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## I. DEVELOPMENT CHALLENGE

### Introduction

#### Slovak development cooperation

The project **Public and Private Finance for Development** is based on a long and rich experience that the Slovak Republic as donor and UNDP have gained over the course of the past decade.

Since early 2000s the Slovak Republic has undergone a full transformation from a recipient to a provider of development assistance. Although Slovakia managed to fulfil the requirements of the Organisation for Economic Co-operation and Development, Development Assistance Committee (OECD DAC) in 2013 (related mostly to legal and operational framework of development cooperation), there are still challenges which need to be addressed at the level of political engagement, strategic orientation, aid volume and allocations, management and organisation of Slovak official development assistance (ODA).

Three years after joining the DAC community, Slovak development agenda was focused primarily on upgrading the legal conditions and strategical framework, which resulted in sharpening the geographical and sectoral focus of the development aid (via Medium-Term Strategy for the years 2014 – 2018, approved by the government on January 15, 2014), improving the aid delivery (country strategy papers for programme countries in place) and introducing new development or financing modalities, such as tenders for service delivery and concessional export credits scheme (law on development cooperation entered into force on January 1, 2016).

Despite all positive developments so far, Slovakia, though graduated from the group of emerging donors, has been still in progress in managing its national aid programme. According to the OECD DAC mid-term review conducted in 2015, the Slovak development agenda calls for attention in: a) achieving the EU ODA development targets; b) improving the bilateral business model for aid delivery, and c) coordination of development cooperation system and its evaluation function. The Slovak Republic, bound by terms of its membership in the international donors' community, is, as the EU member, committed to contribute to the EU commitment of reaching the ODA/GNI ratio of 0.7% by 2030 (new EU Member States of 0.33%).

Considering that Slovakia as a small economy has been having limited choice of allocating higher ODA budget, little experience in strategical management of development finance and reluctance in aligning its development agenda (both in terms of objectives and finance) with other partners, the current ability to meet its ODA commitments embedded in global Agenda 2030 remains a challenge.

#### Ministry of Finance of Slovak Republic within the Framework of Slovak ODA

The evidence shows that in the ambitious Sustainable Development Goals era there is an urge, more than ever, to put development effectiveness principles into practice. The Ministry of Finance (MF SR) has been emphasizing this approach while pursuing the development cooperation agenda in the following core areas:

- a) Sharing knowledge and experience from economic transition and good governance;
- b) Engaging the private sector in development;
- c) Leveraging finance for development;
- d) Bringing innovation into development.

#### MF SR – UNDP cooperation development

The partnership between the United Nations Development Programme (UNDP) and Slovak Republic has been the largest regional initiative that in previous years consisted of capacity building and supporting ODA delivery. Partnership continued by supporting public finance management reforms in partner countries through the Public Finance for Development Programme.

The initial project was launched in 2009 and implemented as the Public Finance for Development Programme (PFD Programme) under the partnership of MF SR and the UNDP Bratislava Regional Centre.

In July 2014, the Programme became a component of the project 'The Slovak Republic – UNDP Partnership for Results in the International Development Cooperation' implemented under the partnership of the Ministry of Foreign and European Affairs (MFEA SR), MF SR and UNDP. This project ends in 2016. Total spending for PFD Programme (09/2009 – 10/2016) was 2.6 mil. USD.

Building on former cooperation and existing joint initiatives, first – strengthening selected partner countries' capacities in public finance management (PFD Programme), second – lowering barriers of entry for Slovak entrepreneurs and technical experts in the global development marketplace (*Rozvojmajstri*), third – capacity building for MF SR development professionals, **the MF SR and the UNDP are willing to continue to work together in the aforementioned areas via this project and contribute to advancing the effectiveness of global development efforts.** Specifically, such cooperation will address the following three sets of development challenges.

## Public Finance for Development Programme (PFD Programme) and its Challenges

**Public finance management (PFM) reform is considered as one of the most successful reforms of Slovak economic transformation.** Thus, it became the key area of the Slovak development cooperation performed by knowledge-transfer and capacity building of partner institutions. Based on these experiences PFD Programme was launched in 2009. In line with the Slovak Medium-Term ODA Strategy for 2009 – 2013 the geographical coverage included the Western Balkans, Eastern Europe and the Central Asia, specifically Montenegro (2010) and Moldova (2011), and later, in 2016, it has broaden for Serbia and Ukraine.

PFD Programme was originally designed to share the experience from PFM reform implemented during transformation process of Slovakia in 1990s and beginning of the millennium. After more than a decade after the reform was implemented, MF SR/Slovakia is facing new challenges in fiscal policy and PFM whether related to the EU and/or Eurozone membership or fiscal consolidation. Essentially, improvements are made in several PFM components to strengthen efficiency, transparency and effectiveness of public financial management. **Therefore the PFD Programme is gradually sharing not only knowledge accumulated via PFM reform, but also post-PFM reform experience.**

### PFD Programme Lessons Learnt

The analysis of lessons learnt based on seven years of the PFD Programme implementation<sup>1</sup> and results achieved showed:

- Significant **capacity gaps** exist in public financial management systems, as transition countries focus on PFM as a key element in framework of good governance and accountability, and ultimately of enhancing sustainable development of the country.
- The financial and economic crisis has given an additional impetus for public finance reforms to ensure fiscal stability, good management of public resources and accountability. Dealing with competing demands on public spending in the time of hard budget constraints is challenging for countries with underdeveloped systems and capacities.
- **Key demands for international experience** are: revenue forecasting, medium-term expenditure framework, fiscal decentralization, results based budgeting, internal and external audit, evaluation, public debt and cash management, public accrual accounting and reporting, eventually other. Reform design with proper reform sequencing respecting local political and economic realities and absorption capacity of government authorities is of utmost importance for countries with EU integration ambitions.
- **The PFD Programme is strictly demand driven.** The assistance is provided based on identification and continuous re-assessment of partner's country needs and is defined jointly with beneficiary institutions. This approach ensures that the PFD Programme interventions target relevant and high priority needs for partner countries.

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<sup>1</sup> Phase 1: June 2009 – June 2012; Phase 2: July 2012-June 2014; Phase 3: July 2014-December 2016

- Demand driven approach, relevance and high quality of assistance, alignment with countries government strategies, long-term assistance supported by local ownership and commitment to reforms show to be the key to **sustainable capacity development**.
- Improving PFM systems also contributes to the use of countries' own administrative systems and procedures by donors in line with the aid effectiveness principles.

### **PFD Programme Challenges**

The positive results achieved in partners' countries so far (documented by PFD progress reports) confirm that application of the programmatic approach to technical assistance has significant influence on the sustainability of invested funds. To increase the added value of the next implementation phase, few more challenges have been identified as crucial:

- Identification of PFM needs and prioritisation is challenging for beneficiary countries, taking into consideration the reform complexity and absorption capacity. Thus, it is inevitable to continuously hold consultations on assistance appropriateness and/or adjustment of assistance focus, modalities and/or target groups. Such consultations ensure a direct, two-way link between decision-makers and partners in order to align activities with recipient country government's plans.
- Understanding of PFM good practices, relevance of the Slovak experience and identification of areas in need for improvements can be facilitated by study visits to Slovakia and capacity assessments of respective PFM functions.
- Turning aid recipients to carriers of the new knowledge and skills in the region (through peer-to-peer learning) should be important for the PFD Programme achievement.
- Growing PFD Programme complexity (number of countries, multiple stakeholders, types of activities) require adequate resources for implementation.

**Beyond its direct impact for target countries, the PFD Programme can serve as a role model for process of institutionalizing Slovak development cooperation, including programmes covered by the line ministries involved in ODA.** The positive feedback has been received from the Development Co-operation Directorate (OECD) and the OECD DAC whose representatives at the request of the MFEA SR conducted in November 2010 – April 2011 the Special Review of the Slovak Republic development assistance. They recommend to focus on implementation of larger programmes and featured the PFD Programme as “good practice to build upon” (“By contributing to larger programmes supported by other donors Slovakia’s visibility within a partner country will be enhanced and increased recognition will be given to the country’s role. There is already good practice that can be built upon, including the Ministry of Finance’s support for Public Finance Management...“)<sup>2</sup>.

### **Private Sector in Development Cooperation Programme (PSDC Programme) and its Challenges**

**Engaging private sector in development cooperation is a globally recognized priority**, as emphasized in the Addis Ababa Agenda for Action and as called for in the Agenda 2030 for Sustainable Development. Traditional and emerging donors alike, as well as the international financial institutions (IFIs) are increasingly focusing on opportunities to collaborate with private sector investors in development agenda to create a leverage effect and to ensure long-term sustainability of development assistance. However, in case of emerging donors, IFIs support business development to a limited extend.

**The awareness among emerging donors in the ECIS Region on the mechanisms for partnering with private sector stakeholders on development cooperation** is mixed. There is a number of countries that have started developing capacities in this field but despite it the sector engagement is still at a very early stage. Even more constrained is the capacity and/or interest of the private sector, including the Slovakia's one, in terms of becoming the inherent stakeholder in development cooperation.

<sup>2</sup> DCD (2010) Special Review of the Slovak Republic, p. 7, p. 30 – par. 60

Currently, the Slovak Government offers support to the country's companies for project work in programme and priority countries defined by the Slovak Medium-Term Strategy for Development Cooperation 2014 – 2018, through instruments including small grants and feasibility studies preparation support. The amounts involved, however, are relatively small and of limited value in the absence of additional funding for follow-on activities, notably facilitation of strategic planning and longer-term presence in beneficiary countries.

Cooperation with IFIs and IGOs is another stream of engagement of private sector in development countries. Although the Slovakia contributes to these institutions (e.g. EDF, EIB, EBRD, IIB, and others) either compulsorily based on its membership in the EU or voluntarily supporting the worldwide development, Slovak companies have benefited from international tenders only marginally due to limited awareness and/or insufficient information and experience. Therefore, the Slovakia Business for Development Cooperation Programme was initiated in 2014 by the MF SR with the objective to increase the involvement of Slovak companies in IFIs and IGOs tenders. This goal was achieved to a large extent through targeted awareness-raising and capacity building of Slovak companies and IFIs and IGOs consultants provided by **Rozvojmajstri** selected in UNDP open procurement process in 2015.

### **PSDC Programme Lessons Learnt**

More than one year of Rozvojmajstri implementation showed that only to increase private sector interest in international development business needs much more time and involvement of direct intervention than was originally expected. Slovak companies behave rather conservatively, preferring safe business environment, domestic or *close* countries in sense of distance and/or mentality (e.g. Balkan countries, Ukraine). **Slovak companies**, beside predictable low experiences, have also manifested lack of courage to apply in international tenders and are rather **distrustful to tenders' selecting procedures**. But at the same time, they seek opportunities to wider their business' geographical portfolio. Thus, the individual and direct (often one-on-one) approach, continuously building the trust among companies and consultants, must be adhered to also in next phase of the action.

Further to the above mentioned tendencies, companies from the emerging donor countries tend to explore rather financially and logistically safer options when entering developing markets, thus avoiding (large and financially more viable) supply projects and concentrating more on consultancy and technical assistance. This was also proved during the Rozvojmajstri Programme since Slovak consultants have been much more involved in IFIs and IGOs tendering than **suppliers**. Therefore, the emphasis of the PSDC Programme in the next stage must be given preferably on suppliers to assist them in networking, creating the partnerships and consortia to succeed in tenders and supporting them in mapping the real opportunities.

### **PSDC Programme Challenges**

While the goal of the Rozvojmajstri Programme was partially addressed, significant capacity and institutional gaps remain. It has become clear that going forward with the support and following global trends, it would be reasonable to leverage the resources provided by MF SR by attracting strategic private sector investments. New partnership will also raise the level of comfort of all participants via risk-sharing, bringing additionality to the available financial resources. Thus, PSDC Programme is understood as a broader action supporting the wider spectrum of involvement of private business and scaling-up previous support under the Rozvojmajstri Programme. In terms of **innovations** and adjustments, the following is foreseen:

- Sharpening the focus and in-depth work with IFIs and IGOs, better matching the tender opportunities with specific experience and value-added of Slovak companies,
- Placing renewed emphasis on enhancing specific knowledge of companies' business strategies and priorities. This would address the challenge experienced by Slovak companies, in light of their limited internal resources, of familiarizing themselves with IFIs and IGOs, and would build on Rozvojmajstri' s track record in raising companies' general awareness regarding IFIs and IGOs.

A new programme title – **Private Sector for Development Cooperation Programme** (PSDC Programme) better describes this new, broader idea of support.

## Challenges

**Development professionals need continuous strengthening of their capacities in practical and conceptual knowledge on various development cooperation issues** to increase their performance in policy formulation and delivering results at the sectoral, national and international levels.

The rationale behind further capacity development requirements remains not only in MF SR's aspirations to progress with its own ODA objectives, but it is also connected to Slovakia's commitments towards international community of donors.

**Specific capacity gaps identified through consultation with MF SR include:**

- Technical aspects of sectoral policies covered by MF SR: capacity building in public finance management, strategic management of development finance, climate finance, domestic resource mobilization,
- Issues related to MF SR ODA portfolio: public finance management, private sector and development, good governance, statistical reporting, tracking of contribution and transparency, innovations for development, financing instruments, blending, development of strategic partnerships, etc.,
- Global trends and practices, aid effectiveness (value for money), sustainable development goals (SDGs) and policy coherence for development, gender aspects in development cooperation strategies, development projects and evaluations of development cooperation,
- Project cycle management issues, knowledge management, mapping and networking, visibility,
- Soft skills and leadership competences (e.g. effective communication, negotiation, working in partnerships),
- Other topics may still be identified during the course of the project implementation.

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## II. STRATEGY

UNDP and MF SR joint initiative is an example of an inclusive development partnership, which leverages their own knowledge and technical expertise. Both partners realize that PFM and private finances matter for sustainable development. Thus, they pool their valuable experience to further support the partner countries in strengthening their capacities in the PFM and to mobilize the private financial resources for development through submitted project **Public and Private Finance for Development** (Project).

Project is based on two main pillars: **Public Finance for Development Programme (PFD Programme)** and the **Private Sector for Development Cooperation Programme (PSDC Programme)** supported by **Development Cooperation Capacity Building of the Ministry of Finance (DEV CB)**.

### UNDP – MF SR Partnership

The Partnership is based on exploiting the **comparative advantages** of both partners:

- UNDPs' long-term expertise in development cooperation, access and established relations with government institutions in beneficiary countries, deep understanding of local environment, reach out to the region via a country offices network, neutral, apolitical status of an international development organisation,
- MF SR's recognized direct expertise in public finance management, status of a reliable government partner who acts as a peer to their counterparts in the beneficiary countries, institution as a source and credible evidence of reforms, one of the most active ministries in Slovak ODA.

### Project objective

**The partner countries benefit from effective and efficient provision of the Slovak knowledge and experience in advancing their efforts towards sustainable human and economic development in public finance and through strengthened contribution of the Slovak private sector.**

To achieve the outcome, the Project will, over the course of three years, provide support to MF SR in fulfilling the following **outputs**:

- Output 1** National public finance capacities in partner countries enhanced and strengthened through effective provision of the Slovak knowledge and experience (Public Finance for Development Programme)
- Output 2** Capacities of the Slovak private sector to participate in development cooperation enhanced with a view to mobilize financial resources, knowledge, expertise and technologies (Private Sector in Development Cooperation Programme)
- Output 3** Capacities of Ministry of Finance of the Slovak Republic officials enhanced in managing Slovakia's development cooperation (DEV CB)

The Project is related to the Outcome 4 "Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with UNDP engagement principles" of the new UNDP Regional Programme for the period 2014-2017. The Regional Programme seeks to contribute to four development outcomes by innovative and issue-based cross-thematic programming and application of risk and knowledge management, capacity development, gender mainstreaming and partnership approaches. Specifically, the Output 4.3 under the Outcome 4 of the Regional Programme foresees UNDP's support to South-South and Triangular cooperation partnerships for development solutions including through support to new and emerging development cooperation providers. Gender dimensions will be considered when developing specific projects and individual project interventions. Particular attention will be paid to gender considerations in reaching out to stakeholders and beneficiaries in all project activities. The project will provide equal opportunities to beneficiaries and to suppliers and will ensure that both women and men are treated equally and receive comparable benefits from project activities.

## **OUTPUT 1 National public finance capacities in partner countries enhanced and strengthened through effective provision of the Slovak knowledge and experience – PFD Programme**

### **PFD Programme Goal**

The goal of the PFD Programme is to strengthen and enhance national capacities of partner countries in public financial management by raising awareness, developing analytical capacities and sharing good practice with regard to reforms implemented in Slovakia and elsewhere.

### **PFD Programme scope**

Geographic and thematic scope of the PFD Programme is subject to the decision of the Project Board. Based on the last Board decision, following scope of work was decided:

- Geographically, the PFD Programme will focus on assistance in Moldova, Montenegro, Ukraine and Serbia in a scope of work continuously assessed and based on regularly updated partners' countries needs and Slovak experts' capacities. Potential for cooperation with Serbia is being assessed and the specific areas of cooperation will be agreed with MF Serbia in the near future, tentatively by early 2017. Based on the growing demand for the exchange of knowledge and experience, the PFD Programme can potentially provide platform for partnerships with other countries beyond the current geographical focus and be linked to and coordinated with other development cooperation initiatives/instruments. In regard to current PFD Programme and resources, the priority is given to continue implementation in countries with already established long-term partnerships (Moldova and Montenegro) and to extend the assistance to Ukraine and Serbia.
- Thematically, the PFD Programme focuses on assistance where needs for external assistance are identified jointly with the beneficiaries, are aligned with national strategies and priorities and can be supported with relevant Slovak expertise. The PFD Programme will continue technical assistance provided in programme budgeting in Moldova and in public sector accounting and reporting in Montenegro. According to up to date discussions with beneficiaries, potential areas of support include budgeting (medium-term expenditure framework) in Ukraine and internal audit and EU funds management in Serbia.

## **PFD Programme target groups**

PFD Programme activities are focused primarily on government institutions (central, regional, local) in partners' countries.

## **PFD Programme activities**

PFD Programme uses the mix of activities depending on exact situation, needs and resources. The concrete activities are considered as a part of capacity building modalities for the benefit of the partner country. The activities include, but are not limited to: policy advice to government partners, capacity assessments, institutional development, trainings (in-class and on-the job), coaching, advice on legal and regulatory framework, training needs analysis, design of training curricula and development of training materials, development of methodologies and guidelines, small grants, study visits, workshops, contributions to the cost of participation in conferences, seminars, etc.

## **PFD Programme implementation approach**

PFD Programme has been systematically and continuously applying programmatic approach in line with aid effectiveness principles agreed at High Level Fora on Aid Effectiveness in Rome (2003), Paris (2005), Accra (2008) and Busan (2011). The selections of cooperation topics, and the design of activities, are strictly demand driven. Decisions are conducted in a participatory manner with PFD Programme beneficiaries to ensure local ownership and commitment. The emphasis of the programme is on enhancing knowledge, capacity, skills, experience, nurturing creativity, initiative and proactive attitude, and promoting cooperation with counterparts. The capacity building character of the PFD Programme and focus on long-term cooperation with partners and provision of targeted assistance tailored to local needs and conditions ensure sustainability of the results.

## **PFD Programme partnership principles**

- Strengthening the MF SR international position in debates related to effective and accountable PFM, e.g. through international and/or local knowledge-exchange initiatives/platforms in development cooperation;
- Respecting the priorities of Slovak Medium-Term Strategy for Development Cooperation 2014 –2018 and strategic documents of partners' countries (Country Strategy Papers for Moldova, etc.);
- Ensuring effective coordination with other donors and other key stakeholders;
- Strategic programming for specific countries as the way to support MF SR efforts to manage its official development assistance more effectively<sup>3</sup>.
- Strengthening regional cooperation as well as the impact and visibility of the Slovak ODA through long-term partnership between UNDP and the Slovak Government/MF SR.

## **OUTPUT 2 Capacities of the Slovak private sector to participate in development cooperation enhanced with a view to mobilize financial resources, knowledge, expertise and technologies – PSDC Programme**

### **PSDC Programme goal**

The ultimate goal of this output is the mobilization of public and private financial resources, knowledge, expertise and technologies that have the potential to support achievement of the SDGs in beneficiary countries. The PSDC Programme should further assist Slovak companies, consultants and other organizations (e.g. civil society organizations, academia) in entering new markets, sharing and addressing risks and identifying new, long-term business partners.

Building on the results of the Rozvojmajstri, the PSDC Programme will support its continuation that will move beyond the initial scope and modalities, that is, provision of advisory services and capacity-building for Slovak companies and facilitation of consortia with the objective of equipping them to bid for IFI projects.<sup>4</sup> With this new phase, MF SR seeks to

<sup>3</sup> This approach enables to concentrate on Slovak comparative advantages through prioritizing and reducing the scope of bilateral and multilateral partnerships, narrowing thematic focus and investing in smaller range of larger programmes aligned to partner country strategies.

<sup>4</sup> In effect, much of this first phase was focused on facilitating relationships for Slovak companies with the European Bank for Reconstruction and Development, given the existence of a Technical Cooperation Fund at EBRD tied to Slovakia.

extend the previous initiative and assist the Slovak business sector in gaining further traction and establishing a track record through additional means that would also contribute to achievement of UNDP's mission and objectives.

### **PSDC Programme scope**

The PSDC Programme will focus on two main components:

- Mobilization of Slovak private sector technical expertise, suppliers, and capacity-building in the context of Private Sector Liaison Officer (PSLO) philosophy. The component will continue **Rozvojmajstri** work and will include a range of knowledge sharing and capacity building activities for the Slovak private sector.
- Slovak project preparation and **resource mobilisation facility** based on priority sectors and countries confirmed by MF SR. This component will foresee an allocation of funds to preparation of feasibility studies as a concrete step toward project development, using the capacities and networks of (primarily) UNDP Country Offices (COs).

### **PSDC Programme target groups**

Main target group of PSDC Programme activities are Slovak private businesses. Based on previous experiences, Rozvojmajstri will consult also non-governmental and academia entities when appropriate as it has been identified that these entities are in some cases ready to enter the global development market. In addition, the PSDC Programme will explore the potential for wider cooperation with partners and business stakeholders from the Visegrad Group countries.

Secondary target group remains the IFIs and IGOs representatives responsible for assignments related to overall PSDC programme goal.

### **PSDC Programme activities**

The PSDC Programme activities may be divided between those **mobilizing Slovak private sector** and those supporting the project preparation. Among the first mentioned group, following activities were identified as crucial: Market research (supply side, Slovak Development Business Portfolio database update); Trainings; Outreach events; Facilitation of opportunities; Assistance in consortium-building and preparation of bids with focus on non-consultancies (suppliers) with cost sharing required (exceptions to be considered on a case-by- case basis); IFIs and IGOs relations building; Outreach and dissemination.

Activities to support the Slovak project preparation and **resource mobilisation facility** on an annual basis:

- Catalyse projects and initiatives based on demand from UNDP COs and potentially other relevant organizations;
- Managing the Slovak involvement in tenders preparation: Pre-feasibility studies (up-to 3 per year), Small-scale feasibility studies (up to 2 per year) and Medium-scale feasibility studies (approx. 1 per year);
- Work with potential investors, financiers and donors toward implementation of the projects.

## **OUTPUT 3 Capacities of Ministry of Finance of the Slovak Republic officials enhanced in managing Slovakia's development cooperation – DEV CB**

### **DEV CB goal**

The Goal of the Output 3 is to enhance the capacities of MF SR officials in managing Slovakia's development cooperation and thus contribute to implementation of modern and effective development cooperation of Slovak Republic.

The learning of the ODA practitioners shall be primarily focused on improving their competences in managing the development issues related to MF SR's portfolio. The capacity building component of the Project should also address the important challenges and developments in international development cooperation. In this sense, access to global debates and regional knowledge-sharing events among various stakeholders and ODA actors (governments, donors, partner countries, non-governmental platforms and research networks) should be ensured as well.

## DEV CB target group

Primarily target group of capacity building are MF SR development cooperation experts and development cooperation experts of UNDP partnership countries who will benefit from broader regional events, such as Emerging Donors Capacity Building Series.

## DEV CB activities

Activities should be divided into two basic categories:

- Tailor-made capacity building programs to development cooperation professionals using various modalities such as face to face trainings, workshops, knowledge-sharing events and networks, e-courses, conferences, on-the-job trainings, structured visits of institutions active in the development cooperation area (e.g. implementing agencies, centres of excellences, partner institutions in emerging and traditional donor countries, international financial institutions, international development organisations), as well as short-term internships (up to 3 weeks).
- Support the organization of and participation in broader regional events and workshops, such as those launched by **UNDP Istanbul Regional Hub (IRH)** in 2013 (Emerging Donors Capacity Building series) or other networks involved in international development cooperation (e.g. learn4dev). Such an active contribution to events, workshops, participation in peer-to-peer exchanges and co-hosting of development professional networks will generate valuable professional experience and allow for application of acquired knowledge.

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## III. RESULTS AND PARTNERSHIPS

### Output 1 National public finance capacities in partner countries enhanced and strengthened through effective provision of the Slovak knowledge and experience – PFD Programme

#### Expected Results

The **general expected result** of the PFD Programme is to contribute to enhancing and strengthening national capacities in public finance management in partners' countries.

The PFD Programme will continue to support the government beneficiaries in **Moldova and Montenegro** in budgeting (Moldova) and public sector accounting (Montenegro). The PFD Programme has started in **Ukraine** in 2016 but because of the political situation in the country its focus is still not entirely clear. Preparation of PFM reform is driven by MF Ukraine with ad-hoc foreign assistance, including PFD experts. The assistance will be primarily aimed on development of medium-term expenditure framework and, depending on the course of reforms, articulation of specific needs by the partner as well as donor coordination, we should be able to progress further in other topics and ideally also contribute to the steering of the PFM reform process. In **Serbia**, the PFD Programme will focus on one or two issues identified by the MF SR/UNDP and MF Serbia in bilateral agreements.

The general result will be fulfilled through accomplishment of following partial **activities results**.

#### **Activity result 1.1: Countries public finance needs and priorities identified, demand for technical assistance mapped, projects' activities coordinated, monitored and evaluated**

The following activities primarily support the achievement of the Activity result 1.1: Needs assessment, coordination, monitoring and evaluation, implemented primarily through the following actions:

- Identification of needs and priorities for cooperation with beneficiary partner institutions;
- Project design and planning;
- Coordination of technical assistance with projects funded by other donors;
- Monitoring and evaluation of projects' activities;

- Partnering and networking.

Activities under Activity result 1.1 support application of programmatic approach to development cooperation and ensure continuous learning and improvement. The activities are designed to respect needs driven approach, based on desk reviews, questionnaires, and negotiations with beneficiaries. The primary needs assessments are conducted within the decision-making phase, but are continuously re-assessed and updated during the implementation. The aim is to tailor the assistance to the actual beneficiaries' needs and priorities.

**In the next implementation period, identification missions and project design will require active participation and in-kind contribution of internal MF SR experts.** Experts will share Slovak knowledge and experience, assist with identification of shortages that need to be addressed to beneficiary and assess the relevance of external assistance. The experts will be actively involved in drafting the implementation plans, including formulation of activities and outputs to be delivered.

## **Activity result 1.2: Analytical capacities and skills in public finance enhanced and strengthened**

The following activities<sup>5</sup> primarily support the achievement of the Activity result 1.2:

- 1.2.1. Capacity development in programme budgeting in Moldova
- 1.2.2. Capacity development in public sector accounting and reporting in Montenegro
- 1.2.3. PFM reform preparation and implementation in Ukraine
- 1.2.4. Support to PFM reform in Serbia

Activities target government institutions, primarily finance ministries in beneficiary countries to strengthen institutional and human capacities in PFM. Policy makers, analysts, officials, researchers are considered as key stakeholders. Possible actions can include, but are not limited to:

- Long term institutional capacity development plans (on demand);
- Trainings, including on-the-job trainings, aimed primarily for policy makers, analysts, officials from beneficiary institutions in partner countries;
- Workshops, seminars, round tables on respective public finance management topics;
- Drafting and/or reviewing legal and methodological documents, analytical papers, guidelines;
- Support costs of participation of public officials from partner countries in conference(s), international professional networks, trainings, workshops and seminars in Slovakia and abroad;
- Professional short term exchanges to strengthen linkages between policy makers and researchers in different countries (i.e. financing advisory missions of Slovak experts to support public finance institutions in target countries, assisting in strategic documents and legal acts drafting), including study visits to Slovakia and/or other countries.

Specific actions are agreed with beneficiary institutions to address identified needs in the most effective way while considering existing resources and time constraints. Actions are included in the implementation plans and are modified and/or updated if needed during the implementation phase.

Expected scope of activities in beneficiary countries is outlined in Annex 1<sup>6</sup>

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<sup>5</sup> Activities refer to the country specific projects defined in previous phase of the PFD Programme (2009-2013). Implementation of the current and new country specific projects will continue based on the implementation plans. Implementation plans are referred to as projects in communication with beneficiaries and other external stakeholders to maintain the clarity and continuity in implementation.

<sup>6</sup> This part is based on preliminary discussions with beneficiaries but implementation plans will be drafted and costed when more details are available.

### Activity result 1.3: Relevant knowledge and experience shared

The activities under this result will ensure sustainability and wider impact of the PFD Programme, dissemination of knowledge and documents gathered and/or elaborated during the PFD Programme implementation.

The following activity primarily supports the achievement of the Activity result 1.3:

Activity 1.3: Knowledge sharing, dissemination of information, and outreach improvement

Possible actions can include, but are not limited to:

- Preparation of reports mapping lessons learnt from Slovak PFM reform, including recommendations for transition countries. Reports dissemination will contribute to sharing of Slovak experience with other countries in the region. Public finance professionals in beneficiary institutions and non-government stakeholders are considered main target groups. Reports are accessible to professionals in other countries and wider public through the programme website;
- The quality assurance function<sup>7</sup> (if relevant) supporting production of high quality project deliverables through their independent review and providing broader perspective on possible approaches in respective areas of assistance;
- Regional activities to support knowledge sharing with Slovakia and between the countries;
- PFD Programme promotion and visibility, including the update of the PFD Programme website;
- The translation of relevant manuals, research papers and works of Slovakia's experts to the beneficiary countries languages to broaden the offered knowledge and know-how to the experts.

### Resources required to achieve the expected results

Programme implementation will require technical PFM expertise and programme management resources.

#### **PFM technical experts:**

A primary source of PFM expertise will be the PFM experts **roster** (validity is expected to be extended until the end of the Project implementation in 2019). Extending the PFD Programme by Ukraine and Serbia will require more systematic engagement of MF SR and external Slovak experts or engagement of non-Slovak experts with direct experience with Slovak PFM reforms. In this regard, the PFD Programme might reach out to other sources of the PFM expertise than the vetted roster. In such a case, the experts will be **contracted applying standard UNDP procedures** and/or the roster will be re-open for its update. **In-kind** contribution of **MF SR senior experts** (preferably those involved in PFM reform in Slovakia) to designing and planning country specific projects (advisory services, identification missions, drafting implementation plans, quality assurance of project design and/ project outputs if needed) will be essential.

#### **Management and administration**

PFD Programme management will require:

1. **PFD Programme manager** –full-time (SB5),
2. **PFD Programme assistant** – full-time,
3. Short-term task-based consultants for **communication and visibility**,
4. Local project coordinator/consultant in Moldova,
5. Local project coordinator/consultant in Ukraine – on demand and subject to Project Board review of the respective Annual Work Plan.
6. **Long-term technical expert** (Senior Advisor in Ukraine) – provides support to development of terms of reference, implementation plans and concept notes for new partnerships or high-level events.

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<sup>7</sup> In PFD Programme established in 2011.

## Partnerships

The PFD Programme is complementary to **Centre of Excellence in Finance** activities and regional PFM knowledge platforms, of which **PEMPAL** (Public Expenditure Management Peer Assisted Learning) is most relevant. One of the PFD Programme elements is gradual engagement of beneficiaries in peer learning. Thus, PFD Programme will continue to support participation of its beneficiaries at PEMPAL and CEF events to broaden their PFM knowledge and serve as resource persons or lecturers to share their experience.

In the next implementation period, partnership between UNDP, MF SR and CEF in the framework of the PFD Programme will continue with the aim to:

- Achieve broader impact of UNDP and MF SR efforts in capacity development in public financial management in Programme beneficiary countries;
- Increase access to and visibility of the Slovak transition knowledge and experience in the region and provide platform for peer-to-peer learning in the region;
- Support knowledge sharing, networking and sustainable capacity building in the region as shared goals of all partners;
- Identify and use synergies via contributing through financial, technical and managerial capacity for projects implementation.

**Potential activities** that can be implemented with PFD Programme support (technical and financial) include, but are not limited to:

- Regional conference on accounting and reporting (spring 2018) – networking event for the PACT regional graduates (national day in BHS language) and high level platform for experience sharing and discussion on best practice (international day) on the Path to Accrual Accounting, with experts from the countries that have successfully completed the transition or have done an important step in this direction. Observers may be involved and invited from the countries which still have not decided. MF SR experts can contribute in kind as speakers.
- Contributions to programme beneficiaries to participate in CEF technical courses related to Programme support in beneficiary countries, to act as speakers/resource persons to contribute to peer learning in the region and to support participation of high-level staff in the CEF leadership program.
- Coordination of the UNDP and CEF technical assistance (sharing plans, involving CEF local coordinators in mapping demand for learning, etc.).

## **OUTPUT 2 Capacities of the Slovak private sector to participate in development cooperation enhanced with a view to mobilize financial resources, knowledge, expertise and technologies – PSDC Programme**

### Expected results

The general expected result of Output 2 is increased involvement of Slovak private sector in development cooperation through higher participation in IFIs and IOs tenders.

### **Activity result 2.1: Built sustainable expertise of Slovak consultants and suppliers for active participation in global development cooperation (Rozvojmajstri).**

Specifically, this Activity result will help ensure that:

- UNDP and its partner countries will benefit from increasingly capable Slovak experts and suppliers;
- Slovakia has maximum visibility as a donor, specifically through the lens of private sector contribution.

The following activities primarily support the achievement of the Activity result 2.1: Market research (supply side, Slovak Development Business Portfolio database update), trainings, outreach events, facilitation of opportunities, assistance in consortium-building and preparation of bids with focus on non-consultancies (suppliers) with cost sharing required (exceptions to be considered on a case-by-case basis), IFIs and IGOs relations building, outreach and dissemination.

The exact scope of activities and timeline will be agreed between UNDP and Rozvojmajstri in the framework of new/prolonged agreement.

### **Activity result 2.2: Slovak private sector expertise involved in development projects in priority countries (project preparation and resource mobilization facility)**

Slovak project preparation and resource mobilisation facility will target priorities and countries formally agreed by MF SR and UNDP prior to Project implementation. There will be 3 main activities leading to the achievement of the activity result 2.2:

- Catalyse projects and initiatives based on demand from UNDP COs and potentially other relevant organizations;
- Provide necessary funds and expertise to kick-start the development of approximately six projects through feasibility studies (up-to three per year), Small-scale feasibility studies (up to two per year) and Medium-scale feasibility studies (approx. one per year).
- Facilitating possible partnerships with the aim to leverage financing from private sector, IFIs, as well as other institutions or agencies, as and when feasible

Detailed specification of the foreseen activities will be defined in Terms of Reference for the MF SR secondee.

### **Resources required to achieve the expected results**

- I. As spelled out under "Project Management" section, the substantive **oversight for Output 2** will be provided by MF SR **secondee** who will:
  - Work with the UNDP IRH and COs, as well as IFIs/IGOs representatives in Istanbul, to select projects the facility will support;
  - Ensure validation of the project pipeline against available Slovak expertise and funds;
  - Ensuring engagement with, and identifying channels of financial support from IFIs operating in the region;
  - Facilitate effective deployment of technical expertise and leveraging of investment funds;
  - Ensure visibility of Slovakia as donor, including promotion of the Facility within UNDP.
- II. Project assistant – will support the secondee in the implementation of the Output 2 and Output 3.
- III. Activity Result 2.1 requires services of a private sector provider based in Slovakia on a contractual basis.

### **Partnerships**

The success of Output 2 will depend on three sets of inter-related partnerships:

- First, with the Slovak **private sector**, whose role will need to grow in supporting development cooperation activities catalysed with Slovak funding;
- Second, with the **beneficiary countries**, whose level of buy-in and involvement and openness to linking development and investment priorities will be a foundation for the success of the Facility;
- Third, with the **International Financial Institutions**, whose support and financing could ensure the leverage effect of Slovak investment and create additional possibilities for Slovak companies to get involved.

## **OUTPUT 3 Capacities of Ministry of Finance of the Slovak Republic officials enhanced in managing Slovakia's development cooperation – DEV CB**

### **Expected result**

Increased capacities of development cooperation professionals.

The following Activity Results are foreseen:

### **Activity Result 3.1: Increased specific capacities of MF SR development cooperation professionals**

To reach the activity result 3.1 following activities will be implemented:

- Individual capacity building plans;
- Mix of various capacity building methods such as: individual coaching sessions, participation in global and regional training events organized by third parties, participation in training courses in Slovakia, participation in relevant global and regional events where MF SR staff will not be acting as official representatives of Slovakia.

### **Activity Result 3.2: Slovak Republic's participation in the regional events and workshops ensured**

As per the successful practice in 2013 – 2016 and based on experience gained, MF SR will act as a host and participant (with substantive/content input) in regional training events, workshops, conferences and networks organized and/or recognized by IGOs or IFIs.

### **Resources required to achieve the expected results**

- I. As spelled out under "Project Management" section, the substantive oversight for Output 3 will be provided by MF SR secondee who will:
  - Ensure consistency and strategic nature of the capacity building activities;
  - Oversee, through managing the Project Assistant, the efficient organizational arrangements, including travel;
  - Represent Slovak Republic in the internal UNDP meetings related to the organization of the regional Emerging Donors Capacity Building Series.
- II. Project assistant – will support the secondee in the implementation of the Output 2 and Output 3.

### **Partnerships**

Implementation of Output 3 depends on a number of partnerships, including with:

- Other emerging donors, participating in the Capacity Building Series and other events;
- Traditional donors acting as a source of expertise;
- Leading training and capacity building institutions in Europe and beyond;
- International organizations, including the OECD, the UN System, the IFIs, etc.

### **Risks and Assumptions**

Risks that were identified at the launch of the PFD programme in 2009 and during its implementation were continuously monitored, updated and mitigated. They also served as valuable source of lessons learned and contributed to improvements in the PFD Programme as well as the whole Project design and implementation approach. Complexity of the Project, number of stakeholders, and availability of relevant Slovak expertise, Project management support and high impact of political environment on the progress of the Project implementation remain to be the main challenges.

In the next implementation period, the number of risks will increase reflecting:

- More complex nature of the project;
- Including a significant private sector component;
- Larger number of beneficiary countries and thematic areas of support;
- Challenges to ensure there is adequate Slovak expertise and resources for implementation.

More **systematic engagement of internal expertise of MF SR** in PFD Programme design and planning is essential. There is a risk of lack of MF SR experts' relevant capacities. Thus, the approach of identification and adjustment of needs on recipients' side and abilities on donor's side is crucial to avoid this risk.

Another essential risk mitigation strategy is **raising awareness of the Slovak private sector** of the inherent benefits and risks of participating in development cooperation projects, which should help align their incentives with those of MF SR, UNDP and, most importantly, the beneficiary countries.

For capacity building measures targeting MF SR, **retention of knowledge and expertise** remains an important risk, as MF SR staffing may be subject to changes, rotations, etc.

Though duplication and overlapping of assistance has not been an issue in the PFD Programme thanks to efforts taken by UNDP and MF SR in **donor coordination**, in the next implementation period, donors coordination will require furthest attention, especially in Ukraine and Serbia. Access of MF SR to and sharing information from donor coordination meetings or working committees of the EU members related to long-term programming of development assistance will play an important role in identifying niche for the Slovak expertise and designing country specific projects. A full list of identified risks with updates in previous programme implementation phase is presented in Annex 4.

## Stakeholder Engagement

For Output 1:

- Finance ministries in beneficiary countries, by their role in PFM, represent key stakeholders and recipients of the PFD Programme assistance. A cooperation framework is guided by the implementation plans agreed between UNDP and the beneficiary finance ministries, and other central and local public authorities.
- Beneficiaries are actively engaged in all stages of PFD Programme implementation, from needs identification through design of country specific projects, planning activities and their implementation. This ensures that the PFD Programme is tailored to the needs and priorities of beneficiaries, reflects the local context (political cycles, absorption capacity) in the country and is focused on long-term capacity building and their sustainability.
- UNDP COs in beneficiary countries are consulted in identification and design phases to ensure alignment with UNDP country programmes.

For Output 2: see Partnerships above.

For Output 3: see Partnerships above.

## South-South and Triangular Cooperation (SSC/TrC)

Through Output 1, the project will make a direct contribution to advancing the sharing of knowledge and expertise across the countries and represents a classic case of Triangular Cooperation, with the donor (Slovak Republic), international organization (UNDP) and partner countries (Montenegro, Moldova, Serbia, Ukraine).

Through Output 2, the project will contribute to enhanced involvement of the private sector in inter-country knowledge and expertise sharing.

Through Output 3, the project will contribute to peer-to-peer learning on the best practices in development cooperation among the emerging donors in ECIS region.

## Knowledge Management/Dissemination

Through Output 1, the project will continue to map Slovak PFM knowledge and experience through development of reports based on lessons learnt. Reports already developed were shared with beneficiaries in a form of written reports, workshops presentations and are publically available online. PDF Programme lessons learnt could serve as a base line for analogical programmes in other sectors of the Slovak ODA. The PFD website and social media support visibility of the PFD Programme. Other donors, active in PFM, receive the direct information on missions and partnering and networking activities.

Through Output 2, the project will help codify best practices of private sector involvement in development cooperation, and contribute to creating the first systematic model of linking investment and development cooperation in the new EU Member States.

Through Output 3, the project will ensure codification and dissemination of knowledge and skills received by MF SR staff, through systematic peer-to-peer sharing within the MF SR and beyond.

## **Sustainability and Scaling Up**

For Output 1:

- PFD Programme implementation approach that has proved to be successful in Moldova and Montenegro will be replicated in Ukraine and Serbia. Replication of successful projects is desirable, however requires availability of relevant Slovak expertise.
- Evidence of success and value of lessons learnt provides the opportunity to replicate the programmatic, participatory, demand driven approach to the delivery of Slovak ODA in other sectors.
- MF SR can lead this process in PFM area and beyond, alongside with knowledge packaging in PFM to ensure that transition knowledge and experience is part of the institutional memory and can be provided on demand and in long-term.
- Sustainable capacity development is, besides improving PFM processes, the aim of PFD Programme. Several factors contribute to this effort, most notably participatory approach, long-term cooperation framework, local ownership and commitment and design of activities that enables recipients to acquire knowledge and skills to apply it in practice and disseminate further to other civil servants.

For Output 2: The sustainability of the resource mobilisation facility will depend on both the demand and supply side and will be one of the key measures of the success for the project activities. The scaling up will be a key goal of engagement with the IFIs under Output 2.

For Output 3: The sustainability of results of capacity building activities will depend on the effectiveness of internal knowledge management within MF SR.

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## **III. PROJECT MANAGEMENT**

### **Cost Efficiency and Effectiveness**

The project design follows the cost efficiency principles, ensuring a realistic but minimalist budget activities, including the decision to locate most of the Project personnel in Bratislava, on national service contracts, which generates significant savings for the donor, as well as introduce the secondment scheme.

### **Secondment Scheme**

As part of an effort to improve effectiveness of Project implementation and enhance communication between MF SR and UNDP, the Project will foresee a Secondment Scheme, based on the Non-Reimbursable Loan Agreement model, widely practiced by UNDP with other donors.

Specific responsibilities of the secondee(s) will be spelled out in the Terms of Reference to be approved by the Project Board, which will also take a formal decision on the candidate proposed by the MF SR (following internal selection process of MF SR) and the duration of the assignment. The nature of the secondment will be twofold:

- First, the secondee will use the time in the IRH to enhance his/her skills and capacities in the design, management and M&E of international development programmes and projects as well as in specific thematic areas, through close interaction with UNDP staff in the regional hub and in the COs.
- Second, the secondee will help manage Outputs 2 and 3 of the project, with the focus on nurturing the involvement of Slovak experts, CSOs and private sector in the Project activities and on enhanced coordination and communication between UNDP and MF SR on all outputs.

### **Project Management**

The governing structure of the Project partially follows that of the current partnership project. The PFD Programme staff has been based in Bratislava since 2009 to be closer to majority of technical experts who are mainly Slovaks and secure

the easier face-to-face communication with the donor (MF SR). Besides this, a secondee will be based in UNDP RH, but with regular meetings with staff based in Bratislava. Secondee and the PFD Programme manager will work on a basis of partial subsidiarity.

The project will be implemented by the UNDP Istanbul Regional Hub for Europe and the CIS within the delegated Direct Implementation authority for the Regional Programme implementation, in line with UNDP's Programme and Operations Policies and Procedures (POPP)<sup>8</sup>, with relevant excerpts from it to be found in the Annex 6 to this Project Document. UNDP Istanbul Regional Hub will act as the project implementing partner (agency). The implementation follows the principles of the Paris Declaration on Aid Effectiveness. The described modality is designed to ensure demand driven approach, ownership by beneficiaries, participation of stakeholders, capacity building in beneficiary institutions, focus on results, and alignment with the national government priorities and harmonization with other donors.

The project will be directed by a **Project Board**, chaired by the Manager of the Regional Hub or a person designated by him/her. The Project Board will be comprised of representatives of MF SR and UNDP. The Project Board will meet bi-annually, with ad-hoc meetings organized as necessary, producing Minutes to be signed by all Project Board Members.

**Project Board role and responsibility:**

- The PB is responsible for making by consensus strategic decisions, including the approval of project revisions (i.e. changes in the project document);
- The PB approves Annual Work Plans and annual progress reports;
- The PB ensures continuous networking with partner countries, donors and other project stakeholders;
- The PB will meet at least twice a year to review the project strategy, management risks and most relevant project implementation issues (PB can hold discussions and make approvals also virtually – via teleconference, videoconference and email debate);
- The PB is consulted by the Project Manager for decisions when project management tolerances (in terms of time and budget as per work plan) have been exceeded. The PB defines the tolerances;
- All PB members signs the minutes taken at each PB meeting.

The overall project management will be provided by a **Project Manager**, responsible for delivery of specified results and will have delegation of authority and tolerance level prescribed by the Project Board. The Project Manager will be directly responsible for the implementation of Output 1, and will report to the Team Leader, New Partnerships and Emerging Donors, IRH.

The Project Manager will be supported by a **Project Assistant** and the UNDP administration and management support unit as required.

The MF SR **secondee** placed primarily in IRH approx. from mid 2017, as part of the New Partnerships and Emerging Donors Team, will have overall responsibilities of overseeing Outputs 2 and 3 and providing effective liaison with MF SR. He/she will report to the Team Leader, New Partnerships and Emerging Donors, Istanbul Regional Hub.

The secondee will be supported by a **Project Assistant** in the implementation of Outputs 2 and 3.

**Project assurance** will be provided by the Programme Monitoring Analyst and other dedicated UNDP staff in the Regional Centre. UNDP Practice advisors will provide advisory services, when required.

Specific project activities may be conducted by **external contractors** such as independent experts, CSOs and private sector following the UNDP's contracting rules and regulations and subject to approval of respective elements of the Annual Work Plan and budget by the Project Board approval (per rollam).

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<sup>8</sup> <https://info.undp.org/global/popp/Pages/default.aspx>

## IV. RESULTS FRAMEWORK<sup>9</sup>

<b>Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:</b>								
UNDP Regional Programme for Europe and CIS (2014-2017) Outcome 4: <i>Development debates and actions at all levels prioritise poverty, inequality and exclusion, consistent with our engagement principles. Output 4.2. South-South and Triangular cooperation partnerships established and/or strengthened for development solutions including through support to new and emerging development cooperation providers.</i>								
<b>Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:</b>								
<b>Indicator 4.4.</b> Number of East-East and Triangular cooperation partnerships and institutionalized assistance programs facilitated or established with UNDP's support. <i>Baseline: 2 Target: 2 more</i>								
<b>Applicable Output(s) from the UNDP Strategic Plan: Outcome 7</b>								
<b>Project title and Atlas Project Number: PUBLIC AND PRIVATE FINANCE FOR DEVELOPMENT</b>								
EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>10</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)			DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2017	Year 2018	Year 2019	
Output 1 PFD Programme	<i>1.1 No of specific knowledge sharing activities with Slovakia conducted (study visits, presentations of Slovak experience, lessons learned reports, regional activities).</i>	<i>Mission reports, consultants technical reports</i>	1	2016	1	1	1	Monitoring of Programme implementation Risks: reduced demand
	<i>2. No of country specific projects launched and enhanced to more sustainable capacity building projects.</i>	<i>Implementation plans</i>	2	2016	3	4	4	Monitoring of Programme implementation Risks: delays in designing and launching projects, short-term focus of assistance required by partner countries
	<i>3. Number of project duplications with other donors identified</i>	<i>Mission reports, implementation plans</i>	0	2016	0	0	0	Country missions, CEF Advisory Board Risks: lack of information from partner countries and donors, weak in-country donor coordination mechanisms
Output 2 PSDC	<i>1 No of Slovak companies participating on IFIs and/or IGOs tenders (incl. those in consortia).</i>	<i>Companies covered</i>	3	2016	3	4	6	Tenders statistics Risks: consultants advice or outputs not used. insufficient

<b>Programme</b>	<b>2. Projects prepared bringing Slovak private sector expertise and investment to the beneficiary countries</b>	<i>Investment project (Pre)-feasibility studies prepared</i>	0	2016	4	5	6	Information on projects launched and degree of participation by Slovak companies. Risks: limited capacity of Slovak companies to compete.
<b>Output 3 DEV CB</b>	<b>1. No of relevant capacity building actions and active participation of MF SR staff on DEV events</b>	<i>Reports, learning plans, follow-up public/experts outputs</i>	5	2016	5	5	5	Feedback forms and follow-up learning sessions. Risks: high workload of MF SR officials may limit effects of learning activities
	<b>2. No of MF SR presentations on international events</b>	<i>Presentations</i>	0	2016	2	2	2	Events programs, presentations. Risk: workload limiting the participation on international events

## V. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF and the PFD results in the country specific projects will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Bi-annually	Slower than expected progress will be addressed by project management.		
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Bi-annually	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Annually and at the end of the project (final report)	Lessons learned from PFD implementation captured in previous phases are applied in the programme implementation. Additional relevant lessons, if any, will be captured by the project team and used to inform management decisions.		
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
<b>Project Report</b>	A progress report (including Financial report) will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	Annual reporting will be supplemented during the year by mini-reports – a short summary in 'bullet points' format of PFD programme activities in beneficiary countries submitted to MF SR on quarterly basis. In addition, regular (bi-monthly or quarterly meetings on the Director General level and PFD Programme manager will take place.		

<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences. Such review is also possible on ad-hoc basis as required.	Bi-annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		
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### Evaluation Plan<sup>11</sup>

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-term (light version)				31 July 2018	Donor, programme beneficiaries	Project budget
Final Evaluation	n/a			31 August 2019	Donor, programme beneficiaries	Project budget

<sup>11</sup> Optional, if needed

## VI. MULTI-YEAR WORK PLAN <sup>1213</sup>

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. Services that will result in direct project costs need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year, USD				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Total		Funding Source	Budget Description	Amount, USD
<b>Output 1 PFD Programme</b>	1.1 Needs assessment, M&E, coordination	55,000	71,000	28,000	154,000		MF SR	71600	
							MF SR	74200	
	1.2.1 Capacity development in program budgeting Moldova	150,000	180,000	85,000	415,000		MF SR	71200	
							MF SR	71300	
							MF SR	71600	
							MF SR	74000	
	1.2.2 Capacity building in public accounting and reporting in Montenegro	67,000	73,000	60,000	200,000		MF SR	71200	
							MF SR	71300	
							MF SR	71600	
							MF SR	74000	
	1.2.3 PFM reform in Ukraine (MTEF, PFMR program support)	180,000	180,000	120,000	480,000		MF SR	71200	
							MF SR	71300	
							MF SR	71600	
							MF SR	74000	
	1.2.4 PFM reform in Serbia (internal audit, EU funds management)	42,000	55,000	53,000	150,000		MF SR	71200	
							MF SR	71300	
							MF SR	71600	
MF SR							74000		
1.3 Knowledge sharing, promotion & visibility	13,000	15,000	4,453	32,453		MF SR	71300		

<sup>12</sup> Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

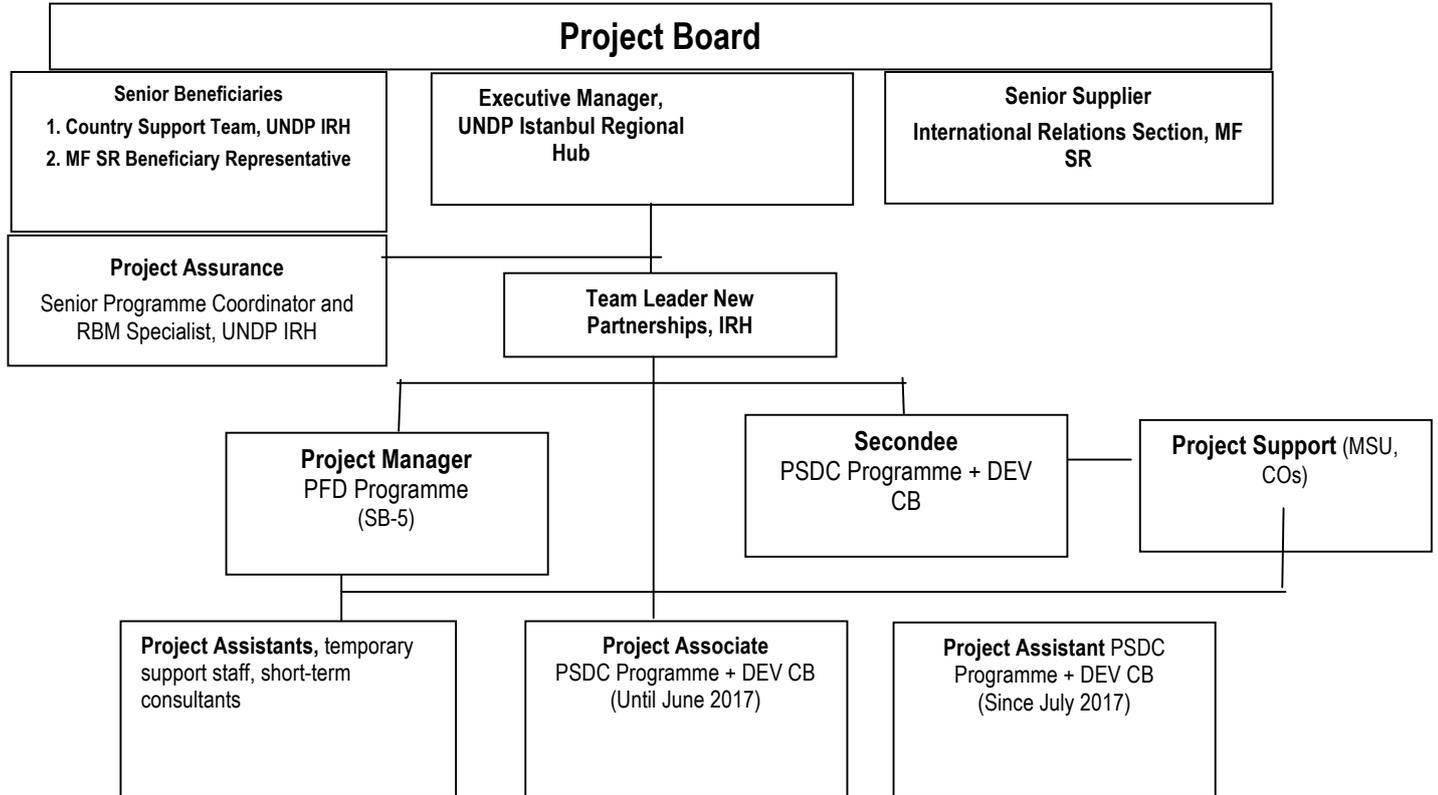
<sup>13</sup> Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

							MF SR	74000	
	<b>Operational expense</b>						MF SR	64300	18,000
	ISS charges						MF SR	71400	321,000
	Programme staff						MF SR	71300	42,399
	COs, IT support						MF SR	71600	24,000
	Travel and trainings	140,133	140,133	140,133	420,399		MF SR	7300/74000	9,000
	Rental and maintenance						MF SR	72400	6,000
	Communication cost								420,399
	<b>Total operational expense</b>								
	<b>Sub-Total for Output 1 without GMS</b>								<b>1,851,852</b>
<b>General Management Support</b>		51,771	57,131	39,247	148,148				148,148
	<b>Sub-Total for Output 1 with GMS</b>								<b>2,000,000</b>
<b>Output 2 – PSDC Programme</b>	2.1 Activity – Supply / PSLO	100,000	100,000	100,000	300,000		MF SR		
	2.2 Activity – Facility / Demand	205,000	325,000	325,000	855,000		MF SR		
	2.3 Activity – Secondment	40,000	65,000	65,000	170,000		MF SR		
	<b>Sub-Total for Output 2 without GMS</b>								<b>1,325,000</b>
<b>General Management Support</b>		27,600	39,200	39,200	106,000				106,000
	<b>Sub-Total for Output 2 with GMS</b>								<b>1,431,000</b>
<b>Output 3 – DEV CB Programme</b>	3.1 Activity – MF SR Cap. Bldg/	35,000	35,000	35,000	105,000		MF SR		
	3.2 Activity – Contrib. to events and workshops	10,000	10,000	10,000	30,000		MF SR		
	2.3. Activity – Project Assistant for Outputs 2 and 3	30,000	30,000	30,000	90,000		MF SR		
	<b>Sub-Total for Output 3 without GMS</b>								<b>225,000</b>
<b>General Management Support</b>		6,000	6,000	6,000	18,000				18,000
	<b>Sub-Total for Output 3 with GMS</b>								<b>243,000</b>
<b>Evaluation (as relevant)</b>	EVALUATION		15,000	20,000	35,000				35,000
<b>TOTAL</b>									<b>3,709,000</b>

*NOTE: The project costs, as identified in the Multi-Year Work Plan above, will be covered by MF SR contributions to UNDP. These contributions will be governed by two cost-sharing agreements to be signed between the donor and UNDP. It is foreseen that the first two tranches will be transferred according to schedule of payments stated in the CSA to be signed by the end of December 2016. Signature of the second CSA will be subject to project evaluation and decision of the donor approx. in the middle of the year 2018.*

## VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

### Project Organisation Structure



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## VIII. LEGAL CONTEXT AND RISK MANAGEMENT

This project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this Project to the associated country level activities, this document shall be the "Project Document" instrument referred to in: (i) the respective signed SBAs for the specific countries; or (ii) in the [Supplemental Provisions](#) attached to the Project Document in cases where the recipient country has not signed an SBA with UNDP, attached hereto and forming an integral part hereof. All references in the SBA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by the agency (UNDP) ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

The responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. The Implementing Partner shall: (a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried; (b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).

The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

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## IX. ANNEXES

### Annex 1. Project activities in beneficiary countries.

## Annex 1: Project activities in beneficiary countries

Expected scope of activities in beneficiary countries is outline below.

### 1.2.1 Capacity development in program budgeting in Moldova

Cooperation with the Ministry of Finance of Moldova is planned to continue in the area of program budgeting, monitoring and evaluation in 2017-2019. Capacity assessment completed in June 2016 resulted in the comprehensive capacity development plan for MF Moldova, central and local public authorities until 2020. The plan provided a basis for discussions with the MF Moldova on areas and specific actions where external assistance will be relevant and required.

The project **objective** is to support the Ministry of Finance of Moldova in implementation of program budgeting in the government of Moldova and to create conditions for sustainable capacity development for PBB, including for monitoring and evaluation in central and local public administration of Moldova.

**Activities** will be planned in the following key areas:

- **Capacity development for program budgeting** – quality reviews of program budgets of local public authorities (LPAs) level I, on-the-job trainings on program budget formulation for LPAs-level II (raions).
- **Capacity development for monitoring and evaluation of program budgets** – training of trainers from MF Moldova, CPAs and LPAs, methodological support to pilot evaluations, building capacities in techniques, for conducting program evaluations.
- **Institutional strengthening for PBB, monitoring and evaluation** – providing advice on institutionalisation of the training system, development of regulatory and policy framework related to evaluation and performance reporting, support to strengthening intra- and inter-sectoral cooperation, accountability mechanism, communication and awareness.
- **Knowledge and experience sharing** – study visits, contributions to seminars, workshops, professional network events (e.g. PEMPAL), peer learning activities (CEF).

Capacity development for conducting program evaluations will require management decision by the MF Moldova in 2016 on the way of conducting evaluations (internally vs. externally). Programme may provide support (technical and financial) to establishment and strengthening capacities of internal analytical/evaluation unit in the ministry of finance. Implementation plan for phase 4 of the PBB project will be prepared in early 2017.

MF Moldova expressed interest in sharing experience with Slovakia in the area of fiscal governance (fiscal rules, independent fiscal councils). This area is covered by the PFM project funded by the European Commission. Expert input has been provided by MF SR in 2016 and follow up activities are planned under the EC project. Fiscal governance may be considered for the PFD Programme assistance depending on the future scope of EC project, prospects for longer term cooperation and availability of the Slovak expertise.

### 1.2.2. Capacity development in public sector accounting and reporting in Montenegro

In the next Programme phase, cooperation with the Ministry of Finance of Montenegro will continue in public sector accounting and reporting. The project has support of the senior management of MF Montenegro. Planned project activities will support the implementation of the *Strategy for transition to accrual accounting* approved by the Government of Montenegro in March 2015.

The project **objective** is to support the Ministry of Finance of Montenegro in developing capacities for gradual transition to accrual accounting.

**Activities** will be planned in the following key areas:

- **New accounting policies** - providing advice and coaching in further development of public sector accounting policies, methodologies and reporting requirements and practices of public sector entities in Montenegro; review of the draft accounting policies prepared by MF Montenegro ; recommendations for improvements (continuation from 2016 to September 2017).
- **Legal and methodological support** - advice on preparation and review of the draft accounting law for public sector; policy advice on legislative and methodological improvements in the area of accrual accounting and reporting (accounting procedures, rulebooks); assistance with developing of accounting and reporting procedures and guidelines; development of new financial and fiscal

reporting systems design (focus on preparation of reports in compliance with new accounting legislation and fiscal reporting requirements) – description of processes for report preparation, competence framework, time-schedule and report formats; proposal for methodology and processes for consolidated public sector reporting, incl. recommendations for improvements/changes in legislation if needed (March 2017 – November 2018).

- **Capacity development in accrual accounting** - drafting the training strategy for application of the new accounting framework; workshop for senior managers in central government on transition to accrual accounting and the use of accounting data for decision making (April – August 2018).
- **Knowledge and experience sharing** – a study visit, contributions to seminars, workshops, professional network events (e.g. PEMPAL), peer learning activities (CEF).

Agreement was reached with IMF and UNDP that the work of IMF and UNDP experts will be coordinated and quality assurance of project outputs will be provided by IMF experts.

The **timeframe** of the above activities until end of 2018 was agreed with MF Montenegro in January 2016. As delays in the accounting reform already occurred in 2016, it is likely that some of the 2016 project activities will be moved to 2017 and the overall project timeframe will be extended to cover the period of 2017-2019. Project extension is essential due to slower, than expected, progress of implementation of the accounting reform and a need to better align the reform and project activities with daily tasks of the Ministry and its absorption capacity. The project timeframe remains in line with the MF Montenegro *Action plan for transition to accrual accounting* that covers the period from 2015 to 2020.

### 1.2.3. PFM reform preparation and implementation in Ukraine

From the discussions with the various counterparts, study of the PFMR Strategy and taking into account available resources, it is recommended that PFD cooperation with Ukraine for 2017 will be focusing on a limited number of key PFMR areas, where a high impact can be achieved. This assistance is a logical follow-up of the 2016 PFD TA. The assistance will be in areas where other donors have limited inputs (with the exception of US Treasury, with which strong coordination is foreseen).

The **general objective** of these activities is to assist with implementation of the 2017-2021 PFMR Strategy and Action Plan. At the explicit request of the beneficiary, the emphasis will be on longer term assistance (partially on-the-job). The following modules are proposed:

#### 1. **Medium-term Budget Process (MTBP)**

- a. **Capacity development for budgeting in MF Ukraine:** Quality review of proposed documents in the area of Medium-Term Budgeting Process, Program Budgeting, possibly Fiscal Impact Assessment, Budget Transparency and Public Involvement in Budgeting Process, recommendations for improvement etc.. Possibility to oversee progress of PFM strategy implementation in the area of budgeting.

**Expected results:** Clearly defined lines of medium-term budget policy together with expenditure ceilings based on development priorities; methodology for fiscal impact assessment of new strategic initiatives; improved program budgeting methodology and system, incorporated in the Budget Code; improved public finance information for the public and support to public participation in the budgeting process

- b. **Capacity development for 2018-2020 budget for state budget chapters (SBCs):** Assistance to 6 key SBCs, covering > 50% of State budget, with preparation and approval of 2018-2020 budget; possibly workshops for other SBCs.

**Expected results:** good quality budget proposals of key SBCs for 2018-2020 presented to Verchovna Rada; better understanding of MTBP and increased capacity to prepare medium-term budgets in (key) SBCs.

2. **Capacity development for implementation of the PFMR program:** advise MF UA on implementation of PFMR Action Plan and review of PFMR Strategy, incl. sequencing, prioritization and linkages; quality review and recommendations for improvement of proposals in the budget and related areas; proposals for additional activities; identification of UNDP/SK TA for 2018, preparation and revisions to UNDP/SK TA 2017 implementation plan(s), drafting and reviewing TORs.

**Expected results:** contributions to optimal implementation of PFMR modules and to achievement of PFMR Strategy goals; implementation plan (s), TORs for UNDP/SK TA for 2017-2018.

3. **Other technical assistance:** a provision could be made for TA, dependent on as yet uncertain events, such as the outcome of **reviews in IT and accounting**, made by the WB, and for **study trips**, e.g. liquidity management staff to Slovak Debt and Liquidity Management Agency (ARDAL).

The above plans will have to be further discussed with MF UA, MF SR, UNDP Kiev and the most involved donors (e.g. EU SG UA, WB, SIGMA). The above activities are new and will start after completion of the 2016 project activities (MTEF development and

preparation of the technical assistance projects in the PFD Programme – both already budgeted in the previous PFD Programme phase and envisaged to finish by March 2017).

#### **1.2.4. Support to PFM reform in Serbia**

Serbia can be potentially the fourth beneficiary country of the PFD programme where cooperation would focus on government beneficiaries only. A preliminary needs assessment based on a questionnaire was initiated in August 2016 to collect information from key donors active in PFM area in Serbia. This was followed by a Programme management mission in October 2016 to discuss priority areas of cooperation with the Ministry of Finance of Serbia and coordinate activities with other donors. MF Serbia prioritizes cooperation in two areas: public internal financial control and internal audit (with focus on central government and complementary to the assistance provided by UNDP Serbia on local level) and EU funds management (with focus on overall management and strategic direction). MF Serbia expressed interest in a visit to Slovakia in the respective areas to discuss specific technical issues around which cooperation could be planned.

Objectives of country specific projects, expected results, activities, outputs, resources and project timeframes will be specified in the implementation plans.