

Institutional Profile of the National Investment Plan of the Republic of Serbia, Serbia

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1. Basic information

Country:	Serbia
Official name or designation of the institution:	National Investment Plan of the Republic of Serbia
Website and mailing address of the institution:	http://www.nip.sr.gov.yu Government of the Republic of Serbia; National Investment Planning Office; Maršala Birjuzova 3-5; 11000 Belgrade; Tel +(381 11) 328 6956
Project application documentation is available from:	Tel +(381 11) 202 0059 or www.nip.sr.gov.yu
Contact details of the expert drafting this institutional profile (draft profile was formally edited by J. Klarer, Equilibrium Consulting GmbH):	Valentina Mileusnic Vucic; Valentina Mileusnic Consulting Ltd.; Krunska 7; 11000 Belgrade; Serbia; Phone +(381 64) 265 6771; Email: valentina.mileusnic@bvcom.net
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2. Background and Objectives of the Institution

In mid 2006, the Government launched a five-year National Investment Plan (NIP) for the period 2006–2011 to stimulate growth and economic development by improving the public infrastructure, the education and health system, housing and other areas, including environmental protection. The main financing sources for the NIP will be privatization revenues, the accumulated budget surplus from recent years, foreign loans and EU pre-accession funds.

On the NIP website, the following introduction to the NIP is available: “NIP stands for investment into strategic infrastructure projects which are the base for further economic development of Serbia, the generator of the opening of new jobs, raising the standard of living for all the citizens of Serbia. With the establishment of the Office for the National Investment Plan in 2007, securing of standing funds in the budget for projects that are foreseen by the plan and establishment of a Ministry which directly manages the conception, appliance and monitoring of NIP, The Government of Serbia showed that the creation of a modern, European Serbia is one of its priority objectives. Starting with 2008, there are clearly established criteria for the approval of NIP funding of projects and these are: development of infrastructure which is the corner stone of uniform development of all parts of Serbia, stimulation of investment and special benefice for all investors who open new jobs, investment into human resources, and that means into the education of the new generation which must be enabled to respond to new market standards. Just how important this is, can be seen from the fact that the majority of those who are looking for work in the labor market and did not have a chance to get their first job, are precisely the young people. NIP projects do not prioritize urban development over the citizens who live in rural, underdeveloped areas of Serbia. On the contrary, one of the priorities is exactly the development of these areas and approval of projects for the following year, and it is precisely these projects which will be one of our top priorities. Another important example which shows our commitment that NIP does not neglect any of the countries’ priorities is the fact that, for the first time, money has been allocated for the development of Serb communities in Kosovo and Metohija. The sum that has been reserved in this year for the development of Serb communities in Kosovo and Metohija will be doubled. Redefined NIP goals gave precedence exactly to those development projects that should be the

engine of Serbian development, decrease of poverty, increase of well-being, improvement of working conditions, and modernization which is badly needed after a decade of lagging behind our neighbors, Europe and the developed parts of the world. One should not forget environmental protection into which we are also to invest, and which until now was always on the margins of interest, even though in many parts of Serbia people are drinking water of poor quality and are breathing contaminated air. NIP office received full support from international financial organizations and European institutions for such a NIP, and we are awaiting their approval of further funds that will be invested into these projects and we have assurances that, if we stay the course with such an ambitious plan, Serbia will receive money from pre-association funds, that were of exceptional significance for the development of our neighbors that are already a part of the European Union or on their way to joining it.”

On May 2007, the NIP Office was founded and took over for the Ministry of Finance the employed, rights, responsibilities, cases, equipment, work means and archives and registered material who's term of keeping has not expired – that are needed by the Office for the execution of its duties within its mandate. Pursuant to Article 31. of the Law on the Government (“Official Gazette of the Republic of Serbia”, Nos 55/05 and 71/05 / corrigendum) and Article 2 of the Statute on Government Services (“Official Gazette of the Republic of Serbia” No 75/05), Government is adopted the Regulation of the Office of the National Investment Plan. By this statute, the Office of the National Investment Plan (Office) is established along with its mandate, organization and other issues important for its work. The Office is a Government service. Mandate of the Office: the Office suggests to the Government procedures for the selection of projects for the National Investment Plan (NIP); receives from the Ministries, special organizations and Government services draft projects, and also has the right itself to prepare draft projects; evaluates draft projects and suggests to the Government projects for NIP and which should have priority; prepares the NIP suggestion and presents it to the Government for adoption; suggests to the Government the procedure for the implementation of NIP; monitors the implementation of NIP and reports on it to the Government; suggests to the Government general acts related to NIP, keeps data bases about NIP and submits a report on NIP implementation to the Government. The Office prepares for the Government acts that direct and coordinate the work of the Ministries, special organizations and Government services in the design of draft projects and implementation of NIP.

3. Management and Administration

The NIP Office is, under the current administration, managed by a Minister without Portfolio. Apart from the cabinet of minister, there is a sector for planning of projects, a sector for implementation of projects, a sector for terrain control, a sector for international cooperation and a sector for Legal Affairs. The Office is managed by the Director of the Office who is appointed by the Government for a five year term, at the suggestion of the President of the Government.

The Director of the Office is responsible to the Government and the President of the Government. The Director of the Office is a civil servant with a function. The Director of the Office has a Deputy that is personally suggested and is appointed by the Government for a five year term. Deputy Director of the Office assists the Director of the Office in the domain designated by the Director and stands-in for the Director when he is away or withheld. The Deputy Director of the Office is a civil servant with a function. The Director of the Office has Assistants, which are personally suggested and are appointed by the Government for a five year term. The Assistant Director of the Office manages a designated field of work of the Office for which a Sector is formed. The Assistant Director of the Office is a civil servant with a function. In the execution of certain duties, the Office can hire other persons that offer expert and advisory services.

4. Revenues

Please find below the regulations and sources. In addition, an extensive report in English language in Excel format (more than hundred pages long) can be found on the NIP website.

5. Spending Strategies

There is an *Annual Plan*, the recent one available at the website of NIP office. Pursuant to Article 2, Paragraph 2 of the Regulation on the procedure for the selection of the National investment plan projects and the procedure for the implementation of the National investment plan (“Official Gazette of the Republic of Serbia”, Nos 71/07 and 73/07 – corrigendum), The Government on August 2007 issued this yearly based Decision on Strategic Priorities of the National Investment Plan of the Republic of Serbia for 2008. Strategic priorities that shall be supported by the projects to be financed from the NIP’s funds for 2008, are as follows:

1. Infrastructure development that will contribute to sustainable economic development, the improvement in living standards, poverty reduction, diminishing the climate dependence, and environmental protection and preservation;
2. A rise in employment rate;
3. Education aimed at the acquisition of knowledge and skills necessary to enhance growth and competitiveness of the national economy, and technological development;
4. Rural development.

6. Expenditures

The NIP provides for total public investments of 1.7 billion EUR for 2006–2007, of which some 20 million EUR (or 1.2%) is allocated to environmental protection measures. More than 80% of these expenditures will be financed from the proceeds of privatization. The main emphasis during this period will be on the underdeveloped waste management sector (11.4 million EUR), followed by water supply and wastewater treatment (4.9 million EUR) and air pollution (3.7 million EUR).

The NIP, which was launched in the second half of 2006, allocates a mere 1.2% of total funds to environmental protection in 2006–2007. In any case, the financing of the NIP beyond 2007 is not guaranteed and will depend, inter alia, on the rate of economic growth, progress in large-scale privatization and availability of foreign funds.

7. Funding Cycle

Pursuant to Article 13, Paragraph 2 of the Budget Act of the Republic of Serbia 2007 (“Official Gazette of the Republic of Serbia, No. 58/07), the Government passed on July 2007 the *Regulation on the procedure for the selection of the National Investment Plan Projects and the Procedure for Implementation of the National Investment*. This Regulation governs the procedure by which the projects for the National Investment Plan (hereinafter called “NIP”) will be elected and the procedure by which the NIP will be implemented. The NIP projects will be selected on the basis of a public call for registration of projects, in accordance with the strategic priorities pertaining to the NIP funding for the forthcoming year and with the selection criteria for the projects to be financed from the NIP’s funds. The strategic priorities and project selection criteria will be determined against the Government’s decision, at a proposal by the minister responsible for the implementation of the NIP (hereinafter called “the Minister”). Minister obtains opinion of the National Investment Plan Council about a draft proposal.

Public call for registration of projects will be announced by the National Investment Planning Office (hereinafter called “the Office”) after the Government has determined the strategic priorities and criteria for selection of projects.

Public call for registration of projects will contain in particular: the data on who may register the project, the information on the strategic priorities, the deadlines and the manner of registration of projects.

Public call for registration of projects will be announced in the “Official Gazette of the Republic of Serbia”, at the web page of the Office, at the web page of the Government and in, at least, one daily newspaper distributed on the entire territory of the Republic of Serbia. A project may be submitted for registration by a ministry, the Office or other state body and organization, public institution, autonomous province, municipality, city, the city of Belgrade, or citizens’ association. A project may also be submitted for registration jointly by several authorized applicants. A project will be registered by filling out a Project Registration Form displayed at the Office’s web page (www.nip.sr.gov.yu) or by sending the completed form by e-mail to the Office’s dedicated email address: predlog@nip.sr.gov.yu. The projects that have not been registered in this manner will not be object of consideration. The appearance of the Project Registration Form will be prescribed by the Minister.

A project registration form contains in particular: the data on the applicant, heading of the project for which the registration is filed, sector and type of the project, description of the project, objectives of the project, proposal of the basic activities under the project, proposal of the project’s implementation schedule, proposal of the level of funds necessary for the project funding (hereinafter called “Project Budget”) and proposal of the funding sources, information about the public procurements necessary to accomplish the project, anticipated results and effects of the project, explanation of the project’s contribution to the accomplishment of the national, regional or local strategic priorities, information on project readiness, and project risk analysis. Structure of the registration form will be prescribed in more detail by the Minister.

The Office will check whether the filed registrations are timely and complete. Incomplete registration form, or registration form possessing other formal defects, will be returned to the applicant by the Office with instructions how to improve it, whereas late registration will not be taken into consideration. The applicant has the duty to act upon the instructions within ten days from the date of receipt thereof, or else the Office will not take the registration into consideration. Consideration and evaluation of projects is done by the Office. In this, the Office may engage professional parties to give their opinion therein. The Office may contact a representative of the beneficiary of the budget funds of the Republic of Serbia (hereinafter called “Budget Beneficiary”), responsible for the field that the project refers to, and a representative of the project’s applicant, in order to obtain additional information and explanations. The Office may establish project and special working groups for consideration of related projects.

The projects are evaluated on the basis of selection criteria established for the projects to be financed with the NIP funds as determined by the Government, by using a form prescribed by the Minister. Upon evaluation of the projects, the Office will determine the ranking thereof in accordance with the determined criteria, classify them according to the Budget Beneficiaries whose budget lines cover the particular projects, given the relevant responsibilities, and draw up a draft project list for the financing with the NIP funds in the forthcoming year. The projects registered by the Ministry will be distributed within its budget section. A project of local importance may only be included in the draft project list for financing with the NIP funds for the forthcoming year if it provides that at least one third of the estimated cost is to be financed with the applicant’s own funds. This does not apply for the projects accomplished on the territory of the municipality considered underdeveloped, according to the classification thereof by the responsible authorities.

Upon the Minister’s approval of the draft project list, the Office prepares for the Government a draft document about the establishment of the list of projects that will be financed with the NIP funds in the forthcoming year, and send it to the National Investment Plan Council for their opinion before submitting it to the Government. The established project list is integral part of the Draft Act on the Budget of the Republic of Serbia for the forthcoming year.

Regarding the preparations for the implementation of projects: The Budget Beneficiary, responsible for the budget line covering the particular project, will appoint a NIP project coordinator and submit the data on him to the Office. Implementation of the projects covered by the Office's budget line will be coordinated by the Office itself. The Budget Beneficiary whose budget line covers the particular project will establish for each particular project a team for implementation of the project and appoint its members.

Project Manager will be appointed upon obtaining the Office's opinion. Project Team in charge of the projects covered by the Office's budget will be formed by the Office itself. Project Team will prepare a report on project readiness and an action plan for project implementation (called "Action Plan"), by using the forms prescribed by the Minister. Implementation action plan will contain: project goals, project task, activity plan, expenditure plan, public procurement plan and risk management plan.

Report on project readiness and implementation action plan is submitted to the Office for their approval. Approved Action Plan is submitted to the Project Team and the Ministry of Finance – the Treasury Administration (called "the Treasury") for implementation thereof. Implementation of a project may only start after receipt of the approved Action Plan. Amendments and supplements to the Action Plan will be approved by the Office at a proposal by the project team manager.

The ordering party of public procurement is the Budget Beneficiary responsible for the budget line covering the particular project. The committee responsible for public procurements required for the NIP projects (called "Committee") is formed on the basis of formal act of the public procurement ordering party in such a way that it has at least three members, of whom one will be the Chairman. One of the members will be appointed by ordering party at its own discretion, another one on proposal by the Office and the remaining one on proposal by the Ministry of Finance. If the value of a public procurements should exceed 5 million dinars for goods, or 20 million dinars for services or works, then the Committee will be comprised of five members, the two of which will be appointed by the public procurement ordering party at its own discretion, two on proposal by the Office and the remaining one on proposal by the Ministry of Finance.

Committee will particularly perform the following jobs: prepare or coordinate the work on the preparation of tender documentation, prepare the text for the public call for tender, prepare answers to the bidders' requests for explanation of the tender documentation, enforce the procedure concerning opening of bids and draft minutes thereabout, examine and professionally evaluate the bids and then rank compliant, suitable and favorable bids through application of the criteria established for the selection of the most favorable bid, prepare minutes on the professional evaluation of the bids by which it will recommend to the manager of public procurement ordering party, the bid that should be selected as the most favorable one and to which bidder should the public procurement contract be awarded and participate in the procedure involving rights protection if any of the bidders has requested such protection by considering the request and, consequently, propose bringing of certain decision to the ordering party. Public procurement ordering party may, at its own initiative, or at initiative by the Committee members, hire experts if the object of a particular public procurement requires specific technical or specialized knowledge that is not possessed by any expert within the ordering party itself. Public call for the submission of bids in the public procurement procedure will be announced by the public procurement ordering party, after it has previously obtained opinion from the Office about the public call text. In its report about the professional evaluation of bids, the Committee will provide to the public procurement ordering party with a recommendation for selecting the most favorable bid, and it is in obligation to justify in detail the method by which it has applied bid ranking criteria, as well as the reasons for rejection of bids.

Regarding confidentiality of information, the chairman and other members of the Committee, as well as the persons hired as experts, will have the duty to observe the law provisions regulating public procurements in respect of confidentiality of information, and to follow with special care whether the application of anticorruption rules from such law reveals any circumstance pointing to the need to reject any bid. Committee will act from the date when the formal act on its establishment has been brought until completion of jobs provided vested therein, or until the cancellation of the public procurement procedure. Committee

will make its decisions and recommendations by majority vote of all its members on the basis of public voting. Minutes will be recorded about Committee's sessions that will be signed by the Chairman and other members thereof.

The minutes will be attached to the bid evaluation report which will be send, as the final report, to the person making, on behalf of the public procurement ordering party, the final decision concerning the selection of bidders. Should the public procurement ordering party decide not to accept a recommendation by the Committee, it has the duty to justify in writing the reasons thereabout to the Office.

The Minister will provide his consent for the model of public procurement contract, his opinion about selection of the most favorable bidder and the opinion about the text of public procurement contract before its conclusion. The model of public procurement contract must contain the clause stating that down payment is only possible up to 25% of the contract value, except if the Office has approved a higher down payment.

Payments from the NIP funds: The Budget Beneficiary responsible for the budget line covering the particular project, will submit to the Office the documentation about the project implementation (public procurement contract, an agreement with a producer and other concluded contracts, state of affairs, invoice, documents about the conducted public procurement procedure, bank guarantee etc.). The Office will submit to the Treasury, based on its own records, the following data on the selected projects: the code and the name of the Budget Beneficiary, functional and economic classifications, sources of project finance and the amount of the project appropriation. The Office will submit the mentioned data to the Treasury in electronic form on the certified Form 1 – "Approved NIP projects", that has been printed along with this Regulation, as its integral part. For the needs of the Office, the Treasury will create and keep the database of the granted and executed payments from the NIP funds (hereinafter called "Payment files"). Payments files will contain the code and the name of Budget Beneficiary, code and name of the project, the appropriation amount for the project, recipient's name and account number, amount and date of each individual payment, amount of the total applied funds (in dinars and Euro) and percentage of the applied funds.

Payments files will be kept in electronic form. Head of the Budget Beneficiary, whose budget line covers the particular project, and the Minister will be jointly liable for the assumption of obligations, issuance of payment orders and execution of the expenditures dedicated for the NIP's implementation. The request for assumption of an obligation, or the request for payment with assumed obligation will be signed by the Head of the Budget Beneficiary, whose budget line covers the particular project, and he/she will submit it to the Minister for his/her signing and delivery to the Treasury. Requests will be submitted on the Form 2 - "Request for Assumption of Obligation for a NIP Project", and on the Form 3 – "Request for Payment with Assumed Obligation for a NIP Project", that have been printed along with this Regulation as its integral parts.

Upon receipt of the request mentioned in Article 30 of this Regulation, the Treasury will check the available funds against the corresponding appropriation, or against the determined quota, in accordance with the Budget Act of the Republic of Serbia. If the request is untidy or if the funds for its coverage are unavailable, the Treasury will return such request to the Office for correction. If the request is tidy or if the funds for its coverage are available, the Treasury will accomplish the disbursements in the name of accomplishment of the project through direct transfer of funds to the contractor or supplier.

The ordering party for the NIP funds which are for 2007 allocated to the Office budget, intended for the projects on the territory of the Autonomous Province of Vojvodina, will be the Minister.

The executed funds mentioned in Paragraph 1 of this Article will be recorded in the Budget of the Republic of Serbia as transfers to the Budget of Autonomous Province of Vojvodina, pursuant to Article 3, Paragraph 6 of the Budget Act of the Republic of Serbia for 2007.

Indication of the funds transferred to the Budget: The recorded funds mentioned in Article 32, Paragraph 2 of this Regulation will be defined in the Budget of the Autonomous Province of Vojvodina as the income

from the Budget of the Republic of Serbia for 2007 and as capital disbursement. The payment requests under the projects, foreseen for financing by the Budget of the Republic of Serbia in a certain calendar year, will be submitted to the Treasury no later than 15 December of such calendar year. The Office will monitor implementation of the projects, in cooperation with the ministries, other state administration authorities and project teams. Project Team Manager will have the duty to provide for the Office, at least once a month, reports about accomplishment of the project, on the form prescribed by the Minister. If unexpected circumstances should arise in project implementation, the Project Team Manager will have the duty to inform the Office thereabout, without delay. The Office may set up special working groups, or hire professional and scientific institutions at home and abroad, or experts to monitor the results and effects of the project implementation. The Office will submit to the Ministry of Finance – Sector of Budget Inspection and Audit, not later than 31 January of the current year, a report on the implementation of projects by beneficiaries for the previous year, for control of the specified-purpose fund utilization.

Submission of denouncements to the responsible authorities: If any irregularities should be observed during the monitoring and surveillance of the project implementations, the Office will submit a misdemeanor or criminal denouncement to the responsible state authorities. For efficient monitoring and surveillance of the project implementations, the Office will maintain collaboration with the responsible state authorities on all common issues. On completion of project implementation, the Project Team will draw up the final report on a form as prescribed by the Minister and close the project. Final Report will be submitted to the Office for the recording and perception of individual and overall effects in the project implementation. The Office will establish and maintain electronic and documentation database where the project data will be entered, particularly: project registration, project evaluation, action plan for project implementation, documentation referring to the project implementation (public procurement contract, subcontractor agreement and other concluded contracts/agreements, state of affairs, invoice, full documentation on the public procurement procedure, bank guarantee and other security instruments, data about the assumed obligations and accomplished payments etc.), final Report and other data of importance for the implementation and monitoring of the NIP (hereinafter called “Register of NIP Projects”). The structure of the Register of NIP Projects will be prescribed in more detail by the Minister. The Budget Beneficiary handling the project under its budget line and other institutions and parties possessing the documentation, prepared and recorded in accordance with this Regulation, will have the duty to provide the Office with the data and copies of the documents entered in the Register of NIP Projects. The Office will monitor the distribution of funds and spending schedule under individual projects and submit respective quarterly reports the Government, in accordance with the Regulation on the NIP Office (“Official Gazette of the Republic of Serbia” No. 50/07). Before submission of such report to the Government, the Office will reconcile with and the Treasury the data contained in the report with those contained in the Information about the NIP implementation, prepared for the Financial Board of the National Assembly, in accordance with the law regulating the budget system. Implementation of the NIP projects foreseen for the financing with budget funds up to the coming into force of this Regulation, will be completed on the basis of the provisions of this Regulation.

On the *project selection criteria for NIP for 2008*: The criteria on the basis of which projects shall be selected for financing with the NIP funds are as follows:

1. The degree of the project general impact and relevance:

The degree of the project direct impact on accomplishing the NIP strategic priorities

The project relevance (international, national, interregional, regional and local - urban or municipal)

The degree of compatibility with adopted national strategic documents

The degree and durability of the project structural and regulatory impact

The number of direct and indirect project beneficiaries

2. The project economic justification:

The project cost-effectiveness (the ratio of costs and effects, and for projects whose implementation has already started according to the formerly adopted Governmental act the economic justification of the implementation continuation)

The level of project co-financing (with funds from other public sources - the budget of the autonomous province, city or municipality; funds from international sources; private funds)

The possibility of project financing without using the NIP funds

The project sustainability (the possibility of continuing activities upon completion of NIP financing and the existence of structures for continuing such activities)

The possibility of the effect multiplication and project replication

3. The project implementability:

The degree of the project elaboratedness (the extent to which objectives and planned activities are defined and focused on and the quality of draft project implementation documentation)

The quality of participants in the project implementation (experience and results in implementing projects relevant to the project application, the degree of participants' qualifications (knowledge and other resources) for performing tasks within the project, participants' references, adequacy of organizational structure for project implementation).

The partnership in the project implementation (a clearly identified profile of participants, precisely defined common objectives and participants' responsibilities, adequate level of organization, inter-sectoral project effects)

The level of resource mobilization for the project implementation (the existence of the necessary volume of financial, human and equipment-related resources to ensure a successful project implementation, integration of such resources into a coherent system and the time needed for resource mobilization)

The degree of risk associated with the project implementability

The availability of information necessary for the evaluation of the project outputs and effects

4. The degree of specific project impacts:

The degree of impact on the increase in social inclusion (the impact on poverty reduction, increase in social inclusion of groups with special needs and inequality reduction)

Providing conditions for Serbs survival in Kosovo and Metohija and for the return of internally displaced persons to Kosovo and Metohija

The degree of environmental impact

The degree of impact on gender equality

The degree of impact on the information society development

The degree of impact on the Republic of Serbia' s international integration.

8. Evaluation, Reporting and Public Information

The Office informs the public about the projects and organizes public debates about them; cooperates with government bodies, counties, autonomous provinces, municipalities, cities, city of Belgrade and professional associations in the design of NIP and promotes NIP activities.

The Office also performs other NIP related duties that the Government assigns.

9. Major Achievements

It is too early to say which are the major achievements. However, due to the fact that important infrastructure investments are supported, infrastructure which stimulates sustainable economic growth, improvement of the living standard, decrease of poverty, decrease of dependence on climate change and environmental protection and equable regional development; increase of employment; education aimed at the gaining of knowledge and abilities needed for growth and increase of competitiveness of the national economy and technological development; and projects which promulgate rural development, and economic and social development of Kosovo, one hopes that significant achievements will be accomplished, also contributing to economic growth.

10. Challenges and Future Prospects

It is too early to say about the future prospects. The capacity building needs are obvious here similar to any other government body. Also project preparation capacity needs are obvious.

Annex: Abbreviations used in this profile

EU	European Union
EUR	Euro (currency)
NIP	National Investment Plan