

**PROJECT DOCUMENT****Serbia**

Project Title: Harnessing Sustainable Development Impact of the Belt and Road Initiative
– Institutional Support to Establishment of a Belt and Road Institute in Serbia

Project Number: 00122809/ 00118273_00120322_00120323_00120324

Implementing Partner: General Secretariat of the Government

Start Date: 1.04.2020. **End Date:** 31.03.2022. **PAC Meeting date:**

Brief Description

The Belt and Road Initiative (BRI), launched in 2013 by Chinese President Xi Jinping, sets out a vision for enhanced international economic cooperation through five major pillars: policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and people-to-people bonds. Although it started as an economic-commercial action to develop new trade and investment opportunities to be an engine for shared economic growth, the BRI has gradually developed into a regional/global framework for a more robust development cooperation. The BRI provides a timely platform for the delivery of finance and investments to help meet the development funding gap, however, the development challenge is to ensure that environmental, social and economic sustainability considerations are fully integrated in BRI investments to minimize potential risks while maximizing positive impact of those investments that can contribute to development priorities of participating countries.

With the aim to strengthen the cooperation between Serbia and China in a manner that is aligned with the 2030 Agenda for Sustainable Development and Serbia's development priorities, the Government of the Republic of Serbia is planning to establish a Belt and Road Institute (BRI Institute), with substantive and technical support from the United Nations Development Programme (UNDP).

The overall objective of this Project initiated by UNDP and the Government of Serbia is to support the establishment of a Belt and Road Institute at its inception phase of operations to develop into an effective, accountable and transparent entity that can facilitate and strengthen economic, cultural and academic cooperation between Serbia and China in a manner that is aligned with the 2030 Agenda for Sustainable Development and Serbia's development priorities. At a later stage, the Belt and Road Institute may function as a Center of excellence for BRI's engagement that is aligned with Sustainable Development Goals (SDGs) in Europe more broadly. This would also enable the Serbian Government to enhance the country's ability to attain the SDGs and assume a regional significance in support its neighbouring countries to benefit from BRI.

The above-mentioned goal will be achieved through four main outputs:

- Output 1. Improved business enabling environment for foreign investments and trade
- Output 2. Actions taken to improve implementation and integration of SDGs
- Output 3. Improved national capacity of Serbia to attract, absorb and sustain opportunities brought by BRI
- Output 5 Operation ability, functionality and sustainability of the BRI Institute ensured

<p>Contributing Outcome (UNDAF/CPD, RPD or GPD):</p> <p>UNDAF Outcome: By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.</p> <p>Indicative Output(s) with gender marker²:</p> <p>CPD Output 1: Improved implementation of local development plans and applied sustainable solutions</p> <p>GEN 1</p>	Total resources required:	USD 1,729,357		
	Total resources allocated:	UNDP TRAC:		
		Donor:		
		UNDP:	USD	377,000
		In-Kind:		
	Unfunded:	USD 1,352,357		

Agreed by (signatures)²:

Government	UNDP
Print Name:	Print Name:
Date:	Date:

¹ Allocation of the currently available funds will be done through Annual Work Plan, following consultations with the National Partner.

² Note: Adjust signatures as needed

² The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

DEVELOPMENT CHALLENGE

1. The Belt and Road Initiative

The Belt and Road Initiative (BRI), launched in 2013 by Chinese President Xi Jinping, is an open initiative which welcomes participation of all countries, aiming to build a trade and infrastructure network connecting Asia with Europe, Africa and beyond. It encompasses the land-based Silk Road Economic Belt (the “Belt”) and the oceanic 21st Century Maritime Silk Road (the “Road”). The scope of the BRI is reflected, on the one hand, the geographical coverage with the six overland economic corridors³; and on the other, through signing of bilateral and multilateral cooperation agreements. Participating economies under BRI represent more than one-third of global GDP, and over half of the world’s population⁴.

The Belt and Road Initiative sets out a vision for enhanced international economic cooperation through five major pillars: policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and people-to-people bonds. Although it started as an economic-commercial action to develop new trade and investment opportunities to be an engine for shared economic growth, the BRI has gradually developed into a regional/global framework for a more robust development cooperation.

By the end of August 2019, China signed a total of 195 BRI cooperation documents with 136 countries and 30 international organizations⁵, creating a basis for cross-regional economic, cultural, and scientific cooperation and exchange. Since announcement of the Initiative, China’s direct investment in countries and regions along the Belt and Road has amounted to 90 billion USD, whilst total import and export between China and the BRI partner countries has exceeded 6 trillion USD. Data analysis done by the World Bank indicates that BRI holds the potential to substantially improve trade, foreign investment and living conditions for citizens in the partner countries, as many of them are challenged by infrastructure and policy gaps – resulting in under-trade by 30% and fall short of their potential FDI by 70%⁶. Trade for BRI participating economies is estimated to grow from between 2.8% and 9.7% for corridor economies and between 1.7% and 6.2% for the world. Real income gains derived from expanded trade and investment could potentially increase by up to 3.4%. Additionally, investment projects under BRI could help lift 7.6 million from extreme poverty (those earning less than \$1.90 a day) and 32 million people from moderate poverty (those earning less than \$3.20 a day)⁷. Whilst the world is facing a growing global infrastructure investment deficit estimated at 0.35 to 0.37 trillion USD per year⁸, the BRI is recognized as a critical effort to narrow this gap.

Linking BRI and the Sustainable Development Goals (SDGs) could be mutually beneficial to implementation of both the Initiative and the 2030 Agenda for Sustainable Development. On the one hand, the BRI offers a timely platform for the delivery of finance and investments to help meet the development funding gap needed to achieve the SDGs. On the other, aligning BRI with the SDGs

³ The six economic corridors include: (1) The New Eurasia Land Bridge Economic Corridor, (2) The China-Mongolia-Russia Economic Corridor; (3) China-Central Asia-West Asia Economic Corridor; (4) China-Indochina Peninsula Economic Corridor; (5) China-Pakistan Economic Corridor and (6) Bangladesh-China-India-Myanmar Economic Corridor.

⁴ OECD (2018), "The Belt and Road Initiative in the global trade, investment and finance landscape", https://doi.org/10.1787/bus_fin_out-2018-6-en

⁵ Belt and Road Portal, <https://www.yidaiyilu.gov.cn/xwzx/roll/77298.htm>

⁶ World Bank (2019), "Belt and Road Economics: Opportunities and Risks of Transport Corridors"

⁷ *ibid*

⁸ OECD (2018), *ibid*

will allow it to better advance the potential development benefits, making contributions not only towards achieving partner countries' objectives in the areas of basic infrastructure, regional development, connectivity and industrialization – as per its stated goals - in but also to expand the initiative to aim for a sustainable transformation, with a focus on poverty reduction, environmental sustainability and inclusive social development, all key elements for the success of the initiative in the long-term⁹.

While recognizing the potential of BRI given its scope and scale of financing and investments, the development challenge is to ensure that environmental and social considerations are fully integrated in BRI projects to minimize potential risks while maximize positive impact of those investments and cooperation that can contribute to development priorities of the host countries.

2. The Development Context of Serbia

The Republic of Serbia is a landlocked country located at the crossroads of Central and Southeast Europe. Development priorities of Serbia are closely tied to the country's commitment towards European Union (EU) integration, which set out the framework and standards for policy reforms of the country, including its strategy to achieve the SDGs.

Some most prominent challenges encountered by the country include: depopulation, inequality, social inclusion and solidarity, as well as gender disparity. Efforts have been invested by the Serbian government to combat corruption, eradicate poverty and make transition to a carbon-neutral circular economy to meet the nationally determined contributions under the Paris Agreement, and ultimately towards improving overall living conditions of everyone, of its youth and future generations first. Political and economic stability, regional cooperation, infrastructure development, investment promotion and educational reform are also among Serbia's highest priorities.

Echoing the EU sustainability transformation, six strategic pathways were identified (by the Serbian government) in order to achieve sustainable development for all:

- Connect, partner and integrate Serbia in Europe and the world;
- Achieve a faster, inclusive and sustainable growth, based on economic, scientific and innovation resources;
- Render efficient and effective public services;
- Promote human rights and security;
- Education for the twenty-first century;
- Transformative digitalization.

Over the past years, Serbia has transformed to a stable growing economy, with fiscal surplus, declining public debt, significantly reduced external imbalances and labour market recovery. The country is expected to experience a continued growth trend despite global slowdown, primarily driven by investment and exports.

Macroeconomic stabilization and the country's improved business environment contributed to high net inflows of Foreign Direct Investment (FDI), with an increase of 44% from 2.8 billion USD in 2017 to 4.1 billion USD in 2018¹⁰. Being the second largest recipient of FDI among transition economies in 2018, Serbia's economy is relatively diversified both in terms of sectors and region of origin, with

⁹ UNDP China (2017), "A New Means to Transformative Global Governance Towards Sustainable Development", <http://www.cn.undp.org/content/china/en/home/library/south-south-cooperation/a-new-means-to-transformative-global-governance-towards-sustaina.html>

¹⁰ UNCTAD (2019), "World Investment Report 2019"

an increasing share of countries from the Asia Pacific and Middle East regions, alongside Serbia's major investment partner - the European Union¹¹.

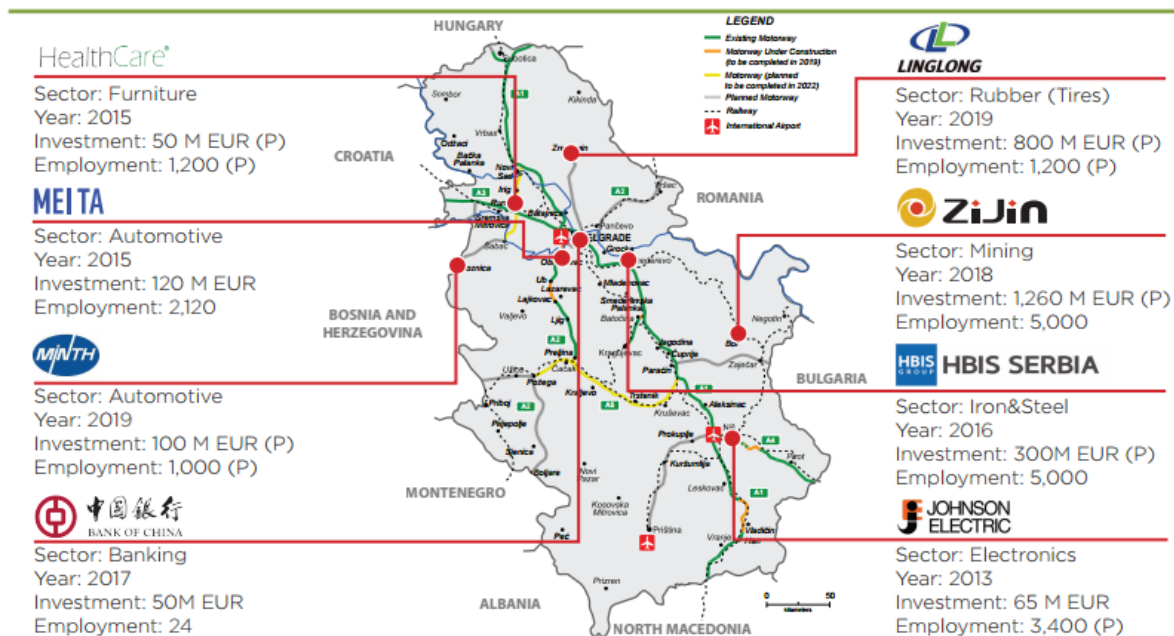
The Government of Serbia has launched a number of resolute measures to improve the investment climate and business environment and thus to incentivise FDI.

3. Cooperation between Serbia and China

Serbia and China have been enjoying from a long-standing friendly diplomatic relationship since 1955 and fruitful cooperation. Serbia is one of the first countries to sign the bilateral MOU with China on BRI, and an active member in the "17+1" mechanism for cooperation - a transregional platform jointly launched by China and, initially, 16 Central and Eastern European countries (CEEC) to bolster cooperation. Cooperation between Serbia and China has been rooted for decades in the fields of economy, infrastructure and energy, health-care, media, culture, science, education, sports, tourism, and so on.

With the strategic partnership between Serbia and China proclaimed in 2009, the two countries have experienced an increasing trend in bilateral economic cooperation and trade since then. China is currently the largest foreign trade partner of Serbia in Asia (total volume in 2017 stood at 1.8 billion USD), while being fifth from all countries Serbia has foreign trade exchanges. Chinese investments in Serbia - both that have already been implemented or are in progress and are being planned - have reached 10 billion EUR by April 2019¹². Cooperation in infrastructure has been a prominent part of economic cooperation between the two countries, with the total value of transport infrastructure projects - current and planned – has amounted to about 7.5 billion EUR¹³. The figure below presents some of the most notable Chinese investments in Serbia.

Chinese Investments in Serbia



*Information Source: Serbian Development Agency (SDA)

¹¹ National Bank of Serbia

¹² The Government of Serbia, <https://www.srbija.gov.rs/vest/en/139691/intensive-economic-cooperation-of-serbia-china.php>

¹³ Ministry of Construction, Transport and Infrastructure of Serbia, <https://www.mgsi.gov.rs/en/aktuelnosti/mihajlovic-head-investment-cooperation-group-serbia-and-peoples-republic-china>

Successfully realizing the full potential of the Belt and Road Initiative in supporting global achievement of the Sustainable Development Goals will largely depend on establishment and enforcement of sound policies and institutions that will mitigate potential economic, social, environmental and governance risks associated with the massive investments, and which will facilitate complementary policy reforms. Based on a preliminary needs assessment carried out to Chinese companies in Serbia, the following interventions are needed in responding to existing constraining factors that hinder the sustainability of Serbia-China cooperation under the BRI:

- Consolidation to streamline existing investment/business facilitation support and further strengthening to enhance the enabling environment for foreign investment;
- Improvement in government efficiency at local levels, strengthening policy stability and enforcement;
- Increased knowledge sharing on legislative and policy framework, as well as market requirements and business rules in Serbia in order to better attract and facilitate potential investments;
- Improvement in information sharing on BRI projects to build public trust in investment/business-related decisions;
- Reducing the fragmentation of standards and rules which may impose high cost and efforts to business and investors;
- Improvement in awareness on investment/business sustainability among private sector companies and foreign investors;
- Strengthened acknowledgement and diagnosis regarding social aspects of investment projects;
- Improvement in industrial and production capacity of local producers and suppliers in Serbia;
- Capacity development of Serbian's labour force in order to meet the required skillset and technical know-how to better absorb foreign investments;
- Enhanced communication, dialogue and exchange among multiple stakeholders to overcome cultural and communication barriers.

With the aim to strengthen the cooperation between Serbia and China in a manner that is aligned with the 2030 Agenda for Sustainable Development and Serbia's development priorities, the Government of the Republic of Serbia is planning to establish a Belt and Road Institute (BRI Institute), with substantive and technical support from the UNDP.

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

The overall objective of this Project initiated by UNDP and the Government of Serbia is to **support the establishment of a Belt and Road Institute (in Serbia) at its inception phase of operations to develop into an effective, accountable and transparent entity that can facilitate and strengthen economic, cultural and academic cooperation between Serbia and China in a manner that is aligned with the 2030 Agenda for Sustainable Development and Serbia's development priorities.** The underpinning hypothesis is that, through strategic, technical and operational support of UNDP to the Government of Serbia over the project period, the Belt and Road Institute will be developed into an effective mechanism that can capitalize on emerging opportunities brought by BRI to drive SDG attainment in Serbia and beyond while overcoming some of the constraining factors that impact the sustainability of relevant collaboration.

At country level, this Project strives to support Serbia's national priority in "improving the operating environment for doing business through evidence-based policies and regulatory simplification" and "strengthening the establishment of an efficient, stable and sustainable growth trend in employment",

as laid out in the National Priorities for International Assistance (NAD). Moreover, the Project will also complement the country's strategy in implementation of the SDGs, filling the identified needs for assistance as stated in the country's Voluntary National Review on Implementation of the 2030 Agenda that: "Serbia needs assistance through an increased scope of investments, knowledge and skills, technologies and special partnerships for development of a generically sustainable, carbon-neutral circular agriculture and industry of sustainable materials, technological processes, products and services, including services in the financial sector, especially encouraging individual entrepreneurship and multiplication of micro, small and medium-sized enterprises in these two fundamental productive sectors of the future for which opportunities have already been created through digitalization of the necessary activities and strengthened connectivity of the country through the rehabilitated transport, energy, and communications infrastructure"¹⁴.

At corporate level, the Project is aligned with the first pillar of UNDP's Strategic Plan 2018-2021 by contributing towards Activity 1.2.2: "Enabling environment strengthened to expand public and private financing for the achievement of the SDGs". Project interventions will also be guided by the United Nations Development Assistance Framework (UNDAF) 2016-2020 between the Serbian Government and the United Nations Country Team in Serbia, with efforts to support Outcome 7: "By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation".

UNDP is well-positioned to provide support to the Government hosting BRI projects to minimize potential risks while maximize positive impact of investments, with its decades experience in development, its global presence with a capacity network, the convening role among all stakeholders, as well as its policy influence at country, regional and global level.

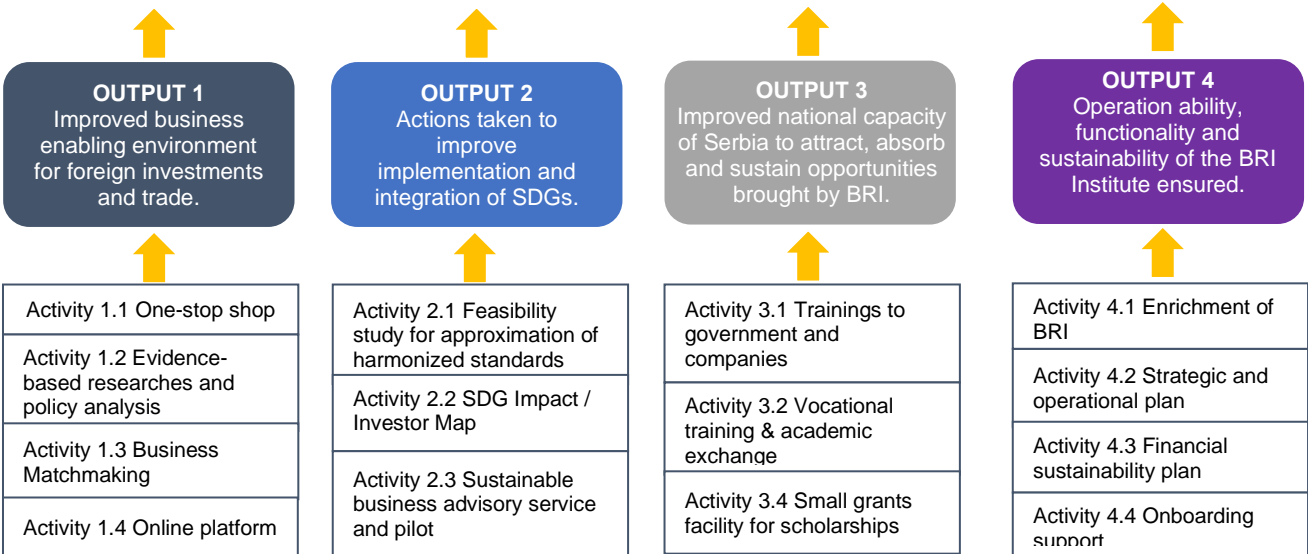
In accordance with the Project's Theory of Change as presented in the diagram below, the Project will focus on four main areas of intervention including:

- Business Facilitation;
- Catalysing SDG Impact;
- Capacity Development;
- Platform and Institutional Development.

¹⁴ Voluntary National Review of the Republic of Serbia on Implementation of the 2030 Agenda for Sustainable Development, https://sustainabledevelopment.un.org/content/documents/23471Serbia_VNR_Report_2019_final.pdf

IMPACT
Improved alignment of Serbia-China cooperation under the Belt and Road Initiative with sustainable development principles that generates positive and inclusive impact towards social, environmental and economic development of Serbia and beyond.

- NEAR TERM EXPECTED RESULTS**
1. Increased business cooperation between Serbia and China compliant with Serbia's sustainable development priorities.
 2. Increased awareness and capacity of Chinese investors and enterprises in Serbia to align their investment/business practices with sustainability principles and standards.
 3. Government of Serbia at all levels are more capable to design and implement SDG-informed policies in relation to investment and trade.
 4. The local labour force in Serbia have increased knowledge, skillset and technical know-how to better absorb technology spill-over and to meet the investment needs in human resources.
 5. The BRI Institute has gone into full operation with necessary institutional setup and a holistic approach to achieve



II. RESULTS AND PARTNERSHIPS (1.5 - 5 PAGES RECOMMENDED)

Expected Results

To implement the abovementioned strategy the project will undertake the following main activities and interventions.

Output 1. Improved sustainable business enabling environment for foreign investments and

Expected Results and Targets:

1. A one-stop shop facility for BRI investments in Serbia been established, with at least 15 inquiries been resolved during the two-year project period.
2. 2 desk/field officers are on board for service provision and operation under the one-stop shop.
3. 2 knowledge products been produced and disseminated to the identified target group.
4. 1 investment matchmaking forum organized in Beijing, China.
5. 1 investor trip organized in Serbia.
6. An online platform been developed and operational.

trade.

- Activity 1.1: Establish a “**one-stop shop**” that offers a wide array of information and analysis for existing and potential foreign investors interested in expanding their business in Serbia. The one-stop shop will serve as an information and service hub that provides context analysis at country, sectoral and industry level; as well as tailored solutions at project/investment level addressing specific enquiries and/or barriers encountered by companies for sustainable business operations. A **desk/field officer working mechanism** shall be established to facilitate communication and outreach to all relevant institutions within and beyond Serbia, embedding the aspect of sustainable development. The desk/field officers will also serve to enhance public sector efficiency and enforcement of investment-related policies at all levels in Serbia. Each regional desk/field officer will be responsible to liaise between the investors, central government bodies and the local governments.
- Activity 1.2: Evidence-based **researches and policy analysis** to inform decision-making in enhancing Serbia’s legal and regulatory framework in relation to its positioning along the BRI in the context of the country’s sustainable development. Topics of the researches can be further identified during each year’s project steering committee meeting, along with the annual work plan.
- Activity 1.3: Facilitate economic cooperation through **business match-making** events, with the aim to support projects, businesses and investors which would not, on their own, have the resources to find appropriate partners overseas. In particular, this activity will consist of:
 - A **investment matchmaking forum** to be organized in Beijing, China, allowing both private and public stakeholders from Serbia, China and other BRI partner countries to meet, exchange and share their practices, expertise and technologies. The forum can consider to include discussions sessions focusing on opportunities and challenges for investing in Serbia, exhibitions and Business to Business (B2B) networking.
 - An **investor trip** to Serbia as a follow-up to the matchmaking forum, bringing together a broad range of international investors, local companies and entrepreneurs, government representatives and agencies, financial institutions and advisory groups. Participants will be able to discover/showcase vibrant investment opportunities, so as to build connections with the investment and business community in Serbia.
- Activity 1.4: Develop an **online platform** to enhance access of information and data, so as to facilitate service provision for brokering demand and supply for foreign investments in Serbia. The online platform will consolidate efforts accumulated from Activity 1.1 and Activity 1.2, and to transform existing information, data and knowledge into more visualized and/or interactive form. The main functions of this online platform can include the following, which shall be further

identified in consultation with government counterparts and foreign investors to best align the offerings with their actual needs.

- Enable **information publication and retrieval**, particularly on context information and analysis of investment-related policies, regulations, laws and legislations at country and sectoral/industry level.
- Allow potential investors to **identify and make initial contacts** with respective government agencies, professional institutions / organizations, or experts who can provide support in their quest of establish cooperation with/in Serbia.
- Establish a **Frequently Asked Questions (FAQs)** section with answers to common investment inquiries in order to avoid duplication of efforts and thus to improve service efficiency of relevant government agencies.
- To host **open calls for cooperation** to enable matchmaking between investors and product/technology/service providers.

Output 2. Actions taken to improve implementation and integration of SDGs.

Expected Results and Targets:

1. 1 feasibility study been conducted for standards approximation.
2. A SDG Investor Map for Serbia been developed in accordance to the context of BRI, with a final spreadsheet and a companion document as end deliverables.
3. At least 3 service lines for private sector advisory on SDG alignment been developed, with at least 5 companies received the tailored-made advisory services.

- Activity 2.1: Carry out a **feasibility study for approximation of a harmonized standards** approach for BRI investments in Serbia. Initial attempts can be made with a niched focus of particular sector/industry such as infrastructure. The feasibility study shall include a mapping of sectoral policies, regulations and technical standards required for new investors to enter into the market in Serbia; followed by a diagnosis of existing gaps.
- Activity 2.2: Initiate a **pilot on the SDG Impact**¹⁵ initiative under the context of BRI, in particular the SDG Investor Map - a platform of country-level data that highlights the development impact as well as the business opportunity for BRI investments in relevant sectors, subsectors, sub-regions and, more granularly, proven business models.
- Activity 2.3: Provide **advisory service to private sector enterprises** to design plans and measures on **integrating sustainability principles** into its business operations. Special focus will be put on advising on strategic environment impact assessment and environment impact assessment of investments considered and proposed, as well as on training and coaching prospective investors as to the applicable environment legislation, connected to a. air pollution; b. noise; c. water quality released back into the nature; d. soil protection and remediation in case hazardous materials are being used and need for waste water treatment. This activity also intends to explore possibility of establishing a pilot project in collaboration with private sector, in order to demonstrate good practices, proven approaches, and/or sustainable business models that of potential to be further scaled up and/or replicated.

¹⁵ SDG Impact is a UNDP initiative focused on eliminating barriers and driving integrity for SDG-enabling investment at scale. It consists of three pillars: 1) Impact Management, with practice standards, tools for impact measurement and certification with a SDG Impact Seal; 2) Impact Intelligence, with country-level data on SDG-enabling investment; 3) Impact Facilitation.

Output 3. Improved national capacity to attract, absorb and sustain opportunities brought by BRI.

Expected Results and Targets:

1. Trainings on SDGs, BRI and sustainable investment been carried out to 100 civil servants and 40 companies.
2. 1 vocational/technical/skills training programme been developed to build up the capacity of Serbian labour force, with at least 40% of female participants. 30% of the trainees are employed within 6 months of completing the vocational training/exchange programme.
3. 1 academic exchange programme been developed and initiated, with at least 40% of female participants.
4. A small grants facility established with well-defined scope, scale and criteria for application/selection.
5. At least 10 students received the grants/scholarships.

- Activity 3.1: Organize **training(s) to government officials** (across different departments) and **private sector companies** to raise the awareness and knowledge on SDGs, BRI, Responsible Business Conduct (RBC), Environmental, Social and Governance (ESG), as well as guiding principles, frameworks, standards, tools and other topics in relation to sustainable investment and business practices. The trainings can be complemented by field visits to selected project sites (either ongoing or completed) to showcase real practices and hands-on experiences.
- Activity 3.2: Develop **vocational training and academic exchange** programmes, including training curriculum and relevant materials to facilitate the modelling of a skilled Serbian labor force informed on Chinese business models (language, cultural habits, etc.) in Serbia.
- Activity 3.3: Establish a **small grants facility** to provide seed funding for scholarships, academic researches and exchange activities for innovation and talent development of both countries. A TOR shall be in place to define the scope, scale and criteria for application/selection.

Output 4. Operation ability, functionality and sustainability of the BRI Institute ensured.

Expected Results and Targets:

1. 1 high-level regional conference on BRI organized in Serbia.
2. At least 3 official social media accounts established on different platforms.
3. At least 3 communication materials (brochures, infographics, videos, etc.) been developed.
4. A strategic and operational plan for establishment of the Institute been developed.
5. A financial sustainability plan for the Institute been developed.
6. A team of staff is fully on-board, responsible for management, implementation and operation of the Institute, with support from a dedicated bilingual (English & Chinese) project staff recruited.

- Activity 4.1: **Support the SDG attainment through the Belt and Road Initiative** through facilitated cross-border and regional partnerships in line with the respective national interests of the BRI partner countries. By establishing country/regional-level multi-stakeholder network for BRI, this activity aims to ensure that the BRI supports the SDGs attainment of both Serbia and neighboring countries. This will be achieved via:

- A high-level regional conference on BRI hosted in Serbia, with participation of government entities from Serbia, China and other countries in Central and Eastern Europe, foreign investors and companies, Chinese embassy in Serbia, international organizations, civil society organizations, media and other relevant stakeholders in the region.
 - Establishing official accounts of the Institute in major international, Chinese and Serbian social media platforms – including but not limit to Weibo, Wechat, Facebook, Twitter and so on – to enhance information sharing and communication outreach of activities and outputs under the Institute.
 - Devising a set of communication materials, such as brochures, infographics and videos, in order to raise public awareness of BRI, whilst to document existing efforts made and to grow interests for increased engagement among the international community. The communication materials shall be designed and developed in accordance to specific target groups, and to be distributed via different channels in various languages (English, Serbian, Chinese and others).
- **Activity 4.2:** Develop a **strategic and operational plan for establishment** of the BRI Institute. The establishment plan shall sets out the Institute’s mission, strategic goals and objectives, its functions, organizational structure and governance mechanisms, human capital and other operational arrangements including site selection and equipment needed. In addition, this activity will support the drafting of necessary supporting documents for establishment of the Institute.
 - **Activity 4.3:** Develop a **financial sustainability plan**, including a detailed budget projection, a financial analysis reviewing current resources, required resources, and risk assumptions, so as a clear resource mobilization strategy.
 - **Activity 4.4:** Support **onboarding of a well-functioning team** with competency and capacity to manage, implement and operationalize the Institute. This will be achieved via: 1) provision of trainings tailored to the main deficiencies and needs of current and newly recruited staff under the Institute; 2) recruitment of a dedicated project staff with knowledge on sustainable development, BRI and UNDP mandate, experiences in working with/on Chinese investment or relevant actors, as well as proficiency in English and Chinese.

Resources Required to Achieve the Expected Results

Key resources required to ensure successful implementation of this Project include:

- **Financial resources:** the total budget for the implementation of the project over two-year period is estimated at USD 1,729,357. While the Project intends to adopt a blended financing modality, further resource mobilization efforts are required. Detailed estimation of costs in accordance with the project activities can be referred to Section VII. MULTI-YEAR WORK PLAN of this project document.
- **Technical expertise and human resources:** successful implementation will largely rely on specific expertise in the fields such as investment promotion, policy, legal and legislative regulatory framework of BRI partner countries, marketing and communication advocacy, and so on. UNDP Serbia will also tap into its regional and global knowledge bases and expertise, especially relying on the UNDP China office and the Belt and Road Center, planned to be established in Beijing, as well as the SDG Impact Initiative.
- **Equipment and Materials:** space, equipment and materials to ensure physical operation of the Institute.

Partnerships

The project will be implemented in close cooperation with primarily, the General Secretariat of the Government of Serbia, with involvement of other relevant government departments, ministries and agencies such as the Serbian Development Agency (SDA) and the National Council for Coordination of Cooperation with the Russian Federation and the People’s Republic of China.

Given the nature of this Project, the project will also work closely with the Chinese Embassy in Serbia, Chinese investors and companies in Serbia, key Chinese government counterpart (such as the Chinese Ministry of Affairs) as well as relevant institutions based in China and other BRI partner countries, such as the Belt and Road Centre to be established in Beijing.

Other key partners include universities and academic institutions, research centres and think tanks.

Risks and Assumptions

<u>Risks</u>	<u>Mitigation Measures</u>
Low level of engagement and commitment from key partners / local counterparts because of lack of trust, and/or other reasons, hampering smooth progress of activities.	Efforts will be made to invest in outreach strategies and motivation of key partners in realizing the potential benefits of engaging in this project.
Low level of interest due to lack of awareness among potential beneficiaries, reducing ownership.	Awareness raising campaigns/activities will be carried out to increase the knowledge.
Delay in policy/regulatory improvements or change of government’s reform agenda that are making the project’s key focus areas irrelevant.	Instead of promoting specific policy measures, the project will adopt a flexible approach to focus on supporting the national partners to strengthen their capacities, get access to up-to-date and best knowledge, and select the best course of action under given circumstances.
Capacity constraints or limitation that lies with methodological design of specific activities.	Capacity development of key partners will be carried out to ensure effective implementation in the long-run. UNDP will also tap into its global and regional knowledge network for technical support.
Lack of financial resources for implementation during this two-year project period, and/or resources to ensure longer-term financial sustainability of the Institute upon termination of this project.	Potential source of financing will be identified prior to project kick-off. A financial sustainability strategy will also be developed under Activity 4.3.
Limited data available to pilot on the SDG Investor Map	Data will be collected from various sources at the onset, and first hand data collected from the project will complement data from government sources.

Stakeholder Engagement

The project intends to build a strong network of multiple stakeholders include the following:

- Government entities from Serbia, China and other BRI partner countries;
- Businesses and investors engaging in the BRI;

- Academic institutions from BRI participating countries including China;
- Financial institutions based in Serbia, China and other BRI partner countries;
- International organisations and development agencies;
- Civil society organisations from Serbia, China and other BRI partner countries;
- Media.

South-South and Triangular Cooperation (SSC/TrC)

The Project encourages enhanced coordination, dialogue and increased synergistic efforts among countries and regions under the framework of BRI. Outputs, experiences and lessons learnt drawn from this project are expected to contribute to stronger involvement of Serbia and China in South-South and Triangular Cooperation. It is also expected that Chinese partners will expose the Serbian counterparts to relevant technologies and knowledge gained through the country's own development path.

Knowledge

The project will produce knowledge products during the implementation of its activities, for example the online platform, the SDG Investor Map, feasibility studies, situation and policy analysis, training materials and lessons learned etc.

On the one hand, knowledge products will be disseminated to its target audience ensuring the key messages are effectively conveyed. On the other hand, selected information and knowledge will also be made available to general public so as national and international interest groups, allowing knowledge generated to be referable and beneficial to the wider public.

Sustainability and Scaling Up

The primary focus of this project is to support the Government of Serbia in establishment of a Belt and Road Institute that envisages to capitalize on BRI potential, and to build up the country's national capacity to absorb positive spill-over of foreign investments while ensuring lasting and sustainable structure beyond the project period.

If the BRI Institute in Serbia proves successful at the country level, it may in the future function as a centre of excellence for BRI's engagement that are aligned with SDGs in Europe, as well as link to the BRI programme in Beijing. This would also enable the Serbian Government to enhance the country's ability to attain the SDGs and assume a regional significance in support its neighbouring countries to benefit from BRI.

III. PROJECT MANAGEMENT (1/2 PAGES - 2 PAGES RECOMMENDED)

Cost Efficiency and Effectiveness

UNDP will use a portfolio management approach to improve cost effectiveness by leveraging activities and partnerships with other initiatives/projects, and through joint monitoring with key counterparts. Current intervention strategy is built on the knowledge, experience, lessons learned and findings gained through ongoing projects of UNDP in private sector development, trade and investment, and think-tank development. Initiative, approaches undertaken by similar initiatives/projects in various countries at global, regional and national levels will be considered, with possible linkages and cooperation between the initiatives.

Project Management

The project will be implemented under the National Implementation (NIM) Modality with UNDP's direct support. Detailed management arrangements are explained in section VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS of this document.

IV. RESULTS FRAMEWORK¹⁶

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:
UNDAF Outcome: By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.
CPD Output 1: Improved implementation of local development plans and applied sustainable solutions

Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:
Indicator: Number of municipalities supported to implement economic priorities from local development plans
Baseline: 6; **Target:** 12

Applicable Output(s) from the UNDP Strategic Plan:
 1.2.2 Enabling environment strengthened to expand public and private financing for the achievement of the SDGs.

Project title and Atlas Project Number:
 Harnessing Sustainable Development Impact of the Belt and Road Initiative – Institutional Support to Establishment of a Belt and Road Institute in Serbia
 00122809/ 00118273_00120322_00120323_00120324

EXPECTED OUTPUTS	OUTPUT INDICATORS ¹⁷	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)			DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Final	
Output 1 <i>Improved business enabling</i>	1.1 One-stop shop for BRI investments established and operational	Project Progress Reports	N	2019	Y	Y	Y	Observation
	1.2 Number of inquiries been addressed and resolved through the one-stop shop	Project Progress Reports	0	2019	5	10	15	Database of the one-stop shop

¹⁶ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

¹⁷ It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

<i>environment for foreign investments and trade.</i>	1.3 Number of desk/field officers recruited under the one-stop shop for operation and service provision	Project Progress Reports	0	2019	2	0	0	Contracts signed, field visits
	1.4 Number of knowledge products been developed and disseminated to the identified target group	Published reports, Policy papers	0	2019	1	1	2	Reports and publications launched/submitted
	1.5 Number of investment matchmaking forum organized	Meeting documents, Event Agenda	0	2019	1	0	1	Meeting documents, Post-event feedback questionnaire, Observation
	1.6 Number of investor trip organized	Mission document, Programme/Agenda	0	2019	1	0	1	Mission documents, Observation
	1.7 An online platform in place and operational	Project Progress Reports	N	2019	Y	Y	Y	Observation
Output 2 <i>Actions taken to improve implementation and integration of SDGs.</i>	2.1 Feasibility study for standards approximation	Project Progress Reports	0	2019	1	0	1	Observation
	2.2 A SDG Investor Map for Serbia been developed in accordance to the context of BRI	SDG Investor Map for Serbia	0	2019	1	0	1	Existence of the map and related documents
	2.3 Number of service lines developed for the private sector on SDG alignment	Project Progress Reports / Brochures	0	2019	3	0	3	Observation
	2.4 Number of private sector companies from BRI partner countries that received tailored-made advisory services	Project Progress Reports	0	2019	2	3	5	Meetings, Reports
Output 3 <i>Improved national capacity of Serbia to attract, absorb and sustain opportunities brought by BRI.</i>	3.1 Number of government officials with improved knowledge on SDGs, BRI and sustainable investment	Training Summary, Project Progress Reports	0	2019	50	50	100	Pre-training / Post-training questionnaire
	3.2 Number of private sector companies with improved knowledge on SDGs, BRI and sustainable investment	Training Summary, Project Progress Reports	0	2019	20	20	40	Pre-training / Post training questionnaire
	3.2 Number of technical/skills training and university exchange programme developed	Training curriculum / materials, Project Progress Reports	0	2019	1	1	2	Observation
	3.3 Number of people participated in technical/skills training or university exchange	Project Progress Reports / Brochures	0	2019	50	50	100	Post-training questionnaire

	3.4 Percentage of female participants received training or took part in the education exchange	Project Progress Reports, Training Summary	0	2019	40%	40%	40%	Post-training questionnaire
	3.5 Percentage of participants employed within 6 months of completing the vocational training/exchange programme	Project Progress Reports	0	2019	30%	30%	30%	Follow up by project staff
	3.6 A small grants facility established with a TOR defining the scope, scale and criteria for application/selection	Concept Note / TOR, Project Progress Reports	N	2019	Y	Y	Y	Reports, observation
	3.7 Number of students received the grants	Project Progress Reports	0	2019	5	5	10	Reports, observation
Output 4 <i>Operation ability, functionality and sustainability of the BRI Institute ensured.</i>	4.1 Number of high-level regional conference on BRI organized	Event Agenda	0	2019	1	0	1	Meeting documents (agenda / summary report)
	4.2 Number of official social media accounts established on different platforms	Project Progress Reports, Social media posts	0	2019	3	0	3	Observation
	4.3 Number of communication materials (brochures, infographics, videos) been devised	Project Progress Reports	0	2019	3	0	3	Observation
	4.4 A strategic and operational plan for establishment of the Institute been developed	Project Progress Reports	N	2019	Y	Y	Y	Reports, observation
	4.5 A financial sustainability plan for the Institute been developed	Project Progress Reports	N	2019	Y	Y	Y	Reports, observation
	4.6 A dedicated bilingual (English & Chinese) project staff been recruited	Project Progress Reports, TOR	N	2019	Y	Y	Y	Contract signed

V. MONITORING AND EVALUATION

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

Monitoring Plan

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

Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	N/A	N/A
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)		N/A	N/A
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	At least annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	N/A	N/A

Evaluation Plan¹⁸

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Final Evaluation	TBC	1.2.2 Enabling environment strengthened to expand public and private financing for the achievement of the SDGs.	By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.	end of 2022	TBC	USD \$20,000 (project budget)

¹⁸ Optional, if needed

VI. MULTI-YEAR WORK PLAN ¹⁹²⁰²¹

EXPECTED OUTPUTS	PLANNED ACTIVITIES	RESPONSIBLE PARTY	PLANNED BUDGET (in USD)				
			Funding Source	Budget Description	2020	2021	Total
Output 1: <i>Improved business enabling environment for foreign investments and trade.</i> <i>Gender marker: GEN1</i>	1.1 One-stop shop	UNDP	TBD	71300 Local Consultants	6,000	6,000	12,000
				71200 International Consultants	15,000	5,000	20,000
				71400 Contractual Services – Individuals	70,000	70,000	140,000
				71500 UN Volunteers	20,000	20,000	40,000
				71600 Travel	7,500	7,500	15,000
				72200 Equipment and Furniture	74,200	0	74,200
				74200 Audio Visual & Print Prod Costs	20,000	20,000	40,000
				74500 Miscellaneous Expenses	1,500	1,500	3,000

¹⁹ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

²⁰ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

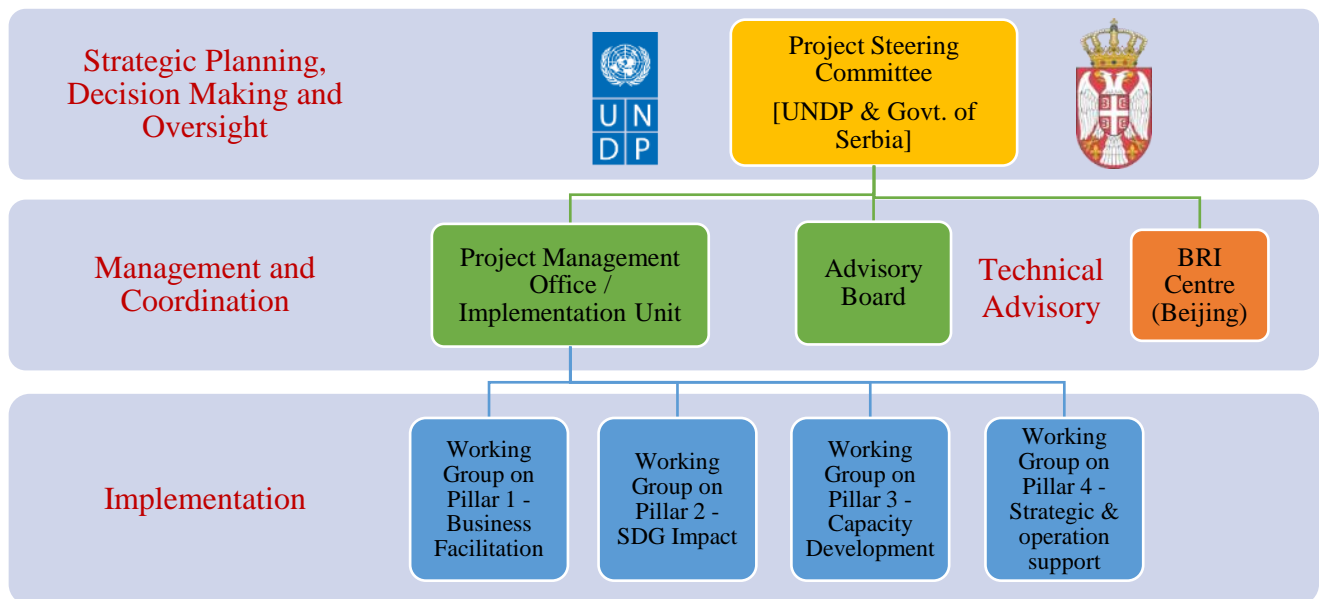
²¹ Allocation of the currently available funds will be done through the Annual Work Plan, following consultations with the National Partner.

	1.2 Research and policy analysis	UNDP		71300 Local Consultants	18,000	18,000	36,000
	1.3 Business Matchmaking Events	UNDP		75700 Trainings, Workshops and Conferences	85,000	0	85,000
				71600 Travel	0	72,500	72,500
	1.4 Online platform	UNDP		72100 Contractual Services-Companies	15,000	5,000	20,000
	Sub-Total for Output 1				332,200	225,500	557,700
Output 2: <i>Actions taken to improve implementation and integration of SDGs.</i> <i>Gender marker: GEN1</i>	2.1 Feasibility study for standards approximation	UNDP		71300 Local Consultants	9,000	9,000	18,000
				71200 International Consultants	10,000	10,000	20,000
				71600 Travel	4,000	4,000	8,000
	2.2 SDG Impact Intelligence Pilot – SDG Investor Map	UNDP		71300 Local Consultants	40,000	0	40,000
				74200 Audio Visual & Print Prod Costs	10,000	0	10,000
				71600 Travel	10,000	0	10,000
				75700 Trainings, Workshops and Conferences	5,000	0	5,000
	2.3 Private sector SDG advisory	UNDP		71300 Local Consultants	10,000	10,000	20,000
				72100 Contractual Services-Companies	50,000	50,000	100,000
		Sub-Total for Output 2				148,000	83,000
Output 3:		UNDP		75700 Trainings, Workshops and Conferences	10,000	10,000	20,000

<p><i>Improved national capacity of Serbia to attract, absorb and sustain opportunities brought by BRI.</i></p> <p><i>Gender marker: GEN2</i></p>	3.1 Trainings to government officials and companies		71300 Local Consultants	10,000	10,000	20,000	
			71200 International Consultants	20,000	20,000	40,000	
			71600 Travel	5,000	5,000	10,000	
	3.2 Vocational trainings and academic exchanges	UNDP	71300 Local Consultants	30,000	10,000	40,000	
			71200 International Consultants	30,000	10,000	40,000	
			71600 Travel	20,000	20,000	40,000	
	3.3 Small grants for scholarships	UNDP	75700 Learning costs	50,000	50,000	100,000	
	Sub-Total for Output 3				175,000	135,000	310,000
	<p>Output 4:</p> <p><i>Longer-term operation ability, functionality and sustainability of the BRI Institute ensured.</i></p> <p><i>Gender marker: GEN1</i></p>	4.1 BRI regional platform/conference and communication/advocacy products	UNDP	75700 Trainings, Workshops and Conferences	0	40,000	40,000
71600 Travel				0	82,500	82,500	
74200 Audio Visual & Print Prod Costs				20,000	20,000	40,000	
4.2 Strategic and operational plan		UNDP	71300 Local Consultants	9,000	0	9,000	
4.3 Financial sustainability plan		UNDP	71300 Local Consultants	6,000	0	6,000	
4.4 Onboarding support		UNDP	72100 Company contracts	15,000	15,000	30,000	
			71300 Local Consultants	10,000	10,000	20,000	

				72200 Equipment and Furniture	10,000	0	10,000
				71200 International Consultants	15,000	15,000	30,000
				71400 Contractual Services – Individuals	60,416	51,280	111,696
				71600 Travel	10,000	10,000	20,000
				64300 Direct Project Cost	37,760	32,050	69,810
				74500 Miscellaneous	5,000	5,000	10,000
				Sub-Total for Output 4	198,176	280,830	479,006
Evaluation (as relevant)	EVALUATION			72100 International consultant		20,000	20,000
Subtotal					853,376	744,330	1,597,706
Contingency Fund	CONTINGENCY (3%)			74500 Miscellaneous	25,601	22,330	47,931
General Management Support	GMS (8%)				70,318	61,333	131,651
TOTAL							1,729,357

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS



This project will be implemented according to the UNDP procedures for national implementation modality (NIM) with UNDP support to NIM. The General Secretariat shall retain overall responsibility for this nationally managed project and will appoint the National Project Director (NPD) who will be responsible for providing strategic recommendations, as well as coordinating the Project activities.

A **Project Steering Committee (PSC)** will be set up, which shall act as the main governing body responsible for making management decisions by consensus, ensuring achievement of the project goals. The PSC will be co-chaired by the Government of Republic of Serbia (GoS) and UNDP, with representatives of other donors and partner organizations (if applicable). The PSC will convene at least annually for strategic decision-making and will have the final authority on matters requiring official review and approval, including annual work plans and project progress reports. The composition of the PSC shall include the following:

- The *Executive*: represented by the Resident Representative of UNDP Serbia and the National Project Director.
- The *Senior Supplier*: with representation of UNDP's knowledge and resource network (such as the SDG Impact Initiative, other UNDP Country Offices, etc.), as well as other donors/partners in providing financial and in-kind support.
- The *Senior Beneficiary*: represented by senior officials from relevant government agencies, representatives from BRI investors and participating companies.

Under the guidance by the PSC, a **Project Management Office (PMO)** or a **Project Implementation Unit (PIU)** will be established, responsible for overall coordination with all project partners and daily project management, including but not limit to, planning of project activities and budget, monitoring of project progress and delivery, supervising the work done by external suppliers and consultants, as well as fulfilling reporting requirements in line with UNDP programme and policy procedures and upon donor's requests. The PMO / PIU shall consists of the following roles:

- a) *Project Assurance*: supporting the PSC by carrying out objectives and independent project oversight and monitoring functions. This role will be performed by the Team Leader of the SDG Integration Center, of UNDP Serbia country office.
- b) *Project Manager*: responsible for day-to-day management and communication with project partners, ensuring expected project outputs and results are produced within the set timeline and budget framework, while meeting the required standard of quality. The project manager will be stationed for 2 years and will be recruited under Activity 4.4.
- c) *Project Support*: providing administrative, substantive, and technical support for specific activities/outputs. This will be provided through associate/assistant roles.

An external **Advisory Board** will be established to provide strategic advice on the overall project design, management and implementation, benefiting from their professional background, expertise and knowledge. Members of the Advisory Board shall be selected/invited based on recommendation and approval by the PSC. The Advisory Board shall also serve as a platform where the Belt and Road Institute can expand its global outreach and build linkages with other relevant institutions such as the Belt and Road Centre to be established in Beijing, China. Regular meetings shall be convened with the Advisory Board members, at least on annual basis to consolidate inputs.

Four working groups will be established to implement specific activities under each project output as outlined in this Project Document. Each working group shall consist of administrative and technical staff from UNDP, consultants, experts and professional service providers, as well as focal points from respective counterpart institutions and organizations.

VIII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Serbia and UNDP. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

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

IX. RISK MANAGEMENT

Option a. Government Entity (NIM)

1. Consistent with the Article III of the SBAA [*or the Supplemental Provisions to the Project Document*], the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP’s property in the Implementing Partner’s custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
 - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - b) assume all risks and liabilities related to the Implementing Partner’s security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner’s obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.
4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

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

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

5. a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:

- i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
- ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;
- iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof;
- iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
- v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in

paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

6. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
7. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
8. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
9. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
10. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
11. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.
12. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

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

13. The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of this Project Document, may seek recourse to the Implementing Partner for the

recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

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

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

14. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
15. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
16. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled “Risk Management Standard Clauses” are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

Special Clauses. In case of government cost-sharing through the project, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.

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

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

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

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

The contribution shall be charged:

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

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

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

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

X. ANNEXES

1. **Project Quality Assurance Report**
2. **Social and Environmental Screening Template** [\[English\]](#) [\[French\]](#) [\[Spanish\]](#), including additional Social and Environmental Assessments or Management Plans as relevant.
(NOTE: The SES Screening is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences, preparation of communication materials, strengthening capacities of partners to participate in international negotiations and conferences, partnership coordination and management of networks, or global/regional projects with no country level activities).
3. **Risk Analysis.** Use the standard [Risk Register template](#). Please refer to the [Deliverable Description of the Risk Register](#) for instructions
4. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)
5. **Project Board Terms of Reference and TORs of key management positions**