</b> Employment rate, disaggregated by sex										
<b>Applicable Output(s) from the UNDP Strategic Plan:</b> 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										
<b>Project title and Atlas Project Number: Advanced Capacity for Accelerated Development Initiative (ACADI) 00104644</b>										
EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>8</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	FINAL	
<b>Output 1</b> Advanced capacity for R&D Infrastructure Investment Initiative supported;	1.1 Number of External expertise provided;	Project Reports	0	2016	39	39	39	39	39	On-site visits
	1.2 Number of capacity building activities conducted;	Project Reports	0	2016	2	3	4	4	13	On-site visits
	1.3. % of female staff in the PIU	Staff lists	0	2016	30%	30%	30%	30%	30%	On-site visits
	1.4. Number of initiatives for loan implementation prepared for the approval of the director of PIMO	Project Reports	0	2016	8	10	15	15	48	On-site visits
<b>Output 2</b> Advanced Capacity for the Preparation facility supported;	2.1 Number of external expertise provided;	Project Reports	0	2016	3				3	On-site visits
	2.2 Number of capacity building activities conducted;	Project Reports	0	2016	3				3	On-site visits
	2.3. Number of initiatives prepared for further financing by PIU	Project Reports	0	2016	1	2	2	3	8	On-site visits

<sup>7</sup> 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.

<sup>8</sup> 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.

## 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 by Project Manager and analysed to assess the progress of the project in achieving the agreed outputs.	semi-annually	Slower than expected progress will be addressed by project management.	n/a	n/a
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 of project progress.	semi-annually	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.	n/a	n/a
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.	n/a	n/a
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.	Initial + Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	n/a	n/a
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.	n/a	n/a
Project Report	A progress report will be presented to the 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 log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)		n/a	n/a
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	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.	n/a	n/a

	learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.				
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### Evaluation Plan<sup>9</sup>

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	n/a	Output 1.1. National and sub-national systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods- intensive	By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.	December 2019	PIMO, UNDP, Government of Serbia	UNDP, 5,000
Final Evaluation	n/a	Output 1.1. National and sub-national systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods- intensive	By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.	December 2021	PIMO, UNDP, Government of Serbia	UNDP, 5,000

<sup>9</sup> Optional, if needed

## VII. MULTI-YEAR WORK PLAN <sup>1011</sup>

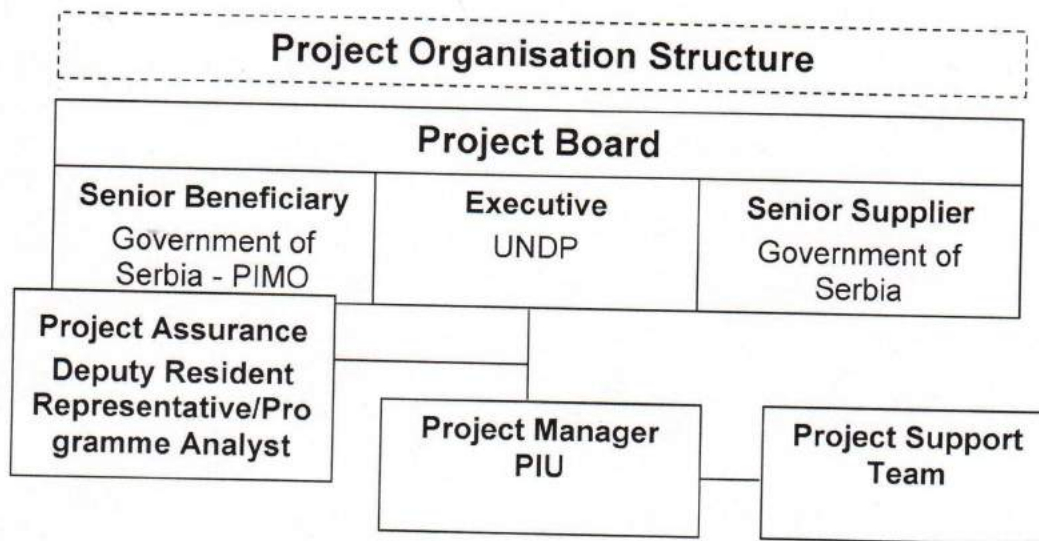
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET (EUR)			PLANNED BUDGET (USD)
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	UN Exchange rate 0.943 March '17
Output 1: Advanced capacity for R&D Infrastructure Investment Initiative supported;  <b>Note:</b> Financed through CEB funds, through the Government of the Republic of Serbia;	1.1 Activity: Up to 40 experts contracted for advancing capacity to deliver loans	713,878	713,878	713,878	713,878	UNDP	GoS	national consultants	2,672,621.36	2,834,168.99
							GoS	travel	30,000.00	31,813.36
							GoS	company contracts	150,000.00	159,066.81
	Support to UNDP Monitoring, Procurement, Human Resource and finance (2%)	14,278	14,278	14,278	14,278	UNDP	GoS	staff	60,000.00	63,626.72
	General Management Support (3%)	21,845	21,845	21,845	21,845	UNDP	GoS		87,378.64	92,660.28
	<b>Sub-Total for Output 1</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>				<b>3,000,000.00</b>	<b>3,181,336.16</b>
Output 2: Advanced Capacity for the Preparation facility supported;  <b>Note:</b> Financed Government of Serbia funds.	2.1 Activity: Up to 5 experts contracted for advancing capacity to prepare loans	137,959				UNDP	GoS	national consultants	137,959.26	146,298.26
	2.2. Support to UNDP financial and accounting, travel and reporting of ACADI.	25,000				UNDP	GoS	national consultants	25,000.00	26,511.13
	2.3 Activity: Technical support to the PIU provided	75,000				UNDP	GoS	company contracts	75,000.00	79,533.40
	Support to UNDP Monitoring, Procurement, Human Resources (2%)	4,759				UNDP	GoS	staff	4,759.19	5,046.86
	General Management Support (3%)	7,282				UNDP	GoS		7,281.55	7,721.69

<sup>10</sup> 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

<sup>11</sup> 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.

	Sub-Total for Output 2	250,000							250,000.00	265,111.35
UNDP contribution to Quality Assurance and Evaluation		32,000	25,000	25,000	25,000		UNDP		107,000.00	113,467.66
<b>TOTAL Project</b>		<b>1,032,000</b>	<b>775,000</b>	<b>775,000</b>	<b>775,000</b>				<b>3,357,000.00</b>	<b>3,559,915.17</b>
Total Government of Serbia Contribution		<b>1,000,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	-		-	<b>3,250,000.00</b>	<b>3,446,447.5</b>

## VIII. 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 standards<sup>12</sup> 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.

<sup>12</sup> 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.

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.

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	<i>Early elections cause slower pace of decision making</i>	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	<i>Changing priorities of the Government of Serbia re-focus attention to different projects than those identified in the existing financing arrangements</i>	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	<i>High turnover of experts and increased competition on the market results in frequent changes of project staff;</i>	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	<i>Identified national expertise may not be sufficient for all activities which PiMO plans;</i>	Project development phase	Operational	P = 1 I = 4	<i>Broadening the expertise base to the region of RBEC and international for solicitation of adequate expertise</i>	Project manager	Project developer	Project development phase	



## IX. LEGAL CONTEXT AND RISK MANAGEMENT

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/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_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](http://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.

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## X. ANNEXES

1. Project Quality Assurance Report
2. Social and Environmental Screening Template [English][French][Spanish], including additional Social and Environmental Assessments or Management Plans as relevant.

The Project is comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences, preparation of communication materials, strengthening capacities of partners to participate in international negotiations and conferences.

3. **Risk Analysis.** Use the standard Risk Log template. Please refer to the Deliverable Description of the Risk Log for instructions
4. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)
5. **Project Board Terms of Reference and TORs of key management positions**