

## Government of Albania and UNCT Albania Management Response

### Country Led Evaluation of Delivering as One Albania

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#### Evaluation recommendation 1. Programme Formulation

1. Sharpen needs assessments and UN interventions based on evolving EC assistance (IPA) to ensure that the UN work complements the EU accession support without much overlaps.
2. Focus on more upstream policy advisory and less programme management, based on expertise in: strengthening government and evidence based policy; Democratic governance; social inclusion; reducing informality and environment.
3. The new UNDAF structure should be based on a programme and sector approach with activities clustered under a large number of sub outcomes, which correspond to and can be readily linked to agencies' reporting; line items, budgets and resources.
4. Develop realistic programmes with manageable funding gaps.
- 5.

**Responsibility:** *UNCT in consultation with GoA, DSDC and SWGs*

#### Management response:

1. **Sharpen needs assessments and UN interventions based on evolving EC assistance (IPA) to ensure that the UN work complements the EU accession support without much overlaps.**

The UN and the GoA accept the recommendation and agree on the importance of a sharpened needs assessment and UN interventions based on evolving EC assistance (IPA) to ensure complementarities with EU Accession support. Noting that the UN's agenda also incorporates other elements that may not be covered in EU Accession such as the UN's work on conventions and social inclusion. The UN wishes to point out that complementarities exist in current 2007-2011 programme in areas of governance, environment and regional development. Consultations with European Union Delegation will be carried out in Fall 2010 as part of the next UN Programme formulation exercise. In the same period a discussion between the GoA and EC for the formulation of the Multiannual Indicative Planning Document 2011-2013 for IPA assistance in Albania will take place, including also the sectors that will be considered as priorities under IPA 3 and 4.

2. **Focus on more upstream policy advisory and less programme management, based on expertise in: strengthening government and evidence based policy;**

### **Democratic governance; social inclusion; reducing informality and environment.**

The UN team and GoA partially accepts the recommendation. They agree on the importance of focusing on upstream policy work, based on agency expertise and national priorities/demand with looking at possibilities of combining it with some investment in order to best balance and harmonise the UN response to country needs and priorities. Specific areas of focus however, will be confirmed during the formulation of the next GoA-UN Programme, following consultations with national and international stakeholders, taking into account comparative advantages of the UN team, and considering the areas other donors operate under the existing donor co-ordination mechanisms, such as Fast Tracking on Division of Labour (an initiative promoted and agreed by EU donors which is part of the overall division of labour mechanism for the entire donor community). The UN team wishes to point out that programme management does not necessarily imply operational 'downstream' activities but can be used as a modality through which some UN agencies actually deliver policy advice.

#### **3. The new UNDAF structure should be based on a programme and sector approach with activities clustered under a large number of sub outcomes, which correspond to and can be readily linked to agencies' reporting: line items, budgets and resources.**

The UN team and GoA partially accept the recommendation. While agreeing in principle, the UN and GoA wish to highlight that substance and strategy will determine approach of clustering and organizing the modalities for delivering the programme.

The GoA is working to orient all donor assistance toward programme-based approaches in order for it to be more focused and in line with the national priorities. Clustering and organizing modalities will be reviewed and agreed during the formulation of the new GoA – UN Programme. In addition, the introduction and implementation of programme-based approaches (PBA) or sector-wide approaches (SWAP) for any sector will assess and take into consideration where adequate and sufficient capacities are in place. GoA wishes to point out that implementation of this new mechanism implies great efforts and resources.

#### **4. Develop realistic programmes with manageable funding gaps.**

The UN team and GoA accept the recommendation.

### **Evaluation recommendation 2: Arrangements for implementation**

1. Convene a facilitated strategic planning retreat among key stakeholders including Government, donors and civil society to steer the process and channel energies towards a coherent strategic framework for second phase building on experience and evaluations carried out.
2. Use the established informal and formal mechanisms within UNCT/RC (heads of agency level) to air issues of concern in spirit of the collegial approach
3. Undertake structured programmes to address Change Management Issues and Capacity Development and mobilize budget support
4. Revisit composition of UNCT based on strategic inclusiveness principles, and also based on minimum threshold of co-financing of proposed programme activities by participants

***Responsibility: RC in consultation with the UNCT, GoA and development partners***

**Management response:**

- 1. Convene a facilitated strategic planning retreat among key stakeholders including Government, donors and civil society to steer the process and channel energies towards a coherent strategic framework for second phase building on experience and evaluations carried out.**

The UN team and GoA accept the recommendation. Strategic planning retreats among key stakeholders, including Government, donors and civil society have already been foreseen in the **Plan of Engagement** agreed with GoA for the preparation of the next GoA-UN Programme (2012-2016). These retreats will take place in late fall on strategic directions of the programme and expertise will be brought in as required.

- 2. Use the established informal and formal mechanisms within UNCT/RC (heads of agency level) to air issues of concern in spirit of the collegial approach**

The UN team accepts the recommendation and already uses the established formal and informal mechanisms within UNCT/RC (heads of agency level) to air and resolve issues in a collegial manner based on mutual trust and understanding.

- 3. Undertake structured programmes to address Change Management Issues and Capacity Development and mobilize budget support**

The UN team accepts the recommendation. The current One UN Programme has included a specific change management component (funded by Swiss Development Cooperation and DDCO) which included UN Team Capacity Assessment, additional expertise in Operations, M&E and team building events. The UN team will continue to have a structured change management approach, including an induction package for new colleagues. This will be particularly important given rotation of UN team members. A change management proposal will be designed with required resources, both human and financial, including, but not limited to, a Programme Manager for the One UN House.

- 4. Revisit composition of UNCT based on strategic inclusiveness principles, and also based on minimum threshold of co-financing of proposed programme activities by participants**

The UN team and GoA accept the recommendation. As per the practice under the current One UN Programme, participation of agencies will continue to be based on strategic inclusiveness, decided by GoA as determined by national priorities and needs and comparative advantage of agencies. The broad and rich expertise of the UN system will be used as per national demands and request. The UN team notes the recommendation on the importance of a minimum threshold of financing, but wishes to highlight that at times important policy support may not require large financial amounts. The UN Team and GoA agree that joining the next GoA – UN Programme will require agencies to commit to the necessary required resources, both financial and human to allow for sufficient capacity to provide quality support to programme implementation and policy support. For the next GoA-UN Programme formulation UN agencies will be invited to brainstorming sessions based on national priorities and Government request. The UN team wishes to point out that such national priorities include internationally agreed development goals, international norms and standards and other instruments. Based on existing experiences, GoA would further recommend UNCT continues the good practice to appoint a lead agency for all activities which require joint support and efforts from several agencies in order to improve project/programme management and accountability.

### **Evaluation recommendation 3 Integrated Results Matrix and Budgetary Framework**

1. Revised Results and Budgetary Framework tools should allow tracking past history, deviations from previous plans and remediation/contingency measures
2. A budget under the M & E system be included to develop national capacities (a small team of national consultants or Diaspora that could eventually be absorbed into the DSDC or line ministries and funded by government.

***Responsibility: Heads of PWGs and UNCT***

#### **Management response:**

1. **Revised Results and Budgetary Framework tools should allow tracking past history, deviations from previous plans and remediation/contingency measures**

The UN team and GoA accepts the recommendation and agrees on the need for tighter budgeting, forecasting and monitoring of the budgetary framework. The UN (through the Programme Working Groups) will track significant changes to budgets in the annual reviews and consider performance in deciding on new allocations as per the fund allocation criteria. This will also help UNCT and GoA improve their strategic, evidence-based decision-making about allocations of the Coherence Fund.

2. **A budget under the M & E system included to develop national capacities (a small team of national consultants or Diaspora that could eventually be absorbed into the DSDC or line ministries and funded by government.**

The UN team and GoA accept the recommendation. The UN, together with other partners, will contribute to the strengthening of national capacities for monitoring and evaluation within relevant Line Ministries and within DSDC in late fall during next programme formulation. The UN and GoA note that strengthening of national M&E capacity and systems are already included under the Integrated Planning System (IPS) Trust Fund managed by the Government through World Bank's Multi-Donor Trust Fund. The UN team will budget for an M&E component under the next GoA-UN Programme. Under the ongoing IPS Trust Fund, a new monitoring methodology and process has started to be established in the country (foreseen with PM order no. 139, dt. 1.7.2010), which will be based on performance and results in the sector level. DSDC has the role of overall coordinator and facilitator. As a result, it is expected that by the end of 2010 a monitoring report is being produced based on SMART indicators. This monitoring process will be an integral part of normal processes and periodic monitoring by all line ministries.

### **Evaluation recommendation 4. Functioning of Sector working groups and PWGs**

1. SWG need to be strengthened by GoA and regularly convene to serve as a coordination mechanism for sector dialogue and should be more closely linked with the PWGs
2. PWGs should adopt a more strategic guidance role aligned with government's sector working groups in line with terms of reference instead of compilation and information sharing forum and possibility of having smaller sub groups for coordination at substantive level considered
3. Redefine nomenclatures and cluster results/activities under a few broad UNDAF Outcomes (pillars), with longer lists of sub outcomes and outputs which are clustered more

- homogeneously based on agency and ministry substantive work planning
4. Results Monitoring Portfolio Analysis should be used rigorously; review mechanisms should be more robust at result level, with contingency and action plans to adapt to variations

***Responsibility: GoA, UNCT***

**Management response:**

1. **SWG need to be strengthened by GoA and regularly convene to serve as a coordination mechanism for sector dialogue and should be more closely linked with the PWGs**

The UN team and GoA partially accepts the recommendation. The UN and GoA agree that the SWG needs to be strengthened and regularly convene to serve as a coordination mechanism for sector dialogue. The UN and the GoA however, wish to clarify that the Programme Working Group should link up with Sector Working Groups (SWG) and not the opposite given that SWGs cover a larger amount of partners, and programmes, and are government-led mechanisms. SWGs and could serve as a forum where UN agencies through the different PWGs could inform sector partners on progress and plans and exchange good practices and discuss priorities and challenges.

2. **PWGs should adopt a more strategic guidance role aligned with government's sector working groups in line with terms of reference instead of compilation and information sharing forum and possibility of having smaller sub groups for coordination at substantive level considered**

The UN team and GoA accept the recommendation. The UN team takes note of the recommendation that PWGs should adopt a more strategic guidance role and advise the UNCT. PWG provide a natural connection to the UNCT and should feel free to propose, whenever they see appropriate, to include substantive discussions in the UNCT agenda such as health sector reform, social inclusion and anti-discrimination. The UN team encourages that this is put in practice. It is also noted that some PWGs cover a broad area and the next programme formulation will need to take into account the structures of groups and/or subgroups. Special attention could be given to those SWGs for which UN Agencies are donor focal points and co-ordinate sector dialog, provide substantial advice and support to line ministries in taking the lead in donor co-ordination.

3. **Redefine nomenclatures and cluster results/activities under a few broad UNDAF Outcomes (pillars), with longer lists of sub outcomes and outputs which are clustered more homogeneously based on agency and ministry substantive work planning**

The UN team and GoA partially accepts the recommendation. As per response under para 1 bullet point 3, clustering and organizing modalities will be reviewed and agreed during the formulation of the new GoA – UN Programme which will further consider and orient toward sector and/or programme based approaches. GoA fully supports the recommendation where outcomes and outputs has to be clustered more homogeneously based on agency and ministry substantive work planning, as such showing a greater alignment to the GoA priorities and further complementarity amongst donors and GoA activities.

4. **Results Monitoring/Portfolio Analysis should be used rigorously; review mechanisms should be more robust at result level, with contingency and action plans to adapt to variations**

The UN team and GoA accept the recommendation. The UN and GoA acknowledge the importance of further strengthening results-based management culture within the organization. The practice of monitoring indicators in the results framework was initiated in 2009 Annual Review and monitoring of the indicators will be updated on bi-annual basis at mid-year and annual review. The Joint Executive Committee has begun using this monitoring information for substantive discussion and contingency measures. Opportunities to further report on indicators in the 2010 Annual One UN report will be considered.

#### **Evaluation recommendation 5. Resource Mobilization, Allocation and Reporting**

1. Pre JEC meetings should take stock of agency-wise, result-wise performance, and also overall composition of delivery, funding gaps and dependencies on coherence fund, using the Portfolio Analysis and recommended additional analyses
2. Coherence Fund allocations should take into account the relative size of delivery, proportion of funding gaps, and levels of dependency on Coherence Fund of pillars and agencies
3. JEC allocation criteria should be amended to include additional criteria and also review overall balance of allocations based on national priorities, and full year funding of activities as far as possible
4. As much as possible, allocation requests should represent full year funding linked to the Results Matrix. While allocations can be for annual amounts, disbursements can still be made at half year point so that there is control as well as flexibility in case of slippages.
5. It is critical that donors continue supporting UN initiatives, particularly with social and normative issues through un-earmarked, multi-annual funding linked to national priorities despite Albania's transition into a middle income country.
6. The opportunity for Government co-financing should be explored, particularly for higher priority result areas and themes having large funding gaps.
7. Increasing use of national public procurement and financial systems should be made with concrete guidance by GoA on how to better align with national systems, and UN and other donors should harmonize disbursement procedures as well as seize opportunities for simplified reporting and joint evaluations as per Paris principles.

*Responsibility: RC, UNCT, GoA, Donors/Friends of the One UN*

#### **Management response:**

1. **Pre JEC meetings should take stock of agency-wise, result-wise performance, and also overall composition of delivery, funding gaps and dependencies on coherence fund, using the Portfolio Analysis and recommended additional analyses**

The UN team and GoA accept the recommendation and wish to underline that national priorities and demand will continue to guide funding allocation decisions.

2. **Coherence Fund allocations should take into account the relative size of delivery, proportion of funding gaps, and levels of dependency on Coherence Fund of pillars and agencies**

The UN team and GoA accept the recommendation and wish to underline that national priorities and demand will continue to guide funding allocation decisions.

**3. JEC allocation criteria should be amended to include additional criteria and also review overall balance of allocations based on national priorities, and full year funding of activities as far as possible**

The UN team and GoA accept the recommendation. The UN and GoA agree that full year funding is desirable to the extent possible bearing in mind prioritization based on national needs guiding allocations along with other provisions as per funding allocation criteria.

**4. As much as possible, allocation requests should represent full year funding linked to the Results Matrix. While allocations can be for annual amounts, disbursements can still be made at half year point so that there is control as well as flexibility in case of slippages.**

The UN team and GoA accept the recommendation. The UN team takes note on the importance of annual year commitments to allow for greater certainty in programme planning and more efficient/timely implementation provided the full amount is secured through the coherence fund early in the year. Annual-based commitments and semi-annual disbursements will help line ministries and other Albanian institutions to better predict external assistance funds when they prepare the MTBP and the annual budget. GoA wishes to point out that the possibility of also having longer-term commitments (e.g. for at least 3 years) need to be considered for more predictability, which is one of the requirements under the Paris Declaration . It is recognized that such commitment in turn is dependent on predictable and multi year funding to the UN.

**5. It is critical that donors continue supporting UN initiatives, particularly with social and normative issues through un-earmarked, multi-annual funding linked to national priorities despite Albania's transition into a middle income country.**

The UN team and GoA accept the recommendation. The UN and GoA agree on the critical role that continued donor support will play through un-earmarked, multi-year funding for the UN to remain coherent and strategic, particularly in view of Albania's transition into a middle-income country. This recommendation should be raised with the present and future contributors to the coherence fund at local and headquarters level. The UN and GoA take note of the importance of involving and consulting donors (recommendation 2 bullet point 1) on the strategic programme areas to be covered under new GoA-UN Programme.

**6. The opportunity for Government co-financing should be explored, particularly for higher priority result areas and themes having large funding gaps.**

The UN team and GoA accept the recommendation. The UN team and the GoA will further explore cost-sharing opportunities. The UN Team will prepare a brief concept note on cost-sharing for discussion with the Regional Director's Team (RDT).

**7. Increasing use of national public procurement and financial systems should be made with concrete guidance by GoA on how to better align with national systems, and UN and other donors should harmonize disbursement procedures as well as seize opportunities for simplified reporting and joint evaluations as per Paris principles.**

The UN team and GoA accept the recommendation and agree on increased use of national public procurement and financial systems and to review simplifying reporting and joint

evaluations, such as HACT and Assessment of the Procurement Systems through OECD/DAC methodology. The recent Assessment of the Public Procurement Systems has given prioritized recommendations to improve the system as well to develop GoA capacities in this area. GoA will produce an action plan for implementing the recommendations contained in the assessment report. A coordinated donor support should be provided by donors in assisting the GoA in implementing the capacity development plan.

#### **Evaluation recommendation 6: Performance Appraisals in DaD environments**

1. Develop new performance evaluation and reward systems among all agencies participating in Delivering as One, recognizing the special conditions of working in DaD pilots, including participation in appraisals by UNRC/ UNCT
2. Provide incentives for individuals by giving additional points in resumes for experience in pilot countries (will get equalized with time) in competitive selection.
3. In DaD pilots, evaluation of performance of agency heads should include fund raising on behalf of programme or pillar as a performance criteria instead of fund raising for the agency
- 4.

***Responsibility: UN Agencies' Headquarters with support of the SG***

#### **Management response:**

The UN team and GoA accept the recommendation, recognizing that the proposed reforms are beyond the scope of the UN Team and will require action at Headquarters level.

#### **Evaluation recommendation 7: Implementation of Reforms at higher levels**

1. Expedite UNDG decision on Directives for One Results Report in 2011 for all DaD pilots
2. Expedite decisions on Common Services and Harmonization of Business Practices:
  - a. Uniform CRC review limits for all agencies in country
  - b. Guidelines on Public Private Partnerships on capital investment to be fast tracked.
3. Expedite Management and Accountability Framework Implementation Plan (clear authority in line with responsibilities and accountability for the RC and UNCT)
4. To facilitate common administration and inter-agency mobility of UN staff, the possibility of a harmonized UN performance appraisal system could be explored by UN HQ.

***Responsibility: UN Agencies' Headquarters with support of the SG***

#### **Management response:**

The UN team and GoA accept the recommendation, recognizing that the proposed reforms are beyond the scope of the UN Team and will require action at Headquarters level. The UN Team also notes with thanks the recent HLCM mission which is expected to contribute to the timely conclusion to some of the above recommendations.