

Standard Summary Project Fiche – IPA centralised programmes

Project number 23: TA to support implementation of infrastructure projects in the Republic of Serbia - PIUs

1. Basic information

- 1.1 CRIS Number:** [2008/020-406](#)
- 1.2 Title:** **TA to support implementation of infrastructure projects in the Republic of Serbia - PIUs**
- 1.3 ELARG statistical code:** 03.14
- 1.4 Location:** Republic of Serbia

Implementing arrangements:

- 1.5 Contracting Authority:** EC Delegation to the Republic of Serbia
- 1.6 Implementing Agency:** EC Delegation to the Republic of Serbia
- 1.7 Beneficiary** (including details of project manager):

Ministry of Infrastructure of the Republic of Serbia.

Project Manager from beneficiary's side: State Secretary for Transport.

A Steering Committee will be set up to follow the project.

Financing:

- 1.8 Overall cost:** **4.000.000 EUR**
- 1.9 EU contribution:** **4.000.000 EUR**
- 1.10 Final date for contracting:** 3 years after signature of the Financing Agreement
- 1.11 Final date for execution of contracts:** 5 years after signature of the Financing Agreement
- 1.12 Final date for disbursements:** 6 years after signature of the Financing Agreement

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall objective is to contribute to an enhanced transport system in the Republic of Serbia, fulfilling EU standards in the field of transport.

2.2 Project purpose:

Efficient and effective preparation and implementation of infrastructure projects in the Republic of Serbia in accordance with EU rules and best practice

2.3 Link with AP/NPAA/EP/SAA

According to the European Commission document “*Proposal for a COUNCIL DECISION on the principles, priorities and conditions contained in the **European Partnership** with Serbia including Kosovo as defined by United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2006/56/EC*”, Brussels, 6. 11. 2007, Annex 2: Priorities for Serbia, one of the key medium term priorities of the European Partnership with Serbia in Transport Sector is to:

“- especially continue improving data-led asset management for the maintenance and rehabilitation of transport infrastructures. Ensure EU compatibility of the legislative framework for concessions and take measures to attract investors, including through public-private partnerships, for co-funding large and strategic infrastructure works”

In European Commission document “**Serbia 2007 Progress Report**”, Paragraph 4.2.4 concerning Transport policy, it is stated that Serbia is relatively advanced but needs to adopt a national strategy for the transport sector together with a transport master plan. Furthermore, the strengthening of the administrative capacity is at an early stage and reorganization of the relevant services is required.

“As regards **road and rail transport**, limited progress can be reported. Strengthening and reorganization of the administrative capacity in these sectors is still outstanding”

This project will strengthen administrative capacities in the field of transport infrastructure project preparation and implementation.

2.4 Link with MIPD

At the MIPD 2007–2009 for Serbia, within Paragraph 1.4 “*Relevant IFI, multilateral and bilateral assistance*” – it is stated that close working relations are maintained with the IFIs (EIB, EBRD, World Bank, KfW). The EAR has over time supported the IFI investments in Serbia by financing preparatory work before actual investments and funding Project Implementation Units. The majority of activities carried out with IFIs are in the transport sector. It is important to continue working closely with these actors under IPA.

Paragraph 2.2.3.1 “*Main priorities and objectives*” MIPD emphasizes following issues in the Transport sector: supporting Transport Authorities to meet demands of EU legislation, implementation of the Memorandum of Understanding on the Core Regional Transport Network and support of the regional infrastructure investments (SEETO Multi-annual Plan 2006-2010), multi-modal transport network and trans-shipment facilities and facilitation of IFI investment through project preparation/implementation in Euro-Corridors.

Paragraph 2.2.3.2 “*Expected results and time frame*” indicates that one of the following results that is expected to be achieved until the end of the first IPA programming period (2012) is the implementation of programmes funded by International Financial Institutions supported;

According to the Paragraph 2.2.3.3 “*Programmes to be implemented in pursuit of these objectives*” in the annual programmes 2007-2009 assistance should be provided in areas such as technical assistance and capacity building activities for successful implementation of Decentralized Implementation System. Particularly, support and provide with technical assistance to the Transport Authorities for the transposition of the *acquis* and facilitation of IFI funding to realize key projects.

This project will assist absorption of IFI funding by enhancing the Ministry’s and other transport institutions’ capacity to prepare and implement sound projects.

2.5 Link with National Development Plan (where applicable) NA

2.6 Link with national/ sectoral investment plans (where applicable)

“Republic of Serbia Government Plan for Implementation of the European Partnership Priorities” (adopted on 7 April 2006), under Section 7-Sector Policies, Paragraph 7, emphasize the following short-term priorities in Transport Sector:

- *Adoption and implementation of a transport policy strategy (road, rail, aviation and waterways), strengthening capacity building, including project preparation for large investments and earmarking sufficient resources for the maintenance of transport infrastructures and institutions.*

“The strategy of railway, road, inland waterway, air and intermodal transport development in the Republic of Serbia form 2008 to 2015” provides the overall strategic framework for the design of this fiche.

In Section II - *Overview of the circumstances in railway, road, inland waterway, air and intermodal transport in the Republic of Serbia*, it is stated that “The European Commission, within the CARDS program, and International Financing Institutions (EIB, EBRD and WB support major investment projects in the Republic of Serbia) oriented towards urgent programs for infrastructure maintenance, construction and reconstruction and institutional capacity building projects. This support, above all for infrastructure projects along European corridors, is expected to continue in the several following years”.

According to the Section VII, Paragraph 3 of the Strategy, long-term development of the transport sector in the Republic of Serbia is primarily conditioned by high-quality transport, management and economics education. All executive, professional and administrative staff needs additional continual education in the field of management, organization and EU principles and procedures.

The National Strategy of Serbia for the Accession to the EU emphasizes that in the mid- and long-term, the strategy for Serbian transport system should enable the realisation of at least three strategic goals: 1) faster development and raising to the higher technical, technological and organisational level of the whole transport system, which creates preconditions for more efficient and more rational meeting the transport needs as well as reaching European standards, 2) establishment of such a structure of transport system and a transport services market that correspond to the valorisation of competitive advantages of all transport modes on certain routes and 3) further integration of domestic into international transport tendencies, according to the existing harmonised corridors at the EU level.

Action plan for IPA 2008 programminig in the Republic of Serbia among else, emphasize the need to improve capacities of public administration, define relations and responsibilities between the institutions involved in the process of IPA programming, particularly emphasizing project preparation, evaluation and selection for the Transition and the Institutional building component.

The **Law on Public Roads**, approved in December 2006, states that current system of financing road administration and maintenance is inadequate to meet current and future network requirements. At the present time Serbian legislation in the Roads sector is not harmonised with that of the EU, which generates its own specific problems when projects are funded by IFIs.

The 2007-2011 PE “Serbian Railways” Business Plan - Strategic Plan envisages the further modernization of Serbian Railways’ business system and in line therewith the introduction of modern systems for identification and monitoring of the condition of railway infrastructure.

Railway and Roads Project Implementation Units (PIUs), governed by the Ministry of Infrastructure, enhance the implementation of projects financed by IFIs that shall coordinate

the implementation of the development and rehabilitation projects in line with above mentioned strategic documents.

3. Description of project

3.1 Background and justification:

Due to Serbia's geographical position and the relatively well-developed transport system it is recognized that Serbia could play a key role in providing the connections that are essential to the promotion of regional integration, connecting the transport systems with the neighbouring countries and European transit routes.

Serbian National Strategy for EU Accession of Serbia and Montenegro states that investing in transport infrastructure is one of the drivers of growth of economic activities. In the part referring to traffic, the emphasis is on the importance of investments in main routes.

Since 2002 Consulting Services have already been provided in support to the Project Implementation Units (PIUs) of the Public Enterprise "Roads of Serbia" and PE "Serbian Railways" through funding by the European Agency for Reconstruction in Serbia.

Ministry of infrastructure

According to previous experience during the implementation of EU funded projects, a lack of knowledge and experience in financial and project management in line with EU rules and practice has been noticed. There is a great need for experienced and trained staff capable of defining strategic plans and priority projects in the field of transport infrastructure and to prepare projects pursuant to the requirements set in the rules of the EU and the IFIs. So far, insufficient number of trainings and seminars on EU funds, Preparation of Project Documents (Feasibility Study, Project Fiches, Application Form and Compulsory Annexes, Terms of Reference and Technical Specification...), Project Finance (including PPP, PFI, concessions in the EU funds), Project Analysis, EU Procurement Rules (PRAG), Application Forms and Tender Dossiers, Design of contracts to EU standards, Project Management and Implementation, results in a lack of capacity of the public administration in these fields.

Capacity building activities in these areas are therefore essential so that the Ministry of Infrastructure can efficiently and effectively respond to all indicated tasks and challenges, and moreover so that institutional knowledge transferred by consultants on the project will be maintained by the staff of the Ministry after the project.

Roads sector

The PE "Roads of Serbia" has since 2002 received assistance through a PIU funded by the EAR, for managing the EIB and EBRD loans for reconstruction and maintenance of works projects. The present consulting service contract will expire in spring 2009 and the intention is that shall be put in place in a new service contract with the purpose to continue the provision of services with similar activities.

The financing of the next tranche of Consulting Services to the Project Implementation Unit (PIU) is of priority because, as a follow up to the services of the previous consultancy it provides continuity to the PIU Roads of Serbia, for a number of issues including, inter alia:

- organizational aspects of planning, letting and management of projects which need to be improved
- standardization of documents used in conjunction with Bank and FIDIC procedures
- continued improvement of the reviewing of Designs produced by Consultants engaged by the Roads of Serbia
- consolidation of managerial controls on the execution of ongoing Works contracts.

- Consolidation of systems of administrative and financial controls with the required supporting staff
- assistance in the administration of projects, as counterpart to the Works Supervision Consultants
- training of staff for a wide array of administrative and contractual procedures.

The principal reason to continue with the Consultancy project is the fact that PIU Roads of Serbia does not have the required staffing in terms of numbers and experience, to adequately cover all ongoing projects and render assistance to the Head of PIU in the management of all ongoing commitments and the continuing procurement process.

While the process of assisting and training is ongoing with the present Consultants, this needs to continue with the next Technical Assistance Consultants to the PIU.

Railways sector

In respect of railway infrastructure the objective of Serbian Railways is to provide, in line with the principles set out in Directive 91/440/EC, principles defined in the European Partnership and in MIPD, the following: efficient and competitive infrastructure services, reduced costs and increased infrastructure efficiency and quality (operative interoperability, electric engineering interoperability, safety interoperability, civil engineering interoperability).

Since 2002, EU and numerous donors have supported various activities in the field of railway restructuring. The critical reform areas, in addition to modernization and reconstruction of railway infrastructure, cover also the development of rolling stock capacity, institutional enterprise restructuring, development of human resources, assessment of track condition and modernization of the enterprise in the field of information equipment and software.

Within the current Railway Rehabilitation Project II, so far the technical documents are prepared for the reconstruction and modernization of the following: a) Belgrade – Nis line, section Gilje – Cuprija – Paracin, b) Nis – Dimitrovgrad line, section Cele Kula – Stanicenje, c) Belgrade – Sid line, Batajnica – Golubinci section. In the forthcoming period it is necessary to procure the required materials and equipment, and to execute contracts with the contractors.

In addition, with a view to increasing the reliability and efficiency of the system, Serbian Railways plan to continue activities on upgrading the condition of infrastructure and transport capacity, and negotiations are under way for new loan arrangement with EIB for financing of Rehabilitation Project III.

Bearing in mind all the above, it is anticipated that Serbian Railways will need further technical assistance for monitoring and supervision of works on Railway Rehabilitation Projects.,

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

Benefits created from this project should assure that the transport system of the Republic of Serbia is compatible with the transport system in the European Union with a tendency towards further modernization. After completing modernization, the Republic of Serbia will be ready to sustain most European Union standards in the transport sector, transport chains on a high level will be provided, and the transport market in the Republic of Serbia will be competitive. Financing will be provided from European Union funds, International financing institutions loans, local funds, Public Private Partnerships, etc.

The Mol and Roads and Railways PIUs staff, while working in strict collaboration with the Consultant, should develop the necessary knowledge and skills so that institutional memory

stays sustainable for the future successful management of major infrastructure projects to international standards.

Roads of Serbia

The benefits created by the proposed Consulting Services will be sustained after the project has been completed in view of the following.

The targets set to be achieved by the PIU of the Roads Directorate are defined in terms of projects that are led, carried out and completed in accordance with technical specifications, cost estimates and time allowed for completion. The results to be achieved by the Consultant, assisting the PIU in meeting meet its targets, include that the contracts should be led with rational, consistent designs and clear, standardized contract documents, approved by the Banks.

The performance and progress of the contracts should be technically and financially well controlled and carried out with due regards to safety and protection of the environment, disputes resolved expeditiously and claims addressed fairly, disbursements organized, reports regularly submitted, record keeping systems organized and maintained.

All of the above is in line with the wider objective of the PIU assistance which is to contribute to an expanded and improved, safer, regional and international transit network, attract new investment to the poorer regions, improve the quality of regional life, promote trade and contribute to the improvement of relations with neighbouring countries.

The purpose and resulting impact of the proposed Consultancy is to assist the PIU in being effective in ensuring that the concept of highway and bridge contracts funded by loan is realized in terms of the provision of completed, new, improved and rehabilitated highways.

3.3 Results and measurable indicators:

1. Administrative capacities of the Ministry of infrastructure improved, in order to ensure an efficient and effective process of strategic planning, programming, implementation, evaluation and monitoring, financial management and control of EU external aid and IFIs supported projects in accordance with EU procedures.
2. Working procedure, equipment and services in line with rules of the banks and compliant to EU standards ensured, and the capability of PE "Serbian Railways" to work independently on similar projects in the future enhanced.
3. Roads construction and rehabilitation contracts are properly designed respecting the EU standards; the procurement procedures are consistent with the requirements and rules of EU and the Banks; controls are exercised through FIDIC contracts to assure the performance, quality and safety of the works; financial and progress control is maintained; training is provided, by direct involvement of the national staff in the procedures, to develop the operational and management capacity of the PIU Roads of Serbia.

Measurable indicators include:

- Ability of Ministry staff to manage strategic programming and the project cycle
- Quality and number of programme and project cycle management documents produced
- No. and quality of standard working procedures established
- Compliance with bank rules (no. of cases of objections by banks)
- Quality of designs and control mechanisms

3.4 Activities:

Activities related to result 1

1.1. Relevant training programs provided to the staff within the Ministry on the preparation and implementation of transport infrastructure projects, especially in the field of:

- EU external aid and IFIs context,
- Strategic Planning and Programming,
- Project Cycle Management and Logical Framework Approach
- Project identification (including SWOT analyses, etc.)
- Preparation of Project Documents (Feasibility Study, Project Fiches, Application Form and Compulsory Annexes, Terms of Reference and Technical Specification...),
- Project Finance (including PPP in the EU funds)
- Project Analysis (including cost-benefit analyses, etc.)
- Strategic Environment Impact Assessment
- EU Procurement Rules (PRAG)
- Application Forms and Tender Dossiers
- Design of contracts to EU standards
- Project Management and Implementation
- Monitoring and Evaluation, etc.

1.2. Workshops on practical issues and study visits to EU countries in order to exchange experiences, challenges and key lessons learned on similar projects

1.3. TA for preparing specific project fiches and associated documentation attached to the Mol

1.4. Preparation of the operational manuals for programming, implementation, evaluation, monitoring, financial management and control of the EU funded and respective investment projects to be funded by IFIs. The manuals are to be in compliance with EC Regulations.

1.5. Developing the Guidelines for preparation of project documents such as Terms of References, Feasibility studies, Tender Dossiers, Environmental Impact Assessment studies, etc. for transport infrastructure projects to be financed under IPA and other EU assistance programmes

Activities related to result 2

3.1. Design verification for new projects in the financing pipeline, in particular Zezelj Bridge Rehabilitation Project,

3.2. Procurement of contractors and supervisory consultants in accordance with the regulations and procedures of the Banks,

3.3. Support to the Engineer in the management of the Works and Supervision contracts

3.4. Monitoring and exercising control over the quality of services and works contracts,

3.5. Monitoring that the adopted methodologies, QA, QC, safety, protection of the environment are in accordance with acceptable standards

Contracting Arrangement:

The above shall be achieved through two service contracts for Technical Assistance.

The Consultancy shall provide verifiable information through Inception, bi-monthly Progress and Final Reports.

Offices and equipment shall be provided by the beneficiary institutions of Serbia.

3.5 Conditionality and sequencing:

This project is conditional to the full commitment by all beneficiaries: Ministry of infrastructure, PIU Roads and PIU Railways.

Launching the next phase of consulting services must be preceded by procurement procedures for the services of Consultants. The present PIU consultant is due to finish in June 2009, and the services defined by this contract should ideally follow on seamlessly. It is therefore desirable that the EC Delegation launch the procurement procedure well before this date to make sure that Consultants are contracted in time.

The logistics for the installation of the next Consultant are facilitated by the fact that there are all the required offices, furniture, equipment and communications already in place and used by the previous consulting services to the PIU. Therefore once the consultants are engaged for the next 2009 to 2011 period, technical assistance to the PIUs is expected to continue with minimal disruption.

Once the financing agreement is in place it will be the task of the Heads of PIUs to provide the necessary inputs and coordination in collaboration with the EC Delegation, to ensure the implementation of the next tranche of consulting services.

3.6 Linked activities

Ministry of infrastructure

This project is especially linked with two previous/current CARDS projects of the Ministry of Infrastructure:

- The Project Capacity Building – Transport sector» CARDS 2004 deals with the reform of the Ministry for Infrastructure as a whole but does not include sufficient emphasis on strengthening the capacities regarding project and financial management of infrastructure projects in Serbia.
- The Twinning Project Serbia “First Alignment with the Transport Acquis” was completed in March 2008. The objective of this project was to align priority laws in the competence of the Ministry of infrastructure.

Railways sector

In the previous period, Serbian Railways has implemented a number of projects and activities aiming at rehabilitation and modernization of infrastructure capacities. Serbian Railways have implemented activities on construction, modernization and reconstruction of railway infrastructure and rolling stock mainly through Railway Rehabilitation Project I and Railway Rehabilitation Project II, financed by loans of European Investment Bank and European Bank for Reconstruction and Development.

The experience to-date of PE "Serbian Railways" in implementing the programmes reflects the substantial assistance to the PIU in the field of coordination, management, monitoring, financial statements and evaluation of all aspects of the Implementation Programme (Railway Rehabilitation Project I and Railway Rehabilitation Project II).

In all activities on monitoring the implementation of projects in the period 2002-2007, the PIU team had on a monthly basis collected data from various departments of PE "Serbian Railways", regarding physical and financial implementation of projects, which it has thereupon sent to the consultant team of European Agency for Reconstruction, the banks that had granted the loans and to PE "Serbian Railways".

The team had also participated in preparations and in technical processing of documents for meetings held with the Banks and for withdrawal of loan tranches, as well as in preparation of necessary documents for negotiations with the banks as regards new loans of EIB and EBRD, to be used for financing the procurement of 1,100 new freight wagons, the under-floor wheel lathe and rehabilitation of sections Cele Kula-Stanicenje, Gilje-Cuprija and Batajnica-Golubinci on the main lines network of Serbian Railways.

Road sector

The proposed Consulting Services which are to continue from the ones ending in 10 June 2009, will be assisting the PIU to launch and manage projects that have been funded through the EBRD, EIB and sometimes in combination with local funding.

Table 1 on the following pages provides a summary of the projects being managed and to be managed by PIU Roads of Serbia with the assistance of Consulting Services financed by the European Union.

PROJECT IMPLEMENTATION UNIT (PIU) to "ROADS OF SERBIA". Feb-08

Forecasted EIB and EBRD Bank Disbursement to end of 2007 and to end of
Table 1 projects

All values in Million Euros

Financing Status (S): b – budget, t – tender, c – contracted, f – final account, u – unallocated

Bank Loans	EBRD financing, Status (S), EURO			Forecast with V+PA (note 4)	Construction Months	DNP months	Construction period (without DNP)		Forecast Disbursed to end 2007	2008				2009				2010	2011	2012	Totals EURO
	Project Description	S	EURO m				start	end		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
16.0	Motorway E70/75	t	16.0	16.0	18	24	May-08	Jun-09	-		3.0	3.2	2.2	1.4	3.3	2.9				16.00	
9.0	Ring Road R251	t	9.0	9.0	12	24	Apr-08	May-09	-	0.9	2.2	2.8	1.2	0.7	1.3					9.00	
10.0	Lot 17 & 18 EBRD loan 32190	c	8.1	10.0	12	24	Dec-07	Dec-08	1.0	1.6	2.0	2.0	1.5							8.10	
	Remaining funds from 10 mEURO		1.9																	-	
55.0	Motorway Bypass Batjnica – Dobanovci Section A	b	55.0	55.0	30	24	Jun-08	Jun-10	-			6.0	3.0	3.5	8.5	9.0	3.0	22.0		55.00	
72.0	New Beska Br. Lot 3 (foot note 1)	c	33.9	36.0	24	36	Sep-06	May-09	7.0	3.3	4.0	4.1	3.0	3.4	4.0	3.7	1.5			33.93	
	South Bound c/way Lot 4(ft. note 1)	c	7.2	7.2	18	24	Jul-06	Jan-08	6.5	0.7								-		7.24	
	Remaining funds from 62 mEURO		30.8	28.8																-	
162.0	Total for EBRD million EURO		162.0	162.0																	
	Total financing under b,t,c,f		129.3						14.5	6.5	11.2	18.0	10.9	9.0	17.1	15.6	4.5	22.0	-	-	129.3

Financing Status (S): b – budget, t – tender, c – contracted, f – final account

Bank Loans	EIB financing, Status (S), EURO			Forecast with V+PA (note 4)	Construction Months	DNP months	Construction period (without DNP)		Forecast Disbursed to end 2007	2008				2009				2010	2011	2012	Totals EURO
	Project Description	S	EURO m				start	end		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
120	Motorway Bypass Orlovaca – Avala (B5) Section B5	b	36.0	42.0	36	24	Jun-08	Jun-11	-			4.0	2.0	1.5	4.5	4.5	2.5	11.0	6.0		36.00
	Motorway Bypass Avala to Bubanj Potok (B6) Section B6	b	68.0	78.0	36	24	Jun-08	Jun-11	-			8.0	3.0	4.0	7.0	7.0	4.0	25.0	10.0		68.00
	Remaining funds from 120 mEURO	u	16.0																		
33	Gazela Bridge Rehabilitation	b	33.0	33.0	24	24	Mar-08	Mar-10	-	4.0	4.0	3.0	2.0	2.0	6.0	6.0	3.0	3.0			33.00
33	100 Bridges	b	28.0	28.0	12	18	Apr-08	Apr-10	-		3.0	4.0	2.0	1.0	4.0	5.0	3.0	6.0			28.00
	Uvac Nova Varos – EIB 22550 (4.97 mEURO)	c	5.0	5.0	12	24	Feb-08	Feb-09	-	1.0	1.0	1.5	1.0	0.5							5.00
60	Batajnica Interchange	b	60.0	60.0	30	24	Jun-08	Dec-10				6.0	4.0	4.0	8.0	8.0	4.0	26.0			60.00

120	Lot 1.1	c	39.2	50.0	24	36	Aug-06	Nov-09	12.5	2.0	4.0	5.0	2.0	2.0	6.0	3.7	2.0					39.17	
	Lot 1.2	c	14.0	14.0	24	24	Oct-04	8-Oct-06	14.0													14.00	
	Lot 2.2 (foot note 2)	c	17.5	20.0	18	36	Aug-06	Dec-08	5.0	2.0	5.0	4.0	1.5	-								17.51	
	Lot 5 Ex. Beska Bridge (foot n. 1 & 3)	c	9.0	11.0	24	24		Aug-08	1.7	2.5	3.0	1.8										9.00	
	Supervision SW/WSP		8.0	10.0																			
	Remaining funds from 120 m EURO (nt 5)		32.3	15.0																			
366	Total for EIB million EURO		366.0	366.0																			
	Total financing under b,t,c,f		309.7						33.2	11.5	20.0	37.3	17.5	15.0	35.5	34.2	18.5	71.0	16.0	-		309.7	

Funding to be finalized	Bubanj-Potok to Pancevo motorway	b	300	n/a	42	36	Jul-09	Dec-12								60	50	70	70	50	300
	Nis – Dimitrograd motorway	b	480	n/a	48	36	Mar-09	Dec-12						50	60	50	130	120	70	480	
	Hellenic Plan	b	460	n/a	48	36	Mar-09	Dec-12						50	60	60	110	110	70	460	
														100	180	160	310	300	190	1,240	

EBRD and EIB loans for works completed and presently under Defects Notification Period:

76.0	EBRD1					76 M EURO Completed/ retention Bond in place
95.0	EIB 2					95 m EURO Completed/ retention Bond in place

note 1: Forecast extended due to expected delays to completion of Beska Bridge. Loan amount of 41.77 m EURO split between Lot 3 and Lot 5

note 2: Lot 2.2 is in heavy delay, assume end of construction is Dec 2008

note 3: Lot 5 original cost of 7.8 m EURO + Variation for Design and Construction of bridge + culvert (approx 1.2 m EURO)

note 4: This is a prudent forecast of the total funding required to completion considering unforeseen V = Variations and PA = Price Adjustments

note 5: Remaining funds of 15 mEURO intended to be allocated to Kuzmin to Croatian Border Road – finalization of Rehabilitation Lot 2 from EIB 2

As can be seen from Table 1, the amount of funding that is expected to be disbursed in the years 2009, 2010 and 2011 is in excess of Meuro 260, only for ongoing projects and projects about to commence.

The total funding summarized from Table 1 amounts to over Meuro 500 in the period spanning 2006 to 2011.

However the PIU Roads of Serbia are in the process of implementing further projects to the approximate value of 1,240 Meuro (see Table 1) and are in continuous discussion with IFIs for the necessary funding.

3.7 Lessons learned

Ministry of infrastructure

The difficulties associated with transport project preparation and implementation due to the limited capacities of the Serbian administration, and weak transport regulatory environment are the main lessons from EU support actions to date. The sector requires a greater resource commitment by the Serbian administration in order to ensure an efficient and effective process of strategic planning, programming, implementation, evaluation and monitoring, financial management and control of EU external aid and IFIs supported projects, so as to create the environment that encourages both public and private sector investment. As the transport sector is capital intensive, quicker progress on preparation and implementation of transport infrastructure projects in line with EU standards is crucial to attract new funding sources.

Railways

With a view to modernize the service production process and improving the transport service quality, for a number of years Serbian Railways have been implementing the activities of modernization and reconstruction of railway infrastructure and so far a number of projects have been implemented whereby the majority of weak points on the railway network have been rehabilitated.

PE “Serbian Railways” have successfully rehabilitated all the components of the projects financed by EIB and EBRD and therefore are deemed as competent and capable to implement the proposed project entirely in line with European standards and national legislation.

Road sector

The purpose of the deployment of the Consultant will also be to focus on needs of the PIU Roads of Serbia from the lessons learned to date which include, inter alia:

- The organizational aspects of planning, contracting and management of projects need to be improved
- There is a need to standardize documents used in conjunction with Bank and FIDIC procedures
- There is a need to improve the reviewing made of Designs produced by Consultants engaged by the Roads of Serbia
- There is the need to establish managerial controls on the execution of ongoing Works contracts.
- There is the need to have comprehensive systems of administrative and financial controls with the required supporting staff
- There is the need to provide assistance in the administration of projects, as counterpart to the Works supervision Consultants
- There is much need of training of staff for a wide array of administrative and contractual procedures.

4. Indicative Budget (amounts in €)

			TOTAL EXP.RE	SOURCES OF FUNDING								
				IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR ©=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
contract 1.1	–	–	2,000,000	2,000,000	100							–
contract 2.1			2,000,000	2,000,000	100							
TOTAL IB			4,000,000	4,000,000	100							
TOTAL INV												
TOTAL PROJECT			4,000,000	4,000,000	100							

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

- (1) In the Activity row use "X" to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	T+1Q	T+4Q	T+12Q
Contract 2.1	T+2Q	T+4Q	T+14Q

6. Cross cutting issues (where applicable)

6.1 Equal Opportunity

The service provider for this project will ensure that their human resource policies and procedures take account of gender differences. Criteria should be introduced to ensure that gender equality measures are pursued.

6.2 Environment

In the implementation of the works and subsequently in the operation of the infrastructure and facilities, due consideration will be given to environmental factors, all in compliance with Serbian legislation and with environmental standards comparable.

Given the preponderance of road transport in the region, and the poor quality of roads and vehicles, all improvements to roads are a positive environmental influence. Equally, improvements to the railways will assist in rebalancing transport in a direction desired by the EU, to great environmental benefit.

6.3 Minority and vulnerable groups

Transport is one of the priority areas which do not primarily impact minority issues. At the same time, they might have long-term repercussions especially on minorities and vulnerable groups, especially as there are usually the first to suffer from reduced mobility and environmental degradation.

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche	TA to support implementation of infrastructure projects in the Republic of Serbia - PIUs	
	Contracting period 3 years after the signature of the Financing Agreement	Disbursement period expires 6 years after the signature of the Financing Agreement
	Total budget : 4 million Euro	IPA budget: 4 million Euro

Overall objective	Objectively verifiable indicators	Sources of Verification	
The overall objective is to contribute to an enhanced transport system in the Republic of Serbia, fulfilling EU standards in the field of transport.	<ul style="list-style-type: none"> ▪ Journey times ▪ Prices ▪ Accident record 	Passenger timetables and freight statistics, accident statistics, official reports	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Efficient and effective preparation and implementation of infrastructure projects in the Republic of Serbia in accordance with EU rules and best practice.	<ul style="list-style-type: none"> ▪ No. and quality of projects prepared and executed 	Project reports	Continuity in administration and government policy
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Result 1 - Administrative capacities of the Ministry of infrastructure improved, in order to ensure an efficient and effective process of strategic planning, programming, implementation, evaluation and monitoring, financial management and control of EU external aid and IFIs supported projects in accordance with EU procedures.	<ul style="list-style-type: none"> ▪ Ability of Ministry staff to manage strategic programming and the project cycle ▪ Quality and number of programme and project cycle management documents produced 	Project reports Ministry reports IFI reports	Continuity in administration and government policy
Result 2 - Roads and bridges construction and rehabilitation contracts are properly designed respecting the EU standards; the procurement procedures are consistent with the requirements and rules of EU and the Banks; controls are exercised through FIDIC contracts to assure the performance, quality and safety of the works; financial and progress control is maintained; training is	<ul style="list-style-type: none"> ▪ No. and quality of standard working procedures established 		

<p>provided, by direct involvement of the national staff in the procedures, to develop the operational and management capacity of the PIU Roads of Serbia.</p>	<ul style="list-style-type: none"> ▪ Compliance with bank rules (no. of cases of objections by banks) ▪ Quality of designs and control mechanisms 		
Activities	Means	Costs	Assumptions
<p>Activities related to result 1</p>	<p>1 Service contracts for Technical Assistance</p>	<p>2,000,000 Euro</p>	
<p>1.1. Relevant training programs provided to the staff within the Ministry on the preparation and implementation of transport infrastructure projects</p>			
<p>1.2. Workshops on practical issues and study visits to EU countries in order to exchange experiences, challenges and key lessons learned on similar projects</p>			
<p>1.3. TA for preparing specific project fiches and associated documentation attached to the Mol</p>			
<p>1.4. Preparation of the operational manuals for programming, implementation, evaluation, monitoring, financial management and control of the EU funded and respective investment projects to be funded by IFIs. The manuals are to be in compliance with EC Regulations.</p>			
<p>1.5. Developing the Guidelines for preparation of project documents such as Terms of References, Feasibility studies, Tender Dossiers, Environmental Impact Assessment studies, etc. for transport infrastructure projects to be financed under IPA and other EU assistance programmes</p>			
<p>Activities related to result 2</p>	<p>1 Service contracts for Technical Assistance</p>	<p>2,000,000 Euro</p>	
<p>3.1. Design verification for new projects in the financing pipeline</p>			
<p>3.2. Procurement of contractors and supervisory consultants in accordance with the regulations and procedures of the Banks</p>			
<p>3.3. Support to the Engineer in the management of the Works and Supervision contracts</p>			
<p>3.4. Monitoring and exercising control over the quality of services and works</p>			

contracts
3.5. Monitoring that the adopted methodologies, QA, QC, safety, protection of the environment are in accordance with acceptable standards

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ANNEX II: amounts (in M€) Contracted and disbursed by quarter for the project (IPA contribution only)

Contracted	QR1	QR2	QR3	QR4	QR5	QR6	QR7	QR8	QR9	QR10	QR11	QR12	Total
Contract 1.1				2.000.000									2.000.000
Contract 2.1				2.000.000									2.000.000
Cumulated				4.000.000									4.000.000
Disbursed													
Contract 1.1				200.000		450.000		450.000		450.000		450.000	2.000.000
Contract 2.1				200.000		450.000		450.000		450.000		450.000	2.000.000
Cumulated				400.000		1.300.000		2.200.000		3.100.000		4.000.000	4.000.000

ANNEX III: Institutional Framework – legal responsibilities and statutes

The specific sector of transport is governed by the **Ministry of Infrastructure** itself (following the general elections in January 2007 the new Government was installed on 15 May 2007; the Ministry of Capital Investments was restructured - the Sector for Telecommunication was rearranged into a new Ministry, and renamed as Ministry of Infrastructure) and through Directorates that deal with the relevant sector as road, railways including inter-modality, inland waterway transport and air. At this moment there are the following Directorates: former Road Directorate of the Republic of Serbia now called Public Enterprise "Roads of Serbia", Directorate for Railways and Directorate of Civil Aviation.

The Ministry of Infrastructure performs the public administration duties in the sphere of railway, road, waterway, air, and inter-modal traffic relating to: obligation and ownership rights relations; monitoring; safety and technical-technological system structure; status of foreign carriers in transport of goods and passengers on the territory of the Republic of Serbia; navigable waterways where international and multinational navigation regime is valid; development strategy of transport system; development plans and other plans in relation to structure, system organization, and relations in transport of passengers and goods; approval of construction and usage of transport infrastructure and equipment, and capacities which are in the function of utilization of traffic infrastructure; financial and technical control organization. The Ministry of Infrastructure also performs the public administration activities referring to: spatial and urban planning; setting out conditions for the construction of the facilities; sets out the housing relations and residential business; construction; construction land; geodesy engineering surveying; and other activities stipulated by law.

The Ministry of Infrastructure consists of the following organizational units:

1. Sector for Road Transport
2. Sector for Roads and Road Safety
3. Sector for Railways and Intermodal Transport
4. Sector for Air Traffic
5. Inland Waterway Transport and Navigation Safety Sector
6. EU Integration Sector
7. Architecture, Construction and Investments Projects Sector
8. Urban and Spatial Planning Sector
9. Urban and Spatial Planning Agency

PE Roads of Serbia is a Public Enterprise directed by Government of Serbia. As a result of its activities, PE Roads of Serbia is under the direct competence of the Ministry of Infrastructure. PE Roads of Serbia operates in accordance to its financing typically made up as follows:

- 12% - contributions from part of the tax on retail price of fuel, 25% - PE Roads of Serbia's own sources, 11% - loans, 1% - Grants, donations, participations, 9% - National Investment Plan, 42% - other sources.

The Public Enterprises Roads of Serbia entrusts the procurement and monitoring of projects execution to the **Projects Implementation Unit (PIU)**, which is not a separate organizational unit of the Roads of Serbia, but operates seamlessly within the Public Enterprise for the procurement and monitoring of performance of projects. This has been carried out successfully since the inception of the PIU and its function

is required to continue for the foreseeable future. More specifically the PIU's roles include, inter alia: the provision of procurement documents for Consultancy Supervision and Works Contracts, including all launching of consultancy and works tenders and their evaluation and subsequent contracting, the monitoring of Works from a contractual and technical point of view, including monitoring of financial aspects and co-ordination with the Banks for disbursement procedures. Within the PIU, Technical Assistance is provided by external consultants under a separate contract which to date has been financed by the European Agency for Reconstruction. The principal roles of the Technical Assistance have been in providing support on all technical and contractual issues related to activities carried out within the PIU.

Serbian Railways is public enterprise responsible for railway infrastructure management that means reconstruction, modernization and development of railway infrastructure as well as responsible for carrying out of freight and passenger transport.

Directorate for Railways is a special organization of the Republic of Serbia for the field of railway transport. Directorate has been established to carry out expert, regulatory and other operations in the field of railway transport defined by the Law on Railway, specially to give opinion of railway infrastructure development plans.

ANNEX IV: Reference to laws, regulations and strategic documents:

Serbian laws and regulations in force:

- Law on international transportation in road traffic (*"Official Gazette of FRY" No. 60/98, 5/99, 44/99, 74/99 and 4/00, "Official Gazette of Republic of Serbia", No 101/2005*)
- Law on transport operations in road traffic (*"Official Gazette of the Republic of Serbia", No. 46/95, and 66/2001, 61/2005, 91/2005*)

- Law on contracts in road transport (*"Official Gazette", no. 26/95*)
- Federal Law on road safety (*"Official Gazette of SFRY" number 50/88, 63/88, 80/89, 29/90, 11/91; "Official Gazette of FRY", number 34/92, 13/93, 24/94, 41/94, 28/96, 3/02; "Official Gazette of RS", number 101/2005*)
- Regulation on medical conditions to be met by drivers of motor vehicles (*"Official Gazette of SFRY", No. 5/82*)
- Agreement on minimal conditions for issuing and validity of driving licenses (*"Official Gazette of SFRY - International Contracts", No. 3/78*)
- Labour Law (*"Official Gazette of the Republic of Serbia", No. 24/05 from 15.03.2005, 61/05 from 18.07.2005*)
- Regulation on the total duration of managing over vehicle, drivers rest and work of doubled crews on vehicles with relevance to safety of vehicle steering (*"Official Gazette of SFRY, no. 18/84, 67/85"*)
- Regulation on Metrological Conditions for Surveillance Devices for Controlling Drivers Work and Movement of Vehicles in Road Traffic Regulation on metrological conditions for surveillance devices for controlling drivers work and movement of vehicles in road traffic (*"Official Gazette of Serbia and Montenegro", No. 24/03, from 06. 06. 2003*)
- Regulation on dimensions, total masses and axle load for vehicles and on the basic requirements that must be fulfilled by devices and equipment installed on vehicles in the traffic on roads (*"Official Gazette of SFRY", number 50/82, 11/83, 4/85, 65/85, 64/86, 22/90, 50/90, 51/91*)
- Regulation on technical conditions that must be fulfilled by freight vehicles and buses used for international public transportation in the traffic on roads (*"Official Gazette of SFRY", number 50/82, 11/83, 4/85, 65/85, 64/86, 22/90, 50/90, 51/91*)
- Law on public roads (*"Official Gazette of RS", no. 101/05*)
- Law on rail (*"Official Herald of Republic of Serbia", no. 18/2005*)
- Decree on the establishment of the public rail infrastructure management and rail transport company (*"Official Herald of Republic of Serbia", no. 78/2004, 19/2005*)
- Regulation on amount of charges for issuing of licences for railway infrastructure management (*Official Herald of RS", No. 3/99*)

- Rule book on railway infrastructure elements(*Official Herald of RS", No. 114/2006*)

- Decree on categorization of railway tracks(*Official Herald of RS" No. 75/2006*)

- Regulation on conditions for the issuance and contents of rail infrastructure management safety certificate, i.e. industrial rail management safety certificate (*"Official Herald of Republic of Serbia", no. 39/2006*)
- Law on safety in railway transport (*"The Official Gazette of FRY", no. 60/98, 36/99, "The Official Gazette of RS", no. 101/2005*)
- Regulation on conditions for the issuance and contents of transport safety certificates (*"Official Herald of Republic of Serbia", no. 39/2006*)
- Regulation on amounts of charges for issuing of railway transport safety certificate (*"Official Herald of RS", No. 39/2006*)
- Law on maritime and inland waterways transportation (*Official Herald FRY, No 12/99, last amendment 101/2005*)
- Regulation on occupation titles, requirements for obtaining occupation title and authorities of member of inland waterways vessel crew (*Official Gazette FRY, No 32/82, last amendment 25/96*)
- Regulation on professional examination programme and method of examination for obtaining occupational title for member of inland waterways vessel crew (*Official Herald RS, No 29/83*)
- Recommendations on requirements for obtaining certificates for boat masters of Danube vessels the (*Decision of Danube Commission from 12 April 1995 (Doc. DC/CEC 53/32)*)
- Law on carriage of dangerous goods (*"Official Gazette" of SFRY, no. 27/90, 45/90, "Official Gazette" of FRY 24/94, 28/96, 21/99,44/99,28/02*)
- Decree on carriage of dangerous goods by road and railroad (*"Official Journal of RS", no. 53/02*)
- Regulation on professional education of drivers driving vehicles transporting dangerous goods and other persons involved in transportation of dangerous goods(*"Official Gazette" of SFRY, no. 17/91*)
- Law on Carriage of Dangerous Goods (*"Official Gazette" of SFRY, no. 27/90, 45/90, "Official Gazette" of FRY 24/94, 28/96, 21/99,44/99,28/02*)
- Decree on Carriage of Dangerous Goods by Road and Railroad (*"Official Journal of RS", no. 53/02*)
- Convention on Protection of Human Life At Sea (*"Official Gazette of SFRY – International Contracts", No. 2/81*)
- Regulation on Professional Education of Drivers Driving Vehicles Transporting Dangerous Goods and other Persons Involved in Transportation of Dangerous Goods (*"Official Gazette" of SFRY, no. 17/91*)

Strategic documents - international:

- European Commission document *"Proposal for a COUNCIL DECISION on the principles, priorities and conditions contained in the **European Partnership** with Serbia including Kosovo as defined by United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2006/56/EC"*, Brussels, 6. 11. 2007, Annex 2

- European Commission document **“Serbia 2007 Progress Report”**, Paragraph 4.2.4 concerning Transport policy
- **MIPD 2007–2009 for Serbia**, Paragraph 1.4 *“Relevant IFI, multilateral and bilateral assistance”* , Paragraph 2.2.3.1 *“Main priorities and objectives”*, Paragraph 2.2.3.2 *“Expected results and time frame”*, Paragraph 2.2.3.3 *“Programmes to be implemented in pursuit of these objectives”*

Strategic documents - national:

- **“Republic of Serbia Government Plan for Implementation of the European Partnership Priorities”** (adopted on 7 April 2006)
- **“The strategy of railway, road, inland waterway, air and intermodal transport development in the Republic of Serbia form 2008 to 2015”**, Section II - *Overview of the circumstances in railway, road, inland waterway, air and intermodal transport in the Republic of Serbia*
- **The National Strategy of Serbia for the Accession to the EU**
- **Action plan for IPA 2008 programming in the Republic of Serbia**
- The **Law on Public Roads**, approved in December 2006
- **The 2007-2011 PE “Serbian Railways” Business Plan - Strategic Plan**

ANNEX V: Details per EU-funded contract:

The Technical Assistance contractor will be expected to perform the following activities.

- Provide long- and short-term experts appropriate to the Ministry, the Railways and the Road Directorate with suitable experience in capacity building and project management in all aspects
- Carry out Training Needs Assessments in all relevant bodies
- Design and deliver training programmes including seminars, workshops and study tours
- Ensure that all training activities are anchored in the practical project preparation work and thus immediately relevant and associated with on-the-job coaching
- Assist in preparing specific project fiches and associated documentation
- Assist in preparation of operational manuals for programming, implementation, evaluation, monitoring, financial management and control of the EU funded projects and those funded by IFIs.
- Assist in developing guidelines for preparation of project documents such as Terms of References, Feasibility studies, Tender Dossiers, Environmental Impact Assessments, etc. for transport infrastructure projects to be financed under IPA and other EU assistance programmes
- Assist in defining and ensuring working procedures, equipment and services in PE Serbian Railways and the Roads Directorate in line with IFI rules and compliant to EU standards
- Assist in design verification for new projects in the financing pipeline
- Assist with preparation of tender documentation to IFI standards
- Assist with procedures for the procurement of contractors and supervisory consultants in accordance with regulations and IFI procedures
- Assist with monitoring and quality control in the management of works and supervision contracts, ensuring that adopted methodologies, QA, QC, safety, protection of the environment are in accordance with acceptable standards.