**Republic of Serbia**

**PROGRAM FOR RECONSTRUCTION AND IMPROVEMENT OF**

**STATE-OWNED PUBLIC FACILITIES IN**

**EDUCATION, HEALTH AND SOCIAL PROTECTION SECTORS**

**PROGRAM OPERATIONS MANUAL**

**(POM)**

**September 12, 2018**

**ABBREVIATIONS AND ACRONYMS**

|  |  |
| --- | --- |
| BQ | Bill of Quantities |
| CO2 | Carbon dioxide |
| DLI | Disbursement Linked Indicators |
| DLR | Disbursement Linked Results |
| EC | Evaluation Committee |
| EE | Energy Efficiency |
| EIA  EIAS | Environmental Impact Assessment  Environmental Impact Assessment Study |
| EIRR | Economic Internal Rate Return |
| EMP | Environmental Management Plan |
| EMS | Environmental Management System |
| ESCO | Energy Service Company |
| ESSA | Environmental and Social Systems Assessment |
| EU | European Union |
| FMS | Financial management system |
| FSU | Financial Supervision Unit |
| GHG | Greenhouse gas |
| GoS  GEMP | Government of Serbia  Generic Environmental Management Plan |
| GPN  GWMP | General Procurement Notice  Generic Waste Management Plan |
| HVAC | Heating, ventilation and air-conditioning system |
| IAS | International Accounting Standards |
| IASD | International Accounting Standard Committee |
| IBRD | International Bank for Reconstruction and Development |
| ICR | Implementation Completion Report |
| IS | Information System |
| ITB | Instructions to Bidders |
| LED | Light-emitting diode |
| LEP | Law on Environmental Protection |
| LEUE | Law on Efficient Use of Energy |
| LSG | Local Self Government (municipal local authorities) |
| M&E | Monitoring and Evaluation |
| MCTI | Ministry of Construction, Transportation and Infrastructure |
| MEI | Ministry for European Integration |
| MLEVSA | Ministry of Labor, Employment, Veteran’s and Social Affairs |
| MME | Ministry of Mining and Energy |
| MESTD | Ministry of Education, Science and Technological Development |
| MOF | Ministry of Finance |
| MOH | Ministry of Health |
| MOU | Memorandum of Understanding |
| MSALSG | Ministry of State Administration and Local Self-government |
| NEEAP | National Energy Efficiency Action Plan |
| NDC | Nationally Determined Contribution |
| NPV | Net present value |
| OPG | Methodology for calculating energy savings |
| PA | Project Administrator |
| PAD | Program Appraisal Document |
| PAT | Project Administration Team |
| PDO  PforR | Project Development Objective  Program for Results |
| PIMO | Government of Serbia Public Investment Management Office |
| PMR | Program Monitoring Reports |
| POM | Program Operations Manual |
| PSC | Project Steering Committee |
| SBD | Standard Bidding Documents |
| SCTM | Standing Conference for Towns and Municipalities |
| SLAP IS | Municipal infrastructure database |
| SOR | Site Observation Reports |
| SPN | Specific Procurement Notices |
| TA  TML | Technical assistance  Treasury Main Ledger |
| TOR | Terms of Reference |
| TRV | Thermostatic radiator valves |
| WG | Working group |

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# I. INTRODUCTION

Serbia remains an energy and carbon intensive country***.*** While the energy intensity has declined by 19.2 percent since 2005, it is still four times higher than the average for EU-28 countries (486.1 vs. 120.4 kgoe/€1,000).[[1]](#footnote-2) Further, the energy consumption per capita is 38.4 percent lower than the EU-28 countries’ average (4.27 vs. 5.91 MWh). Thus, energy intensity would likely rise further as incomes increase. Serbia is also carbon intensive, with carbon intensity more than 2.5 times that of the EU-28 average (0.46 kg CO2/US$ 2010 PPP vs. 0.18). Much of these inefficiencies are due to a chronic lack of investment in the energy and infrastructure sectors, its aging and inefficient building stock and the prevalence of inefficient technologies in factories and households across the country.

To address the challenges related to its high energy and carbon intensity, the Government of Serbia (GoS) has made energy efficiency a cornerstone of its energy strategy. It has adopted the Law on Efficient Use of Energy in 2013 to provide the legal basis for energy efficiency measures under its National Energy Efficiency Action Plan (NEEAP). In line with the obligations of the Energy Community to comply with the Directive 2006/32/EC, the GoS adopted the 3rd NEEAP (2016-2018) with the target to reduce final energy consumption by 9 percent by 2018 (based on their 2008 baseline consumption levels). Serbia is also a signatory to the Paris Agreement and submitted their Nationally Determined Contribution (NDC), whereby the country declared a target of greenhouse gas (GHG) emission reduction by 9.8 percent by 2030 compared to 1990 emission levels.

The building sector (residential, public and commercial) continues to dominate energy consumption, representing 45 percent of final energy use (Table 1). With some 245 million square meters (m2) of gross floor area, comprising an estimated 2.2 million residential buildings and 15,000 public facilities***[[2]](#footnote-3)***, Serbia’s building stock is large. About 15 percent of this stock was built between 1918 and 1941 or earlier, and about 32 percent was constructed between 1945 and 1970—making about half of the building stock over 50 years old. About 41 percent of the public building area (~11 million m2) are in the education sector, 14 percent (4 million m2) in the health sector and the remaining 44 percent (~1,641, 4 million m2) in administrative and other public buildings[[3]](#footnote-4). There is no official breakdown of central and municipal government buildings; however, the Ministry of Mining and Energy (MME) is heading a working group to develop a registry on central government buildings to be finalized by the end of 2017. The age of the building stock, combined with obsolete construction practices that did not include energy efficiency (EE) elements, decades of under-maintenance and chronic underinvestment, result in a need for massive investments to upgrade these facilities to meet modern requirements for safety, EE and modern usage standards. Although energy consumption in public buildings represents only about 4 percent of the total consumption, energy savings and corresponding GHG reductions in this sector can have a catalytic effect by developing the market and leading by example.

Table 1 Energy consumption by sector in 2015 (ktoe)

|  |  |  |
| --- | --- | --- |
| **Sector** | **Energy consumption** | **Percentage** |
| Industry | 2,304.7 | 28.2 |
| Transport | 2,038.5 | 25.0 |
| Residential | 2,832.1 | 34.7 |
| Service Sector (incl public) | 839.6 | 10.3 |
| Agriculture and Forestry | 152.4 | 1.9 |
| Total | 8,167.2 | 100.0 |

*Source: Eurostat,* [*http://ec.europa.eu/eurostat/data/database*](http://ec.europa.eu/eurostat/data/database)

Current planning documents in education, healthcare and social protection sectors usually do not include statistics on age and physical condition of the facilities, nor do they make any assessment of the financial resources needed for reconstruction or regular maintenance. Although managers and directors of the facilities prepare annual budget plans to include some of these investments, budgetary constraints often only allow for relatively modest repairs and minor maintenance works. To date, annual budget allocations at federal and municipal level have been grossly insufficient to address the backlog of required investments. In addition, several other policy, financial, institutional and informational impediments have discouraged investment in EE in public buildings in Serbia, including:

* 1. *Energy pricing*. While electricity prices are generally cost-reflective, they are 10-20 percent below regional costs, reflecting the lower cost generation mix in Serbia. District heating prices are set by municipalities based on supply costs, although despite this, many of the utilities remain under financial distress due to systemic problems. Other fuels (gas, fuel oil, wood, coal, pellets) are generally based on market prices, although they often do not include environmental externalities.
  2. *Financing*. Despite the large energy savings potential, the lack of appropriate financing is a main barrier to EE investments for public buildings. The investments are often limited due to restrictions on public and municipal borrowings, poor creditworthiness or even lack of borrowing history, inability to collateralize loans and an unclear ownership of energy cost savings. In addition, the small nature of these dispersed investments lead to high transaction costs.
  3. *Institutional and regulatory framework*. The institutional and implementation mechanisms for EE remain weak. The Serbian Energy Efficiency Agency was abolished in 2012 with the key functions taken over by MME, which is in-charge of EE policy development, implementation and monitoring and has an EE Department with few staff. The government does not have a separate document that clearly articulates a strategy to renovate its full public building stock. There also remains a lack regulatory clarity on issues related to public procurement and budgeting[[4]](#footnote-5), although adherence to the EU energy policy has improved the situation.
  4. *Data*. A lack of proper building data, energy consumption and baseline data, savings potential and general awareness collectively hamper interest and investment in EE. Potential project sponsors and public entities often lack the capacity to develop high quality, bankable EE investment proposals, are skeptical of the baseline energy consumption, or have lower baselines (i.e., comfort levels or internal heating below national norms).

# II. THE PROGRAM

## 2.1 Project Background and Objectives

The Government of Serbia launched the Program for Reconstruction and Improvement of State-Owned Public Facilities in Education, Healthcare and Social Protection Sectors in 2016. The Program was established by Government Decree 05 No. 351-3817/2016 dated April 8, 2016 and revised by Decree 05 No. 351-9644/2016 dated October 11, 2016 and Decree 05 No. 351-01-562/2017-1 dated January 24. Since 2016, the Program has been implemented by the Public Investments Management Office (hereinafter **PIMO**).

In 2015, by a Government Decree (Official Gazette of the Republic of Serbia, No. 95/15), PIMO was set up to provide an institutional framework for expert, administrative and operational activities to serve Government needs related to reconstruction and improvement projects for public facilities within the responsibilities of the Republic of Serbia, Autonomous Province of Vojvodina and Local Self-government units (**LSG** or **Municipalities**).

The Program objective is to provide all necessary conditions for sustainable and secure use of public facilities for all users and beneficiaries, children, disabled and elderly people so they have unobstructed access, easy movement and appropriate working conditions in accordance with latest standards and technical requirements in education, healthcare and social protection sectors. (Law on Planning and Construction (“Official Gazette of the RS”, no. 72/2009, 81/2009 - correction, 64/2010 – Decision of the Constitutional Court, 24/2011, 121/2012, 42/2013 - Decision of the Constitutional Court, 50/2013 - Decision of the Constitutional Court, 98/2013 - Decision of the Constitutional Court, 132/2014 and 145/2014 and Rulebook for technical standards for planning, design and construction of buildings that ensures unobstructed movement and access for children, disabled and elderly people (Official Gazette No. 22/2015))

The following Program indicators will be monitored by PIMO:

* Projected lifetime energy savings (in renovated public buildings);
* Renovated buildings that meet Class C (or 2 classes higher) energy performance certificate with final acceptance report;
* Reductions of associated CO2 emissions from energy saved in renovated buildings;
* Estimated number of direct project beneficiaries, of which female;
* Completed and approved bidding documents, including technical designs and site specific or generic EMP and WMPs, depending on Project Category (B2 or B3).
* Government adoption of a medium-term national plan for the renovation of public buildings;
* Stakeholder satisfaction with program and reporting of positive socioeconomic benefits;

Baseline data are available on some indicators and others will be reported by PIMO from when this Program Operation Manual is initiated.

## 2.2 Program Description

In recognition of the pressing need to rehabilitate the public building stock, GoS approved the Program in April 2016. The government designated PIMO to implement the Program. The main aspects of the government program are summarized below:

1. *Government program scope*. The government program is open-ended and covers national, regional and municipal-level public buildings (including education, healthcare and social protection facilities) in need of reconstruction. Works covered under the program include improvements of the building envelope (roof, windows, doors and wall insulation), internal equipment (lighting, fuel switching such as coal/oil to pellets/wood chips, solar hot water heaters, HVAC systems) as well as some non-EE measures (structural reinforcement, sanitary repairs, rewiring, painting). According to first results of the Program, 50-60 percent of the works undertaken can be categorized as EE improvement measures.
2. *Implementation model*. The Program is administered by PIMO. While the Program relies largely on a decentralized implementation model with municipalities responsible for procurement and management, PIMO retains a critical role for final approvals and technical oversight. Municipalities and relevant institutions select buildings from the education, healthcare and social protection sectors and prioritize them based on the urgency of the need for renovation and lack of access to financing from other programs. They are responsible for the costs associated with technical designs, bidding documents, construction supervision and commissioning. The Program bears 100 percent of the costs for the renovation works.
3. *Eligibility and selection*. The first call for proposals was issued by PIMO in May 2016 to all municipalities and relevant institutions requesting them to provide a list of priority buildings for participation in the government program, based on criteria set in Government Program. Criteria for selection of public buildings was listed in the Government program and stated in two public Calls for Proposal, sent to every municipality and relevant national institution in Serbia and published on PIMO website [www.obnova.gov.rs](http://www.obnova.gov.rs) (see Annex 1). These include state of building, economic justification, degree of urgency of repairs, number of facility users, project implementation readiness. The criteria also seek to ensure fair distribution of resources throughout the country and give priority to underdeveloped municipalities. Second call was issued in March 14th, 2017 with the same criteria for applying. Since the Program implementation is designed on first – come, first - serve basis, meaning that municipalities that first provided technical documentation first start with works another criteria was added i.e. previously approved works are in progress, or completion of works that were defined as priorities in the first call for proposal.
4. *Technical aspects*. As required under current regulations, all buildings to be renovated must have technical designs, including an EE elaboration, to meet basic building code parameters (e.g., fire safety, operational permits). The Program seeks to reach Class C for all buildings, except those for which it is uneconomic or other constraints to do so exist (restrictions on façade work due to cultural heritage preservation), in which case it is committed to achieving at least two classes higher than the baseline (e.g., from Class F to Class D). Therefore, issues related to EE, but also safety (structural, seismic stability and fire) and proper functioning (full lighting, heating, etc. per national norms) are integral to the Program.
5. *Status*. To date, PIMO has issued two calls for proposals under the Program. Under the first call (May 2016), 234 buildings were selected from the 578 applications; under the second call (March 2017) 253 were approved from the 360 applications. After these two rounds of proposals, a total of 487 buildings were formally approved by the government, based on municipal and priorities from relevant ministries, and satisfaction of the eligibility criteria. About 120 are already under construction or completed, 21 are in the works tendering phase and the rest are finalizing their designs.

Under the Program, PIMO initiates periodic calls for proposals on regular basis approximately once a year depending on progress report evaluating Program development in terms of number of completed buildings and available funds. Further information regarding calls for proposals is provided in Section 4.3.

The building managers apply to the Program through the municipalities. To qualify for the program, the municipalities must submit priority proposals in compliance with eligibility criteria and present requested information regarding rehabilitation and reconstruction measures. When applying to the Program, PIMO advises the municipalities to define priorities based on the eligibility criteria stated in Government Program, such as degree of the buildings dilapidation, number of users, and estimated investment. PIMO processes and systematizes received applications and submits the list of proposed projects for review to a Working Group (WG) formed by the government with representatives of key ministries (*see Sections III and IV for further information of the WG*). After review, the WG shortlists selected projects and submits the list through PIMO to the government for approval. After the GoS adopts list of buildings, PIMO informs municipalities with the request to provide appropriate technical designs and approves documentation on first-come, first -served basis.

Further calls for proposals will be issued based on availability of additional funding and program progress. Changes to the criteria and approach may be considered and reflected in an updated version of the POM, to be approved by the GoS, PSC and potential financier(s) of future phases of the program.

**Figure 1. Program Implementation Schematics**

**STEP 1: SELECTION OF FACILITIES**

**PIMO calls for proposals for public facilities in education, healthcare and social protection sectors**

**No responsive bids**

**PIMO engineer approves the technical designs**

* **Municipalities submit applications**
* **PIMO revises compliance with eligibility criteria**

**STEP 3: CONSTRUCTION WORKS**

**STEP 2: PUBLIC PROCUREMENY**

**PIMO engineers suggest adjustments, PIMO coordinators communicate it to municipalities and municipalities resubmit the reviewed technical designs**

**Request for protection of bidder’s rights**

* **PIMO invites the WG to review the list of eligible facilities**
* **The WB suggest additional buildings/discards buildings**

**The WG endorses the final list of facilities and the list is submitted to Government for approval**

**PIMO informs municipalities and provides them with the PIMO coordinator and chief engineer contact information**

* **Municipalities submit to PIMO coordinators construction works documents (works timetable, contractor’s and supervision engineers, SCE licenses and contacts, HS specialist, Bank guarantee, construction book)**
* **Contractor signs Statement of Acceptance of Mitigation Plan and Monitoring Plan as per Annex 7.4 of POM**
* **Contractor prepare Site – specific Environmental Management Plan incl. WMP in accordance with Annexes 7 and 8 of POM , and provide to PIMO Environmental Coordinator for clearance**
* **Contractors carry out the reconstruction works of facilities**
* **Contractors carry out the reconstruction works of facilities**
* **Supervisors report weekly on progress**
* **PIMO chief engineers undertake periodic field visits to check the progress and quality of the works**
* **PIMO chief engineer verifies works and approves interim payment amounts**
* **Municipality submits an interim payment certificate**
* **PIMO financial department executes payment to contractor**
* **PIMO coordinator sets a hand-over date**
* **Municipalities, hand-over committee and final payment committee (which PIMO engineers are a part of) agree on the completion of works as per the contracts (minutes of the agreement sent to PIMO)**
* **Works completion and hand-over between the contractor and hand-over committee**

**Execution of final payment to contractor**

* **Municipalities submit technical designs to PIMO**
* **Municipalities conduct Environmental Screening and submit environmental documents (WMP, EMP – Mitigation Plan and Monitoring Plan) to PIMO**
* **PIMO engineers and Environmental coordinator review the technical designs**

**PIMO coordinators approve financing and provide model of bidding documentation and contracts to municipalities**

* **Municipality submits the bidding documents and contract to PIMO**
* **PIMO legal and engineering departments review the documentation**

**PIMO coordinator approves the documentation**

**PIMO suggests adjustments to the documentation, communicate it to municipalities and municipalities resubmit the revised documentation**

* **The contract between PIMO and the municipality is signed, by which PIMO is obliged to fund the works**
* **PIMO coordinators and PAT set a bid opening date and municipalities publish the call for proposals for construction works**

**Municipalities and PIMO engineering and legal departments review the bids**

**Lowest bid is selected for contract award**

* **Municipalities sign the contract with the winning bidder**
* **PIMO authorizes the contract in which the financial contribution amount from PIMO to the municipality is defined**

**Municipality provides the Energy Certificate for the building**

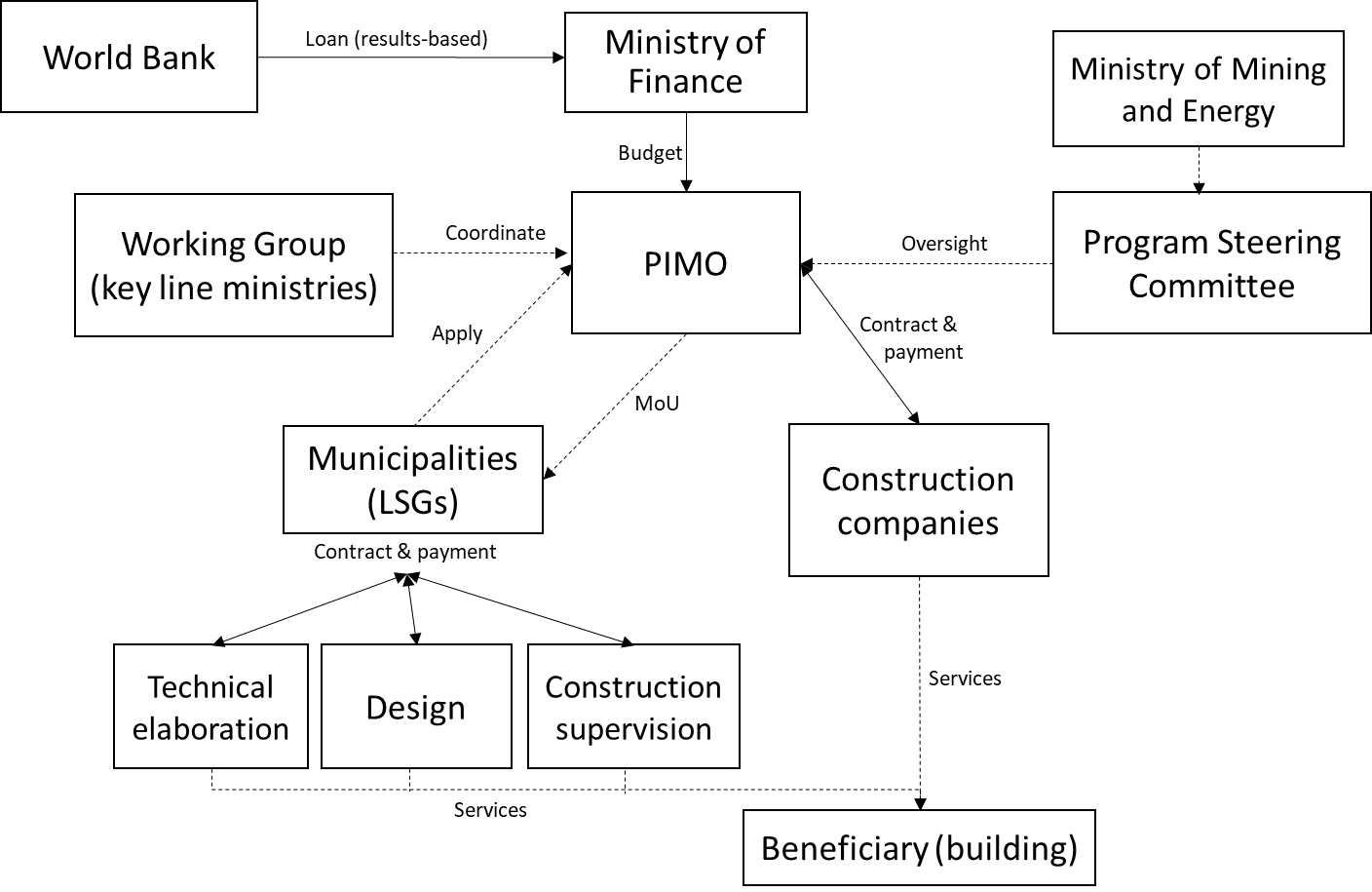
# III. THE PROGRAM OPERATIONS MANUAL

This Program Operations Manual (POM) is prepared in accordance with the requirements of the Program-For-Results (**PforR**) Loan Agreement between the World Bank and the Republic of Serbia.[[5]](#footnote-6) The POM outlines operations guidelines and general procedures for activities to be carried out during implementation of the Program for Reconstruction and Improvement of State-Owned Public Facilities in Education, Healthcare and Social Protection Sectors in Serbia (hereinafter “Government Program” or “**the Program**”). The POM is designed to help guide the **PIMO** in the Program implementation and to promote consistency as well as transparency of the Program operations, particularly in the areas of procurement, disbursement, reporting, and monitoring and evaluation. It details the Program scope and budget requirements, procedures, roles and responsibilities, and template documents (call for proposals, municipal contracts, design TORs, etc.). This POM covers the full project cycle: eligibility criteria and screening, methodology for the EE elaboration / technical designs ensuring fairness and economic screening of measures, works procurement, construction supervision, acceptance/commissioning, monitoring, and all other relevant parts aimed to support the Program implementation and financial management, environmental, social and other requirements and standards.

The GoS also appointed a **WG** (decree 05 No. 02-3815/2016 dated April 8, 2016) that reviews the list proposed by the PIMO and based on priorities received from municipalities and relevant national institutions, gives expert opinions and proposes to the GoS list of public facilities for renovation. Going forward, for issuance of program policies and approval of procedures (including this POM), an interagency Project Steering Committee (**PSC**), chaired by MME, was formed by Decision of MME (Number: 401-00-00568/2017-06; dated January 17, 2018). While the GoS remains responsible for the overall Program funding and overarching policies, the PSC will provide overall Program oversight, technical standards, and be responsible for approval and issuance of this POM as well as approval of future revisions. Approval of the Program Progress Reports prepared by PIMO rests with GoS. The WG, chaired by PIMO, will maintain its function of coordination between the various agencies and different support programs.

This POM is meant to serve as a ‘living’ document and support the Program for current and future financiers. During the execution of the Program, it may be necessary to clarify, update or improve the procedures described here based on implementation experiences if and when PIMO, the PSC, the GoS, the World Bank or future Program donors/financiers deem necessary. In addition, PIMO may perform a detailed review of the POM periodically suggesting changes, if any. Changes can be made only at the proposal of the PIMO, endorsed by the PSC and subject to a No Objection from the World Bank. This POM already includes adjustments to the Program from the first year of implementation based on PIMO’s experiences and agreements with the PSC, MME and Program financiers (e.g., World Bank).

**Figure 2. Program Institutional Set-up**

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# IV. IMPLEMENTATION ARRANGEMENTS AND RESPONSIBILITIES

## 4.1 Overall Program Management and Oversight

The PSC, formed and chaired by MME, is responsible for overall oversight of the program in line with the PforR Loan Agreement regarding implementation of all relevant policies (i.e. energy sector policies related to EE, renewable energy and energy management, and other policies in construction, environment, education, healthcare and social protection sectors) and approval of the Program procedures (i.e. this POM).

In addition to the Law on Efficient Use of Energy which is in place, MME will prepare a national medium-term strategy for the renovation of public buildings by the end of 2018 (to be adopted by the end of 2019) to outline the government’s plan for the renovation of the full public building stock in the country. This would include, at a minimum: market data, applicable laws and regulations (new and proposed), targets and indicators, funding sources and institutional arrangements to transition to more market-based, sustainable schemes (e.g., revolving funds, commercial lending, Energy Service Company/ ESCO contracting) to help ensure longer-term sustainability. The national plan should also include technical aspects (e.g., building codes and material/equipment standards, heating controls/TRVs/metering, heating, ventilation and cooling, renewable energy applications, improved designs including passive buildings), policy and regulatory measures (e.g., changes in public procurement to allow for longer-term ESCO contracting, budgeting to allow for retention of energy cost savings), information (e.g., database of public buildings with energy consumption, training, outreach), and operations and behavior (energy management systems, improved maintenance practices). Such a national plan will be an important element in increasing the predictability to the broader EE market (auditors, design and construction companies, material and equipment producers, banks) for further implementation of EE renovation programs in the public buildings and related sectors.

Specifically, the PSC is responsible, inter alia, for: (i) adopting eligible EE and other building rehabilitation and/or reconstruction measures for the buildings included in the Program, (ii) recommendation of upgraded technical requirements for eligible EE and other works, (iii) definition of minimum share of EE measures in the investments at Program level, and (iv) confirmation of compliance with the medium-term strategy for renovation of public buildings.

On behalf of GoS, the PIMO is responsible for overall Program design, management and coordination among the involved government entities. PIMO manages financial resources for program implementation and disburses funds in accordance with the Program disbursement plan. PIMO maintains a website (www.obnova.gov.rs) with key information including legal and background documents, call for proposals, eligibility criteria, approved buildings, and the status of rehabilitation works. PIMO signs contracts (specifying mutual rights and responsibilities) with the municipalities for the implementation and financing of the works and maintains a register of submitted applications and agreements. PIMO also acts as an oversight and payment agent, remunerating contractors based on its own inspections and invoices approved by the municipalities.

The Municipalities are assigned investor’s rights for the duration of renovation works on behalf of the GoS and are responsible for proposing lists of public buildings for renovation, development of technical designs including EE elaborations for approved buildings, works procurement and supervision, construction supervision, and commissioning/acceptance of the works done.

The Standing Conference of Towns and Municipalities (SCTM) maintains records on all applications to the program and prepares reports as requested based on its information system (SLAP IS). The database contains information such as municipal applications, descriptions of individual projects and expected results, estimated investment amounts, bidding documents, acceptance reports, energy performance certificates, fire protection approvals, usage permits and other documentation required for results monitoring and evaluation. When applying for funds, municipalities must enter all relevant data into SLAP IS to ensure further transparency and accountability of the Project considering that SLAP IS is an open database with data on public infrastructure project funded by various donors and institutions. SCTM reports provide additional support to PIMO and WG in reviewing and evaluating received applications.

The WG reviews the list of buildings proposed by PIMO under the Program to ensure no building is receiving support from other programs. The list of the pre-selected buildings, with evaluation report made by PIMO will be disseminated to the members of the WG few days before the WG meeting. Any documentation, technical or legal about each sub - projects is available to the other members upon their request. PIMO informs other members on progress made since the last session and provides brief report on the state of the works that is part of II Report of the WG adopted by the GoS in September 2017. Besides, status of the works for every project is regularly updated on the PIMO website www. obnova.gov.rs. The WG also coordinates between entities, ensuring there are no buildings that are receiving support from parallel renovation programs.

Other agencies within GoS may be involved as part of the regular operation of governmental

activities such as budgeting and funding allocations (Ministry of Finance/ MoF), procurement (National Procurement Office), financial control and auditing (MoF), governance and anti-corruption (Anti-Corruption Council), and compliance and performance auditing (National Audit Institute).

## 4.2 Description of PIMO and Organizational Chart

Under the provisions of the above-mentioned decree No. 95/15, PIMO is designated to perform administrative and operational coordination activities for the implementation of public building projects in the social sectors. Amongst other tasks, PIMO is responsible for data collection of current and planned reconstruction works for public facilities, feasibility assessments of proposed projects, priority identification, coordination of public procurement procedures, follow up on works contracts and payments, and other activities which might be required by relevant Laws or government decisions. PIMO is also in charge of monitoring and evaluation, as well as reporting the implementation results of each investment.

Currently PIMO operates with 44 people dedicated to the Program on a full-time basis and per its organizational chart (Figure 1):

* The engineering department has 25 engineers of various disciplines. A total of 14 chief engineers review the technical designs for architecture and constructions of the 487 buildings and supervise the construction in the field. The chief engineers are supported by three (3) electrical engineers, two (2) mechanical engineers, three (3) plumbing and sewage engineer, one (1) fire protection engineer and one (1) engineer for ensuring access for people with disabilities and reduced mobility during the review of the technical designs. Each chief engineer is charged with 35-40 buildings, regularly visiting the construction sites and verifying executed works. Within technical department, one (1) engineer is appointed by PIMO Director to act as Environmental Coordinator, tasked to develop environmental management procedures applicable to Program-funded activities and monitor its implementation.
* The legal department is responsible for public procurement and legal issues associated with the Program. Four (4) procurement-accredited employees and one (1) consultant oversee the development of public procurement procedures and processes. They review bidding documents prepared by the municipalities and assist municipalities in the bidding process. They are also responsible for preparing the model bidding documents and contracts for the construction works. Three (3) additional employees prepare legal documents for government approval, such as the calls for proposals and final building lists.
* The financial department has a staff of three (3), who are in charge of payment of interim and final payment certificates of invoices and preparation of financial assessments and reports.
* For liaison with the municipalities there are eight (8) coordinators maintaining communication between municipalities, technical, financial and legal department, guiding municipalities in process of public procurement under the Program. Each coordinator is charged with 70-75 individual projects/buildings, following up all implementation steps from preparation of technical designs to construction sites works. The coordinators respond to different questions and inquiries set by involved parties, take care of the deadlines, and make sure that all documentation needed is duly delivered and filed at PIMO. They also collect/ verify data entry for buildings under his/her responsibility on the basis of information provided by municipalities and contained in relevant documents Also, PIMO Coordinators are tasked to collect from municipalities reports on energy savings and submit them to the MME in accordance with the Law on efficient use of energy. In addition, coordinators will be tasked to administer an annual satisfaction and social survey and organize trainings with an aim to share findings and lesson learned in the process with all relevant stakeholders. One (1) additional person will be engaged as consultant for data analysis of the socioeconomic survey.
* Oversight of the work of all PIMO staff dedicated to the Program is carried out by one (1) chief coordinator who assigns tasks to the staff and take care of their performance. He will also be responsible for preparation of semi-annual progress reports for the GoS.

**ENGINEERING DEPARTMENT (25 persons)**

**LEGAL DEPARTMENT (7 persons)**

Employees charged with overseeing public procurement

|  |
| --- |
| Person 1 |
| Person 2 |
| Person 3 |
| Person 4 |

Consultant for public procurement

|  |
| --- |
| Person 1 |

**Employees in charge with preparation of proposals and model legal documents**

|  |
| --- |
| Person 1 |
| Person 2 |
| Person 3 |

Engineers for architecture and construction technical designs (15 persons)

|  |  |
| --- | --- |
| Person 1 | Person 2 |
| Person 3 | Person 4 |
| Person 5 | Person 6 |
| Person 7 | Person 8 |
| Person 9 | Person 10 |
| Person 11 | Person 12 |
| Person 13 | Person 14 |
| Person 15 |  |

Engineers for electrical installations (3 persons)

|  |  |
| --- | --- |
| Person 1 | Person 2\* |
| Person 3\* |  |

Engineers for mechanical installations (2 persons)

|  |
| --- |
| Person 1 |
| Person 2\* |

Engineers for firefighting installations (1 person)

|  |  |
| --- | --- |
| Person 1 | Person 2\* |
| Person 3\* |  |

Engineers for plumbing and sewage installations (3 persons)

|  |
| --- |
| Person 1\* |

Engineers for access of disabled and elderly people (1 person)

|  |
| --- |
| Person 1\* |

**COORDINATOR OF ALL ACTIVITIES**

(1 person)

**COORDINATORS OF INDIVIDUAL PROJECTS (8 persons)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Person 1 | Person 2 | Person 3 | Person 4 | Person 5 | Person 6 | Person 7 | Person 8 |

**FINANCIAL DEPARTMENT (3 persons)**

|  |
| --- |
| Person 1 |
| Person 2 |
| Person 3 |

Job description:

- Chief engineers for 487 individual projects in education, healthcare and social protection sectors;

- Review of technical designs (architecture and construction);

- Verification of works executed on construction sights

Job description: Review of technical designs (electrical installations)

Job description: Review of technical designs (mechanical installations)

Job description: Review of technical designs (firefighting)

Job description: Review of technical designs (plumbing and sewage)

Job description:

- Review of bidding documents and model works contracts;

- Assistance to Municipalities in conducting public procurement procedures

Job description:

- Preparation of legal acts PIMO proposes to GoS;

- Preparation of model bidding documents and model works contract

Job description:

- Payment of interim and final payment certificates;

- Preparation of financial assessments and reports on project realization

Job description: communication with Municipalities in selection of buildings, logistics and coordination between Municipalities, Contractors, Supervisors and other PIMO departments in all phases of 487 individual projects

**Notes:**

* All 487 facilities have its coordinator in charge with follow-up on realization and communication between all participants;
* Each of 8 coordinators is in charge with in between 70 and 75 facilities; Additional consultant will be engaged for socioeconomic survey
* Coordinator 8, who started with other 7 coordinators, is in meanwhile redirected to flood recovery urgent rehabilitation of public buildings affected in 2016 floods;
* Each facility has its chief engineer who regularly visits construction sites and verifies executed works. In total 15 chief engineers are in charge with in between 35 and 40 buildings;
* \*Employees who are outsourced and act as assistants who are not daily present but from time to time engaged for reviewing of technical designs within their expertise.

Job description: Review of technical designs (access and easy movement for disabled and elderly people)

Environmental coordinators (1 engineer)

|  |
| --- |
| Person 1 |

Job description: Environmental impact assessment of planned and executed projects; coordinate the overall management process

To enable the coordination and implementation of these multi-sectoral operations the PIMO provides support to the government, line-ministries and municipalities in technical aspects of project implementation vis-à-vis procurement, disbursement and financial management procedures according to Serbian legislation.

The PIMO shall carry out the following functions with clear understanding that it shall have the overall responsibility with full decision-making authority and that the PIMO shall be accountable to the GoS for providing prompt professional service.

**Procurement Roles and Responsibilities of PIMO**

The PIMO shall:

* Coordinate with municipalities and jointly manage formal processes of procurement according to the Law on Public Procurement of the Republic of Serbia and assist to the municipalities in procurement procedures by reviewing and monitoring procurement process and assist in all legal matters concerning this Program
* Provide templates and model documents for all procurement actions to be undertaken by the municipalities
* All documentation or copies related to the executed contracts shall be kept in the PIMO premises in accordance with The Public Procurement Law (“Official Gazette of Republic of Serbia No 124/12, 14/15 and 68/15) and by-laws
* Randomly supervise execution of contracts, which are subject to regular monitoring
* Delegate one member and its deputy to be part of Procurement Commissions for each public facility

**Financial Management Roles and Responsibilities of PIMO**

The PIMO shall:

* Carry out accounting procedures and follow the Serbian legislation for the disbursement and accounting of the budget proceeds
* Prepare and submit quarterly interim financial reports on budget execution –Treasury Administration (Budget Accounting Department)
* Prepare and submit annual financial report on budget execution -Form 5 and annual Balance sheet to Treasury Administration
* Collecting and control of all financial documentation

**Environmental Management Roles and Responsibilities of PIMO**

The PIMO shall:

* hire the environmental coordinator that will prepare environmental due diligence documents for individual sites in coordination with the PIMO and municipalities and will during the project implementation phase supervise the implementation of the Environmental Management Plans (EMPs) and report on the same (the municipality will hire its own site supervising engineer that will be present at the specific site all the time during the reconstruction)
* Ensure that pertinent aspects of the EMP are contractual obligations of the contractor
* Supervise the work performed by the environmental coordinator, engineering/ design companies to ensure that they are applying adequate standards and are following agreed procedures, as well as the agreed EMP
* Ensure that the environmental consultant is providing adequate site supervision, particularly the supervision of carrying out the EMP

**General Roles and Responsibilities of PIMO**

The PIMO shall:

* Be responsible on behalf of GoS for overall program management and coordination among involved stakeholders in line with relevant program documents and the procedures described in this POM
* Monitor the implementation of procurement, financial commitments and disbursements under the Project, discuss with the WG progress in implementation of Program, as well as propose, changes and clarifications to the procurement and financial management and disbursement processes under the Project
* Submit to the PSC and the WG all project documents, as the PSC and the WG shall request in writing
* In cooperation with municipalities achieve the objectives related to project implementation efficiency and efficacy and perform result performance monitoring at least biannually or at the frequency specified in the monitoring and evaluation (M&E) framework included in section 6.2 of this POM
* Assist to municipalities in contract execution and issues under those contracts, and conduct random, periodical supervision of contract performance
* Delegate one member and its deputy to be part of Commissions for Acceptance and final billing
* Prepare periodical Progress Reports to the World Bank, the PSC/WG and GoS
* Develop environmental management procedures and monitor its implementation
* Administer annual satisfaction and social survey and proposes to the PSC and WB changes in procedures to reflect lessons learned during Program implementation
* Secure that reports on energy savings achieved by each project are submitted to the MME in form prescribed by the regulation as well as that Municipalities have entered data on buildings, included in the Program, in ISEM database (data on building and their energy consumption for the previous period)
* Provide periodic training to municipalities and energy service providers on Program requirements and procedures, technical requirements, lessons learned, best practices, etc.

**PIMO Staff Individual Duties and Responsibilities:**

PIMO staff would be responsible to the PIMO Coordinator and are expected to carry out their assignments according to their Terms of References (TOR). The PIMO will hold regular weekly staff meetings, chaired by the PIMO Coordinator, and report periodically to the PIMO director.

## 4.3 Program Roles and Responsibilities of Other Parties

### 4.3.1 Municipalities

Project implementation will be carried out by the municipalities. Municipalities select buildings from education, healthcare and social protection sectors and prioritize them based on the urgency of the need for renovation and lack of access to financing from other programs. The municipality must nominate a responsible person, the Project Administrator (PA), to represent the municipality during the implementation phase, liaising with PIMO and contractors.

For the duration of the Program, the municipalities shall ensure that:

* The project implementation is carried out in accordance with agreed procedures, as detailed in this manual;
* The staff and other resources are maintained for the duration of the Program;
* Ensure proper operations and maintenance of the renovated buildings and equipment installed under the Program and undertake repairs in the event of any damage caused by the building occupants or others, after expiration of guarantee period.

Each municipality will establish a Program Administration Team (PAT) to assist them with the day-to-day responsibility of implementing Program activities. The PATs will be headed by the part-time PA who will be supported by PIMO Coordinators (responsible for managing overall progress of subprojects, including monitoring of agreed results indicators).

PAT should be appointed by the mayor of the municipality and tasked to liaise, facilitate and implement all agreed procedures stipulated in this manual and memorandum of understanding signed with PIMO. The PAT must have competencies in carrying out its functions on design reviews, procurement evaluation, construction oversight, environmental management, etc. To successfully fill its role, preferably PA should have decision-making authority within municipality (e.g. vice mayor, assistant to the mayor, councilor or head of the one of the sectors responsible for local development, education, health, social security etc.) and be assisted by procurement, financial and technical personnel in municipality.

**Procurement Roles and Responsibilities of Municipalities**

Municipalities would ensure that PATs undertake the following specific duties/ activities:

* With assistance of the PIMO Procurement Officer, shall update Procurement Plans;
* Review model bidding documents prepared by the PIMO, based on TORs, technical specifications presented in the PIMO standard documents, site-specific or generic EMP and WMPs as part of each Bidding Document and provide clearance or comments within 10 (ten) working days;
* Adhere to approved municipal Procurement Plans;
* Form and appoint the members of the Evaluation Committees (EC) and, jointly with the PIMO, organize Evaluation Committee meetings and ensure compliance with The Public Procurement Law (“Official Gazette of Republic of Serbia“, No 124/12, 14/15 and 68/15) and by-laws;
* Sign contracts (model prepared by PIMO) for works and furnish to PIMO appropriate number of original signed contracts;
* Sign contracts for the employment of consultants for supervision of the construction sites;
* Ensure, in accordance with established procedures, that Contractors have access to the information required to adequately provide construction services;
* Monitor the contract performance, delivery of outputs from contractors and supply of works, issuing requests for payments to PIMO to enable payments;
* Designate PAT personnel, with PA as Contract Coordinator for each contract under its responsibility, and inform PIMO in writing

**Financial Management Roles and Responsibilities of Municipalities**

The municipalities shall ensure that PATs undertake the following specific duties / activities:

* Jointly with appointed site supervisor check quality and quantity of work carried out against contracts; prepare for the PIMO documentation necessary to support payments;
* Provide the PIMO with all information necessary to enable the PIMO to prepare Financial Management Reports on a quarterly basis, including information related to use of funds as appropriate;
* Shall incorporate in municipal annual budget the funds allocated for the Program activities in case when PIMO transfers funds directly to municipality rather than Contractor;
* Spending of the funds is possible only according to the Budget Plan;
* Budget Plan shall be submitted by each municipality one month in advance, upon request of PIMO;
* Ensure that the works procured under the Program is recorded, registered and transferred to the balance sheet in accordance with established procedures;
* Accept the works completed under the Program, and provide confirmation of acceptance to the PIMO;
* Ensure safekeeping and efficient use of the equipment procured under the Program;
* Monitor the use of funds, jointly with the PIMO, to ensure only eligible expenditures are financed and prevent duplication between the Program activities and activities to be financed from other sources;
* Ensure that the independent auditors engaged in compliance with the Serbian legislation have access to data on implementation of the Program and are able to conduct inventory inspections of the procured fixed assets for the Program.

**Environmental Management Roles and Responsibilities of Municipalities**

The municipalities shall ensure that PATs undertake the following environmental duties / activities:

* With assistance of the PIMO Environmental Coordinator, based on Annexes 7 and 8 of POM document, shall prepare and update Environmental Management Plans
* Provide environmental documents obtained as integral part of Design documents (WMP, EMP – Mitigation Plan and Monitoring Plan) to PIMO for clearance and approval;
* Jointly with appointed site supervisor monitor environmental and social performance during the works carried out against contracts;
* Provide the PIMO with all environmental / social related information necessary to enable the PIMO to prepare Environmental Management Reports;
* Where conducting of Environmental Impact Assessment (EIA) screening process is needed, municipality shall address the question on the need to perform an Environmental Impact Assessment Study (EIAS) to Ministry of Environmental Protection (MEP). In case, no EIA is needed, the responsibility for prescribing environmental protection measures and monitoring their implementation, rests with the LSGU.

**General Roles and Responsibilities of the Municipalities**

Municipality will ensure that PATs undertake the following specific duties/ activities:

* Plan, coordinate, execute and monitor the implementation of all activities of the Program;
* Submit six-monthly Project Monitoring Reports (incorporating financial management and procurement reports prepared by the PIMO);
* Prepare technical designs and technical specifications for the procurement of works under the Program, subject to approval by PIMO;
* Provide copies of Contractor’s reports/deliveries/outputs and documentary evidence including Letter of Acceptance for works delivered, installed and tested, to PIMO;
* Meet targets for efficiency and effectiveness of project implementation as agreed;
* Comply with the requirements of the POM, a copy of which will be provided to the municipalities;
* Submit weekly reports from construction sites written by appointed supervisions;
* When handing over the works, obtain energy passport for the subject facility. The Municipality is obliged to, previously, sign a contract with the authorized legal entity possessing the license for issuance of energy passport, and all in line with the Rulebook on conditions, content and manner of issuance of the certificate on energy performance of buildings;
* Report on achieved energy savings in accordance with the Rulebook on the way and terms of submitting data necessary for monitoring of Action Plan for Energy Efficiency in the Republic of Serbia implementation and on methodology for monitoring, verification and evaluation of its implementation;
* Enter the data on buildings included in the Program in ISEM database (data on buildings and data on energy consumption for previous 2 years) and continue to update data on energy of consumption of those buildings after projects completion;
* Municipalities with more than 20.000 inhabitants, which are Energy Management (EM) Designated Organizations in accordance with Law on Efficient Use of Energy (LEUE) have to appoint energy managers and report on implementation of EM System as prescribed in regulation;
* With assistance of PIMO Coordinators collect data for annual satisfaction and social survey.

PATs will engage sufficient number of local project staff. At any time PAT must be staffed by one local staff that can perform duties of a PA.

### 4.3.2 Program Steering Committee

PSC is an interagency group with MME as the chair, established by the MRE Decision No. 401-00-568 from January 17th, 2018, summarizing its roles and responsibilities. Composition would be similar to the WG i.e. representatives of the Ministry of Construction, Transport and Infrastructure (MCTI), Ministry of State Administration and Local Self-government (MSALSG), Ministry of Finance (MOF), Ministry of Education, Science and Technical Development (MESTD), Ministry of Health (MOH), Ministry of Labor, Employment, Veterans’ and Social Affairs (MLEVSA), MME, and PIMO.

Main functions PSC are to provide Program oversight, approval and issuance of Program policies and procedures (i.e., this POM). The PSC will receive regular reports on program progress and expenditure from the PIMO. The GoS shall approve the progress reports. PSC should meet twice a year, or more frequently, as needed. Each participating ministry can call for a PSC meeting outside of its regular schedule subject to MME approval.

The PSC will:

1. approve POM at the first meeting of the PSC as well as any changes that occur during the life of the Program;
2. adopt guidelines and standards with respect to eligible EE and other building rehabilitation and/or reconstruction measures,
3. recommend upgraded technical requirements for eligible EE and other works,
4. define minimum share of EE measures in the investments on the Program level,
5. oversee Program regarding implementation of all relevant policies
6. confirm compliance with the mid-term strategy for renovation of public buildings

PIMO will act as the PSC Secretariat for the meetings of the PSC under the Program.

### 4.3.3 Program Working Group

The GoS also appointed a Working Group (**WG**) that approves the selection of facilities proposed by PIMO. The WG consists of representatives of 10 entities: PIMO, MSALSG, MOF, MLEVSA, MOH, MESTD, MME, MCTI, Ministry for European Integration (MEI), and the Standing Conference of Towns and Municipalities (SCTM). The WG’s main functions has been to review proposed list by PIMO, gives expert opinion and take care that there is no overlapping between parallel programs run by different agencies in terms of using financial resources.

WG consists of 15 members representing these 10 entities including:

- PIMO, 3 representatives

- MSALSG, 1 representative

- MF, 1 representative

- MLEVSA, 1 representative

- MH, 1 representative

- MESTD, 1 representative

- MME, 2 representatives

- MCTI, 1 representative

- MEI, 1 representative

- SCTM, 3 representatives

All documentation, technical designs etc. is available to every member of the WG upon request for evaluation and comments if he/she finds it appropriate and PIMO will prepare evaluation report for the WG with prioritization of the buildings as per criteria and processes described in this POM.

The decision establishing the WG has been enacted by the GoS decree 05 No. 02-3815/2016 dated April 8, 2016, and summarizes its roles and responsibilities

PIMO will act as the WG Secretariat for the meetings of the WG under the Program.

### 4.3.4 Other Institutions and Agencies

**4.3.4.1 Evaluation Committees for Public Procurement**

In order to ensure that standardized evaluation practice is introduced and established during the life of the Program, it will be necessary that a number of the Evaluation Committees (ECs) for Public Procurement are formed and appointed in accordance with the Law on Public Procurement by the mayor of the municipality that holds Investor rights for the duration of Project realization. The ECs members will be specialists with appropriate administrative, legal and technical skills. The ECs will evaluate all bids offered by suppliers of works as well as all technical and financial proposals submitted by the firms. *The form of EC and evaluation process will be carried out in accordance with the Law on Public Procurement* and the provisions stipulated in the POM. PIMO Procurement Specialists, certified in public procurement, will provide guidance of EC members through evaluation process, and will act as advisor to the ECs. Usually, one person chairs an EC meeting and he or she should be elected by the agreement of all members of that respective EC. In order to maximize efficiency of ECs, it is recommended that one EC comprises three to five members. The PIMO Chief engineer is a member of the EC.

Key principles for ECs are:

* Members of ECs should be selected based on skills and experience suitable for the task and in accordance with Article 54 of the Law on Public Procurement, teamwork skills are extremely desirable, and they must have the confidence of the responsible municipality;
* PA and PIMO Coordinator facilitate the work of the ECs;
* The model EC minutes will be prepared by the PIMO Procurement Specialist and actual minutes signed by all members of the respective EC;
* The PIMO Coordinator should receive a copy of ECs minutes;
* Evaluation Reports will be reviewed by the PIMO Procurement Specialist and initialed by the PIMO Representative in the EC;
* Responsibility for acceptance and approval of Evaluation Reports will be the authorized municipality bodies.

# V. PROGRAM PROCEDURES AND SUBPROJECT CYCLE

## 5.1 Planning and Budgeting

The Government Program stipulates that all responsible institutions when planning and deciding on priorities for rehabilitation of public buildings should follow several guiding principles:

* transparency in selection of public facilities and implementation of works with all relevant data (legal, financial and background documents, list of approved buildings, and the status of rehabilitation works) published at PIMO website;
* coordination with relevant ministries and/or donors so that Program activities and resources are in line with other programs and projects focused on reconstruction and improvements of public infrastructure;
* all institution will endeavor its effort to ensure that reconstruction process implies building better facilities, infrastructure and society that is resilient to environmental and other disasters;
* ensuring that the best quality is provided for the money spent; and
* the technical designs should put special focus on EE and accessibility measures for all men and women.

The Financial unit of PIMO prepares draft financial plans and requests for the execution of approved appropriations, draw up a report on their execution, and perform other activities stipulated by law, other regulations, and general acts.

The Program budget is prepared and executed based on a single budget classification system.

Budget classification include the economic classification of revenues and proceeds, economic classification of expenditures and outflows, organizational classification, functional classification, program classification and classification according to sources of financing, where:

1) Economic classification of revenues and proceeds identifies revenues and proceeds according to regulations or contracts that determine the sources of revenues and proceeds;

2) Economic classification of expenditures and outflows identifies individual goods and services and executed transfer payments;

3) Organizational classification identifies expenditures and outflows according to budget beneficiaries, accompanied by allocation of appropriation among the beneficiaries;

4) Functional classification identifies expenditures and outflows according to their functional purpose for a certain area, and is independent from the organization which performs such function;

5) Program classification identifies classification of programs of budget beneficiaries;

6) Classification of expenditures and outflows according to sources of financing identifies revenues and proceeds, expenditures and outflows according to the generation of those funds.

The Finance Unit of PIMO is submitting Draft of Financial plan to MoF under allowed limits and with proposals for increase of funds if necessary. After that, MoF will consider the request of budget beneficiaries and make final decision on the PIMO budgets.

Should the scope of activities or jurisdiction of PIMO change during the year, the amount of appropriations allocated for the activities shall be increased or reduced. The funds for that purpose will be provided from the current budget reserve.

## 5.2 Eligibility Criteria

Government Program, in Sections 5 and 6 gives clear guidance for project identification and prioritization stating:

* State of building – Program aims at enhancing infrastructure of old public buildings which have experienced a deficit in maintenance and structural repairs over the past few decades
* Economic justification – as predefined principle of the Program to produce the best value for the money spent
* Degree of urgency for repairs – priority was given to the most damaged facilities according to the assessments conducted by municipalities
* Number of users of facility, and
* Implementation readiness of project designs in accordance with Guidelines for preparation of Technical documentation and EE Elaborations prepared by PIMO and attached to this POM
* Fair distribution of resources throughout the country – PIMO and WG will cross-reference data on past and current projects making sure that all regions have same opportunities to apply and finish renovation projects and
* Degree of development of the municipalities – in accordance with Regulation on determining the Methodology for calculating the degree of development of the region and local self-government units (Official Gazette, No. 62/2015)

In previous call for proposals, municipalities and relevant national institutions were invited to nominate priorities for renovation within their jurisdiction bearing in mind eligibility criteria defined in Government Program. The number of priority buildings to be nominated by each municipality was limited to two, and in addition, the MOH, and MLEVSA were invited to nominate priority buildings from their sector to ensure fair distribution between sectors since in these sectors many facilities are owned and managed at national level (but located in municipalities).

With second call for proposals, launched in March 2017, an additional criterion was set up, i.e. previously approved works are in progress, or completion of works that were defined as priorities, in order to keep municipalities accountable for progress they have made.

However, PIMO does not select buildings. Once the buildings are proposed by the municipality or other relevant institutions, based on the priority and eligibility criteria set in the Program, PIMO simply screens them to ensure adherence to it. This list is then forwarded by PIMO to the WG for review prior to its submission to the GoS for final approval. PIMO signs contracts with the municipalities from the adopted list on first-come, first-served basis provided the technical designs are completed.

The criteria set in the Program and in POM will be applied for all future call for proposals. However, it should be noted that number of the priority buildings that can be proposed by the municipalities or other institutions included in the Program might differ depending on availability of the funds and program progress. Changes to the criteria and approach may be considered and reflected in an updated version of the POM, to be approved by the GOS, PSC and potential financier(s) of future phases of the program.

## 5.3 Call for Proposals

So far PIMO launched two calls for proposals to all municipalities and relevant institutions requesting them to provide a list of two priority buildings within their jurisdiction, based on criteria set the Program. The list should have been defined in priority order, based on the eligibility criteria given in the Program (see Section 5.2).

In April and May 2016 PIMO launched first call for proposals, disseminated to all municipalities in Serbia and relevant ministries and institutions, such as MLEVSA, MOH, MESTD, as well as to Government’s Office for Kosovo and Metohija. Second call for proposals was launched in March 2017. Calls for proposals were also published on the PIMO website www.obnova.obnova.gov.rs.

Municipalities were invited to propose up to two priority public buildings for each municipality in line with above described criteria. In addition, the MOH and MLEVSA were also invited to propose priority public buildings in line with these predefined eligibility criteria. From proposed facilities PIMO identified a list of 234 eligible buildings and forward it to WG for review and approval. When proposing the list of buildings from the first call, PIMO included projects from every municipality that applied except those that, at the time, had projects in progress under flood reconstruction or other similar projects, preschools that would be financed from another World Bank financed program and projects that included construction of addition space. Upon harmonization of the lists with available information on other active renovation programs, in order to ensure that no building will receive doubled support for the same type of works, WG adopted the list of buildings and proposed it to GoS for adoption.

The Program implementation is designed on first – come, first - serve basis, meaning that municipalities that first provided technical documentation first start with works; for the second round of buildings, another criteria was added i.e. that municipalities regularly and timely meet all the requirements defined in the previous reports and contracts with the PIMO so the rehabilitation of the previously selected facilities is underway or realized.

In every GoS decision on selected building, it is clearly stated that project realization is dependent on the efforts of the municipalities to comply with the rules set in the Guidelines for preparation of Technical documentation and EE Elaborations. Quality of technical documentation is mandatory for final approval of the finances for each sub-project even though building is on the list GOS adopted.

Future call for proposals for municipalities and other relevant institutions will be issued periodically, approximately once a year depending on annual progress reports. These reports will evaluate the number of finished pre-selected and government approved buildings, expenditures and commitments under the Program and availability of funds. Future call for proposals will apply the same criteria and first-come first-serve approach as described above, unless otherwise agreed and reflected in an updated version of the POM, to be approved by the GoS, PSC and the potential financier(s) of future phases of the program.

## 5.4 Project Screening

After being notified that proposed facilities on their territory have been qualified for reconstruction program, based on Guidelines for preparation of Technical documentation and EE Elaboration that are attached to this POM and will be included in future call for proposals, each municipality sends detailed TOR for proposed facilities or complete technical design, if it is already available, for evaluation and approval. The evaluation of the ToR and the technical documentation is done by PIMO technical department and each subproject (i.e. facility/building) is reviewed by assigned chief engineer or its deputy (architect or civil engineer) who engages other experts (electrical, mechanical, fire safety etc.) engineers.

Each engineer is responsible to ensure that the technical documentation provided by the municipalities meet legal and regulatory requirements, professional standards and technical requirements of this Program. An aim of the Program is to provide the highest possible standards when reconstructing selected facilities providing improvement that suites best for each building, all including those that had been constructed in the second half of the last century and do not fulfill all requirements in the accordance with updated legislation and technical standards.

EE, fire protection and safety measures, as well as access, easy movement and appropriate working conditions for all men and women are mandatory requirements and must be elaborated in the technical documentation for each facility. Approval for technical documentation will not be granted by PIMO without those mandatory requirements (see Annex 3), and documentation will be sent back to municipality for correction and improvement.

The environmental screening table for category B facilities differentiates two different types of activities: rehabilitation (B3) and extension or reconstruction on existing footprint (B2), since reconstruction on new location (B1) is not planned within this Program. Consequently, two different type of due diligence environmental assessments reports can be applicable.

Environmental Screening table – Environmental related documentation required

|  |  |  |  |
| --- | --- | --- | --- |
| **Types of Category B activities** | **Environmental Assessment documentation required** | **Type of public consultation** | **Applicable to:** |
| B2 | Site-specific EMPs and WMPs for each state-owned public facility in form of a checklist prepared, approved and included in Bidding Documents | Public disclosure on the website of the PIMO and the municipal info board, written comments from the public requested | New state-owned public facilities or extensions built entirely on existing footprints. |
| B3 | No site-specific EMPs necessary. Generic measures described in POM are applicable, and generic EMP and WMP included in Bidding Documents | Disclosed as part of POM | Rehabilitation of existing state-owned public facilities on existing footprints. |

The chief engineer issues an evaluation report for every facility and the PIMO Coordinator notifies the municipality whether technical documentation needs to be corrected and what improvements should be done. Technical designs are not approved until all deficiencies have been remedied and a positive report is issued.

In the cases where municipalities are not able to fulfill all requirements set beforehand or otherwise fails to complete the subproject approved, for PforR PIMO will propose to replace such facility with other ones from subsequent approved lists by the GoS. Replacement shall be done based on the readiness of technical design and estimated value of the investment with prior approval of PSC.

## 5.5 Energy Efficiency Elaborations and Technical Designs

Technical documentation should be prepared in accordance with the Law on Planning and Construction ("Official Gazette of RS", no 72/2009, 81/2009 - corrigendum, 64/2010 – decision of CC, 24/2011, 121/2012, 42/2013 - decision of CC, 50/2013 - decision of CC, 98/2013 - decision of CC, 132/2014 and 145/2014), Rulebook on Content, Method and Procedure for Preparation and Control of Technical Documentation by Class and Intended Use of Structures (“Official Gazette of RS”, no 23/2015, 77/2015 and 58/2016), Law on Fire Protection (“Official Gazette of RS”, no 111/2009 and 20/2015), Rulebook on Energy Efficiency of Buildings (“Official Gazette of RS“, no 61/2011), Rulebook on Technical Standards for Planning, Designing and Construction which ensure the unhindered movement and access to persons with disabilities, children and elderly (“Official Gazette of RS”, no 22/2015), Law on Environmental Protection (“Official Gazette of RS”, no 135/2004, 36/2009, 36/2009 - other law, 72/2009 - other law, 43/2011 - decision of CC and 14/2016) and Law on Waste Management (“Official Gazette of RS”, no 36/2009, 88/2010 and 14/2016) and Rulebook on Handling of Waste Containing Asbestos (“Official Gazette of RS”, no 75/2010) and other laws and regulations concerning relevant project.

To ensure optimal conditions for the stay of beneficiaries and employees as well as for reduction of energy consumption, and taking into account energy and financial savings, Design Documents must include all types of works on the facility that would contribute to improved EE, better comfort, safe use of the facility, and reduction in emissions of carbon dioxide and harmful combustion products. Special set of measures that need to be taken into consideration include the measures for improved structure of the building, and for repair of the building’s support structure if there is damage to it. All technical measures related to the structure of the building, regardless of payback period have to be included to ensure the renovated building complies with all building regulations (seismic safety, fire, accessibility etc. – see Section 5.6 and Annex 3).

EE Elaboration - **EE Elaboration** shall be a mandatory part of the technical design documentation and will be prepared at the beginning of the technical preparation process in order to enable definition of viable EE measures to be included in the Bill of Quantities (**BQ**) of Preliminary/Final designs. EE Elaborations shall be conducted following guidelines given in Annex 3 of this POM.

EE Elaboration will define works on building envelope which would (i) bring all buildings elements (roofs, walls, windows, partitions and ceilings, including attic and basement spaces) to requested U-values as a minimum, and (ii) upgrade current building energy class to category C or minimum two classes better than current energy class, thus maximizing reduction of energy demand and CO2 emission of building structure itself. While the Program technical standards should be adhered to, the EE Elaboration should consider different scenarios to achieve at least Class C or two classes higher level to enable the selection of the most economical scenario.

EE Elaboration will also propose interventions on electrical (introduction of LED lighting with presence detectors and daylight sensors with manual override in all buildings) and mechanical (temperature and hydraulic control of heating system and insulation of heating network in all buildings, and hot water solar panels with buffers only in buildings with high sanitary hot water demand) installations which would increase their efficiency and thus reduce fuel consumption and CO2 emission for given fuel.

EE Elaboration will also include measures on HVAC system that can improve all comfort conditions in building for all users and will be defined in accordance with Rulebook on Energy Efficiency of Buildings (“Official Gazette of RS“, no 61/2011). Savings on air-conditioning and ventilation measures can be estimated based on the OPG forms.

Wherever possible and economically feasible, transition from fossil fuels to cleaner fuels (e.g., coal or fuel oil to biomass) shall be recommended as an alternative by introducing modern high efficiency biomass boilers to enable further reduction of CO2 emission. Where it turned out to be economically feasible, heat pumps also could be recommended.

Minimal conditions regarding ηs (Seasonal space heating energy efficiency) for heat pumps air -water, water – water and ground – water:

* Medium temperature heat pumps (55°C): ηs ≥110%
* Low temperature heat pumps (35°C): ηs ≥125%

Economic feasibility shall be determined for all alternative scenarios proposed by EE Elaboration, if any (for building structure EE measures there will be no alternatives - each building element has to satisfy prescribed U-value after renovation). Costs and benefits should be included for all evaluated EE measures. PIMO should ensure – as part of its review of technical documentation – that consistent EE measure costs are being used so that they can be treated consistently.

For every proposed EE improvement measure it is necessary to provide what would be estimated results with proposed viable technical alternatives (at least three possible alternative solutions/scenarios per building). Energy savings and economic justification should be evaluated in the table given in Annex 3. EE measures should be ranked based on economic viability, taking into account that these measures must be economically justified with a payback period for the investment package of up to 15 years. It is necessary for the Designer to define a clear conclusion on the recommended package of measures, in order to make certain that the proposed investment is justified and to ensure the longevity of the performed works on the facility.

The priced BQ (bill of quantities) will be than drafted based on the recommended package of measures from EE Elaboration selected alternative and will include as mandatory heat metering devices (Calorimeters), thermostatic radiator valves (TRV), variable flow pumps, balancing valves and automatic hot water temperature control, and hydraulic testing and commissioning.

Based on priced BQ economic feasibility will be than analyzed for the whole investment, including other rehabilitation/reconstruction works, and using same criteria as for EE measures.

Complete overview of EE measures will be provided in the EE Elaboration and later in Energy Performance Certificate. EE Elaboration unifies EE savings before and after works.

Once EE elaboration and technical designs are prepared by municipalities, PIMO will review them for completeness. In addition, ex-post verification on implementation and results achieved in each building in terms of EE improvements will be conducted by the Independent Verification Agency, in line with mandatory requirements for the World Bank- supported PforR.

## 5.6 Standard Technical Specifications

Contracts signed between PIMO and municipalities for financing of the works under the Program shall oblige the municipalities to follow model Bidding Documents prepared by PIMO that will include the minimal technical specifications and criteria and site-specific or generic EMP and WMPs - for key works which have to be fulfilled in contractor’s bid as prequalification for construction contract award.

Standardized technical specifications and criteria would enable uniform quality of works performed under the Program and extended warranties for goods, works and services.

Those criteria shall comprehend list of equipment and materials to be installed for which precertification have to be requested and shall include certificates as listed in Annex 5.

All equipment proposed by the Bidder to be supplied shall be CE marked.

Detailed standard technical specifications are given in Annex 3 – Guidelines for preparation of Technical documentation and EE Elaboration and will be followed by the municipalities when contracting consulting services for preparation of technical designs.

Mandatory part of Bidding Documents will include Vendor list or Schedule of key materials and equipment, which have to correspond to standard technical specifications for each item specified by the bidders. Also, mandatory part of Bidding Documents are site-specific or generic EMP and WMPs, depending on Project Category (B2 or B3).

A specific set of measures to pay attention to are the structural improvement and the seismic stability assessment of the building. Necessary measures to be taken before producing the Project Documentation are:

* a detailed visual inspection of the existing state of the structure is required
* All existing archival documentation must be provided (existing drawings, designs and other information that can be acquired, which are important for determining the existing structural framework and materialization of the building)
* Conduct a detailed comparative analysis of the existing state of the building with the existing archival documentation and define the current state of the structural system and the seismic stability of the building.

Every technical design will contain signed statement by consultant declaring whether the building was constructed in accordance with relevant seismic and safety standards and whether there are any deviances that may affect stability and safety of current structure. Any designs that call for works that may impact the structural stability and integrity of the building must include seismic calculations to ensure the building’s resilience to earthquakes. In this case, PIMO will request a seismic vulnerability assessment of buildings likely to be most impacted by earthquakes and, then, either comply with the required detailed assessments or remove the building from the Program.

In case of building reconstruction, and in accordance with *Clauses 45 and 46* of the Rulebook on Content, Method and Manner of Development and Performing Control of Technical Documentation According to Class and Intended Use of the Structure (“Official Gazette of RS”, No. 23/15, 77/2015, 58/2016 and 96/2016), the technical design shall contain assessment of stability and load bearing of the construction of existing building. That includes relevant construction calculations which include resilience to seismic influence for given seismic zone.

In case works affecting stability and safety of current structure of the building seismic calculations must be performed within the technical designs. In other cases, seismic calculations are not mandatory. Judgment on classification of the works (if it is reconstruction, rehabilitation or adaptation) is joint responsibility of Design Company and the investor (municipality in this case together with PIMO).

A Generic Environmental Management Plan (GEMP) and Waste Management Plan (WMP) for the Program has been prepared as part of the Program Operation Manual (POM) as Annexes 7 and 8.

A GEMP for the Program has been prepared as part of the Program Operation Manual (Annex 8). It provides environmental screening procedures, the nature of EMP documents or EIA Study (if/where required) which should be prepared for state-owned public facility reconstruction or extension, and an example of the environmental issues that will be addressed through the permitting, reconstruction, contracting, and operations of the new and/or rehabilitated facilities. These environmental issues will be addressed and ensured through a series of local permits, through constructor contracts, through site supervising engineer oversight, through the local municipality requirements, and through oversight by a PIMO team, supported by an Environmental Coordinator. He/she will be designated for the issues of the project environmental compliance within the PIMO.

A sub project's Environmental Management Plan (EMP) consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels. The plan also includes the actions needed to implement these measures.

A Generic Waste Management Plan (GWMP) for the Program has been prepared as part of the Program Operation Manual (Annex 7). Each Contractor should develop its own site specific plan for waste management and collect and separate waste within facility, sort it according to the type (Annex 7.1 and 7.2) and handover waste to authorized company for hazardous or municipal waste management (depending on the type) and follow obligatory reporting procedure on waste (Annexes 8.2 and 8.3)

EIA Studies, if and where required by relevant institutions, should be prepared in accordance with Serbian Law on EIA (Official Gazette nr. 135/04 and 36/09) and Rulebook on Content and Scope of EIA Studies (Official Gazette nr. 69/05).

Each Contractor is obliged to prepare its own, site-specific EMP, including Waste Management Plan and submit it to PAT and PIMO Environmental Coordinator for approval. Additionally, the Contractors are obliged to follow the provisions prescribed within the Guidelines for improvement of environmental protection during works on Reconstruction and Improvement of State-Owned Public Facilities (Annex 7.3) and sign a Contractor’s Statement of Acceptance of the Environmental Mitigation and Monitoring Plan (Annex 7.4) and Contractor Statement of Compatibility between conditions found on site and EMP (Annex 8.1), and keep the Record of Waste Material Handover for Waste Categories 1 and 2 (annex 8.2) and Record of Waste Material Handover for Waste Category 4 (Annex 8.3).

## 5.7 Construction Works and Supervision

When Contract is awarded to the successful bidder with and offer that fulfills all technical and legal capacities requested in Procurement for lowest price, complete technical documentation and access to construction site is given to the Contractor. At the same time, PIMO Coordinator sends information letter to the PAT about expected performance of construction supervision on the construction site with a request to provide documentation on commencement of construction site (copy of licenses for appointed personnel for supervision and construction, bank guarantees, insurances, construction timeframe etc.).

To secure its rights, Investor (i.e. municipality) appoints group of engineers with appropriate licenses for different types of works covered by technical design to act as supervision on the construction site. They monitor and control the execution of works on the construction site, as well as in other works for building the facility, in all according to the Rulebook on Content and Method for Performance of Construction Supervision (Official Gazette No. 22/2015). Official opening of the construction site is duly noted in the construction logbook. PIMO chief engineers act as additional control mechanism, for both supervision and constructor.

Works dynamic is documented in the construction log daily. According to the Law on Planning and Construction in Serbia, Contractor and the Supervisor are obligated to register all relevant observations on construction site in the construction logbook such as building activity, weather, human and technical resources etc. Logbook should also include the comments of the contractors on identified shortcomings in the technical documentation, the occurrence of unforeseen works that are not covered by the project, proposals for better technical solutions and other remarks that finds appropriate to mention. Every change in the project design, orders for additional work or changes in the scope of the works given by the supervisor is only valid when noted in the construction logbook.

In accordance with MoU signed with municipality appointed expert consultants for the supervision must report to the PIMO on performed works, observations, given orders and changes made in the project design and/or in scope of work. The Report is done for the period of 7-10 days and should contain information on:

* + Quality and procedure of execution of certain works;
  + Quality and existence of certificates for materials that are being installed;
  + Performed quality control of works that cannot be controlled at later stages

(excavation of foundations, formwork, reinforcement, etc.);

* + Performed examinations and geodetic tests if any;
  + Compliance with the adopted time schedule;
  + Changes made in technical documentation and additional explanations of the Designer;
  + Remarks and observations entered in the construction logbook by authorized persons;
  + Photo documentation of the realization of the Project;
  + other remarks and observations.

Any change in the technical documentation and/or scope of work, extension of the deadline has to be communicated in writing and approved in agreement of Supervision and PIMO engineer. Supervisor must consult PIMO engineer before providing Contractor consent for variations in works and extension of the deadline, all in line with stipulations of contract signed between municipalities and Contractors (see Annex 5). Only undisputed works with prior approval of the PIMO will be paid.

PIMO engineers visit construction sites regularly, at least once a month, to verify works that have been done. Comments and observations are communicated directly to the supervisor and constructor. If serious discrepancies from the technical design and insufficient quality of works are noticed, PIMO engineer in the agreement with Supervision contracted by municipality may suspend works and order its improvement and correction at the expense of the contractor.

All Interim and Final Invoices by the Contractor must obtain written consent by PIMO chief engineer and signed by PIMO Director before payment.

## 5.8 Acceptance and Energy Certificates

At the end of the reconstruction works constructor informs Investor and PIMO that it is ready for handover. Commission for Handover and Final Billing is appointed by the mayor of the municipality for evaluation of quality, quantity and warranties, and acceptance of the completed works. It is comprised from the representatives of the Investor, Contractor, PIMO representative and Supervisors.

Positive report of the Commission is prerequisite for issuing of the Final Invoice. If any defect in quality of the works is noted, investor and PIMO may give additional time to the contractor for the correction.

As it is stated in the MoU between Municipality and PIMO (Annex 2) when handing over the works, municipality will obtain energy certificate for the subject facility. It is obliged to, previously, sign a contract with the authorized legal entity possessing the license for issuance of energy passport, and all in line with the Rulebook on conditions, content and manner of issuance of the certificate on energy performance of buildings (“Official Gazette of the RS”, no. 69/2012), as well as in line with the Law on Planning and Construction (“Official Gazette of the RS”, no. 72/2009, 81/2009 - correction, 64/2010 – CC Decision, 24/2011, 121/2012, 42/2013 – CC Decision, 50/2013 – CC Decision, 98/2013 – CC Decision, 132/2014 and 145/2014). Energy certificates must be submitted to the KUJU Coordinator and submitted into the Central Register of Energy Passports (CREP - [www.crep.gov.rs](http://www.crep.gov.rs)), maintained by MCTI. In addition, municipalities are also obliged to report on achieved energy savings in accordance with the Rulebook on the way and terms of submitting data necessary for monitoring of Action Plan for Energy Efficiency in the Republic of Serbia implementation and on methodology for monitoring (“Official Gazette of the RS”, no. 37/15), verification and evaluation of its implementation, to hand it over to PIMO Coordinator who is tasked to submit report to the MME.

After the completed works, the energy audit of the building is carried out and the building is classified in a certain class which is an indicator of the energy properties of the building. This is expressed through the relative value of the annual energy consumption for heating and represents the percentage of the specific annual heat demand for the heating and the maximum heat consumption allowed.

The energy certificate is issued by a legal entity that fulfills the prescribed requirements defined by the Law on Planning and Construction and the Rules that define this area and which has two persons employed with completed training in EE of the Serbian Chamber of Engineers.

According to the Rulebook on Conditions, Content and Method of Issuing Certificates on the Energy Properties of Buildings, all public buildings that are in the Program must be certified except buildings that are under a certain protection regime, in which the fulfillment of the EE requirement would be contrary to the conditions of protection.

Buildings are classified into eight energy classes according to the energy scale from "A +" to "G", with "A +" indicating the most energy-efficient, and "G" the most energy-inefficient class. According to the Rulebook the energy class for the existing buildings, after performing works on reconstruction, upgrading, renovation, adaptation, rehabilitation and energy rehabilitation, must be improved for at least one class, but this Program sets criteria a bit higher demanding energy class C, or at least two classes higher.

For existing buildings intended for education and culture, the C class corresponds to consumption of less than 75kWh/m2a, while for existing buildings intended for health and social protection the maximum consumption is 120kWh/m2a.

PIMO will also take measures to ensure proper operations and maintenance of the building and equipment installed under the Program. The latter may be done by including provisions in the works contract for specific trainings of the operator on O&M best practices, allowances for municipalities (at their cost) to include extended warrantees and/or long-term maintenance contracts and other measures.

# VI. MONITORING, REPORTING AND EVALUATION

## 6.1 Principles

At the central level, PIMO performs monitoring of all Program activities. PIMO keeps record on the number of received and approved applications and maintains a register of the received and eligible applications, signed contracts, and amounts committed and disbursed under the Program.

Energy performance certificates issued under the Program are collected by municipalities and shared with PIMO and registered in accordance with applicable legislation. Reports on energy savings must be submitted in the form prescribed by the regulation to the PIMO and then to the MME when handing over the works, 2 months after competition of each project the latest. PIMO is also obliged under the Program to submit interim and annual progress reports to the government for approval and to the PSC for pre-approval when related to PforR Program. Two progress reports of the WG have been adopted by the GoS so far. First one reporting on the first Call for Proposals and with proposed list of 234 building, and the second one for second Call for Proposals and new proposed list of buildings (253) and addressing progress made for the works done on 234 buildings from the first Call for Proposals.

The agreed results framework of the PforR Program is included in the next section. In addition to the two main indicators of projected lifetime energy savings and number of commissioned buildings meeting Class C, several intermediate indicators are proposed, including reductions in associated CO2, number of program beneficiaries disaggregated by gender, number of completed and approved technical designs and bidding documents, the development and adoption of a medium-term public building renovation strategy and program satisfaction. PIMO may add additional indicators subject to PSC approval.

It was also agreed that PIMO will develop and administer an annual satisfaction and social survey to collect such data after the buildings have been renovated, as well as the possibility of enhanced process evaluation efforts, to document reasons for low satisfaction (if any), technical issues related to design and renovation works, commissioning, etc. so the processes and capacities can be improved over time. This is particularly relevant since the Program seeks to promote smaller construction firms whose capacities may be low.

Lessons learned from early investments, technical challenges, and work order variations, etc. should be properly documented by the PIMO so they can be shared with municipalities, technical consultants and firms to avoid their replication. PIMO will also provide periodic training to municipalities on Program requirements and procedures, share standard documents and technical requirements, lessons learned best practices, etc.

## 6.2 Results Framework and Program Indicators

### 6.2.1 Key Indicators for Monitoring and Evaluation of Results

The PIMO will be responsible for results monitoring and evaluation (M&E) activities, including the submission of semi-annual implementation progress reports to the PSC for pre-approval for PforR and then to the GoS and other Program financiers. A systematic information management system for M&E will be developed by the PIMO, based on the result indicators defined below, and some additional indicators that help to track progress on different aspects of the Program implementation.

The M&E will include energy savings calculated in accordance with Serbian regulation for each project. The detailed list of indicators includes:

**Table 2 Result indicators included in the online information system**

|  |  |
| --- | --- |
| **Indicators for the Results Framework** | **Other indicators** |
| * Energy savings achieved (kWh) per year and over the lifetime of the investment; * Fuel savings achieved (MJ); * CO2 reductions (tons); * Gender-disaggregated numbers of the Program beneficiaries; * Satisfaction levels by the Program beneficiaries; * Number of buildings with Class C energy certification (or two classes higher); * Number of subprojects commissioned and acceptance certificates; * % of energy savings in comparation to the energy consumption before the project | * Program pipeline (e.g. list of buildings approved by GoS, number of EE Elaborations and technical designs completed, etc.); * Energy cost savings (EUR) per building and on aggregate basis; * Improvement in indoor temperatures; * Increase in awareness during the Program implementation period; * Committed investments and disbursed amounts; * Specific investment per m2 of heated area for EE measures and per m2 of gross area for the whole works completed * Average payback periods of implemented EE measures and whole works; * Number of trainings organized and people attended the training (list of participants in records); * Number and type of communication activities conducted; * Co-financing by the Program beneficiaries and/or other financing partners, as applicable; |

**Table 3: Result indicators defined in the PforR**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Results Indicators** | **Unit of Measure** | **Frequency** | **Data Source/ Methodology** | **Responsibility for Data Collection** |
|
| Projected lifetime energy savings (in renovated public buildings) | MWh | Semi-annually | Pre- and post-renovation energy performance certificates | PIMO |
| Renovated buildings that meet Class C (or 2 classes higher) energy performance certificate with final acceptance report | No. | Semi-annually | Acceptance reports, energy performance certificates | PIMO |
| Reductions of associated CO2 emissions from energy saved in renovated buildings | Tonnes of CO2 | Semi-annually | EE elaboration reports | PIMO |
| Estimated direct project beneficiaries, of which female[[6]](#footnote-7) | No. | Annually | Annual social and satisfaction survey | PIMO |
| Completed and approved bidding documents, including technical designs and site-specific or generic EMP and WMPs | No. | Semi-annually | Municipalities | PIMO |
| Stakeholder satisfaction with program and reporting of positive socioeconomic benefits | % | Annually | Annual social and satisfaction survey | PIMO |

Data collected in the online information system to be developed by PIMO by the end of the 2018, will be primary resource for semi and annual progress reports prepared by main PIMO Coordinator with relevant sectors. PIMO Coordinators will be responsible that all data on renovation are collected and included in the online system, making sure that municipalities provide EE Elaborations, technical designs and OPG forms which are primarily source of information on result indicators. Information from social surveys, trainings, grievance redress mechanism will be collected by PIMO and municipalities and will also be included in the developed information system.

### 6.2.2 Disbursement Linked Indicators (DLIs)

For the purposes of the €40 million World Bank loan, disbursements will be made on the basis of achieved and verified DLIs, following the World Bank review based on the verification protocols and the Bank’s determination on disbursement levels. Table 3 below provides the list of DLIs, the disbursement amounts for each of the DLIs and the protocols for their verification.

DLI verification is an additional requirement for the World bank loan and vital for linking payments to results. Two of the DLIs (adoption of the Program Operations Manual by the PSC and development and adoption of the medium-term national plan for the renovation of public buildings by the GoS) deal with specific decisions that the government would take and be obliged to formally report, which will be verified by an independent auditor. Similarly, the other two DLIs, operationalization of a consolidated M&E system and number of renovated buildings meeting Class C (which have to be registered with MCTI in any case) and received acceptance reports, would be verified by an independent auditor; the latter includes review of relevant documentation for each facility as well as site-visits on a sample basis (at least 10% of the facilities verified in the field).

## 6.3 Methodologies for Data Collection and Analysis

Set of data shall be gathered after completion of following activities:

- EE Elaborations: name of municipality, name of facility, name of sector facility is coming from, number of users, heated and gross area, specific energy demand before and after measures, energy class before and after measures, payback period of EE measures.

- Technical designs: estimated investment, share of EE measures in total investment, unit prices of key works, payback period of total investment.

- Contract for construction works: name of contractor, contract price, advance payment, contracted completion period.

- Handover and final account acceptance certificate: date of acceptance certificate, final price, final completion period, final certification of energy class and energy demand OPG forms for calculation of energy savings (in accordance with regulation).

- Usage permit: testing and commissioning certificates, report on EE elaboration, fire protection approval.

- Final acceptance certificate at guarantee period expiration date: actual annual fuel energy consumption measured at heat meter, actual fuel energy price.

Municipalities will be responsible for collection of data which will be send to PIMO Coordinators and made available to PIMO for further analysis. Lessons learned from early investments, technical challenges, work order variations, will be properly documented and will be shared with municipalities, technical consultants and firms to avoid their replication on themed trainings organized by PIMO.

## 6.4 Summary of M&E System

Purpose of M&E system is to establish reliable database which serves to track results and impact achieved under the Program, verify DLIs for the purpose of the World Bank PfR, and monitor progress of other indicators of the Program for evaluation purposes.

## 6.5 Annual Social Survey Administration

PIMO will develop and administer an annual satisfaction and social survey to collect data both before and after the buildings have been renovated, to document reasons for low satisfaction (if any), technical issues related to design and renovation works, commissioning, etc. so the processes and capacities can be improved over time. For the sub-projects starting in 2018 or before, only satisfaction survey after renovation will be conducted.

Monitoring and Evaluation of the social impacts of EE improvements in public buildings should be carried out among:

* Users of services provided in facilities encompassed by the program
* Managers and employees working in facilities encompassed by the program including personnel in charge for maintenance of technical systems in the selected sites.
* Relevant representatives of public administration on local level including municipal authorities staff in charge for finance and energy. This part will be done at least once year after renovation so that economic impact can be properly measured, e.g. in terms of energy cost savings achieved.

Throughquantitative approach, PIMO would:

* Assess perception of indoor comfort and track changes of the perception of indoor comfort
* Measure level of end users’ satisfaction and track changes in the level of end users’ satisfaction
* Measure level of EE awareness and track changes in the level of EE awareness

Questionnaire (Annex 4) that would be used as instrument in this research segment would include up to 50 closed, open and scale questions. By using same wide range questionnaire, for both, baseline and improvement information, it would be possible to track changes in users’ satisfaction. Questions would be formulated in a way to allow the understanding not only of peoples’ attitudes toward EE related issues (how they feel), but also the factors of those attitudes (why they feel that way).

To cover widest range of beneficiaries following sample will be used:

* For Healthcare Centers and Schools with more than 100 beneficiaries – between 50 and 100 respondents
* For village ambulances, smaller schools and social welfare institutions – at least 30 respondents

## 6.6 Program Evaluation

Semi-annual and annual progress reports will be prepared by main PIMO Coordinator with relevant sectors. PIMO Coordinators will be responsible that all data on renovation are collected and included in the online system. These reports will be the basis for the evaluation of the Program and will be submitted to the PSC for pre-approval if it concerns status of the works on the 234 buildings included in the PforR Program, government for approval and to the WG for information. Those progress reports will contain substantial set of data in order to enable comprehensive and systematic evaluation process. Evaluation matrix in the online information system has to capture agreed set of Program indicators (e.g., energy and CO2 savings, number and area of buildings renovated, number of beneficiaries, number of renovated buildings in each energy performance class, energy cost savings, % of energy savings etc.) along with social statistics (number of beneficiaries broken out by gender, municipality, income level, etc.), program data (€/m2 of investment, unit costs for key measures, number of bidders, etc.) and other program impacts and benefits (improved comfort levels, building lifecycle extension, enhanced safety, job creation).

By comparing achieved results with key indicators through the evaluation process it will be possible to document reasons for low performance (if any), technical issues related to design and renovation works, commissioning, etc. so the whole processes and capacities can be improved over time. This is particularly relevant since the Program seeks to promote smaller construction firms whose capacities and skills may be low in early stage of the Program. Lessons learned from early investments and evaluated accordingly, as respond to calls for proposals and bidding process, technical challenges, work order variations, etc. should be properly documented so they can be shared with municipalities, technical consultants and firms to avoid their replication. Based on timely evaluation the periodic training to municipalities and interested firms on Program requirements and procedures will be regularly provided, and standard documents and technical requirements, lessons learned, best practices, etc. will be shared over the stakeholders.

Part of evaluation process will be also social and satisfaction surveys performed annually across program beneficiaries to help better understand and document impact of the Program.

PIMO coordinator collects/ verifies data entry for buildings under his/her responsibility on the basis of information provided by municipalities and contained in relevant documents (e.g social survey results, EE elaborations, etc.). SCTM will support data collection, analysis and reporting. MME through already developed Energy Management System (EMS) and its implementation in municipalities will also assist with the data collection.

## 6.7 Reporting

Semi-annual and annual progress reports will be prepared by PIMO and verified by Independent Verification Agency. Reporting on achieved results and evaluated outcomes of the Program will be done in a tabular form and will compare the actual values of the indicators achieved with target values of the Program’s results and outcomes.

The reports will detail all key events triggered in the reporting period, highlight key challenges, and include data/information on calls for proposals (number of municipalities which applied, number of applications approved, reasons for rejection of applications if any, regional distribution, etc.), quality and completeness of technical documentation vis-à-vis PIMO requirements (inclusion of EE, fire protection, environmental and health & safety requirements, etc.), quality of bidding documents (if all key technical and environmental requirements and qualification criteria are included and reasons if not, completeness of bidding documents, etc.), status of current and completed bidding procedures (number of bidders, number of rejected bids and reasons for rejection, reasons for rebidding if any, value of the lowest bids compared to budgets assigned, etc.), issues with bid evaluation and contract awards (any complaints by the bidders, resolution of the complaints and debriefing process, etc.), status of the construction site works (percentage of works done per facility, final value of the commissioned works, variations to contract price, issuance of energy certificates, fire protection certificates and usage permits, etc.), financial issues (payment of interim and final payment certificates against work completion and handover certificates, etc.), and achieved energy savings and CO2 reduction compared to EE Elaboration values (data should be taken from EE Passports) and shown in OPG forms. In addition, the semi-annual reports will also include a summary of citizen complaints and grievances received, actions undertaken and improvements introduced as a results (see section 6.9 on Grievance Redress Mechanism).

Recommendations to future reporting period will be part of the reports with an aim to improve identified week sides of described Program activities in previous report.

Implementation of the EMP provisions, prescribed mitigation measures and results of environmental monitoring activities will be regularly reported in the semi-annual and annual progress reports. The input for the reports will be provided from the site supervising engineer, consultant supervising project implementation, municipality and Environmental Coordinator hired by the PIMO. The municipalities shall ensure that Program Administration Team (PAT) provide the PIMO with all environmental / social related information necessary to enable the PIMO to prepare Environmental Management Reports.

## 6.8 Training and Dissemination of Results

Training is an integral element of the Program’s capacity building objective and it is permanent activity of the PIMO, in both ways formal and informal. Trainings will comprise of an annual training program, thematic quarterly or semi-annual training and introductory meetings to share experiences with municipalities, contractors and auditors/designers. The trainings may be done in coordination with the Chamber of Engineers, MME, MCTI and others.

An annual one-day training for local self-government will be held following the open Call for Proposal, with an aim to clarify and explain general procedures for applying and to give guidance for preparation of ToRs for technical documentation. This will also be an opportunity to present progress made and lessons learned from construction sites and social and satisfactory surveys.

Periodical (quarterly or semi-annual training) will be held thematically based on the assessment made and lessons learned during the Program implementation (e.g. preparation of technical documentation for hospitals, EE elaborations, the best practices learned etc.).

Introduction meeting are held regularly for every subproject after the Contracts have been signed and before the commencement of works. The aim of these meeting is to once again familiarize all parties (PAT, supervisors, contractors) with all procedures for the implementation and expected results and timeframes.

Furthermore, PIMO Staff are tasked to provide all relevant information to interested parties in its daily communication with municipalities, designer and contractors.

## 6.9 Grievance Redress Mechanism

Draft Bidding documentation (Annex 5) and MoU between PIMO and Municipality (Annex 2) stipulate that the municipality has the obligation to post on its website and information board the data of contact person to whom citizens can file any complaints regarding the performance of works within the Program. Municipalities have to open a channel for addressing issues from the citizens / complains/ grievances and to be responsive.

Contact person should answer all these complaints within 48 hours. The municipality is further obliged to submit all appeals, together with the answers, to PIMO for the purpose of keeping the consolidated records.

PIMO will: (i) be summarizing and consolidating potential issues; (ii) include the summary in the progress reports as part of the social section (including results from the GRM and the social surveys); and (iii) use the findings to help improve proceduresand make program adjustments during implementation.

**Procurement complaints receiving and handling mechanisms:**

The Republic Commission for Protection of Rights in Public Procurement Procedures is responsible for administrative procurement complaints system. A complaint may be lodged against any phase of public procurement procedure, as well as against decisions on contract awards. Amongst other responsibilities, the RC: ”(i) requests for protection of rights and appeals filed against the conclusion of the contracting authority, (ii) monitors and controls implementation of its decisions, (iii) annuls public procurement contracts, and (iv) imposes fines on contracting authorities and conducts minor offense proceedings in the first instance.” The Commission issues decisions that are binding for all parties, without precluding subsequent access to an external higher authority. Further appeals can be made to the Administrative Court. The process for submission and resolution of complaints is clearly set out in the Public Procurement Law (PPL) by Articles 148-155 and 157 and is publicly available on the website of the RC. Fees charged in the procedures of complaints, as detailed in article 156 of the PPL, are believed to be reasonable and not to prohibit access by concerned parties.

**VII. PROCUREMENT ARRANGEMENTS**

## 7.1 Principles

The principal objective for procurement is an open and fair competition policy to all contractors providing works in order to achieve the highest quality with the minimal price.

The policy in procurement is as follows.

* use of funds only for intended purposes;
* economy and efficiency;
* advance notice to all parties;
* competitive selection;
* appropriate evaluation criteria;
* appropriate technical specifications/ terms of reference;
* open and transparent process;
* the highest standard of ethics – no fraud and corrupt practices.

**Principles of the works procurement are:**

* need for economy and efficiency;
* the highest technical standards commercially available on the market
* need to give all eligible bidders opportunity to compete;
* encourage development of local industries;
* importance of transparency.

***Applicability of Public Procurement Law***

The Public Procurement Law ((“Official Gazette of the Republic of Serbia” No. 124/12, 14/15 and 68/15), and the procedures set in that Law are exclusively applicable to the procurement done in this Program. List of applicable bylaws is as follows:

* Decision on determining the list of contracting authorities referred to in Article 2, paragraph 1, item 1) of the Law on Public Procurement ("Official Gazette of the RS", no. 97/15);
* Regulation of the case, the conditions, manner of planning centralized public procurement and implementation of public procurement by the Administration for Joint Services of Republic authority as a body for centralized public procurement ("Official Gazette of the RS", no. 93/15);
* Decision on establishing the List of contracting entities for whose benefit the Administration for common affairs of republic bodies implement centralized procurement ("Official Gazette of the RS", no. 12/15);
* Decree on the general procurement vocabulary ("Official Gazette of the RS", No. 56/14);
* Regulation on the procurement procedure in the field of defense and security ("Official Gazette of the RS", Nos. 82/14 and 41/15)
* Regulation on form of procurement plan and manner of publication of the procurement plan to the Public Procurement Portal ("Official Gazette of the RS", no. 83/15);
* Rules on compulsory elements of tender documentation in the public procurement procedures and the manner of proving the fulfillment of conditions ("Official Gazette of the RS", no. 86/15);
* Rules on the form and content of the request for the application of opinion regarding the basis of the negotiation process ("Official Gazette", Nos. 29/13 and 83/15);
* Rules on Civil Supervisor ("Official Gazette of RS", no. 29/13);
* Rulebook on the content of the report on public procurement and manner of keeping records on Public Procurement ("Official Gazette of RS", no. 29/13);
* Regulations on the content measure more closely the procurement procedure within the customer ("Official Gazette", no. 83/15);
* Rules on the contents of the decision on the implementation of the public procurement procedure by several contracting authorities ("Official Gazette of RS", no. 83/15);
* Rules on the program of professional training and professional exam for public procurement ("Official Gazette of RS", Nos. 77/14 and 83/15);
* Rules on the method of proving the fulfillment of conditions that offered goods of domestic origin ("Official Gazette of RS", No. 33/13);
* Rules on the content of the register of bidders and the documentation to be submitted with the application for registration of the seller ("RS Official Gazette", No. 75/13).

## 7.2 Procurement Procedures and Oversight

Works procured under this Program will mainly be construction works including mechanical, electrical, plumbing and sewage installations.

Procurement will be initiated and carried out by municipalities in writing and shall be monitored by the PIMO. The municipalities will be responsible for drafting TORs and selection of consultants and contractors, with assistance from the PIMO. Both the PIMO and the municipalities will participate in evaluation committees and contract negotiations. The municipalities will sign the contract with a signed consent of PIMO director and will be responsible for ensuring the contract is implemented.

### 7.2.1 Procurement Planning and Operations

Annually, or as needed throughout the implementation of the Program, the PIMO disbursement plans, as approved by the PSC, will be updated on an annual basis or as required. Procurement of works for the Program will be carried out in accordance with the approved disbursement plan and included in the Program Monitoring Reports subject to review of PSC.

Requests for procurement will be initiated by the Project Administrators in each PAT in the municipalities. These requests must be directed to the PIMO, which will check that the requests are consistent with budgets and disbursement plans. When this has been done and a request has been confirmed to be in conformity with budgets and plans, the request will be returned to the PAT for action.

Procurement operations generally include:

**Advertisements:**Public procurement notice are published on the Public Procurement Portal and on the contracting authority’s (municipality) website.

On its website PIMO share information on every open tender and links to the PP portal.

**Issuing Bidding documents:** In accordance with the Procurement Plan, the PIMO Procurement Specialist prepared model bidding documents containing all the information necessary for a bidder to prepare a bid, including the selection criteria for awarding the contract. The bidding documents will be filled by municipality procurement and technical officer and sent to PIMO for approval before it is published, which will in reasonable time give its consent or comments, maximum 3 working days

**Bid evaluation:** Evaluation will be carried out in accordance with PIMO guidelines and bidding document. The PIMO Coordinator with PAT members will facilitate the work of EC, making sure that all necessary documentation is in place. PIMO Procurement Specialist will be monitoring all bid evaluation teams in the Program. The Evaluation Committee will perform the evaluation of received bids and prepare the Evaluation report. The Evaluation report with proposal for contract awarding is to be signed by all the members of the Evaluation Committee and sent to PIMO for final approval by its Procurement specialist that will replay within 3 working days.

The bid with the lowest evaluated cost, but not necessarily with the lowest submitted price, shall be selected or award. After the evaluation of bids is over, a detailed report should be prepared on evaluation and comparison of bids setting forth the specific reasons on which the recommendation is based for the award of the contract. The report shall be sent to the PIMO for approval.

**Negotiations:**Negotiations in the procurement of the works is possible only in exceptional cases - when alternative to re-bidding, with the lowest evaluated bidder, and with the PIMO prior consent.

Complaints receiving and handling mechanisms

The Republic Commission for Protection of Rights in Public Procurement Procedures (RC) is responsible for administrative procurement complaints system. A complaint may be lodged against any phase of public procurement procedure, as well as against decisions on contract awards. Amongst other responsibilities, the RC on ”(i) requests for protection of rights and appeals filed against the conclusion of the contracting authority, (ii) monitors and controls implementation of its decisions, (iii) annuls public procurement contracts, and (iv) imposes fines on contracting authorities and conducts minor offense proceedings in the first instance.” The Commission issues decisions that are binding for all parties, without precluding subsequent access to an external higher authority. Further appeals can be made to the Administrative Court. The process for submission and resolution of complaints is clearly set out in the PPL by Articles 148-155 and 157 and is publicly available on the website of the RC. Fees charged in the procedures of complaints, as detailed in article 156 of the PPL, are believed to be reasonable and not to prohibit access by concerned parties. **Contract signing:**The Procurement officer from municipality willprepare the contract form in accordance with bidding documents and bid that was accepted. The Contract is to be signed by the person authorized by the municipality (e.g. usually major or chief of municipal administration) and cosigned by PIMO director.

**Contract implementation:**Once the contract is signed, ***Municipality will be responsible for contract implementation with periodic supervision of the*** ***PIMO*** Coordinator and Procurement Specialist who will follow up the contract performance including works delivery and all other contract terms.

### 7.2.2 Documents Clearance/Approval by the PIMO

When procurement documentation that requires PIMO clearance/approval is ready for sending to the PIMO, the following procedure must be applied:

1. The documentation is sent to the PIMO Coordinator for the Program. The signed copy is kept in the files of the PIMO Procurement Specialist.
2. The clarifications are given to comments/questions made by the PIMO as soon as possible.
3. The document is considered cleared only when the written No Objection from the PIMO Coordinator for the Program is received in the municipality in writing.
4. After award of contracts, should any material modifications or waiver of terms and conditions of a contract resulting in an increase or decrease above 10 percent of the original amount, the contract parties may agree to give up on their performance.
5. Written approval of PIMO is needed for any modification of contract not dependable on the percentage of the contract amount. For change of the contract value or duration, Annex of the Contract must be made.

Prior review of bidding documents, including review of evaluation, recommendation of award and contract would be conducted for all biddings.

All contracts are subject to the PIMO’s selective review. Periodic review will be undertaken by the PIMO during regular supervisions. Procurement documents, such as bidding documents, bids, bid evaluation reports and correspondence related to bids and contracts will be kept readily by the municipality available for PIMO’s during supervisions or at any other points in time.

### 7.2.3 Procurement steps

Biding is a competitive process among all interested eligible contractors and the selection is based on the lowest cost among the evaluated bids. The steps are:

1. Undertaking of environmental screening and preparing site-specific EMP and site-specific Waste Management Plan (WMP) for B2 Category Projects, or apply provisions of Generic EMP and WMPs for B3 Category Projects;
2. Conducting public consultations on EMP documents (B2 Category) or just a public disclosure of EMP documents (B3 Category);
3. Receive from PIMO “No objection” of EMP and WMP;
4. Preparation of Bidding Documents including technical specifications and site-specific or generic EMP and WMPs, depending on Project Category (B2 or B3);
5. Receive the PIMO “No Objection” on the Bidding Document;
6. Specific Procurement Notice (SPN) to be published by the municipality at website for public procurement, website of the municipality and PIMO website;
7. Issuing Bidding Documents to interested and eligible Bidders;
8. A deadline for the preparation of bids shall be given in accordance with Law on Public Procurement depending on the estimated value of the project. A date, time and place for the public opening of the bids should be indicated. This should be the same day and time as indicated for the deadline for bid submission;
9. Clarification of Bidding Documents; Responses to Bidder’s questions copied to each potential bidder;
10. Receiving bids until the dead line;
11. Opening the bids publicly immediately after the dead line, including preparation of Minutes to be send to the PIMO immediately;
12. Evaluation and comparison of bids using the standard form of evaluation report;
13. Preparation of Evaluation Report with the recommendation for award, sending it to the PIMO for “No Objection”;
14. Clarify the questions/comment made by the PIMO;
15. Receive the PIMO “No Objection” on Evaluation Report and recommendation for award;
16. Issue the Notice of Award to the successful Bidder;
17. Finalize Contract with the successful Bidder;
18. Obtain performance security and release bid security;
19. Inform unsuccessful bidders and release the bid security;
20. Submit copy of the final Contract to PIMO;
21. Receive and inspect works and process payment request by Contractor.

## 7.3 PIMO Staffing

The legal department is responsible for public procurement and legal issues associated with the Program. Four employees have undergone training for license and have received a Public Procurement Officer license by the end of November 2017. Along with them there is also one consultant who oversees the development of public procurement procedures and processes. Together, they review bidding documents prepared by the municipalities and assist municipalities in the bidding process. They are also responsible for preparing the model bidding documents and contracts for the construction works. Three additional employees prepare legal documents for government approval, such as the calls for proposals and final building lists.

## 7.4 Records Management/Filing

PIMO will maintain responsibility for all record management and maintenance for the Program. The key documentation will include:

* General Correspondence
* PIMO’s No Objection chronological file
* Procurement
* ***Works***
* GPN
* SPN and local advertisement
* firm responding to notice
* bids receipts/signatures
* received bids file
* bid opening minutes
* Evaluation Committee report
* notification of successful firm
* contract signed
* amendments if any
* payments guarantee if any
* contract deliverables receipts
* final hand receipt
* guarantee documentation

# VIII. FINANCIAL MANAGEMENT

## 8.1 Financial Management Arrangements

Most financial management functions for the energy efficiency part of the program will remain with PIMO, while capacity in certain areas in needed in municipalities as well. PIMO executes payments directly towards suppliers, thus relying on the central budget execution system with PIMO being a budget beneficiary. In this sense, PIMO financial statements will be used for monitoring Program expenditures. As a budget beneficiary, PIMO is preparing quarterly reports on budget execution and delivers those to the Treasury. Since municipalities are conducting procurement process and ensuring the quality of work of selected contractors, adequate systems of internal controls need to be in place in municipalities.

The Financial Supervision Unit (FSU) within PIMO has established a provisional program financial management system (FMS) acceptable to the World Bank, which will keep the accounts for the Program. The FSU is expected to have adequate financial management capacity to handle properly the tasks of: (i) disbursement and accounting required for implementation of the Program components; and (ii) proper monitoring mechanism to report accurately on the status of the expenditures for the Program as a whole, its various components and each expenditure category as represented in the Loan Agreement, by each funding source. Program records and accounting policies will be established and maintained in accordance with International Accounting Standards (IAS) as issued by the International Accounting Standard Committee (IASD).

## 8.2 Financial Management System

This POM defines and describes the Program accounting policies.It provides specific and detailed FMS guidelines and procedures to be followed during the implementation life of this Program.

The proceeds have to be used economically, efficiently, and only for the purpose for which the financing is provided as described in the Loan Agreement. The proper execution of this fiduciary responsibility is critical.

Therefore, FMS:

* requires the PIMO to ensure that financial management and accounting systems are adequate to generate timely and reliable financial information;
* requires and reviews periodic financial reports relevant to each operation;

The basic principles are designed to ensure that the accounting records *are complete, relevant,* and *reliable*, and that the accounting practices are followed consistently from one period to another, so that financial reporting is *comparable.* These terms are defined as follows:

* *Complete*: all appropriate transactions have been recorded in accordance with the accounting procedures manual;
* *Relevant:* accounting information is relevant when accounting transactions are recorded and reported in a timely fashion; all accounts should be updated and reconciled on a monthly basis and reports should be issued no less frequently than each quarter. Financial information provided by the accounting system influences the decisions of users by helping them evaluate past, present, or future events or correcting their past evaluations. For example, disclosures of variances between planned and actual expenditures in financial reporting;
* *Reliable:* information is reliable when it is free from material error; when it is neutral: that is, it is free from bias; and it can be depended upon to represent faithfully that which it either purports to represent or could reasonably be expected to represent;
* *Comparable:* users must be able to compare the financial statements of the Program over time in order to identify trends in its financial position and performance. Hence, the measurement and display of the financial effects of like transactions must be consistent over time.

The PIMO will ensure the FMS to be capable of providing the government with program progress and financial information on timely basis and in the agreed format, including contract and other procurement information, project progress information, indicators of inputs/ outputs with explanation of variances. The program management reporting thus integrates into the single format essential information related to program management; procurement, disbursement and accounting with program progress towards attaining its objectives.

The PIMO will maintain a financial management system which will include:

**Adequate PIMO organization scheme:** to be approved by PIMO Project Coordinator in order to define functional and personal responsibilities and provide program progress.

**A proper accounting system:** Adequate capacity of the accounting system is in place to track and report actual Program expenditures against a comprehensive budget classification system. Budget control and monitoring are managed by the Treasury of the MoF through a centralized transaction processing system and captured in the Treasury Main Ledger (TML). The TML, running on the SAP platform, captures all revenue and expenditure transactions with relevant coding structures, which follow the organizational, functional, Program, three-digit economic, six-digit economic, and source-of-funds classification. The accounting arrangements facilitate detailed analysis, as necessary.

PIMO will maintain additional accounting records and auxiliary ledgers, which they reconcile with the TML in the course of preparation of their budget execution reports and those will present program expenditures with sufficient level of transparency and detail. For that purpose, program accounting will be maintained by the PIMO separately from any other existing accounts. The main accounting system outputs are:

* accurate and timely information regarding the program resources and expenditures;
* cash accounting system providing the complete information of project sources and funds;
* fixed assets accounting and reporting;
* financial management reports;

**Internal control system:**Key internal controls are instituted and applied within PIMO. Those include:

* appropriate authorizations and approvals of all purchases, relevant documentation, transactions of payments, and so on;
* segregation of duties as different persons are responsible for different phases of a transaction;
* original documentation to support all project transactions.

In addition to the above, the TA exercises the following controls for execution of the budget:

* No payments are processed if they exceed annual budget appropriations (hard control in the FMIS).
* No payments are processed if they exceed monthly payment quotas (hard control in the FMIS).
* Only authorized personnel of users of public funds can access the FMIS.
* Only authorized signatories approve requests for payment.
* Appropriate supporting documentation for payments is needed.

**Financial monitoring reports:** to be regularly provided in accordance with requirements, as well as the reports requested by the Government of Republic of Serbia. Quarterly budget execution reports, with detailed analytical sheets concerning Program, which PIMO prepares under local legislation will be delivered to the Bank and used to monitor program expenditures.

**Auditing and monitoring of project activities:**The State Audit Institution performs annual audit of the central government final account in which program expenditures related to energy efficiency make an integral part. State Audit Institution due to capacity constraints does not audit all entities in its scope mandated by the law each year, but rather applies risk assessment principle in determining its annual audit plan. Nevertheless, central government’s final account (annual financial statements) are audited annually. The financial statements include expenditures related to the energy part of the program and the Bank will rely on this audit. It will be discussed with the State Audit Institution that Program expenditures is included in the audit report.

The World Bank’s Guidelines on Preventing and Combating Fraud and Corruption in PforR Financing will apply to the Program. If required, the Bank will have access to any information related to contracts under the Program (including those held by third parties/contractors) and the Bank will jointly with the government conduct a review to determine the existence or fraud and corruption within the Program.

**Payments**: For the Program for rebuilding and enhancement of building of public purposes in public ownership in areas of education, health and social protection (which part is energy efficiency), the PIMO plans to pay directly suppliers providing works on the buildings. These funds will not be budgeted nor recorded by municipalities. The contracts holders will be responsible for recording transactions and calculation the increased values of buildings. The Program will not have any written procedures for approval and payments. The PIMO will use existing processes and procedures for approvals and payments

## 8.3 Organizational Structure and Accounting Policy Considerations

The PIMO is responsible for coordinating and monitoring the overall implementation of the Program, for day-to-day work related to monitoring Program implementation and assisting with procurement, disbursement, auditing, reporting, monitoring and evaluation and for coordinating and managing the implementation of the relevant activities described under the Program.

This POM forms an integral part of the management and control system.

Program financial management and the Program’s accounting system are centralized at the PIMO. All accounting-related information generated at a local operational level is transferred to the PIMO.

The PIMO will provide the financial information for monitoring the program’s progress toward its agreed objectives. The PIMO will maintain adequate financial management system, financial operations, accounting system, financial reporting and auditing to provide reliable and timely information regarding project resources and expenditures.

The PIMO will have the following financial functions:

* prepare budgets, plans and controls of all financial, logistic, administrative and personnel operations, such as: payments, purchases and registration of all materials and capital assets;
* correspondence with other organizations;
* process and keep all management documentation.

## 8.4 Accounting Procedures

The PIMO Financial Specialist will record, classify, report and interpret project financial data. In order to keep necessary financial records and prepare financial statements, the Financial Specialist will follow the accounting cycle, a six-step process including:

* Analysis of transactions from source documents into an appropriate number of debits and credits to be entered into accounting records;
* Journal/ledger of transactions, i.e., recording transactions in a journal for later posting to the general ledger;
* Posting general ledger at the end of each month of operations
* Adjusting general ledger at the end of each quarter
* Closing and balancing ledger at the month end and year end;
* Preparing financial statements in adequate format.

# IX. ENVIRONMENTAL MANAGEMENT

## 9.1 Summary of Environmental Considerations under the Program

Program-for-Results (PforR) triggered relevant World Bank safeguards policies and required preparation of Environmental and Social Systems Assessment (ESSA). The ESSA evaluated the compatibility of the Program’s systems with the core principles on three basic levels: (a) the systems as defined by laws, regulations, and procedures; (b) the institutional capacity of implementation entities under the program to effectively implement the system; and (c) stakeholder relations conducive to program success and/or representing potential areas of concern that require specific actions in order to ensure their neutral or positive contribution to Program outcomes.

The review of existing documents concluded that the reconstruction proposed under this project would not trigger a full Environmental Impact Assessment under the Serbian laws neither under World Bank policies. The type of expected environmental impacts of concern are localized in nature and more adequately addressed through environment permits and good reconstruction practice or, in the case of World Bank policies, simply just through implementation of site-specific environmental management plans (EMPs).

The environmental issues to be addressed include ensuring that sites are safe and suitable for state-owned public facility reconstruction, proper waste management and disposal of reconstruction debris (including asbestos), proper waste water treatment, laboratory operation safety plans where applicable, dust and noise control, sensitivity of designs to cultural settings, and cultural heritage/chance finds procedures.

The non-compliances identified for improvement under the Program include: (i) waste management practices, (ii) use of natural resources, and (iii) environmental and EE monitoring system.

The Program will have significant direct and indirect environmental benefits, such as: (i) a reduction of greenhouse gas emissions, CO2 in particular, which can contribute to slowing down climate change globally; (ii) improvement of ambient air quality of the municipalities affected by Program implementation; and (iii) reduction of the amount of waste generated as a result of combustion of solid and liquid fuels.

**9.2 Roles and Responsibilities**

Environmental aspects of the Program are regulated through two separate processes – environmental permitting and implementation of specific environmentally-related regulation. Any potential environmental risks are addressed and regulated by spatial and specific construction/technical legal acts as well as general environmental regulations and specific field-related acts.

Processes of rehabilitation of the infrastructure that is subject of the Program, beside technical requirements standards and norms, are regulated by the requirements of the Law on Planning and Construction that, among others, regulates the conditions and manner of spatial planning, use of construction land and building of facilities; monitoring and inspection.

The institutions involved in application of relevant environmental legislation to Program activities, in addition to PIMO and local self-government bodies at municipal level, are the Ministry of Agriculture, Forestry and Water Management, the Ministry for Environmental Protection, Republic Directorate for Water, Serbian Environmental Protection Agency, the Ministry of Mining and Energy, the Ministry of Construction, Transport and Infrastructure and the Ministry of Public Administration and Local Self-Government.

In accordance with ESSA findings, the identified measures/actions for improvement for PIMO and local-self-governments include – (i) employment of an environmental manager for the Program-related works; (ii) development of the internal environmental management and monitoring procedures within PIMO, applicable to Program-funded activities; (iii) executing environmental-risks related training to PIMO staff, supervising engineers and environmental manager to enable efficient and effective environmental supervision and compliance; (iv) preparing internal guidelines for the environmental management and monitoring of Program-related activities/projects - tailored for the needs of the environmental manager, site and supervising engineers; (v) preparing a standard environmental management and monitoring guidelines for contractors; (vi) preparing a standard/generic waste management plan for the contractors related to Program-funded activities; (vii) adopting a rule that written approval of the environmental compliance report is obligatory precondition for the execution of the final payment of contractors.

**9.3 PIMO Staffing**

PIMO will engage an environmental consultant to serve as Environmental Coordinator in technical department. He/she will be dealing with environmental management aspects of PIMO sub-projects. Environmental Coordinator will coordinate the overall environmental management process, share information and educate other PIMO chief engineers. The PIMO technical department will be responsible of implementation of environmental aspects of the Program through site observations, including design documentation verification of environmental conditions according to existing national legislation and requirements of ESSA and report to PIMO Environmental Coordinator on fulfilling the relevant tasks and measures.

**9.4 Summary of Environmental and Social System Assessment and Checklists**

**9.4.1 Summary of ESSA**

An Environmental and Social Systems Assessment (ESSA) has been prepared for the Enhancing Infrastructure Efficiency and Sustainability Program financed by World Bank under a PforR in the Republic of Serbia.

The ESSA was developed in the period from June 1 to August 15, 2017 and public consultation process was held from September 14 to 21, 2017.

**Environmental Systems Assessment**

Overall assessment of the Program’s contribution and impact is a positive one. The Program will contribute to a number of environmentally significant areas and processes: Program will directly contribute to reduction of CO2 emissions from heating and electricity production through cut in the energy demand and increase of EE. Indirectly, the Program will create long-term benefits by implementing the suggested measures, such as: improving environmental management and monitoring in state institutions, exercising control on origin and sustainable use of mineral natural resources, increasing quantities of recycled construction waste and creating a good practice example for waste management and monitoring for the public and private sector. While it was assessed that regulation, policies and procedures are in place on all levels and the expertise and know how are available in the country, their implementation is not uniform, is partial and inconsistent, which makes monitoring and supervision activities a key area for improvements. The level of inter-agency coordination between the competent authorities at national level in the domain of environment is satisfactory, concerning processes of planning the activities under the Program, development and coordination of technical designs. The ESSA concluded that there is deficient inter-agency communication at local level regarding the management of environmental aspects, which poses substantial risk for mitigation of related potential negative impacts.

Adverse environmental impacts of the Program are in most cases short term, typical, predictable and easy to mitigate. However, in few cases, if not monitored and adequately mitigated, these impacts can be substantial. The ESSA concluded that there are no major gaps between the principles of Serbian environmental and social management systems and the PforR core principles and that with the applied recommended risk mitigation measures as specified in the Program Action Plan, the system will be capable of addressing the environmental issues that may occur as a result of Program activities.

**Conclusion**

It may be concluded that the Enhancing Infrastructure Efficiency and Sustainability Program will result in long-term positive environmental and social impacts, the main of which are increase of the EE of buildings and reduction of CO2 emissions, increased number of buildings with improved fire safety standards, improved access to persons with disabilities – all resulting in better services’ provision in target communities.

Negative environmental impacts will be predominately short in duration and in most cases can be mitigated to low impact. They will last only during the construction/rehabilitation period.

**9.4.2 Environmental Management, Monitoring Procedures and Checklists**

The Environmental and Social System Assessment (ESSA) identified the range of required environmental management measures that need to be taken during the planning, design, rehabilitation and operation phases of Program, in order to ensure compliance with the national and WB requirements.

ESSA provided general policies, guidelines, codes of practice and procedures to be integrated into the implementation of the Project. ESSA defined the steps, processes, and procedures for screening, alternative analysis, assessment, monitoring and management of the environmentally-related issues. In addition, ESSA presented overview of environmental policies and legal framework of Serbia and WB safeguard policies; included institutional and capacity assessment related to environmental management; and described the principles, objectives and approach to be followed while designing the site-specific environmental mitigation measures. The ESSA is intended to be used as a practical tool during program formulation, design, implementation, and monitoring of Program related activities.

The civil works are of limited in scope therefore, the impacts are temporary, easily foreseen and mitigated. The environmental impacts during reconstruction or installation phase are related to the typical building construction, such as air pollution, waste generation, noise, soil and water pollution and potential safety hazards. According to Serbian Laws, for the construction of proposed type of facilities, the Environmental Impact Assessment (EIA) is not necessary, which indicates that the impacts on the environment by this type of projects are limited.

Possible environmental issues can be clearly separated in two categories, one related to construction and other related to operation. The main environmental issues that derive from the actions during construction / reconstruction include:

• dust and noise due to the demolition and construction

• disposal of construction waste

• health and safety of workers and general population (building users and neighbors)

while the issues related to operation are related to:

• risks associated with handling wastes during operation and

• maintaining alternative power supply.

All these risks can be effectively dealt with and recognized through EMP document during the design phase. In this project, implementation of mitigation measures can be advised at the stages of: design, construction/reconstruction and operation. These measures should be feasible and cost-effective aiming at eliminating, offsetting and reducing adverse environmental impacts. The measure should not only deal with recognized risks but should as well be used as guidance to make facilities more environmentally friendly and sustainable.

A **Generic Environmental mitigation and environmental monitoring plans (GEMP)** is included in this POM document as Annex 8 (Generic Environmental Management Plan and Monitoring procedures – Checklists). Checklists consist of following components: Part 1 – Institutional and administrative part of implementation; Part 2 - Environmental /Social screening; and Part 3 – Mitigation plan and Part 4 – Monitoring of mitigation measures during preparation, implementation and supervision of activities.

**9.4.3 Waste Management**

Waste management performance in Serbia is based on the Law on Waste Management (OG 36/09) that sets forth types of waste and its classification, waste management planning, stakeholders, obligations and liability regarding waste management, specific waste streams management, requirements and procedures for the issuance of permits, transboundary waste movement, reporting, waste management financing, supervision and other relevant aspects of waste management.

A **Generic Waste Management Plan** (GWMP) for this Program and its sub-components is enclosed as Annex 7 of this POM document. However, complete procedure of required waste management on this Program consist several steps. First step is description of works and their connection with material category (Annex 7.1) for subject public facility. The step need to include also summary by material category with description and quantities. Method of treatment for construction and demolition waste should be given in subject document which needs to specify all doubts of existing dangerous waste and to give instructions for further checks and analysis. It is also necessary to present working procedures, storage and site disposal of construction and demolition waste.

Second step in procedure is development of a site-specific “Environmental Management Plans” (EMP) in accordance with valid Serbian legislative. EMP need to contain list of waste with index number according to the Catalogue of waste, unit of measure, quantity and description according Table 1. This List does not include category 3 according Annex 7.1. EMP need to elaborate also the management procedure with standard construction and demolition waste on site, in terms of decreasing on environmental impacts, and necessity of material sorting and storing during site works, which will result with increase in quantities of potential raw materials for recycling.

PIMO as integral part of ESSA gives instruction for development of mentioned Plans in sense of material classification (Annex 7.1), type of waste according EU classification taken from the Commission Decision on the European List of Waste (Annex 7.2) and good practice examples with review of material separation importance (Annex 7.3 - Guidelines for improvement of environmental protection during the rehabilitation works on public facilities).

Except site-specific or generic EMP and WMPs, Bidding documentation for all works will contain obligatory Statement of acceptance of the Environmental Mitigation and Monitoring Plan, signed by Contractor. (Annex 7.4 and part of Bidding Documents)

After Contract signing, the Municipality as investor requires the Site registration to Official Authorities and signed Contractor's Statement of compatibility between conditions found on site and EMP (Annex 8.1).

In course of Commencement of the Works monitoring measures are continuously taken of the conditions and working procedures with materials defined by Waste Management Plan(s) and Contractor’s Statement of Acceptance of Environmental Mitigation Plan and Monitoring Plan (Annex 7.4). During works on construction sites all material or dangerous waste is handed over to Investor or to the Authorities licenced for hazardous waste management.

In course of commissioning of Works, during site handover the Contractor deliver his site-specific Waste Management Plan with all records, confirmations and photographs taken in accordance with the Contract and relevant Monitoring Plan for waste management.

PIMO implements regular site supervision and EMP monitoring on construction site. PIMO gives instruction to all parties about implementation of works according valid legislation and in order to mitigate environmental issues.

**9.4.4 List of relevant legislation:**

1. Law on Environmental Protection, Official Gazette of the Republic of Serbia No. 135/04;
2. Law on Planning and Construction, Official Gazette of RS, no: 72/2009, 81/2009, 64/2010 – decision of Constitutional Court, 24/2011, 121/2012, 42/2013 - decision of Constitutional Court, 50/2013 - decision of Constitutional Court, 98/2013 - decision of Constitutional Court, 132/2014 and 145/2014.
3. Law on Waste Management, Official Gazette of the Republic of Serbia No. 36/09, No. 88/10 and 14/16;
4. Law on Safety and Health at Work, Official Gazette of the Republic of Serbia No. 101/05 and No. 91/15;
5. Bylaw on Individual Safety Items at Work and Individual Safety Equipment, Official Gazette No. 100/11;
6. Bylaw on Inspection and Testing Procedures with Working Environment, Dangerous Substances, Working Tools, Installations and Items and Equipment for Individual Safety.
7. Law on Environmental Impact Assessment - Official Gazette of RS, no. 135/04, 36/09, 36/09 – different law, Energy Law – Official Gazette of RS no.145/2014
8. Law on Waste Management - Official Gazette of RS no.46/2013
9. Law on Air protection - Official Gazette of RS no.36/2009
10. Law on Waters - Official Gazette of RS no.30/2010, 93/2012, 101/2016.
11. Law on Chemicals - Official Gazette of RS, no.36/2009, 88/2010,92/2010,92/2011,93/2012 and 25/2015.
12. Law on Protection from Environmental Noise - Official Gazette of RS, no.36/2009,88/2010.
13. Rulebook on the content and manner of conducting professional supervision, Official Gazette of RS, no: 7/2010.
14. Rulebook on contents, manner and procedure of preparation and manner of control of technical documentation according to the class and purpose of facilities, Official Gazette of RS, no: 23/2015, 77/2015, 58/2016, 96/2016 and 67/2017.

**9.5 Environmental Monitoring**

The environmental and social systems assessment provides a reference that is used to monitor environmental and social systems performance during Program implementation, and identifies actions, as needed, to enhance the systems during Program preparation and implementation (the latter are included in the Program’s Action plan). The environmental and social risks, and proposed mitigation measures, as appropriate, are inputs to the integrated risk assessment. The assessment includes a review of the arrangements by which Program activities that affect communities will be disclosed, consulted upon, and subject to a grievance redress process. Measures to address consultation, disclosure and grievance should be appropriate to the activities to be supported under the Program.

Monitoring of implemented measures of environmental impact and waste management starts with development of the Mitigation plan, which need to be delivered during Site registration.

After commencement of Works, Contractor signs Statement of compatibility between conditions found on site and EMP (**Annex 8.1**). In case that there is difference noticed, it is necessary to change or extend the list of materials and form a new Statement which is signed by Contractor, Site Supervisor, Investor and Designer.

If during site works dangerous waste is found which is not identified in previous documents, it is necessary without delay to inform Site supervisor, Investor and Official authorities (authorized Inspector) and act in accordance with valid state legislative for that matter.

Regular construction and demolition waste is being transported to the previously defined landfill for site material waste. Material for re-use and recycling is delivered to Investor or User, building Beneficiary. Dangerous waste is handover to Authorities approved for dangerous waste management.

In course of commissioning of Works, after handover is being done, the record is formed of the material handover with photographs attached (**Annex 8.2 and 8.3**), the record is signed by all parties. Record of material for re-use and recycling is signed by Contractor, Site supervisor and Investor, while the record of dangerous waste is signed by all above mentioned parties and Official Inspector service for environmental protection and authorities approved for dangerous waste management.

Site supervisor obligation is to monitor implementation of EMP and send PIMO observed state with regular weekly reports. Site supervisor fulfil checklist in accordance with EMP (**Annex 8.4 – Summary list of observed materials)**.

After commissioning of works, during site handover, Contractor with all documentation delivers 3 copies of Report of implemented environmental measures. Report contains all photographs and checklist according all environmental procedures (**Annex 8.1, 8.2, 8.3 and 8.4**).

**X. SAFETY AND HEALTH MANAGEMENET AT CONSTRUCTION SITES**

**10.1 ROLES AND RESPONSIBILITIES**

**Regulations in the field of safety and health at work, prescribe exact obligations and responsibilities of: the contractor of works (the employer who conducts the works), the employee, Investor, and/or representative of the Investor, Safety and health coordinator at the design phase of the project, Safety and health coordinator at construction site others.**

**The contractors are obliged to provide to the employees workplace where health and safety at work norms have been implemented and cannot be exempt of the obligations and responsibilities related to its implementation by determining another person or by transferring their obligations and responsibilities to another entity.**

**The contractors are obliged to have a risk assessment act in writing for all construction sites and to determine proper methods and measures for its elimination.**

**The contractors are obliged: to appoint a person for safety and health at work in written; to provide a workplace for employees where health and safety at work measures have been implemented; to inform employees and their representatives about the introduction of new technologies and tools for work, as well as the dangers of injury and damage to health resulting from its use, and, in such cases, to issue appropriate instructions for safe operation of technologies and tools; to provide trainings for employees in order to maintain safe and healthy working environment; to provide personal protective equipment for all employees; to ensure maintenance of tools and equipment for personal protection at work in the proper condition; to engage a licensed legal entity for the implementation of preventive measures and to enable periodic inspection of equipment for work, as well as preventive and periodical testing of working conditions; based on risk assessment and assessment of the medical service to provide prescribed medical examinations of employees in accordance with this Law; to provide first aid, and have the appropriate number of employees to provide first aid, rescue and evacuation in case of emergency; to stop any kind of work that poses an immediate threat to the life or health of employees; to provide fire protection measures, rescue and evacuation in accordance with the Law on emergency situations.**

**At least eight days before the commencement of work contractors are obliged to report to the competent inspectorate on: the beginning of works; works of a separate unit if it exists; any change in the technological process, if these changes affect the working conditions.**

**A contractor who performs construction works in accordance with the regulations on safety and health at work at temporary or mobile construction sites shall be obliged to prepare a mandatory study on the design of the construction site, which, along with the report on the commencement of work and submit it to the competent labor inspectorate.**

**A contractor is obliged to provide, maintain and implement safety and health at work sites in the construction site in accordance with the study on site design.**

**When two or more contractors share a workspace in the performance of their jobs, they are obliged to cooperate in the application of the prescribed measures for the safety and health of employees, and in doing so, taking into account the nature of the tasks they perform, they co-ordinate activities related to the application of risk of injuries or damage to the health remedial measures, as well as to inform each other and their employees and/or employee representatives about these risks and measures its elimination. The manner of achieving cooperation between contractors is determined in a written agreement by which Coordinator for the implementation of common measures for the safety and health of all employees persons is appointed.**

**The contractor is obliged to take precautionary measures to prevent access to the site or to the area of ​​construction sites to persons and means of transportation that do not have a right to be in them.**

**A contractor who, for the performance of its duties, engages employees of another employer shall be obliged to provide for these employees all prescribed measures for safety and health at work in accordance with this Law.**

**The Investor or the Investor's (municipality) representative is obliged to designate one or more Coordinators for safety and health in project design phase and one or more coordinators for the execution of works in the situation when two or more contractors performs at the construction site or it is foreseen that the works will be performed by two or more contractors at the same time.**

**Prior to the start of works at construction site, Investor or the Investor's (municipality) representative, is obliged to ensure that the Plan of preventive measures is prepared and to complete the Registration of the site in the prescribed cases.**

**The Safety and Health Coordinator in the design phase of the project, the Safety and Health Coordinator at the construction site and other persons are obliged to perform the tasks in accordance with the Regulation on safety and health at work on temporary or mobile construction sites (,, Official Gazette RS No. 14/09 and 95/10).**

**Annexes:**

1. Copy of Call for Proposals Letter
2. Contract Template between PIMO and Participating Municipalities
3. Guidelines for preparation of EE Elaborations and Technical Designs
4. Annual Program Satisfaction and Socioeconomic Survey
5. Standard Templates for Construction Works Bidding Documents
6. Template of Financial Quarterly Report
7. Generic Waste Management Plan (GWMP)
   1. Waste Classification – Material Category
   2. Catalogue of materials as construction and demolition waste
   3. Guidelines for improvement of environmental protection during works on Reconstruction and Improvement of State-Owned Public Facilities
   4. Contractor’s Statement of Acceptance of the Environmental Mitigation and Monitoring Plan
8. Environmental Checklist – Generic Environmental Management Plan (GEMP)
   1. Contractor Statement of Compatibility between conditions found on site and EMP
   2. Record of Waste Material Handover for Waste Categories 1 and 2
   3. Record of Waste Material Handover for Waste Category 4
   4. Summary List of Observed Material

1. Eurostat, <http://ec.europa.eu/eurostat/data/database> [↑](#footnote-ref-2)
2. Available statistical data on the existing building stock is incomplete, particularly for the public and commercial sectors. These figures are based on a World Bank study *Options for the Implementation of an Energy Efficiency Program in the Public Buildings Sector in Serbia* (November 2013), relying on data from the Statistical Office of the Republic of Serbia (SORS), central government and public utilities, and on Energy Savings International (ENSI) 2012, *Energy Efficiency in Buildings in the Contracting Parties of the Energy Community*, Study for the Energy Community, Draft Final Report 1.02.2012. [↑](#footnote-ref-3)
3. These include: central and municipal government administrative buildings, libraries, museums, courts, prisons, sports halls, etc. [↑](#footnote-ref-4)
4. These include limited ability for public agencies to retain energy cost savings within their budgets, ability to procure energy service companies (ESCOs) under long-term, multi-year contracts, ability to use life-cycle costing when purchasing energy-efficient equipment, etc. [↑](#footnote-ref-5)
5. Enhancing Infrastructure Efficiency and Sustainability Program (P163760) [↑](#footnote-ref-6)
6. Number of beneficiaries is based on actual Program beneficiaries. Share of female beneficiaries will be calculated according to the data from the social satisfaction survey undertaken by PIMO. [↑](#footnote-ref-7)