



W 8608-YF

Supplemental Letter No. 2

REPUBLIC OF SERBIA

MAY 16, 2016

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: IBRD Loan No. 8608-YF
(Modernization and Optimization of Public Administration Program)
Performance and Monitoring Indicators

Dear Sirs and Mesdames:

This refers to Section III.A of Schedule 2 to the Loan Agreement between the Republic of Serbia (the Borrower) and the International Bank for Reconstruction and Development (the Bank) for the above-captioned Program. The Borrower hereby confirms to the Bank that the indicators set out in the attachment to this letter shall serve as the basis for the Borrower to monitor and evaluate the progress of the Program and the achievement of the objectives thereof.

Very truly yours,

REPUBLIC OF SERBIA

By

Authorized Representative

Attachment

IBRD Loan No. 8608-YF
(Modernization and Optimization of Public Administration Program)

Performance and Monitoring Indicators

Program Development Objective (PDO): To improve efficiency in public sector employment and finances										
PDO Level Results Indicators	DLI	Unit	Baseline	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Remarks¹
				YR1	YR2	YR3				
PDO Indicator 1: Share of public administration employees assigned to new pay grades as per the Law on Public Sector Employees Salary System.	<input checked="" type="checkbox"/>	%	0	0	70	70	Annual	Sample-based survey (exact survey design to be determined) of public administration employees pay slips against the new pay grades	PPS	DLI#2
PDO Indicator 2: Total number of public administration employees at or under annual ceiling prescribed by the Law on Ceilings on the Number of Employees	<input checked="" type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Annual	Calculation: Total number of employees as per payroll compared to Total number of staff as determined by the annual ceiling	PPS	DLI#3
PDO Indicator 3: Share of redundant public administration employees	<input checked="" type="checkbox"/>	%	0	100	100	100	Annual	Review and count of relevant documents of severance packages for	PPS	DLI#4

¹ If not stated otherwise, the DLIs are for all three years of implementation.

Program Development Objective (PDO): To improve efficiency in public sector employment and finances										
PDO Level Results Indicators	DLI	Unit	Baseline	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Remarks ¹
				YR1	YR2	YR3				
receiving redundancy payments pursuant to provisions of Law on Ceilings on the Number of Employees, Civil Servants Law, and Labor Law								eligible public administration employees Calculation: public administration employees receiving redundancy payments/eligible public administration employees per Labor Law, Law on Ceilings on the Number of Employees, and Civil Servants Law		
PDO Indicator 4: Share of public procurement contracts within the category of <i>public authorities</i> over 5,000,000 RSD in value, signed in a Fiscal Year of the Borrower, in 90 days or less between the date of Issuance of Bidding Documents and the date of signing of	☒	%	62	65	68	71	Annual	Public procurement portal. Calculation: public procurement contracts within the category of Public Authorities over RSD 5 million in value, signed in the fiscal year in a duration of 90 days or less	PPS	DLI#5

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PDO Level Results Indicators	DLI	Unit	Baseline	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Remarks ¹
				YR1	YR2	YR3				
the Public Procurement Contracts								between date of issuance of bidding documents and signing of the public procurement contracts/ All procurement contracts over RSD 5 million in value signed in the fiscal year.		
PDO Indicator 5: Value of Public Procurement Contracts awarded through Framework Agreements (in RSD)	☒	RSD	26.6 billion	29.3 billion	32.2 billion	35.4 billion	Annual	Estimate of total value of public procurement framework agreements in a given year based on PPO's public procurement database.	PPS	DLI#6
PDO Indicator 6: Percentage of commitments in budget execution system entered within the required deadline per the Law on Deadlines for Payments in Commercial Transactions	☒	%	60	70	80	90	Annual	Calculation: Value of commitments entered in FMIS within deadline prescribed by legislation/ Value of total commitments entered in FMIS x 100	PPS	DLI#8

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PDO Level Results Indicators	DLI	Unit	Baseline	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Remarks ¹
				YR1	YR2	YR3				
Result Area 1: Improved HRM										
Intermediate Results Indicator 1.1: At least 70% of public administration employee positions assigned to pay grades according to the Law on Public Sector Employees Salary System	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Annual	Calculation: Number of public administration employee positions assigned to job grades / Total number of public administration employee positions x 100	PPS	
Intermediate Results Indicator 1.2: Share of public administration employees assigned to new pay grades as per the Law on Public Sector Employees Salary System.	<input type="checkbox"/>	%	0	0	60	70	Annual	Calculation: Division of assigned public administration employees by total number of public administration employees x 100.	MPALSG	
Intermediate Results Indicator 1.3: Employee Registry functional according to defined criteria in the Law on Registry of all Employees, Elected, Nominated and Appointed and Engaged Persons	<input type="checkbox"/>	Yes/No	No	No	No	Yes	Annual	Sample review of personal data, interview of individuals, and review of customized and routine reports and HR transaction documentation and audit trail	MPALSG	—

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PDO Level Results Indicators	DLI	Unit	Baseline	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Remarks¹
				YR1	YR2	YR3				
within Public Funds Beneficiaries										
Intermediate Results Indicator 1.4: Share of public administration employees paid according to new pay grades as per the Law on Public Sector Employees Salary System.	<input type="checkbox"/>	%	0	0	30	60	Biannual	Calculation: Number of re-graded public administration employees paid according to new grades / All public administration employees in payroll x 100	MPALSG	–
Intermediate Results Indicator 1.5: Ministries with retrenchment plans, identifying redundant positions	<input type="checkbox"/>	Number	0	5	10	17	Biannual	Review and count of retrenchment plans	MPALSG	–
Result Area 2: Improved FM										
Intermediate Results Indicator 2.1: IBB included in the FMIS	<input type="checkbox"/>	Number	0	247	317	526	Annual	Review of FMIS reports	PPS	
Intermediate Results Indicator 2.2: Budget inspections conducted	<input type="checkbox"/>	Number	25	35	45	50	Annual	Review of budget inspection reports	PPS	–
Result Area 3: Improved Procurement Management										

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PDO Level Results Indicators	DLI	Unit	Baseline	Target Values			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Remarks ¹
				YR1	YR2	YR3				
Intermediate Results Indicator 3.1: Public procurement contracts awarded through framework agreements for all contracting authorities	<input type="checkbox"/>	Number	3,300	3,600	4,000	4,400	Annual	PPO's Annual Report/Collection through PPO's database of concluded contracts	PPO	—
Intermediate Results Indicator 3.2: Public procurement officers certified	<input type="checkbox"/>	Number	1,810	2,000	2,200	2,400	Annual	PPOs Annual Report /Database of procurement officers certified	PPO	