

Our ref: EECA/JMW/348-22/10/2012

22 October 2012

Marija Čukić
Project Coordinator
Red Cross of Serbia
Simina 19, 11000 Belgrade
Serbia

Re: Management Letter to Progress Update 4 / Disbursement Request 5 under Grant Agreement number SER-910-Go7-T

Dear Ms Čukić

We are writing to provide you with feedback after having conducted a comprehensive review of the Progress Update and Disbursement Request (PUDR) for the Grant Agreement number SER-910-Go7-T. This PUDR was submitted by your team on August 17, 2012 and covers the reporting period January 1 – June 30, 2012 and disbursement request for 1 July 2012 – 31 March 2013.

The final overall performance rating for the reporting period is 'A2'. 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 program implemented by your team.

A. PROGRAMMATIC PERFORMANCE

Programmatic performance was strong in this reporting period with overall indicator rating of 'A2'. Good performance was seen in the Top 10 indicator, 'number of female sex workers screened for TB (120%)'. The PR's efforts to engage TB specialists as part-time medical consultants in drop-in centers contributed to the overachievement of the Top 10 indicator 'number of IDUs regularly benefiting from needle exchange programs screened for TB (108%)'. Only one (1) Top 10 indicator, 'percentage of contacts of Roma smear-positive TB patients referred to a TB Unit and examined for TB out of all contacts of smear-positive Roma identified' performed at B1 level (83%). The reason for this underperformance is due to the fact that only one (1) TB contact was identified in the period and only five (5) out of eight (8) contacts were screened for TB. The remaining 2 indicators, 'number of people trained in TB and HIV issues, including the screening of vulnerable groups of TB' and 'number and percentage of kitchen/meal centers users screened for TB' achieved 95% and 90% of their targets respectively.

Positive trends were seen in the most recent outcome indicators reported in this reporting period. Smear positive TB notification rate is continuing on a declining trend nationally. Likewise, smear positive treatment success rate is 86% which is 2% higher than the target set for the year.

The Grant Rating Tool for this reporting period is attached to this letter.

B. FINANCIAL PERFORMANCE

For this reporting period, the total cash outflow rate (PR expenditures plus disbursements to SRs) was 105%. The PR spending rate for the reporting period was 102% and 112% of funds were disbursed to sub-recipients.

The cumulative cash outflow rate (PR expenditure plus disbursement to SRs) up to the end of the reporting period was 85% which is in line with the cumulative programmatic achievements. The cumulative spending rate of the PR is 85%, while the cumulative rate of disbursement to SRs is 86.5%.

The Secretariat is commending the PR on the improvements made to the quality of the Enhanced Financial Reporting (EFR) submitted with the PUDR.

C. CONDITIONS PRECEDENT / SPECIAL CONDITIONS

The PR was required to fulfill a special condition on the incentives scheme prior to the first disbursement of Phase 2 period. The PR submitted to the Secretariat all deliverables required for this special condition. The Secretariat is in the process of confirming if the incentives scheme proposed by the PR is consistent with all applicable National Labour Laws. Furthermore, as requested by the Secretariat, prior to the Phase 2 grant signing, the PR submitted responses to the OSDV recommendations for strengthening and improving data collection and reporting systems of SRs. The comprehensive response on the OSDV recommendations was deemed satisfactory by the Secretariat.

D. DISBURSEMENT AMOUNT

The PR requested US\$ 239,011 to cover the program cash needs for the period of 01 July-31 December 2012 plus a buffer quarter of 01 January – 31 March 2013. With the commitments and cash balance at the cutoff date of US\$ 2,035.95 and US\$ 42,376 respectively, the Secretariat approved a disbursement of US\$ 239,012.

E. GRANT MANAGEMENT ISSUES AND RECOMMENDATIONS

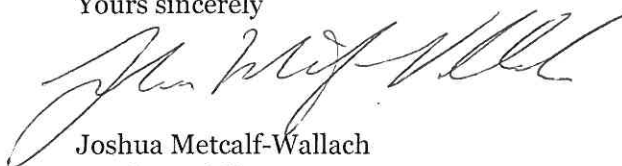
We noted that the PR did an excellent job to submit all deliverables in relation to the incentive schemes to the Secretariat prior to Phase 2 grant signing. The Secretariat is in the process of confirming if the incentives scheme proposed by the PR is consistent with all applicable National Labour Laws.

Recommendation # 1: The PR is requested not to initiate the incentive scheme until the Secretariat has confirmed that the scheme proposed by the PR is consistent with all applicable National Labour Laws and the Secretariat has informed the PR in writing.

We acknowledge the measures you took to implement the Management Actions from the previous periods as well as special condition from the Phase 2 Amendment, and we are pleased to note the progress demonstrated by the PR and the program. The Secretariat is looking forward to impeccable program management by the PR in Phase 2.

May I take this opportunity to thank the PIU, the sub-recipients, the implementing partners and the national stakeholders for the program's progress to date. We look forward to seeing continued improvement of the program's implementation over subsequent periods.

Yours sincerely



Joshua Metcalf-Wallach
Fund Portfolio Manager

Encl.: Grant Rating Tool

Cc: All CCM members

Miroslava Stevanovic, LFA, UNOPS

Armen Chobanyan, LFA, UNOPS