

Standard Summary Project Fiche – IPA centralised programmes

Project number 2: Support to preparation of IPA component III

1. Basic information

- 1.1 CRIS Number: 2009/021-765**
- 1.2 Title:** Support to preparation of IPA component III
- 1.3 ELARG Statistical code:** 01.40
- 1.4 Location:** Republic of Serbia

Implementing arrangements:

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

The Beneficiary is the National IPA Coordinator/Strategic Coordinator and NIPAC Technical Secretariat. The Project Managers for the Support to preparation of IPA component III (PPF/IPAIII) are Ognjen Miric, the Strategic Coordinator for IPA Components III and IV and Gordana Lazarevic, Assistant Minister, Sector for Programming, Management of EU funds and Development Assistance.

The Beneficiary is responsible for:

- Dissemination of information to Line Ministries and other agencies regarding how to access the PPF/IPAIII
- Communicating decisions regarding applications for PPF support to respective line ministries
- Providing support to Line Ministries in the preparation of project documentation
- Identifying when PPF/IPAIII support may be needed preferably within EU programmes funded under IPA components III and IV, but not excluding programmes and projects that could be financed or co-financed by National funds, IFIs or other donors.
- Reporting on incurred and planned contracts under the PPF/IPAIII

A Steering Committee will be established for the project. This will be chaired by the Project Manager and NIPAC Secretariat will provide the Secretariat. It will include EC Delegation, additional representatives from NIPAC Secretariat and also representatives of key line ministries including Strategic Coordinator. The Steering Committee will meet every 6 months to review project preparation and modifications, tenders and contracts carried out and planned under the PPF and to identify additional areas of support.

Financing:

- 1.8 Overall cost: 5.000.000 EUR**
- 1.9 EU contribution: 5.000.000 EUR**
- 1.10 Final date for contracting:** 2 years after signature of the FA
- 1.11 Final date for execution of contracts:** 4 years after signature of the FA

1.12 Final date for disbursements: 5 years after signature of the FA

2. Overall Objective and Project Purpose

2.1 Overall Objective:

Building capacity in the Serbian administration in the context of EU pre-accession process, preparation of large infrastructure project and management of IPA.

2.2 Project purpose:

To support the Serbian Administration in the preparation and delivery of effective and mature project pipeline in accordance with EC procedures for IPA Programming and Procurement Rules.

2.3 Link with AP/NPAA/EP/SAA

A key priority of the European Partnership is the permanent implementation of Public Administration reform and improvement of efficiency and performance of the civil service with the aim to assume complex tasks in joint work with the EU institutions and member states.. In that sense the key priorities of Public Administration Reform, as outlined in the European Partnership, are to establish and strengthen the European Integration Structures, European Integration Offices and European Integration Units within the line ministries and enhance public awareness on EU values and democratic principles.

According to midterm priorities of the National Programme for Integration (NPI) the specification of the Strategic Coherence Framework for the program (SCF) will imply the draft of multi-annual operational programs within the regional development component and human resources development component. These programs will include in particular: the estimation of mid-term needs and objectives, the description of chosen strategic priorities for each priority axis and approximately for each adequate measure and the total amount of the Community and the national contributions.

NPI defines that the structures for IPA components III and IV are designed similarly to the structures for the management of Structural/Cohesion funds. Taking into account closely specialized knowledge and skills necessary for the management of IPA components III and IV (especially big projects – infrastructure ones for the environment and transport sectors), as well as a different structure of projects.

The project will also support the following medium-term priorities of the SAA: Political criteria: “Continue full implementation of civil service and public administration laws, implement measures to develop human resources in the civil service, strengthen the policy-making and coordination capacity of the public administration at government and local levels, establish a centralized payroll system, implement the constitutional provisions relating to decentralization and ensure the resources for local governments.” Economic criteria: “Improve the business environment to increase greenfield foreign direct investment.”

2.4 Link with MIPD

MIPD under the chapter increasing ownership of national bodies responsible of the EC programming process highlights that increased ownership has to include that IPA programming takes account of sector strategies and that all reforms are approved in the Serbian budget. In addition, further development of administrative capacity, coordination between IPA programming and government overall long-term development strategy, including allocation of human and financial resources.

The Programming of IPA must be sensitive to the Government's limitations in carrying out long term strategic planning. There is a need to consolidate the overall strategy for Serbia's development to ensure clearer and stronger links between policy, long term strategic planning and resource allocation and establish mechanisms for the verification of EU compatibility of Government policies and draft laws.

On one level the Project Preparation Facility supports all components of the MIPD since it is available to all those projects eligible under MIPD and IPA Implementing Regulation. It may therefore be used to design appropriate project fiches, project documentation and to develop tendering documentation for all sectors and towards all priorities defined in the relevant strategic documents.

2.5 Link with National Development Plan (where applicable)

N/A

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

According to the document called “**Needs Assessment** of the Republic of Serbia for the period 2008-2010 programming”, prioritized activities for the following three year period in the field of programming, coordination and monitoring of execution of international development assistance include:

- Programming of EU funds through preparation of instructions for identification of priorities and defining of project proposals, as well as provision of assistance to line ministries in their drafting and finalisation.
- Training and technical assistance for successful programming and implementation of EU funds
- Support to ministries in the process of international assistance planning
- Matching international assistance with national priorities.
- Evaluation of previous programmes and monitoring of existing programmes

Serbia has a **National Transport Strategy**, and it is being augmented with a Transport Master Plan. This plan, which is an expected outcome during the MIPD programming period 2009-2011, will highlight priority investments in the transport sector. In addition, the **National Infrastructure Plan** places high importance on Corridor X of the TEN-T network, in terms of both rail and road¹.

National Waste Management Strategy was adopted in 2003. The strategy requires the government to prepare and adopt national waste management plans, which should address issues associated with different waste streams such as electrical and electronic equipment, as well as implementing the requirements of the Basel² and Stockholm³ Conventions. In addition to these plans MESP is preparing strategic investment plans to identify how to prioritise future investments for landfills, possible incinerators and other forms of waste treatment and recycling.

¹ The **White Paper** on EU Transport Policy sets out the approach and programme for development of the Trans European Transport Network up to 2020. It places a high priority on achieving a shift of modal split from the current emphasis on road transport. It notes that the inland waterways “network is reliable and economic, produces little noise or pollution, takes up little room and has spare capacity” EC Directorate-General for Energy and Transport: White Paper Presentation September 2001. Add note for Corridor VII.

² Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal acceded to the Convention on 18th April 2000; this was confirmed on 30th June 2006.

³ Persistent Organic Pollutants Convention was signed by Serbia on 2nd May 2005, but it has yet to be ratified.

Strategy of Regional Development of Serbia for the period 2007-2012 (adopted by the Government in January 2007) highlights the importance of stimulating the development of economic infrastructure: “Infrastructure is one of the most important factors for maintaining sustainable economic and social development of the Republic of Serbia, and represents a key driver for regional development and utilization of comparative advantages of local areas”. (Sections 2.12 and 2.4).

National Strategy of Sustainable development was adopted by the Government in 2008. The fourth key priority of this Strategy is development of infrastructure and harmonized regional development, improvement of attractiveness of the country and ensuring a corresponding quality and level of services. The fifth key priority is protection and improvement of the environment and rational use of natural resources.

3. Description of project

3.1 Background and justification:

The European Commission is responsible for programming, contracting and implementation of IPA. Government of Serbia reconfirmed the Deputy Prime Minister for EU Integration to be the National IPA Coordinator (NIPAC) and reconfirmed role of Sector for Programming and Management of EU Funds and Development Assistance within the Ministry of Finance as NIPAC’s Technical Secretariat. The Office of the Deputy Prime Minister for European Integration was appointed Strategic Coordinator by the decision of the Government.

The process towards full decentralisation of EU assistance by beneficiary countries is one of the main objectives of IPA. It will be a learning process of many years for the beneficiary countries, over the lifetime 2007/2013 of IPA. Serbia successfully completed stage 0 of DIS implementation. CAO, NAO and PAO have been appointed. New systematization of the Ministry of Finance, taking effect from 5th February 2009, incorporates National Fund and Central Financing and Contracting Unit as new Departments in Ministry of Finance headed by assistant ministers. According to Serbian DIS Roadmap conferral of management for IPA components I and II is expected by May 2011.

The latest Enlargement process has demonstrated that devolution (de-concentration, progressive de-centralisation) towards Commission Delegations and national administrations of beneficiary countries of existing pre-accession instruments has been a success. It has been an efficient way to assist beneficiary countries on their way to accession by progressively integrating them into EU policy making processes. Furthermore beneficiary countries are instructed to manage EU financial aid in an autonomous manner and as an integral part of preparations for their future participation in structural funds. Through gradual transfer of responsibilities, countries gain competence for taking full responsibility for planning, implementation and management of EU assistance, which is required by future Member States.

However it is expected that in coming period Serbia will obtain candidate status and that MIFF allocations will be reshuffled between different components. Absorption of remaining IPA components, especially regional development component, requires major projects and mature project documentation. Preparation for IPA III and IPA IV is in its early stages and largely at the grass-roots level. The programming of IPA III and IV which is organised via multi-annual programmes is a time consuming exercise. Drafting of the Strategic Coherence Framework (SCF) and relevant Operational Programmes (OPs) for IPA III and IV started in June 2009. Projects under these components should be accompanied with their technical and financial features, including the expected financing sources, as well as indicative timetables

for their implementation. Fulfilment of these requirements will require external support and strong and coordinated public administration. However, in order to support successful implementation of project under OPs⁴, as well as future projects it is necessary to identify, assess and fully document projects that will be implemented in future periods.

The capacity within the public administration as a whole to prepare project fiches, terms of reference and technical specifications is low although there are encouraging signs of increased understanding and capabilities in those institutions which have been involved in the delivery of EU projects under previous projects. However, even within these institutions there is still the need for external support to ensure appropriate procedures are followed.

As the responsibilities for project preparation were gradually transferred from the EAR, and subsequently the EC Delegation, the ability to produce high quality documents will increase as a result of increased exposure to EC procedures and as a result of hands-on experience in the implementation of projects. Without this, the ability to prepare a robust and mature project pipeline is restricted. A purpose of this project therefore will be to prepare the documentation for this pipeline.

Project generation is a core element of the whole programming process, since it is through individual projects that EU programmes are actually put into practice. Therefore, a policy focus of the 2010 IPA programme is to support project counterparts and potential beneficiaries in the effective generation and preparation of a large number of projects covering all relevant OPs and their respective sectors and for I and II. An important aspect of this project should be that the project pipeline that will be prepared is not a one off list of prepared projects. It should be ensured that this task becomes an ongoing sustainable process that continue to be managed and coordinated by the Serbian administration and which is permanently updated and refilled. Pending on the needs of Serbian administration support can be provided through the Project Preparation Facility to give assistance to Ministries and other agencies to prepare the necessary project preparation and tender documentation for the full range of contracts. As set out in the MIPD these may be in the form of “twinning/twinning light support, technical assistance, project preparation facility, procurement of supplies, works, investments and grant schemes”.

The investment projects in particular require specific and technical documentation in order to ensure projects are of an appropriate maturity to be ready to receive funding. This documentation includes pre-feasibility studies, feasibility studies, systems design, environmental impact analyses, cost-benefit analysis and the preparation of tender documents. It is necessary therefore to provide additional assistance to those ministries with responsibilities for large scale works and investment projects. All project documentation that will be developed through this project should be in accordance with rules set in IPA Implementing Regulation, PRAG or FIDIC and requirements of DG REGIO for large infrastructure projects funded within IPA component III.

In working with all Beneficiary Institutions it is necessary to design projects in such a way that they develop institutional capacity as well as delivering specific project outputs.

⁴ under IPA component III we are also obliged to allocate some funds for TA-project preparation, preliminary studies, including those activities necessary for their implementation.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

The impact of the PPF/IPAIII is significant and addresses key lessons learnt from the recent accession process. Effective delivery of the PPF/IPAIII results in:

- More effective implementation of the relevant programmes and projects – better designed projects produce better results and are also less likely to require subsequent addenda and contractual revision;
- Faster completion of tendering procedures – properly prepared documentation can be approved faster by the Contracting Authority and will require less corrigenda once launched;
- Higher quality responses from organisations and companies submitting bids – tender documentation which is clear, logical and learns from experience elsewhere in the EU will ensure that submitted offers provide what is required by the Beneficiary Institution;
- Increased disbursement of available funds as a result of improved administrative absorption capacity;
- Absorption capacity increased;
- Improved effectiveness of projects.

In addition to these results, the project will also increase the capacity of the Beneficiary Institutions to develop projects under future IPA programmes and gradually prepare for Structural and Cohesion funds requirements. The skills and knowledge in project design can equally be transferred to the design of other projects including those financed or co-financed by bi-lateral donors, IFIs and those supported by the National Investment Plan. In this regard, the catalytic effect of the project will be to improve the value for money not only of EU funded initiatives but also those funded by other national and international sources.

Sustainability is guaranteed by the skills development activities and the production of good practice materials which act as templates for later projects. Sustainability is also ensured through demonstrating how good project design leads to good project implementation. This will encourage governmental institutions and other agencies to attach greater priority to the programming and project design phases.

3.3 Results and measurable indicators:

Result 1 - A pipeline⁵ of high quality and financially viable projects for financing preferably by IPA, but possibly by IFIs and/or other donors developed and ready for implementation (e.g. Feasibility study, cost-benefit analysis, Environmental Impact assessment, DG REGIO Application forms for IPA III, etc).

Indicator: Project documentation and feasibility studies prepared and approved by Serbian authorities and EC Delegation/DG REGIO.

Result 2 - Tendering and technical documents required to ensure the implementation of projects are timely and properly prepared in full compliance with the PRAG or FIDIC (for tendering documents) and any other applicable instructions / requirements of the EC.

⁵ It is proposed to use the SLAP process for project appraisal. Please refer to 3.6 Linked Activities. At the moment SLAP is just used for environmental projects, but it is planned to adapt it so that it can be used for all types of projects.

Indicator: Documentation prepared is approved by EC Delegation/DG REGIO and contracts launched in accordance with relevant schedule.

Result 3 – Strengthened capacity of the beneficiary institutions to prepare projects in accordance with IPA programming process, as well as strengthened capacities of those stakeholder institutions who will manage and implement the projects in accordance with IPA implementation rules.

Indicator 1: A number on the job and formal trainings performed with, Strategic Coordinator, line Ministries and other relevant authorities who take on increasing responsibilities in the preparation of projects.

Indicator 2: Line Ministries report positively on the formal training provided and uses skills in the development of project documentation.

3.4 Activities:

The Project Preparation Facility is open to all Beneficiary Institutions who are participating in the IPA programming process or in the implementation of subsequent projects. It will be a responsibility of NIPAC, Strategic Coordinator and NIPAC Secretariat that all beneficiaries are aware of the PPF, its purpose and how to access support of the technical assistance.

Activities related to the Result 1

- 1.1 Assist with necessary documentation in the identification, assessment and prioritisation of projects;
- 1.2 Support to project preparation and design of feasibility studies and pre-feasibility studies for infrastructure projects that will be financed by IPA, IFIs and other donors
- 1.3 Preparation of Environment Impact Assessments, economic impact assessments and
- 1.4 cost-benefit analyses
- 1.5 Preparation of any other documentation that may be required by DG REGIO requirements for the IPA component III

Support through activity 1 should mainly focus on future IPA project in line with MIPD, SCF, OP and national strategic priorities. Project documentation should be identified, assessed and prioritized in collaboration with Line Ministries and other relevant agencies. The technical assistance should also ensure that the EC Delegation and DG REGIO are involved in the initial development of project documentation and is satisfied with the scope of the project.

Activities related to the Result 2

- 2.1 Support to preparation of procurement planning and drafting of tender documentation in accordance with EC procurement rules

Activities related to the Result 3

- 3.1. Conduct an analysis of other trainings in the field of IPA management and models for their implementation
- 3.2. Conduct a training needs analysis related to the requirements of each phase of project cycle and preparation of relevant documentation
- 3.3. Implementation of training for the relevant institutions in programming, project cycle management, EU procurement rules, monitoring, evaluation and preparation of relevant project documentation

3.4. Provide specific trainings on project preparation rules within the IPA component III as well as EU Structural and Cohesion funds

All activities undertaken to achieve Results 1 and 2 should be developed and delivered in a way which ensures that projects are fully owned by the respective Line Ministries or national agencies. Projects should also be developed in consultation with key stakeholders and partners and, again, the completion of activities should help to develop longer term linkages between stakeholders including the identification of formal roles for stakeholders in project delivery e.g. inclusion of partners in Project Steering Committees and/or Working Groups and inclusion in training activities. The coordination with relevant EC services, especially DG REGIO, and Delegation is essential.

Implementation of activities, especially activities 2 and 3, will require analysis of efforts and achievements of previous and ongoing PPF and DIS related projects.

Contracting Arrangement: The project will be implemented through one service contract.

3.5 Conditionality and sequencing:

The technical assistance should ensure that, where appropriate, project design is carried out in consultation with the full range of stakeholders and not just the official beneficiary institution. Project terms of reference prepared under the project should also include activities and structures which ensure inter-ministerial collaboration during implementation.

Existing capacities of the line ministries do not match completely the adequate criteria requested for programming of EU funded projects. Line ministries do not commit the necessary staff which jeopardizes the programming process and development of project fiches. Often those with experience are transferred to other roles during the gap between projects finishing and others starting. Line Ministries will need to maintain a commitment to increasing the capacity of their EU Directorates by retaining staff in existing positions and by actively seeking opportunities to develop these staff through involvement in project design actions undertaken as part of this project.

Line Ministry beneficiaries must ensure that projects supported under IPA are sustainable and the necessary costs of maintenance are factored into budgets.

Infrastructure investments cannot be implemented without the full commitment of government to ensure that necessary legal, institutional and co-financing pre-requisites are in place. Stronger and tighter quality assurance and quality control standards from local counterparts should be established.

There are no issues of sequencing. However, in order to ensure synergy and complementarity between existing linked projects it should be determined when to launch this project.

3.6 Linked activities

CARDS 2006 is supporting the programming process of IPA 2009/10 through the **IPA Programming and Project Preparation Facility** that started in September 2008. Through this project, a pool of experts is engaged to support line ministries in preparation of IPA 2009/10 Project Fiches in line with MIPD and national strategic documents. In addition, this project will support training of line ministries and drafting of tender documentation for IPA 2008/09 project fiches.

IPA 2007 includes a 6 MEUR **Project Preparation Facility** the aim of which is to support the Government in the programming process and preparation of IPA projects for IPA components III and IV. This project has started in March 2009 and it will assist the relevant Serbian

authorities in preparing strategic and programming documents for IPA III and IPA IV (including the SCF and the two related OPs) in accordance with the EU requirements and procedures; assist the NIPAC / NIPAC Secretariat and the relevant Serbian authorities in ensuring that selected projects proposed for funding under IPA - including a pipeline of mature infrastructure projects for funding under IPA III Environment and Transport - are developed and documented under the highest standards of quality in order to be submitted to the ultimate approval of the EC and implemented; and develop the capacities of the Serbian administration in order to fulfil its responsibilities over the whole project cycle in relation to the management of the IPA with specific focus on components III and IV.

IPA PPF 2008 (5 MEUR) will also cover preparation of relevant project documentation, it will start in first quarter of 2010 and it should be built on the experience and potential carry-over of these two projects.

IPA 2007 and **IPA 2008** projects will provide **support to the preparation of the Decentralized Implementation System** of EU funds in the Republic of Serbia. The aims of these project are the preparation of strategic and implementation documents for implementation of DIS (this will include establishment of clear systems and designation of institutions responsible for programming and monitoring, for financial management, for programme implementation and for auditing of EU funded programmes), identification and determination of necessary legal and institutional framework and identification of possible legal changes for successful implementation of DIS and capacity building plan for improvement of public administration capacities. IPA 2007 project will cover gap plugging phase for IPA components I and II and it will start in October 2009, while IPA 2008 will support gap plugging phase of IPA components III and IV and it will start in the first quarter of 2010.

Some other related projects are **CARDS 2006 Support to National Investment Planning and Implementation**: the objective of the contract is to support the Serbian government in the planning and implementation of the NIP. **Support to the Regional Development Agencies**: the objectives of the contract are to support Regional Development Agencies to (i) increase efficiency with respect to the management of local development resources (ii) increase inputs/participation in the national regional development policy planning process (iii) improve project cycle management skills (iv) strengthen capacity in grant management and (v) increase advocacy role at national level.

European Union is also supporting preparation of local infrastructure projects in area of environment, economic and social infrastructure. Municipal Infrastructure Support Programme (MISP) supports preparation of feasibility studies, tender dossiers in area of waste water treatment, water supply, landfills in line with municipal strategic documents and national priorities. Additional 10 million EUR will be granted for further through IPA 2008 for preparation of the projects selected through the SLAP process and 35 million EUR for implementation of the mature municipal projects. These projects support strengthening of absorption capacity by focusing on preparation of larger inter-municipal/ regional project pipeline for further financing from national, IPA and other available resources.

Within Multi-beneficiary IPA, EU has launched **Western Balkans Investment Initiative** for supporting infrastructural projects in order to contribute to creating conditions for sustainable development in the region and beneficiary countries. Within this frame, EU is providing support through programme Infrastructure Project Facility (IPF Technical Assistance) for preparation of project documentation for major regional infrastructure projects in area of environment, transport, energy and social field to be further implemented and supported by IFIs.

3.7 Lessons learned

The recommendations of the Evaluation of the Assistance to the Balkans under the CARDS Reg. 2666/2000 report identified the need to increase beneficiary ownership and support recipient institutions in Serbia to find their own way to fill the gaps towards EU approximation and integration... with the aim of building a learning process in the recipient institutions and not just providing advice and guidelines on the *acquis*... “there should be specific and diversified actions to support partners’ capacity to run consultations, draft their own visions and strategic documents, prepare projects, manage, train and motivate staff.”

In Serbia a central planning system has, however, left a legacy of weak links between technical and economic analysis. Project designs have not been based on optimizing the cost effectiveness of investments, rather on using up funds allocated on the basis of other criteria. This has often led to projects of epic dimension while other needs went unaddressed. Therefore, it is of utmost importance to planning and the integration of the national priorities into the financial and policy frameworks of the Serbian government and future EU support.

Every new EU Member State and EU Accession State had or has problems in developing a project pipeline capable of ensuring a steady flow of high quality projects to absorb pre-accession and post-accession support, especially when new types of assistance, such as IPA, is introduced. Serbia will also need to invest significant effort to develop an IPA project pipeline. Efficient use of EU co-funding in a country is determined by the quality of its strategic programming. Lessons of structural funding and pre-accession funding (Phare, ISPA and SAPARD) highlight the importance of building the programming and management capabilities of administrations. This capacity building involves overall programming design, strategic and financial management, project development, project delivery as well as monitoring and evaluation.

While a series of institutional building actions were undertaken under CARDS, the capacities of Serbian line ministries and state agencies remain relatively weak to meet the demands of EU funding. The capacity for identifying and preparing projects according to EU standards is low. Line ministries and other Government institutions involved in the IPA programming process are facing problems with the inadequate composition of documentation related to the preparation, implementation and monitoring of IPA programmes. Projects tend to be prepared without a proper feasibility (cost benefit) assessment, environmental impact assessment (when necessary) and with limited strategic positioning.

A large number of institution building projects have been completed successfully in the form of TA and/or Twinning with the assistance of Member States experts. The experience shows that this type of assistance has been particularly useful to meet the needs in accession process. This IPA PPF project is targeted to provide Serbia with sufficient funds and TA support to be able to fulfil tasks related to further strengthening of the administrative capacity for the full implementation of the *acquis*. However, it is of utmost importance to ensure synergy and coordination between several projects related to project preparation and DIS establishment that will be implemented in parallel.

4. Indicative Budget (amounts in EUR)

Support to preparation of IPA component III			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 (c) = (x) + (y) + (z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
contract 1.1	X		5,000,000	5,000,000	100%							–
TOTAL IB			5,000,000	5,000,000	100%							
TOTAL INV												
TOTAL PROJECT			5,000,000	5,000,000	100%							

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 (periods broken down per quarter)⁶

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	N + 3Q	N +6Q	N+15Q

6. Cross cutting issues (where applicable)

Development Policy Joint Statement by the Council and the European Commission of 10 November 2000 establishes that a number of Cross-cutting Issues shall be mainstreamed into EC development co-operation and assistance.

Cross-cutting issues will be addressed in the project so as to comply with the best EU standards and practice in that area and in a way which demonstrates how they will be dealt with within the project's framework, its activities and outputs.

Cross-cutting issues will be addressed in a proactive manner, and will present a specific component of projects (at all levels of projects' development, starting from the project identification stage). Synergies between the projects and the objectives of will be identified and developed. Also, the projects' objectives and activities need to be screened in order to ensure they won't impact negatively on gender equality, minorities' inclusion and environment.

Finally, the beneficiary will make sure its objectives, policies and interventions have a positive impact on and are in line with the main principles of gender equality, minorities' inclusion and environment.

6.1 Equal Opportunity

Throughout the duration of the project, steps will be taken to guarantee equal opportunity of access to project activities and benefits. Due attention will be paid to promoting the adoption of equal opportunities in the policy areas concerned. Finally, the concept of gender mainstreaming will be taken into account in all stages of project development so as to enable and encourage participation of women in all areas of policy development this project will help formulate and support.

6.2 Environment

The Environment will be considered a major cross-cutting issue in almost all segments of the future PPF, in particular in the areas of transport infrastructure, environmental protection, renewable energy, research & development, economic diversification of rural areas, development of cities and cooperation – cross-border, trans-national and interregional cooperation. Particular projects developed under this PPF will specifically be designed to improve the environment and all projects will be designed so that, as a minimum, they do not cause negative environmental impact.

⁶ [where T=the date of the signature of the FA and xQ equals the number (x) of quarters (Q) following T].

6.3 Minorities

Issues of minority rights constitute an integral part of this project and of the overall programme. Access to information, opportunities and support for members of national minority groups through this project will be encouraged. Furthermore, the project will promote developing project proposals which are related to and contribute to better integration of minorities and promotion of inter-ethnic dialogue and tolerance. All projects will be designed so that, as a minimum, they do not cause discriminate in any way against individuals on the basis of their ethnicity, religion, beliefs or race.

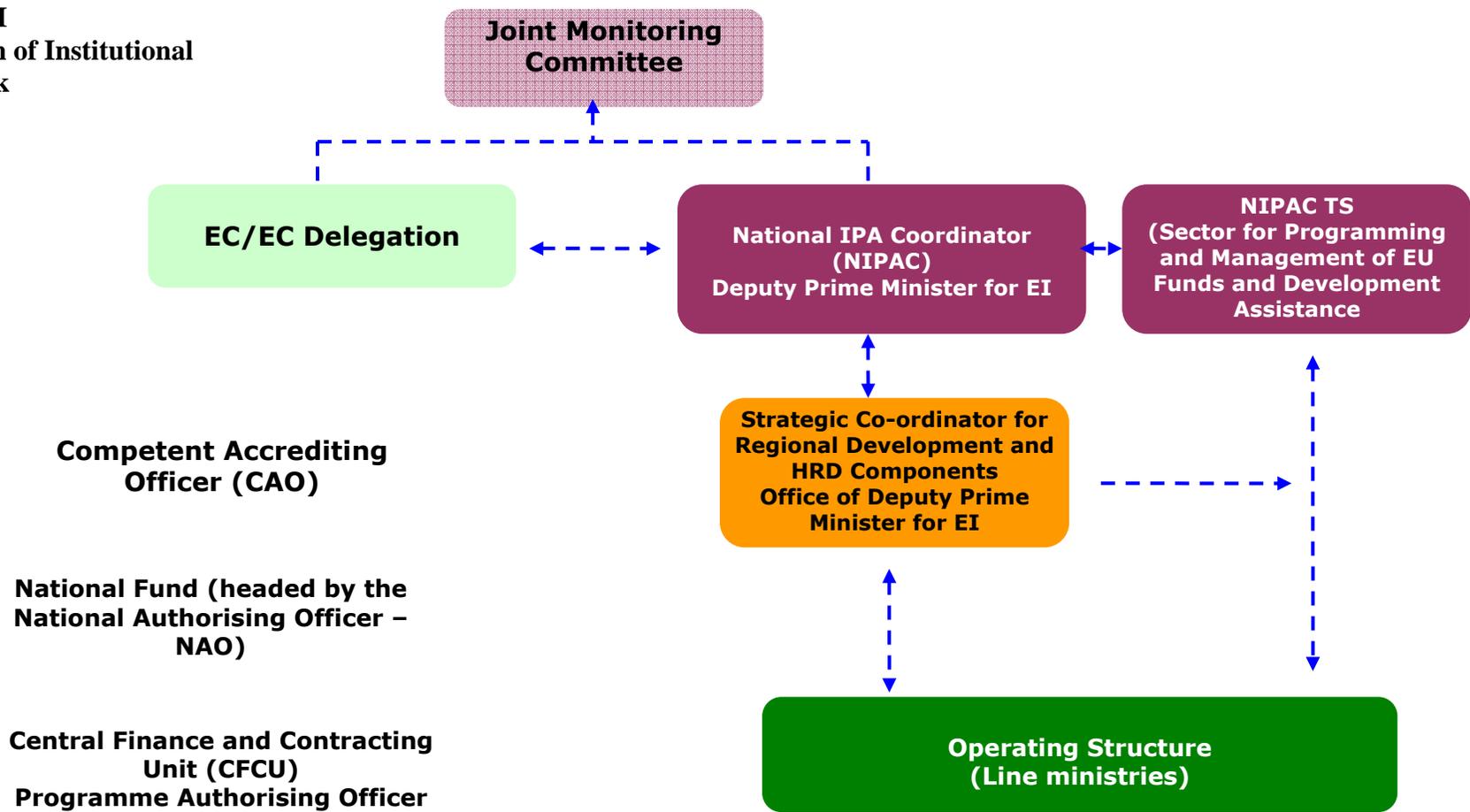
ANNEX I: LOGFRAME PLANNING MATRIX FOR Project Fiche			
Support to preparation of IPA component III		Contracting period expires 2 years after the signature of the Financing Agreement Total budget : 5 MEUR	Disbursement period: expires 5 years after the signature of the Financing Agreement IPA budget: 5 MEUR
Overall objective	Objectively verifiable indicators	Sources of Verification	
Building capacity in the Serbian administration in the context of EU pre-accession process, preparation of large infrastructure project and management of IPA	Establishment of project pipeline for financing by IPA	Progress Report NIPAC reports	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
The Serbian Administration completes the preparation and delivery of effective and mature project pipeline of EU funded projects in accordance with EC procedures for IPA Programming and Procurement Rules	Project documentation prepared in accordance with DG REGIO Application forms, PRAG and FIDIC rules Institutions are better able to diagnose their own needs and design projects Quality of project documentation and approval by EC Delegation	Regular monitoring and assessment reports IFIs Reports EC Delegation reports	That individual line ministries and key stakeholders are committed to the programme Beneficiaries comply with eligibility requirements That there is continued government commitment to the accession process Continued support from IFIs and donors
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
1. A pipeline of high quality and financially viable projects for financing preferably by IPA, but possibly by IFIs and/or other donors developed and ready for implementation (e.g. Feasibility study, cost-benefit analysis, Environmental Impact assessment, DG REGIO Application forms for IPA III, etc...) 2. Tendering and technical documents required to ensure the implementation of projects are timely and properly prepared in full compliance with the PRAG or FIDIC (for tendering documents) and any other applicable instructions / requirements of the EC 3. Increased capacity of the beneficiary institutions to prepare and implement projects in accordance with IPA programming process and IPA implementation rules	<ul style="list-style-type: none"> ▪ Project documentation and feasibility studies prepared and approved by Serbian authorities and EC Delegation/DG REGIO. ▪ Documentation prepared is approved by EC Delegation/DG REGIO and contracts launched in accordance with relevant schedule. ▪ A number on the job and formal trainings performed with, Strategic Coordinator, line Ministries and other relevant authorities who take on increasing responsibilities in the preparation of projects ▪ Line Ministries report positively on the formal training provided and are using skills in the development of project documentation 	Assessment by Serbia desk in the EC (DG ENL, DG REGIO and DG EMPL) and EC Del at end of each programming cycle Approvals and contracts issued by EC Delegation Consultant reports PPF Progress reports Immediate impact questionnaires IFIs reports	EC Delegation fully operational National resources or loans by IFIs available for financing infrastructure projects Accreditation of DIS structures obtained in accordance with DIS Roadmap Ministry Staff fully available for training

Activities	Means & Costs	Assumptions
<p>Activity 1</p> <p>1.1 Assist with necessary documentation in the identification, assessment and prioritisation of projects</p> <p>1.2 Support to project preparation and design of feasibility studies and pre-feasibility studies for infrastructure projects that will be financed by IPA, IFIs and other donors</p> <p>1.3 Preparation of Environment Impact Assessments, economic impact assessments and cost-benefit analyses</p> <p>2.1 Support to preparation of procurement planning and drafting of tender documentation in accordance with EC procurement rules .</p> <p>3.1 Conduct an analysis of other trainings in the field of IPA management and models for their implementation</p> <p>3.2 Conduct a training needs analysis related to the requirements of each phase of project cycle and preparation of relevant documentation</p> <p>3.3 Implementation of training for the relevant institutions in programming, project cycle management, EU procurement rules, monitoring, evaluation and preparation of relevant project documentation</p> <p>3.4 Provide specific trainings on project preparation rules within the IPA component III as well as EU Structural and Cohesion funds</p>	<p>1 x service contract</p> <p>IPA contribution: 5 million euro</p> <p>TA provided for preparation of project documentation</p> <p>Training and seminars</p> <p>Visibility events</p>	<p>The National IPA Coordinator Office and Strategic Coordinator are fully functional</p> <p>LMs remain committed to the development of capacity in relation to EU programming and retain trained staff for appropriate tasks and actively identify opportunities for staff development</p> <p>For development of projects strong inter-ministerial relations particularly between the Ministry of Infrastructure, Ministry of Environment and the Ministry of Finance</p>

ANNEX II: amounts (in million €) Contracted and disbursed by quarter for the project

Contracted	N+6Q	N+7Q	N+8Q	N+9Q	N+10Q	N+11Q	N+12Q	N+13Q	TOTAL
Contract 1.1	5.00								5.00
Cumulated	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Disbursed									
Contract 1.1	1.875		0.875		0.875		0.875	0.50	5.00
Cumulated	1.875	1.875	2.75	2.75	3.63	3.63	4.50	5.00	5.00

**ANNEX III
Description of Institutional
Framework**



This picture presents institutional framework relevant for implementation of this project

ANNEX IV

Reference list of relevant laws and regulations

- Law on Ratification of the IPA Framework Agreement
- Law on Ministries
- Law on Budget System
- Memorandum of Budget
- Law on Public Debt
- National Action Plan for Programming of IPA, etc.

Reference to AP /NPAA / EP / SAA

Key priority of the European Partnership priorities is permanent implementation of the Public Administration reform and improvement of efficiency and performance of civil service with the aim to assume complex tasks in joint work within EU institutions and among member countries. In that sense key priorities of Public Administration Reform, as outlined in the European Partnership, are to establish and strengthen the European Integration Structures, European Integration Offices and European Integration Units within line Ministries and enhance public awareness on EU values and democratic principles.

According to mid-term priorities of the National Programme for Integration (NPI) the specification of the Strategic Coherence Framework for the program (SCF) will imply the draft of multi-annual operational programs within the regional development component and human resources development component. These programs will include in particular: the estimation of middle-term needs and objectives, the description of chosen strategic priorities for each priority axis and approximately for each adequate measure, the total amount of the Community contributions and the national ones.

NPI defines that the structures for IPA components III and IV are designed very similarly as the structures for the management of Structural/Cohesion funds. Taking into account closely specialized knowledge and skills necessary for the management of IPA components III and IV (especially big projects – infrastructure ones for the environment and transport sectors), as well as a different structure of projects.

The project will also support the following medium-term priorities of the SAA: Political criteria: “Continue full implementation of civil service and public administration laws, implement measures to develop human resources in the civil service, strengthen the policy-making and coordination capacity of the public administration at government and local levels, establish a centralized payroll system, implement the constitutional provisions relating to decentralization and ensure the resources for local governments.” Economic criteria: “Improve the business environment to increase Greenfield foreign direct investment.”

Reference to MIPD

MIPD under the chapter increasing ownership of national bodies responsible of the EC programming process highlights that increased ownership has to include that IPA programming takes account of sector strategies and that all reforms are approved in the Serbian budget. In addition, further development of administrative capacity, coordination between IPA programming and government overall long-term development strategy, including allocation of human and financial resources.

The Programming of IPA must be sensitive to the Government's limitations in carrying out long term strategic planning. There is a need to consolidate the overall strategy for Serbia's development to ensure clearer and stronger links between policy, long term strategic planning and resource allocation and establish mechanisms for the verification of EU compatibility of Government policies and draft laws

On one level the Project Preparation Facility supports all components of the MIPD since it is available to all those projects eligible under MIPD and IPA Implementing Regulation. It may therefore be used to design appropriate project fiches, project documentation and to develop tendering documentation for all sectors and towards all priorities defined in the relevant strategic documents.

A well functioning public administration is a main priority to foster democratic governance and public service to all people in Serbia. Improving the performance of Serbia's public administration at all levels (governmental, parliamentary, para governmental and regulatory bodies/structures) will be a priority of EC assistance.

It is expected that until the end of the first IPA programming cycle (2009) a reinforced capacity for general government coordination, planning mechanisms, formulation and implementation of policy at all levels would be achieved.

Strengthening the European integration structures (including line ministries and the parliaments), as well as corresponding structures/mechanisms for the verification of the compatibility of government policies and draft legislation with EU acquis and standards), especially institutions dealing with Decentralized Implementation System and improve cooperation among them.

Reference to national /sectoral investment plans

According to the document called “**Needs Assessment** of the Republic of Serbia for the period 2008-2010 programming”, prioritized activities for the following three year period in the field of programming, coordination and monitoring of execution of international development assistance include:

- Programming of EU funds through preparation of instructions for identification of priorities and defining of project proposals, as well as provision of assistance to line ministries in their drafting.
- Training for successful programming and implementation of EU funds
- Support to ministries in the process of international assistance planning
- Matching international assistance with national priorities.

Serbia has a **National Transport Strategy**, and it is being augmented with a Transport Master Plan. This plan, which is an expected outcome during the MIPD programming period 2009-2011, will highlight priority investments in the transport sector. In addition, the **National Infrastructure Plan** places high importance on Corridor X of the TEN-T network, in terms of both rail and road.

The **White Paper** on EU Transport Policy sets out the approach and programme for development of the Trans European Transport Network up to 2020. It places a high priority on achieving a shift of modal split from the current emphasis on road transport. It notes that

the inland waterways “network is reliable and economic, produces little noise or pollution, takes up little room and has spare capacity”¹.

National Waste Management Strategy is adopted in 2003. The strategy requires the government to prepare and adopt national waste management plans, which should address issues associated with different waste streams such as electrical and electronic equipment, as well as implementing the requirements of the Basel⁷ and Stockholm⁸ Conventions. In addition to these plans MESP is preparing strategic investment plans to identify how to prioritise future investments for landfills, possible incinerators and other forms of waste treatment and recycling.

Strategy of Regional Development of Serbia for the period 2007-2012 (adopted by the Government in January 2007) highlights the importance of stimulating the development of economic infrastructure: “Infrastructure is one of the most important factors for maintaining sustainable economic and social development of the Republic of Serbia, and represents a key driver for regional development and utilization of comparative advantages of local areas”. (Sections 2.12 and 2.4).

National Strategy of Sustainable development was adopted by the Government in 2008. The fourth key priority of this Strategy is development of infrastructure and harmonized regional development, improvement of attractiveness of the country and ensuring a corresponding quality and level of services. The fifth key priority is protection and improvement of the environment and rational use of natural resources.

¹ EC Directorate-General for Energy and Transport: White Paper Presentation September 2001

⁷ Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal acceded to the Convention on 18th April 2000; this was confirmed on 30th June 2006.

⁸ Persistent Organic Pollutants Convention was signed by Serbia on 2nd May 2005, but it has yet to be ratified.

ANNEX V

Details per EU funded contract (*) where applicable:

Contract 1 – Service contract

The following services will be designed and delivered under Contract 1:

Prepare tender documentation for services, supplies and works contracts

Complete feasibility and pre-feasibility studies for works contracts

Complete environmental impact assessments and cost benefit analyses associated with potential works contracts

Prepare terms of reference for service contracts

Prepare technical specifications for supply contracts

Carrying out surveys and other research – including market analysis

Capacity building

Provision of mentoring, informal and formal training to respective Line Ministry staff and other relevant agencies in the preparation of tender documentation

Development of organizational standards of performance

Development of staff procedures

It is expected that documentation for major works that will be developed will be prepared in accordance with FIDIC Conditions for major works.