

# External Evaluation of the Public Finance for Development Programme

Strengthening Public Finance Capacities in the Western Balkans and the Commonwealth of Independent States





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Commonwealth of Independent States

Client: UNDP

Rotterdam, September 2014

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ECORYS Nederland B.V.  
Watermanweg 44  
3067 GG Rotterdam

P.O. Box 4175  
3006 AD Rotterdam  
The Netherlands

T +31 (0)10 453 88 00  
F +31 (0)10 453 07 68  
E [netherlands@ecorys.com](mailto:netherlands@ecorys.com)  
Registration no. 24316726

**W [www.ecorys.nl](http://www.ecorys.nl)**

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# Acronyms and abbreviations

AB	Advisory Board
AP	Annual Plan
APA	Academy of Public Administration
ARR	Annual Review Report
BC	Beneficiary Country
CD	Capacity Development
CIS	Commonwealth of Independent States
CO	Country Office
CS	Case Study
DP	Development Partner
EC	European Commission
EQ	Evaluation Questions
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMC	General Management Costs
GMS	General Management Service
IFI	International Financial Institution
IMF	International Monetary Fund
MFA	Ministry of Foreign Affairs
M&E	Monitoring & Evaluation
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MSU	Management Support Unit
MTR	Mid Term Review
MTS	Medium Term Strategy
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD-DAC	Organization for Economic Co-operation and Development - Development Assistance Committee
O&M	Organization & Methodology
PB	Programme Board
PBB	Performance-based Budgeting
PD	Programme Document
PFDP	Public Finance for Development Programme
PFM	Public Financial Management
PM	Programme Manager
PR	Progress Report
QA	Quality Assurance
RF	Results Framework
SAIDC	Slovak Agency for International Development Cooperation
SEPD	Sector for Economic Policy and Development
SR	Slovak Republic
TA	Technical Assistance
fTOR	Terms of Reference
UNDP BRC	United Nations Development Programme Bratislava Regional Centre
WB	World Bank
WP	Work Plan





# Acknowledgements

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Particular appreciation is due to the other staff of the UNDP BRC and Country Offices who kindly assisted in arranging the interviews and provided logistical support during the mission. Our special thanks go to all interviewees and workshop participants who made them available for frank discussions and shared their views about the Programme implementation and performance. We are also grateful to the leadership of the Ministry of Finance in Moldova and Montenegro for their valuable time and contribution.

Without the contribution of these people, but also other staff who provided assistance behind the front scene, this evaluation would not have been possible. Nevertheless, all views expressed in this report and any errors remain the responsibility of the authors and do not express the position of the Slovak Government, UNDP or the beneficiary countries. Final responsibility for the report bears with the authors.



# Executive Summary

## Introduction

This document presents the Final Report for the Final Independent Evaluation of the Regional Public Finance for Development Programme. The contract for conducting the evaluation has been awarded to Ecorys Nederland B.V. following a competitive tendering process. Ecorys has been awarded the contract for conducting the final evaluation in September 2013. The evaluation was conducted during the period September 2013 – February 2014 and included desk work and field visits to Slovakia, Moldova and Montenegro.

The report is structured in four chapters. Chapter one briefly introduces the objectives of the evaluation and the methodological approach which guided the evaluation. The detailed methodological approach, data collection sources and procedures for data collection were outlined in the Inception Report. Following the introduction to the evaluation objectives and approach, Chapter two sets the context by providing an overview of the Programme and specific background information. Chapter three presents the main findings and conclusions of the evaluation for each individual Evaluation Question by applying the relevant evaluation criteria. Specific attention is paid to the factors that have affected the performance. The chapter ends with a summary assessment of the Programme performance according to the evaluation criteria rating. The last chapter makes a synthesis of the major strategic conclusions and lessons learned. It also provides recommendations for follow-up or other similar Slovak Aid Programme-based interventions.

## Brief description of the Programme

The Programme “*Public Finance for Development: Strengthening Public Finance Capacities in the Western Balkans and Commonwealth of Independent States*” is funded by the Ministry of Finance of the Slovak Republic as part of the Slovak ODA to support the public finance reform initiatives in selected priority countries of the Slovak ODA. The Programme is implemented by the UNDP Bratislava Regional Centre (BRC) within the delegated Direct Execution (DEX) authority, in line with UNDP Programme and Operations Policies and Procedures User Guide. The BRC acts therefore as the Programme implementing agency.

The initial Programme budget amounted to 1.05 million USD fully funded by the Ministry of Finance of the Slovak Republic (MF SR). The initial Programme duration was envisaged for the period 2009-2012, but was later extended to June 2014. The Programme budget was consequently increased by an additional Donor contribution of 800,000 USD to a total of 1.85 million USD.

The Programme objective is to strengthen and enhance national public finance capacities in selected countries of the region through:

1. Developing analytical capacities and building skills in the area of public finance reform for poverty reduction, local development, job creation, and social inclusion;
2. Increasing understanding and awareness of public finance dimensions for poverty reduction, human development and social inclusion; and
3. Knowledge sharing, dissemination of information, and improved outreach from the public finance reforms in Slovakia and other countries in the region.

A Mid-Term Review (MTR) was conducted in 2011. It reviewed the Programme implementation set-up, focus, strategy, targets, issues, risks and achieved results. The Programme Document (PD) of the Public Finance for Development Programme (PFDP) requires an external independent final evaluation of the Programme which shall assess the Programme results and identify lessons learned. The current report presents the findings of the external evaluation.

## Evaluation approach and methodology

The evaluation purpose is to review the Programme results, identify lessons learned and assess whether the Programme can be instrumental for the process of institutionalizing Slovak line ministries interventions in development cooperation as regards its design and strategy as well as implementation arrangements.

In determining the scope and approach of the current evaluation Ecorys was guided by the TOR of the Evaluation and the Programme Documents. The reference period for this final evaluation covers the period from the start of the Programme implementation up to September 2013 which is the cutting edge of the last quarterly progress report and corresponds with the field visits to the two beneficiary countries of the Programme.

The methodological approach logically follows the established evaluation questions (EQ) – three key questions and one supplementary forward looking question:

- EQ1. To what extent does the Programme design and strategy respond to national development priorities and is suited to achieving the Programme objectives?
- EQ2. Was the Programme implemented in an efficient manner (i.e. in respect to input delivery, cost control, implementation and organizational arrangements)?
- EQ3. To what extent have the expected Programme results been achieved and what is their likely impact and sustainability?
- EQ4. What is the potential for the replication of the Programme in the future?

The evaluation applied the OECD DAC criteria for evaluating development assistance: *relevance, effectiveness, efficiency, sustainability and impact of development efforts*. The evaluation used a four-scale rating system reflecting in broad lines satisfactory, moderately satisfactory, moderately unsatisfactory and unsatisfactory performance. The evaluation departed from an inductive approach drew broader generalizations on the basis of specific observations. The high-level assessment of the individual country interventions informed the assessment of the overall Programme in a consistent and structured way.

The analysis was based on available information generated through the project implementation cycle and the Programme monitoring and review systems. Review of relevant documents was complemented with interviews (face-to-face and via telephone) and a stakeholders' focus group discussions which allowed to complement, triangulate and validate the preliminary observations.

## Summary of main conclusions and lessons

- C1. The Programme design was generally effective in embedding the PFM reform agenda of the beneficiary countries and in reflecting the Slovak ODA vision, but the Results Framework did not facilitate the translation of the Programme objectives in measurable results.
- C2. The Programme adopted a flexible and pragmatic approach to strengthening PFM capacity for advancing the PFM reform agenda in the beneficiary countries but proved to be too ambitious.

- C3. Being flexible in approach, closely linked to immediate needs of the beneficiary countries, and quick in its response, the Programme managed to be of additional value vis-à-vis the interventions of the other development partners in spite of the lack of an effective coordination mechanism in the recipient countries. Avoiding duplication of work will remain to be a challenge during the implementation of a follow up Programme as long as no effective in-country mechanism for coordination of donor support will exist. In the future, the established Slovak diplomatic representations e.g. in Moldova and Montenegro, could play a stronger role in this coordination.
- C4. The dynamics of the political-economic environment of beneficiary countries is responsible for frequent changes in the political leadership with implications for the course and pace of reform implementation and consequently the demand for Slovak Aid.
- C5. One of the key factors that ensured the effectiveness of the organization and management model was the dedication and engagement of the Program Manager, as well as, the establishment of rigorous systems for monitoring of the Programme implementation and management of the implementation risks.
- C6. One of the lessons learned is that for successful implementation of the Programme, whereby the management of the Programme implementation is delegated to a third party, it is important to ensure a common understanding of the roles and responsibilities of various stakeholders involved and their expectations.
- C7. The effectiveness and efficiency of the Programme implementation was undermined by the underestimation of the financial and human resources needed for the management of a Programme of this nature and complexity.
- C8. Efficiency of the Programme implementation was undermined by operational arrangements and different understanding of expectations.
- C9. Despite deficiencies in implementation, the Programme delivered value-for-money
- C10. The Programme achieved its intended outputs in most of the areas except in the area of raising awareness and understanding of public finance.
- C11. The sustainability and impact of Programme results is dependent on factors which are largely beyond the control of the implementing or funding agency.
- C12. The current Programme model has a potential for being replicated to other sectors only when sufficient qualified Slovak capacity can be guaranteed.

### Recommendations for future considerations

- R1. If the intention of UNDP's participation in the Programme is to support capacity development of the Slovak Government as an emerging donors, and/or the intention of the Slovak Republic is to develop internal capacity for management of programmatic aid, the Programme should embed a mechanism and resources for building such a capacity.
- R2. The Results Framework should be streamlined to support an effective results-based management.
- R3. The needs of the beneficiary countries should be matched with the absorption capacity of the beneficiary countries as well as the capacity of the Slovak Republic to respond to the needs.
- R4. The Programme should express a healthy dosage of ambition but its design should be pragmatic and realistic in its expectations.
- R5. The Programme governance model, including the role and responsibility of various stakeholders such as the Donor and the UNDP country offices, should be clearly specified and agreed upon.
- R6. Embed a realistic time frame and effective operational mechanisms in the Programme implementation.

- R7. The reporting could be simplified and reduced in scope if better streamlined without reducing its quality and value for immediate purposes.
- R8. Given the long-term nature of the human and institutional capacity building, the Programme should pay more attention to embedding sustainability issues in the design of the Programme and individual projects.
- R9. To increase its spin-off effects, the Programme could consider establishing a platform for exchange of information and experience.
- R10. If the Slovak Republic wants to bring the management of the Slovak Aid to a more advanced stage, it needs to clearly articulate and translate its strategic visions in concrete actions and professionalize the structure and capacity to implement and manage development aid.

# 1 Evaluation outline

## 1.1 Evaluation background and objectives

In September 2009, the Bratislava Regional Centre of UNDP Europe and the Commonwealth of Independent States (UNDP BRC) and the Ministry of Finance of the Slovak Republic (MF SR) launched the regional Programme “*Public Finance for Development: Strengthening Public Finance Capacities in the Western Balkans and the Commonwealth of Independent States*” which will be referred to as the “Programme” in this report. A Mid-Term Review (MTR) was conducted in 2011 which reviewed the Programme implementation set-up, focus, strategy, targets, issues, risks and achieved results. The Programme Document (PD) of the Public Finance for Development Programme (PFDP) requires an external independent final evaluation of the Programme which shall assess the Programme results and identify lessons learned. Following a competitive tendering process, Ecorys Netherlands has been awarded the contract for conducting the final evaluation in September 2013. The purpose and objectives of the current evaluation were clearly specified in the Terms of Reference (TOR) and are presented below.

### **Evaluation purpose**

The evaluation will review Programme results and identify lessons learned. The evaluation shall assess whether the Programme can be instrumental for the process of institutionalizing Slovak line ministries interventions in development cooperation as regards its design and strategy as well as implementation arrangements.

### **Evaluation objectives**

The objective of the evaluation is to comprehensively assess:

1. Identifiable change in public finance reforms in partner countries (specifically in PFM areas of Programme assistance) since the launch of the Programme to date, and assess Programme contribution to this change, identifying also unintended consequences/results, if any and analyze underlying factors that led to these results.
2. Sustainability of results and identify factors that determine the sustainability.
3. Programme potential for replication and identify additional/alternative development assistance modalities the Donor can use to effectively support PFM reforms in transition countries.
4. Effectiveness and efficiency of management arrangements.

In determining the scope and approach of the current evaluation Ecorys was guided by the TOR of the Evaluation and the Programme Documents. The reference period for this final evaluation covers the period from the start of the Programme implementation up to September 2013 which is the cutting edge of the last quarterly progress report and corresponds with the field visits to the two beneficiary countries of the Programme.

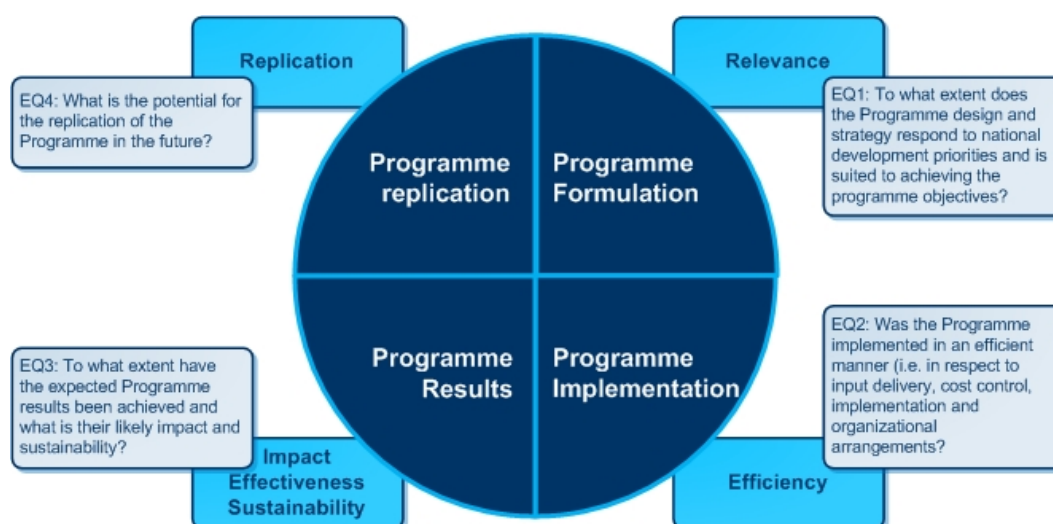
## 1.2 Evaluation scope and methodological approach

The methodological approach has been developed to respond to the TOR and logically follow the established evaluation questions (EQ) – three key questions and one supplementary forward looking question:

- EQ1. To what extent does the Programme design and strategy respond to national development priorities and is suited to achieving the Programme objectives?
- EQ2. Was the Programme implemented in an efficient manner (i.e. in respect to input delivery, cost control, implementation and organizational arrangements)?
- EQ3. To what extent have the expected Programme results been achieved and what is their likely impact and sustainability?
- EQ4. What is the potential for the replication of the Programme in the future?

The evaluation applied the OECD DAC criteria for evaluating development assistance: *relevance, effectiveness, efficiency, sustainability and impact of development efforts*. These evaluation criteria are not equally applicable to all evaluation questions and were therefore linked to a specific EQ (see Figure 1.1).

**Figure 1.1 Evaluation framework**



The evaluation used the rating system depicted in Figure 1.2.

**Figure 1.2 The evaluation rating system**

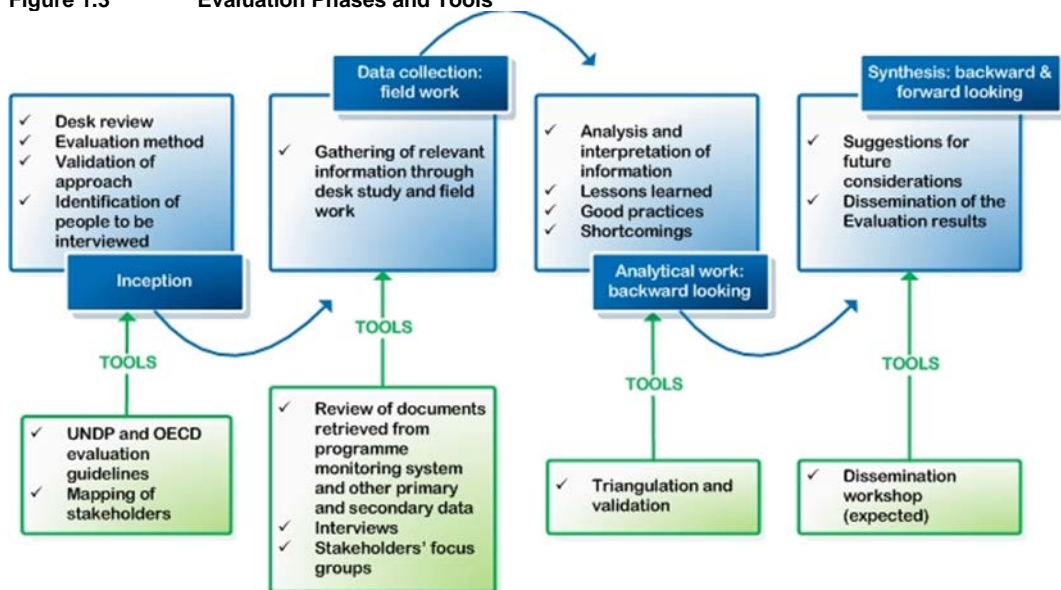
Relevance	Efficiency	Effectiveness	Impact	Sustainability	Replication
<ul style="list-style-type: none"> <li>• Relevant (R)</li> <li>• Moderately relevant (MR)</li> <li>• Moderately irrelevant (MI)</li> <li>• Not relevant (NR)</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfactory (S) - no shortcomings</li> <li>• Moderately satisfactory (MS) - moderate shortcomings</li> <li>• Moderately unsatisfactory (MU) - significant shortcomings</li> <li>• Unsatisfactory (U) - major shortcomings</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfactory (S) - no shortcomings</li> <li>• Moderately satisfactory (MS) - moderate shortcomings</li> <li>• Moderately unsatisfactory (MU) - significant shortcomings</li> <li>• Unsatisfactory (U) - major shortcomings</li> </ul>	<ul style="list-style-type: none"> <li>• Likely (L) – negligible risks</li> <li>• Moderately Likely (ML) – moderate risks</li> <li>• Moderately Unlikely (MU) – significant risks</li> <li>• Unlikely (U) – severe risks</li> </ul>	<ul style="list-style-type: none"> <li>• Likely (L) – negligible risks to sustainability</li> <li>• Moderately Likely (ML) – moderate risks</li> <li>• Moderately Unlikely (MU) – significant risks</li> <li>• Unlikely (U) – severe risks</li> </ul>	<ul style="list-style-type: none"> <li>• Likely (L) – negligible risks to replication</li> <li>• Moderately Likely (ML) – moderate risks</li> <li>• Moderately Unlikely (MU) – significant risks</li> <li>• Unlikely (U) – severe risks</li> </ul>



The nature of the Programme and the specific objectives of the evaluation (as determined by the TOR) have largely determined the methodological approach of the evaluation. The evaluation departed from an inductive as opposed to a deductive approach which means that broader generalizations were drawn on the basis of specific observations. The assessment of the individual country interventions (see the project summary sheets in Annex 4) informed the assessment of the overall Programme in a consistent and structured way.

The evaluation comprised four main phases and used the evaluation tools depicted in Figure 1.3. The analysis was based on available information generated through the project implementation cycle and the Programme monitoring and review systems. Review of relevant documents was complemented with interviews (face-to-face and via telephone) and a stakeholders' focus group discussions which allowed to complement, triangulate and validate the preliminary observations.

**Figure 1.3 Evaluation Phases and Tools**



### 1.3 Structure of the evaluation report

The report is structured in four chapters. Following this introduction to the evaluation objectives and approach, Chapter two sets the context by providing an overview of the Programme and specific background information. Chapter three presents the main findings and conclusions of the evaluation for each individual Evaluation Question by applying the relevant evaluation criteria. Specific attention is paid to the factors that have affected the performance. The chapter ends with a summary assessment of the Programme performance according to the evaluation criteria rating. The last chapter makes a synthesis of the major strategic conclusions and lessons learned. It also provides recommendations for follow-up or other similar Slovak Aid programme-based interventions.

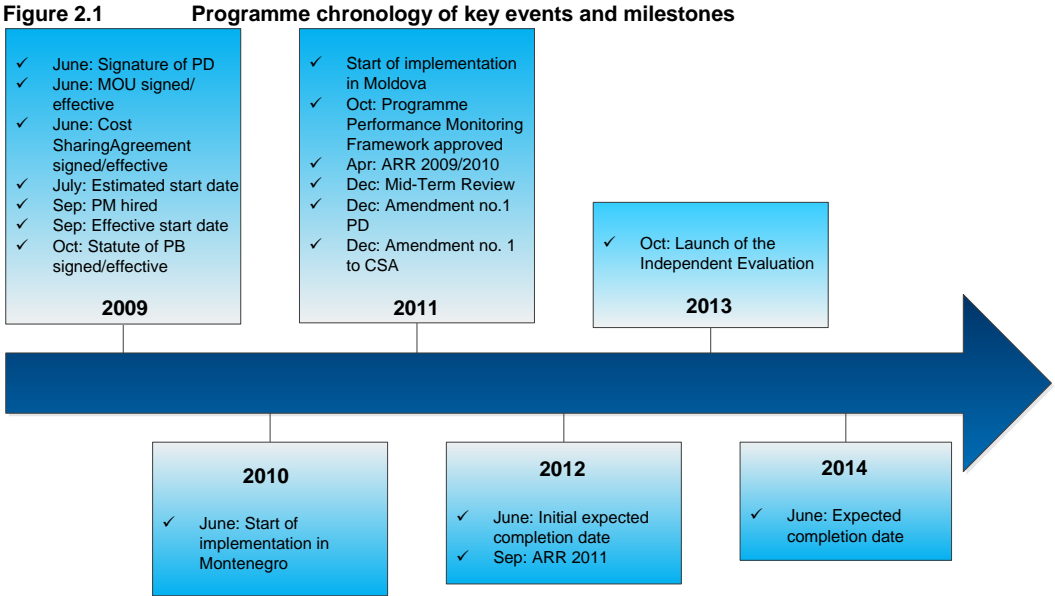


# 2 Overview of the Programme

## 2.1 Programme Background

The Programme “Public Finance for Development: Strengthening Public Finance Capacities in the Western Balkans and Commonwealth of Independent States“ was initiated and is funded by the Ministry of Finance of the Slovak Republic as part of the Slovak ODA to support the public finance reform initiatives in selected priority countries of the Slovak ODA. The Programme is implemented by the UNDP Bratislava Regional Centre (BRC) within the delegated Direct Execution (DEX) authority, in line with the UNDP Programme and Operations Policies and Procedures User Guide. The BRC acts therefore as the Programme implementing agency.

The initial Programme budget amounted to 1.05 million USD fully funded by the Ministry of Finance of the Slovak Republic (MF SR). The Programme document was signed between the MF SR and UNDP BRC in June 2009 for three years with expected completion in June 2012. As result of a Programme amendment signed in December 2011 the completion date has been extended to June 2014 and the Programme budget was increased by an additional Donor contribution of 800,000 USD to a total of 1.85 million USD. The figure below summarizes the key dates and milestones in the implementation of the Programme.



## 2.2 Programme Purpose and Objectives

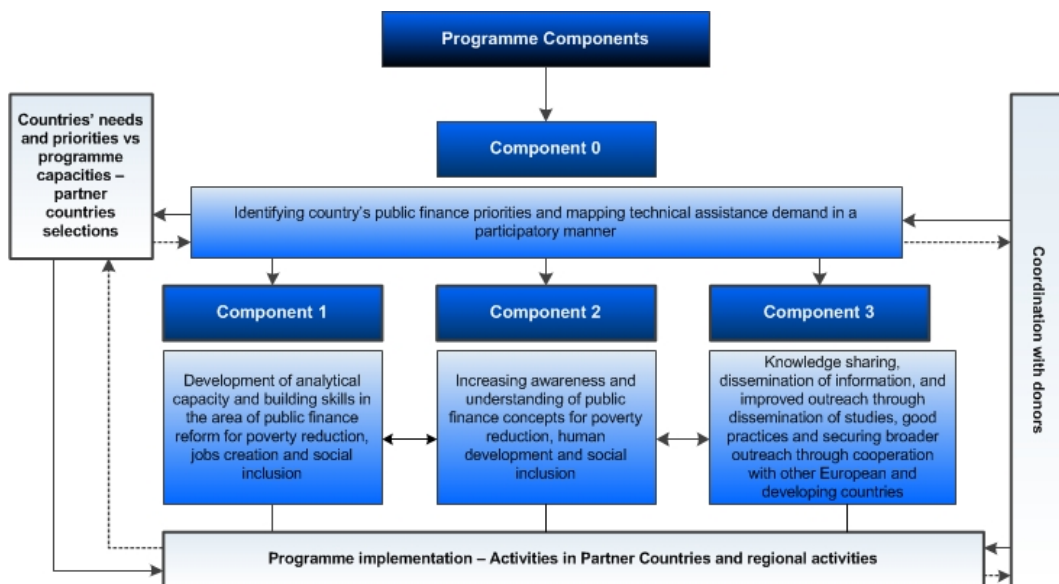
The Programme was built on the knowledge that technical innovations are of little value without political support and institutional changes. Knowing this, the public finance reforms introduced in Slovakia sought to rationalize institutional structures, enhance personnel skills, and streamline procedures and decision-making mechanisms. The Programme Public Finance for Development is therefore focused on improvement of the national capacities in the area of public finance, for governments as well as economic institutes, NGOs, media, researchers, universities in the countries of the region.

The Programme objective is to strengthen and enhance national public finance capacities in selected countries of the region through:

1. Developing analytical capacities and building skills in the area of public finance reform for poverty reduction, local development, job creation, and social inclusion;
2. Increasing understanding and awareness of public finance dimensions for poverty reduction, human development and social inclusion; and
3. Knowledge sharing, dissemination of information, and improved outreach from the public finance reforms in Slovakia and other countries in the region.

The Programme consists of four key components, and a secondary component dealing with management of the Programme implementation. The Programme components are summarized in the figure below.

**Figure 2.2 Programme components**

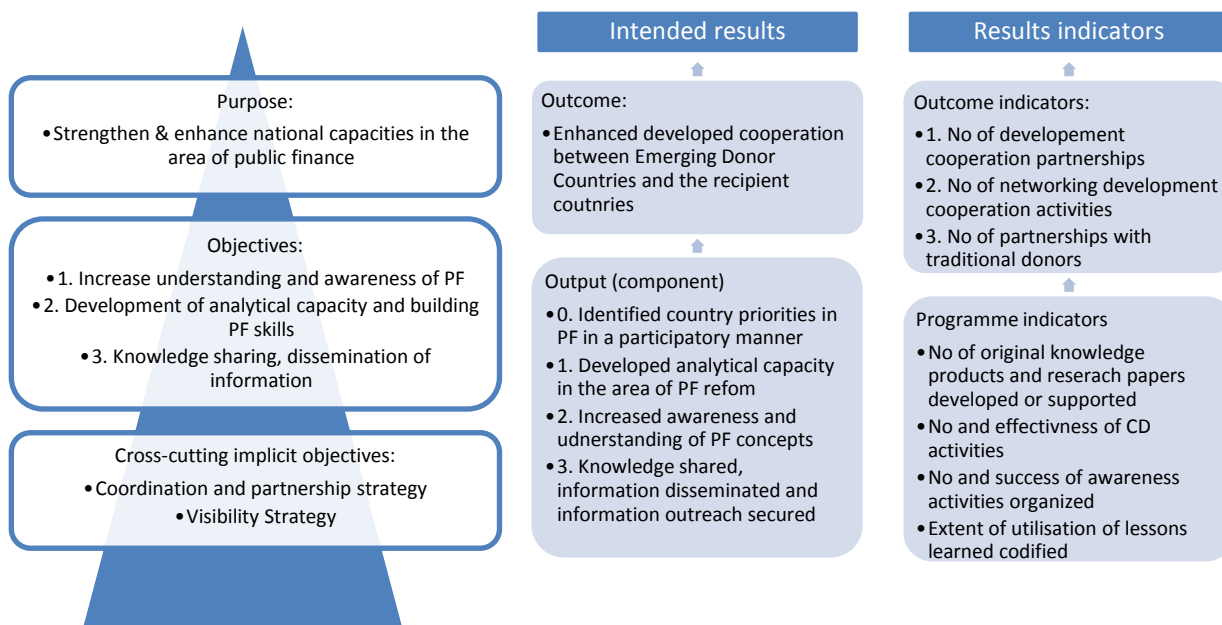


Source: Adapted from <http://publicfinance.undp.sk/en/show/DF38EF27-F203-1EE9-B6BCF90939325C24>

## 2.3 Programme Results Framework

Figure 2.3 summarizes the Programme's strategic purpose and objectives on the one hand, and the Results Framework as included in the Programme Document on the other hand. A more detailed Programme performance monitoring framework was developed jointly by the UNDP BRC Programme Manager and the Donor after the start of the Programme. This monitoring framework was finalised in 2011 and further extended in 2013 to reflect the amendments to the Programme Document and the Programme performance at that moment. This framework serves as basis for the monitoring of the Programme implementation.

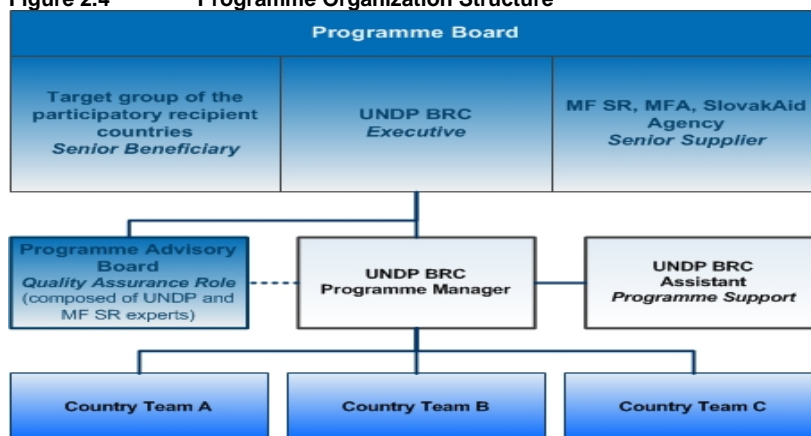
**Figure 2.3 Programme Results Framework<sup>1</sup>**



## 2.4 Implementation arrangements

The figure below summarizes the Programme management and organizational structure as envisaged in the original Programme Document. In practice this structure was attuned during the implementation of the Programme. The Advisory Board did not materialize in the form envisaged in the Programme Document and the Quality Assurance (QA) function got a more external character (see section 3.2.1). The same is true for the Programme Support. A Programme Assistant was designated to the Programme only on a part-time basis and at an advanced implementation stage<sup>2</sup>. Country teams were not formalized but informally included the focal persons from the UNDP Country offices and representatives of the Ministry of Finance.

**Figure 2.4 Programme Organization Structure**



Source: Adapted from <http://publicfinance.undp.sk/en/show/DF38EF27-F203-1EE9-B6BCF90939325C24>

<sup>1</sup> This is a schematic summary based on the Programme Document.

<sup>2</sup> Commenting on the draft report, BRC clarified that “the programme support was provided, likewise for other projects, by the BRC management support unit (HR, finance, travel services) and very limited support was provided by a practice assistant in the second phase of the Programme (along with assisting all practice staff). The Programme budget did not allocate funds to the Programme dedicated assistant during the whole period of the Programme implementation from 2009-2014. Therefore a Programme Assistant could not have been designated even on a part time basis.”



## 3 Findings on Programme Performance

This chapter summarizes the main findings in respect to the evaluation questions. The findings and conclusions underlined in this chapter draw heavily on the review and analysis of the Programme related documents, the interviews with various stakeholders directly or indirectly involved in the Programme, as well as the focus group discussions which were conducted in Moldova.

### 3.1 EQ1: Programme design and formulation

EQ1: To what extent does the Programme design and strategy respond to national development priorities and is suited to achieving the Programme objectives?

#### 3.1.1 Relevance

##### *Rationale of the Programme objectives*

*The Programme design is oriented to support enhancing national public finance capacities in beneficiary countries, which is one of the priorities of the Slovak Aid, but it does not explicitly deal with the institutionalization of development cooperation in the line ministries.* The Programme idea was born at the Slovak Ministry of Finance and its purpose and design are stirred by the following background:

- the Slovak MOF's appreciation of the current challenges and capacity development needs in advancing PFM reform agenda in the Western Balkans and Commonwealth of Independent States (CIS) countries - mainly based on Slovak experience with implementing PFM reforms during the accession process;
- the intention to institutionalize Slovak line ministries interventions in development cooperation;
- The readiness of the UNDP BRC to support and strengthen the Slovak Government's capacity as an emerging donor.

Although part of the Slovak Aid, the Programme is not directly stemming from the Medium-Term Strategy for Official Development Assistance (MTS ODA) of the Slovak Republic for the years 2009-2013. The Programme was designed by MF SR in collaboration with the UNDP BRC. The Slovak MFA was informed about the Programme intentions, but it was not directly involved in the Programme design although according to the minutes of the discussions between the UNDP BRC and the MF SR of July 29, 2008, it was expected that the Programme proposal shall reflect the priorities of the Slovak Aid, reflect capacity of MF and possible capacity of Slovak experts. The Programme does not incorporate any aspects which could facilitate the institutionalization of development cooperation in the line ministries and eventually building internal capacity for management of development aid, although the PD underlines that the Programme could be “instrumental for the process of institutionalizing Slovak line ministries interventions in development cooperation”.

##### *Quality of the Programme design*

*The Programmes structure and design is closely linked to its strategic objectives and therefore effectively facilitates the direction of interventions towards achievement of the set objectives.* The Programme has been designed around 3 main and 2 auxiliary components (see Figure 2.2). Linking the main components to individual strategic objectives has enabled the Programme activities to remain on course towards their realization. The incorporation of a dedicated auxiliary

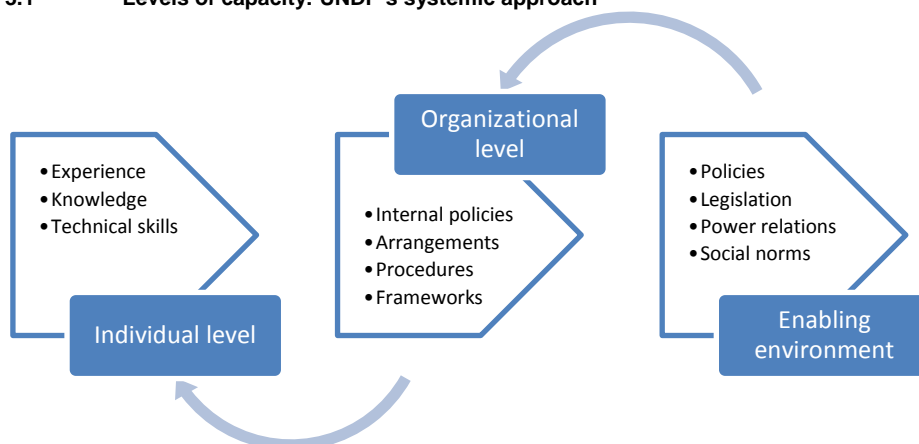
component for needs assessment has safeguarded the demand-driven and flexible approach of the Programme support. Incorporation of a dedicated auxiliary component for Programme management has safeguarded sufficient resources for these activities and facilitated an effective day-to-day management and monitoring of the Programme implementation.

*The Programme Results Framework comprises mainly output-based performance indicators and does not effectively facilitate the result-based management and monitoring of the Programme results.* The PD clearly outlines the Programme purpose and specific objectives and defines the Results Framework (RF). Figure 2.3 shows a graphic overview of the Programme strategic tree including purpose, specific objectives and expected results. The RF is not fully consistent with the strategic tree. The intended Programme outcome is not explicitly linked to the intended purpose or specific objectives. The Programme indicators represent merely outputs and therefore undermine their relevance for measuring potential benefit and impact of the Programme activities towards achievement of intended outcome. After the launch of the Programme implementation, the Performance Monitoring Framework was made more detailed to incorporate actual elements of the implementation. Yet, the final version represents merely output indicators and therefore focuses on monitoring the process rather than the achievement of the Programme strategic objectives and intended results.

*The Programme Performance Monitoring Framework comprises indicators which reflect visibility of the Slovak aid although it is not an explicit objective of the Programme.* The PD envisages for development of a Visibility Strategy and appropriate measures for its assurance and allocates for this a dedicated budget line. Activities in this area are expected to presumably contribute to the intended outcome defined in the Programme Results Framework i.e. “enhanced development cooperation between emerging donor countries and the recipient countries”.

*The Programme design is largely relevant to the capacity development objective but only partially addresses the organizational and enabling environment levels which are substantial for ensuring the sustainability of the expected Programme results.* Development Partners have adopted various approaches to capacity development. While approaches differ in how they are operationalized, in broad lines all of them underline the importance of institutional and societal aspects for the effectiveness and sustainability of CD in addition to transfer of knowledge and skills. Given the infancy of the Slovak Aid it has not yet adopted a specific approach to capacity development. According to the MF SR the Slovak Aid implicitly adopted the UNDP approach. Figure 3.1 presents the UNDP’s systematic approach to capacity development.

**Figure 3.1** Levels of capacity: UNDP’s systemic approach<sup>3</sup>



<sup>3</sup> Adapted from UNDP, Capacity Development Practice Note, October 2008.



The PFDP focuses mainly on development of analytical capacity and building skills at the individual level. While component 1 includes “long term institutional capacity needs development plans for public institutions” the design does not incorporate any long-term organizational and/or institutional aspects which could facilitate the sustainability of the achieved result. The enabling environment is reflected in components 2 and 3 mainly by including awareness raising for stakeholders outside the government such as NGOs, media, researchers etc. and by including outreach through dissemination activities. Other aspects such as political commitment and leadership were not reflected in the design of the Programme but were included in the risk monitoring framework.

*The design of the Programme facilitates the sustainability of the developed capacity by addressing factors which are under its control, but it does not sufficiently address the sustainability factors which are beyond its control.* According to the PD “the capacity development character of the Programme ensures sustainability of the Programme results”. This statement is tautological since capacity development in itself cannot guarantee its sustainability. The Programme activities in Moldova included training of trainers, coaching, on-the job training which facilitate sustainability of the developed capacity. However, capacity development is particularly fragile in countries with high turnover of staff, lack of Human Resource Development (HRD) plans and lack of institutionalized capacity development mechanisms and performance incentives schemes. The Programme Document does not specify how it will attempt to minimize these risks e.g. through setting selection criteria for training participants, attaching obligations/conditions to the participation in the CD activities like making a presentation to other colleagues after the training, or making the participants to pay for the received training if he decides to leave the organization within a certain period after the training etc.

*The design of the overall Programme paid little attention to the political context of the countries and the capacity to absorb and capitalize the CD assistance.* The UNDP and MF SR indicate that related risks were not considered at the Programme design stage as it was decided to incorporate a dedicated Programme component for detailed country analysis and determination of priorities for assistance. This analysis was expected to underline the existing risks. Without undermining this approach, the Programme could have paid more attention to identifying generic risks and their potential impact on the Programme. Countries with an unstable political environment and/or insufficient capacity could have been excluded from start from the list of potential recipients. Political context and capacity are not only relevant for successful implementation of the Programme, but particularly for safeguarding the impact and sustainability of accomplished results. For instance in Moldova capacity development activities were conducted in the area of performance based budgeting. Performance based budgeting, however, does not have yet a legal foundation. The development of the Budget Law has a relatively long history and its enforcement is being delayed by its pending approval by the Parliament. Under such a situation, the Programme activities may not necessarily change, but there may be need to adjust the Programme ambitions in terms of expected results and the respective performance indicators. In Montenegro, sustainability of the Slovak aid seemed to have been adversely affected by the instability of the MOF leadership and consequently lack of decisiveness in the course of reforms. In Serbia and Ukraine the Programme activities could not take off due to political situation and lack of capacity.

#### *Relevance to Slovak ODA*

*The Programme design reflects thoroughly the Slovak ODA's priority countries, sectorial focus and goals.* The Slovak MTS ODA for 2009-2013 was designed in 2008 and approved by the government in March 2009. As the PFD Programme was developed during the same period it was able to take into account and reflect Slovak foreign ODA's goals, territorial and sectoral focus. At the time of the Programme design, the Slovak Republic did not have individual country strategies for Slovak ODA. Only in 2013 the MFA started to develop individual country strategies for key

partner countries as part of the development of the ODA strategy for the period 2014-2018. The PFD Programme was developed exclusively by the Slovak Ministry of Finance in collaboration with UNDP BRC. Consultation with the Slovak MFA and SAIDC contributed to ensuring the relevance of the Programme to the SR ODA. The text box below provides more details on the relevance of the PFDP to the Slovak ODA goals.

**Text Box 3.1 PFD relevance to the Slovak MTS for ODA for the period 2009-2014**

The PFDP is relevant in respect to the following selected MTS ODA goals<sup>4</sup>:

- *promoting sustainable economic, social and environmental development in developing countries* – through strengthening PFM capacity in the beneficiary countries (Component 1 and 2);
- *Raising Slovak public awareness of the needs of developing countries and development assistance provided by Slovakia* – through embedding activities/measures on PFDP visibility (Component 3).

The PFDP design reflects also the following MTS ODA' measures:

- *engagement of Slovak and local stakeholders in developing countries into implementation of the Slovak Medium-Term Strategy* – through engagement of MOF staff and other Slovak experts in Programme' activities and establishment of a network of Slovak experts from which the Programme can draw on (Program's roster of Slovak experts);
- *sharing Slovakia' s knowledge and experience with social and economic transformation* – through writing and disseminating papers on Slovak experience in specific PFM areas (Component 3);
- engagement of Slovak experts and actors in international development activities, mechanisms and international development projects;
- *Coordination of efforts with other donors and inclusion of Slovak development assistance into international projects* – through establishing a partnership with the UNDP BRC and UNDP COs in the beneficiary countries (Component 0 and 4).

One of the four sectoral priorities for Slovak development assistance is "Economic development, building of market environment, strengthening of macroeconomic environment, public finance management, support to small and medium-sized enterprises". The PFDP's focuses predominantly on PFM and therefore is relevant to the sectoral focus of the Slovak MTS.

*The need for strengthening the Slovak capacity for management of the ODA is not explicitly articulated in the Programme Document and the Results Framework.* A specific feature of the Slovak MTS ODA strategy is its focus on the need to build capacities for the management and implementation of the ODA (see the text box below). The Programme design does not incorporate an explicit mechanism to ensure sustainable transfer of Programme management knowledge and skills from UNDP staff to government officials, particularly to SAIDC. Some specific skills and knowledge were transferred to the Slovak MOF as a result of the close collaboration between the MOF and the UNDP BRC during the Programme implementation and the direct involvement of the MOF in day-to-day activities, but this is intrinsic to MOF only and cannot respond to overall needs. Representatives of the MF SR indicate that the inclusion of MF SR, MFA and Slovak Aid Agency in the Programme Board implicitly envisaged for transfer of knowledge through "learning-by-doing" in the Programme Document.

**Text Box 3.2 Slovak intent to build capacity for ODA management and implementation**

The MTS for ODA underlines the following:

- The Ministry of Foreign Affairs of the Slovak Republic is a national ODA coordinator, responsible for capacity building of organizations engaged in Slovak development assistance efforts. The building of expert capacities on all levels of ODA management and implementation is a crucial requirement for a successful ODA. Since other ministries and public authorities also play an important role in the provision of Slovak development assistance, increased attention should be paid to the building of their expert capacities. Each body is responsible for the strengthening of its own expert capacities. At the

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<sup>4</sup> Ref MTS ODA, page 8.

same time, it is necessary that they coordinate their training and educational activities with the Ministry of Foreign Affairs of the Slovak Republic to ensure that a uniform methodology approach is applied to the implementation of development assistance.

- The capacities of all Slovak development assistance actors need to be reinforced. There is need a.o.t. to build expert capacities of the Foreign Affairs Ministry's organizational units that provide Slovak development assistance; build expert capacities of state and local administration bodies participating in Slovak development assistance; continue cooperating with the UNDP in providing Slovak development assistance in 2008-2010<sup>5</sup>.

### *Relevance to recipient's needs*

*The Programme generally responds to the PFM reform agenda and challenges of the recipient countries although in some instances the urgency of few interventions might be questioned in respect to the sequencing and prioritization of some PFM reforms as these are not linked to an existing country PFM reform or CD strategy.* In none of the two beneficiary countries of the Programme does the government have a dedicated PFM Capacity Development (CD) strategy or a PFM reform strategy which would comprise a CD component. This makes it difficult for the Programme to link its activities explicitly to existing reform or CD strategies. However, given the novelty of many PFM reforms and tools which are being implemented in these countries, there is great need to develop specific knowledge and skills. A situational analysis and needs assessment in potential beneficiary countries was incorporated under Component 0. This has in most cases facilitated matching the Programme interventions with the country needs. Further alignment with the country needs was achieved through engagement of government officials in determining the specific CD needs in recipient countries. The flexibility of the Programme to respond and adjust to emerging country needs indicated by the recipient countries reflects the demand-driven nature of the Programme and the relevance of Programme. In the absence of a dedicated CD/PFM strategy, however, the needs expressed by authorities could be driven by subjective interpretation of priorities as opposed to the case when there is a longer term integrated, sequenced and priorities PFM reform strategy. For example, in Montenegro most of the needs identified in the needs assessment were altered after discussions with authorities (see the text box below). This does not necessarily imply that the initial needs are not more relevant, but rather that the needs were reprioritized.

#### **Text Box 3.3 Programme response to country needs**

Moldova: Under Component 0 a situational analysis and potential needs for PFM CD was conducted. This was mainly prepared based on available documents and the experience and knowledge of the UNDP CO. The Program's initial proposal was to support CD in Performance base Budgeting at the local level. However, after the discussions with the MOF it appeared that MOF's priority is to first strengthen the capacity at the central government level. Under Component 1 specific training and on-the-job training was provided. On recipient's request this support was aligned with the country's budget cycle and corresponding needs in respect to thematic areas and timing.

Montenegro: Most of the topics for potential interventions in Montenegro were altered after interaction with government officials. Debt management did not appear in the needs assessment as a potential area for interventions. Although macro-fiscal information was not raised in the Country profile, its relevance was recognized in the start of the program. As the Montenegro Ministry of Finance was considering to restructure the macro-fiscal forecasting within the Budget Department, the experience of the Slovak FPI was well-chosen. Also the introduction of accrual accounting and ESA 95 methodology was not identified as a potential area for assistance in the needs analysis. These were identified and included as separate areas of interventions only as result of the interactions with the government officials. The need to focus on this priority seems to be dictated by the misleading understanding by the officials of the accrual accounting

<sup>5</sup> An agreement between the Ministry of Foreign Affairs of the Slovak Republic and the UNDP Bratislava Regional Centre to continue with cooperation with Slovak official development assistance for 2008-2010 was signed in April 2008.

and its relevance for improving the PFM systems. The persisting challenges in the commitment control can be captured in a modified cash system, and not necessarily be solved with accrual accounting. Accrual accounting is a very broad and challenging reform and its urgency for the PFM system in Montenegro may be questioned.

#### *Relevance to UNDP business strategy*

*The established partnership for the Programme implementation between the SR MOF (the funding authority) and UNDP BRC (the implementing authority) perfectly contributes to the UNDP's aim to strengthen strategic partnerships with key emerging economies in support of South-South development cooperation and share relevant experience and expertise. The UNDP Strategic Plan 2008–2011 (UNDP, 2008) positions capacity development as the organization's overarching service to Programme countries. Having "enhancement of national capacities" as objective the Programme also reflects this cross-cutting aspect of UNDP strategy.*

#### **UNDP Strategic Plan 2008-2013<sup>6</sup>**

The UNDP Strategic Plan (2008-2013) provides the overarching framework for UNDP operations to support Programme countries and is the basis for the Organization's accountability to the Executive Board for results. One of the seven areas which have been identified to accelerate change and ensure UNDP is fit for purpose is "Strengthening Strategic Partnerships" which entails in particular expanding and strengthening existing partnerships with donors; positioning UNDP as a facilitator of south-south cooperation with a special focus on least developed countries; articulating UNDP's role in middle income countries and net contributing countries; building new strategic partnerships with key emerging economies in support of south-south development cooperation; and developing strategic and effective partnerships with key multilateral and regional institutions. The expected result in this respect is "A more systematic approach to South-South co-operation to facilitate the sharing of relevant experience and expertise".

### *3.1.2 Alignment, cooperation and coordination in the beneficiary countries*

#### *Stakeholders participation in the Programme design*

*Beneficiary countries were not directly consulted on their potential needs during the design of the Programme; this was facilitated by embedding a dedicated component for assessing potential needs of the beneficiaries. This refers both to government and non-government stakeholders. The needs of the potential beneficiary countries were implicitly considered through the UNDP's country offices anticipations based on their knowledge of the current situation and ongoing dialogue with the beneficiary countries, and on a desk review of relevant publications. Instead of consulting directly the beneficiary countries during the design phase, the Programme embedded an auxiliary component which entails assessment of capacity needs in the beneficiary countries. This tactic allowed a flexible approach during the Programme implementation, but retained a potential risk of failing to accommodate the needs if (i) all countries would have expressed their interest, (ii) if countries would require support in areas where Slovaks did not have relevant experience or capacity, or (iii) if none of the countries would have ultimately acknowledged the support as it was the case in some countries<sup>7</sup>.*

<sup>6</sup> Source: <http://web.undp.org/execbrd/undp-action-plan.shtml> retrieved on 17-12-2013.

<sup>7</sup> In its comments on the draft report, the MF SR indicated that "i) this was not a risk, the selection process was envisaged in the PD, since demand is usually higher than offer, (ii) need for matching needs and Slovak capacities was also articulated in the PD, we can hardly find institution able to cover all needs and besides this, in each country there are other donors active, not only SR, (iii) this is completely opposite to the risk i) which proves that in any activities risks are always present, the probability is extremely low which can be illustrated by the response rate to the first questionnaire – 10 out of 13 filled in the questionnaire confirming their interest (77%)."

*The involvement of the Slovak diplomatic missions to assure continuity in the dialogue and a comprehensive alignment & coordination of the Slovak assistance with the partner countries and the other DPs was undermined by the lack of representation in most of the countries.* The Slovak MTS for ODA underlines that “Slovak diplomatic missions play an important role in the implementation of Slovak development assistance, since they have good knowledge of the environment and country where aid is provided”. At the time of the design of the Programme the Slovak Republic had Diplomatic representation only in few beneficiary countries. Even in countries where there was diplomatic representation the capacity and knowledge for an adequate dialogue was limited. Therefore genuinely they could not have an important contribution or facilitate the dialogue on essence with the beneficiary countries and coordinate the assistance with other TA providers<sup>8</sup>.

#### *Alignment to government efforts and harmonization with other DPs*

*The Programme design and approach is generally relevant in respect to alignment and coordination with other donors.* One of the MTS ODA’s principles is harmonization and cooperation “with donors, both at the government and non-governmental sector level, with international organizations and other donors, on the clear division of labor in order to reduce the number of donors working in the same sector in a priority country”<sup>9</sup>. The PD entails that during the Programme implementation, the alignment with the government activities or partner countries and harmonization with other key donor institutions’ initiatives shall be sought. The PD also envisaged that UNDP COs will assure that the Programme initiatives would be coordinated with other donors and that the existing country-specific donor coordination mechanisms will be used. The Programme has made noteworthy effort to coordinate its initiatives with other donors’ projects. Coordination with other donors during the implementation of the Programme was facilitated by the COs, but also some direct exchange of information with other donors took place during the field missions to Moldova and Montenegro. The lack of an effective donor coordination mechanism in the recipient countries, however, did not allow the Programme to establish a more systematic and continuous exchange of information and coordination with other donors’ support. Despite the Programme coordination efforts, some relevant activities of other donors seem to have not been accredited (e.g. in Montenegro - the IMF, in Moldova – the GIZ assistance). This is not strange given the lack of exchange of information between the institutions responsible for development assistance in the recipient countries (see the text box below for an illustration). Nevertheless, the Programme managed to remain alert to the activities of other donors and to the extent possible avoid a potential overlap of assistance.

#### **Text Box 3.4 PFDP coordination with other development assistance**

*Moldova: The lack of a functional PFM donor-coordination group, and the current institutional arrangements for the management and coordination of the development assistance, assistance to PFM related areas remains to a large extent scattered and not necessarily systematically coordinated. A Government Decision (2010) envisaged the establishment of sector donor-coordination groups including in the PFM sector. Despite all good intentions and one meeting of the group, this group did not become operational. Further, the existing institutional arrangements do not facilitate a comprehensive overview of support to PFM and its efficient coordination. While MFA of Moldova is responsible for the overall donor coordination, the Foreign Affairs unit of the MOF is responsible for the coordination of the individual Cooperation Agreement where MOF is a signatory party. MOF, being the direct recipient of the PFDP, does not necessarily have a comprehensive view of donor activities in support to PFM particularly at lower levels. The risk of overlapping assistance or assistance which does not respond to the immediate MOF’s priorities is present. This is exemplified by the support which is provided by a number of donors, including*

<sup>8</sup> MF SR indicated that “this was very clear during the design phase and therefore the PD has not counted on Slovak embassies support, but contrary, from the very beginning the UNDP COs support was expected and thus substitute for non-presence of SK embassies”.

<sup>9</sup> Ref. MTS ODA (page 9).

UNDP, in the area of PFM at the local level. While important in itself, this support should be aligned to the pace, sequencing and prioritization of PFM reforms at the central level.

*The Programme did not fully optimize the possibilities for establishing formal partnerships or synergies with international platforms although some collaboration took place.* In respect to coordination and partnership strategy, the PFDP's objective (though not explicit) was to assign the Programme a distinctive niche. This has been achieved (at least in the case of Moldova) mainly due to thorough consultation with the MOF. Unlike anticipated, however, the Programme did not implement any joint initiatives with international and regional development banks and the European Commission, and Centre of Excellence in Finance (CEF) – which focuses also on knowledge sharing, the Public Expenditure Management Peer Assisted Learning (PEMPAL) network, the World Bank (WB) regional office, and the International Monetary Fund (IMF) office. According to the MF SR, the Programme “took all possible steps to identify and meet these donors and to explain them the Programme background and – later on results. Since we have been able to identify very specific areas of cooperation with partner countries, such joint initiatives did not prove to be necessary or even feasible”. Although no formal partnerships were established, there were some obvious efforts and initiatives for collaboration (see the text box below). UNDP BRC representative have participated at the CEF Advisory Board meetings and updated CEF and other partners about Programme activities. In Moldova, the Programme also sponsored the participation of a Chancellery's staff member in CEF training on Programme budgeting.

#### **Text Box 3.5 Montenegro - Collaboration with international institutions**

Collaboration with international institutions was mainly through participation at the training courses and seminar:

- Training of staff on written communication in public finance with focus on EU reporting was carried out by CEF in Podgorica.
- Two staff members of SEPD participated in the IMF seminar “Macroeconomic diagnostic” organized by the IMF JVI from in Vienna.
- Two staff members of the SEPD of MF Montenegro received contribution to participate in the IMF 5-day seminar on Public Governance and structural reforms which was delivered by the Vienna Institute for International Economic studies.
- One SEPD staff member received contribution to participate in the 20-day seminar on Government Finance Statistics delivered by the IMF Institute for Capacity Development in Washington, D.C.

## 3.2 EQ2: Efficiency of Programme implementation

EQ2: Was the Programme implemented in an efficient manner (i.e. in respect to input delivery, cost control, implementation and organizational arrangements)?

### 3.2.1 Management and organizational arrangements

*In spite of some Programme management issues which affected the efficiency of the Programme, the arrangement whereby the implementation of the Programme was delegated to the UNDP BRC proved to be very effective.* Given the infancy of the Slovak Aid and the lack of corresponding tools and capacity to manage programmatic aid both in SAIDC and in the Development Cooperation unit of the MOF<sup>10</sup>, the options for the management of the implementation of the Programme were limited. The lack of Slovak diplomatic representation in most of the beneficiary countries<sup>11</sup> and the

<sup>10</sup> This unit was established in 2012; until then the staff of this unit were part of the International Relations Department which was part of the European and International Affairs Section.

<sup>11</sup> A Slovak embassy was opened in Moldova in July, 2013 and in June 2010 in Montenegro.

limited capacity and lack of experience in countries where representations were established excluded this as an option. The main factor in favor of choosing for UNDP from other similar institutions was the UNDP's established presence, dialogue and network in the beneficiary countries.

The Organization and Management (O&M) of the Programme implementation envisaged the following main structures: Programme Board, Advisory Board and Programme Management and Support (see Figure 2.4). The Programme Manager was expected to be supported by the Country Teams although their composition and role is not clearly delineated in the Programme Document.

*The Programme Board (PB) was effective in overseeing the implementation of the Programme and decision making.* It was inclusive of all key partners. The inclusion in the PB of a member representing the beneficiary countries strengthened the demand-driven and needs-based approach of the Programme. The PB's decisions were timely and well documented. This was mainly organized through email procedures rather than through physical PB meetings as envisaged in the Programme Document. The main reason for deviating from the commonly agreed procedures was the increasing PM capacity constraints in 2012 and 2013.

*The Advisory Board (AB) has not been formally established and as such was ineffective, a fact which to some extent undermined the effectiveness of the Programme Organization and Management.* The lack of capacity on the Slovak side was the main barrier for the establishment of the AB as initially envisaged. The experience shows that it proved to be difficult to ask MOF staff to review and comment on the work of their colleagues. In the situation whereby a formally established AB is missing, some advisory and quality assurance activities were performed on an ad-hoc basis by external experts on the request of the PM. While the external experts proved to be very effective and useful for the QA it could not replace the initially envisaged responsibilities of the AB such as overall Programme oversight and monitoring, advisory support to the PM in the implementation of the work plans etc. The lack of such a formal structure put more strain on the work of the PM who was already challenged by multiple concurrent activities and competing priorities.

*The adequacy of the initially envisaged part-time involvement of the PM undermined the effectiveness of the O&M arrangement.* The Programme budget assumed a 0.7 FTE for the PM who "will be responsible for the day-to-day management and decision-making", and "supported by UNDP's management support unit and poverty practice Programme assistants". The effectiveness of such an arrangement has been questioned during the initial phase of implementation and was one of the issues of concern of the Mid Term Review. The PM was remunerated for a part time job while the job description required a full time involvement. This issue was further intensified by the absence of an established Advisory Board and lack of administrative support provided to the PM by the UNDP BRC during the initial phase of the Programme. This resulted in a situation where the PM was responsible for day-to-day management, communication, quality assurance and administrative support. This at its turn influenced the pace and scope of the work which could be done under the Programme (see discussion on effectiveness on component 2 and 3).

According to the Donor, "UNDP support was envisaged and therefore the workload of the PM seemed manageable" at the time of Programme design. As a response to the created circumstances, the Donor has agreed to increase PM's assignment from 70 to 80 % in January 2011 and re-allocate resources for quality assurance functions in December 2011 as substitute for the missing role of the Advisory Board. Additional funds for PM were agreed for 2012-2013 for quality assurance function thus reaching full time contract since July 2012.

*The Country Teams were not formally materialized during the implementation of the Programme a fact which undermined the effectiveness and efficiency of the O&M.* There were no formal country teams established in the beneficiary countries. These were limited to the focal persons in the UNDP COs. Although various stakeholders were involved from the beneficiary side, the dialogue with the beneficiary country was at a high level, but there was no contact person at the operational level to liaison with the UNDP and coordinate activities internally in a continuous and consistent way. This did not affect the effectiveness of the O&M but rather the efficiency of implementation (see section 3.2.2 below).

### 3.2.2 Process and Implementation

*Lack of transparency and clarity in respect to the extent of resources necessary for the management of a Programme of this magnitude adversely affected the efficiency of the Programme implementation.* The Donor delegated the management of the Programme implementation to UNDP BRC without having a comprehensive understanding and complete overview of the real costs associated to that. Also UNDP BRC has paid little attention to enlightening the donor on the whole range of services needed for management of the Programme, associated costs and internal rules and procedures within UNDP. Consequently, Donor's assumptions in respect to the efforts needed for the management of the Programme were, presumably, made on a wrong basis as according to the Donor, "UNDP support was envisaged and therefore the workload of the PM seemed manageable". The PD explicitly underlines that "the Programme Support role will be performed by the BRC regional poverty reduction practice Programme assistants and the Management Support Unit (MSU) to provide Programme administration and management support to the PM as required. At the national level it will be provided by the Programme assistant appointed in respective UNDP country offices". Further, the Programme Document and Budget envisaged a separate budget line for general management costs (GMC) at a discounted rate of 6% of the total budget and a budget line for implementation support services (ISS) based on real costs. The items which fall under these two categories are not specified in detail in any of the Programme documents or the Memorandum of Understanding (MOU) signed between both parties. The lack of clarity led to misunderstanding and exhausting discussions during the implementation. This is illustrated by the costs for the services provided by the UNDP COs and overall administrative and logistical support. These were perceived by the Donor as included in the GMC, while starting with 2010 the internal UNDP procedures require these to be reimbursed separately rather than from GMC. At that time there were no formal UNDP guidelines which could have been shared with the Donor to clarify the situation. Nevertheless, with the advance of the Programme implementation, a collaboration mechanism which allowed involvement of the COs and support of a Programme assistant has been found. According to the UNDP BRC, this was facilitated by its contributions to COs since October 2011.

*The micromanagement from the Donor side undermined the efficiency of the Programme implementation in spite of its good intentions.* The Programme Document clearly underlines the functions and responsibilities of the Programme Manager. The responsibilities of the Donor in the daily management are, however, not clearly delineated in the Programme Document. In practice, the Donor was involved in the daily management to a larger extent than it would normally be expected when the management is delegated. In spite of all good intentions, this often led to micromanagement from the Donor side and overlap of work, time consuming and inefficient discussions, spending already scarce resources on details rather than focusing on more strategic discussions and issues. In view of taking informed decisions, the Donor was facing difficulties in finding a balance between the levels of its own involvement in the daily (operational) management of the Programme, and entrusting the responsibility for the operational management to the designated Programme Manager, a fact which led to inefficient micromanagement in many



instances. In commenting on this report the Donor explained that its intensive involvement in the Programme management was motivated by the willingness to build capacity in the MF SR through learning by doing.

*Lack of documented historical memory on the agreements made between the Donor and UNDP BRC during the design phase has adversely influenced the efficiency of the Programme implementation through extended discussions on the salary and involvement of the Programme manager and the role and reimbursement of the UNDP COs.* The UNDP staff who were the main actors in the dialogue with the MOF in the design phase left the company or were moved to different institutional structures, a fact which delayed the clearance of the understanding of Programme implementation management costs and the convergence of Donor's understanding with the internal UNDP procedures.

*Unclear and occasionally long communication lines lead to higher transaction costs which, consequently, affected the efficiency of Programme implementation.* There were several parties involved in the Programme implementation and consequently in the dialogue with the beneficiary, such as (i) the donor representative, (ii) the Programme manager, and (iii) the UNDP CO officials. The interviewees with stakeholders in Moldova indicate that they were unclear about the role and responsibility of the parties involved on the Donor side (e.g. MF SR, UNDP BRC, UNDP CO). On occasions this led to inefficient communication and delayed the decision-making (e.g. decisions on logistical aspects of the training sessions which are facilitated by the UNDP CO, but the respective decisions are taken in Bratislava). The beneficiary expressed its preference of having shorter communication lines and a direct dialogue with those who have a decisional power, or having more clarity of the role and responsibilities between the Slovak representatives and the COs.

*The Programme implementation was consistently and comprehensively monitored to allow a proactive response to any possible risks at the output level but not at higher (outcome) level.* The Programme document includes a Results Framework but this is mainly output based (see section 3.3.1 on its quality) and as such does not facilitate monitoring of the extent to which the Programme is on the way of achieving its intended objectives. The basis for regular monitoring was a more detailed framework, also merely activity/output based, which was developed after the launch of the Programme and revised after the Mid Term Review. Placing the focus on activity/output-based monitoring and losing from sight the results-based monitoring at a higher level<sup>12</sup> has undermined the effectiveness of the monitoring function. Potential risk were comprehensively and continuously monitored and reported on in the progress reports. Adequate mitigation measures were taken when required.

*Rigorous and continuous monitoring of the Programme implementation and the corresponding risks contributed to efficiency and effectiveness of the Programme despite some delays in reporting.* The implementation of the Programme was closely monitored and comprehensive progress report were prepared regularly, although with delays which were significant in some cases - particularly the last two Annual Reports. The delays are mainly due to the lack of capacity as result of the need to focus on and steer on-going interventions, as well as, the reporting requirements. The reporting includes not only quarterly progress reports but also annual review reports, mission reports, and PB minutes. Also the format for quarterly progress reports is very comprehensive and demanding in terms of time and efforts needed for its completion. While the reports are an indispensable source of information and monitoring tool, a more optimal format which responds to the Programme needs could have been identified without undermining its purpose. The reporting capacity has been also

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<sup>12</sup> E.g. what are the direct benefits for the beneficiary of the conducted activities and delivered outputs, and what is likelihood that these outputs contribute to institutional capacity development and the overall programme objectives in a sustainable way.

strained by the need to monitor and report on the Programme contribution to the corporate UNDP goals and objectives. Although the requirements for UNDP reporting were straight forward and less complicated, it created additional, although not tangible, burden on the Programme management.

*The efficiency of the Programme was partly undermined by the language hurdles.* Most of the staff in the beneficiary countries do not speak English and, often, in the MOF development assistance is not seen as a priority. This influences not only the in-depth of the communication between both parties but also the efficiency, as well as ultimately, effectiveness of the Programme implementation. This is reflected by the delays in Programme implementation due to the need to translate documents, delays in reviewing Programme outputs and achievement of a consensus on the final product. The Donor, however, indicates that they were not aware of these language hurdles. According to the UNDP BRC the language aspects were taken into consideration and the time necessary for translations was incorporated in the consultants' TOR.

*The Slovak Aid is considered to be cost-effective despite the incorporation of many field missions of up to a week.* Most of the support in Moldova and Montenegro was provided through short-term (up to three weeks) missions. The interventions in Montenegro were characterized by shorter (2-3 days) but more frequent missions. This was mainly determined by nature of support but also the difficulties in distracting the Slovak in-house experts from their duties for a longer period. At the first glance this may question the cost-effectiveness of the Slovak Aid. However, the interactions with various stakeholders suggest that despite the short missions this did not undermine their effectiveness. The nature of the support has allowed to combine on-site work with desk-work. The timing and duration of the consultants' missions was agreed with beneficiaries during planning of activities and preparation of the terms of reference for specific assignments.

### 3.2.3 Use of Programme resources

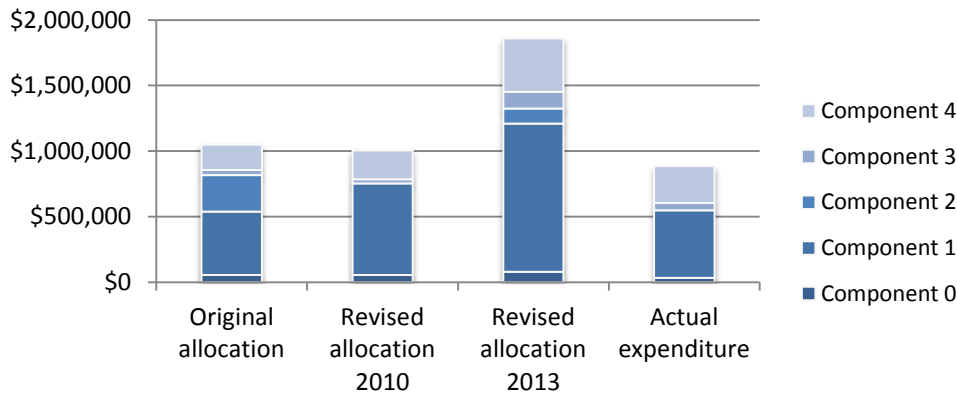
The Programme is funded solely from Slovak contribution and interest earning. Figure 3.2 shows the actual Programme expenditure against the budget allocations. The Programme went through several stages of budget reallocations. For simplicity reasons the text below refers to the following two reallocations: revised allocation of the initial budget allocation in the PD after the selection of beneficiary countries in February 2010<sup>13</sup> and the final budget revision in March 2013.

The reallocations were mainly a result of changes in the focus of the Programme and were all approved by the Programme Board. This allowed the Programme to efficiently and effectively utilize the available resources. The procedures for improvement of budget reallocations were timely and straightforward and therefore did not undermine the implementation of the Programme. The reallocations allowed to spent the available funds on interventions which were considered to contribute to achievement of the expected Programme results rather than to keep them on hold for interventions which were planned, but were not progressing well or not delivering the expected results. While adequate for the effectiveness of the Programme, the reallocations reflect the weaknesses of the Programme design in respect to the assessment of the capacity of the public finance professionals from MF SR to be engaged in the implementation, as well as, the beneficiary countries' demand for Slovak support and its capacity to collaborate. The text below provides an overview of the financial use of resources against the budget. The relatively low rate of utilization of funds suggests that the scope of the Programme was too ambitious when considering the capacity of the Programme (i.e. Slovak PFM professionals) and beneficiary countries.

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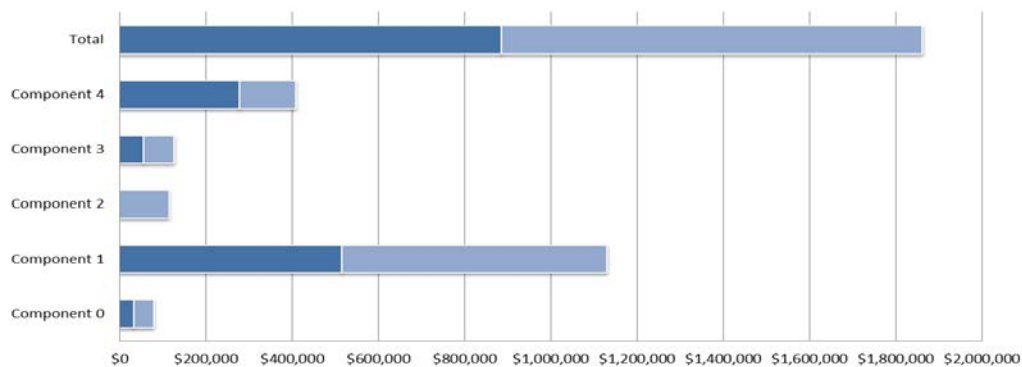
<sup>13</sup> Note \$45,000 remained unallocated.

**Figure 3.2 Actual Programme expenditure against budget allocation (as of 30/09/2013)<sup>14</sup>**



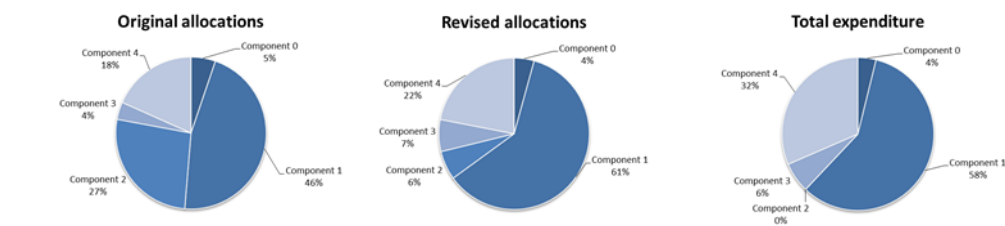
For all components, actual spending has remained below the final allocations. At the time of evaluation (ref date 30-09-2013) about 46% of the overall budget has been utilized. The budget utilization rate under individual components is as follows: Component 0 – 43%, Component 1 – 46%, Component 2 – 0%, Component 3 – 45% and Component 4 - 68%. The activities under Component 2 did not take off and therefore no expenditures were booked. Figure 3.3 shows the actual expenditures so far and the available budget per component.

**Figure 3.3 Budget utilization per component (as of 30/09/2013)**



The revision of budget allocation had the major impact in terms of shares in the overall budget on Components 1 (development of analytical capacity) and 2 (increasing awareness on PFM). This was mainly due to the shift of the Programme interventions from horizontal focus to vertical focus increasing significantly the volume of interventions under component 1 and significantly scaling down the work under component 2. The other components were affected only marginally. The largest part of the budget has been allocated to component 1. Figure 3.5 summarizes the main financial issues per component.

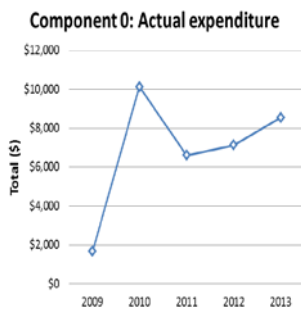
**Figure 3.4 Overview of financial resources by component**



<sup>14</sup> The big difference between 2010 and 2013 is explained by the additional contribution of 800,000 USD signed by the Donor on 8 December 2011.

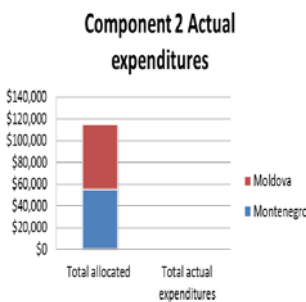
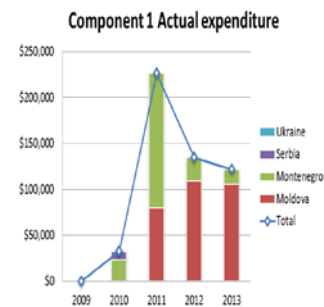
Lack of adequate capacity for the daily management of the Programme is one of the main reasons for the relatively low utilization of available funds. Nevertheless, the funds were spent in a cost effective manner and are considered to have delivered value for money. Various interviewees in the beneficiary (case study) countries expressed their appreciation of the results which were achieved with the relatively limited (in comparison with other TA projects) resources. Also the donor is generally content with the achieved Programme results in Components 1 and 3 and considers that the Programme delivered value for money despite the lack of progress in some areas, mainly in Component 2.

**Figure 3.5 Overview of budget implementation by component**



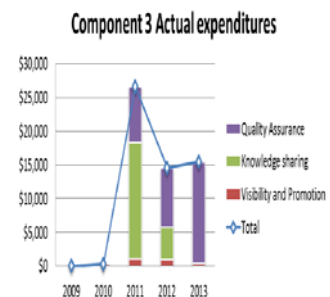
The initial allocation of \$55,000 (5% of total budget) was increased to \$80,000 in 2013 (4% of revised budget). About 43% of the revised allocations under this component has been utilised until now. The largest amount was spent in 2010 when most of country assessment needs were conducted. Given the nature of activities under this component and the upcoming end of the Programme it is expected that the remaining budget will not be (fully) absorbed.

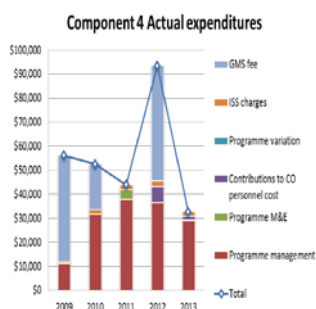
Component 1 is the largest component of the programme. The original allocation of \$484,020 (46% of total) was scaled up to \$700,000 (70%) when the selection of countries was finalised in 2010. The revised budget was almost exclusively allocated for interventions in Montenegro (51%) and Moldova (48%) with a negligible allocation to Serbia (1%). Until now, about 45.6% of the budget for this component has been utilised. The budget utilisation rate in Moldova has been higher than in Montenegro (54.4% in Moldova as opposed to 36.6% in Montenegro). The allocated budget for Serbia, although very insignificant, has been fully utilised. In Ukraine no interventions took place under this component.



Moldova and Montenegro have been allocated \$60,000 and \$55,000 correspondingly for interventions under this component; these figures were not affected by budget revisions. The allocations have not been absorbed yet.

The initial allocation of \$39,020 (4% of total) was reduced to \$30,000 after the selection of countries but was later increased to \$126,900 (7% of total) to accommodate knowledge sharing and QA in addition to visibility interventions. From the allocated budget about 44.8% has been utilised so far. Most of the budget has been used for knowledge sharing (49%) and for QA (44%) activities. The utilisation rate is particularly low for visibility interventions (23.3%). Interventions under this component started in 2011; only a negligible amount of funds was utilised prior to that.





The original allocation for component 4 amounted \$192,940 (18% of total). The revised allocation for this component has doubled although the overall share in the total (ca 22%) did not change significantly. This reflects the underestimation of the extent of management resources required for the implementation of a programme of this calibre. More than 68% of the budget allocated for this component has been utilised so far. For most budget lines the budget has been almost fully utilised except for M&E for which the utilisation rate is about 28%. The difference in expenditure patron over years is due to variance in GMS in 2012.

### 3.3 EQ3: Programme results

EQ3: To what extent have the expected Programme results been achieved and what is their likely impact and sustainability?

#### 3.3.1 Overall assessment of achieved results

The assessment of the extent to which expected results have been achieved is made against the performance targets elaborated in the Programme Performance Monitoring Framework. This is mainly in respect to outputs indicators since no outcome indicators have been defined. The assessment of achieved results in terms of outcomes is mainly subjective based on professional judgment and expected result in individual projects/interventions (see the Annex 4 for more detailed information).

No weights are attributed to individual results and/or performance indicators. The status represents the performance against the number of performance indicators achieved. The assessment is mainly based on the quarterly and annual progress reports. It is beyond the scope of the current evaluation to assess the accuracy of the reporting on performance assessment for individual indicators/targets since some of the judgments are not based on quantified evidence but on personal judgments e.g. level of satisfaction with the quality of services provided. The table below reflects the extent to which the expected results have been achieved. The impact and sustainability of these results is discussed in section 3.3.2.

**Table 3.1 Status of performance targets by component as of September 2013<sup>15</sup>.**

	Achieved	On track	Off track	Total
Component 0	11	-	-	11
Component 1	22	-	-	22
Component 2	0	1	8	9
Component 3	4	2	2	8
Total (number)	37	3	10	50
Total (%)	74%	6%	20%	100%

Source: Author's judgment based on Programme Progress Reports.

#### Component 0: Identification of country priorities

This is the most successful component in respect to achievement of its intended results. Given the “foundational” nature of the interventions under this component this is not surprising. The

<sup>15</sup> Given the operational nature of Component 4 it is excluded from this analysis. Programme management is assessed as part of EQ2.

interventions contributed to understanding countries' needs and framed the intervention logic for the selected countries.

#### *Component 1: Analytical capacity in public finance*

The expected results as reflected by the performance targets under this component have been fully achieved although interventions under this component are still ongoing. This is mainly due to the nature of the interventions under this component and the type of the performance indicators and targets set in the Performance Monitoring Framework. Most of performance indicators reflect outputs (e.g. number of training, number of study visits, number of people trained etc.) per country or per thematic area. The number of countries benefiting from the Programme is lower than initially expected and this led to narrowing the number of beneficiary countries (horizontally) but intensified the in-depth of assistance or the range of thematic areas (vertically) of assistance. This situation ensured that the expected results and performance targets have been fully achieved prior to the completion of the Programme.

#### *Component 2: Awareness and understanding of public finance concepts*

This is the least performing component in respect to the achievement of expected results and performance targets. One of the main reasons for this performance is reported to be the lack of capacity to deal with concurring activities and, consequently, the decision to shift the Programme approach from horizontal focus (less countries, less components) to vertical focus (intensification of assistance in the selected countries). The Donor indicates that this was not a formal decision and that "MoF SR, as a donor, agreed with prioritization of this approach in the first years of the implementation but has not agreed that no implementation of the Component 2 will be realized during the whole period of the programme (including its extension from 6/2012 to 6/2014)". However, this implementation approach pursued by the UNDP BRC was communicated and approved by the Board (which is a formal decision making body) through quarterly reports.

#### *Component 3: Knowledge sharing and dissemination of information*

The expected results under this component were reasonably well achieved mainly due to the achievement of results related to the dissemination of the Slovak experience and QA of the provided services - interventions which were closely interlinked to Component 1. The Programme has been less successful in respect to ensuring Programme visibility. A Communication Plan has been developed but due to the lack of capacity and shift of the focus on Component 1, it has not been fully implemented. The Programme has an operational website with general information, but it attracts less visitors than it was originally envisaged and it fails to optimize its potential to expand its scale by linking to specialized website in the beneficiary countries or even Slovakia.

### *3.3.2 Impact and sustainability of the achieved results*

*The impact of capacity development interventions has a long-term nature and given the short time span since the time of interventions it is not possible to assess their impact.* The current evaluation considers therefore the immediate benefits of the Programme on the PFM capacity in the beneficiary countries and potential impact which the interventions may have. It is also difficult to strictly delineate the contribution of Slovak aid to CD and PFM performance in beneficiary countries from other CD support.

*On the Slovak side, the Programme has created professional development opportunities for the staff of the MOF and contributed to enabling the participation of Slovak experts in other development cooperation Programs.* Through their participation in the Programme, Slovak experts were not only given an opportunity to share their experience but also benefited themselves by getting an understanding on the needs and requirements of the beneficiary countries, the process

and procedures in TA Programs, acquired experience in interacting with beneficiary countries and received feedback on their work through QA. As result they have acquired skills and experience which open doors for their participation in TA programs funded by other international development partners. For the in-house staff of the MOF the Programme served as a platform for broadening professional development opportunities.

*The immediate impact of the Programme is most apparent for the interventions conducted under Component 1.* Major part of the Programme support was directed to supporting analytical capacity in PFM (Component 1) in the beneficiary countries. The assessment of the impact and sustainability of the Programme results under this component is mainly based on the individual interventions in Moldova and Montenegro.

*The interventions in Montenegro led to tangible results and immediate benefits only in the area of macro-fiscal forecasting.* This is reflected by improved quality of the forecasts, improved transparency and clarity of the role of various stakeholders forecasting process, and establishing an institutional set up for forecasting activities. Interventions in this area led to a stronger basis for prudent fiscal policies.

*The treasury interventions in Montenegro did not lead to substantial results, except for the realization of expected outputs in most cases, and have therefore a minimal impact and most likely not sustainable.* The interventions in Montenegro were predominantly of an advisory nature. While the advice was directed to respond to the country needs and priorities it proved to have limited immediate benefits and impact on the PFM situation and capacity in the country for various reasons. During the Programme implementation the leadership of the MOF in Montenegro changed. The new leadership remained committed to PFM reforms and appreciative of Slovak assistance, but they had a different philosophy and approach to reforms than the previous leadership. As result of these changes the advices were not fully adopted and were stalled. While the issues got a place on the government's PFM reform agenda, these were not further pursued.

*The driver of the Programme implementation in Montenegro was predominantly the UNDP CO representative.* The Montenegrin side ultimately did not prove their commitment and were not proactive in demanding further assistance except in the area of macro-fiscal forecasting. UNDP BRC is of opinion that without the leadership, commitment and capacity of the SEPD, the UNDP alone would not have been able to fully deliver the expected results, or these results would not be sustainable in long-term.

*All interviewed stakeholders in Moldova and Montenegro were generally of high appreciation of the quality of the delivered training/assistance in the area and the immediate impact which the Programme support had on their daily work particularly in Moldova.* In Moldova interventions had to a large extent a capacity building character comprising particularly traditional training and on-job-training and coaching in the area of Performance Based Budgeting (PBB). PBB is not new concept for Moldova; the approach was introduced on a pilot basis about 10 years ago but it did not get any traction until now due to the lack of political commitment and consequently lack of formal legal foundation, lack of understanding and capacity to implement PBB except for few selected people in MOF who are driving the process.

The interviewees at different levels (sector specialist at MOF, line ministries, local government etc.) acknowledged that the Slovak assistance led to the following immediate benefits:

- a genuine appreciation of the benefits of PBB and understanding of the main concepts and principles which consequently led to an improved quality of the budget programs in terms of defining their objectives, intervention logic and linkage to financial resources,

- recognition of the need for the budget and policy units to work more closely and cooperatively, which consequently led to a better and more effective inter- and intra-institutional collaboration in the development of the Programme-Based Budgets,
- a more meaningful dialogue and decision-making process on the budget programs and their prioritization, as well as their quality and structure;
- traditionally the budget programs were used to be prepared predominantly by the MOF. As result of the Slovak assistance, the participating line ministries prepared their programs with only marginal involvement of the MOF;
- increasing attention to the need for capacity development in sectorial ministries;
- It is for the first time that line ministries receive on-the-job assistance in the development of their budget submissions that being the innovative and added value character of the Slovak Aid.

The main factors which contributed to these immediate benefits and impact are:

- the training was designed to respond to the direct needs which were assessed through a comprehensive Capacity Development Needs Assessment at central and sub-national level;
- the training material was tailored to the country context and the target groups (leadership, central level, sectorial specialists, local level etc.);
- the assistance was linked to the Moldovan budget cycle and calendar;
- training was complemented with post-training on-the-job coaching on the application of the acquired knowledge and skills;
- the local capacity for training and coaching was reinforced by the introduction of the training-of-trainers;
- Due to its design and nature, the Programme was able to quickly mobilize assistance and respond to emerging needs without long-lasting and complex bureaucratic procedures and decision-making process which ensured its momentum and relevance.

*The immediate impact of the interventions in Moldova is tangible, but their longer-term impact and sustainability is undermined by the internal capacity and turnover of staff, lack of mechanisms to institutionalize and sustain the developed skills and capacity, and political commitment to advance reforms in the area of PBB. Without ensuring that the necessary pre-requisites are in place to sustain the built capacity and acquired skills, much of what has been achieved may be lost. To have a longer term impact on the PFM capacity, in particular for PBB, the accumulated knowledge and skills need to be strengthened by their continuous application in practice, expanding and transfer of the knowledge and experience to a broader group of stakeholders at the central level but also to lower levels; strengthening knowledge and skills in the other important aspects of PBB e.g. monitoring and evaluation of program implementation.*

*Some of the trainers trained in Moldova have left the organization and this created a capacity gap during the Programme implementation with potential implications for longer term sustainability of the Programme results. Moldova, like many similar countries in transition, faces a high turnover of staff. While training of public officials in PBB is generally beneficial for the country as a whole it is at the detriment of the public sector when the trained staff leaves for the private sector. This is a factor which greatly affects the capacity for PFM and consequently the success of PFM reforms, but cannot be tackled within the PFM sector/reforms only, but rather in a more general context of public sector reforms. The Programme has addressed this issue in discussions with the beneficiaries and efforts are taken to facilitate sustainability of capacities. In Montenegro, e.g. the Programme sponsored the participation of an employee in an IMF seminar conditioned on his commitment to work in the institution for at least two years after the seminar.*

*There are currently no effective institutional and/or organizational mechanisms which could possibly guarantee the sustainability of the built capacity. MOF does not have a vision or dedicated strategy on PFM Capacity Development. The recently approved PFM Reform Strategy focuses on the*



content-wise reforms and underlines the need for capacity development but does not explicitly delineate the priorities and ways in which the capacity will be developed. The largest part of training is conducted within donor funds, and some training on general PFM issues is provided by the Academy of Public Administration (APA). The coordination of CD activities between MOF and APA, as well as between MOF and local authorities, is either non-existent or ineffective. Also the idea of establishing a dedicated PFM Training Centre has been stalled as result of political resistance. As long as such mechanisms do not exist or are not functioning the sustainability of the Programme results is most probably at strain.

*The sustainability of achieved results may also be affected by the political developments in the country.* Changes on the political arena will most probably affect the pace and scope of PFM reforms. Delays in parliamentary approval of the Draft Budget Law – which provides legal foundation for PBB in Moldova, will most probably negatively affect the enthusiasm and appreciation of staff of the need for reforms and their willingness and ability to apply the acquired knowledge and skills. Also the forthcoming Parliamentary elections may lead to reallocation of priorities and put some reforms and/or decision on hold. These may lead to losing the momentum for PBB reforms and may undermine the impact of the Programme.

*The impact and sustainability of the results of the interventions under Components 0, 2 and 3 is limited partly due to their nature and partly due to weaknesses in the design of the Programme and the insufficient progress in achieving the corresponding objectives* (see the discussion on effectiveness). Component 0 is output oriented and by nature cannot have impact or be sustainable as such. As for the other components:

- No significant activities were conducted under component 2; therefore one can not talk about impact and sustainability. While the Programme contributed to improved dialogue and collaboration among government institutions, the Programme failed to strengthen the capacity of non-government actors and impact on strengthening the collaboration between government institutions and non-government stakeholders. This is regrettable since the non-government stakeholders are an important trigger in demanding accountability from the government on efficient and effective management of public resources and therefore could be a catalyst in demanding PFM reforms.
- In the two case studies, the Programme managed to contribute to increasing the visibility of the Slovak Aid, but the opportunities have not been fully exhausted. Visibility was limited to general in-country briefings, and placing of Programme documents on the Programme website. The Slovak Ministry of Foreign Affairs does not have a link to the Programme website or relevant information. The Slovak Ministry of Finance has a website but the information is very general and not updated regularly. Neither do the beneficiary countries have a dedicated website or link to the Programme website, except for the link to the training material on the website of the Ministry of Finance in Moldova.
- The Programme has only partially contributed to increasing the quality and capacity of Slovak Aid. This is mainly reflected by enriched experience of the Slovak experts accumulated as result of their participation in the Programme - a fact which makes them better placed to engage in development assistance on the international market. The Programme however did not contribute to improving the overall capacity for management of programmatic Slovak Aid of such caliber except for the selected capacity which was built in the MoF through direct involvement in the Programme management. Given the individual nature of this capacity and the lack of a mechanism to institutionalize and apply it in practice, it is questionable whether it is sustainable in the long-run.
- Sustainability of the achieved results could be undermined by the lack of capacity of beneficiary countries to internalize and institutionalize capacity development activities in a systematic manner.

### 3.4 Potential for Programme Replication (EQ4)

#### EQ4: What is the potential for the replication of the Programme in the future?

*The vision and strategy of the Slovak Aid for the period 2014-2018 serves as a sound ground for the current Programme practices to be replicated in other areas and other countries.* The Slovak Government is currently finalizing the MTS for ODA for the period 2014-2018. The main changes in ODA approach is reflected by the intention to move to a more programmatic approach, to a more narrow and focused group of partner countries<sup>16</sup>, and to transfer the Slovak experience gained from recent reforms. PFM remains one of the main areas of assistance. The number of diplomatic representations of the Slovak Republic which were established in the beneficiary countries increased in the last years and contributes to a more continuous and in-depth cooperation with the recipient countries.

*Most of the Programme practices could be replicated but more specific attention should be paid to management arrangements.* The current model for organization and implementation of the Programme whereby the daily management is delegated to the UNDP BRC and the decision making is under the responsibility of the Programme Board, inclusive of the main stakeholders, proved to be very effective and can be applied to similar initiatives. However, the donor will need to reconsider the management arrangements in particular in respect to its role in the daily management of the Programme, role and responsibilities of the institution to which the management of the implementation of the Programme will be eventually delegated and clearly specify these in the Programme Document or a Memorandum of Understanding.

*The model for cooperation with the UNDP may suffer some changes, even if insignificant, due to the move of the UNDP Regional Centre from Bratislava to Istanbul and the recent changes of the UNDP internal procedures for cost recovery.* In 2014 the UNDP regional center will be moving to Turkey. The Slovak Republic is currently discussing with the UNDP the ways in which the collaboration can continue. While the final arrangements have not been finalized and confirmed, the prospects are promising and it is expected that UNDP can continue to provide support for the implementation of the Programme through a Programme Manager based in Bratislava. As result of the internal changes, it is expected that UNDP will become more transparent in its internal rules procedures for Programme management.

*Given the overall success of the current Programme in contributing to strengthening the PFM capacity in selected beneficiary countries it is expected that potential follow-up Programs could be even more successful if the scope of the Programme will be closely matched to the existing demand and capacity.* The future Slovak aid in the area of PFM could be extended to other beneficiary countries. To be successful, however, the design should take into consideration the Slovak capacity and the demand and capacity at the beneficiary side in order to avoid that the Programme is too ambitious in scope.

*Theoretically the Programme can be replicated by other line ministries but in practice the SR has lack of capacity to successfully implement it.* This kind of demand driven support based on Slovak experience in other sectors is highly relevant for selected partners countries. However there are a number of factors which will potentially undermine the effectiveness of such a Programme:

- The Slovak Republic does not yet possess the necessary capacity to manage and implement similar Programs. There is limited human capacity and lack of adequate skills not only in the line ministries but most importantly in the Slovak Agency for International Development

<sup>16</sup> For example Moldova will become a Programme country with an individual country strategy. The focus of Slovak Aid will predominately be in Western Balkans and Eastern Europe.

Cooperation. The turnover of agency staff is relatively high and until now the agency has mainly developed skills for management of relatively small scale project grants. The agency is not yet ready to implement such a Programme.

- One of the success factors of the PFDP is the high dedication, ownership and commitment of the MOF staff. Interviewees suggest that the motivation, commitment and capacity in other line ministries is much lower than in the MOF and that could affect the potential of the line ministries and overall Slovak ODA efforts to replicate the PFD Programme into similar programmatic interventions in other sectors.
- There is no system established for the collaboration between the MFA and the line ministries in the management and implementation of the Slovak Aid.

*The way in which Slovak Aid is presented and recorded in the budget is possibly an incentive to the implementing institutions to pay adequate attention to its implementation and consequently be accountable for the achieved results.* Slovak Aid is generally recorded under two budget lines: as an inter-ministerial program for bilateral TA under the Ministry of Foreign Affairs with sub-Programs for line ministries; and as budget program for contribution to international organizations. This implies that MFA is generally accountable for the implementation of these two programs. MOF provides funds for the PFDP through a budget line in its own budget i.e. general treasury management operations.

### 3.5 Conclusions and Overall assessment

This section makes an overall assessment of the Programme performance based on the findings of the evaluation questions and using the evaluation rating system (see section 1.2). Figure 3.6 offers a graphic overview of the Programme performance. The performance is strong in respect t the relevance, efficiency and effectiveness, but is weaker in respect to the impact and sustainability of achieved results.

**Figure 3.6 Overall assessment of the Programme performance**

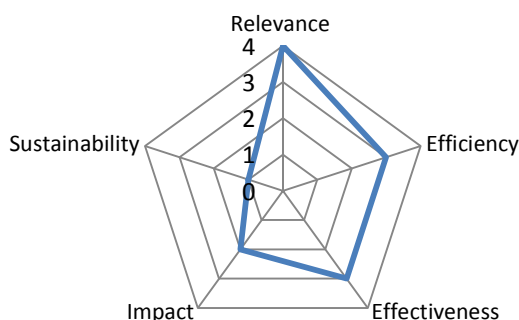


Table 3.2 summarizes the overall assessment of the Programme in respect to the main evaluation questions.

**Table 3.2 Overall assessment of the Programme**

Evaluation criteria	Ratings
EQ1: To what extent does the Programme design and strategy respond to national development priorities and is suited to achieving the Programme objectives?	
Relevance	<p><b>Relevant (R)</b></p> <ul style="list-style-type: none"> <li>• The Programme design is relevant to the national development priorities and PFM</li> </ul>

Evaluation criteria	Ratings
	<p>reform agenda. The priority areas identified in the desk-based needs assessments in Montenegro (including a questionnaire of the beneficiaries) proved to deviate from the needs identified during the direct interactions with the beneficiaries in the field. Nevertheless, since the interventions responded to the areas identified by the MOF they are considered generally relevant. Relevance of the interventions is however undermined from the point of view of sequencing and prioritization of the PFM reforms, and the urgency of specific interventions.</p> <ul style="list-style-type: none"> <li>• The Programme design is relevant to the Slovak ODA strategy but it did not manage to incorporate and consequently contribute substantially to strengthening the Slovak capacity for management of its Development Aid.</li> <li>• There were limited efforts to harmonize the Programme activities with the other donors during the design of the Programme, but due to the efforts undertaken during the implementation, this did not have implication for Programme implementation and its results.</li> <li>• The Programme design has a flexible and demand-driven approach which underwrites its relevance in accommodating changing government priorities and needs.</li> <li>• The Programme design is well suited to facilitate the realization of the set objectives. The design of the Programme around main and auxiliary components directly facilitated the Programme to stay on course towards achievement of its strategic objectives while the auxiliary components guaranteed that sufficient resources and efforts are directed to day-to-day management and monitoring of the Programme implementation.</li> <li>• The quality of the design is undermined by the quality of the Results Framework which, to a large extent, is output-based and does not enable assessment of the benefit and expected impact of the Programme results.</li> <li>• The Programme design did not pay sufficient attention to assessing the absorptive capacity in the beneficiary countries up-front.</li> </ul>
<p>EQ2: Was the Programme implemented in an efficient manner (i.e. in respect to input delivery, cost control, implementation and organizational arrangements)?</p>	
<p>Efficiency</p>	<p><b><u>Moderately satisfactory (MS) - moderate shortcomings</u></b></p> <ul style="list-style-type: none"> <li>• The Programme Organization and Management structure and arrangements in their totality proved to be largely effective and facilitated the effective steering of the Programme implementation. The efficiency and effectiveness of the O&amp;M arrangements were adversely affected by the underestimation of the role of the Programme Manager and the magnitude of work required for the management of the Programme.</li> <li>• The Programme implementation was largely satisfactory but was undermined by several shortcomings among which the delays caused by the relatively short time for the translation of some of the Programme reports, delays in approval of some reports by the beneficiaries, loss of efficiency due to the lack of administrative support particularly in the beginning of the Programme, unclear role of the UNDP COs, lack of a dedicated manager who would coordinate the day-to-day businesses on the side of the beneficiary country and liaison with the Programme Manager and also at times by the Donor's micromanagement of the Programme implementation.</li> <li>• One of the factors that facilitated satisfactory implementation of the Programme is the establishment and rigorous application of M&amp;E and risk management systems.</li> <li>• The Programme results are generally cost-effective. Financial resources for management of the implementation are relatively high in the opinion of the Donor, but nevertheless stakeholders reported a high degree of satisfaction with the Programme achievements. Human and financial resources were mobilized to respond to Programme needs in an adequate and timely manner and in line with the approved Work Plans.</li> <li>• Recruitment system of Slovak and international experts through the expert roster is</li> </ul>

Evaluation criteria	Ratings
	<p>considered efficient. The selection procedures are clear and transparent but, according to a number of interviewed experts, the feedback on selection results could be made more transparent.</p>
<p>EQ3: To what extent have the expected Programme results been achieved and what is their likely impact and sustainability?</p>	
<p>Effectiveness</p>	<p><b><u>Moderately satisfactory (MS) - moderate shortcomings</u></b></p> <p>The effectiveness of the Programme can be strictly assessed only in respect to expected outputs. Most of the expected outputs have been achieved despite the change in the Programme approach from horizontal focus to vertical focus. The lack of a proper definition of expected results at the outcome level does not facilitate a direct and straight forward assessment. The assessment in respect to achievement of outcomes is subjective and not linked to a specific baseline and targets but to the expected results under individual interventions/projects.</p> <ul style="list-style-type: none"> <li>• In terms of outputs, the Programme was successful in achieving about 74% of expected performance targets. Components 0 and 1 managed to realize all intended outputs; this is mainly reflected by the nature of the interventions and the relevance to the main objective. More problematic proved to be implementation in components 2 and 3. This was mainly due to the lack of capacity to deal with all components simultaneously and consequently the reorientation of the Programme from horizontal focus (multiple countries, multiple components) to more in-depth vertical focus (less countries, less components, more in-depth assistance). As result the Programme did not contribute to increasing awareness and understanding of public finance concepts to a broader (non-governmental) target group. The Programme contributed to increasing the visibility of Slovak Aid but it did not exhaust all available possibilities.</li> <li>• In terms of outputs, on the Slovak side, the Programme has contributed to increasing the awareness and visibility of the Slovak Aid in the participating countries; created professional development opportunities for the staff of the MOF and contributed to enabling the participation of Slovak experts in other development cooperation Programmes. The Programme has also contributed to increased awareness and education of the Slovak side on what it takes to manage the implementation of a similar Programme.</li> <li>• On the beneficiary side, the Programme contributed to establishing a platform for cooperation with a new emerging donor which brings additional value vis-à-vis the existing donors and whose reform experience and knowledge is very relevant to the country. The Programme allowed the beneficiary to mobilize support for its emerging priorities which would not be possible to fund by other donors due to complex, bureaucratic and long-lasting decision-making process. The Programme also offered a broader vision and perspective on some reforms, which served as food for thought in considering alternative PFM reform measures.</li> <li>• Effective implementation of the Programme was facilitated by establishment of the necessary tools and commitment of the high enthusiasm and commitment of the Programme Management. On the other side it has been adversely affected by the underestimation of human and financial resources needed for adequate Programme management. One of the main reasons for the Programme performance is the lack of capacity to deal with concurring activities.</li> </ul>
<p>Impact</p>	<p><b><u>Moderately Likely (ML) – moderate risks</u></b></p> <ul style="list-style-type: none"> <li>• The longer term impact of Programme interventions is dependent on a number of factors particularly the extent to which the achieved results will be institutionalized and maintained, as well as the political commitment to advance them to the next stage of implementation.</li> </ul>

Evaluation criteria	Ratings
	<ul style="list-style-type: none"> <li>Given the limited results achieved in Montenegro, the impact of interventions there is minimal. The positive impact is mainly reflected by the increased quality of macro-fiscal forecasting. No tangible improvements in the area of accounting and reporting, and debt management as result of the Programme could be observed.</li> <li>The short term impact of interventions is more tangible in Moldova. There is a significant improvement in the quality of the performance based budget submission and the overall process at the central level. This was induced in particular by an improved collaboration between the Ministry of Finance and sectorial ministries as result of interactions under the Programme support. The longer term impact of the Programme results is subject to further extension of awareness raising and capacity development within sectorial ministries as well as lower level of government.</li> <li>In the areas where limited or no results were achieved, i.e. capacity of non-government intuitions, the impact is correspondingly unlikely.</li> </ul>
Sustainability	<p><b><u>Moderately Unlikely (MU) – significant risks</u></b></p> <p>The Programme interventions led in most cases to tangible results with moderate impact. Their long term sustainability could be undermined by the political economy context and commitment to advance PFM reforms, weaknesses in the other areas of the PFM systems, internal capacity and high turnover of staff, and lack of mechanisms to institutionalize and sustain the developed skills and capacity.</p> <p>The Programme may need to place more importance on incorporating and responding to sustainability issues which are beyond its control in designing any future assistance.</p>
EQ4: What is the potential for the replication of the Programme in the future?	
Replication	<p><b><u>Moderately Unlikely (MU) – significant risks</u></b></p> <p>The success of the current Programme and the strategic vision of the Slovak Aid (which is under development) serve as a solid ground for the current Programme practices to be replicated in other areas given that there is capacity for its implementation and demand from the beneficiary countries. To make the replication feasible, the government needs to clearly articulate its vision in respect to the management of the Programme implementation so that the Programme design could reflect that accordingly. The feasibility of replication will be strongly subject to the available Slovak capacity in the specific area.</p>

## 4 Lessons learned and recommendations

### 4.1 Concluding Remarks and Lessons Learned

#### **C1. The Programme design was generally effective in embedding the PFM reform agenda of the beneficiary countries and in reflecting the Slovak ODA vision, but the Results Framework did not facilitate the translation of the Programme objectives in measurable results.**

- The Slovak Aid was relevant to the PFM reform agenda of the beneficiary countries. The country needs from the beneficiary side did not necessarily match the priority areas for assistance identified in the preliminary country reviews and needs assessments. The final areas of assistance were finalized only after in-depth interaction between the Slovak side and the beneficiary countries.
- In countries where the assistance is demand driven, but there is no formalized strategy for PFM reforms, the assistance may prove to be relevant to the government interests at that moment in time, but may not necessarily respond to the right sequencing and prioritization of PFM reforms to address the PFM weaknesses. The risk of such a situation is the continuously changing country priorities and needs for assistance.
- While the PFDP was designed to reflect the objectives of the Slovak Aid, it was developed on sole ground rather than as part of the Slovak Aid strategy and interventions. The Ministry of Affairs Relations and Slovak Agency for Aid were not involved in the design of the Programme except for being informed about it. Since MFA and SAIDC were not directly involved in the Programme design, the Programme implementation reflects mainly the MOF's interests and disregards broader Slovak Aid interests such as transfer of knowledge and skills for developing internal capacity for management of the Programme implementation.
- Deficiencies in the Result-Framework resulted in a traditional (output based) monitoring of Programme implementation and undermined the result-based monitoring of the Programme implementation. The Programme strategic objectives are not coherently translated into Programme outputs and outcomes. The monitoring framework includes mainly outputs indicators which do not necessarily reflect the realization of the intended Programme results.

#### **C2. The Programme adopted a flexible and pragmatic approach to strengthening PFM capacity for advancing the PFM reform agenda in the beneficiary countries but proved to be too ambitious.**

- The Programme design does not attempt to match the supply of and demand for Slovak Aid and proved to be ambitious on both demand and supply side. On the demand side, less than preliminary expected countries expressed ultimately their interest for taking advantage of the Slovak Aid. On the supply side, the Slovak side faced continuous difficulties in mobilizing experts, specifically in-house, to respond to the country needs in specific areas.
- The Programme was designed without explicitly assessing the demand for Slovak Aid in the beneficiary countries but rather assuming that, given the capacity constraints in the partner countries and the challenges which the countries go through, such demand will exist. Lack of "explicit" knowledge on the demand and interest to participate from beneficiary countries did not allow to make an accurate decision on the size of the Programme and the efforts needed for the implementation of the Programme and achievement of its results.
- Even with only two countries receiving assistance, the Programme faced challenges in making progress in some areas.

- Underestimation of human and financial resources necessary for the efficient and effective implementation of the Programme can adversely affect the Programme scope and approach in practice.
- The flexible approach the Programme has facilitated the successful implementation of the Programme in spite of the difficulties in the implementations and the changing environment.

**C3. Being flexible in approach, closely linked to immediate needs of the beneficiary countries, and quick in its response, the Programme managed to be of additional value vis-à-vis the interventions of the other development partners in spite of the lack of an effective coordination mechanism in the recipient countries. Avoiding duplication of work will remain to be a challenge during the implementation of the follow up Programme as long as no effective in-country mechanism for coordination of donor support will exist. In the future, the established Slovak diplomatic representations e.g. in Moldova and Montenegro, could play a stronger role in this coordination.**

- As a small donor Slovak Republic does not have much of leverage on the course of reforms of the beneficiary countries. If designed properly and building on these comparative advantages, the Slovak Aid could have a higher impact than the assistance provided by traditional donors which have a higher leverage.
- The biggest comparative advantages of Slovak aid proved to be the appreciation of beneficiary countries' needs and responding to these needs rather than pursuing own needs. Providing assistance on equal grounds (recent similar hands-on experience in similar situation) to respond to specific needs is more appreciated and effective than implementing "one-size-fits-all" best practice.
- As long as in-country coordination of donor assistance to PFM will not be operational and effective, there is a risk of overlapping support. Case-by-case coordination can be effective but it is resource intensive and not necessarily cost effective. Now that Slovak diplomatic representations have been established in Moldova and Montenegro; they could play a stronger role in donor coordination.
- The visibility of the Slovak Aid is greater in countries with Slovak diplomatic representation.

**C4. The dynamics of the political-economic environment of beneficiary countries is responsible for frequent changes in the political leadership with implications for the course and pace of reform implementation and consequently the demand for Slovak Aid.**

- Due to changing political environment, the Programme support to some countries may ultimately not materialize despite its demand-driven character and great potential.
- The Programme proved to be too ambitious and underestimated the absorption capacity of some beneficiary countries particularly in respect to the other on-going donor assistance.

**C5. One of the key factors that ensured the effectiveness of the organization and management model was the dedication and engagement of the Program Manager, as well as, the establishment of rigorous systems for monitoring of the Programme implementation and management of the implementation risks.**

- The chosen Organization and Management model was successful in incorporating important pre-requisites and structures for its success i.e. responds well to the environment and circumstances in which the Programme is being implemented, special structures for decision-taking and for operational management, for quality assurance and advise, and representation of beneficiary countries. Some envisaged structure did not materialize as envisaged but this did not affect the Programme results. A clearer role and composition of country teams, as well as a



designated person from the beneficiary to liaison in the operational management of the Programme could have been more efficient.

- Capacity for daily management and liaison is particularly important in institutions where the human resources are scarce.
- Embedment of Quality Assurance measures in the Programme implementation contributed to securing the overall quality of the delivered services and therefore the satisfaction of the beneficiary, but also to strengthening the position of Slovak experts in providing consulting services as part of development cooperation.
- Full dedication and commitment of the Programme Manager throughout the implementation period was crucial for the Programme to stay on-track and ensured the effectiveness of the Programme implementation in spite of the challenges faced due to a lack of administrative support and the overall mismatch between expectations and resources.
- Programme implementation is comprehensively documented in progress reports, annual reports, and mission reports. Thorough monitoring and documentation of the Programme implementation has endowed an efficient and effective decision-making process by the Programme Board.

**C6. One of the lessons learned is that for successful implementation of the Programme, whereby the management of the Programme implementation is delegated to a third party, it is to important to ensure a common understanding of the roles and responsibilities of various stakeholders involved and their expectations.**

- The roles and responsibilities of various stakeholders in the Programme implementation were apparently not sufficiently specified in the design phase. Different understanding of some issues mentioned in the Programme document led to divergent expectations. The lack of a common understanding in respect to the roles and responsibilities of the Donor and UNDP BRC contributed to delays in implementation and efficiency losses, as well as to some extent lower effectiveness of the Programme in some areas.
- Micromanagement is adversely affecting the efficiency and eventually effectiveness of the Programme. When management is delegated to other parties, it is assumed that there is a sufficient level of trust for an adequate management. Micromanagement departs the focus from management on results to management of inputs which is counterproductive in Programmes of this type. The Donor focus is expected to be more on strategic issues rather than on operational issues. As the Programme advanced, the Donor and UNDP converged to a more reasonable approach to Programme management.
- Lack of transparency in UNDP's internal procedures for Programme management undermined Donor's trust and understanding of the complexity and magnitude of arrangements and efforts needed for an efficient and effective Programme management.
- Close involvement of the Donor in the operational management of the Programme contributed to involvement and maturation of the MOF as an emerging donor. The Donor has got a better understanding of what it takes to actually manage such a Programme.

**C7. The effectiveness and efficiency of the Programme implementation was undermined by the underestimation of the financial and human resources need for the management of a Programme of this nature and complexity.**

- One of the pre-requisites for a successful Programme is finding the right balance between the scope of work and the resources allocated to Programme management. This has been a continuous challenge during the Programme implementation.
- Human and financial resources needed for Programme management can be estimated only when there is a clear and a comprehensive understanding of the extent and magnitude of

management work involved. UNDP BRC did not ensure that the Donor has a correct understanding of this up front.

- Human and financial resources can be estimated when there is a realistic indication of the demand for services from the beneficiary countries. The Programme can be successfully implemented only when the Programme scope reflects the available capacity of the recipient to absorb capacity development assistance and the capacity of Slovak experts to provide such assistance. The available capacity was in some cases misjudged by the Programme.

#### **C8. Efficiency of the Programme implementation was undermined by operational arrangements and different understanding of expectations.**

- Involvement of multiple stakeholders in the Programme implementation contributes to longer communication lines and longer decision-making process. When the operational arrangements are not clear or realistic, this can lead to loss of efficiency in the Programme implementation. Programme implementation was delayed in some cases particularly as result of underestimation of the time needed for translation, and time needed for review and approval of delivered products.
- Gaps in the historical memory of the UNDP and continuity of UNDP staff involved in the Programme may adversely affected the efficiency of the Programme implementation.
- It has been difficult to match the demand with supply of support mainly because of the limited interest and difficulties of the Slovak MOF public finance professionals to accommodate the Programme requests in their daily on-job responsibilities, but also because of the short time span needed to mobilize Slovak experts.

#### **C9. Despite deficiencies in implementation, the Programme delivered value-for-money**

- The quality of delivered products is praised by the relevant stakeholders in the beneficiary countries as well as by outside stakeholders.
- The chosen model and approach for Slovak Aid has allowed delivery of services and products in a cost-effective manner.
- The comparative advantage of the Slovak Aid is that in addition to needed resources it provides the right expertise and hand-on experience which responds to country needs and characteristics, as opposed to providing “one-fit-all” best practice approaches.

#### **C10. The Programme achieved its intended outputs in most of the areas except in the area of raising awareness and understanding of public finance.**

- The Programme cannot be effective when there is no political commitment and absorption capacity in the beneficiary countries. Political will and commitment of the beneficiary countries is decisive for achieving sustainable results. Without the demand and commitment of the country, regardless of how flexible and accommodating the Programme is set up, it will have no to limited impact and ultimately is destined to fail.
- The shift of the Programme focus from horizontal approach to vertical approach has secured effectiveness of the Slovak Aid in performing areas.
- For a Programme which claims to respond to the needs of the beneficiary countries in a demand-driven and flexible approach, an effective M&E framework is important for timely and effective reallocation of funds to interventions which have the highest propensity to deliver on the expected results.
- Tangible results with immediate benefits and impact were achieved for a large part of assistance. Training and on-job-coaching proved to have a stronger and more immediate impact on strengthening capacity for PFM in the beneficiary countries than advisory services.

- The incorporation of various CD modalities (i.e. on-job-training, train-the-trainers, technical assistance and study visits) has been complementary and contributed to increasing the effectiveness and impact of the provided aid.
- A Programme website is insufficient to ensure the visibility of Slovak Aid particularly in countries where the SR had no diplomatic representation.

**C11. The sustainability and impact of Programme results is dependent on factors which are largely beyond the control of the implementing or funding agency.**

- The Programme incorporated important pre-requisites for ensuring its long-term sustainability such as full ownership by the beneficiary countries and working side-by-side with the recipients. Nevertheless, the Programme did not manage to incorporate aspects which are beyond the direct control of the Donor or UNDP such as existence of mechanisms to institutionalize and further strengthen the results of the Slovak Aid.
- The current state of the enabling environment undermines the longer term impact of the achieved results on PFM practices and capacity and consequently also the sustainability of the achieved results. The sustainability depends on a number of factors including most importantly on:
  - Political commitment to advance the PFM reforms in the areas of assistance;
  - Institutionalization of capacity development activities in the PFM reforms;
  - Disposal of a accommodating legislative framework for advancing reforms in the areas of assistance;
  - Maintaining and continuous strengthening of the built capacity as well as extending this capacity to a broader groups of stakeholders;
  - An accommodating HRM environment and incentives system.

**C12. The current Programme model has a potential for being replicated to other sectors only when sufficient qualified Slovak capacity can be guaranteed.**

- Given the flexible and demand- driven nature of the Programme as well as the hand-on transfer of Slovak experience , Slovak capacity is crucial for responding to the beneficiary countries demand.
- The Slovak Republic is not ripe to (fully) take over the management of such a Programme in the future. No, or limited, capacity has been built on the Slovak side under the current Programme to take over full responsibility for the management of the Programme implementation from the UNDP BRC.
- Slovak Republic is still looking for the most efficient and effective way for providing and managing bilateral ODA. The lack of clear articulated commitment and actions to create capacity for managing this aid undermines the sustainability of Slovak Aid and limits the options which it has for management of programmatic aid.
- To built internal capacity for management of programmatic aid, the SR needs to make a clear commitment translated into concrete actions. In the transition phase, management of the programmatic Aid could be delegated to international organizations, but a mechanism to ensure development of internal capacity should be embedded in the Programme scope and approach.

## 4.2 Recommendations for future considerations

### **R1. If the intention of UNDP's participation in the Programme is to support capacity development of the Slovak Government as an emerging donor, and/or the intention of the Slovak Republic is to develop internal capacity for management of programmatic aid, the Programme should embed a mechanism and resources for building such a capacity.**

- An option could be to have a dual “twinning” mechanisms for operational management and implementation with clear delineation of roles and responsibilities. The UNDP Project Manager and the Donor representative could work as a team so that the adequate knowledge and skills could be transferred on-the-job<sup>17</sup>.

### **R2. The Results Framework should be streamlined to support an effective results-based management.**

- The Results Based Framework should be presented in a clear and logical way ensuring the links between inputs and immediate outputs on one hand, and expected results on the other hand. The Results Framework should link the Programme strategic objectives with the expert results and performance targets in a comprehensive and coherent manner. It can be supported by more detailed outputs frameworks for operational purposes but the overall management should be results-based as opposed to outputs-based.

### **R3. To increase the efficiency and effectiveness of the Programme, the needs of the beneficiary countries should be better matched with the capacity of the Slovak Ministry of Finance professionals to respond to the needs.**

- Country needs assessment prepared based on available documents are not necessarily reflecting the emerging needs of the beneficiary countries. Interaction with beneficiaries is crucial for the Programme to succeed. It is more efficient and effective to involve the beneficiary countries at advance stage of the Programme design.
- It may not be feasible to conduct a comprehensive needs assessment in the design phase. But a “quick and dirty” assessment involving the beneficiary should allow to match demand and supply on both sides.
- Scoping missions should take place prior to signature of the Programme Document.
- Slovak MOF should make an inventory of existing capacity and establish (institutionalize) a framework which allows the in-house staff to provide TA to beneficiary countries in parallel to the on-going (key) tasks.

### **R4. The Programme should express a healthy dosage of ambition but its design should be pragmatic and realistic in its expectations.**

- In order to find a balance between the country needs as expressed by the beneficiary and the needs reflected by the identified weaknesses in the function of the PFM systems, It is recommended to match the Programme interventions in individual countries to the PFM reforms strategies, or, in case such strategies do not exist, to the weaknesses identified in the PEFA assessments.

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<sup>17</sup> In its comments on his draft report, the UNDP BRC indicated that management arrangements have to follow UNDP policies and procedures for DIM projects. The roles and responsibilities of partners and stakeholders are defined and for accountability purposes they cannot overlap. The issue of the Donor's capacity building will be addressed in the new partnership project under a separate output 1 'Effective development cooperation tools and mechanisms enhance and strengthened'.

**R5. The Programme governance model, including the role and responsibility of various stakeholders such as the Donor and the UNDP country offices, should be clearly specified and agreed upon.**

- The division of tasks and responsibilities between involved parties could be detailed in an Memorandum of Understanding.
- The need for micromanagement at the high level should be reviewed and clear arrangements for back-stopping and knowledge sharing agreed upon.
- Transparency and clarity could be facilitated by an internal Operational Manual.
- It is recommended that UNDP puts at the disposal of the Donor its internal procedures and rules for Programme management.

**R6. Embed a realistic time frame and effective operational mechanisms in the Programme implementation.**

- Efficiency of the Programme implementation could be increase by introducing framework contract agreements for contracting of individual experts. This will save time on recruitment of experts.
- Allow for sufficient time for translation, quality review, discussion and approval of delivered Programme outputs.

**R7. The reporting could be simplified and reduced in scope if better streamlined without reducing its quality and value for immediate purposes.**

- The scope of reporting should be moved from reporting on outputs to reporting on results.
- The length of the progress reports could be reduced.
- In-year reporting could focus on individual interventions and respective outputs, while end-of-year reporting should reflect on the extent to which the Programme remains on course and the extent to which individual interventions contribute to the Programme expected results.
- Reporting for different purposes (UNDP, MFA, and Programme etc.) could be better streamlined.

**R8. Given the long-term nature of the human and institutional capacity building, the Programme should pay more attention to embedding sustainability issues in the design of the Programme and individual projects.**

- The Programme in itself will not be able to incorporate and deal with all risk factors especially which fall beyond its control, but should be able to respond to some critical factors which contribute to sustaining the results. For instance it could strengthen synergies with other TA and CD support, stimulate institutionalization of capacity development mechanisms, and pay attention to more soft aspects reflecting the enabling environment.
- Given the capacity development nature of the Programme it is recommended to increase synergies between the Slovak Aid and Public Expenditure Management Peer Assisted Learning (PEMPAL)/CEF, or other CD institutions who have similar CD and knowledge sharing focus, in order to assure sustainability of the achieved results.

**R9. To increase its spin-off effects, the Programme could consider establishing a platform for exchange of information and experience.**

- Given that Slovak experts are not yet very experienced with the provision of TA to beneficiary countries, there is a great need of exchanging experience and lessons learned. In order to facilitate that, the Programme could develop an internal portal for the Slovak experts to exchange relevant information and experience.
- This platform could be also used as a platform for sharing information in a more efficient way with all participating stakeholders.
- At a more advanced stage, the platform could be extended and be used to follow-up on potential questions and issues which may appear in the after-math of provided support. This will not only contribute to strengthening the demand-driven approach but will also contribute to increasing the impact and sustainability of the support.

**R10. If the Slovak Republic wants to bring the management of the Slovak Aid to a more advanced stage, it needs to clearly articulate and translate its strategic visions in concrete actions and professionalize the structure and capacity to implement and manage development aid.**

- The lack of such a clear political decision will maintain the status quo and will not allow to continuously increase the Slovak capacity to manage its aid in an adequate way.
- In the case of replication of the Programme model to other sectors, the involvement of the Slovak Ministry of Foreign Affairs and the Slovak Agency for International Development Cooperation should get a more prominent role both in the design of the Programme as well as implementation.

# Annexes





## Annex 1: List of people consulted

Name	Organization	Position	Comments
<b>Slovakia</b>			
Mário Virčík	MF SR	Director, International Relations Section, Programme Board Chairman	face-to-face interview
Lucia Zimanyiová	MF SR	International Relations Section, Head of International Cooperation Unit, in charge of the Programme	face-to-face interview
Ben Slay	UNDP BRC	Poverty Practice Leader	phone interview
Alena Srankova	UNDP BRC	Programme Manager	face-to-face interview
Balázs Horváth	Former UNDP BRC Currently UNDP South Sudan	Former Poverty Reduction Practice Leader and a member of the Advisory Board for PFD programme	phone interview
Daniela Gašparíková	Former UNDP BRC Currently UNDP Regional Centre in Bangkok	Former Country Support Team Leader, former PB observer	phone interview
Zuzana Letkova	UNDP BRC	Project manager, Slovak – UNDP Trust Fund	face-to-face interview
Robert Bernardo	UNDP BRC	Capacity Development Practice, Policy Specialist	phone interview
Dmitry Mariassin	UNDP BRC	New Development Partnerships Coordinator	Face-to-face interview
Izabela Nagyova	UNDP BRC	Communication Officer – former	Written communication
Marcela Hanusova	MOFEA SR		face-to-face interview
Lucia Lackova	SAIDC	Director	Telephone interview
Eva Kralčáková	MF SR	European Funds Section, Financial Management Coordination Dept, Member of the MTR	face-to-face interview
Štefan Kišš	MF SR	Financial Policy Institute, Director of the Structural and Expenditure Policies Department	face-to-face interview
Peter Ivánek	MF SR	State Reporting Section, Head of the Consolidated and Aggregated State Reporting	face-to-face interview
Matej Šiškovič	MF SR	Former employee of the Financial Policy Institute, Ministry of Education, Education Policy Institute, Acting Director	phone interview
Tomáš Kapusta	MF SR	ARDAL	face-to-face interview
Peter Šoltýs	MF SR	ARDAL	face-to-face interview
Peter Šándor	MF SR	ARDAL	face-to-face interview
Kamil Smetana		Former SAIDC representative	Telephone interview

Name	Organization	Position	Comments
<b>Moldova</b>			
Maria Caraus	MOF	Deputy Minister	Face-to-face interview
Vasile Bulicanu	MOF	Chief of the General Budgetary Synthesis Division	Face-to-face interview
Diana Razlog	MOF	Senior Consultant of Administrative-Territorial Units Budget Directorate, General Budget Department	Face-to-face interview
Eugen Cozmulici	MOF	Head of the International Cooperation Division	Face-to-face interview
Liliana Iaconi	MOF	Head of the Policy Analysis, Monitoring and Evaluation Unit	Face-to-face interview
Marina Semeniuc	MOF	Head of the Healthcare and Social Assistance financial division	Face-to-face interview
Svetlana Bortoi	MOF	Head of the Education, Culture and Science financial division	Face-to-face interview
Andrei Prisacari	MOF	Head of the Public Authorities financial division	Face-to-face interview
Veaceslav Negruta	Former MOF Currently BCI	Former Minister Currently- Executive Director of the Business Consulting Institute (BCI)	Face-to-face interview
Lucretia Ciurea	State Chancellery	Head of the Monitoring and Evaluation Division General Directorate of Policy Coordination, Foreign Assistance and Central Public Administration Reform	Face-to-face interview
Valentin Croitoru	State Chancellery	Senior Consultant	Face-to-face interview
Sorin Hadarca	Former State Chancellery	Former Team Leader of the Support for Management Capacity Project (2009-2012) – TA for the State Chancellery	Face-to-face interview
Valeria Ieseanu	UNDP Moldova	Programme Analyst	Face-to-face interview
Mihai Roscovan	UNDP Moldova	JILG P Director	Face-to-face interview
Adrian Ionescu	UNDP Moldova	JILGP Technical Advisor	Face-to-face interview
Oleg Harbu	EU Delegation	Project Manager of the Operation Section	Face-to-face interview
Abddoulaye Seck	World Bank office MD	Country Manager for Moldova	Face-to-face interview
Marcel Chistruga	World Bank office MD	Economist	Face-to-face interview
Viorica Neclea	WB PFM project	Local consultant	Face-to-face interview
Vasile Botica	WB PFM project	Local consultant	Face-to-face interview
Liuba Ivanciucova	WB PFM project	Local consultant	Face-to-face interview
Oleg Balan	APA	Deputy Rector of the Academy	Face-to-face interview
Aurelia Tepordei	APA	Director of the Professional Development Department	Face-to-face interview
<b>Montenegro</b>			

Name	Organization	Position	Comments
Dragan Djuric	UNDP Montenegro	CDP Core Technical Advisor	Face-to-face interview
Olivera Dimic	UNDP Montenegro	Programme Manager for Capacity Development Programme of UNDP Montenegro	Face-to-face interview
Iva Vukovic	MOF	Deputy Minister for SEPD	Face-to-face interview
Tijana Stanković	Former MOF Currently Office of the Government	Advisor to Deputy Minister, Cabinet of Deputy Prime Minister for Economic Policy and Financial System; Former Deputy Minister of the SEPD, Ministry of Finance of Montenegro (former key contact point for the “macro” project)	Face-to-face interview
Miodrag Radonjic	MOF	(new) Deputy Minister for the Sector of Treasury	Face-to-face interview
Dragan Darmanovic,	MOF	Head of Public Debt Unit	Face-to-face interview
Jadranka Kaludjerovic	Institute for Strategic Studies and Prognosis		Face-to-face interview
Donka Prodanova,	EC	Task manager for internal market	Face-to-face interview
Danijela Grba	WB	PFM focal person	Face-to-face interview
<b>Other</b>			
Jasmina Bell	UNDP Serbia	Technical adviser	Telephone interview
Olivera Puric	UNDP Serbia	Assistant Resident Representative	Telephone interview
Danka Kovalova	Slovak expert	Senior Consultant/Team leader, PBB Project Moldova	Face-to-face interview
Martin Valentovic	Slovak expert	Senior Consultant, PBB Project Moldova	Face-to-face interview
Jan Marusinec	Slovak expert	Senior Consultant, PBB Project Moldova	Face-to-face interview
Glendal Wright	International expert	Senior Consultant, PBB Project Moldova	Telephone interview
Richard Bartholomew	International expert	Senior Consultant, QA for PBB project in Moldova (2012/13)	written communication
Lawrence Seale	International expert	Senior Consultant, QA for PBB project in Moldova (2011)	Telephone interview
Juraj Rencko	Slovak expert	Team leader, PBB Project Moldova	telephone interview



## Annex 2: List of documents consulted

### *Programme documents*

- Ministry of Finance Slovak Republic and UNDP, Programme Document, Public Finance for Development: Strengthening Public Finance Capacities in the Western Balkans and Commonwealth of Independent States, June 2009.
- Ministry of Finance Slovak Republic and UNDP, Programme Document – Amendment no. 1, Public Finance for Development: Strengthening Public Finance Capacities in the Western Balkans and Commonwealth of Independent States, December 2011.
- Ministry of Finance Slovak Republic and UNDP, Cost sharing agreement between the Government of the Slovak Republic represented by the Ministry of Finance of the Slovak Republic and the United Nations Development Programme, June 2009.
- Ministry of Finance Slovak Republic and UNDP, Amendment #1 to cost sharing agreement between the Government of the Slovak Republic represented by the Ministry of Finance of the Slovak Republic and the United Nations Development Programme, December 2011.
- Ministry of Finance Slovak Republic and UNDP, Memorandum of Understanding between the Government of the Slovak Republic represented by the Ministry of Finance of the Slovak Republic and the United Nations Development Programme, June 2009.
- Annex 5: Programme Monitoring Framework, 2009 – 2012.
- Annex 5: Programme Monitoring Framework, updated 2012 – 2014.
- Statute of the Programme Board, Public Finance for Development: Strengthening Public Finance Capacities in the Western Balkans and Commonwealth of Independent States, October 2009.

### *Other Programme documents*

- Memorandum of cooperation between the Ministry of Finance of the Slovak Republic and the Ministry of Finance of the Republic of Moldova, signed, 29 October 2010.
- Minutes Programme Board meetings, UNDP Bratislava Regional Centre.
- Ministry of Finance of Slovak Republic, Slovak Aid, UNDP, “The guideline for selection of final programme beneficiary country(s)”, Guideline Selection Process Phase I, Prepared by Alena Šranková, Programme Manager.
- Ministry of Finance of Slovak Republic, Slovak Aid, UNDP, “The guideline for selection of final programme beneficiary countries Phase II” Guideline Selection Process Phase II, Prepared by Alena Šranková, Programme Manager.
- “Overview of needs in PFM reform of countries selected for country profiles”, Assessment PFM Matrix of shortlisted countries
- “Summary of the survey of interests and needs in potential programme beneficiary countries”, Prepared by Alena Šranková, Programme Manager.
- Country profiles
- Needs Assessment Reports
- Implementation plans
- Annual work plan budgets
- Terms of references for individual assignments
- Final consultants’ deliverables in individual PFM areas of assistance
- Quarterly and semi-annual Progress Reports
- Survey of countries
- Lessons Learned
- Visibility – articles, press releases etc.

### *Progress Reports*

- Various Quarterly progress Reports
- Various mission reports
- Srankova, Alena, Annual Review Report, prepared 15 February 2011, approved by PB June 2011.
- Srankova, Alena, 2011 Annual Review Report, prepared July-August 2012, approved by PB March 2013.
- The Annual Review Of The Public Finance For Development Programme - Questionnaire for Programme assessment by partners.
- Programme Financial Report, 2 July 2013.
- Financial overview as of end of September 2013.

### *Mid-term review reports*

- Mid-Term Review Of The Programme Public Finance For Development Strengthening Public Finance Capacities in the Western Balkans and Commonwealth of Independent States, 12 December 2011.
- Report on the status of recommendations proposed in the Programme Mid-Term Review, status at 31 July 2012, prepared by Alena Srankova as part of the Quarterly Progress Report, approved by Programme Board 18 September 2012.
- Report on the status of recommendations proposed in the Programme Mid-Term Review, prepared by Alena Srankova as part of the Quarterly Progress Report, approved by Programme Board 20 August 2013.

### *Slovak ODA related documents*

- DAC Special Review of the Slovak Republic requested by Slovakia's Ministry of Foreign Affairs and was undertaken with the agreement of the DAC, November 2010 - April 2011.
- National programme for Slovak Official Development Assistance, various years
- Medium-Term Strategy for Official Development Assistance of the Slovak Republic for the years 2009-2013.

### *UNDP evaluation norms standards policy*

- United Nations Evaluation Group, Standards for Evaluation in the UN System, April 2005.
- United Nations Evaluation Group, Norms for Evaluation in the UN System, April 2005.
- United Nations Development Programme, Handbook on Planning, Monitoring and Evaluating for Development Results, 2009.
- Updated guidance on Evaluation in the Handbook on Planning, Monitoring and Evaluating for Development Results (2009), Addendum June 2011.

## Annex 3: Evaluation matrix

Evaluation criteria and key EQs	Sub-questions	Indicators	Sources	Methodology
EQ1: To what extent does the Programme design and strategy respond to national development priorities and is suited to achieving the Programme objectives?				
Relevance	<ul style="list-style-type: none"> <li>Is the Programme relevant to Slovak ODA priorities?</li> <li>Is the regional focus of the programme relevant to the Slovak ODA priorities?</li> <li>Is the thematic focus of the Programme relevant to the country development needs and priorities?</li> <li>Is the Programme coherent in its design i.e. link between objectives, structure and modality of support?</li> <li>To what extent was the Programme design/interventions informed by the needs of different stakeholders?</li> <li>To what extent have different groups of stakeholders been involved in the design of Programme and its interventions?</li> <li>Was the Programme design relevant in respect to securing ownership and participation of stakeholders?</li> <li>Were the needs of academia, NGOs, media etc. taken into account in the design of the Programme?</li> <li>To what extent was the Programme harmonized with other capacity development support initiatives in the region?</li> <li>How are the needs identified by the beneficiary countries matched with Slovak capacity to provide support?</li> <li>To what extent was the design of the results framework relevant for measuring effectiveness of support?</li> <li>Were the expected outputs realistic?</li> </ul>	<ul style="list-style-type: none"> <li>-ODA priorities</li> <li>-Country priorities</li> <li>-Areas of interventions</li> <li>-Participation of stakeholders</li> <li>priorities and areas of work of other DPs</li> <li>-Existence of clear relationship between results at all levels incl. objectives, outcome, outputs</li> <li>-Degree of coherence between Programme interventions and national priorities</li> <li>-Level of involvement of stakeholders in project design</li> <li>-Design process</li> <li>-Transaction and opportunity costs of the design process</li> </ul>	<ul style="list-style-type: none"> <li>-Programme and project documents</li> <li>-Programme / projects implementation plans</li> <li>-BCs strategies</li> <li>-Slovak ODA strategy</li> <li>-Key project partners</li> <li>- Other relevant DPs</li> <li>-Documents from other donor supported activities</li> </ul>	<ul style="list-style-type: none"> <li>-Documents analyses</li> <li>-Interviews with Programme stakeholders</li> <li>-Interviews with other Programme/Projects beneficiaries i.e. government officials, economic institutes, NGOs, media, researches, universities</li> <li>-Interviews with DPs</li> </ul>

Evaluation criteria and key EQs	Sub-questions	Indicators	Sources	Methodology
	<ul style="list-style-type: none"> <li>To what extent has the Programme design/framework contributed to achievement of results in an efficient and sustainable way?</li> <li>Did the Programme design contribute to its efficient implementation?</li> <li>To what extent has the involvement of beneficiary countries in planning, programming, decision-making, implementation etc. contributed to the effectiveness of the Programme?</li> </ul>			
EQ2: Was the Programme implemented in an efficient manner (i.e. in respect to input delivery, cost control, implementation and organizational arrangements)?				
Effectiveness (of O&M and M&E)	<ul style="list-style-type: none"> <li>What are the factors that affected the implementation of the Programme?</li> <li>Did the management arrangements<sup>18</sup> contribute to the effectiveness of the Programme?</li> <li>How well were risks, assumptions and impact drivers being managed?</li> <li>Were they flexible in responding to changing circumstances?</li> <li>Was the Programme management adequate (decision-making, lines of authority, resources, timeliness, responsiveness, transparency)?</li> <li>Effectiveness of the monitoring/review mechanisms and quality of reporting?</li> <li>Effectiveness of response to the issues identified as part of regular monitoring/reporting?</li> <li>Effectiveness of support mechanism?</li> <li>Effectiveness of the (Slovak) experts roster and the extent to which they participated in providing services?</li> <li>What were the implementation and organizational arrangements put in</li> </ul>	<ul style="list-style-type: none"> <li>-Completeness and adequacy of the risk log &amp; issue log</li> <li>-Quality of management meetings and notes</li> <li>-Responsiveness to management notes</li> <li>-O&amp;M arrangements</li> <li>-Quality of the monitoring framework</li> <li>-Quality of support</li> <li>-adequacy of Programme choices</li> <li>-Occurrence of change in Programme design/ approach</li> </ul>	<ul style="list-style-type: none"> <li>-Programme and project documents incl. implementation plans</li> <li>-Partners and Programme/ Projects stakeholders</li> <li>-Atlas system</li> </ul>	<ul style="list-style-type: none"> <li>-Documents analysis</li> <li>-Data analysis</li> <li>-Interviews with Programme/Projects stakeholders</li> <li>-Interviews with Programme/ Projects beneficiaries</li> </ul>

<sup>18</sup> The evaluation team will consider all relevant aspects including the nature of the Joint Programme, institutional set-up, management of processes, communication, division of labor etc.



Evaluation criteria and key EQs	Sub-questions	Indicators	Sources	Methodology
	<p>place by the direct beneficiary of the support (e.g. MOF) and how were these incorporated into the existing structures (this is also relevant for sustainability)</p> <ul style="list-style-type: none"> <li>To what extent did the role, contribution and comparative advantages of UNDP and Donor influence the effectiveness of the Programme?</li> <li>Could the Programme results be achieved in a more effective way (i.e. other cooperation and intervention modalities)?</li> </ul>			
Efficiency	<ul style="list-style-type: none"> <li>Were the organizational arrangements adequate and efficient?</li> <li>Were Programme resources (financial, physical, and human) adequate and timely mobilized?</li> <li>Were the resources used for intended purposes?</li> <li>To what extent did O&amp;M arrangements contribute to reduction in transaction costs?</li> <li>Did the Programme promptly respond to capacity demands from beneficiary countries?</li> <li>Was the financial information from Atlas adequate for Programme implementation purposes?</li> <li>What aspects have influenced the timeliness of the Programme implementation, reporting, monitoring?</li> <li>Efficiency of the monitoring/review mechanisms?</li> <li>Efficiency of the knowledge management incl. documentation of process, sharing of info and internalization by partners?</li> <li>Efficiency of the support mechanism e.g. how quickly can support be mobilized and implemented?</li> <li>Timeliness of support in respect to the needs voiced by beneficiary countries?</li> </ul>	<ul style="list-style-type: none"> <li>-Availability &amp; quality of progress and financial reports</li> <li>-Timeliness of reports</li> <li>-Level of discrepancy between plans and actuals</li> <li>-Inputs and resources utilized</li> <li>-Costs associated with delivery mechanism and management structure compared to alternatives</li> <li>-M&amp;E systems</li> <li>-Level of available information</li> <li>-Level of communication/exchange of info</li> <li>-Promptness of management</li> </ul>	<ul style="list-style-type: none"> <li>-Programme and project documents incl. implementation plans</li> <li>-Atlas info</li> <li>-PRs</li> <li>-Monitoring reports</li> <li>-Financial reports</li> <li>-Minutes &amp; email communication</li> </ul>	<ul style="list-style-type: none"> <li>-Documents analysis</li> <li>-Data analysis</li> <li>-Interviews with Programme/ Projects stakeholders</li> <li>-Interviews with Programme/ Projects beneficiaries</li> </ul>

Evaluation criteria and key EQs	Sub-questions	Indicators	Sources	Methodology
	<ul style="list-style-type: none"> <li>• Efficiency of contracting/approval procedures under the Programme?</li> <li>• What are the benefits/comparative advantages of this type of support (i.e. needs based transfer of knowledge) to the beneficiary vs. other type of support (i.e. long term TA; on-the-job training etc.)?</li> <li>• Timeliness of implementation, explanatory factors and impact on operations?</li> <li>• Efficiency in the flow of funds?</li> <li>• Did the provided services deliver value for money?</li> <li>• Could the same results be achieved in a more efficient way (i.e. other modalities)?</li> </ul>	response & decision taking		
EQ3: To what extent have the expected Programme results been achieved and what is their likely impact and sustainability?				
Effectiveness	<ul style="list-style-type: none"> <li>• To what extent were the proposed activities implemented and to what extent did they contribute to the achievement of results?</li> <li>• What is the quality of the realized outputs?</li> <li>• What results were achieved in individual area of assistance in beneficiary countries?</li> <li>• Were potential risks regularly monitored and were necessary response/follow-up measures taken?</li> <li>• To what extent are PFM capacities built in public institutions, NGOs, academia and media?</li> <li>• Were the selected forms for the delivery of assistance the most appropriate to respond to the needs?</li> <li>• What are the underlying factors that contributed to the Programme performance and its impact?</li> <li>• Did the Programme lead to any unintended results and how?</li> <li>• Did the Programme visibility i.e. through communication strategy, website, promotional materials</li> </ul>	-Ref. Indicators in Programme results framework and logframe -Adequacy of risk identification -Quality of risk mitigation strategies -Stakeholders satisfaction	-Results framework -ARR -Progress reports -MTR -Programme records and reports- Programme website -Knowledge sharing platforms / portals -Data collected throughout evaluation	-Documents analysis -Data analysis -Interviews with Programme stakeholders -Interviews with Programme beneficiaries -Analysis of reports -Internet search -Analysis of website statistics -Synthesis analysis -Professional judgment

Evaluation criteria and key EQs	Sub-questions	Indicators	Sources	Methodology
	etc.) contribute to its effectiveness?			
Impact	<ul style="list-style-type: none"> <li>How did the Programme contribute to the PFM performance in the beneficiary countries (i.e. intended and unintended)?</li> <li>How did the Programme contribute to improving development interventions of MFA and MOF in Slovakia?</li> <li>Were there investments in efficient and effective means for sharing and disseminating knowledge?</li> <li>To what extent was conducted CD activities institutionalized?</li> <li>To what extent has the participation of the NGOs and the media been institutionalized?</li> <li>Is it possible to identify tangible evidence of stakeholders' opinion in respect to the Programme results/benefits?</li> <li>Did the lessons learned from Slovakia proved to be useful to the beneficiary countries?</li> <li>What is the effect of the Programme on target groups (i.e. as opposed to those who were not within the scope of the Programme) as well as indirect beneficiaries?</li> <li>How did the Programme contribute to strengthening MF SR expert capacity to engage in international developments assistance projects?</li> <li>What capacity has been built in the beneficiary countries as result of the Programme and how it has benefited the PFM reforms so far?</li> <li>To what extent did the Programme contribute to better collaboration between government, academia and civil society?</li> </ul>	<ul style="list-style-type: none"> <li>-Level of institutionalization of CD in relevant institutions</li> <li>-Use of PFM related knowledge</li> <li>-Level of use/ dissemination of lessons learned</li> <li>-Frequency of reference to the Programme in various media sources</li> <li>-Level and quality of capacity and skills of Programme stakeholders</li> <li>-Level of cooperation between CD PFM partners</li> </ul>	<ul style="list-style-type: none"> <li>-BC development reports</li> <li>-BC and other DPs reports on implementation of PFM reforms and CD initiatives</li> <li>-Experts' opinions</li> <li>-Statistics on Programme website visitors &amp; lessons learned</li> </ul>	<ul style="list-style-type: none"> <li>-Interviews with Programme partners</li> <li>-Interviews with Programme beneficiaries</li> <li>-Analysis of BC documents/strategies</li> <li>-Focus group forum (potential)</li> <li>-Establishment of casual links</li> <li>-Personal judgment</li> <li>-Experts' opinions</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>Harmonization of Programme support with other initiatives?</li> <li>Alignment of Programme support to government plans?</li> </ul>	<ul style="list-style-type: none"> <li>-Level of alignment of program results with</li> </ul>	<ul style="list-style-type: none"> <li>-BC development strategies</li> <li>-PFM CD</li> </ul>	<ul style="list-style-type: none"> <li>-Interviews with Programme partners</li> <li>-Interviews with</li> </ul>

Evaluation criteria and key EQs	Sub-questions	Indicators	Sources	Methodology
	<ul style="list-style-type: none"> <li>To what extent were beneficiary governments actively involved in and supported the Programme implementation?</li> <li>What factors adversely affect the sustainability of the achieved results?</li> <li>Is there a realistic possibility to use the prepared training material for other occasions or does it have a one life-time span?</li> <li>Are there spin-off activities which took place as result of the Programme/activities/results (e.g. follow-up organized by beneficiary, replication of the training with own resources etc.)?</li> <li>Is there satisfactory capacity and skills to sustain the achieved Programme results?</li> <li>What are the prospects for sustainability of the achieved results and their benefits?</li> <li>Has the Programme played a role in institutionalizing and addressing PFM capacity issues in a systematic manner?</li> <li>What were the key incentives of the beneficiaries to actively participate in the Programme?</li> <li>Are the key areas of Programme intervention still part of the beneficiary countries' priority areas?</li> </ul>	<p>the country development philosophy</p> <ul style="list-style-type: none"> <li>-Level and quality of local capacity and skills to maintain the achieved results</li> <li>-Level of institutionalization of the achieved results in BC</li> <li>-Level of knowledge and awareness in respect to PFM in BCs</li> </ul>	<p>plans in beneficiary countries</p> <ul style="list-style-type: none"> <li>-Experts' opinions</li> </ul>	<p>Programme beneficiaries</p> <ul style="list-style-type: none"> <li>-Analysis of BC documents/strategies</li> <li>-Focus group forum (potential)</li> <li>-Personal judgment</li> <li>-Experts opinions</li> </ul>
EQ4: What is the potential for the replication of the Programme in the future?				
Replication	<ul style="list-style-type: none"> <li>Are there good Programme practices that could be replicated?</li> <li>Are there other modalities which could support capacity development for PFM reform process more effectively?</li> <li>Can the Programme design be used by other Slovak Line Ministries for programming development cooperation?</li> <li>Can the Programmers model structure and management arrangements be applied to</li> </ul>	<ul style="list-style-type: none"> <li>-Applicability and feasibility of alternative modalities</li> <li>-Transaction and opportunity costs of other modalities</li> <li>-Actuality and relevance of the Programme</li> </ul>	<ul style="list-style-type: none"> <li>-Current practices of Slovak ODA</li> <li>-Opinions of Slovak officials</li> </ul>	<ul style="list-style-type: none"> <li>-Personal judgment</li> <li>-Experts opinions</li> </ul>

Evaluation criteria and key EQs	Sub-questions	Indicators	Sources	Methodology
	implementation of similar initiatives?	model to the Slovak context		



## Annex 4: Summary project sheets

### Annex 4a: Moldova – PBB Phase 1

Title: Programme implementation plan for <i>Scaling up the performance based budgeting concept for local governments</i>	
General information	
Country	Republic of Moldova
Direct beneficiaries	Ministry of Finance
Other stakeholders involved	Central public administrations and local governments
Start date	2011
End date	2012
Performance indicators	n/a
Performance targets	N/A
Assessment of progress achieved	
Objectives	The objective of the Programme was to support the Ministry of Finance in implementation of performance-based budgeting concept within local governments.
Expected results	<p>According to the Programme implementation plan, the expected results supposed to be:</p> <ul style="list-style-type: none"> <li>• National legal and regulatory frameworks for streamline local budgeting procedures and systems will be improved;</li> <li>• Increased capacity of the Ministry of Finance representatives to promote and implement the PBB concept at local level;</li> <li>• Increased capacity of local governments of Balti, Floristic, Unchain, Comrat (Gagauz Yeri autonomous region) and Stefan Voda in implementing the PBB system;</li> <li>• Increased capacity of other local governments in implementing the PBB system through dissemination of the methodology and best practices through local trainings organized by the Ministry of Finance;</li> <li>• Increased transparency of the budgeting process in local governments;</li> <li>• Increased confidence of citizens to affect change in the way that resources are allocated, and thereby to hold local governments accountable for the allocation of resources;</li> <li>• Increased capacity of local authorities to plan and budget for better services delivery for citizens;</li> <li>• Advocacy activities and best practices shared with the Ministry of Finance and local governments to influence the fiscal decentralization agenda (potential use of Slovak experience).</li> </ul>
Outputs	<ul style="list-style-type: none"> <li>• The PBB methodology was reviewed and recommendations for its improvement elaborated</li> <li>• Assessment of capacity development needs conducted</li> <li>• A capacity development Plan developed and outline of the training course</li> <li>• Analysis of PBB methodology in Moldova prepared, recommendation for its improvement elaborated and incorporated by MF Moldova into the amended methodology.</li> <li>• Review of legislative framework for PBB and provision of recommendations.</li> <li>• Financial contribution to 1 employee of the State Chancellery to participate in</li> </ul>

**Title: Programme implementation plan for *Scaling up the performance based budgeting concept for local governments***

	PBB training in CEF.		
<b>Evaluation</b>			
Relevance	<ul style="list-style-type: none"> <li>• Relevant (R):</li> <li>• Initial the assistance should have been directed to local government authorities. However after consultations with the MOF, it appeared that the needs are more urgent at the central level.</li> <li>• PBB has been introduced on a pilot basis some years ago but the capacity to prepare PBB and the overall quality of the programs remains low. From this perspective an assessment of capacity development needs is very relevant since it brought into evidence the needs across various type of stakeholders at different levels</li> <li>• The initial objective, i.e. to support CD at the local level, appeared to be less a priority than at the central level; this moved the focus of the support from local to central government.</li> <li>• Most of the needs for assistance were agreed upon with main beneficiary; the assistance was flexible and responded to the requests of the Ministry of Finance.</li> <li>• The project support took in consideration the UNDP support to local authorities.</li> <li>• Although a relatively good coordination has been established with the Joint Integrated Local Government Programme, there is no close collaboration with the USAID Local Government Support Project and with other field-related projects funded by donors and implemented by some NGOs (for instance, the BCI – PAUCI Project in Preparation of Moldovan local communities to effective absorption of funds from EU cross-border cooperation programmes).</li> </ul>		
Effectiveness	Satisfactory (S) – no shortcoming The expected outputs have been delivered according to the plan.		
Efficiency	Timeliness	Resource usage	Value for Money
	Activities under these projects were implemented generally within the agreed timeframe.	Only planned resources had been used.	yes
Potential benefit and impact	Significant (S) <ul style="list-style-type: none"> <li>• The beneficiary satisfied with professional attitude of the Team.</li> <li>• A comprehensive capacity needs assessment in the area of PBB was conducted for the first time. It allowed to design and tailor the training programmes to the specific needs identified by the assessment.</li> <li>• The activities during this phase established the basis for follow-up capacity development support.</li> </ul>		
Sustainability	Moderate risks <ul style="list-style-type: none"> <li>• Sustainability has been ensured by extending the scope of the assessment from central public authorities to local public authorities.</li> <li>• Over time the needs assessments lose their actuality. In order to reflect the changing dynamics the needs assessment should be updated every three years.</li> </ul>		
<b>Contribution to the Programme objectives</b>			
Project success stories	<ul style="list-style-type: none"> <li>• A professional comprehensive needs assessment following a predetermined methodology was conducted for the first time; this allowed to frame the ulterior assistance in order to respond to immediate needs expressed by the</li> </ul>		



**Title: Programme implementation plan for *Scaling up the performance based budgeting concept for local governments***

	<p>stakeholders themselves.</p>
Project challenges	<ul style="list-style-type: none"> <li>• At the beginning it was a lack of clear understanding by the beneficiary how the Programme can help in promotion of the reforms in public finance domain; therefore the Programme concept was devised with the initial mission support to identify the assistance needs.</li> <li>• Lack of enabling legal framework can adversely influence the commitment of stakeholders.</li> <li>• Different level of understanding of concepts and definitions at various levels.</li> <li>• Some deficiencies have been occurred in the organization of work, namely:             <ul style="list-style-type: none"> <li>- At the beginning, the responsibilities between UNDP Bratislava and UNDP Moldova were not clearly delineated although towards the end of the project they were addressed satisfactorily;</li> <li>- The beneficiaries indicated that some delays in implementation occurred as result of the translation delays. The Programme staff indicate that they were not aware of any "significant" delays.</li> </ul> </li> </ul>
Factors that had an impact on the Programmers a whole	<ul style="list-style-type: none"> <li>• Clear commitment from the management ensuring support and successful implementation.</li> <li>• Relatively high response to the capacity needs survey.</li> </ul>
Lessons learned	<ul style="list-style-type: none"> <li>• Regular meetings with top representatives of beneficiary – Ministry of Finance - are necessary to facilitate the design of the Programme assistance in a participatory manner.</li> <li>• It is important to coordinate the planned assistance with other donors' projects in order to have leverage and avoid overlap.</li> <li>• Appointment of key contact people from professional staff of MOF is necessary for smooth implementation of projects' activities.</li> <li>• Clear agreement on role and responsibility of the UNDP Moldova office is necessary to ensure support to the Programme. UNDP Moldova saw its role as mainly o provide logistical support (catering, translation etc.), but wished to play a more advisor role.</li> </ul>
Potential consideration for future initiatives	<ul style="list-style-type: none"> <li>• Need to update the capacity needs assessment regularly</li> <li>• The country needs should be assessed in close cooperation with the beneficiary</li> <li>• Similar capacity needs assessments may be conducted for non-government stakeholders</li> </ul>



## Annex 4b: Moldova – PBB Phase 2

Title: Programme implementation plan – <i>Capacity building for performance based budgeting in the government of Moldova</i>	
General information	
Country	Republic of Moldova
Direct beneficiaries	Ministry of Finance
Other stakeholders involved	State Chancellery, Parliamentary Commission on the Budget, Central public authorities (CPAs), Local public authorities (LPAs) on Level I and Level II
Start date	April 2012
End date	June 2014
Performance indicators	<ul style="list-style-type: none"> <li>• Number of original knowledge products and research papers developed or supported;</li> <li>• Number and effectiveness of capacity development activities (including training and workshop);</li> <li>• Number and success of awareness activities organized;</li> <li>• Extent of utilization of Slovak lessons learned.</li> </ul>
Performance targets	Assistance for the Ministry of Finance in fulfillment of the program based budgeting (PBB) expansion strategy according to which, central public authorities should implement PBB by 2014, while local public authorities – Level II should adopt it by 2015 and local public authorities – Level I by 2016.
Assessment of progress achieved	
Objectives	The objective of the project is to support the Ministry of Finance in implementation of program based budgeting across the Government of Moldova (primary objective) and to create conditions for sustainable capacity development for program based budgeting in central and local public authorities of Moldova (secondary objective).
Expected results	<p>According to the Programme implementation plan, the expected results should be:</p> <ul style="list-style-type: none"> <li>• Increased capacity of the Ministry of Finance representatives to promote, implement and monitor the PBB concept and system at central and local government levels;</li> <li>• Strengthened role of the Ministry of Finance in leading the PBB implementation process across the government and providing adequate methodological support;</li> <li>• Comprehensive training system for PBB designed;</li> <li>• Increased understanding of PBB concept by policy makers and managers to promote and implement PBB system at central and local government levels;</li> <li>• Conditions created for sustainable capacity development for PBB in central and local public administration via training of local trainers;</li> <li>• Group of trained trainers for training on PBB concept and system;</li> <li>• Improved capacities for PBB in Moldova to ensure its effective application in the budget preparation process.</li> </ul>
Outputs	<p>The main outputs include:</p> <ul style="list-style-type: none"> <li>• Scaling up the training on PBB for central-level sectorial public authorities;</li> <li>• A comprehensive training system (course curricula, schedules of training days, definition of target groups, requirements for lecturers, training system sustainability measures) was designed for PBB, monitoring and evaluation, and approved by MF Moldova.</li> <li>• Training materials for the training of trainers on PBB concept and methodology from CPAs and LPAs (two packages) were prepared based on the training system.</li> <li>• Circa 40 trainers have been trained, of whom 15 employees of the Ministry of Finance and 25 individuals from CPAs;</li> </ul>

**Title: Programme implementation plan – Capacity building for performance based budgeting in the government of Moldova**

	<ul style="list-style-type: none"> <li>• Workshops for around 95 civil servants and high-rank officials have been organized in three stages: for Parliament members, for Government members, and for presidents of raions (LPA level II);</li> <li>• Coaching of MF MLD and CPAs trainers in delivering first rounds of trainings for CPAs</li> <li>• On-the-job training for the Ministry of Finance and five CPAs (Parliament Secretariat, Ministry of Education, Ministry of Justice, Ministry of Labour, Social Protection and Family, and the National Social Insurance Company/House);</li> <li>• A study visit of 10 officials from CPAs was conducted in Slovakia, including representatives of the Ministry of Finance and of five CPAs (other than those that benefited from on-the-job training);</li> <li>• A practical guide for local public authorities on programme based budgeting methodology in Moldova;</li> <li>• A draft paper on examples of good and bad practices in setting up goals, objectives and performance indicators in programme budgeting (CPAs and LPAs);</li> <li>• Lessons learned from budget reforms in Slovakia (report) – though it is reported under Component 3, it was developed and disseminated as part of the PBB project.</li> </ul>			
<p><b>Evaluation</b></p>				
<p>Relevance</p>	<p>Relevant (R)</p> <ul style="list-style-type: none"> <li>• The need of assistance in the area of public finance stems from the 2009-2013 Moldovan Government Activity Programme titled "European Integration: Freedom, Democracy, Welfare". According to this Programme, a priority action in the area of budgetary and fiscal policy and public finance management is the "introduction of programme budgeting and increasing the flexibility of budget expenditure in the context of the midterm expenditure framework (3 years) at central and local levels.</li> <li>• The Programme assistance was framed perfectly in supporting PBB reforms which started several years ago. It provided opportunities for capacity development in strategic planning for the Ministry of Finance and other public authorities.</li> <li>• Initially the Programme was designed to provide assistance to the Ministry of Finance and to local governments; afterwards, upon the request of the Ministry of Finance, the assistance was expanded to cover the central public authorities as well.</li> </ul>			
<p>Effectiveness</p>	<p>Satisfactory</p> <p>The implementation of project activities and realization of planned outputs has facilitated the preparation of CPAs draft budgets for 2014 in line with performance-based budgeting for 100%, while in 2012 the State Budget reflected only for 70% the PBB approach. The Programme contributed to the enhanced capacity building at the level of CPAs through:</p> <ul style="list-style-type: none"> <li>• Increased appreciation of the PBB and in-depth understanding of its concepts and methods;</li> <li>• Quality improvement in identifying and defining goals, objectives and performance indicators;</li> <li>• Awareness-raising in terms of performance-based budgeting in the concept of enhanced results and accountability;</li> <li>• Developing the participative approach in PBB and improved coordination among various stakeholders;</li> <li>• Dissemination of training materials to a larger groups through posting them on the MOF website;</li> <li>• Sharing experience and discussion of challenges faced by Slovakia in PBB implementation.</li> </ul>			
<p>Efficiency</p>	<table border="1"> <tr> <td data-bbox="454 2004 742 2038">Timeliness</td> <td data-bbox="742 2004 1053 2038">Resource usage</td> <td data-bbox="1053 2004 1327 2038">Value for Money</td> </tr> </table>	Timeliness	Resource usage	Value for Money
Timeliness	Resource usage	Value for Money		

**Title: Programme implementation plan – Capacity building for performance based budgeting in the government of Moldova**

	<p>The activities were implemented mainly within the planned timeframe. However, some project experts' missions were postponed upon the request of the Ministry of Finance.</p>	<p>Only planned resources had been used. A better coordination with other donors in the field is requested.</p>	<p>Yes</p>
<p>Potential benefit and impact</p>	<p>Significant</p> <ul style="list-style-type: none"> <li>The Programme had a positive impact on the improvement of financial management in general, and on performance-based budgeting, in particular. With the support of Project experts the current normative framework has been revised and the methodology and specific guides have been developed.</li> <li>Collaboration between the sectorial departments with economic department has been improved.</li> </ul> <p>According to the respondents, this Programme has comparative advantage relative to other assistance projects, namely:</p> <ul style="list-style-type: none"> <li>Much better organized;</li> <li>Aligned with the budget process;</li> <li>Pretty flexible to meet the Beneficiary's priority needs at different stages;</li> <li>Adequate and professional attitude of the Team;</li> <li>Experts come up with well-justified proposals with no intention to dictate.</li> </ul>		
<p>Sustainability</p>	<p>Moderate risks</p> <ul style="list-style-type: none"> <li>The leading role of the Ministry of Finance in PFM reforms in general and PBB in particular is crucial and should be improved.</li> <li>Sustainability is affected by the high turnover of staff</li> <li>Closer cooperation is required among branch divisions, financial divisions and Policy Analysis, Monitoring and Evaluation Units within the Ministries, with the aim to improve the planning and PFM.</li> <li>The need for continuous training is important particularly to respond to high staff turnover.</li> <li>A report assessing the impact of training could be conducted to assess whether the desired results have been achieved and to inform the need for further capacity development.</li> <li>Sustainability is also affected by the delays in implementation of the Integrated Financial Management Information System that should be developed under the World Bank project on Public Financial Management.</li> <li>There is no capacity development strategy in the area of PFM. The PFM reform strategy recently developed does not pay separate attention to CD needs.</li> <li>There is no mechanism to institutionalize the CD in the area of PFM. The collaboration between APA and MOF does not facilitate the sustainability of the developed capacity, while the idea of establishing a PFM training center has been stalled.</li> <li>Delays in the approval of the Budget Law will affect the longer term impact and sustainability of the built capacity.</li> </ul>		
<p>Contribution to the Programme objectives</p>			
<p>Project success stories</p>	<p>Some opinions of Moldovan budget specialists (participants at training courses) about how the Program based budgeting can be of benefit to citizens can be found at <a href="http://europeandcis.undp.org/ourwork/governance/show/66F9466F-F203-1EE9-BA09FAEAF2B3ADB8">http://europeandcis.undp.org/ourwork/governance/show/66F9466F-F203-1EE9-BA09FAEAF2B3ADB8</a>.</p>		

**Title: Programme implementation plan – Capacity building for performance based budgeting in the government of Moldova**

	<p>More specifically, the success of the programme results is due to:</p> <ul style="list-style-type: none"> <li>• Closely linking the support to the immediate needs and the budget cycle</li> <li>• Transferring knowledge and experience first hands</li> <li>• Assistance provided by people who were involved in the Slovak reforms and are familiar with the operational challenges</li> <li>• Complementing the traditional training with on-the-job coaching</li> <li>• Provision of training at all managerial levels and all government levels.</li> </ul>
Project challenges	<ul style="list-style-type: none"> <li>• Some difficulties exist with completion of the Practical Guide for local public authorities on PBB methodology in Moldova. The initial version of the draft failed to take into account the existing methodology agreed by the Ministry of Finance with the project experts. The discussion is ongoing and a solution is being sought.</li> <li>• Lack of clarity on the role of the UNDP Moldova office</li> <li>• Lack of harmonized and centralized coordination in the daily Programme management on the beneficiary side.</li> <li>• Delays in translations;</li> <li>• Poor quality of translations and lack of a professional capacity to double-check the translated text.</li> </ul>
Factors that had an impact on the Programme as a whole	<ul style="list-style-type: none"> <li>• Information about the activities unrolled within the Programme is available on the Ministry of Finance web page (most of it is in Romanian only). However, this information is not published under a separate heading in a visible place. Hence, the Donor's role is diminished, while the user's access to relevant information is hindered.</li> <li>• While preliminary discussions with non-government institutional took place, the Programme did not manage to advance its support to this group.</li> </ul>
Lessons learned	<ul style="list-style-type: none"> <li>• There is need for an on-the spot person responsible for coordination of activities under the Programme.</li> <li>• There is a need on better correlation of the ongoing projects in the field. There is no active cooperation platform between the Ministry of Finance and foreign donors regarding the technical assistance programmes in the area of public finance (the donor sectoral ministerial council should be invigorated).</li> </ul>
Potential consideration for future initiatives	<ul style="list-style-type: none"> <li>• The new Strategy for Developing the Public Finance Management for 2013-2020 can serve as a basis for identifying future assistance needs.</li> <li>• Enhancing of the role of assessment and audit within the budget process should be considered to strengthen the application of PBB.</li> <li>• Training should be extended to other ministries which did not yet benefited from the Programme.</li> <li>• Also, there is an additional need to provide training in the area of change management, negotiation skills, and to scale-up the training to the level of institutions subordinated to CPAs.</li> <li>• For the future, the assistance programme should be scaled up to cover the LPAs staff training. Such training could be organized with the support of the Congress of Local Authorities from Moldova.</li> <li>• The need for collaboration in staff training with Academy of Public Administration and Academy of Economic Studies, adjustment of training programs.</li> <li>• It is necessary to disseminate specific information and knowledge for NGOs and Academia.</li> </ul>

## Annex 4c: Montenegro – Macro-Fiscal Forecasting Project

Title: Macro-fiscal forecasting	
General information	
Country	Montenegro
Direct beneficiaries	Ministry of Finance, Department of Economic Planning and Development
Other stakeholders involved	Ministry of Finance, Budget Department
Start date	June 2010 (Phase 1), March 2012 (Phase 2)
End date	June 2011 (Phase 1), Phase 2 ongoing
Performance indicators	n/a
Performance targets	n/a
Assessment method	<ul style="list-style-type: none"> <li>• Document analysis</li> <li>• Interviews with stakeholders of UNDP, Montenegro MoF</li> </ul>
Assessment of progress achieved	
Objectives	<p><u>Phase 1</u>: to support the Ministry of Finance of Montenegro in strengthening its institutional capacity for macroeconomic and fiscal analysis and forecasting with the aim to increase transparency and credibility of analytical and forecasting activities of the Ministry of Finance of Montenegro.</p> <p><u>Phase 2</u> to help the Sector for Economic Policy and Development (Sector) to establish itself as a credible and institutionally sound government provider of macroeconomic and fiscal forecasts and economic analysis.</p>
Expected results	<p><u>Phase 1</u></p> <ul style="list-style-type: none"> <li>• Increased transparency of the analytical and forecasting process at the MF Montenegro;</li> <li>• Increased quality and reliability of macroeconomic and fiscal data;</li> <li>• Clarity of roles and responsibilities and improved cooperation among internal units of the MF Montenegro;</li> <li>• Increased credibility of the forecasts produced by the MF Montenegro.</li> </ul> <p><u>Phase 2</u></p> <ul style="list-style-type: none"> <li>• Institutional set-up for forecasting activities that supports effectiveness of forecasting process and credibility of forecasts;</li> <li>• Macro-economic forecasting system designed and operational;</li> <li>• Fiscal-forecasting system designed and operational;</li> <li>• Capacities of the Sector's staff for forecasting activities and economic analysis strengthened.</li> </ul>
Outputs	<p><u>Phase 1</u></p> <ul style="list-style-type: none"> <li>• Presentations of Institutional set-up of Financial Policy Institute (FPI), Ministry of Finance of the Slovak Republic and Macroeconomic Forecasting at the FPI</li> <li>• Macroeconomic Data Infrastructure Review</li> <li>• Enhancing analytical capacity at the Ministry of Finance</li> <li>• Lessons learned – Financial Policy Institute at the Ministry of Finance of the Slovak Republic (though it is reported under Component 3, it has been developed as part of the project).</li> <li>• Study visit of 5 SEPD employees (including the Head of SEPD/Deputy minister) and UNDP CO focal point to Slovakia (FPI as MF SR and the National Bank of Slovakia)</li> </ul> <p><u>Phase 2</u></p> <ul style="list-style-type: none"> <li>• Create an up-to-date database of key macroeconomic and fiscal variables</li> <li>• Fiscal revenue forecasting model</li> </ul>

Title: Macro-fiscal forecasting			
	<ul style="list-style-type: none"> <li>• Contributing to Pre-accession Economic Program report</li> <li>• Participation in (IMF) trainings Vienna Institute</li> <li>• Training in Podgorica on writing skills for macro-economic reporting</li> <li>• Financial contribution to MF Montenegro/SEPD staff to participate in IMF trainings in the Vienna Institute (3 employees) and in Washington D.C. (1 employee).</li> </ul>		
Evaluation			
Relevance	<p>Relevant (R): Although macro-fiscal information was not raised in the Country profile, its relevance was recognized in the start of the program. As the Montenegro Ministry of Finance was considering to restructure the macro-fiscal forecasting within the Budget Department, the experience of the Slovak FPI was well-chosen.</p>		
Effectiveness	<p>Satisfactory (S) - no shortcomings: The outputs have been delivered timely and in good quality.</p>		
Efficiency	Timeliness	Resource usage	Value for Money
	Partly, outputs have been delivered timely in line with the implementation plans	Partly, out of 220,000 USD allocated in 2009, only USD 84,311 has been used.	Yes
Potential benefit and impact	<p>Significant (S): increased quality of macro-fiscal data and forecasting is the basis for prudent fiscal policies required to gain access to the EU. The quality of the PEP has been well-received by the EC.</p>		
Sustainability	<p>Moderate risks: Training of key staff can be affected by staff turnover (e.g. the Head of the Department left in 2013), but other achievements such as the organizational structure and the database and methodologies are embedded in the current work environment.</p>		
Contribution to the Programme objectives			
Project success stories	<ul style="list-style-type: none"> <li>• New organizational structure in Montenegro Department of Economic Planning and Development has been inspired by the model of the Slovak Fiscal Policy Institute (FPI);</li> <li>• Flexibility on the side of the donor by allowing international consultants who were experienced in the specific challenges in Montenegro to provide hands on support to Pre-accession Economic Programme;</li> <li>• Increased transparency by publication of quarterly macro-fiscal reports.</li> </ul>		
Project challenges	<ul style="list-style-type: none"> <li>• The preference on the side of the Donor to supply Slovak experts has been at tension with the preference of the Beneficiary who preferred experts with previous experience in the region.</li> <li>• The gap between different Phases is too long. In the area of macro-economic and fiscal forecasting no activities were implemented since April 2013 due to a change of the MF Montenegro leadership after the elections. In addition, consultants had to wait a long time to receive feedback on their recommendations for follow up actions, or supporting information to be able to advance their work. Although action plans were developed in November 2011, the beneficiary did not implement any recommended activities in the area of debt management, ESA95 and accrual accounting. Given the changed in the leadership and unconfirmed commitment to follow up on the recommendations, the Programme could not continue. A high level meeting was proposed to discuss the authorities reform approach. The Programme awaits the MoF MN new leadership to</li> </ul>		



Title: Macro-fiscal forecasting	
	<p>express their interest to continue with the cooperation.</p> <ul style="list-style-type: none"> <li>The beneficiary perceived that approval of training requests was not always flexible and too much supply driven. That is, not all trainings requested by the beneficiary were approved; instead programme management suggested other training opportunities. According to the UNDP BRC, however, following the advice of the involved experts, the programme suggested other training opportunities which were thought to better match the overall objective of the support.</li> </ul>
Factors that had an impact on the Programme as a whole	<p>The local UNDP office has played a substantial and positive role as a liaison between the Programme and the beneficiary. Given that this role has not been funded from the program, the value for money of the program has been increased. It should be noted that the reduction of the capacity of the UNPD office in Montenegro in the domain of PFM since April 2013 onwards can affect the effectiveness of the programme in the future and should be considered for a possible extension.</p>
Lessons learned	<p>A positive appreciation of the programme in the area of macro-fiscal forecasting, but:</p> <ul style="list-style-type: none"> <li>The beneficiary perception is that the programme is not always flexible to respond to direct requests from the Beneficiary. As such decision are normally well grounded by the Programme, the programme could pay more attention to get beneficiary's understanding and appreciation of why a specific request can not be honored.</li> </ul>
Potential consideration for future initiatives	<ul style="list-style-type: none"> <li>Decide whether the programme objective of the programme is to share Slovak expertise with Montenegro or whether the programme aims to respond to the Beneficiary's needs irrespective of the question whether the expertise has a Slovak background;</li> <li>The possibility of Montenegro experts to work as an internship in the Slovak FPI would be appreciated;</li> </ul>



## Annex 4d: Montenegro – ESA 95 Project

Title: ESA 95	
General information	
Country	Montenegro
Direct beneficiaries	Ministry of Finance, Budget Department and Treasury sector
Other stakeholders involved	None (although Department of Statistics, Monstat, appears to be a key stakeholder, it was not involved in the project)
Start date	Sept 2010
End date	November 2011
Performance indicators	n/a
Performance targets	n/a
Assessment method	<ul style="list-style-type: none"> <li>• Document analysis</li> <li>• Interviews (UNDP local office, Ministry of Finance Montenegro)</li> </ul>
Assessment of progress achieved	
Objectives	To support the Ministry of Finance of Montenegro in meeting the requirement of the Eurostat for statistical reporting of key public finance and economic indicators.
Expected results	<ul style="list-style-type: none"> <li>• Increased compliance, transparency and credibility of reports provided to Eurostat</li> <li>• Increased possibility of credible assessment of public finance developments and sustainability by internal and external users</li> </ul>
Outputs	<p>Statistical reporting on key public finance and economic indicators in compliance with ESA 95 methodology:</p> <ol style="list-style-type: none"> <li>1. Assessment of the current public sector reporting system in Montenegro <ol style="list-style-type: none"> <li>a. Definition of information and data requirements by MF SR staff on the public sector reporting system in Montenegro</li> <li>b. Mapping the current situation in public sector reporting in Montenegro by MF ME staff</li> <li>c. Conducting a review of the public sector reporting system in Montenegro</li> <li>d. Presenting findings and recommendations to MF ME – workshop</li> <li>e. Lessons learned from the adoption of ESA 95 methodology in Slovakia (though it is reported under Component 3, it was planned as part of the ESA 95 project).</li> </ol> </li> <li>2. Consulting services for the adoption of ESA 95 methodology in Montenegro <ol style="list-style-type: none"> <li>a. Definition of ESA 95 concepts and sector delimitation</li> <li>b. Identification and proposal for data sources</li> <li>c. Compilation of transition bridges</li> </ol> </li> </ol>
Evaluation	
Relevance	Moderately relevant (MR): In the domain of statistics ESA 95 is certainly relevant as it relates to Chapter 18. In the domain of Public Finance Management, the issue of compliance to ESA is less relevant although there are linkages to relevant issues such as commitment accounting and recording of tax liabilities
Effectiveness	Unsatisfactory (U) - major shortcomings. Output 1 has been delivered timely and in good quality. Output 2 has not resulted in the compilation of transition bridges due to limited follow-up on Programme recommendations by the beneficiary.

Title: ESA 95			
Efficiency	Timeliness	Resource usage	Value for Money
	Partly: Output 1 has been delivered timely	Partly: from the total available budget of USD 40,000, only USD 8,303 has been used	Yes, the assessment report (output 1) is valuable and could not be prepared with less money
Potential benefit and impact	Minimal (M), The project has put the issue on the agenda, but Phase 1 has not been followed up by a next phase to ensure actual compliance with ESA95.		
Sustainability	Not applicable as the impact has been minimal		
Contribution to the Programme objectives			
Project success stories	The main success of the project has been the agenda-setting potential of learning from the Slovak experience		
Project challenges	<ul style="list-style-type: none"> <li>• There was no cooperation with Montstat as a result of internal boundaries in the government of Montenegro;</li> <li>• Absorption capacity in the Treasury Sector of the Ministry of Finance is too low to accommodate reform activities.</li> </ul>		
Factors that had an impact on the Programme as a whole	<ul style="list-style-type: none"> <li>• The changes in the Government of Montenegro that took place after the elections in 2012 affected the composition of the beneficiary's delegation and the break in the communication about interest to continue the cooperation on the project implementation.</li> </ul>		
Lessons learned	<ul style="list-style-type: none"> <li>• Ensure that sufficient absorption capacity can accommodate follow up on the assessment reports through a Phase 2 (technical assistance to support the reform);</li> <li>• In the circumstance of low absorption capacity, the format of the support should be more hands-on and available on a continuous basis rather than higher level advices presented in separate missions.</li> <li>• In the circumstances of low absorption capacity in the Treasury sector, it may be better to focus on one priority rather than three areas of support.</li> </ul>		
Potential consideration for future initiatives	The Treasury Sector of the Montenegro MoF continues to be interested in receiving support of the Slovak MoF. The issues of ESA95 and accrual accounting are very broad reform items. Given the limited scope of the Slovak program and limited absorption capacity, the topic should be selected less broad and challenging, for example support to commitment control.		

## Annex 4e: Montenegro– Accrual Accounting Project

Title: Accrual accounting			
General information			
Country	Montenegro		
Direct beneficiaries	Ministry of Finance, Treasury sector		
Other stakeholders involved	None		
Start date	September 2010		
End date	November 2011		
Performance indicators	n/a		
Performance targets	n/a		
Assessment method	<ul style="list-style-type: none"> <li>• Document analysis</li> <li>• Interviews (UNDP local office, Ministry of Finance Montenegro)</li> </ul>		
Assessment of progress achieved			
Objectives	Developing a medium-term strategy for transition to accrual based accounting system in Montenegro.		
Expected results	Developed a medium-term strategy for transition to accrual accounting		
Outputs	<p>1. Accounting reform strategy (or The strategy for introducing the accrual accounting in the public administration)</p> <ul style="list-style-type: none"> <li>• Gap assessment of the current accounting system and standards used in Montenegro;</li> <li>• Preparation of the medium term strategy for the introduction of accrual accounting in the public sector;</li> <li>• Presentation of the strategy.</li> </ul> <p>2. Lessons learned – public sector accounting and reporting systems reform in Slovakia</p> <ul style="list-style-type: none"> <li>• Preparation of a case study</li> </ul>		
Evaluation			
Relevance	Moderately irrelevant (MI). A transition to accrual accounting cannot be considered as a key priority for Montenegro in their phase of development. Accrual accounting is not part of the Acquis and important EU Member States operate accounting system based on modified cash basis. A priority of Montenegro is the implementation of a sound commitment control system to prevent payment arrears and a system to monitor tax liabilities.		
Effectiveness	Satisfactory - no shortcomings. The outputs have been delivered timely and in good quality		
Efficiency	Timeliness	Resource usage	Value for Money
	Yes, the outputs in the implementation plan have been delivered timely	Partly. Only USD 58,069 of the available USD 150,000 have been used	Partly, a substantial amount has been spend on an issue that is no priority and that has not received follow up
Potential benefit and impact	Minimal (M), The project has put the issue on the agenda, but Phase 1 has not been followed up by a next phase to start implementation of the strategy. The beneficiary has not yet taken any follow up measures.		
Sustainability	Not applicable as impact has been minimal		
Contribution to the Programme objectives			
Project success stories	The main success of the project has been agenda-setting. (However, it can be questioned whether the focus on accrual accounting has been the right topic		

Title: Accrual accounting	
	for the Montenegro reform agenda).
Project challenges	<ul style="list-style-type: none"> <li>Absorption capacity in the Treasury Sector of the Ministry of Finance is too low to accommodate reform activities.</li> </ul>
Factors that had an impact on the Programme as a whole	<ul style="list-style-type: none"> <li>The changes in the Government of Montenegro that took place after the elections in 2012 affected the composition of the beneficiary's delegation, and consequently, the priorities of the beneficiary.</li> </ul>
Lessons learned	<ul style="list-style-type: none"> <li>Ensure that sufficient absorption capacity can accommodate follow up on the assessment reports through a Phase 2 (technical assistance to support the reform);</li> <li>In the circumstance of low absorption capacity, the format of the support should be more hands-on and available on a continuous basis rather than higher level advices presented in separate missions.</li> <li>In the circumstances of low absorption capacity in the Treasury sector, it may be better to focus on one priority rather than three areas of support.</li> </ul>
Potential consideration for future initiatives	<p>The Treasury Sector of the Montenegro MoF continues to be interested in receiving support of the Slovak MoF in the area of accounting. Accrual accounting is a very broad and challenging reform whose urgency for the public finance management system in Montenegro is questionable. Given the limited absorption capacity of Montenegro MoF, the topic should be selected more narrow and less challenging, for example implementation of commitment control.</p>

#### Annex 4f: Montenegro - Debt Management Project

Title: Debt Management			
General information			
Country	Montenegro		
Direct beneficiaries	Ministry of Finance, Sector of Treasury		
Other stakeholders involved	None		
Start date	September 2010		
End date	November 2011		
Performance indicators	n/a		
Performance targets	n/a		
Assessment method	<ul style="list-style-type: none"> <li>• Document analysis</li> <li>• Interviews (UNDP local office, Ministry of Finance Montenegro)</li> </ul>		
Assessment of progress achieved			
Objectives	Strengthening the Ministry of Finance of Montenegro in its capacity for public debt management.		
Expected results	<ul style="list-style-type: none"> <li>• Improved institutional set-up for public debt management</li> <li>• Improved internal processes and procedures for public debt management</li> <li>• Developed operational risk management system</li> </ul>		
Outputs	<ul style="list-style-type: none"> <li>• Study tour to Slovakia in the area of cash and debt management.</li> <li>• Public Debt Management               <ul style="list-style-type: none"> <li>- Risk Management system:                   <ul style="list-style-type: none"> <li>• Analysis of existing situation</li> <li>• Detailed presentation of the Slovak system on Risk Management</li> <li>• Development of Risk Management model – procedure, methodologies</li> <li>• Presentation of new model</li> </ul> </li> <li>- Process improvement for debt management system:                   <ul style="list-style-type: none"> <li>• Analysis of existing situation</li> <li>• Comparative analysis MNE vs SK Model</li> <li>• Proposal of new model and procedures</li> </ul> </li> <li>- IT support for debt management system                   <ul style="list-style-type: none"> <li>• Analysis of existing IT solution</li> <li>• Recommendation for further system improvement and possible development of terms of references for IT solution</li> </ul> </li> </ul> </li> <li>• Preparation of a case study – a paper on lessons learned from the reform of public debt and cash management system in Slovakia</li> </ul>		
Evaluation			
Relevance	Less relevant (LR), debt and cash management are crucial issues in PFM systems. However, the PEFA assessment in 2008 showed good scores on indicator 16 and 17 covering respectively cash and debt management. For that reason, the issues may be judged as less relevant.		
Effectiveness	Satisfactory (S) - no shortcomings: The outputs that were agreed in the implementation plan have been delivered timely and in good quality.		
Efficiency	Timeliness	Resource usage	Value for Money
	Yes, the outputs in the implementation plan have been delivered timely.	Partly, only USD 59,369 of the original allocation of USD 170,630 has been used.	Partly, a substantial amount has been spend on an issue that is no priority and that has not received follow

Title: Debt Management	
	up.
Potential benefit and impact	Minimal (M), the project has put certain issues on the agenda, but Phase 1 has not been followed up by a next phase to start implementation of the recommendations given in the assessments. The beneficiary did not follow-up on the recommendations yet.
Sustainability	No impact was observed.
Contribution to the Programme objectives	
Project success stories	<ul style="list-style-type: none"> <li>Debt management and need for better IT is on the agenda;</li> </ul>
Project challenges	<p>Phase 1 could have been followed up by a second phase as the MoF on Montenegro issued a second request for support. Three issues prohibited the successful agreement/implementation of a second phase:</p> <ul style="list-style-type: none"> <li>According to the MNE MoF, the negative response of the Programme on purchase of hardware reduced enthusiasm of MoF in MNE. According to the UNDP BRC a negative response was not communicated to the MoF. The perception of the MNE MOF may be a result of a miscommunication and/or misunderstanding.</li> <li>Limited ability of the UNDP BRC / Slovak MoF to respond quickly to new requests from the MoF Montenegro exemplified by the slow response on the second request for support by the MoF in Montenegro;</li> <li>Limited capacity of the MoF in Montenegro exemplified by the lack of follow up on the response of Slovak MoF.</li> </ul>
Factors that had an impact on the Programme as a whole	<ul style="list-style-type: none"> <li>The size of the two countries differs significantly and, consequently, also the solution for certain problems, for example the IT solutions for debt management.</li> </ul>
Lessons learned	<ul style="list-style-type: none"> <li>Refer to the PEFA to identify priority areas for PFM support;</li> </ul>
Potential consideration for future initiatives	<ul style="list-style-type: none"> <li>Decide whether the programme objective of the programme is to share Slovak expertise with Montenegro or whether the programme aims to respond to the Beneficiary's needs irrespective of the question whether the support requested refers to hardware;</li> </ul>







P.O. Box 4175  
3006 AD Rotterdam  
The Netherlands

Watermanweg 44  
3067 GG Rotterdam  
The Netherlands

T +31 (0)10 453 88 00  
F +31 (0)10 453 07 68  
E [netherlands@ecorys.com](mailto:netherlands@ecorys.com)

**W** [www.ecorys.nl](http://www.ecorys.nl)

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