

## **Standard Summary Project Fiche – IPA centralised programmes**

### **Project number 14: Project Preparation Facility**

#### **1. Basic information**

- 1.1 CRIS Number:** [2008/020-406](#)
- 1.2 Title:** **Project Preparation Facility**
- 1.3 ELARG Statistical code:** 01.40
- 1.4 Location:** Republic of Serbia

#### **Implementing arrangements:**

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

The Beneficiary is the Ministry of Finance. The Project Manager for the Project Preparation Facility (PPF) is Gordana Lazarevic, Assistant Minister, Sector for Programming, Management of EU funds and Development Assistance.

The day-to-day management of the PPF will be carried out within the Sector for Programming and Management of EU Funds and Development Assistance, in the Ministry of Finance (DACU). DACU will be responsible for the following:

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

A Steering Committee will be established for the project. This will be chaired by the Project Manager and DACU will provide the Secretary. It will include additional representatives from DACU and also representatives of key line ministries including Office of the Deputy Prime Minister, Ministry of Infrastructure and Ministry of Environment. The Steering Committee will meet every 6 months to review contracts carried out and planned under the PPF and to identify additional areas of support. The Steering Committee will be required to formally approve or reject applications from line ministries.

#### **Financing:**

- 1.8 Overall cost:** **5,000,000 EUR**
- 1.9 EU contribution:** **5,000,000 EUR**

- 1.10 Final date for contracting:** 3 years after the signature of the Financing Agreement
- 1.11 Final date for execution of contracts:** 5 years after the signature of the Financing Agreement
- 1.12 Final date for disbursements:** 6 years after the signature of the Financing Agreement

## **2. Overall Objective and Project Purpose**

### **2.1 Overall Objective:**

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

### **2.2 Project purpose:**

To increase the quality of the programming process under the 2011 and 2012 IPA programmes, as well as of the preparation of preferably IPA but possibly other projects, through the provision of relevant support to respective Line Ministries and other agencies.

### **2.3 Link with AP/NPAA/EP/SAA**

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

The Positive Feasibility report for Serbia identified the role of local authorities in attracting a 'continuous inflow' of Foreign Direct Investment to address the chronic under-investment in traditional industry. A key issue in this regard is the capacity of central and local authorities to prepare a pipeline of mature projects and efficient use of EU assistance linked with adequate national co-funding support.

The **White Paper** on EU Transport Policy sets out the approach and programme for development of the Trans European Transport Network up to 2020. It places a high priority on achieving a shift of modal split from the current emphasis on road transport. It notes that the inland waterways "network is reliable and economic, produces little noise or pollution, takes up little room and has spare capacity"<sup>1</sup>. The PPF will provide specific support to the Ministry of Infrastructure in order to prepare projects which meet the above.

### **2.4 Link with MIPD**

Experience with previous CARDS assistance has shown that the future assistance under IPA needs to ensure that the beneficiary has increased ownership of the EU programming process. This translates into a greater involvement by the National Aid Coordinator (NAC), within the Ministry of Finance, and the Serbian European Integration Office (SEIO) in the programming

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<sup>1</sup> EC Directorate-General for Energy and Transport: White Paper Presentation September 2001

process. Increasingly it will mean working alongside key line ministries to develop their capacity to participate effectively, and without external assistance, in the EU programming and implementation process.

On one level the Project Preparation Facility supports all components of the MIPD since it is available to all those with project fiches approved under the IPA programming cycle. It may therefore be used to design appropriate project fiches and to develop tendering documentation for all sectors and towards all priorities. A key role of DACU will be to ensure that responsible line ministries are aware of the PPF and that the process for obtaining support is clear and accessible for all.

## **2.5 Link with National Development Plan (where applicable)**

N/A

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

According to the document called “Needs Assessment of the Republic of Serbia for the period 2007-2009 programming”, coordination and monitoring implementation of international developmental assistance is one of the highest priorities. In addition, it is expected to improve programming of EU funds by drafting instructions for establishing priorities and defining suggested projects, as well as assisting the relevant ministries in drafting them, and carrying out trainings for successful programming and implementation of EU funds.

As stated in Section 2.4., this project supports project fiche where tender documentation needs to be prepared and where the relevant Line Ministry of Agency does not have the capacity to undertake this. Since each fiche must clearly demonstrate its linkage to national and sectoral investment plans, this project fiche supports the achievement of strategic objectives included in these plans also.

## **3. Description of project**

### **3.1 Background and justification:**

The main objective of the Instrument for Pre-Accession Assistance (IPA)<sup>1</sup> is to help Serbia face the challenges of European integration, implement the reforms needed to fulfil EU requirements and make progress in the Stabilisation and Association Process. The IPA instrument consists of five components; (IPA-I) *Transition Assistance and Institution Building*; (IPA-II) *Cross-Border Cooperation* component which applies to border regions between beneficiaries from member states, candidate states and countries in pre-accession status; (IPA III, IV and V) *Regional, Human Resources and Rural Development* components which are planned for candidate countries.

As a potential candidate country, Serbia has access to two IPA components (IPA-I) Transition Assistance and Institution Building (IPA-II) Cross-Border Cooperation component. Under the component IPA I Serbia can fund similar actions as under the other three components.

The European Commission is responsible for programming, contracting and implementation of IPA. DACU, within the Ministry of Finance, in cooperation with the Serbian European Integration Office, is the main government counterpart in the design of the IPA Programming. The process towards full decentralisation of EU assistance by beneficiary countries is one of the main objectives of IPA. It will be a learning process of many years for the beneficiary countries, over the lifetime 2007/2013 of IPA.

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<sup>1</sup> Council Regulation (EC) No 1085/2006 of 17 July 2006, Official Journal L210

The latest Enlargement process has demonstrated that devolution (de-concentration, progressive de-centralisation) towards Commission Delegations and national administrations of beneficiary countries of existing pre-accession instruments has been a success. It has been an efficient way to assist beneficiary countries on their way to accession by progressively integrating them into EU policy making processes. Furthermore beneficiary countries are instructed to manage EU financial aid in an autonomous manner and as an integral part of preparations for their future participation in structural funds.

Through gradual transfer of responsibilities, countries gain competence for taking full responsibility for planning, implementation and management of EU assistance, which is required by future Member States. The Government of Serbia will face major challenges if it intends to achieve targets and goals identified in the European Integration process rapidly and effectively. Meeting these challenges requires significant improvements of Governmental institutions in order to achieve management of pre-accession funds in line with the EU quality standards and financial regulations.

Under the Multi-Annual Indicative Financial Framework, Serbia has been allocated a total of €540.5 million for the period 2007 – 2009 under IPA Component 1. This gradually increases from €178.5 million in 2007 to €182.6 million by 2009. There is an expectation that this will continue to increase year on year by a similar rate should Serbia be able to implement its existing portfolio of projects and demonstrate sufficient capacity to implement projects which meet the priorities of the MIPD, SAA and European Partnership and are delivered in accordance with the various procedures.

Prior to the introduction of the IPA programming process, the responsibility for the design and delivery of EU funded initiatives was with the EAR. This was carried out through the preparation of sector fiches and subsequent development of specific project terms of reference. While the EAR involved beneficiary institutions in the technical design of the project, the preparation of much of the contractual and financial information required in the programming process was undertaken by EAR.

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

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

A policy focus of the 2008 IPA programme is to increase the capacity of those institutions with responsibility for the design and delivery of EU programmes, as well as those responsible for adoption of the Acquis.

Support will therefore be provided through the Project Preparation Facility to give assistance to Ministries and other agencies to prepare the necessary tender documentation for the full range of contracts. As set out in the MIPD these may be in the form of “twinning/twinning light support, technical assistance, project preparation facility, procurement of equipment, works, investments and grant schemes”.

The investment projects in particular require specific and technical documentation in order to ensure projects are of an appropriate maturity to be ready to receive funding. This documentation includes pre-feasibility studies, feasibility studies, systems design, environmental impact analyses and the preparation of technical specifications. It is necessary therefore to provide additional assistance to those ministries with responsibilities for large scale works and investment projects.

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

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

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

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

In addition to these results, which will be realised during the period 2010 to 2015, the project will also increase the capacity of the Beneficiary Institutions to develop projects under future IPA programmes and participate more effectively in Community Programmes. The skills and knowledge in project design can equally be transferred to the design of other projects including those financed by bi-lateral donors and those supported by the National Investment Plan. In this regard, the catalytic effect of the project will be to improve the value for money not only of EU funded initiatives but also those funded by other national and international sources.

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

### **3.3 Results and measurable indicators:**

1. Project fiches of the IPA 2011 and 2012 programme prepared in line with IPA template and ready for implementation.

Indicator: Number of prepared project fiches completed in line with requested IPA funding applications including all necessary annexes.

2. Project documentation prepared for tendering and implementation for the full range of projects under the IPA programmes.

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

3. Increased capacity of the beneficiary institutions to prepare and implement projects in accordance with IPA programming process

Indicator 1: Line Ministries take on increasing responsibilities in the preparation of project

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

4. A pipeline of high quality and financially viable projects for financing by IFIs and/or other donors developed and ready for implementation (Note: this result is less a priority than the result 2 as the focus will be on IPA projects. Other projects can be considered only as the second priority).

Indicator: Project documentation and feasibility studies prepared and are approved by the Serbian Line Ministry and EC Delegation

### **3.4 Activities:**

The Project Preparation Facility is open to all Beneficiary Institutions who are participating in the IPA programming process or in the implementation of subsequent projects. It will be a responsibility of DACU that all beneficiaries are aware of the PPF, its purpose and how to access funding. The activities below may be delivered by individual project terms of reference or terms of reference can include a number of activities.

1. Project fiches of the IPA 2011 and 2012 programmes prepared in line with IPA template and ready for successful implementation.

Project fiches should be developed in collaboration with Line Ministries and other relevant agencies. Support should be provided for the identification of projects and preparation of project fiches in line with European Partnership and MIPD as the basis for IPA programmes.

In developing the fiches, clear areas of responsibility should be given to the Line Ministry so that the fiche is developed very much as a joint project. The technical assistance should also ensure that the EC Delegation is involved in the initial development of the fiche and is satisfied with the scope of the project.

2. Project documentation prepared for tendering and implementation for the full range of projects under the IPA programmes.

The activities may include:

- Preparation of technical specifications supply contracts
- Preparation of designs, bills of quantities etc for works contracts
- Development of grant scheme documentation – including manuals, guidelines and procedures
- Preparation of terms of reference for service contracts
- Preparation of full tender dossiers including procurement notices, contract forecasts, standard contracts, etc.

3. Increased capacity of the beneficiary institutions to prepare and implement projects in accordance with IPA programming process

All activities undertaken to achieve Results 1, 2 and 4 should be developed and delivered in a way which ensures that projects are fully owned by the respective Line Ministries or national agencies. Projects should also be developed in consultation with key stakeholders and partners and, again, the completion of activities should help to develop longer term linkages between stakeholders including the identification of formal roles for stakeholders in project delivery e.g. inclusion of partners in Project Steering Committees and/or Working Groups and inclusion in training activities.

Capacity building can be carried out through formal and informal training. Training for relevant institutions might include: programming, project preparation and project cycle management, EU procurement rules, monitoring and evaluation, support to preparation of procurement planning and drafting of tender documentation (service, supply and works contracts), evaluation of grant applications, supply and work tenders and preparation of the project budget;

4. A pipeline of high quality and financially viable projects for financing by IFIs and/or other donors developed and ready for implementation

Support to project preparation and design of feasibility studies for infrastructure projects that will be financed by the IFIs, National funds and/or other donors.

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

**3.5 Conditionality and sequencing:**

Based on previous experience, beneficiary institutions submit relatively small scale projects which relate to the roles of specific departments and directorates. There is a general need to upscale these projects into more integrated programmes which work across ministries to provide a comprehensive response to identified problems. For this to occur, ministries will need to be prepared to co-operate and to compromise. The technical assistance should ensure that, where appropriate, project design is carried out in consultation with the full range of stakeholders and not just the official beneficiary institution. Project terms of reference prepared under the project should also include activities and structures which ensure inter-ministerial collaboration during implementation.

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

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

Transport investments cannot be implemented without the full commitment of government to ensure that necessary legal and institutional pre-requisites are in place. Stronger and tighter

quality assurance and quality control standards from local counterparts should be established.

There are no issues of sequencing.

### **3.6 Linked activities**

SIDA/DFID Project: “Joint Programme for Support to the Ministry of International Economic Relations for improvement of coordination, planning, programming and implementation of development assistance”. One of the main components of this project is support to the programming of EU funds. Project is providing appropriate TA to Ministry of Finance (DACU) and training for the line ministries and will last till December 2008.

CARDS 06 will provide support for Audit standards and quality and management of EU funds through support to the Supreme Audit Institution. This activity intends to assure the use of common international and European audit standards and the maintenance of a consistently high quality throughout the audit process. CARDS 2006 is supporting the programming process of IPA 2009/10 through a Project Preparation Facility. Through this project, a pool of experts will be engaged in order to support line ministries in preparation of IPA 2009/10 Project Fiches in line with MIPD and national strategic documents. IPA 2007 includes a 6 MEUR Project Preparation Facility the aim of which is to support the Government in the programming process and preparation of IPA projects. IPA PPF 2008 should be built on the experience and potential carry-over of these two projects.

Under IPA 2007 a project to provide support to the preparation of the Decentralized Implementation System of EU funds in the Republic of Serbia will be partly financed by Norwegian Government. The aims of this project are the preparation of strategic and implementation documents for implementation of DIS (this will include establishment of clear systems and designation of institutions responsible for programming and monitoring, for financial management, for programme implementation and for auditing of EU funded programmes), identification and determination of necessary legal and institutional framework and identification of possible legal changes for successful implementation of DIS and capacity building plan for improvement of public administration capacities. Implementation of project will start in 2006 and will last one year.

### **3.7 Lessons learned**

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

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

strategic and financial management, project development, project delivery as well as monitoring and evaluation.

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

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

#### 4. Indicative Budget (amounts in EUR)

			TOTAL EXP.RE	SOURCES OF FUNDING								
				IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
contract 1.1	x		5.000.000	5.000.000	100							-
.....												
TOTAL IB			5.000.000	5.000.000	100							
TOTAL INV												
<b>TOTAL PROJECT</b>			<b>5.000.000</b>	<b>5.000.000</b>	<b>100</b>							

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

Amounts net of VAT

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



## 5. Indicative Implementation Schedule (periods broken down per quarter)<sup>2</sup>

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

All projects should in principle be ready for tendering in the 1<sup>ST</sup> Quarter following the signature of the FA

## 6. Cross cutting issues (where applicable)

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

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

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

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

### 6.1 Equal Opportunity

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

### 6.2 Environment

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

### 6.3 Minorities

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<sup>2</sup> [where T=the date of the signature of the FA and xQ equals the number (x) of quarters (Q) following T].

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

## ANNEXES

- I- Log frame in Standard Format
- II- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- III - Institutional Framework – legal responsibilities and statutes
- IV- Reference to laws, regulations and strategic documents:
  - Reference list of relevant laws and regulations
  - Reference to EP / SAA
  - Reference to MIPD
  - Reference to National Development Plan
  - Reference to national / sector investment plans
- V - Details per EU funded contract (\*) where applicable:
  - For *TA contracts*: account of tasks expected from the contractor
  - For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts
  - For *grants schemes*: account of components of the schemes
  - For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (\*\*)
  - For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (\*\*); account of services to be carried out for the *service part* of the contract

(\*) non standard aspects (in case of derogation to PRAG) also to be specified

(\*\*) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co financing
- compliance with state aids provisions
- Ownership of assets (current and after project completion)

<b>ANNEX I: LOGFRAME PLANNING MATRIX FOR Project Fiche</b>		
<b>Project Preparation Facility</b>	Contracting period expires 3 years after the signature of the Financing Agreement	Disbursement period: expires 6 years after the signature of the Financing Agreement
	Total budget : 5 MEUR	IPA budget: 5 MEUR

<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
Support the Serbian Administration in the programming of the IPA programme	Establishment of project pipeline for financing by IPA	Progress Report NIPAC reports	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
To increase the quality of the programming process under the 2011 and 2012 IPA programmes, as well as of the preparation of preferably IPA but possibly other projects, through the provision of relevant support to respective Line Ministries and other agencies.	Projects are implemented in accordance with the contracting schedule of the relevant project fiches.  Institutions are better able to diagnose their own needs and design projects  Quality of project fiches and approval by IPA Committee	Regular monitoring and assessment reports  IFIs Reports  EC Delegation reports	That individual line ministries and key stakeholders are committed to the programme  Beneficiaries comply with eligibility requirements  That there is continued government commitment to the accession process
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
1. Project fiches of the IPA 2011 and 2012 programme prepared in line with IPA template and ready for the successful implementation.  2. Project documentation prepared for tendering and implementation for the full range of projects under the IPA programmes.  3. Increased capacity of the beneficiary institutions to prepare and implement projects in accordance with IPA programming process  4. A pipeline of high quality and financially viable projects for financing by IFIs and/or other donors	<ul style="list-style-type: none"> <li>▪ All project fiches completed in line with requested IPA funding applications including all necessary annexes.</li> <li>▪ Documentation prepared is approved by EC Delegation and contracts launched in accordance with relevant schedule.</li> <li>▪ Line Ministries take on increasing responsibilities in the preparation of project</li> <li>▪ Line Ministries report positively on the</li> </ul>	Assessment by Serbia desk in the EC and EC Del at end of each programming cycle.  Approvals and contracts issued by EC Delegation  Consultant reports  PPF Progress reports	EC Delegation fully operational  Sufficient applications for training sessions  National resources or loans by IFIs available for financing infrastructure projects

developed and ready for implementation	<p>formal training provided and are using skills in the development of project documentation</p> <ul style="list-style-type: none"> <li>▪ Project documentation and feasibility studies prepared.</li> </ul>	<p>Immediate impact questionnaires</p> <p>IFIs reports</p>	
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>
<p>Activity 1</p> <p>1.1. Support to identification of projects and preparation of project fiches in line with European Partnership and MIPD as a basis for IPA programme.</p> <p>1.2. Support to preparation of necessary feasibility studies, drafting of tender documentation (service, supply and works contracts);</p> <p>2.1. Preparation of technical specifications for supply contracts</p> <p>2.2. Preparation of terms of reference for service contracts</p> <p>2.3. Preparation of grant scheme documentation</p> <p>3.1. Implementation of training for the relevant institutions in programming, project preparation and project cycle management training, EU procurement rules, monitoring and evaluation.</p> <p>3.2. Support to preparation of procurement planning and drafting of tender documentation (service, supply and works contracts), evaluation of grant applications, supply and work tenders and preparation of the project budget.</p> <p>4.1. Support to project preparation and design of</p>	<p><b>1 x service contract</b></p> <p>TA provided for preparation of PF Training seminars</p> <p>TA provided for preparation of project documentation for IFIs funding</p>	<p><b>IPA contribution:5 million euro</b></p>	<p>The IPA Coordinator Office is fully functional</p> <p>LMs remain committed to the development of capacity in relation to EU programming and retain trained staff for appropriate tasks and actively identify opportunities for staff development</p> <p>For development of IFIs projects strong inter-ministerial relations particularly between the Ministry of Infrastructure, The Ministry of Finance and the Ministry of Economy</p>

feasibility studies and pre-feasibility studies for infrastructure projects that will be financed by IFIs

4.2. Preparation of EOs, economic impact assessments and cost-benefit analyses

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**ANNEX II: amounts (in ₪ Contracted and disbursed by quarter for the project**

<b>Contracted</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q5</b>	<b>Q6</b>	<b>Q7</b>	<b>Q8</b>	<b>Q9</b>	<b>Q10</b>	<b>Q11</b>	<b>Q12</b>	<b>TOTAL</b>
Contract 1.1				5,000,000									<b>5,000,000</b>
<b>Cumulated</b>				<b>5,000,000</b>									<b>5,000,000</b>
<b>Disbursed</b>													
Contract 1.1				500,000		1,125,000		1,125,000		1,125,000		1,125,000	<b>5,000,000</b>
<b>Cumulated</b>				<b>500,000</b>		<b>1,625,000</b>		<b>2,750,000</b>		<b>3,875,000</b>		<b>5,000,000</b>	<b>5,000,000</b>

### ANNEX III

#### Description of Institutional Framework

The Ministry of Finance (DACU) is in charge of implementation and monitoring of this project. The work, mandate and authorisations of the Ministry are regulated by the Law on Ministries (adopted on May 15, 2007 (Official Gazette of Republic of Serbia no. 48/07)) – i.e. Article 6.

#### Minister of Finance

#### State Secretaries

#### Secretariat

<b>Independent executives</b>	Independent Inspector of Internal Control	Coordinator of Public Administration Reforms		
<b>Departments</b>				
Tax Administration	Public Debt Administration	Treasury Administration	Customs Administration	
Tobacco Administration	Administration for Money Laundering Prevention	Gaming Administration	Foreign Currency Inspection	Free Zones Administration
Macro-economic and Fiscal Analysis Department	Budget Inspection and Audit Department	Fiscal System Department	Department for Property related Legal Affairs	Finance System Department
Customs System and Policy Department	Chamber of Appeals for Infractions Procedures	Department for International Financial Relations	Project Management Department	Public Procurement System Group

## **ANNEX IV**

### **Reference list of relevant laws and regulations**

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

### **Reference to AP /NPAA / EP / SAA**

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

The Positive Feasibility report for Serbia identified the role of local authorities in attracting a 'continuous inflow' of Foreign Direct Investment to address the chronic under-investment in traditional industry. A key issue in this regard is the capacity of central and local authorities to prepare a pipeline of mature projects and efficient use of EU assistance linked with adequate national co-funding support.

The **White Paper** on EU Transport Policy sets out the approach and programme for development of the Trans European Transport Network up to 2020 It places a high priority on achieving a shift of modal split from the current emphasis on road transport. It notes that the inland waterways "network is reliable and economic, produces little noise or pollution, takes up little room and has spare capacity"<sup>1</sup>.

### **Reference to MIPD**

Experience with previous CARDS assistance has shown that the future assistance under IPA needs to consider the following issues: the beneficiary must have increased ownership of the EU programming process. This translates into a greater involvement by the Development and Assistance Coordination Unit (DACU) of the Ministry of Finance (the National Aid Coordinator) and the Serbian European Integration Office (SEIO) in the programming process.

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

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

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<sup>1</sup> EC Directorate-General for Energy and Transport: White Paper Presentation September 2001

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

**Reference to National Development Plan**

N/A

**Reference to national /sectoral investment plans**

According to the Document Needs Assessment of the Republic of Serbia for the period 2007-2009 programming, coordination and monitoring the implementation of international developmental assistance is one of the highest priorities. In addition it is expected to improve programming EU funds by drafting instructions for establishing priorities and defining suggested projects, as well as assisting the relevant ministries in drafting them, as well as carrying out training for successful programming and implementation of EU funds.

## **ANNEX V**

### **Details per EU funded contract (\*) where applicable:**

#### Contract 1 – Service contract

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

#### **Prepare tender documentation for services, supplies and works contracts**

Complete feasibility and pre-feasibility studies for works contracts

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

Prepare terms of reference for service contracts

Prepare technical specifications for supply contracts

Carrying out surveys and other research – including market analysis

#### **Capacity building**

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

Development of organizational standards of performance

Development of staff procedures