

Competitiveness and Jobs Project

IBRD RBM Landing Operation

Project ID: P152104

Project Progress Report

July – December 2016

Public Policy Secretariat, Republic of Serbia
for
Inter-Ministerial Working Body for
Competitiveness and Jobs Policy Planning,
Monitoring and Coordination

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Abbreviations

CIIP	Competitive Industries and Innovation (Trust Fund/Project)
DLI	Disbursement-Linked Indicator
IBRD	International Bank for Reconstruction and Development
IF	Innovation Fund
IMWB	Inter-Ministerial Working Body (for PPMC in competitiveness policy area)
KPI	Key Performance Indicator
MoE	Ministry of Economy
MoESTD	Ministry of Education, Science and Technological development
MoLEVSA	Ministry of Labor, Employment, Veteran and Social Affairs
NES	National Employment Service
PAD	Project Appraisal Document
PIU	Project Implementation Unit
POM	Project Operations Manual
PPMC	Policy Planning, Monitoring and Coordination
PPS	Public Policy Secretariat
RS	Republic of Serbia
WB	World Bank

Project Progress Report

This Project Progress Report for the period July-December 2016 is structured in two parts:

- I. Summary Progress report per subject of reporting (DLIs, EEPs, Procurement and Finance summary), and*
- II. Progress Report per Project components and subcomponents.*

I. Summary report

1. Project Overview

Republic of Serbia was granted a loan of the International Bank for Reconstruction and Development (hereinafter the Bank) to improve the competitiveness and employment in the amount of 100 million dollars (89.5 million euros), implemented through Competitiveness and Jobs project (hereinafter: the Project). The main goal of the Project is to improve the efficiency and coordination of selected public programs to alleviate constraints for competitiveness and job creation, including investment and export promotion, innovation, active labor market programs, employment mediation and activation of users of social assistance. The project is structured in two interconnected parts:

- 1) Part A - which uses a results-based financing modality. Results, or a part thereof, achieved in four thematic components: A.1. Policy planning, monitoring, and coordination; A.2. Investment and Export Promotion; A.3. Innovation; A.4. Labor, and the execution of the Eligible expenditure Programs (EEPs) are precondition for withdrawal of funds from the loan for Part A;
- 2) Part B - includes technical support in Project management and implementation, including the procurement of goods, consulting services, non-consultant services, Training and Operating costs. Part B consists of two components: B.1. Support to the Public Policy Secretariat (hereinafter PPS) in the name and on behalf of PPS, the Ministry of Economy (MoE) and Ministry of Education, Science and Technological Development (MoESTD), both at the level of individual institutions, and the level of the overall Project through Project Implementation Unit (PIU); B.2. Support to the Ministry of Labor, Employment, and Social Affairs (MoLEVSA) through engagement of appropriate experts for project implementation and management, and consulting services. The withdrawal of funds from the loan for Part B of the Project involves the submission of Statements of expenditure (SoE).

Part A consists of the following components:

A.1. - Policy planning, monitoring, and coordination (hereinafter: the PPMC) will support the implementation of the program of the Republic of Serbia for planning, monitoring and coordination of public policies, through developing and piloting an inter-ministerial PPMC system in support of competitiveness and jobs reforms;

A.2. - Investment and Export Promotion will support program of the Republic of Serbia for investment and export promotion through development and adopting of a strategic framework and overall action plan for investment and export promotion, including restructuring the MoE investment and export promotion agencies, and improving the Republic of Serbia investment and export promotion programs and services;

A.3. - Innovation will support program for innovation through support of the operations of the Innovation Fund (hereinafter: the IF) and it's Matching Grants Program (hereinafter: MGs program); support to the Technology Transfer Facility (hereinafter: TTF) service lines and operations at the IF; and undertaking strategic planning for the reform of the public research and development sector.

A.4. - Labor will support the implementation of the reform program in the field of labor through: enhancing the effectiveness of the National Employment Service (hereinafter: the NES) labor intermediation services for employers and the unemployed; improving the effectiveness of the active labor market programs (hereinafter: the ALMPs); and facilitating the transition of social assistance beneficiaries into formal jobs.

The central institution responsible for coordination of the project is PPS with the assistance of PIU. PPS coordinates the gathering and processing of the results of monitoring, reporting, fiduciary functions and safeguard procedures in close cooperation with the institutions participating in the Project. PPS also acts as the technical secretariat of the Inter-Ministerial Working Body for policy planning, monitoring and coordination in competitiveness policy area (PPMC IMWB). Director of the PPS Chairs the PPMC IMWB.

2. Major Milestones

In the reporting period, representing in the same time the first year of the Project implementation, participating institutions intensively worked on establishment of project implementation infrastructure and institutional framework, meaning, engagement of experts who will support activities of the institutions aimed at implementation of the reforms and achievement of expected results, detail planning of future activities and establishment of the communication, coordination, monitoring and reporting system, as well as other necessary elements for efficient operational management of the Project.

Key results within reporting period are:

- PPMC IMWB regularly had meetings during reporting period, discussing development of the Project and other topics related to implementation of reform process and improvements of the PPMC system. Regular cooperation, communication, exchange of information and reporting between IU, PPS/PIU and PPMC IMWB are established;
- Law on Planning System, Regulation on Public Policy Management, Policy and Regulatory Impact Assessment, and Content of Individual Public Policy Documents and Regulation on Mid-Term Planning has been drafted and adoption procedure initiated. Expected adoption of the Law will significantly contribute to implementation of the Policy Planning, Monitoring and Coordination system in Republic of Serbia;
- During December 2016, participating institutions on the Project - beneficiaries of services, have initiated revision of the Procurement Plan since there were certain delays in execution of the planed, deadlines will be postponed accordingly. Besides of that, Government of the Republic of Serbia and The World Bank Group have agreed to form a joint team to accelerate key initiatives, reforms, and investments to support Serbia's innovators. They have recognized that the crucial role of Innovative Entrepreneurship as key drivers of growth. Therefore, Public Policy Secretariat identified the need for additional support of three individual experts. for Innovation Based Entrepreneurship and four individual experts for the position Analytics and Data Specialist for Monitoring and Evaluation, so the revisions of the procurement plan was will be proposed in that sense and upon IMWB approval provided to the World Bank for no objection in January 2017..
- During reporting period one disbursement request related to Part A of the Loan has been submitted and funds has been received., EUR 5,594 million has been disbursed based on achievements reported in Progress report for period January – June 2016. In addition, related to Part B, as advance EUR 500.000 was drawn to fund technical activities and operational expenses of the Project Executive summary

The overview of the Project progress toward defined indicators is summarized in following table:

Table 1: Overall project performance

I. Overall project performance								
Total Loan proceedings for achieved results:	85,00	million EUR						
	Baseline	Targets						
	2015	2016 semi-annual	2016	2017 semi-annual	2017	2018 semi-annual	2018	
							Total	
Overall scoring of progress in achieving Project KPIs*:	n/a	n/a	n/a	0,00%	0,00%	0,00%	0,00%	n/a
Overall scoring in fulfilling obligations:	100,00%	50,46%	45,94%	0,00%	0,00%	0,00%	0,00%	54,95%
Value of executed EEPs*:	€ 84.586.824	€ 35.120.819	€ 81.081.172	€ 0	€ 0	€ 0	€ 0	€ 165.667.996
Executed EEPs against committed:	97%	84%	99%	0%	0%	0%	0%	98%
Estimated Loan disbursement for the period:	€ 5,37	€ 11,09	€ 26,85	€ 9,89	€ 25,96	€ 10,78	€ 26,85	€ 32,22
Actual Loan disbursement enabled:	€ 5,37	€ 5,59	€ 12,34	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 17,71
Undisbursed available Loan proceedings**:	€ 0,00	€ 5,49	€ 14,52	€ 9,89	€ 25,96	€ 10,78	€ 26,85	€ 67,32

* Note: Acceptable semi-annual values for KPIs and EEPs is set on 40% of their annual value.

** Note: The total amount of available Loan proceedings presented in the table regards only disbursements relative to result (Part A). The total amount available includes also eventual residue from Part B of the Project and contingencies, and is less than total Loan amount for the front-end fee value which is paid from Loan proceedings.

PDO and Intermediate indicators were defined by the Project documentation. This report will contain overview of the progress achieved toward those indicators. In cases where those indicators coincide with DLIs defined for the Project, such indicators will be a subject of specific chapters of this report.

Table 2: Project Development Objective Indicators*

Indicator Name	Baseline	2016			2017	2018
		Target	June 30 th	December 31 st	Target	Target
New investor leads generated by the reformed investment promotion agency (Number), annual	20	22	12	23	25	30
<i>Note: this indicator is the KPI defined for Component A.2</i>						
Participants in export promotion programs that engage in new export activities (Number), annual	85	90	71	188	95	100
<i>Note: this indicator is the KPI defined for Component A.2</i>						
New collaborations facilitated between research organizations and the private sector (Number)	3	8	N/A	14	31	34
NES registered unemployment cases transitioning into formal job (Number), annual	232.280 (2014)	245.000	132.940	215.712	260.000	280.000
<i>Note: this indicator is the DLI defined for Component A.4</i>						

* Description (indicators definition), frequency and responsibility for data collection is available in PAD (pages from 28 to 32)

Source: PAD and Participating institutions

Progress in fulfillment of obligations defined as Disbursement Linked Indicators (DLIs) has been measured comparing the amount of Loan proceeds which should be disbursed for results achieved and reported in this Performance review, and the amount which could be disbursed in the same period in case all the results, foreseen to be reached in the reporting period, are achieved. Average success rate for the period January 2015- December 2016 is 55%, while for this reporting period it is 46%, which is assessed as partially satisfactory,

Eligible Expenditure Programs¹ (EEPs) execution rate in total is 98% and for the reporting period 99%, comparing with the amount committed in the Budget of Republic of Serbia. PPMC IMWB considers the EEP execution as **satisfactory**. If success of Project implementation is monitored through comparison between execution of EEPs (99% appertaining to this reporting period) and level of fulfillment of obligations on the Project (46% for the reporting period) it can be considered that the execution of project activities by participating institutions is in delay, so execution of obligations is lagging behind execution of EEPs in the same period. Completion of some activities planned for 2016 is certain in 2017. (Related to DLI 2, 5 and 8). Having in mind that the level of EEPs for 2017. is the same as for 2016. this imbalance will be leveled in 2017.

Based on progress in achievement of results and fulfillment of the obligations on the Project, the PPMC IMWB suggest submission of Disbursement request for the Part A of the Project in total amount of 6,741 million EUR, for results achieved under:

- DLI 1 – 0,671 million EUR,
- DLI 6 – 2,685 million EUR,
- DLI 7 – 2,685 million EUR and
- DLI 9 – 0, 7 million EUR (partial achievement).

PPMC IMWB considers the overall Project implementation as **partially satisfactory**. **Although implementation started with delay** and Parliamentary election period overlapping with start of the Project and reporting period, activities within and between participating institutions could have been performed and coordinated more efficient.

All activities are in progress with the exception of DLI 3 related to execution of Matching Grants due to lack of budget funding.

It is necessary to intensify project activities in order to compensate the delays and overcome recorded constrains, which is, in fact, one of the major, if not the most important goal of the Project. Regarding DLI 3, necessary budget has been secured for 2017. so there are preconditions for conduct of planned activities. It is yet to be decided, in mutual agreement with the Bank, what will happen with the undisbursed amount reserved for 2016. As for delayed activities in other DLIs, current status of the project implies that they will be completed till the end of next reporting period in June 2017. At this point it seems that the whole project may be postponed for one semester from the originally planned completion times.

Detailed information on progress in each component is presented in following chapters of the report.

¹Eligible Expenditure Programs, as defined in the Loan Agreement, represent the salary costs that Republic of Serbia has for MoE employees, research and development institutes (within the budget of MoESTD) and NES staff. EEPs are considered the cost of Republic of Serbia for the implementation of the reforms in the subject of this Project.

3. Summary report on DLI achievement (fulfillment of obligations on the Project)

III. Fulfillment of obligations - DLI values and possible disbursement per year:								
	2015 total	2016 partial payment	2016 total	2017 partial payment	2017 total	2018 partial payment	2018 total	Total:
Component 1: Policy planning, monitoring and coordination								
DLI 1 value:	3,58	million EUR						
DLI 1: Policy planning, monitoring and coordination system piloted (in support of competitiveness and jobs reforms)	0,90	0,22	0,90	0,22	0,90	0,22	0,90	3,58
<i>Disbursement conditions met - disbursement expected:</i>	0,90	0,22	0,90					1,79
Component 2: Investment and export promotion								
DLI 2 value:	19,69	million EUR						
DLI 2: MoE investment and export promotion programs restructured		2,69	7,16		6,27		6,27	19,69
<i>Disbursement conditions met - disbursement expected:</i>		2,69	2,69					2,69
Component 3: Innovation								
DLI 3 value:	10,74	million EUR						
DLI 3: Enterprise innovation supported via Innovation Fund Matching Grants Program		1,19	3,58	1,59	3,58	1,59	3,58	10,74
<i>Disbursement conditions met - disbursement expected:</i>		0,00	0,00					0,00
DLI 4 value:	8,95	million EUR						
DLI 4: Technology transfer and commercialization facilitated via the Innovation Fund Technology Transfer Facility		0,90	2,69	2,69	2,69	3,58	3,58	8,95
<i>Disbursement conditions met - disbursement expected:</i>		2,69	2,69					2,69
DLI 5 value:	11,64	million EUR						
DLI 5: Public research sector reforms designed and adopted	2,69	2,69	2,69	1,79	3,58	2,69	2,69	11,64
<i>Disbursement conditions met - disbursement expected:</i>	2,69	0,00	0,00					2,69
Component 4: Employment								
DLI 6 value:	7,16	million EUR						
DLI 6: Effectiveness of NES labor intermediation services delivered to clients (employers and unemployed) improved		0,90	2,69	0,90	1,79	0,90	2,69	7,16
<i>Disbursement conditions met - disbursement expected:</i>		0,00	2,69					2,69
DLI 7 value:	8,95	million EUR						
DLI 7: Case load management in NES branch offices improved	0,90	0,90	2,69	0,90	2,69	0,90	2,69	8,95
<i>Disbursement conditions met - disbursement expected:</i>	0,90	0,00	2,69					3,58
DLI 8 value:	8,95	million EUR						
DLI 8: Effectiveness of ALMPs improved through statistical evidence	0,90	0,90	2,69	0,90	2,69	0,90	2,69	8,95
<i>Disbursement conditions met - disbursement expected:</i>	0,90	0,00	0,00					0,90
DLI 9 value:	5,37	million EUR						
DLI 9: Transition of social assistance beneficiaries into formal jobs facilitated		0,70	1,79	0,90	1,79		1,79	5,37
<i>Disbursement conditions met - disbursement expected:</i>		0,00	0,70					0,70
Potential total disbursements per reporting period:	€ 5,37	€ 11,09	€ 26,85	€ 9,89	€ 25,96	€ 10,78	€ 26,85	€ 85,03
Disbursement conditions met - disbursement expected:	€ 5,37	€ 5,59	€ 12,34	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 17,71
Total potential disbursements per reporting period against total loan proceedings:	6,32%	13,04%	31,58%	11,63%	30,53%	12,68%	31,58%	100,00%
Overall scoring in fulfilling obligations (DLIs) per reporting period:	100,00%	50,46%	45,94%	0,00%	0,00%	0,00%	0,00%	54,95%

Note: Partial payments at mid-year does not effect total available annual amount per DLI. In case partial disbursement is made at mid-year, the annual amount is reduced for such payment. In case annual DLI is not met, its value is attributed to the next semester.

Overall progress toward fulfillment of Project obligations – achievement of defined results in the reporting period can be assessed as **partially satisfactory**.

Only DLI 4 has been fully achieved within previous reporting period. DLI 1, due to the fact that refers to report which have to be written after the reporting period is expected to be fulfilled and included in disbursement request. DLI 6 and DLI 7 are considered achieved and confirmation from the Bank is expected in order to be formally closed and to request designated loan funds. For DLI 2, DLI 8 and DLI 9 most of the activities specified in verification protocol has been done, but still preconditions for achievement were not met. DLI 9 has been partially achieved on dd.mm.2017, when MoLEVSA signed the contract with consultant for position 4A.4.4 – Improving work incentives of social assistance beneficiaries. DLI 5 is in significant delay and, during 2016 DLI 3 was completely stuck, due to lack of budget funds. Budget funding for 2017 has been secured

The main deviation from the plan is related to Component 3 – Innovation.

Insufficient funds allocated in the Budget for 2016 for operational activities of Innovation Fund and lack of funding for MGs program completely disabled execution of DLI 3. Lacking allocation and disbursement of these funds in 2016 budget, endangers withdrawal of EUR 3,9 millions of Loan proceeds allocated to 2016. Since budget for 2017 has been approved it is expected that realization of the activity finally start. It is necessary to closely monitor execution of activities within DLI 3 in order to insure and intensify it. Furthermore, in close cooperation between MoESTD, IF, IMWB, WB and Ministry of Finance solution how to compensate lack of result in 2016 related to MG Program execution have to be found.

DLI 5 recorded significant delay, too. Based on information from MoESTD and Action plan submitted to IMWB, it is expected that planned activities will be executed with one year delay. Consequently, all activities that follow will be in significant delay, but final impact of this fact on the flow of the whole Project is hard to assess in this point of time. As mentioned before, non-cost extension of the Project for six months may be one of the consequences.

4. Summary report on EEPs execution

Table 4: Performance against Eligible Expenditures

IV. Performance against Eligible Expenditures								
Eligible Expenditure Programs (EEP)*								
	2015	2016 semi-annual	2016	2017 semi-annual	2017	2018 semi-annual	2018	Total
EEPs committed:	€ 87.094.401,85	€ 41.813.923,17	€ 82.201.947,17					€ 169.296.349,02
MoE	€ 1.300.831,26	€ 941.355,02	€ 1.879.871,49					€ 3.180.702,75
MoESTD	€ 72.515.505,31	€ 34.938.380,63	€ 68.471.594,58					€ 140.987.099,89
NES	€ 13.278.065,28	€ 5.934.187,52	€ 11.850.481,11					€ 25.128.546,39
EEPs executed:	€ 84.586.824,14	€ 35.120.818,83	€ 81.081.172,00					€ 165.667.996,14
MoE	€ 1.230.461,78	€ 759.305,63	€ 1.526.753,01					€ 2.757.214,79
MoESTD	€ 71.065.806,50	€ 29.232.538,42	€ 68.254.552,15					€ 139.320.358,65
NES	€ 12.290.555,86	€ 5.128.974,78	€ 11.299.866,83					€ 23.590.422,69
Executed EEPs against committed:	97,12%	83,99%	98,64%					97,86%
KPI performance against executed EEPs:	n/a	n/a	n/a					n/a
DLI performance against executed EEPs:	102,96%	60,07%	46,57%					56,15%

Note: EEPs - Eligible Expenditure Programs have been defined only for MoE, MoESTD and NES.

Executed EEPs in amount of EUR 81,1 million are higher than total potential Disbursement Request for the period of EUR 12,34 million (EUR 5,59 was been requested at mid-year, expected to be requested based on Performance review is EUR 6,741 million). It satisfies established rule, defined, among other documents, in POM under section 8.9 Loan Withdrawal, that total amount of EEPs executed by all institutions in the period January – December 2016 is higher than total amount of requested withdrawal, across all DLIs, for which payment is requested.

5. Procurement

During reporting period procurements for the Project has been executed based Procurement Plan defined during negotiation of the Project and revised during April 2016. Periodical revision of the Plan is foreseen, so during December 2016 PIU initiated process for revisions of the Procurement Plan in cooperation with all participating institutions Plan is to finalize proposed revisions in January 2017 which are to be adopted by the IMWB. Upon this, the revised procurement plan is to be sent to the World Bank for no objection.

First post review on the Project has been conducted by the World Bank in November 2016. PPS is expected to receive the post review report from the World Bank.

Certain delays were recorded in procurement of technical assistance during 2016. Level of execution based on number of procurements conducted under Part B1 and Part B2 is presented in following table:

Table 5: Realized procurements in 2016.

	Planned	Realized	%
Total number of procurements	34	24	70%
Part B1			
TA for Component A1	6	5	83%
TA for Component A2	9	9	100%
TA for Component A3	4	1	25%
implementation support	9	6	67%
Part B2			
TA for Component A4	6	4	67%

Based on the presented, with exception of Component 3, realization was in general satisfactory. MoE, responsible for component 2, realized all planned procurements. Even more, during December 2016, MoE contracted experts for two remaining positions planned to be executed in 2017. However, conclusion based on this overview could not show delays in planned dynamic.

Based on comparison between planned funds to be spent for TA per component (budget per position allocated linearly during planned duration) and funds spent, based on invoices refers to reporting period, level of execution is presented in following table:

Table 6: Use of funds for Technical Assistance in 2016

Part B1				
A1.1	Lead Results based management expert	8.069,64	12.663,83	64%
A1.2	Results based management specialist	13.284,42	14.283,61	93%
A1.3	Lead Impact evaluation expert	14.240,52	15.962,81	89%

A1.4	Impact evaluation expert on ALMP	0,00	12.243,67	0%
A1.5	Impact evaluation specialist (a)	6.386,46	12.627,42	51%
A1.6	Impact evaluation specialist (b)	0,00	11.408,72	0%
	TA Component A1	41.981,04	79.190,06	53%
A2.1	Specialist for establishing system for internationalization of Serbian economy	14.194,57	21.406,22	66%
A2.2	Establishing new agencies - legal specialist	8.694,48	8.693,83	100%
A2.3	Policies on attracting foreign direct investment	26.868,26	26.987,73	100%
A2.4	Policies for increasing export and positioning at foreign markets	22.428,21	23.469,07	96%
A2.5.1	Sector policy development	28.215,00	104.500,00	27%
A2.5.2	Performance and value chain analysis of selected sectors	16.893,00	56.317,10	30%
A2.5.3	Specialist for improving competitiveness of SMEs	3.439,08	9.880,39	35%
A2.9	Specialist - Result based management and M&E in MoE and new agencies	16.013,05	16.508,71	97%
A2.10	Component 2 Implementation Officer	12.740,52	12.751,08	100%
	TA Component A2	149.486,17	280.514,13	53%
A3.1	Design and supervision of RDI self-assessment Methodology	0,00	21.050,02	0%
A3.2	Data collection and analysis of RDI self-assessment results	0,00	41.217,39	0%
A3.3	Design and Deployment of RDI sector external audit	0,00	49.500,00	0%
A3.6	Component 3 Implementation Officer	2.958,86	11.414,67	26%
	TA Component A3	2.958,86	123.182,09	2%
B1.1	PIU Head	28.119,64	35.999,28	78%
B1.3	Procurement specialist	11.740,49	9.226,94	127%
B1.4	Finance specialist	34.570,60	35.999,28	96%
B1.2	Operational officer	11.909,51	13.359,25	89%
B1.5	Project financial statement audit	0,00	0,00	0%
B1.6	Environmental and Social Management Specialist	0,00	9.111,61	0%
B1.7	Stakeholder outreach activities	0,00	11.846,91	0%
	Implementation support	86.340,24	115.543,26	75%
Part B2				
A4.1	Lead expert for Improving profiling methodology	9.419,20	10.671,85	88%
A4.2	Specialist for Improving profiling methodology	3.272,40	3.662,34	89%
A4.3	Evidence based program design of ALMPs		15.768,34	0%
A4.4	Improving work incentives of social assistance beneficiaries		18.947,71	0%
A4.5	Component 4 Implementation and Finance Officer	10.384,65	10.519,48	99%
A4.6	Component 4 Procurement Officer	3.461,54	3.904,97	89%
	TA Component A4	26.537,79	63.474,69	42%
	Total	307.304,10	661.904,23	46%

From presented data it could be seen strong correlation between percentage of used technical assistance and level of achievement of planned DLIs. Even within Component 2, where all planned procurements has been realized, delay in contracting positions related to Sector Policy development, Performance and Value chain analysis and Specialist for improving competitiveness of SMEs caused delay in execution of full achievement of DLI.

Within Component 3, all three procurements that did not even started are related to subcomponent of DLI 5 that is not started and will be approximately one year in delay.

Within Component 4 delay in engagement of external support related to DLI 6 and DLI 7 has been compensated with intensified work, but since TA related to DLI 8 and DLI 9 was not procured, those DLIs will be late three to six months.

It is interesting to note, although it could be coincidence, that level of execution of Procurement Plan calculated in the way presented in table above is almost identical as level of achievement of DLIs calculated as relation between funds that could be disbursed and those planned to be disbursed in 2016.

6. Finance

Financial report of the Project for 2016 has been prepared and presented with the report as Annex 3.

During reporting period one disbursement request related to Part A of the Loan has been submitted and funds has been received., EUR 5,594 million has been disbursed based on achievements reported in Progress report for period January – June 2016. In addition, related to Part B, as advance EUR 500.000 was drawn to fund technical activities and operational expenses of the Project.

All regulatory reporting to Ministry of Finance, Treasury, Public Debt Administration and National Bank of Serbia has been timely and correctly done. One field control by World Bank has been performed with no findings recorded.

PPS procurement committee is in the process of selection of external auditor that will perform audit of the Project financial statements, as required by POM.

II. Progress report per Project Component

7. Component A.1: Policy planning, monitoring, and coordination

This Project component supports the implementation of the program of the Republic of Serbia for improvement of PPMC system, and directly addresses the two main challenges in the policy development process in the RS: 1) weak strategic evidence-based planning, and 2) policy coordination. It is implemented through development and piloting of inter-ministerial system for planning, monitoring and coordination of policies in area of competitiveness and jobs, through establishment and functioning of PPMC IMWB.

During reporting period PPS actively worked on reform of Policy Planning, Monitoring and Coordination system and coordination of Project activities. Details are presented in PPMC system implementation report as a separate document. However, activities that are most important were:

- Preparing set of regulations composed of Draft Law on Planning System, Draft regulation on medium term planning as well as Draft regulation on public policy management, policy and regulatory impact assessment and content of individual public policy documents. By the end of reporting period final draft of Law on Planning System has been

done in cooperation with all relevant ministries and institutions. Adoption of the Law and related by-laws will provide necessary regulation fundament for implementation of PPMC system.

- During reporting period, after election of the new Government which occurred on August 11, PPS actively participated and coordinated development of APSPV (Action Plan for Implementation of Government Program). Based on principles on which implementation of PPMC system is based, 32 priority goals has been developed and aligned between ministries responsible for their achievement. For each priority goal KPIs have been identified in order to monitor their progress. This document can be seen as a spillover of the Project on the rest of the public administration, being that it is formulated and implemented on the same principles as PPMC system and that Ministerial groups were formed, which serve the same purpose as IMWB.
- PPS and Ministry of Finance coordinate all ministries and National Bank of Serbia in formulation and implementation of Economic Reforms Program for period 2017 – 2019. Formulation was done in consultations (October 2016) with other relevant entities. All activities were aligned with negotiation platform for Chapter 4 of EU Pre accession negotiation. It is important to mention that all reforms are aligned with APSPV and this Project as well, so that these three documents represent a coherent set founded on result based management principles.
- PPS participated in development of Program for improvement of results on Doing Business. In 2016 Republic of Serbia achieved significant improvement, moving from 59th to 47th place.
- PPS, in cooperation with Human Resource Management Service of the Government, organized and provided several trainings for civil servants, from area of public policy planning, monitoring and coordination which is directly in function of PPMC system implementation. These trainings are: Regulatory impact assessment (13 participants), Role of managers in strategic and financial planning in the public sector (22 participants), Managing legislative procedure (21 participants), Managing public policies (15 participants).
- Process of development of Smart specialization strategy on national level is being initiated in close cooperation of MoESTD and PPS. This strategic document, when adopted, will further strengthen connections between research and innovation institutions and national economy. It will help inclusion of Serbian research and innovation sector into European and global research trends and financing programs. Other important feature of this Strategy is that it implies very broad scope of consultations with all stakeholders in order to discover regional comparative advantages and focus resources on areas with greatest innovative potential.
- PPS also prepared The Competitiveness Monitor that contains data and analysis sorted in various areas of economy's competitiveness. It may support beneficiaries of the Project and help in overcoming analytical challenges that will occur in the Project, especially in development and monitoring of performance indicators and their interdependences. The Competitiveness Monitor is in final stage of development and will soon be published on PPS website.
- All of the activities listed above directly contributes to incorporation of result based management in public policy system, so the planning and coordination could be based on continuous monitoring of set of data, representing transitional results during achievement of priorities defined in planning documents.

In performing its coordinating role in the Project, PPS managed the Project through coordination of the activities:

- Four sessions of IMWB has been held to discuss operational activities and make decisions from IMWB area of responsibility; In addition to that, one thematic session was held in September, dedicated to introduction of PPMC system. On that session, Lead impact evaluation expert in the project presented an outline of Provisional operational plan (POP) to the members of the IMWB. In the meantime, due to adoption of APSPV, POP became outdated.
- Organization, execution and supervision over public procurements related to the Project;
- Organization of financial management and payments for the Project;
- Reporting to the World Bank, Ministry of Finance and all other recipients about Project progress and achievements;
- As previously stated, one thematic session has been held, which is lower result then planed. Execution of the Plan of thematic sessions has been effected by delay in development and adoption of the strategic documents that should have been developed during 2016, since those documents were primary topic to be discussed on thematic sessions;

Besides developing and implementing reforms in PPMC system – embedded in the Component 1 of the Project, PPS is also in charge for overall project technical aspects through Component B of the Project.

Based on undertaken activities, and with the PIU established to provide support to participating institutions, it could be concluded that results expected under Component 1 were mostly achieved in 2016, so progress toward Project objectives is **satisfactory**.

Table 7: Component A.1 - Intermediate Result and Key Performance Indicators²

**Component 1: Policy Planning,
Monitoring and Coordination**

Intermediate Results Indicators defined in
Project Appraisal Document*

Indicator Name	Baseline	2016			2017	2018
		Target	June 30 th	December 31 st	Target**	Target**
Annual performance reviews of pilot policy planning, monitoring, and coordination system (to support competitiveness and jobs reforms) <i>Note: this indicator is the DLI defined for Component A.1</i>	0	1		1***	2	3

* Description (indicators definition), frequency and responsibility for data collection is available in PAD (pages from 28 to 32)

Source: PAD and Participating institutions

Component A.1 – DLI achievement report:

This component, as defined by the Loan Agreement (LA), encompasses **DLI 1 – Policy planning, monitoring, and coordination (“PPMC”) system (in support of competitiveness and jobs reforms) piloted.**

This DLI, when expected results for 2016 are concerned (as well in the following years of the Project), includes:

DLI 1.2: Piloting of the PPMC system through semi-annual Progress reports and annual Performance reviews based on the reports prepared and submitted by participating institutions.

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>DLI 1.2 statement: PPMC WG publishes on the PPS website one semi-annual progress report and one annual performance report of the PPMC system with inputs from each Participating Institution.</p> <p>Verification protocol for DLI 1.2 : 1. Adequate content of the semi-annual Progress report for each institution contains:</p>	<p>DLI 1.2 is PARTIALLY ACHIEVED.</p> <p>1.1 and 2.1. KPIs baseline values at project inceptions, progress, and targets for the following 2 years has been developed by Internal PPMC units of participating institutions. KPI performance and related problems were discussed and conclusions were integrated in the PPMC system implementation report;</p> <p>1.2 and 2.2. Identification of the relevant budget lines and activities associated with each KPI has been done where applicable.</p>	<p>Attachments to this report:</p> <ol style="list-style-type: none"> 1. KPI baseline and target values, hierarchy and relevant budget lines are resented in this report for each Project component with summary of discussion, conclusions and appropriate measures defined by the institutions and IMWB. 2. IMWB Meeting Minutes from the session held on March 28th, 2016 and POM (already submitted and approved by the WB)

² KPIs will be addressed separately in the performance review

<p>1.1. KPIs baseline values at project inception, progress, and targets for the following 2 years;</p> <p>1.2. Identification of the relevant budget lines and activities associated with each indicator;</p> <p>1.3. Reports are prepared in line with the reporting protocols established with IMWB meeting minutes;</p> <p>1.4. Publicly available – published on the PPS website.</p> <p>2. Adequate content of the annual Performance review for each institution contains:</p> <p>2.1. Discuss performance problems in each KPI;</p> <p>2.2. Budget adequacy, and performance improvement measures (both planned and taken);</p> <p>2.3. Publicly available – published on the PPS website.</p>	<p>For those identified, adequacy and performance improvement measures have been discussed and integrated in the report. Some budget lines could not be determined and in some cases more than one budget line corresponds with one KPI. In order to enable full monitoring of the budget adequacy and reform costs against performance, the improvement of KPIs will be undertaken based on analysis presented in PPMC system implementation report. In case needed, relevant procedures provided with POM will be adjusted;</p> <p>1.3 On session held on March 28th, 2016, after obtaining No Objection from the WB, IMWB adopted POM which establishes Reporting procedures. In accordance with those protocols Progress Report for period January – June and Performance Review for 2016 has been made;</p> <p>1.4 and 2.3. Verification protocol 2.3 could not be applied as defined, since 2016 Performance Review could not be published within the period on which it refers, but fulfillment is expected in one month period after adoption by PPMC IMWB.</p>	<p>3. Print Screen from PPS web site (Annex 4) on which Progress Report for period January – June 2016 has been published and link http://www.rsjp.gov.rs/malodrovo/brosure/Implementation_Status_and_Results_Report_-_2015.pdf. Performance Review for 2016 will be published upon acceptance of the WB.</p>
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Note: Performance Review is not yet formally accepted by the Bank, thus DLI is still considered partially achieved. Reimbursement request for achievement of partial DLI will be submitted after Bank's confirmation that annual report is accepted.

8. Component A.2: Investment and Export Promotion

This Project component supports reforms lead by the MoE regarding restructuring and improvement of the functioning of institutional framework and programs and services for investment and export promotion. Through this reform MoE will strengthen the strategic framework for investment and export promotion, including identification of the priority industrial sectors and development of initiatives for sector-specific value chains, which would provide better focus of the support programs, in line with the national development priorities. The reform of the investment and export promotion support policy can be related either to the institutional arrangements underpinning those activities, or to the substance of implementation of the respective activities. In such a way, better conditions can be created for bigger return on investment of public resources.

In order to successfully and timely implement Project objectives, MoE appointed Internal Unit responsible for Project execution. Due to personal changes within Ministry, coordinator for the project has been changed, as well as Head of Internal unit. Ministry initiated replacement of representatives in IMWB, appointed by Ministry, as well.

. All procurements that should support execution of planned activities have been determined and MoE defined process of procurement, including steps, responsible persons and due dates. Evaluation Committees for each procurement have been appointed. Project Activities Plan defines activities divided on thematic groups, specific tasks for each group, time frames, responsible institutions and persons. Additionally, draft Training plan has been defined.

All ToR documents necessary for contracting external consultants for the Project execution were defined and no objection from the World Bank was obtained. All nine contracts with consultants planned for 2016 has been concluded. Consultants

related to design of policies for identified industrial sectors has been engaged with delay of approximately three months, which had influence on full achievement of DLI 2.1. In order to additionally support activities within Component 2 of the Project, Ministry proposed revision of Procurement plan for the Project. It will be discussed and adopted during Q1 of 2017.

Key activities performed within Component 2 - Investment and export promotion during 2016 were:

- During period 2016, Strategic Framework and Action Plan of Serbian Development Agency (SDA) has been developed. First draft has been defined and it contains strategy for the Agency, operational goals and indicators, detailed description of functional model for operations, organizational structure, division of authorities and responsibilities within Agency. After personal changes within Ministry and SDA and additional improvements, Strategic Framework and Action Plan of Serbian Development Agency has been adopted by SDA and approved by Minister in December 2016. Final document contains all requirements from the verification protocol for DLI 2.1;
- In April 2016, analysis of industry sectors started in order to identify and pre-selected priority sectors for which sector-strategies will be defined in 2016. It started by examination and analysis of existing documents about various industry sectors potential. On June 6th, MoE organized consultations with representatives of business community in Serbian Chamber of Commerce in order to take into consideration all relevant opinions during identification of priority sectors. Consultant for the development of Sector Policy Development (consortium Maxima Consulting and Serbian Association of Employers) has been selected and contract has been signed in September 2016, which effected achievement of the second part of the DLI. Four sectorial working group that includes key relevant stakeholders has been organized. During Q4 2016 number of round tables, workshops and public events have been organized with representatives of business community, RDI, academic community and other interested parties. Three months after the contract was signed, consultant delivered Communication plan, Inputs for sectorial policies, report on FDI in selected sectors, Overviews and SWAT analysis for four selected sectors. Those documents, with Performance and value chain analysis of four selected sectors will be the base for finalization of sectorial policies. Since it was not achieved till the end of the 2016, action plan for overcome of the delay during first half of 2017 has been proposed by the Ministry and adopted by IMWB;
- Development of Performance and value chain analysis started after definition of appropriate Methodology which encompasses overview of sectors, mapping of value chains, identification of key success factors, gap analysis and recommendations for development improvement strategies and action plans. Due to delay of contract signing, activities begun two week after sectorial policy development and it is expected to be finalized in accordance with contracted due dates.
- One of the key activities represents the development of the policies which will contribute to increase of export and positioning of SMEE on foreign markets, by improvement of existing and creation of new support programs. Within this activity date base of business clusters in Serbia has been updated and improved, grouping by sectors and regions has been done based on conducted research with 15 regional development agencies. Constant mentoring and support to employees of Serbian Development Agency (SDA), in relation with SMEE sector projects and export promotion continued;
- Development of new and improvement of existing programs and services for investors in order to attract and increase FDI through enhancement of SDA resources and capacities. Analysis of investment potentials is in progress based on available reports and data from 2016, definition of criteria for incentives, development of investment proposals and marketing plan and mentoring of SDA employees in relation with investment attraction activities, with emphases of sector with identified growth potential;
- During second half of the 2016, activities on establishment of internationalization of Serbian economy started by engagement of specialized consultant. Key subject and appropriate methodology for internationalization of the Serbian economy has been defined, starting assumptions and preconditions, key facts and ministries, institutions and organizations relevant for the success of the activity;
- Analysis of MoE readiness for implementation of RBM system was done in November 2015. Implementation of Result Based Management system started in period May – June 2016 by, definition of Key Performance Indicators of MoE and RBM Methodology. Till the end of reporting period, RMB Methodology has been finalized, as well as

questioner that will provide data for analysis of human resources and potentials in relation with area of work. Readiness report for RBM system implementation for seven agencies within responsibility of MoE has been done. For SDA same analysis will be done during 2017, due to organizational and other changes that occurred in 2016;

Progress is in general **satisfactory**. Although full achievement of DLI 2 result for 2016 is in certain delay, having in mind all activities undertaken by institution and remaining activities till the end of the Project, could be expected that planned achievements will be reached within duration of the Project.

Table 9: Component A.2 Intermediate Result and Key Performance Indicators³

Intermediate Results Indicators defined in Project Appraisal Document*

Indicator Name	Baseline	2016			2017	2018
		Target	June 30 th	December 31 st	Target	Target
MoE investment and export promotion programs restructured <i>Note: this indicator is the DLI defined for Component A.2</i>			Partial DLI achieved	DLI partially achieved		
Number of documented interests by investors (Number), annual <i>Note: this indicator is the DLI defined for Component A.2</i>	61	67	36	75	74	82

* Description (indicators definition), frequency and responsibility for data collection is available in PAD (pages from 28 to 32)

Source: PAD and Participating institution

Component A.2 – DLI achievement report:

This Project component, as defined in the LA, encompasses **DLI 2 – MoE investment and export promotion programs restructured**.

This DLI, when expected results in 2016 are concerned, includes:

DLI 2.1: Development and adoption of the strategic framework and action plan for investment and export promotion with adequate content;

Partial DLI 2.1.1: Defining TOR and contracting of consultants to complete the strategic framework, overall action plan, and sector specific policies.

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
DLI 2.1 statement: Strategic framework and overall action plan for investment and export promotion (“Action Plan”) prepared and adopted by the MoE.	DLI 2.1 is PARTIALLY ACHIEVED In regards to Strategic framework and overall action plan for investment and export promotion, DLI 2.1 has been achieved. Document contains requirements	Attachments to this report: 1. Strategic framework and overall action plan for investment and export promotion (“Action Plan”)

³ KPIs will be addressed separately in the performance review

<p><i>Sectorial policies and sector-specific implementation plans adopted for target sectors identified in the strategic framework.</i></p> <p>Verification protocol for Partial DLI 2.1:</p> <ol style="list-style-type: none"> 1. Strategic framework and action plan contain initial identification of the targeted industrial sectors and specific policies for targeted sectors; 2. Strategic framework and action plan contain performance targets for 3 years and monitoring mechanisms; 3. Strategic framework and action plan contain measures for improvement of existing or development of new programs and services; 4. Action plan is time bound, with costs and stages defined; 5. Contain reform/restructuring of one or more agencies/organizations within MoE portfolio, responsible for investment and export promotion (SIEPA, Development fund, AOFI and/or NARD), where restructuring may include the combination of existing or creation of new agencies; 6. Action plan contain measures for strengthening governing structure in selected agencies/organizations; 7. Sector specific policies (contained in the strategic framework) include: <ol style="list-style-type: none"> 7.1. Policies for investment and export promotion and value chain strengthening in the identified targeted sectors; 7.2. Performance targets and monitoring mechanisms; 7.3. Sector specific actions plans; 7.4. Sector policies aligned with the revised Industrial Strategy 2011-2020. 8. Strategic framework, action plan and sector specific policies are officially endorsed in the letter signed by the minister of economy and are acceptable to the Bank. 	<p><i>requested by points 1 to 6 of the verification protocol. Minister signed official letter of endorsement on December 28th, 2016.</i></p> <p><i>Development of sectorial policies for selected industrial sectors started with delay due to delay in procurement of external consultants. Apart from that, all activities that will result with definition of sectorial policies are running as agreed between Ministry and consultants. In accordance with action plan proposed by MoE to IMWB, full achievement of the DLI will be reached in the first half of 2017.</i></p> <p><i>Final step will be adoption of the required Sector Policies and official letter of endorsement signed by minister.</i></p>	<p><i>prepared and adopted by the MoE (Annex 5)</i></p> <ol style="list-style-type: none"> 2. Letter of endorsement of Strategic framework and action plan for investment and export promotion signed by minister (annex 6) 3. Action plan for overcoming delay in full execution of DLI 2.1 (Annex 7)
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9. Component A.3: Innovation

This Project component supports the implementation of the RS program for strengthening business innovation, enhancing technology transfer and improvement of the performance of the research sector towards economy and society. This component is implemented through 3 compatible subcomponents:

A.3.1: Supporting the operations of the Innovation Fund and its Matching Grants Program (MGs Program);

A.3.2: Supporting the Technology Transfer Facility (TTF) service lines at the Innovation Fund, and

A.3.3: Undertaking strategic planning for institutional reform of the public research and development sector.

Activities included in Subcomponent A.3.2: Facilitate technology transfer and commercialization activities are ahead of the plan and by the mid-year annual plan to deploy at least one new TTF service has been achieved. However, there are major restrictions in achieving subcomponent 3.1 Support enterprise innovation due to insufficient funds in Budget for 2016 and

3.3- Design and adoption of public research sector reforms due to delay in adoption of documents that have to follow Strategy in order to successfully implement reforms of research sector.

Although at the mid-year, activities on design of Action Plan for implementation of Strategy and Infrastructure Road Map were expected to be intensified, as well as execution of the Procurement Plan and procurement of consulting services which should have supported the defined reform, no significant results could be reported. Only one procurement procedure out of four planned, has been executed. Engagement of external consultants to support development of methodology for RDIs self-assessment and for data gathering and analysis, and RDI performance audit practically did not start within reporting period.

Within sub-component 3.1, results required by verification protocol were not achieved until the end of the reporting period, since budget funds were not allocated. It completely disabled execution of this DLI. Several initiatives has been made from the MoESTD and IMWB directed to Ministry of Finance in order to find solution for the lack of funding, but with no results. Required funds of financing MG program and operating budget of the IF in 2017 were included in the budget for 2017, so execution of this DLI will start. On IMWB session held on January 20th, 2017 it was concluded that committing of the allocated budget will be closely monitored during 2017, in order to explore possibilities to compensate achievement planned for 2016. It was pointed out that, apart from MG program financing through C&J project two more financing lines for the same purpose exists and that financing is continues.

Although DLI 4 has been achieved in full, progress in other required elements of this Project Component indicates that annual results will be achieved with significant delay, therefore progress is **not satisfactory**.

Table 11: Component A.3 Intermediate Result and Key Performance Indicators⁴

Component 3: Innovation

Intermediate Results Indicators defined in Project Appraisal Document*

Indicator Name	Baseline	2016			2017	2018
		Target	June 30 th	December 31 st	Target	Target
Private financing catalyzed through IF support programs (Amount USD)	(2014) 0.3 m	0.7 m	N/A**	0	1.4 m	2.1 m
Enterprises and startups financed through matching grants (Number)	(2014) 11	15	N/A**	0	30	45
Enterprises and startups financed with female owner (Number - Sub-Type: Breakdown)	(2014) 1	2	0	0	4	6
Innovative products or services developed by MG beneficiary firms (Number)	(2014) 16	7	0	0	17	27
Innovative products or services launched by MG beneficiary firms (Number)	(2014) 3	0	0	0	3	6

⁴ KPIs will be addressed separately in the performance review

Technology transfer: IF TTF service lines deployed (Number)	0	2	1	3	5	5
Technology transfer: transactions initiated (Number)	0	0	2	11	5	10
R&I strategy and action plan and public research sector reforms designed and adopted <i>Note: this indicator is the DLI defined for Component A.3</i>			Partial DLI was not achieved	DLI was not achieved		
Citizen engagement: Innovation matching grant beneficiary annual survey (Number of surveys)	0	1	0	0	2	3

* Description (indicators definition), frequency and responsibility for data collection is available in PAD (pages from 28 to 32)

Source: PAD and Participating institutions

Subcomponent A.3.1: Support enterprise innovation

The focus of this component is the support to the implementation of the Matching Grants (MGs) program that demonstrated success in the past in the improvement of the innovation in young companies, in development and sales of new innovative products/technologies/services and creation of demonstration effects that attract additional risk financing for early-stage ventures. Registration of national and international patents, trademarks, intellectual property rights and establishment of the multiple international partnerships represent as well significant indicators of the success of this program. The Innovation Fund (IF) will also launch broader visibility and promotion efforts. The most important aspect is communication with stakeholders and supporting institutions in order to improve the innovation entrepreneurship environment in Serbia.

This subcomponent encompasses **DLI 3 – Enterprise innovation supported via the Innovation Fund Matching Grants Program** which, when expected results for 2016 are concerned, includes:

DLI 3.1: Allocating in the Republican Budget at least EUR 0.72 million annually for the IF operating budget and at least EUR 2.7 million annually for enterprise innovation matching grants (MGs) each year in the period 2016-2018;

DLI 3.2: Committing at least 80% of IF MGs annual budget using IF's international peer review and investment committee selection process, including adequate procedures in each year during the period 2016-2018.

DLI 3.1 and 3.2 are annual, but it was possible to request partial payments in case of achievement on mid-year. However, results required by verification protocol were not achieved until the end of the reporting period, since budget funds were not allocated. It completely disabled execution of this DLI. Several initiatives has been made from the MoESTD and IMWB directed to Ministry of Finance in order to find solution for the lack of funding, but with no results. Required funds of financing MG program and operating budget of the IF in 2017 were included in the budget for 2017, so execution of this DLI will start. On IMWB session held on January 20th, 2017 it was concluded that committing of the allocated budget will be closely monitored during 2017, in order to explore possibilities to compensate achievement planned for 2016. It was pointed out that, apart from MG program financing through C&J project two more financing lines for the same purpose exists and that financing is continues.

DLI 3.1: Allocating in the Budget of Republic of Serbia at least EUR 0,72 million annually for the IF operating budget and at least EUR 2,7 million annually for enterprise innovation matching grants (MGs) each year in the period 2016-2018

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>DLI 3.1 statement: <i>Allocating in the Budget of Republic of Serbia at least EUR 0,72 million annually for the IF operating budget and at least EUR 2,7 million annually for enterprise innovation matching grants (MGs) each year in the period 2016-2018</i></p> <p>Verification protocol: <i>Each year Mo ESTD, together with the semi-annual project report submits to the PIU the excerpt from the Budget Law of the RS (or other comparable document) for that year, with clear indication of budget line, confirming that:</i></p> <ol style="list-style-type: none"> <i>1. The operational budget of IF is allocated in appropriate amount, as well as that the allocated budget is available to the IF. Together with the excerpt from the Budget Law, a signed letter of the responsible manager of the IF is submitted confirming the allocation of the funds.</i> <i>2. The budget for implementation of the MGs program is allocated in the appropriate amount, as well as that that the funds are available to the IF. Together with the excerpt from the Budget Law, a signed letter of the responsible manager of the IF confirming the allocation and availability of funds is submitted.</i> 	<p>DLI 2.1 is NOT_ACHIEVED</p> <p>Activities within reporting period: <i>On February 24th, 2016. MoESTD and Innovation Fund signed the Contract on deployment and use of budgetary funds allocated for financing of operative costs of the IF in 2016. In accordance with the Contract, total IF operating budget is RSD 50 million, which, divided by official exchange rate of National Bank of Serbia on the day of signing (123,3738 RSD/EUR), was 405.272,43 EUR. Till 30.06.2016, MoESTD transferred RSD 30 million on the account of the IF in regular monthly payments. EUR 2,7 million for enterprise innovation matching grants (MGs) has not been included in the Budget of Republic of Serbia for 2016.</i></p>	<p>Attachments to this report:</p> <ol style="list-style-type: none"> <i>1. Excerpt from the Budget that show allocation of the funds for 2016 (already submitted with Progress report)</i> <i>2. Confirmation letter of the responsible manager of IF, confirming the allocation and availability of the funds for operational activities (already submitted with Progress report).</i> <i>3. Action plan submitted by the MoESTD for overcoming delay in execution of DLI 3 and DLI 5 (annex 8)</i>

DLI 3.2: Committing at least 80% of IF MGs annual budget using IF's international peer review and investment committee selection process, including adequate procedures in each year during the period 2016-2018

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>DLI 3.2 statement: <i>Committing at least 80% of IF MGs annual budget using IF's international peer review and investment committee selection process, including adequate procedures in each year during the period 2016-2018</i></p> <p>Verification protocol: <ol style="list-style-type: none"> <i>1. At least 80% of MGs annual budgets is committed;</i> <i>2. The commitment of grant funds was done using IF's international peer review and investment committee selection process;</i> <i>3. In accordance with the Loan Agreement, MGs programs are implemented in line with the MG Manual which is acceptable to the Bank in form and content, is adopted by the IF, and which determines the procedures for selection, evaluation and approval of project and for monitoring and control of the implementation of the projects financed</i> </p>	<p>DLI 2.1 is NOT_ACHIEVED</p> <p>Activities within reporting period: <i>Until December 31st, 2016 required amount of funds was not allocated in the RS budget for MGs 2016 program, therefore, could not been committed.</i></p>	<p>Attachments to this report:</p> <ol style="list-style-type: none"> <i>1. Action plan submitted by the MoESTD for overcoming delay in execution of DLI 3.1 (annex 8)</i>

under MGs program, and which describes basic principles and acceptable procedures including, inter alia:

3.1. Criteria for eligibility and amounts within MGs, and

3.2. Mandatory provisions that:

- No civil works shall be financed by the MGs program;
- No land acquisition or involuntary resettlement shall occur in connection with the provision of any matching grant;
- Beneficiaries of the matching grants shall not award contracts to their subsidiary or affiliated companies unless there is an established arms-length arrangement;
- Matching grants will be provided and implemented in accordance with the ESMF and any applicable EMP thereunder; and
- International peer review and investment committee mechanisms are used for grant selection.

Subcomponent A.3.2: Facilitate technology transfer and commercialization activities

Activities to be implemented by the MoESTD, in cooperation with the IF, under this subcomponent are:

- (a) Design and deployment of one or more TTF service lines, which includes allocating at least EUR 0,9 million annually in the Government's 2017 and 2018 budgets to the IF;
- (b) Initiating a minimal number of technology transfer transactions;
- (c) Evaluation of the TTF program;
- (d) Preparation of a Government or donor proposal for scaling-up technology transfer activities.

This subcomponent encompasses **DLI 4 – Technology transfer and commercialization facilitated via the IF TTF.**

DLI 4 for 2016 includes **DLI 4.1 - Design and deployment of one or more TTF service lines with Partial DLI 4.1.1 - Design of one or more TTF services**

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>DLI 4.1 statement: <i>Design and deployment of one or more TTF services</i></p> <p>Verification protocol for DLI 4.1: <i>The condition for recognition of achievement of this DLI by the Bank is the deployment of at least one TTF service line, which is evidenced in IF quarterly monitoring reports. The deployment of the service is represented by the beginning of consideration of the first application for a given TT service.</i></p>	<p>DLI 4.1 is ACHIEVED <i>IF prepared and submitted to World Bank Guidelines for Applicants. Version 1.0 has been approved by the Bank on March 29th, 2016 and version 1.1 on May 9th, 2016, together with related documents. Documents are available on IF site (http://www.inovacionifond.rs/program-ttf/), as well as on Application Portal, under section "Application documentation". Design of TTF services set has been described in Operational Manual and Guidelines for Applicants. 8 major service lines (TTF services) are designed and additional 4 that could be activated if needed, are described. Documents were submitted to the Bank as attachments for 2106 semiannual Progress report.</i></p>	<p>Attachments to this report: DLI 4.1:</p> <ol style="list-style-type: none"> 1. <i>SCJP Monitoring Report 2016 Q3.pdf (Annex 9)</i> 2. <i>SCJP Monitoring Report 2016 Q4.pdf (Annex 10)</i>

First application has been registered on June 3rd, 2016 and, by that, first TTF service has been deployed (Eliciting disclosures). Evaluation of the first TTF application started in July 2016. Seven applications were submitted in total. Three has been evaluated (one accepted) and four are still under evaluation.

Subcomponent A.3.3: Design and adopt public research sector reforms

The goal of this subcomponent is aiming at improving the structure and composition of financing of the public research sector, creating incentives for both excellence and relevance of research for the industrial sector, including commercialization and focus on integrating into European and global research trends and financing programs. Thus, this project will support the design of the reform of research sector with the focus on creating necessary incentives on individual and institutional level, as well as the design of possible reform scenarios at the research sector level and development of financing mechanisms based on performance at researcher and RDI level.

This sub-component regards **DLI 5 – Public research sector reforms designed and adopted** which, when expected results in 2016 are concerned, includes:

DLI 5.2: Adoption of the time bound action plan to implement R&I Strategy;

DLI 5.3: Adoption of the time bound action plan to implement R&I Infrastructure roadmap and its Action plan;

DLI 5.4: Conducting at least 50 RDI self-assessments and pilot performance audits of at least 4 RDIs carried out by international experts.

DLI 5.2, 5.3 and 5.4 are annual, for all three parts of DLI 5 scheduled for 2016 it was possible to request partial payments in case of achievement on mid-year. However, results required by verification protocol were not achieved till the end of the reporting period. Activities regarding DLI 5.2 and DLI 5.3 are in progress, but execution of DLI 5.4 is still in the first phase of procurement of external consultants.

DLI 5.2: Adoption of the time bound action plan to implement R&I Strategy (2016)

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>DLI 5.2 statement: Adoption of the time bound action plan to implement R&I Strategy.</p> <p>Verification protocol: 1. Adopted action plan is time bound, and 2. Action plan is based on the recommendations deriving from Component 3 of the SRITTP project.</p>	<p>DLI 5.2 is NOT ACHIEVED</p> <p>Activities within reporting period: Development of Action Plan is in progress. Although on half year MoSTD estimated that Action Plan will be done in accordance with R&I Strategy (September 2016), until the end of 2016 adoption procedure was not started. In accordance with POM, MoESTD submitted to IMWB proposal of action plan for overcoming of the delay in execution of the DLI</p>	<p>Attachments to this report:</p> <ol style="list-style-type: none"> Action plan for overcoming of the delay in execution of DLI 5.2 (Annex 8)

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>Partial DLI 5.3 statement: Adoption of the time bound action plan to implement R&I Infrastructure roadmap and its Action plan.</p> <p>Verification protocol:</p>	<p>DLI 5.2 is NOT ACHIEVED</p> <p>Activities within reporting period: Definition of R&I Infrastructure roadmap is in progress. The MoSTD estimates that full realization of the DLI will be achieved till the end of 2017.</p>	<p>Attachments to this report:</p> <ol style="list-style-type: none"> Action plan for overcoming of the delay in execution of DLI 5.3 (Annex 8)

1. Adopted action plan is time bound, and
2. Action plan is based on the recommendations of the SRITTP project.

DLI 5.3: Adoption of the time bound action plan to implement R&I Infrastructure roadmap and its Action plan (2016)

DLI 5.4: Conducting at least 50 RDI self-assessments (2016) and pilot performance audits of at least 4 RDIs carried out by international experts

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>Partial DLI 5.4 statement: <i>Conducting at least 50 RDI self-assessments (2016) and pilot performance audits of at least 4 RDIs carried out by international experts</i></p> <p>Verification protocol: 1. At least 50 self-assessments are completed by RDIs, and 2. At least 4 pilot RDI performance reviews are completed by the international experts.</p>	<p>DLI 5.3 is NOT ACHIEVED</p> <p>Activities within reporting period: <i>Since conducting of self-assessments and pilot performance audits requires engagement of consultants which are in delay, activities included in this DLI cannot start before procurement of experts is executed. Till the end of 2016, MoESTD engaged Implementation Officer. Implementation Officer drafted ToR for consultant that will develop Methodology for RDI self-assessment and started with drafting of the methodology for external assessment of RDI.</i></p>	<p>Attachments to this report:</p> <ol style="list-style-type: none"> 1. <i>Action plan for overcoming of the delay in execution of DLI 5.4 (Annex 8)</i>

10.Component A.4 Labor

The focus of this project component is the improvement of the capacities and services of the NES, more specifically of labor market intermediation services, provision of support programs which would increase job seekers prospects for employment (ALMPs) and support to activation of social assistance beneficiaries, which are characterized by low competitiveness on labor market, could expect only low-paying jobs, and their inclusion into the formal labor market.

This component is implemented through three sub-components:

- (a) Enhancing the effectiveness of the NES labor intermediation services for employers and the unemployed;
- (b) Improving the effectiveness of the RS active labor market programs, and
- (c) Facilitating the transition of social assistance beneficiaries into formal jobs.

Internal Unit of MoLEVSA regularly held be-weekly meeting to discuss and coordinate project activities within ministry and between ministry and NES. On most of the meetings representative of PIU was present in order to gather information about the realization of the project activities and to additionally support institutions. Further, small technical support unit has been predicted by Loan agreement and it has been accordingly established. All procurements that should support execution of planned activities have been determined and MoLEVSA and NES defined process of procurement, including steps, responsible persons and due dates. Evaluation Committees has been appointed for each procurement.

During reporting period, procurement were realized with certain delays. By adjustment of planed execution dynamic, DLI 6 and DLI 7 delay has been mostly compensated and documents were prepared by the end of reporting period. However, since external consultant needed to support realization of DLI 8 and DLI 9 were not engaged till the end of 2016, it effected execution of planned activities. MoLEVSA and NES took remediation measures by starting activities and preparing documents on their own, which will be additionally improved by consultants when engaged, and thus shorten the period planned for their execution during 2017.

Apart from the activities directly encompasses by the project, ministry actively worked on definition of ALMPs for the next year in coordination with all relevant and interested parties. It resulted with adoption of ALMPs for 2017 in November 2016. In January 2017 it was additionally improved and updated.

Financial reports during 2016 has been prepared in time and sent to Ministry of Finance and Treasury in accordance with regulatory requirements. Project activities were sufficiently funded from the B part of the Loan. Having in mind delay in execution of Procurement Plan, only one third of the available funds has been spent, so no liquidity issues occurred.

Based on report presented, although execution within reporting period is in delay, progress could be assessed as **partially satisfactory**.

Table 13: Intermediate Result and Key Performance Indicators⁵

Component 4 Labor

Intermediate Results Indicators defined in Project Appraisal Document*

	Indicator Name	Baseline	2016			2017	2018
			Target	June 30 th	December 31 st	Target	Target
1	Share of total NES staff that is operating as certified case worker (Percentage)	0 (2014) 0 (2015)	0	0	0	85	85
	<i>Note: this indicator is the DLI defined for Component A.4</i>						
2	Number of employers contacted per year by the NES (Number)	15.927 (2014) 19.093 (2015)	17.000	10.163	17.908	20.000	23.000
	<i>Note: this indicator is the DLI defined for Component A.4</i>						
4	NES registered female unemployment cases transitioning into formal job (Number), annual	122,491 (2014)	130	67	109.457	137	145
	<i>Note: this indicator is incorporated in the DLI defined for Component A.4</i>						
6	Standard Deviation of mean case load per branch office over all branch offices	381 (2014)	350	291	401	300	250
	<i>Note: this indicator is the DLI defined for Component A.4</i>	489 (2015)					
9.1	Net placement rate of NES start-up support program for self-employment 6 months	37 (2013)	37	N/A	9,97	39	42

⁵ KPIs will be addressed separately in the performance review

	from completion (Percentage)						
9.2	Net placement rate of NES hiring subsidy program for new employment 6 months from completion (Percentage)	41 (2013)	41	N/A	82,09	43	46
	Number of new or re-designed ALMPs in the NES	0	0	N/A	0	0	1
	<i>Note: this indicator is the DLI defined for Component A.4</i>						
	Average effective tax rate for social assistance beneficiary with two children and nonworking spouse transitioning to a half-time minimum wage job	100%		N/A	N/A		70%
	<i>Note: this indicator is the DLI defined for Component A.4</i>						
	Citizen engagement: Number of employers reached by client satisfaction and needs survey	0	1.000	N/A	854	2.000	3.000

* Description (indicators definition), frequency and responsibility for data collection is available in PAD (pages from 28 to 32)

Source: PAD and Participating institutions

Subcomponent A.4.1: Enhancing the effectiveness of the NES labor intermediation services for employers and the unemployed

Reforms supported through this subcomponent encompass three elements:

1. Increasing the quality of labor intermediation services offered by the NES to employers in order to increase the number of job opportunities for registered unemployed, and the quality of matches for employers;
2. Improving the quality of case management the NES provides to active job seekers, through development of a new training and certification system for its case workers, and
3. Evening out the caseload per caseworker across NES branch offices and focus caseworkers on active jobseekers.

Subcomponent A.4.1 consist of DLI 6 and DLI 7 which determine following expected results for 2016:

DLI 6 - Effectiveness of NES labor intermediation services delivered to clients (employers and unemployed) improved

DLI 6.1: Adoption of the action plan to enhance the quality of employer services and case management (NES action plan) (2016) with **Partial DLI 6.1.1:** Development of the Draft NES action plan

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
DLI 6.1 statement: Adoption of the action plan to enhance the quality of employer	DLI 6.1 is PARTIALLY ACHIEVED	Attachments to this report:

<p>services and case management (NES action plan)</p> <p>Verification protocol:</p> <ol style="list-style-type: none"> 1. Action plan contains KPIs to monitor the quality of employer services and case management. 2. Action plan includes recommendations to be implemented throughout the Project duration, including those planned to be implemented within one year from adoption of the action plan, as well as performance targets for 2018. 3. Action plan includes changes to the regulations, standards for certification of caseworkers, curriculum for training caseworkers, KPIs to monitor certification and individual performance of caseworkers starting from 2016. The certification system should focus both on compliance with regulations and on capabilities of caseworkers in working face-to-face with clients. Case workers need to be certified within 12 months from appointment; 4. Together with the action plan the revised Rulebook on internal organization of the NES which establishes the system to track the indicators is submitted; 5. In case any necessary legislation has to be revised, their drafts together with the letter proving the submission of the acts to the Government/relevant authority for adoption are submitted together with the Action plan; 6. Action plan is submitted to the Bank with accompanying letter stating that it has been officially adopted by the NES; 7. The action plan is acceptable to the Bank. 	<p>Action plan has been adopted and submitted to World Bank for acceptance by the end of 2016.</p> <p>Verification:</p> <ol style="list-style-type: none"> 1. Required KPIs are described within part 6 STRATEGIC FOCUSING of the Action plan In the Action plan matrix, there is a row related to KPIs 2. Recommendations were included in part 6 STRATEGIC FOCUSING of the Action plan 3. Requirements were included in Action plan, goal 2. Which is dedicated to standards for certification and training curriculum 4. Revised Rulebook on internal organization 5. There was no need to revise current legislation to implement Action plan. 6. Action plan has been submitted to the Bank with accompanying letter on December 9th, 2016. 7. Bank confirmed that the Action plan is acceptable for the Bank on February 28th, 2017. 	<ol style="list-style-type: none"> 1. NES Action plan submitted to the WB with accompanying letter (annexes 11, 12 and 13); 2. Rules of organization and systematization in NES (annex 16) 3. Print Screen of the confirmation e-mail from the Bank (annex 20)
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DLI 7 – Caseload management in NES branch offices improved

DLI 7.1: Establishment of a special registry of unemployed persons who are temporarily prevented from working by NES (2015) has been achieved 2015. Expected results for 2016 regard **DLI 7.2:** Adoption and implementation of the staffing reforms in NES and publication of targets on caseload per branch office on the NES website with **Partial DLI 7.2.1:** Design of the NES staffing reform

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>DLI 7.2 statement: Adoption and implementation of the staffing reforms in NES and publication of targets on caseload per branch office on the NES website.</p> <p>Verification protocol: The conditions for recognition of achievement of this DLI by the Bank are:</p>	<ol style="list-style-type: none"> 1. Partial DLI 7.2 is PARTIALLY ACHIEVED 2. NES Action plan (see DLI 6.1) included NES staffing reform as well. <p>Verification:</p> <ol style="list-style-type: none"> 1. The plan has been submitted to the Bank with NES Action Plan and accompanying letter 2. Plan to increase number of case workers has not been developed due to 	<p>Attachments to this report:</p> <ol style="list-style-type: none"> 1. NES Human Resources Plan (annexes 14 and 15) 2. Print Screen from the NES website with published targets (annex 17)

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| <p>1. The staffing plan is acceptable to the Bank, which includes submitting the Draft staffing plan to the Bank for approval</p> <p>2. The plan is submitted to the World Bank with cover letter stating its official adoption by the NES management;</p> <p>3. Increase of the number of case workers is achieved through a combination of:</p> <p>3.1. Reassignment of administrative staff to case worker functions,</p> <p>3.2. Redeployment of temporary workers,</p> <p>3.3. Mobility of case workers from offices with low case load to offices with high case load,</p> <p>3.4. or other measures;</p> <p>4. Case workers must be certified within 12 months from appointment to be considered in the caseload indicator;</p> <p>5. Targets set for the caseload by NES branch office are published on the NES website.</p> | <p>restriction on new employments in public sector</p> <p>3. Requirements were included in Action plan, goal 2. Which is dedicated to standards for certification and training curriculum</p> <p>4. Targets were set and published on NES website (address: http://www.nsz.gov.rs/live/otopere_enje_savetnika.cid32811)</p> |
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Subcomponent A.4.2: Improving the effectiveness of the Borrower's active labor market programs

Improvement of the effectiveness of the Active Labor Market Programs (ALMPs) requires reforms in two areas:

1. The way the ALMPs are targeted to beneficiaries, and
2. The way ALMPs are piloted, monitored, and evaluated.

Introduction of the methods to profile unemployed on the labor market will enable their better segmentation according to the real needs from the NES, by which, the reduction of risk of spending scarce resources of ALMPs on those unemployed which can autonomously find employment and stronger focus on those unemployed whose goal is not only the social assistance but actual assistance in finding the job, are achieved.

Subcomponent A.4.2 relates to **DLI 8 - Effectiveness of ALMPs improved through statistical evidence**

DLI 8 encompasses following expected results in 2016:

DLI 8.2: Preparation and adoption of the Action plan on monitoring, evaluation and re-design of ALMPs and unemployed profiling (2016)

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>DLI 8.2 statement: Preparation and adoption of the Action plan on monitoring, evaluation and re-design of ALMPs and unemployed profiling</p> <p>Verification protocol for DLI 8.2:</p> <p>1. Action plan is acceptable to the Bank, and is submitted to the Bank together with the cover letter stating that it has been officially adopted by the NES management;</p> <p>2. Action plan contains two mandatory elements:</p> <p>2.1. Strategy for monitoring, evaluation and redesign of the ALMPs which:</p>	<p>DLI 8.2 is NOT ACHIEVED</p> <p>Execution of the DLI was effected by contracting external consultant. Procurement process was not finished by the end of 2016. NES started with development of the Action plan on monitoring, evaluation and re-design of ALMPs and unemployed profiling, but the draft could not be finalized and submitted to the Bank for assessment without external consultant support. Procurement process is in final phase, so execution of the DLI is</p>	<p>Attachments to this report:</p> <p>1. Action plan for overcoming delay in execution of DLI 8.2 (annex 18)</p>

2.1.1. *Regulates the evaluation of ALMPs, which should institutionalize the quantitative evaluation methods piloted by the NES in previous TAs (such as IPA project);*

2.1.2. *Recommends KPIs to regularly monitor outcome indicators of ALMPs offered by the NES;*

2.1.3. *Establishes the design of an in-depth evaluation on one of the ALMPs (“in-depth” is a study to understand the causes of observed outcomes from quantitative evaluation results and informs the changes in the design of the program);*

2.2. *A profiling tool which is defined as the method to segment registered unemployed according to:*

- *Their risk of becoming long-term unemployed, and*
- *The level of active support that is required in order to bring the unemployed back into employment.*

The risk-profiling tool should allow separating registered unemployed of each branch into two broad categories:

- *Those requiring no or minimal support from NES (see DLI 8.1), and*
- *Those requiring medium to intensive support.*

3. *The action plan should establish how to target case work and ALMPs for different customer profiles*

4. *Adequate resources and deadlines for implementation of both parts of the action plan have been defined.*

expected in accordance with Action plan for overcoming of the delay attached

Subcomponent A.4.3: Facilitating the transition of social assistance beneficiaries into formal jobs

This subcomponent supports enhancing the activation of social assistance beneficiaries by designing and piloting a program to decrease work disincentives for a select group of social assistance beneficiaries.

This subcomponent, as defined in the Loan Agreement, encompasses **DLI 9 - Transition of social assistance beneficiaries into formal jobs facilitated**

This DLI includes following expected results for 2016:

- DLI 9.1:** Carrying out the study in order to design a program to reduce disincentives to enter formal jobs for social assistance beneficiaries and improve activation of social assistance beneficiaries through improved services (2016) with **Partial DLI 9.1.1:** Contracting the consultant to carry out the study.

Expected result with Verification Protocol:	Status/description of achievement:	Source of verification:
<p>DLI 9.1 statement: <i>Carrying out the study in order to design a program to reduce disincentives to enter formal jobs for social assistance beneficiaries and improve activation of social assistance beneficiaries through improved services</i></p>	<p>DLI 9.1 is NOT ACHIEVED.</p> <p>Activities within reporting period: Partial DLI 9.1.1 is PARTIALLY ACHIEVED- In accordance with revised Procurement Plan, MoLEVSA received “no objection” from the</p>	<p>Attachments to this report:</p> <ol style="list-style-type: none"> 1. “No objection” received from the Bank on defined ToR for the position 4A.4.4 on July 19 2016 (already submitted with semiannual Progress report)

<p>Partial DLI 9.1.1 statement: Contracting the consultant to carry out the study</p> <p>Verification protocol: EUR 0,7 million can be disbursed once the consultants are contracted to undertake the study, meaning:</p> <ol style="list-style-type: none"> 1. ToR for consultants is defined according to the rules of procedure defined with this POM and approved by the Bank, and 2. Consultants are contracted in line with the provisions of the ToR. 	<p>Bank on defined ToR for the position 4A.4.4 on July 19. 2016. Contract will be concluded in accordance with Procurement Procedure.</p>	<ol style="list-style-type: none"> 2. Action plan for overcoming delay in execution of DLI 9.1 (annex 18)
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III. Other PPMC related issues

Within reporting period, five sessions of PPMC IMWB has been held. PPMC IMWB discussed Project related matters within the scope of its responsibilities and made conclusions, recommendations and decisions, as defined in its Rules of Procedures. Key results of PPMC IMWB in reporting period:

- . Since number of personal changes occurred after elections in 2016 and appointment of new Government, further changes were initiated in order to formalize it and to expend IMWB with representatives of institutions that can contribute to its work (e.g. Ministry of Trade, Telecommunication and Tourism);
- During December 2016, based on actual realization of Procurement Plan and necessity to adjust Plan to Project needs second revision of the Procurement Plan has been initiated. Proposal of the revised Procurement Plan will be submitted to the Bank for approval.
- Semiannual Progress Report for period January – June 2016 has been adopted by IMWB and accepted by the Bank. Apart from “technical part” that consist of progress towards defined DLI and KPI values, status of procurement and financial reports, it is enhanced with PPMC System implementation status report which presents performance in essential part of the Project.
- In accordance with Reporting Schedule two sessions of IMWB will be organized during February 2017 to discuss and adopt 2016 Performance review and to define necessary measures for acceleration of the project activities and overcoming current delays.

IV. Annexes

Annex 1 – Progress Report and Performance Review forms fulfilled and submitted by Internal Units of participating institutions:

2.1 – PPS

2.2 – MoE

2.3 – MoESTD and IF

2.4 – MoLEVSA and NES

Annex 2 – Updated Procurement Plan revised in April and approved on May 4th, 2016

Annex 3 – C&J Project Financial report for 2016

Annex 4 – Print Screen from PPS web site on which Intermediary semiannual Progress Report for 2016 has been published

Annex 5 – SDA Strategic framework and overall action plan for investment and export promotion

Annex 6 – Letter of endorsement of Strategic framework and action plan for investment and export promotion signed by minister

Annex 7 – Action plan for overcoming delay in full execution of DLI 2.1

Annex 8 – Action plan submitted by the MoESTD for overcoming delay in execution of DLI 3 and DLI 5

Annex 9 – IF SCJP Monitoring Report Q3 2016

Annex 10 – IF SCJP Monitoring Report Q4 2016

Annex 11 – NES Action Plan 30.11.2016

Annex 12 – NES Action Plan Matrix 30.11.2016

Annex 13 – Decision on adoption of NES Action Plan signed by Director of NES

Annex 14 – NES Human Resources Plan 30.11.2016

Annex 15 – NES Human Resources Plan Table

Annex 16 – Rules of organization and systematization in NES

Annex 17 - Print Screen from the NES website with published targets

Annex 18 - Action plan for overcoming delay in full execution of DLI 8.2. and DLI 9.1.

Annex 19 - Contract with consultant for position 4A.4.4

Annex 20 - Print Screen of the e-mail confirming that NES Action plan is acceptable for the Bank

Annex 21 - Overview of ME Framework and KPIs Annual 2016