

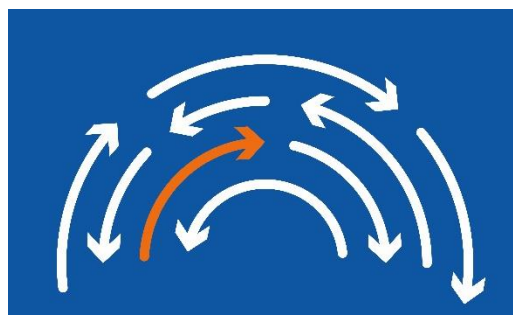


Empowered lives.  
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# Public and Private Finance for Development

2020 Annual Project Progress Report

Donor: Ministry of Finance of the Slovak Republic



<b>Implementing Agency:</b>	United Nations Development Programme (UNDP)
<b>Atlas Project ID:</b>	100708
<b>Project Title:</b>	Public and Private Finance for Development
<b>Project Duration:</b>	01 January 2017 – 31 December 2023
<b>Funding Partner/s:</b>	Ministry of Finance of the Slovak Republic
<b>Reporting Period:</b>	01 January 2020 – 31 December 2020
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## Acronyms

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AWP	Annual Working Plan
CB	Capacity Building
CEF	Center of Excellence in Finance
DEV	Development
DFA	Development Finance Assessment
EU	European Union
IOs	International Organizations
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IRH	Istanbul Regional Hub
MF	Ministry of Finance
MF Montenegro	Ministry of Finance of Montenegro
MF Moldova	Ministry of Finance of Moldova
MFSR	Ministry of Finance of the Slovak Republic
PB	Project Board
PFD	Public Finance for Development
PFM	Public Finance Management
PPFD	Public and Private Finance for Development Project
PSE	Private Sector Engagement
PSLO	Private Sector Liaison Officer
RMF	Resource Mobilization Facility
SDGs	Sustainable Development Goals
TA	Technical Assistance
UNDP	United Nations Development Programme
UNDP C	UNDP Country Office

## I. Executive Summary

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**Context and key developments of the project:** In January 2020, the *new four year phase* based on Public and Private Finance for Development Project (further Project or PPF) cost-extension, has been launched. Previous 2-3 years the Project piloted a new implementation modality of one of the components, Public Finance for Development (PFD) that fully involved the UNDP COs into the strategic discussions, planning and implementation. Mentioned new modality proved as effective, resulted to PFD significant strategic development. Previously, until 2016, PFD was implementing 2 initiatives in 2 countries, at the end of 2019 PFD carried out several initiatives in 4 countries - Moldova, Montenegro, Serbia and North Macedonia.

As of 2017 the new initiative under the Private Sector Engagement component, Resource Mobilization Facility (RMF), was introduced in Montenegro, Serbia and Bosnia and Herzegovina. Based on the experience of project development and piloting the RMF in 2017-2019, the new phase of the Project was built.

**Progress against outputs and outcomes:** Despite the unexpected COVID pandemic that caused certain delays in Project implementation and required adequate reaction, it could be stated that two out of three Project outputs proceeded in a satisfactory manner during 2020). The third one, *Supporting the Private Sector Engagement into the development cooperation*, proceeded satisfactorily in case of the projects that started in previous phase. But the selection of initiatives for the upcoming period 2020-2023 was delayed. However, because of the early stage of the 4-year Project implementation period, this delay will most likely be resolved within the next three years.

**Output I – Public Finance for Development - Strengthening partner capacities in public finance management:** The major outcome planned for 2020, to prepare and approve the projects aimed at public finance management in partner countries was achieved. In January 2020, all partner UNDP COs were invited to join the community of practice workshop in IRH. Here, experiences and lessons learned from the piloting period were shared with all partners and a new implementation phase was announced and introduced by IRH. The result is that the Project Board approved 5 projects submitted by the UNDP Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia and Moldova that will be implemented within the next 3 years. All project proposals are based on detailed identification of needs and priorities, mapping the partners' (mainly Ministries of Finance and/or Tax Administration and municipalities) demands for technical assistance and capacity building and existing available expertise. Their implementation started at the end of August 2020 with implementation plans preparation, hiring experts and the first consultations and workshops.

**Output II - Private Sector in Development Cooperation Programme - Supporting the Private Sector Engagement into the development cooperation:** This component builds on the piloting period of 2017-2019. Due to the fact that some of the projects required a longer implementation period, e.g. the complex UNDP Bosnia and Herzegovina project involving on the reconstruction of public lighting of several municipalities continued in 2020. Some partial projects, especially in Montenegro were also finalized in 2020. The goal of the Project management for 2020 was to prepare the pipeline of projects for the upcoming project implementation period (until 2023). Unfortunately, this goal was not fully met, due to delays caused by COVID pandemic that influenced the human resources management at CO level, but specially to longer period of selecting the Private Sector Specialist for the team<sup>1</sup>.

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<sup>1</sup> 2 calls had to be open, because in the first one we were not able to find suitable person.

In 2020 the Rozvojmajstri project review, assessing the period 2017-2019 was prepared. The principal purpose of the review was to obtain objectively substantiated and consistent findings, make conclusions and formulate recommendations that were and would be further used in the decision-making of the Project Board, the Donor and the project team on the future Rozvojmajstri development.

Based on the previous experience with the Project implementation and in regard to the Rozvojmajstri assessment, the new position of Private Sector Specialist was created. The contract with Aspiro, Rozvojmajstri implementing entity, ended as of 31 October 2020. As of the next Project implementation period (2020-2023) most of the tasks carried by Rozvojmajstri were transferred to mention PS Specialist and specific tasks related to the [PSLO](#) membership were transferred to EXIMBANKA Slovakia.

Private Sector Specialist was recruited and fully integrated into the team and took over the projects' portfolio that consist mainly of business development in regard to the RMF needs and support to Slovak private sector engagement. By the end of 2020 the Project will have an initial project ideas pipeline that will be elaborated into more technical and financial details early in 2021.

*Output III - Capacities development for MFSR development professionals:* The implementation of this output is based on Capacity Building plans prepared by MFSR development specialists and approved by the UNDP. The plans were approved at the beginning of the year, but shortly after, due to the COVID pandemic and related travel/in-person meeting restrictions, adaptations were made and focused on Slovakia-based and online education. In general, this online modality ensured even more action and allowed higher participants' attendance which brought better results.

**Key challenges and risks:** In 2020, Project implementation was mostly affected by the COVID pandemic. But thanks to the early stage of the projects' implementation period (2020-2023) the implementation plans were flexibly adapted<sup>2</sup> to reflect the new conditions – delays in the project implementation caused by closing or public institutions limiting work, temporary lack of experts that were relocated to tasks related to COVID recovery, etc. Other risks captured in the Risk Register did not occur in 2020.

Certainly, the close monitoring of the pandemic's development and all potential strategic, operational, as well as political risks will be continuously performed by the IRH and UNDP COs Project teams.

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2 Statement documenting Examples in 2020:

In **Moldova**, the first mission in March 2020 was implemented as per the plan. Though following three missions kept the planned timing but were implemented as online workshops due to travel restrictions cause by COVID pandemic. This was also reflected in the budget lower spending.

In **Bosnia and Herzegovina**, in addition to delays in project implementation caused by COVID pandemic, adjustments were made to the planned activities and related timelines considering that the EU has launched a new project in the country related to introduction of programme-based budgeting. This requires creating close synergies and coordination with the EU Delegation in BaH as the new EU project will bring changes in the definition of budget programs through formal changes of budget legislation in the country, which then needs to be reflected in the methodological approach for preparation of institutional work plans supported under the Slovak-funded Project. This is extremely important to maximize the results and avoid any overlapping and thus the Project has held a series of meetings with the EU-supported project, which took time, with the aim to secure harmonized approach of both projects. In addition, implementation of the first component of the Project related to the Development Finance Assessment (DFA) in BaH, was postponed to early 2021 year, as the DFA has to be synchronized with a wider UN Project related to the preparation of the country wide SDG financing strategy, to which the DFA will provide a significant contribution.

In **Montenegro** the UNDP CO very fast reacted on expected planned activities delays at Ministry of Finance that almost closed for several weeks due to pandemic. E.g. all games of chance activities were transferred by Ministry to 2021 and still the relevant Law needed to proceed with planned activities is not in force. So, CO proposed the implementation of activities planned on 2021 that do not requested experts to be on place. The project focus was push on IT related activities.

**Funds utilization update:** At the end of 2019 the Project Board approved the Project extension including the Annual Working Plan and budget in the amount of USD 1,582,294. Due to all developments during the year mentioned above and further in this Report, the Project management actively worked to set a more realistic budget for this year and those to follow. The actual budget spending is USD 996,112 (as of December 1<sup>st</sup>). However, this lower than expected spending does not require any formal Project time-wise extensions. It is expected that activities not yet performed will be delivered next year or 2022 at the latest. All is depending upon the COVID pandemic developments.

**Key lessons learned and recommendations:** Despite some delays in 2020, the programmatic approach applied for the Project, based on continuing project, partner needs and situation monitoring allowed to reflect actual needs and flexibly react and modify the activities and their implementation timeframes. This approach proved to be the most efficient. Programmatic approach applied by this Project since its beginning is based on defying (in the Project Document) not only the exact activities, but also intervention areas. Combination of above mentioned and ongoing monitoring of not only the Project implementation, but also the needs of the beneficiaries or potential beneficiaries and/or other Donors initiatives, allows flexibly react on actual needs and situation. It also prevents the potential duplications with other Donors. Also, we experienced modification of some activities in regard to new grants awarded to the CO in respective intervention area to ensure more synergies and higher impact. Using this approach follows the idea of ensuring the impact and effective use of invested funds and res

It is highly recommended to stay in close touch with all stakeholders at all levels (UNDP COs, partner institutions, municipalities, other Donors, Embassies, etc.) and be ready to respond to the actual situation and needs which would arise during any stage of the Project implementation.

## II. Introduction

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The project is based on a long and rich experience that the Slovak Republic as donor and the UNDP have gained over the course of the past decade. Since the early 2000s, the Slovak Republic has undergone a full transformation from a recipient to a provider of development assistance. Through this project, the Ministry of Finance of the Slovak Republic with the UNDP's help with application of development effectiveness principles, contributed to advancing the effectiveness of global development efforts to achieve the ambitious Sustainable Development Goals. Building on previous cooperation with the UNDP, the project focuses on:

- I. Strengthening partner's capacities in public finance management,
- II. Supporting the Private Sector Engagement into the development cooperation;
- III. Capacities development for MFSR development professionals

The main Project objective is defined as: *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.* Project outcomes:

- |          |   |
|----------|---|
| 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 implemented by UNDP IRH, and in selected partner countries (Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia and Moldova), defined by the Project document, by UNDP COs project teams. The regional coordination and communication with the Donor as the source of expertise is managed by the IRH Project Manager. The Project Manager is also responsible for Project Monitoring and Evaluation.

### III. Progress Review: Key Activities and Results, January – December 2020

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#### Section 1: Overall progress against outcomes

As per the Project Document, PFD project contributes to RPD Outcome 2: ***Addressing poverty and inequalities through more inclusive and sustainable development pathways***

The Project contributes to the mentioned outcome by supporting the effective public finance system in partner countries and by supporting the private sector to better engage with the global development efforts. Public finance, as one of the most significant preconditions of sustainability, requires ongoing reforms and modification to ensure better public funds usage to achieve goals in addressing poverty or inequalities. The Project activities are set within a broader public finance management context in a partner country, reflecting realistic needs in real time. The Project comparative advantage is its fully programmatic approach, which ensures its flexibility in a changing environment.

#### Section 2: Monitoring of Activities

During the 2020 reporting period, the Project monitoring was ensured by regular tracking of progress and results of all activities implemented by all partners. Due to the COVID pandemic the Project was not able to use the common tools as in previous years such as field visits. However, the online communication tools along with informal quarterly updates provided effective monitoring. The informal quarterly updates were collected as of 31 March, 30 June, 30 September from all involved UNDP COs (Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia and Moldova). Additionally, the updates on project components implemented by IRH were processed into a quarterly project update. The updates are communicated with the Donor and serve as the information baseline for potential project modification that reflects the actual needs. The Project team also closely monitors the other relevant donors' actions to avoid the potential duplications and also to be able to find any niche that could be covered by Project activities.

The Project manager also participated on a number of discussions and initiatives related to the COVID recovery. In this context UNDP, specifically IRH significantly concentrates on PFM including the Development Finance Assessment (DFA). PFD is seen as one of the IRH leading PFM initiatives that strongly supports the COVID recovery efforts, specifically with spending reviews initiative, DFA, but also in general with supporting strong and effective PFM in partner countries. The Project team was not asked specifically for supporting the new initiatives. Rather the PFD initiatives became an integral part of COs broader COVID recovery initiatives.

### Section 3: Progress against each output

#### Project Output 1: Enhanced public finance management practices in partner countries

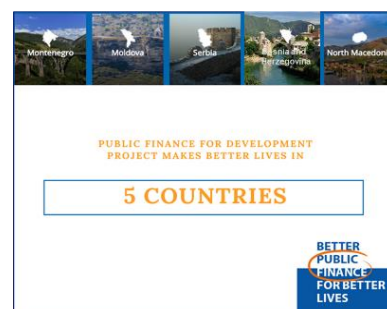
Output indicators	Targets	Progress against targets
1.1 Number of country specific initiatives launched	Baseline: 7 AWP target: 8	Reporting period: 14 Cumulative total (2020): 21
1.2 Number of policies / laws / recommendations / analyses related to public finance on national and/or local level developed for partners organizations	Baseline: 0 AWP target: 10	Reporting period: 16 Cumulative total (2020): 16
1.3. % increase in knowledge and understanding of specific public finance issues by the public officials	Baseline: 0 AWP target: <50%	Reporting period: 0 Cumulative total (2020): 0

#### Key Activities:

PPFD **Community of Practice Meeting** organized on 22 January 2020. The aim of the meeting was to discuss with all engaged UNDP COs lessons learned, introduce the upcoming phase of the Project for 2020-2023 and to open the floor to build the potential partnerships for future Project activities. 5 COs, Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia and Moldova submitted the projects for the period 2020-2022/23 with total 14 initiatives;

Following **technical assistance and capacity building** related to public finance was conducted under the Project during the reporting period:

- **Moldova:** Technical assistance to the Ministry of Agriculture of the Republic of Moldova with preparation of spending reviews. 5 workshops on site were held in March 2020 at the Ministry of Agriculture and another 2 rounds (with 6 working groups) of online workshops were held in June, July and August.
- **Montenegro:** Technical assistance with the Reform of Public Finance Management and Reporting provided, which supported the preparation of secondary legislation to the Law on Public sector Accounting. TA included Advice on preparation of the Rulebook on the Uniform Classification of Accounts for the Public Sector Entities (“Central Chart of Accounts Rulebook”), Cooperation with the MF Montenegro and the experts in the development of the Rulebook on Accounting Methodology, Accounting Transactions and Procedures; Drafted Chart of Accounts/Accounting Methodology; Elaboration of both bylaws.
- **Centre of Excellence in Finance (CEF):** Preparation of 3 Case studies for CEF learning programme *Fiscal Implications of Structural Reforms* for Moldova for the budget experts from MF and line ministries in Moldova. The overall objective of this program is to ensure sound and consistent assessment of the structural reforms’ fiscal implications. The project complements PFD efforts in Moldova on supporting the budget process reforms. The following case studies were prepared:





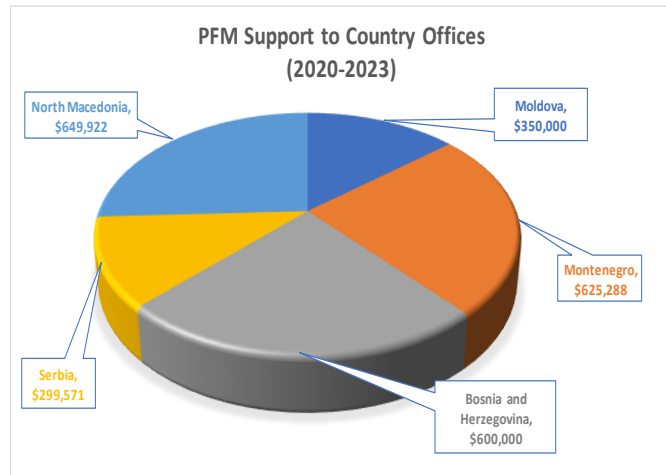
- State Budget Expenditure Analyses – Case Study Slovakia
- Investment Planning And Evaluation – Case Study Slovakia
- How to Institutionalize Spending Reviews - Case Study Slovakia



### Key Results:

**5 projects covering 14 initiatives** were approved by the virtual PPF Project Board on 8 July 2020. Until the end of August all UNDP COs received the funding. As of September 2020, the implementation of projects started by preparing the implementation plans reflecting the actual COVID pandemic and its implications, selecting and contracting several experts and starting technical assistance.

Following **policies / laws / recommendations / analyses** related to public finance were prepared under the Project during the reporting period:



- **Moldova:** By the end of 2020 (one remaining online workshop is planned for December) the Ministry of Agriculture will have its first spending review that serves as the new transparent and evidence-based instrument of policy making, which will lead to its institutionalization. It should also support the state budget preparation for 2021 or 2022. The following documents were prepared and delivered to the MF of Moldova:
  - (2) Desk Reviews Comments Prepared by Slovak Experts
    - Suggested Content for Chapter 3 (Sup-Programme Description) - provides concise information about the key elements of the sub-programme (objective, scope, funding, managing and implementing set up);
    - Suggested Content for Chapter 4 (Impact Assessment)
- **Montenegro:** Within the Reform of Public Finance Management and Reporting project component following results were achieved:
  - Secondary legislation (2 bylaws) to the Law on Public Sector Accounting was completed;
  - Rulebook on the Uniform Classification of Accounts for the Public Sector Entities (“Central Chart of Accounts Rulebook”) finalized;
  - Rulebook on Accounting Methodology, Accounting Transactions and Procedures was finalized;

- Within Local Finance component, 5 Citizen Budget Guides will be completed by the end of this year;
- Citizen Budget Guide for the Capital City of Podgorica prepared, printed and distributed in 6000 copies;
- Four additional Citizen Budget Guides for two southern and two northern municipalities to be prepared by the end of 2020, printed and distributed in the total of 650 copies.



- **CEF:** (3) case studies as training materials delivered.

## Project Output 2: Increased private sector engagement on development projects

Output indicators	Targets	Progress against targets
2.1 Number of Slovak companies participating on IFIs and/or IGOs tenders (incl. those in consortia).	Baseline: 11 AWP target: 5	Reporting period: 0 Cumulative total (2020): 11
2.2 Number of solutions developed through RMF funding	Baseline: 8 AWP target: 3	Reporting period: 12 Cumulative total (2020): 20
2.3 Number of projects where Slovak expertise has been applied	Baseline: 4 AWP target: 2	Reporting period: 1 Cumulative total (2020): 5

Due to the COVID pandemic and the unexpected time needed to select the new Private Sector Specialist, this Project output reports delays.

### Key Activities:



The Project management team is preparing the **pipeline of the UNDP COs projects** for support by Resource Mobilization Facility (RMF) in 2021-2022. As of November 2020, the UNDP COs were approached to submit ideas for support. The deadline for submission is 22 December 2020. This will serve for further discussions of projects and RMF resources planning. It is expected to have the final decision on project support as of March 2021.

Ongoing initiatives that were not finalized in previous Project phase (until 2019) and were carried over to the current Project phase:

- Rozvojmajstri project review was conducted by the independent consultant.
- Rozvojmajstri / Private Sector Specialist project arrangements: Based on the previous experience with the Project implementation and in regard to the Rozvojmajstri assessment, the new position of Private Sector Specialist was created. The contract with Aspiro, Rozvojmajstri implementing entity (2015-2016 and 2017-2019), ended as of 31 October 2020. As of the next Project implementation period (2020-2023) most of the tasks carried by Rozvojmajstri were transferred

to PS Specialist and specific tasks related to the PSLO membership were transferred to EXIMBANKA Slovakia. PS Specialist was hired as of September 2020.

- RMF supported project *Reconstruction and modernization of public lighting in Budva, Danilovgrad, Cetinje and Kolasin* implemented by UNDP Montenegro - Based on the request of Pljevlja municipality, direct contract with CEVO Company was signed in order to Prepare the full set of documentation regarding the reconstruction of public lighting, starting with an energy audit and detailed inventory of public lighting, proposal for the technical solution for modernization of public lighting, cost estimate and financial and CO2 savings estimate. The project overlap to the next Project phase was caused by the political development on national level. Before the parliamentary elections the municipalities decreased their activities waiting for the election results. Same, after the election.
- RMF supported project *Development of a private-public investment model for EE street light systems in Bosnia and Herzegovina* implemented by UNDP Bosnia and Herzegovina. The Project overlap was caused by several issues, (1) Not proper planning: the preparation of every document requested more time than planned, mainly due to larger commenting process than expected. Even though this could be seen as project management deficiency the number of involved entities (experts and municipalities) may point out the real interest of the project; (2) Delays in selecting the municipalities that were/are supported with the feasibility plans preparation. The initial Project planned to support with feasibility studies, the municipalities most active in preparation of the Business Model. However, this approach did not prove as applicable, thus UNDP BaH approach 28 municipalities to express their interest. 11 were selected for the support.

#### Key Results:

- Rozvojmajstri project review final report was delivered in June 2020. Selected outcomes and recommendations were used for defining the new position of the Private Sector Specialist and setting the RMF new phase framework.
- The new Private Sector Specialist joined the Project Team as of 10 September 2020. After the assessment of the results achieved in previous RMF phase (2019-2020) and number of meetings with relevant stakeholders he has prepared new RMF templates and established the new RMF priorities. The template aims to collect the UNDP COs ideas (project intentions) for the support from RMF. This serves as the initial “market needs research” that will be the base for the identification of the Slovak expertise in respective areas if intervention. Further preselection of the *ideas* will be discussed with the Donor. Selected *ideas* will be further proceeded by the CO to the detailed projects.
- RMF supported the project implemented by the UNDP Bosnia and Herzegovina *Development of a private-public investment model for EE street light systems in Bosnia and Herzegovina*) and 12 Studies for 12 Local Governments are underway.

### Project Output 3: Strengthen capacities of development professionals

Due to the COVID pandemic this output had to be significantly modified, as the majority of planned activities required travelling that was as of March 2020 limited/restricted. However, the Project team in cooperation with the Donor flexibly reacted and modified approach. More online trainings were identified and prepared to reflect the needs formulated in the Capacity Building Plans. Ultimately more activities were implemented as planned.

Output indicators	Targets	Progress against targets
3.1 Number of relevant capacity building plans / and participation of MFSR staff on development events and trainings	Baseline: 6 (plans)/12 (events) AWP target: 9/13	Reporting period: 3/14 Cumulative total (2020): 9/26
3.2 Number of presentations of MFSR and project staff at national, regional and global fora's	Baseline: 2 AWP target: 3	Reporting period: 3 Cumulative total (2020): 5
3.3 Number of capacity building events responding to the capacity building needs identified together with Slovak national ODA stakeholders organized and/or supported by Project	Baseline: 1 AWP target: 1	Reporting period: 10 (3 micro-trainings/support to 7 UNDP ODA learning sessions) Cumulative total (2020): 13

#### Key Activities:

In January 2020 MFSR staff submitted their **Capacity Building Plans** for 2020 that were approved by UNDP. Based on CB plans MFSR ODA specialists participated at 14 CB events. The full list is in Annex IV

**Presentation** of the MFSR ODA professionals at national and international for a/participation at workshops, papers developments, etc.:

- Training of Diplomats on MF SR Development Cooperation
- Consultations on MF SR development cooperation for diplomat assigned for Bosna and Herzegovina
- CEF Advisory Board
- Chairing the PEFA Steering Committee and a High Level Retreat on Strategic Direction.

**Capacity building events** prepared or supported by the Project:

- Active support to the UNDP ODA (online) Learning sessions – Total number of actively supported sessions:
  - Green Finance: 1/8/15 October (64/62/49 – TOTAL 175 connections, that represent min 175 participants)
  - Mainstreaming environment and climate change in ODA: 22/29 October (65/86 – TOTAL 133 connections)
  - Mainstreaming gender in ODA: 5/12 November (56/52 – TOTAL 107 connections)
- Micro-trainings:
  - MS Excel II. (September 2020, 7 participants),
  - Training on Strategic Persuasion Skills (September 2020; 10 participants),
  - Facilitation Skills Training (October 2020, 6 participants).



### Key Results:

- MFSR positioning itself as an active member of ODA professional community.
- The CB events designed and organized by the Project resulted in strengthening technical and soft skills of the MFSR (and other) professionals that are able to provide the upgraded performance on national and international levels. The concept of micro-training was highly appreciated by the Donor.

## IV. Key Challenges, Lessons Learned and Recommendations

The major challenge in 2020 was the response to the COVID pandemic. Within the framework of PPF Project the situation did not request the modification of the planned activities, neither outcomes, but rather timeframes. Due to the fact that 2020 was the first year of the Project *new implementation phase*, we were able to catch the new conditions before the preparation of implementation plans. Thus this challenge does not require any official project cost, neither non-cost extension.

The major lesson learned is that thanks to the Project high flexibility as well as flexibility of the Donor, the Project can easily respond to crisis and reflect changed needs of the partners.

Thus, the main recommendation is:

- To keep the project as flexible as possible toward the changing needs of the beneficiary institutions, timeframe and resources, specifically experts' availability to address the realistic needs;
- To continue the active triangulated dialogue between IRH – COs – and Donor that is significant source of expertise, both in effective project management, but also technical expertise, mainly in public finance management. The dialogue on technical aspects helps also the beneficiary institutions to better shape their expectations for TA and capacity building.

## V. Update on risks and mitigation measures

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All risks updates are captured in Annex II Updated Risk Log. In general, the risks defined in 2019 for the year 2020 did not occur and did not impact the Project implementation in 2020.

However, in 2020 the COVID pandemic influenced some of planned activities. Thanks to the fact that Project started its new implementation phase, based on Project extension, IRH in cooperation with UNDP COs was able to modify the implementation plans and take into consideration the new conditions.

In 2021 all the risks mention in Annex II Updated Risk Log will be closely monitored as per the monitoring plan. However, the pandemic brought the new risk – ***Influence of the pandemic on Project implementation punctuality.***

To reflect the above mentioned new risk, the mitigation measures that will be undertaken in 2021 are based especially on more frequent monitoring of the situation on ground (monthly at least) and fast action in cases where the delays are expected due to objective reasons caused by pandemic. The Project team (IRH and UNDP COs) will discuss with the beneficiaries if the activities that are not possible to implement on planned timing could be replaced by those that could be implemented *home-based* or if the implementation modality could be change the implementation modality, e.g. replace the *on place events* for the virtual ones.

. This will be taken into the regard, when hiring the experts and defying deliverables in the ToRs..

## VI. Partnerships and Sustainability

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The most important partners for the project implementation are UNDP COs in partner countries and their teams. Project cooperates with:

- UNDP Bosnia and Herzegovina is a new partner for Public Finance for Development component, but we experienced working together on PSE/RMF component since 2019.
- UNDP Moldova – on Public Finance for Development component. In previous years the activities in Moldova were not implemented through UNDP COs, even though they were consulted.
- UNDP Montenegro partners with the Project in both components, Public Finance for Development as well as PSE/RMF.
- UNDP North Macedonia partners with the Project in both components, Public Finance for Development as well as PSE/RMF.
- UNDP Serbia partners with the Project in both components, Public Finance for Development as well as PSE/RMF.

Further:

- IMF is a project partner in implementation PFD component in Moldova since 2018.
- Center for Excellence in Finance in Ljubljana is a long-term project partner specifically in capacity building in public finance.

All mentioned partners are actively involved into the planning, implementation, monitoring and evaluation of the projects. In a case of UNDP COs, they are responsible for the dialogue with public bodies – beneficiaries of the project activities to ensure the relevant use of funds and set up the strategical goals and implementation plans.

The sustainability of the project activities is ensured by responding to the actual needs of partners, using the effect of training the trainers within the capacity building activities. Most of the documents created by the Project or with the Project support are publicly accessible and actively promoted in relevant experts' fora's. They are also kept by the partner institution for further (re)use, if relevant. Also, the Donor keeps all documents elaborated by the Projects for the use of Slovak experts. Some results are also shared by presentations on relevant events.

## VII. Financial Summary<sup>1</sup>

**Table 1: Overview of available resources for the project duration**

Donor	Leftover from previous project phase (2017-2019)	Contribution (2020)	Available Resources (2020)	Contribution (2021)	Unprogrammed (Contribution to be received in 2022)	Total Project Resources (2020-2023)
MFSR	1,424,120.04	1,500,000.00	2,924,120.04	1,500,000.00	2,981,947.45	7,406,067.49

**Table 2: Overview of allocation and utilization per Output**

Output	Budget 2020 USD	Budget Utilization <sup>2</sup> USD (1 Dec 2020)
Output 1 - Public Finance for Development	809,271	456,929
Output 2 - Private Sector for Development Cooperation	723,974	523,434
Output 3 - Development Capacity Building	49,050	15,749
<b>Total</b>	<b>1,582,294</b>	<b>996,112</b>

1. Data contained in this report is an extract from UNDP financial records. All financial information provided above is provisional. Certified financial statements will be provided on ( 30 June of the following year).
2. Of the USD 996,112 presented above, USD 884,976 corresponds to eligible expenses (as per IPSAS terminology), and USD 111,136 corresponds to legal commitments in force between UNDP and third parties for the reporting period.

## Annex 1: Progress Review: detailed matrix of activities and results

Output 1	Indicators	Baseline	Annual Target	Progress
Public Finance for Development.  <b>Budget: USD 606,460</b> <b>Expenditure to date (1 Dec 2020): USD 278,863</b>	1.1 Number of country specific initiatives launched	7	8	14
	1.2 Number of policies / laws / recommendations / analyses related to public finance on national and/or local level developed for partners organizations	0	10	14
	1.3. % increase in knowledge and understanding of specific public finance issues by the public officials	0	< 50%	n/a
Planned activities	Results			
Activity 1.1 Needs assessments, planning, coordination, monitoring	5 projects, submitted by the UNDP Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia and Moldova aimed on support to public finance management were approved by the virtual PFD PB on 8 July 2020. Until the end of August all UNDP COs received their respective funding.			
Activity 1.2 Support to public finance management capacities development in partners countries	<p><b>Moldova:</b> By the end of 2020 (still one online workshop is planned for December) the Ministry of Agriculture will have its first spending review that serves as the new transparent and evidence-based instrument of policy making, which will lead to its institutionalization. It should support also the preparation of state budget for 2021, or 2022.</p> <p>The number of MF Moldova budget experts staff trained.</p> <p><b>Montenegro:</b></p> <p>Within the Reform of Public Finance Management and Reporting project component following results were achieved:</p> <p>Secondary legislation (2 bylaws) to the Law on Public Sector Accounting was completed;</p> <p>Rulebook on the Uniform Classification of Accounts for the Public Sector Entities (“Central Chart of Accounts Rulebook”) finalized;</p> <p>Rulebook on Accounting Methodology, Accounting Transactions and Procedures was finalized;</p> <p>Within Local Finance component, 5 Citizen Budget Guides will be completed by the end of this year:</p> <p>Citizen Budget Guide for the Capital City of Podgorica prepared, printed and distributed in 6000 copies,</p> <p>Four additional CBGs for two southern and two northern municipalities to be prepared by the end of 2020, printed and distributed in the total of 650 copies.</p>			
Activity 1.3 PFD Assessment	Not implemented			



Output 2	Indicators	Baseline	Annual Target	Progress
<b>Increased private sector engagement on development projects</b>  <b>Budget: USD 723,974</b>  <b>Expenditure to date (1 Dec 2020): USD 478,581</b>	2.1 Number of Slovak companies participating on IFIs and/or IGOs tenders (incl. those in consortia).	11	5	0
	2.2 Number of solutions developed through RMF funding	8	3	12
	2.3 Number of projects where Slovak expertise has been applied	4	2	1
<b>Planned activities</b>	<b>Results</b>			
2.1 Rozvojmajstri	The new Private Sector Specialist was contracted. His task is to lead the dialogue with private sector entities and support the UNDP COs with requested expertise. He also cooperates with RM in the RMF implementation.			
2.2 Resource Mobilization Facility	The call for ideas for 2021-2022 was sent to UNDP COs. The collected ideas will serve as the baseline for further projects preparation, negotiations and budget planning in early 2021.			
2.3 Private sector Assessment	No activities planned for 2020.			

Output 3	Indicators	Baseline	Annual target	Progress
<b>Strengthen capacities of development professionals</b>  <b>Budget: USD 49,050</b>  <b>Expenditure to date (1 Dec 2020): USD 15,749</b>	3.1 Number of relevant capacity building plans / and participation of MFSR staff on development events and trainings	6plans/12activities	9/13	<b>3/14</b>
	3.2 Number of presentations of MFSR and project staff at national, regional and global fora's	2	3	3
	3.3 Number of capacity building events responding to the capacity building needs identified together with Slovak national ODA stakeholders organized and/or supported by Project	1	1	10
<b>Planned activities</b>	<b>Results</b>			
<b>3.1 MFSR Capacity building</b>	<p>The experts 'capacities of the MFSR ODA professionals were strengthen through targeted CB events planned and captured in their strategic CB plans. The activity supports the building professional Slovak ODA specialists. The activity support:</p> <p>(i) training especially chosen for the concrete person based on their CB strategical plan;</p> <p>(ii) micro-trainings reflecting the needs of the broader spectrum of MFSR staff (tailored made for up to 10 participants);</p> <p>(iii) UNDP ODA Learning sessions.</p> <p>See the full overview in Annex IV for list of individuals CB events.</p>			

<p><b>3.2 Capacity building events</b></p>	<p><b>Technical skills</b> strengthen due to the Project supported <b>ODA Learning Series</b> webinars that enhanced the capacities of the activity target group, that are MFSR ODA professionals. Following webinars were supported directly through this Project:</p> <ul style="list-style-type: none"> <li>➤ Green Finance: 1/8/15 October (64/62/49 – TOTAL 175 connections, that represent min 175 participants)</li> <li>➤ Mainstreaming environment and climate change in ODA: 22/29 October (65/86 – TOTAL 133 connections)</li> <li>➤ Mainstreaming gender in ODA: 5/12 November (56/52 – TOTAL 107 connections)</li> </ul> <p><b>Soft skill</b> of MFSR professionals strengthen based on 3 <b>Micro-training</b> organized by the Project: MS Excel II. (September 2020, 7 participants), Training on Strategic Persuasion Skills (September 2020; 10 participants) and Facilitation Skills Training (October 2020, 6 participants).</p> <p>See Annex IV: for detailed information.</p>
<p><b>3.3 Project Assessment</b></p>	<p>Not implemented</p>

## Annex II: Updated Risk Log

#	Description	Date Identified	Type	Impact & Probability	Counter-measures / Mngt response	Owner	Last Update	Status
1	Political environment not receptive to project initiatives	1 January 2020	Political	Unexpected political developments in beneficiary countries may cause delays in implementation or even shifts of governments priorities  Likelihood = 3 Impact = 5 <b>Risk level: Substantial</b>	Monitor political developments and assess its impact on the project results	Project manager, UNDP COs, Project Board,	15 November 2020	Reducing  Risk was identified due to several elections in the region, but not proved in 2020
2	Lack of commitments (government and/ middle management at partner institutions) public finance reforms and to project initiatives	1 January 2020	Operational Political	Lack of ownership of the project initiatives may result in low effectiveness and impact of the project in beneficiary countries  Likelihood = 2 / Impact = 4 <b>Risk level: Moderate</b>	Involve beneficiaries into project activities designing, get beneficiaries official commitment of the project implementation plan	Project manager, UNDP COs	15 November 2020	No change
3	Duplication with other initiatives	1 January 2020	Strategic	Duplication of activities results in inefficient use of resources  Likelihood = 1 / Impact = 2 <b>Risk Level: Low</b>	Needs assessments, participation on donor coordination meetings, harmonization with other donors	Project manager, UNDP COs	15 November 2020	No change
4	Lack of experts with relevant expertise and/or capacities	1 January 2020	Operational	Number and availability of experts with required experience may not be sufficient  Likelihood: 2 / Impact: 4 <b>Risk Level: Moderate</b>	Existing networks engaging with Slovak companies will be fully used to mitigate this risk	Project manager, UNDP COs	15 November 2020	Increasing  Due to COVID pandemic and need of experts capacities on various projects, the implementation plans had to be prepared in regard to available capacities
5	Limited interest from Slovak private companies to participate in the project; limited outreach to companies in beneficiary countries	1 January 2020	Strategic	Lack of interest and expertise reduces participation of Slovak private sector in development cooperation  Likelihood: 2 / Impact: 3 <b>Risk level: Moderate</b>	Existing networks engaging with Slovak companies will be fully used to mitigate this risk	Project manager, UNDP COs	15 November 2020	No change

## Annex III: Annual Work Plan 2020-2023

OUTPUT	PLANNED ACTIVITIES	Planned Budget by Year					Responsible Party	Funding Source
		2020 (revised)	2021	2022	2023	Total		
Output 1 - Public Finance for Development	1.1 Needs assessments, planning, coordination, monitoring	2,000	39,960	50,000	50,000	141,960	IRH	MFSR
	1.2 Support to public finance management capacities development	270,000	23,615	50,000	200,000	543,615	IRH	MFSR
	1.2.1 Moldova - PFM support	30,000	285,656	34,344	120,000	470,000	MLD CO	MFSR
	1.2.2 Montenegro - PFM support	44,000	360,300	203,300	17,688	625,288	MNE CO	MFSR
	1.2.4 Serbia - PFM support	46,000	253,571	0	100,000	399,571	SRB CO	MFSR
	1.2.5 North Macedonia - PFM support	65,000	326,303	211,049	47,534	649,886	MKD CO	MFSR
	1.2.6 Bosna and Herzegovina - PFM support	10,000	361,435	228,565	80,000	680,000	BIH CO	MFSR
	1.3 PFD Assessment	0	0	20,000	0	20,000	IRH	MFSR
	<b>Sub -Total for PFD</b>						<b>3,530,320</b>	
Communication and Visibility	Communication consultant	13,000	20,000	20,000	20,000	73,000	IRH	MFSR
	Visibility, support web, translation, proofreading	11,840	18,000	18,000	18,000	65,840	IRH	MFSR
	<b>Sub -Total for Visibility</b>						<b>138,840</b>	
Project Management	Project Manager	60,000	90,000	90,000	90,000	330,000	IRH	MFSR
	Project Associates	20,000	55,000	55,000	55,000	185,000	IRH	MFSR
	Rozvojmajstri Coordinator	20,000	60,000	60,000	60,000	200,000	IRH	MFSR
	Travel	0	20,000	20,000	20,000	60,000	IRH	MFSR
	Operational expenses	20,420	44,600	30,000	88,307	183,327	IRH	MFSR
	<b>Sub -Total for Project Management</b>						<b>958,327</b>	
<b>Sub -Total for Output 1</b>						<b>4,627,487</b>		
Output 2 - Private Sector for Development Cooperation	2.1 Rozvojmajstri	18,360	63,180	60,000	60,000	201,540	IRH	MFSR
	2.2 Resource Mobilization Facility	550,800	700,000	700,000	380,000	2,330,800	IRH	MFSR
	2.3 Private sector Assessment	0	0	20,000	0	20,000	IRH	MFSR
	<b>Sub -Total for Output 2</b>						<b>2,552,340</b>	
Output 3 - Development Capacity Building	3.1 MFSR Capacity building	21,600	30,240	40,000	40,000	131,840	IRH	MFSR
	3.2 Capacity building events	2,000	10,800	30,000	30,000	72,800	IRH	MFSR
	3.3 Project Assessment	0	0	10,800	10,800	21,600	IRH	MFSR

	Sub -Total for Output 3					226,240		
<b>TOTAL</b>		1,205,020	2,762,660	1,951,058	1,487,329	7,406,067		

## NOTES:

The initial Project budget for 2020-2023 as per the Project Document was USD 5,981,947. The leftover from the previous project phase (2017-2019) reported in 2020 was USD 1,424,120. Thus, the **total available** funds for the project for the period 2020-2023 are **USD 7,406,067** (5,981,947 + 1,424,120).

In proposed AWP, the available funds were allocated mainly to core components, Output I and Output II. The Outputs budgets reflect (a) redistribution of leftover from the previous phase and budget savings (project management, communication, Output III) in 2020. All budget lines are based on realistic consideration of budget spending in regard to planned activities and expected pandemic restrictions. See the detailed explanation of the Outputs budgets modification:

### Output I:

**Budget line 1.1:** Represents the spending in 2020 (significant savings), expected spending for 2021 and the other years are left as per Project Document.

**Budget line 1.2:** Project Document defines only budget line 1.2. After the approval of UNDP COs' PFD projects submitted under this component, the subcategories were created to capture UNDP COs' project budgets (1.2.1 – 1.2.6<sup>3</sup>):

1.2. Could be understand as “general PFD expenses”. In 2020 it covers all the activities that were not implemented by the UNDP COs under the PFD approved projects (by the PB 3 July 2020). Mainly TA on spending reviews in Moldova, and all activities supported CEF. The next years are planned based on Project team needs assumption. In 2021 we do not expect higher expenses as we planned. 2022 was kept as in ProDoc and for 2023 we placed rest of the available funds from this component. These funds could be used for the support of potential new projects submitted by the COs or other initiatives that will/might occur. Or new partner country ....

In Project Document the budget line 1.2 includes the overall budget planned for PFD component which is in AWP concretely redistributed within the specific COs budgets (lines 1.2.1 - 1.2.6) and “general PFD expenses” (line 1.2.)

1.2.1 - 1.2.6 Budget lines reflecting the revised UNDP COs budgets (savings from 2020 caused by pandemic have been moved to 2021 budget to continue in implementation of the planned project activities later).

**Budget line 1.3:** Remains as per Project Document.

### Output II

**Budget line 2.1:** Reflecting the realistic spending and estimations for funds

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<sup>3</sup> Note: In this Budget the budget line 1.2.3 is not budgeted. The reason is that the PPF 2020-2023 is the extension of the PPF project 2017-2019. In the 2017-2019 Project phase this budget line was dedicated to PFD activities in Ukraine, country that is not currently, the partners country of the Project. However, UNDP financial system does not allow to delete the budget lines only keep the inactive.

**Budget line 2.2:** – 2020 represents the real spending for the projects closed in previous phase (some payments were realized in 2020) and those mentioned above that are still not finalized. For the next year the budget have been increased due to leftover and savings in 2020 and prediction for RMF project support). The division is based on Project management assumption for RMF project support.

**Budget line 2.3:** No change vis a vis Project Document.

### Output III

**Budget lines 3.1 and 3.2:** In 2020 lower spending was caused by pandemic and related travel restrictions. Budget planning for next years is based on Project team spending assumption

**Budget line 3.3:** No change vis a vis Project Document

## Annex IV: Capacity Building detailed list of events and participants

Capacity building events and trainings attended by the MFSR experts in 2020:

Event (Title)	Dates	Organized by
Tatiana Žilková, Development Cooperation, MFSR		
MACRO I – Macro for development, Brussels, Belgium	4 - 7 Feb	DG DEVCO
MS Excel II. (IT Training), Bratislava, Slovakia	3 Sept	UNDP
Training on Strategic Persuasion Skills	23 - 24 Sept	UNDP
Facilitation Skills Training	12 - 13 Oct	UNDP
Soňa Gabčová, Development Cooperation, MFSR		
MACRO I – Macro for development, Brussels, Belgium	4 - 7 Feb	DG DEVCO
DAC Working Party on Development Finance Statistics, Paris, France	23 - 26 Feb	OECD
Training on Strategic Persuasion Skills	23 - 24 Sept	UNDP
Facilitation Skills Training	12 - 13 Oct	UNDP
Marianna Macašková, Development Cooperation, MFSR		
Learn4dev Core Group meeting, Paris, France	22 - 23 Jan	Learn4dev
Domestic Revenue Mobilization course, Brussels, Belgium	12 - 14 Feb	DG DEVCO
MS Excel II. (IT Training), Bratislava, Slovakia	3 Sept	UNDP
Training on Strategic Persuasion Skills	23 - 24 Sept	UNDP
Facilitation Skills Training	12 - 13 Oct	UNDP

### Tailored-made micro-trainings prepared within the Capacity Building in 2020:

- MS Excel II. (3 September); Participants: Tatiana Žilková, Marianna Macašková, Iveta Lukáčová, Katarína Kováčová, Erika Madajová, Dominika Horňáková, Michal Cenker
- Training on Strategic Persuasion Skills (23 - 24 September); Participants: Tatiana Žilková, Marianna Macašková, Soňa Gabčová, Erika Madajová, Lenka Stopjaková, Nikola Hadžegová, Katarína Kováčová, Denisa Močková, Michelle Zavorská, Marcela Hanusová
- Facilitation Skills Training (12 -13 October); Participants: Tatiana Žilková, Marianna Macašková, Soňa Gabčová, Soňa Rusnáková, Marcela Hanusová, Veronika Basta