



Republic of Serbia
ROAD REHABILITATION AND SAFETY PROJECT – RRSP

GENERAL INFORMATION ON THE PROJECT

The Road Rehabilitation and Safety Project (RRSP) to be financed by funds of the Republic of Serbia (RoS), European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD) and World Bank (WB) in the total amount of app. **EUR 300 mil.** represents the first phase of the National Road Rehabilitation Program covering app. **1,100** km of state road network out of total of 5,000 km that have been identified as high priority for rehabilitation through planned investments into the national road network in the Transport Strategy and General Transport Master Plan for Serbia.

The RRSP covers the rehabilitation of **54** road sections identified based on the priority list prepared based on the pavement and general road condition and criterion of economic viability of investment. While deciding on the priority sections to be included in the Project, special attention was paid to geographic distribution of those section in order to ensure employment of local resources and provide economic growth in the region after the road rehabilitation is completed.

General objective of the Project is to improve condition and traffic safety on state road network that should be established through:

- a) rehabilitation of stated number of kilometers on the existing roads;
- b) increase of traffic safety on roads by applying various measures and implementing various activities in all phases of the Project realization;
- c) strengthening capacities and improving institutional coordination in the field of traffic safety in Serbia, in addition to modernization of road management and maintenance.

In terms of source of financing, the Project is composed of two components:

- 1) Sub-project co-financed by funds of the Republic of Serbia, European Investment Bank and World Bank, which, in addition to road rehabilitation works, would cover also all other activities and services planned under the Project in the total amount of app. EUR 290 mil.
- 2) Sub-project financed by funds of the European Bank for Reconstruction and Development which would cover only road rehabilitation works in the amount of EUR 100 mil.

All there Loan Agreements were signed on November 27, 2013, while the Project Agreements were signed on December 03, 2013. In accordance with the mentioned agreements, the PE "Roads of Serbia" has been identified as the institution in charge for the Project implementation and administration, while day-to –day implementation will be entrusted with the Sector for Investments which will manage the Project through the Project Implementation Team established based on the requirements of the International

Financing Institutions. In addition to the PE “Roads of Serbia”, an important role in the Project implementation will be assumed by numerous state institutions, primarily Ministry of Transport, Ministry of Finance, Ministry of Interior, Minister of Regional Development and Local Self-Government, Road Safety Agency, etc.

Individual share in financing is the following:

<i>Source of Financing</i>	<i>Amount (mil. EUR)</i>	<i>% of total Project Funds</i>
Republic of Serbia	116.2	29
European Investment Bank (EIB)	100	26
European Bank for Reconstruction and Development (EBRD)	100	26
World Bank	73.8	19

In addition to joint financing of three international financing institutions, the Project has another specific feature – for the first time in Serbia so called program approach will be applied (**P4R – Project for Results**) which implies that financing of Works, Goods and Services under the Project will be performed in tranches, based on the planned and fulfilled annual Project realization goals, i.e. based on **Disbursement Linked Indicators – DLIs**. This type of program approach will be applied on the Project Sub-component financed jointly by RoS, EIB and WB, while the Sub-component financed solely by the EBRD will be realized in accordance with standard financing principle for the EBRD projects.

As part of preparation for commencement of Project financing from loans, PERS will provide design documents from its own budget (pre-financing) in accordance with Project requirements for the first **14 road sections in total length of app. 300 km**. In this phase of the Project, procurement procedures for 7 contracts have been initiated for provision of designs for the following:

1. Preparation of the final design for heavy maintenance on the state road IB 20 (M-7), Section: (0245) Kać–(0247) Zrenjanin 1 (Bypass), Chainage: from km 13+095 to km 37+306 L=24.211km
2. Preparation of the final design for heavy maintenance on the state road IB 27 (M-9), Section: (0293) Vlasotince – (0294) Svođe, Chainage: from km 2+300 to km 14+810 L=12.510 km
3. Preparation of the final design for heavy maintenance on the state road IB 14 (M-25), Section: (0232) Zaječar 5 – (0576) Knjaževac 1 (Trgovište), Chainage: from km 11+641 to km 35+863 L=24.222km
4. Preparation of the final design for heavy maintenance on the state road IB 23 (M-4), Section: (0163) Aranđelovac 4 (Orašac) – (0164) Krčevac, Chainage: from km 0+067 to km 8+780 L=8.713 km
5. Preparation of the final design for heavy maintenance on the state road IB 14 (M-25), Section: (0558) Kladovo – (0560) Brza Palanka, Chainage: from km 0+800 to km 24+365 L = 23.565 km
6. Preparation of the final design for heavy maintenance on the state road IA 4 (M-5), Section: (0195) Užice 3 – (0197) Kratovska Stena, Chainage: from km 0+048 to km 37+076 L=37.028 km

7. Preparation of the final design for heavy maintenance on the state road IB 13 (M-21), Chainage: (0360) Irig 2 – (0005) Ruma 1 (motorway), Chainage: from km 0+150 to km 15+395 L=15.245 km

Initiation of additional 7 procurement processes for designs preparation services will be done as soon as legal conditions for start of the said procurements are met. The designs will be provided for the following road sections:

1. Preparation of the final design for heavy maintenance on the state road IB 26 (M-8), Section: Prijepolje - Sjenica 3 (Medare) L=11.3km
2. Preparation of the final design for heavy maintenance on the state road IB 23 (M-4), Section: (0156) Lazarevac 4 – (0160) Aranđelovac 1, Chainage km 13+696 to km 27+403 L=13.707km
3. Preparation of the final design for heavy maintenance on the state road IA3, Section: (0001) HR/SR Border (Batrovci) - (0003) Kuzmin 1 (motorway) (full profile), L=21.805km
4. Preparation of the final design for heavy maintenance on the state road IA4, Section (0384) Kneževići - (0383) Bela Zemlja - (0195) Užice 3, L=15.171km
5. Preparation of the final design for heavy maintenance on the state road IB 16 (M-23), Section: (0166) Topola 2 – (0498) Kragujevac 5, L=29.5km
6. Preparation of the final design for heavy maintenance on the state road IB 13 (M-21.1), Section: (0196) Požega – (0395) Ivanjica, L=40.34km
7. Preparation of the final design for heavy maintenance on the state road IB 23 (M-4), Section: (0135) Zavlaka 2 (Likodra) – (0139) Valjevska Kamenica, L=24.75km

Marking of the mentioned sections was done in accordance with the Decree on state roads classification from 2012.

Start of procurement processes for the Technical Control Services for the mentioned designs and for the Services of Road Safety Audit shall be planned also as part of the pre-financing phase, in accordance with the dynamics for preparation of the said designs during the second quarter of 2014.

Mentioned procurement processes will be conducted in accordance with the Public Procurement Law of the Republic of Serbia.

Comparing to the previous projects implemented within Serbian road sector, design documents for the Project will be provided with particular consideration of **Safe Road Design** principles and implementation of **independent road safety audit**. Additionally, special aspect of the designs preparation would imply the analyses of the Project impacts on the social surroundings in areas of the Works implementation, as well as appliance of environmental and health and safety protective measures in accordance with internationally acknowledged standards and policies of International Financing Institutions.

Works Contracts on the Project will be awarded successively, in accordance with availability of designs. The first procurements for Works are expected during the last quarter of 2014.

As part of the necessary initial Project activities within the next three months, the PERS intends to start the procurement for the following consulting services that would be financed from the Project funds (loans).

1. TA to PIT
The objective of the Services is to provide assistance in management of the Project and PERS capacity building as may be needed in fields of procurement, finance management, preparation of plans and appliance of specific Project requirements.
2. Two separate consultancy contracts for Supervision and Environmental Monitoring on the road rehabilitation works for:
 - a. Sub-project jointly financed by the RoS, EIB and WB
 - b. Sub-project financed by the EBRD.The Supervision Services imply a continual performance of supervision and monitoring on road rehabilitation contracts, In addition to verification of quality and quantity of the completed work, the Supervision Services will also check the compliance of the Contractor's work with the environment protection measures and preservation of health and safety at work, appropriate social safeguards, etc.

Besides the mentioned Services, and according to the planned Project realization, within the next 12 months, procurements for the following consultancy contracts will be started:

- Preparation of the final design for heavy maintenance on the state road for the next 13 sections according to the planned Project dynamics;
- Consulting Services for Technical Control of Final Designs for heavy maintenance on state roads which follow the preparation of final designs according to the planned dynamics of the design preparation completion, and which imply independent review and control of the final designs with their final verification.
- Road Safety Audit in the phase of final design for heavy maintenance on state roads that will go in parallel with the preparation of final designs and will cover review of final designs from the aspect of road safety and provision of suggestions for improving traffic safety on the sections subject to rehabilitation.
- Road Safety Inspection to cover road safety check on the sections beyond the Project that will result in suggestions for improving safety on the subject sections. The improvement recommendations will be made based on the principles of "low cost" measures agreed with the IFIs and international standards relevant for this field.
- Certification of Road Safety Auditors. The Services are intended to the PERS capacity strengthening in the area of traffic safety and imply training, testing and certification of certain number of participants in RSA/RSI.
- Project Performance Monitoring Services that will serve for measuring the achievement of the Project performance in comparison to the determined disbursement linked indicators that represent a condition for disbursements from loans.
- Adoption of revised maintenance and rehabilitation design standards – the Services represent a continuation of the Services for Harmonization of Road Technical Standards completed under the Transport Rehabilitation Project (2004-2013) and are aimed at establishment of grounds for full implementation of standards that resulted from the Harmonization Services. The adoption of standards will be realized through preparation of plan for introduction of standards and their implementation firstly under contracts awarded by PERS and then through recommendations on how these standards may be introduced on a higher level.
- Road Network Condition Surveying. The Consulting Services are intended for updating the data from the existing PERS RDB. The updated data will represent a

starting point for the road network analyses in Serbia and will serve for preparation of annual road rehabilitation and maintenance plans.

- Services for Project Financial Audit that will cover financial statements and data in relation to the Project expenditures.
- Preparation of strategic plan for introduction of PBMC, completion of tender documents for PBMC, training staff on PBMC monitoring and contracting of PBMC on 3000km of road network. The Services are aimed at strengthening the maintenance management processes. In regards to the Services, and with an intention of Project savings, PERS applied for grant funds of the European Delegation for the Consulting Services that will result in preparation of a strategic plan and model of Bidding Documents for PBMC award. The application evaluation is in progress and if the grant funds are not approved, the Services will be financed under the Project.

In addition to the above Services, by the end of 2016, the following procurements of Consulting Services are planned under the Project:

- Awareness campaigns in schools in vicinity of Project roads;
- Preparation and adaption of annual rehabilitation program circular based on clear economic and regional considerations
- Technical control of final designs with separate RSA Services for the Project remaining sections.

All Project procurements financed by the RoS, WB and EIB will be performed in accordance with general procurement rules of the World Bank and relevant Guidelines issued in January 2011. For part of the Project financed by the EBRD, procurement rules of the EBRD will apply.

The planned duration of the Project is 5 years.

The road rehabilitation program is presented on the map "Road Rehabilitation Program" which is publicly available on the PERS site. The map provides geographic and time distribution of road rehabilitation work, as well as an identification of financing sources. The said map was prepared in accordance with the Decree on State Road Classification which was valid by December 30, 2013. Preparation of the map in accordance with the valid Decree on State Road Classification is in progress and as soon as it is completed, the updated map will be also made available on the PERS web site.

Information on the Project on the web sites of the International Financial Institutions is available at the following links:

European Bank for Reconstruction and Development:

<http://www.ebrd.com/english/pages/project/psd/2013/44750.shtml>

European Investment Bank:

<http://www.eib.org/projects/pipeline/2012/20120367.htm>

World Bank:

<http://www.worldbank.org/projects/P127876/road-rehabilitation-safety-project?lang=en>

Procurement rules and procedures under the Project in the form of relevant Guidelines for Procurement are available at the following links:

European Bank for Reconstruction and Development:

<http://www.ebrd.com/pages/workingwithus/procurement/project/policies.shtml>

World Bank:

<http://go.worldbank.org/1KKD1KNT40>

<http://go.worldbank.org/U9IPSLUDC0>