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PROJECT DOCUMENT - ADDENDUM 3

UNDP Serbia

**Project Title:** Advanced Capacity for Accelerated Delivery Initiative (ACADI) Project Document – Research & Development design and supervision services - Addendum 3

**Project Number:** Award: 00102693, Output Project: 00110707

**Implementing Partner:** Public Investment Management Office of the Government of the Republic of Serbia;

**Start Date:** 01 July 2018

**End Date:** 31 March 2021

**PAC Meeting date:** 17 March 2017

**Brief Description**

As the Government of the Republic of Serbia advances the implementation of its complex development agenda, it has established a new Public Investment Management Office (PIMO) to manage complex cross-sectorial projects. PIMO needs additional advanced capacity to implement projects funded by loans to ensure timely and impactful implementation and to indemnify the Republic of Serbia from the potential interest and charges which would appear in case of slow pace of project implementation. UNDP, with its emphasis on capacity development and knowledge management, will support building of this advanced capacity and provide PIMO with access to its knowledge platforms, rosters of expertise and specializations and facilitate timely delivery of projected results.

PIMO is currently focussing on implementation of a series of Research and Development Infrastructure Investment Initiatives aimed at revitalizing public R&D in Serbia. These investments include upgrading existing research facilities and infrastructure for which proper technical documentation and supervision is needed and is to be covered through this project activity.

**Contributing Outcome (UNDAF/CPD):**  
By 2020, there is an effective enabling environment that promotes sustainable economic development, focused on an inclusive labour market and decent job creation.

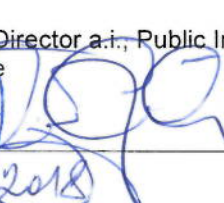



**Output 1:** Improved implementation of local development plans and applied sustainable solutions

**Indicative Output(s):**

1. Advanced capacity for R&D Infrastructure Investment Initiative established
2. Advanced Capacity for the Preparation facility established
3. Enhanced capacities of the Project Development Office in development of technical concept for Belgrade Philharmonic Orchestra (BPO)
4. Enhanced quality of design documentation and supervision services

<b>Total resources required:</b>	<b>USD 5,226,480.84</b>	
<b>Total resources allocated:</b>	€ 4,500,000.00 (as per UN exchange rate June 2018)	
	<b>Government:</b>	<b>USD 5,226,480.84</b>
	<b>UNDP In-Kind:</b>	
<b>Unfunded:</b>		

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

Government	UNDP
Marko Blagojevic, Director a.i., Public Investment Management Office 	Steliana Nedera, Deputy Resident Representative UNDP Serbia 
Date: 11/7/2018 	Date: 11/7/2018 

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

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## I. PROJECT BRIEF

The implementation of the project “Advanced Capacity for Accelerated Delivery Initiative” (ACADI) has been underway since June 2017 with the purpose to assist PIMO in the establishment of the PIU and development of the PIU capacity. During this period the PIU has been supported with provision of the necessary expertise, which, on one hand, boost the capacity of the Government of the Republic of Serbia – Public Investment Management Office (PIMO) for fast delivery of projects funded through loans to the Republic of Serbia and on the other, strengthen the capacity of the beneficiary institutions to comply with the requirements of the lender to Serbia in regards to: 1) procurement rules; 2) management; 3) supervision and visibility of intervention.

The new initiative followed by the additional funds will be used for project design and supervision services, as well as for the technical control. UNDP will use the existing documentation, including construction layers, to create good-quality designs for the improvement of infrastructure initiatives, provide technical control of designs as well as for the supervision of the works, once the implementation starts. UNDP has long term agreements (LTA) for designing, technical control and supervision of works, which enables very fast contract awarding to the companies

### **Best Value for Money**

1. The core governing principle is to obtain the best value for money. This means the selection of the offer that presents the optimum combination of lifecycle costs and benefits, and meets business needs.
2. Best value for money should not be equated with the lowest price. It requires an integrated assessment of technical, organizational and pricing factors in light of their relative importance (i.e., reliability, quality, experience, reputation, past performance, cost/fee and reasonableness). Parameters can also include social, environmental and other strategic objectives defined in the procurement plan.

As part of upholding best value for money, the processes of soliciting offers and selecting a contractor should:

- a) Maximize competition
- b) Minimize the complexity of the solicitation, evaluation and selection processes
- c) Ensure impartial and comprehensive evaluation of solicited offers
- d) Ensure selection of the contractor whose offer has the highest degree of realism and whose performance is expected to best meet the business unit's specifications, statement of works or terms of reference

Therefore, the additional output of ACADI Project strategy will focus on:

- Enhanced capacities of Public Investment Management Office in technical documentation development and performing supervisory role on Research and Development Infrastructure Initiatives.

UNDP, through the ACADI Project, shall, throughout the implementation of the Project, provide design and supervision services to PIMO for the following infrastructure projects:

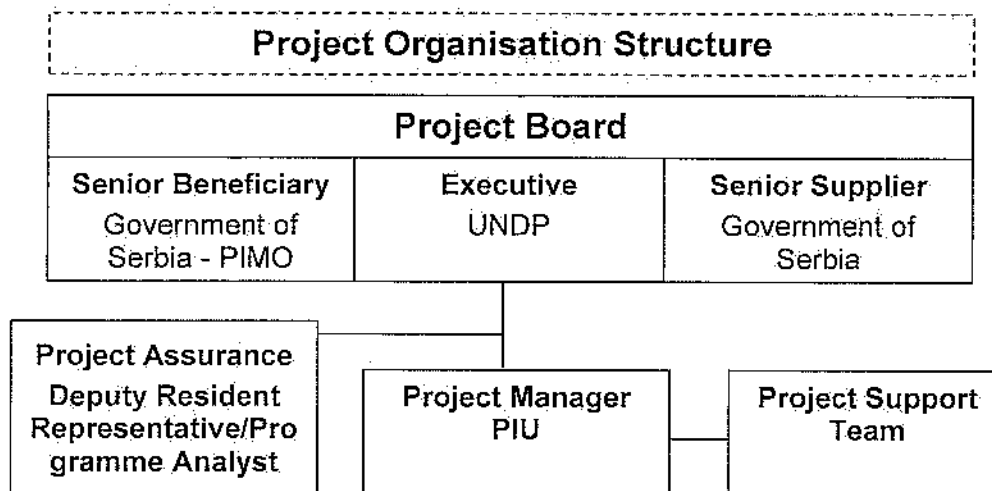
- Obstetrics and Gynaecology Clinic "Narodni Front", Belgrade
- Orthopaedic Clinic "Banjica", Belgrade
- Oncology Clinic, Belgrade
- Special Clinic for Cerebrovascular Diseases "Sveti Sava", Belgrade
- Reconstruction of Institute for Neurosurgery, Belgrade
- Reconstruction of Clinical Center "Zemun", Belgrade
- Reconstruction of Emergency Center, Belgrade
- Construction of new building - Institute for Cardiovascular Diseases "Dedinje", Belgrade
- Reconstruction of Obstetrics and Gynaecology Clinic "Višegradska", Belgrade
- Reconstruction of the facade on University Children Clinic "Tiršova", Belgrade

- Reconstruction of University Children Clinic "Tiršova", Belgrade
- Institute of Physics Verrocchio Center
- ST Park Niš
- Electronic Faculty Labs
- Faculty of Organisational Sciences
- Obstetrics and Gynaecology Clinic "Narodni Front", Belgrade
- Orthopaedic Clinic "Banjica", Belgrade
- Oncology Clinic, Belgrade
- Radiology and NMR Center, Belgrade
- Special Clinic for Cerebrovascular Diseases "Sveti Sava", Belgrade
- Belgrade University - new building

## II. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	RESPONSIBLE PARTY	PLANNED BUDGET	
			Funding Source	Budget Description 2018-2021 USD
<p>Output 4</p> <p>Enhanced capacities of Public Investment Management Office in technical documentation development and performing supervisory role on Research and Development Infrastructure Initiatives.</p> <p><b>Baseline:</b></p> <p>-No adequate technical documentation</p> <p>-Limited project supervisory capacities</p> <p><b>Indicator:</b></p> <p>1. # of technical documents developed</p> <p>2. # of infrastructure initiatives adequately supervised</p> <p><b>Target:</b></p> <p>1. At least 10 technical documents developed</p> <p>2. At least 10 infrastructure initiatives supervised</p>	<p>4.1 Technical documentation &amp; supervision</p>	<p>UNDP</p>	<p>GoS</p> <p>72100 (Company contract)</p> <p>4,699,863.76</p>	<p>2018-2021 USD</p>
<p>4.2 Management costs</p>		<p>UNDP</p>	<p>GoS</p> <p>71400 (Contract staff)</p> <p>226,606.69</p>	
			<b>Total programmable</b>	<b>4,926,459.46</b>
			<b>Support to UNDP Monitoring, Procurement, Human Resources (3%)</b>	<b>147,793.78</b>
			<b>General Management Services (3%)</b>	<b>152,227.60</b>
			<b>TOTAL PROJECT COST</b>	<b>5,226,480.84</b>

### III. GOVERNANCE AND MANAGEMENT ARRANGEMENTS



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

PIMO will appoint a **National Project Director (NPD)** to take overall responsibility of project execution. The NPD will delegate responsibility for day-to-day management to the Project Manager who will also report the project progress to the Project Board.

The **Project Board** is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager, including recommendation for approval of project plans and revisions. Project Board decisions should be made in accordance to standards<sup>2</sup> that shall ensure best value to money, fairness, integrity transparency and effective international competition. Project reviews by this group will be made semi-annually, or as necessary when requested by the Project Manager. This group is consulted by the Project Manager for decisions when time, budget and quality tolerances are likely to be exceeded. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies.

**Project Assurance** is the responsibility of each Project Board member, but is usually delegated. In this case, UNDP Programme Analyst will perform the project assurance role. UNDP Programme Analyst will support the Project Board by carrying out objective and independent project oversight and monitoring functions thus ensuring that appropriate project management milestones are managed and completed.

The **Project Manager** has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

The Project Support role provides project administration, management and technical and financial support to the Project Manager.

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

All deliverables produced during the project term, will bear the donor and UNDP logo and, where appropriate, the standard UNDP disclaimer.

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Early elections cause slower pace of decision making	Project development phase	Political	Enter probability on a scale from 1 (low) to 5 (high) P = 2 Enter impact on a scale from 1 (low) to 5 (high) I = 4	Secure consultations at the highest level immediately after establishment of Cabinet in order to discuss further project duration and objectives	Project manager	Project developer	Project development phase	
2	Changing priorities of the Government of Serbia re-focus attention to different projects than those identified in the existing financing arrangements	Project development phase	Operational Political Strategic	P = 2 I = 2	Keep an open line of communication between the PIMO, staff and UNDP to be able to quickly adapt the project activities to this changing environment. publicity	Project manager	Project developer	Project development phase	
3	High turnover of experts and increased competition on the market results in frequent changes of project staff.	Project development phase	Strategic	P = 2 I = 2	Clear vision towards the development of the project pipeline and harmonious working environment in line with high UNDP standards.	Project manager	Project developer	Project development phase	
4	Identified national expertise may not be sufficient for all activities which PIMO plans.	Project development phase	Operational	P = 1 I = 4	Broadening the expertise base to the region of RBEC and international for solicitation of adequate expertise.	Project manager	Project developer	Project development phase	

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## IV. LEGAL CONTEXT

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

1. Legal Context:

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

2. Implementing Partner:

- Government Entity (NIM)

### Government Entity (NIM)

1. Consistent with the Article III of the SBAA, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
  - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
  - b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml).
4. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
8. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at [www.undp.org](http://www.undp.org).
9. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for



the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

10. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

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

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

UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement.

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

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

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

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## V. ANNEXES

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

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

3. **Risk Analysis.** Use the standard Risk Log template. Please refer to the Deliverable Description of the Risk Log for instructions

4. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)
5. **Project Board Terms of Reference and TORs of key management positions**