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Red Cross of Serbia
Belgrade, Serbia

Our reference: *EECA/EZ/108 - 20/03/2012*

20 March 2012

Dear Colleagues,

We are pleased to inform you that we have completed the review of your Progress Update 3 for the period 1 July 2011 – 31 December 2011 and the Disbursement Request 4 for the period 1 January – 30 June 2012, submitted under your Round 9 TB grant.

We would like to provide a summary of the key issues and recommendations as identified during our review and evaluation of the overall implementation, performance and management of the above referenced Program.

1. PROGRAMMATIC PERFORMANCE

In the reporting period you kept the very good pace in the implementation of the program activities and succeeded in realization of most of the GF management actions. During Semester 3 of the grant the programmatic performance was in line with A1 indicator rating. Average performance rate on Top Ten Indicators is 114%, and the same percentage of achievement applies to all indicators.

We would like to note that there are no programmatic results to be modified after verification which clearly indicates the very good progress you made in strengthening the monitoring and evaluation activities.

Overall, the progress demonstrated in the reporting period is excellent and the Regional Team recognized the PR's significant efforts to improve the overall performance and cope with the implementation and management challenges.

2. FINANCIAL PERFORMANCE

Your program demonstrated adequate absorption capacity, mainly in line with the programmatic achievements.

The cumulative grant spending rate is 79% and for the reporting period it is 78%. Though it is below the programmatic performance it is considered as a sign of improved implementation arrangements that allowed more efficient use of the GF funds.

3. DISBURSEMENT RECOMMENDATION

You submitted a disbursement request for USD 79,763 for the period Q 7-8 (January – June 2012) that doesn't include funds for a buffer quarter as it is the last disbursement under Phase 1 of the grant.

The budget forecast in the amount of USD 274,154 submitted to support the disbursement amount was adjusted by USD 3,897 - amount of not approved reallocation to print invitation to annual meeting and exclusion of funds for activity 4.7.6.1 due to failure to obtain the visas on time and thus participation in the event is cancelled. Thus, the amount recommended for disbursement is USD 75,866.

4. GRANT MANAGEMENT ISSUES AND RECOMMENDATIONS

We would like to bring to your attention some areas for improvement requiring follow-up actions, specifically:

Project Management:

- Considering the partial implementation of the previous GF recommendation (from 08/06/2011 and 20/12/2011) to develop formal schemes and systems for staff/consultants performance assessment including basis for top-ups and incentives at PR/SRs in accordance with local legislation and the GF budgeting policies and guidelines – the PR shall revise the draft schemes per the latest GF comments, obtain internal clearance with Red Cross Serbia and receive a CCM approval.
Timeline - by 30 April 2012

- As per previous the GF recommendation the Project Steering Committee was created the PR is requested in the Steering Committee TOR to articulate more clearly and in more details the functions, duties and responsibilities as well as the technical and management areas for advisory and technical assistance

Timeline - by 30 April 2012

Financial management:

a) Audit arrangements:

- After completion of selection process and prior to signing a contract with an external auditor the PR should submit the documentation of selection process and selected auditor for a review and clearance by the GF in order to make sure that an independent auditor has been selected through a transparent and competitive selection process that is conducted in accordance with best practice and based on minimum requirements for the auditor (i.e. professional qualification, experience, independence etc.).

This recommendation should be followed for the external audit arrangements of 2012.

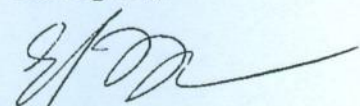
- For 2012 it is recommended that the external audit of the GF grant is carried out by another qualified auditor as the one selected for 2011 has a history of auditing Red Cross Serbia for 4 years.

b) Financial arrangements with SRs

- The PR is recommended that instead of reimbursement from SRs to the PR of their cash balances related to unspent funds the PR should replenish the bank account of SRs as per cash needs and considering the available cash balances of SRs.

May I take this opportunity to thank the PR, and the implementing partners and the national stakeholders for the significant program's progress in the past semester? We look forward to seeing continued improvement of the program implementation over subsequent reporting periods.

Best regards,



Elena Zaytseva

Fund Portfolio Manager

Eastern Europe and Central Asia

Enclosed: Grant Rating Tool

CC: All CCM members
Mr Armen Chobanyan, LFA, UNOPS