

**REVISED PROJECT DOCUMENT****[Regional Project]****Project Title:** PUBLIC AND PRIVATE FINANCE FOR DEVELOPMENT**Project Number:** 00100708**Implementing Partner:** UNDP Istanbul Regional Hub for Europe and the CIS**Start Date:** 1 January 2017**End Date:** 31 December 2023**PAC Meeting date:****Brief Description**

The project 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 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 and UNDP help put development effectiveness principles into practice, thus contributing to advancing the effectiveness of global development efforts to achieve the ambitious Sustainable Development Goals. Building on previous cooperation with UNDP's Regional Centre in Bratislava and existing joint initiatives with the Istanbul Regional Hub, the project will focus on: first – strengthening selected partner countries' capacities in public finance management ("Public Finance for Development Programme" since 2009), second – lowering barriers of entry for Slovak entrepreneurs and technical experts in the global development marketplace, third – capacity building for MFSR development professionals.

Contributing Outcome (RPD 2018-2021):

Outcome 2: *Addressing poverty and inequalities through more inclusive and sustainable development pathways*

Indicative Output(s):

- National public finance capacities in partner countries enhanced and strengthened through effective provision of the Slovak knowledge and experience (Public Finance for Development Programme)
- 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)
- Capacities of Ministry of Finance of the Slovak Republic officials enhanced in managing Slovakia's development cooperation (MFSR Capacity Building Programme)

Indicative Outputs with gender marker. GEN1

<b>Total resources:</b>	<b>USD 9,947,970</b>	
	(2017-2019: USD 3,966,023 2020-2023: USD 5,981,947)	
<b>Total resources allocated:</b>	<b>UNDP TRAC:</b>	-
	<b>Donor: MFSR</b>	<b>USD 9,947,970</b>
	<b>Donor:</b>	-
	<b>Government:</b>	-
<b>Unfunded:</b>	-	

Agreed by (signatures):

**UNDP**

**Print Name: Agi Veres****Date:** 05-Feb-2020

## 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 years.**

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

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 reflected in Medium-Term Strategies, improving the aid delivery (Country Strategy Papers for programme countries) and introducing new development and financing modalities, such as tenders for service delivery and concessional export credits scheme. In 2018, the Slovak ODA system underwent a full-fledged OECD DAC peer-review, which resulted in a series of recommendations for its improvement. Current Slovak Medium-Term ODA Strategy for 2019-2023 reflects these recommendations and further developments and trends in ODA.

In general, The Review of the Development Co-Operation Policies and Programmes of the Slovak Republic (Peer Review) stated that *“The Slovak Republic is an engaged member of the international community. Its willingness to be involved in global fora has given the Slovak Republic international visibility and recognition. This nonetheless comes with opportunity costs in a context of limited financial and human resources.* Despite all positive developments, the system calls for further improvements in political engagement, clear strategic orientation, higher aid volume, impact-driven allocations, more effective management and organization of Slovak ODA are needed, particularly given the country’s relatively limited development cooperation funds. 2018 Peer Review findings indicate that the Slovak Republic should continue in building on its achievements to date and further strengthen its development cooperation policy, among others by:

- Allocating its ODA resources through fewer and more strategic partnerships, including with the private sector, building up on the country’s comparative advantages as a donor;
- Continuing to invest resources in a well-trained body of development practitioners, including strengthening internal capacities to engage with fragile states;
- The Slovak Republic should identify countries for prioritising a bilateral relationship and develop country strategies to deliver a set of measurable, time-bound results based on partner country priorities;
- The Slovak Republic should develop modalities for providing partners with predictable finance as part of longer-term and strategic partnership arrangements, including for humanitarian work;
- The Slovak Republic should introduce results-based management to ensure all strategies and interventions pursue a set of stated development results.

The recommendations of the OECD DAC for Slovak ODA system should generally be considered in the course of the project implementation and taken as a quality guidance.

Considering that Slovakia as a small economy has limited ODA budget, little experience in development finance strategical management and is reluctant 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 still remains a challenge.

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

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

- Sharing knowledge and experience from economic transition and good governance, specifically in public finance management;
- Engaging the private sector in development;
- Leveraging finance for development;
- Bringing innovation into development.

### Ministry of Finance of Slovak Republic – UNDP cooperation

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 MFSR 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), MFSR and UNDP.

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 MFSR development professionals, the MFSR and the UNDP continued to work together in the aforementioned areas in 2017 – 2019. That cooperation was framed by the *Public and Private Finance for Development* project, signed in 2016 for the MFSR contribution 3,7 mil. USD. During this period project went through significant changes and developments. Public Finance for Development component was re-positioned and new implementation modality, that fostered direct and larger engagement of UNDP Country Offices, was introduced. The closer cooperation with UNDP Country Offices resulted in more rigorous covering of all government levels, so the self-governing units or municipalities started to get the same level of attention as the finance and/or line ministries.

MFSR and UNDP are willing to continue in this vein until 2023. All interventions within the scope of the Project are in line with Country Programme Documents of beneficiary countries. Thus, the interventions implemented through this project better complement broader UNDP interventions already in place.

### 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 building the capacities 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 broadened for Serbia and Ukraine.

During the PFD implementation in 2017-2019 the geographical portfolio slightly changed. Due to political situation and project implementation problems (insufficient absorption capacity and lack of proven demand) Ukraine was excluded from the partner countries list. However, thanks to PFD re-positioning, new partner countries could be added on the list of the project partner countries in 2019. North Macedonia became one of the partners' and the portfolio of interventions in Montenegro and Serbia significantly broadened.

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. Later Slovakia has been facing new challenges in fiscal policy and PFM either related to the EU and/or Eurozone membership or fiscal consolidation. Essentially, improvements are being made in several PFM components to strengthen efficiency, transparency and effectiveness of public finance management. **Therefore, the PFD Programme is gradually sharing not only knowledge accumulated during the PFM reform, but also post-PFM reform experience.**

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<sup>1</sup> Approved by the Project Board in March 2019.

## PFD Programme Lessons Learnt

The analysis of lessons learnt based on PFD Programme implementation<sup>2</sup> and results achieved showed:

- Significant capacity gaps exist in PFM systems, as transition countries focus on PFM as a key element in framework of good governance and accountability;
- 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 is challenging for countries with underdeveloped systems and capacities;
- Key demands for international experience are mainly: revenue forecasting, medium-term expenditure framework, fiscal decentralization, results-based budgeting, internal and external audit, public debt and cash management, public accrual accounting and reporting, eventually other. Reform design along with proper reform sequencing, respecting local political and economic realities 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 needs and is defined jointly with beneficiaries. This approach ensures that the PFD Programme interventions target relevant and partners' priorities;
- Demand driven approach, relevance and high quality of the assistance, alignment with countries strategies, long-term assistance supported by local ownership and commitment to reforms proved to be the basis to sustainable capacity development;
- The new PFD implementation modality that shifted the planning and implementation of the activities to the UNDP Country Offices proved to be more effective, with much higher potential for strategical development. Identification of the capacity gaps on the ground and close monitoring of political commitment in the partner countries prevented from the lost project opportunities and weak relevance of interventions;
- Opening towards more international consultants involved in the technical assistance brought higher flexibility and better fulfilment of the partners requirements;
- Combined management of the PFD and private sector components of the Project showed the potential for higher impact of the overall Project and Donor in respective country.

## PFD Programme Challenges

The positive results achieved in partners' countries 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 future implementation, 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;
- Expand the scope of beneficiaries/partners to reflect the needs on the ground (move significantly to local level interventions);
- Employ wider range of experts: Slovak expertise should remain as the leading source of knowledge. However, the Project should not be limited only to provision of Slovak expertise, but Slovak expertise should be wisely complemented by international expertise;
- Flexibility: the project should remain flexible in identifying and responding to partners' needs and demands – based on ongoing monitoring and evaluation of the actual situation and needs of partners, the modification of the interventions should be flexibly reflected to the intervention;

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

- Territorially, the Project will focus on the countries selected in the first phase (Montenegro, Bosnia and Herzegovina, Serbia, North Macedonia and Moldova), however the Project management will also consider opportunities<sup>3</sup> for new territories to strengthen the results;
- Concentrate on synergies between Project components and other UNDP and Slovak initiatives on ground.

## 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, 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.

**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 early stage. Even more constrained is the capacity and/or interest of the private sector in terms of becoming the inherent stakeholder in development cooperation.

Cooperation with IFIs and IGOs is one of the streams of private sector engagement in development countries. Although Slovakia contributes to these institutions (e.g. EDF, EIB, EBRD, IIB, and others) either compulsorily based on its membership 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, initially the Slovakia Business for Development Cooperation Programme was initiated in 2014 by the MFSR with the objective to increase the involvement of Slovak companies in IFIs and IGOs tenders. This goal was targeted through awareness-raising and capacity building of Slovak companies and IFIs and IGOs consultants provided by **Rozvojmajstri** selected in UNDP open procurement process in 2015. In 2017 a new tool, Resource Mobilization Facility (RMF) was introduced. The RMF is designed to support the UNDP country offices in preparation of investment projects with a clear developmental component.

### Private Sector in Development Cooperation Programme Lessons Learnt

More than five years 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 approach, continuously building the trust among companies and consultants, is essential for reaching the Rozvojmajstri goals. The success of direct peer to peer consultations were proved by the number of companies that used the Rozvojmajstri services (between 2015 and mid-2019: 48 companies) and those that participated on tenders (29) and out of them those that won some IFI tender (9).

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 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. Even though within the period 2017-2019 the project planned to put more emphasis on suppliers, this was not reached. The tenders/procurements within this period were rather for consultancies than suppliers. Suppliers even did not express pro-active interest in using Rozvojmajstri expertise and services. However, in this stage through

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<sup>3</sup> Proposals for new actions and partners will be considered by the Project Board, while these decisive factors will be applied – potential for long-term assistance, comparative advantage of Slovak expertise in the requested field, Slovak Medium-Term ODA Strategy priorities, level of relations between Slovakia and the country, opportunity for synergies with other projects, visibility and SDGs impact.

Resource Mobilization Facility (RMF) the preconditions for future involvement of suppliers were set. RMF supported number of feasibility studies essential for future investments.

Piloting the **Resource Mobilization Facility** showed high potential. There is a significant interest and demand on a side of UNDP country offices. The number of supported projects (in 2018-2019: 11) helped bring also Slovak expertise to partner countries and open the space for further presence in the region.

### **Private Sector in Development Cooperation Programme Challenges**

While the goal of the Rozvojmajstri was partially addressed, significant capacity and institutional gaps remain. PSDC Programme is understood as a broader action supporting the wider spectrum of involvement of private sector and scaling-up previous support. In terms of challenges, the following is foreseen:

- To broaden the spectrum of approached companies and organizations (potential clients), a new set-up of Rozvojmajstri implementation should be considered. While Rozvojmajstri focused on certain type of businesses, mainly on large investment projects (energy efficiency, water and sanitation, smart cities, etc.), in the future it should be open also to smaller or medium- sized innovative solutions as well as potential civil society expertise. This might require building a specific network and expertise residing in multiple providers of consultancy services;
- It is also key to concentrate and retain more of the Rozvojmajstri know-how and network under “public sector roof”, meaning both UNDP and MFSR, which should also be reflected through a corresponding implementation set-up;
- Improving and widening the support to private sector via RMF and other potential funding schemes and implementation modalities;
- Concentrate on synergies between project components and other UNDP and Slovak initiatives, including assistance in developing the business cases (where possible) eligible for financial instruments of the IFIs.

### **Development Cooperation Capacity Building of the Ministry of Finance (DEV CB) and its 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 remains not only in MFSR’s aspirations to progress with its own ODA objectives, but it is also connected to Slovakia’s commitments towards international donors’ community. At the same time the Project supports the broader capacity and relations building, primarily between Slovak ODA stakeholders and UNDP emerging donors.

#### **Specific capacity gaps identified through consultation with MFSR include:**

- Technical aspects of sectoral policies covered by MFSR: capacity building in public finance management, strategic management of development finance, climate finance, domestic resource mobilization,
- Issues related to MFSR 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),

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## **I. STRATEGY**

UNDP and MFSR joint initiative is an example of an inclusive partnership, which leverages their knowledge and technical expertise. Both partners realize that public finance management 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 public finance management and to mobilize the private financial resources for development through submitted **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 – Ministry of Finance of Slovak Republic 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,
- MFSR'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 MFSR in fulfilling the following **outputs**:

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|-----------------|--|
| <b>Output 1</b> | <b>National public finance capacities in partner countries enhanced and strengthened through effective provision of the Slovak knowledge and experience (Public Finance for Development Programme)</b>                                     |
| <b>Output 2</b> | <b>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)</b> |
| <b>Output 3</b> | <b>Capacities of Ministry of Finance of the Slovak Republic officials enhanced in managing Slovakia's development cooperation (DEV CB)</b>   |

The Project contributes to the Outcome 4 "Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with UNDP engagement principles" of the UNDP Regional Programme 2018-2021. 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**

### **Public Finance for Development 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.

### **Public Finance for Development Scope**

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

- Geographically, PFD will be implemented in number of countries, specifically Montenegro, Serbia, North Macedonia and Moldova. Potentially other Western Balkan, Eastern Partnership and/or Central Asian countries will be assessed during the project for PFD implementation. The scope of beneficiaries will enlarge also to regional and local level institutions.
- To secure project efficiency and effectiveness, the new upcoming project opportunities or requests from the region, be those related to new PFM and tax topics technical assistance delivery, and/or selection of new partner countries, will be accommodated within the project only after Project Board approval.

Thematically, the PFD focuses on assistance where needs for external assistance are identified jointly with the partner countries / beneficiaries, are aligned with national strategies and priorities and can be supported with relevant Slovak expertise. Technical assistance provided by the PFD primarily builds on MFSR *existing expertise* in public finance management, particularly in: budgetary issues, accounting and financial reporting, macroeconomic analyses and fiscal forecasting, debt and liquidity management, tax system and tax administration, development financing and fintech.

### **Public Finance for Development Target Groups**

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

### **Public Finance for Development 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, on-the job, e-learning), 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.

### **Public Finance for Development 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.

### **Public Finance for Development Partnership Principles**

- Strengthening the MFSR 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 2019 – 2023 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 MFSR efforts to manage its official development assistance more effectively<sup>4</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/MFSR.

## **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**

### **Private Sector in Development Cooperation Goal**

The ultimate goal of this output is the mobilization of 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>5</sup> With this new phase, MFSR seeks to 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.

### **Private Sector in Development Cooperation Scope**

The PSDC Programme will focus on the following main components:

- **Rozvojmajstri** will continue the activities targeting the Slovak private sector community to ensure higher participation on global development marketplace.
- **Resource Mobilisation Facility** designed to support the UNDP country offices in preparation of the investment projects with regard to the sectors, where Slovak existing expertise is recognized. Geographically the Resource Mobilisation Facility will focus on Western Balkan and potentially Easter Partnership regions. The geographical coverage should preferably be in line with other Project (PFM) activities.

### **Private Sector in Development Cooperation Target Groups**

PSDC Programme **main target group** are Slovak private sector entities. 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. Secondary target groups are UNDP Country Offices.

### **Private Sector in Development Cooperation Activities**

The PSDC Programme activities may be divided between those mobilizing Slovak private sector (Rozvojmajstri) and those supporting the project.

Among **Rozvojmajstri**, 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).

Activities to support **Resource Mobilisation Facility** will be implemented by UNDP Country Offices following consultations with the Project Manager in terms of identifying opportunities and initiatives. Following the initial agreement between the Project Manager and the CO, the CO will be responsible for the procurement, implementation

<sup>4</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 programs aligned to partner country strategies.

<sup>5</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.

and monitoring of the specific tasks while the project Manager will be fully engaged and will ensure continuous dialogue between the main stakeholders (UNDP COs, Donor, Slovak Embassies, Slovak private sector community).

### **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 MFSR officials and UNDP emerging partners in managing 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 MFSR'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. The learning of PFM experts shall be focused on strengthening their soft skills to increase their performance in development cooperation delivery through this project.

#### **DEV CB target group**

Primarily target group of capacity building are MFSR 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). These activities are implemented based on yearly capacity building plans, approved by the Project Board.
- Support the organization of and participation in broader regional **events** and workshops, such as those launched by UNDP Istanbul Regional Hub 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.
- **Projects Assessment** – support to the Slovak Ministry of Finance in their role as an evaluator of the projects submitted within the Slovak Concessional Export Credit scheme. MFRS is required to assess the potential development (social and economic) impact of the projects, their relevance for the needs and priorities in the context of beneficiary country, or potential intervention duplicity. UNDP as the partner will support MFSR with their knowledge and expertise on the ground<sup>6</sup>.

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<sup>6</sup> The list of eligible countries is set by the OECD.

## II. 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

#### Expected Results

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

The general result will be fulfilled through 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.

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

Activity 1.2.1: Support to public finance management capacities development in Montenegro;

Activity 1.2.2: Support to public finance management capacities development in Serbia;

Activity 1.2.3: Support to public finance management capacities development in North Macedonia;

Activity 1.2.4: Support to public finance management capacities development in additional countries of interest (depends on Project Board approval)

Activities target government institutions, primarily finance ministries and self-governing units in partner countries to strengthen institutional and human capacities in public finance management. 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 and e-learning courses, 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.

Expected scope of activities in beneficiary countries is outlined in Annex 1<sup>7</sup>. The concrete intervention will be the subject of the UNDP COs project proposals, that will be prior to the implementation approved by the PPF Project Board.

### **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 public finance management, including recommendations for transition countries. Reports will be accessible to professionals in other countries and wider public;
- The quality assurance function<sup>8</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 and contribution to global PFM assessments to support knowledge sharing with Slovakia and between the countries;
- PFD Programme promotion and visibility, including the update of the PFD Programme website and social media;
- PFD results and performance assessments;
- 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. A primary source of expertise will be the public finance management experts' **roster**. Extending the PFD Programme by other countries and topics requires systematic engagement of MFSR and external Slovak and international experts. 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/the roster will be re-open for its update.

### **Partnerships**

The PFD Programme is complementary to Centre of Excellence in Finance activities and PEFA programme and regional PFM knowledge platforms and learning platforms as PEMPAL (Public Expenditure Management Peer Assisted Learning). One of the PFD elements is gradual engagement of beneficiaries in peer learning. Thus, PFD will continue to support participation of its beneficiaries at PEMPAL, CEF, PEFA and similar events and activities to broaden their PFM knowledge.

PPFD project team also intensively cooperates with other partners including beneficiary governments, Slovak Embassies, especially the Ambassadors and Development Diplomats, EU delegations in respective countries and other donors as appropriate.

Partnership between UNDP, MFSR, CEF and PEFA in the framework of the PFD Programme will continue with the aim to:

- Achieve broader impact of UNDP and MFSR 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.

<sup>7</sup> This part is based on preliminary discussions with beneficiaries but implementation plans will be drafted and costed when more details are available.

<sup>8</sup> In PFD Programme established in 2011.

## **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.

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

Specifically, this Activity result will help ensure that:

- UNDP and its partner countries will benefit from increasingly capable Slovak experts and suppliers;
- Slovakia gains 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 SMEs, outreach and dissemination.

As of 2020 Rozvojmajstri implementation modality will be changed. In previous phases, Rozvojmajstri were implemented by external entity (procured) and oversighted by the PPF project manager(s). Since new phase, Rozvojmajstri will be implemented *inhouse*, by Project team with the support of external consultants aimed on specific tasks, e.g. developing the portfolio with start-ups and/or innovators, technical expert to review the technical details of the ToRs, etc. Long-term vision of Rozvojmajstri is to bring it over to a Slovak entity (Slovak Agency for International Development Cooperation, Export-Import Bank of the Slovak Republic, or other relevant entity).

#### ***Activity result 2.2: Slovak private sector expertise involved in development projects in priority countries (Resource Mobilization Facility)***

Resource Mobilisation Facility will target priorities and countries formally agreed by MFSR 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;
- Implementation of the projects (managing the procurements, relations building, coordination, communication, etc.);
- Provide necessary funds and expertise to the implementation of selected projects;
- Facilitating possible partnerships with the aim to leverage financing from private sector, IFIs, as well as other institutions or agencies, as and when feasible.

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

The PPF Project manager will be responsible for Output II overall implementation: Resource Mobilization Facility implementation, cooperation with the UNDP Country Offices, oversight of Rozvojmajstri, and communication with relevant stakeholders; UNDP COs will delegate the project managers responsible for projects identification and implementation in their respective country. The Rozvojmajstri Coordinator will be supported by external experts on specific areas, e.g. technical experts for ToRs checks, specific analyses, experts on various sectors (e.g. IT, innovations), etc.;

### **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 **UNDP COs**, 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 MFSR development cooperation professionals***

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

- Preparation of yearly individual capacity building plans by the MFSR relevant staff. The capacity building plans are the subject of Project Board approval;
- 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 MFSR staff will not be acting as official representatives of Slovakia.
- Active participation (lecturing, presentation, etc.) of MFSR staff on various events as conferences, trainings, workshops, etc.

#### ***Activity Result 3.2: New capacity building modalities implemented***

Project will support the implementation of several capacity building events organized either by UNDP Istanbul Regional Hub or MFSR. The aim is to present a new challenge in development, either content-based or process-based. The target group will be primarily UNDP Partnership Team, MFSR staff and partners. Under this activity 4 events will be organized, one event per year.

#### ***Activity result 3.3: On-demand, ad hoc support to review of Projects considered for the Slovak Concessional Export Credit scheme assessed, assessment grid, verbal assessment, recommendations and suggestions provided***

Following activities will be implemented to ensure the result: facilitating access to relevant UNDP Country Offices' expertise, donor coordination network and knowledge to assess the potential development and socio-economic impact of the projects submitted for review by the MF SR.

### **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 Project and during its implementation were continuously monitored, updated and mitigated. They also served as valuable source of lessons learned and contributed to Project improvements. Complexity of the Project, number of stakeholders, and availability of relevant expertise and high impact of political environment remain to be the main challenges.

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 MFSR, UNDP and, most importantly, the beneficiary countries.

For capacity building measures targeting MFSR, **retention of knowledge and expertise** remains an important risk, as MFSR 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 the joined efforts of UNDP and MFSR in **donor coordination**. In the next implementation period, donors' coordination will require furthest attention, especially in Ukraine and Serbia. Access of MFSR to information related to long-term programming of development assistance and information sharing from donor coordination meetings or working committees of the EU

members 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 from previous programme implementation phase is presented in Annex 4.

## Stakeholder Engagement

Output 1:

- Finance ministries and self-governing units 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 Country Offices in partner countries are the main project partners, responsible for specific project activities. To ensure full ownership of in-country activities, the Country Offices will be fully engaged in the work-planning and project implementation.

Output 2: The activities included under **Private Sector Engagement** component will be implemented in close cooperation with UNDP country offices that are responsible for identification of the opportunities for the Resource Mobilization Facility and their implementation through the RMF.

Output 3: Main stakeholders of the Capacity Building component are:

- MFSR development officials who are also the target group of the activities;
- UNDP Partnerships Team and other UNDP partners in capacity building;
- Other Slovak entities (e.g. other line ministries conducting development cooperation activities, media, NGOs)

## 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 publicly available online. PFD 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 MFSR staff, through systematic peer-to-peer sharing within the MFSR and beyond.

## Sustainability and Scaling Up

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.
- MFSR 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.

Based on project developments it is clear that the partnership between the MFSR and UNDP is long-term and already proved its sustainability and potential for scaling-up of the programme activities. While the Public Finance for Development evaluation recommended initiating discussions on an exit strategy and taking into consideration that the PFD beneficiary countries are gradually reaching their main goals in reforming the public finance management, the project team will consider the need for developing such an exit strategy in the horizon of 5-10 years. At the same time, the nature of the project is to foster partnership for effective development cooperation, therefore in the upcoming period should identify new regions with need for support for public finance reform. These regions should be in line with Slovak ODA Strategy, the availability of Slovak experience, and beneficiary needs. In a sense of sustainability of assistance provided to the beneficiary institutions, the institutions themselves should be able to further build on knowledge gained throughout the project.

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.

Output 3: The sustainability of results of capacity building activities will depend on the effectiveness of internal knowledge management within MFSR and other beneficiaries from the Project.

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## III. PROJECT MANAGEMENT

### Cost Efficiency and Effectiveness

The project design follows the cost efficiency principles, ensuring the 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. The Project will also benefit from natural synergies of co-planning the activities across different components/outputs as well as joint planning with partner countries. Similarly, project management will make efforts to coordinate the project activities with the projects of other donors.

### Project Management

The project will be implemented by the UNDP IRH 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>9</sup>, with relevant excerpts from it to be found in the Annex 6 to this Project Document. UNDP IRH will act as the project implementing partner (agency). The implementation follows the principles of the Paris Declaration on

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<sup>9</sup> <https://info.undp.org/global/popp/Pages/default.aspx>



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 designated person . The Project Board will be comprised of representatives of MFSR and UNDP. The Project Board will meet 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 once 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.

***Project Manager***

The overall project management will be provided by a **Project Manager** (full-time/SB5), responsible for the project results delivery. The main role of the Project Manager will be related to project strategic development, project management (day-to-day project management, advisory guidance, decision-making and oversight over the quality of the project cycle management), building and managing the relations with various stakeholders, including partners in beneficiary countries (UNDP Country Offices, Slovak Embassies, other Donors and governmental and administration representatives, etc.). Project Manager will be involved into the Donors coordination in respected country. Project Manager also builds the experts databases and relations with technical experts, sets the conditions upon which technical advisers can be hired. The Project Manager will report to the New Partnerships and Emerging Donors Team Leader, UNDP Istanbul Regional Hub. Project Manager will be supported by Public Finance Management advisor(s) on specific topics, that will provide the technical inputs to building the interventions and strategic development. It is expected that the Project manager will cover up to 10 initiatives in up to 4-5 countries within Public Finance for Development per year; up to 8 projects within Resource Mobilization Facility per year and cover the implementation up to 10 capacity building plans and capacity building events per year.

***Rozvojmajstri coordinator***

Rozvojmajstri coordinator will ensure the Rozvojmajstri daily implementation, with special focus on market analysis, building Rozvojmajstri portfolio (private sector entities, CSOs, academia), building the relations with portfolio members. The coordinator will also support the project manager and ensure the identification of required Rozvojmajstri external consultants and managing their work. The coordinator will also communicate with UNDP Country Offices.

***Project Associates***

The Project will be supported by 2 Project Associates:

- (i) Project Associates (full time/SB3) based in Bratislava, Slovakia will provide financial and administrative support, including HR management, support to implementation of selected tasks and project activities, will be responsible for substantive monitoring in addition to the support provided by UNDP administration and management support unit as required. He or she will be also responsible for the implementation of Capacity Building component of the Project and will provide the full support to the capacity building beneficiaries.
- (ii) Project Associates (part time/SB3) based in UNDP Istanbul Regional Hub will provide financial and administrative support, ensure all tasks and communication with the UNDP staff based in UNDP Istanbul Regional Hub, will support team with research and Project strategic development.

**Project assurance** will be provided by the RBM Specialist in UNDP IRH

Specific project activities may be conducted by **external contractors** such as independent experts, CSOs and private sector entities, following the UNDP's contracting rules and regulations.



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#### IV. RESULTS FRAMEWORK

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>10</sup>	DATA SOURCE	BASELINE		DATA COLLECTION METHODS & RISKS					
			Value	Year	Year 2020	Year 2021	Year 2022	Year 2023	FINAL	
<b>Output 1</b> Enhanced public finance management practices in partner countries	1.1 Number of country specific initiatives launched	Submitted project documents	7	2019	8	1	1	1	18	Projects implementation monitoring  Risk: Delays caused by the beneficiary organizations
	1.2 Number of policies / laws / recommendations / analyses related to public finance on national and/or local level developed for partners organizations	Submitted documents	0	2019	10	10	8	5	33	Events documentation (agendas, lists of participants), reports, participants feedback.  Risk: Delays caused by other projects components development, delays caused by beneficiary organizations and absorption capacities.

<sup>10</sup> It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

	1.3. % increase in knowledge and understanding of specific public finance issues by the public officials	Capacity building assessments	0	2019	< 50%	< 50%	< 50%	< 50%	51%	Contracts closed, reports, project implementation monitoring; feedback from beneficiary institutions captured in Performance Evaluation Forms.  Risk: Delays caused by beneficiary organization, insufficient actual absorption capacities, political influences.
<b>Output 2</b>  Increased private sector engagement on development projects	2.1 Number of Slovak companies participating on IFIs and/or IGOs tenders (incl. those in consortia).	Companies engaged, Rozvojmajstri report	11	2018	5	5	2	2	25	Project implementation monitoring.  Risks: limited interest from Slovak private companies; limited outreach to companies in beneficiary countries
	2.2 Number of solutions developed through RMF funding	RMF monitoring	8	2019	3	4	4	2	19	Project implementation monitoring.  Risk: limited submitted projects by UNDP COs applicable for RMF support
	2.3 Number of projects where Slovak expertise has been applied	Project monitoring	4	2019	2	3	3	1	13	Project implementation monitoring.  Risks: limited interest from Slovak private companies; limited outreach to companies in beneficiary countries

<b>Output 3</b> Strengthen capacities of development professionals	3.1 Number of relevant capacity building plans / and participation of MFSR staff on development events and trainings	Reports, capacity building plans, self-assessment documents	6/ 12	2018	3 / 9	3 / 9	3 / 9	3 / 9	18/48	Reports, capacity building plans implementation monitoring  Risks: high workload of MF SR officials may limit effects of learning activities
	3.2 Number of presentations of MFSR and project staff at national, regional and global fora's	documented presentations	2	2018	3	3	3	3	14	Collection of presentation.  Risk: Not relevant fora, where MFSR expertise will be requested, high workload of MF SR officials
	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	events documentation, incl. agendas, and lists of participants	1	2019	1	1	1	1	5	Events agendas lists of participants.  Risk: n/a



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## 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.	Quarterly	Slower than expected progress will be addressed by project management.	UNDP CO	n/a
<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.	UNDP CO	n/a
<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.	UNDP CO	n/a
<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.		n/a
<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.	UNDP CO, Ministry of Finance of the Slovak Republic	n/a
<b>Project Report</b>	A progress report (including Financial report) will be presented to the Project Board and key stakeholders,	Annually, and at the end of the project (final	Annual reporting will be supplemented during the year by mini-reports – a short	UNDP CO	n/a

	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.	report)	summary in 'bullet points' format of PFD programme activities in beneficiary countries submitted to MFSR 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.	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.	Ministry of Finance of the Slovak Republic	travel costs for Project Board members

### Evaluation Plan

<b>Evaluation Title</b>	<b>Partners (if joint)</b>	<b>Related Strategic Plan Output</b>	<b>UNDAF/CPD Outcome</b>	<b>Planned Completion Date</b>	<b>Key Evaluation Stakeholders</b>	<b>Cost and Source of Funding</b>
Mid-term evaluation				31 July 2018	Donor, Programme beneficiaries	project budget
Final Evaluation				30 October 2023	UNDP IRH, UNDP COs, beneficiaries, MFSR	Costs: up to 30,000 USD for contracting the evaluator; Source: Project budget

## VI. MULTI-YEAR WORK PLAN

OUTPUTS	ACTIVITIES	Budget by Year (USD)				RESPONSIBLE PARTY	BUDGET		
		2017*	2018	2019	Total		Funding Source	Budget Description	Amount, USD
<b>Output 1</b> <b>Public Finance for Development</b>	1.1 Needs assessment, M&E, coordination	14,519	26,267	39,000	79,786	IRH	MFSR	71200-Int consultants	35,300
							MFSR	71600-Travel	44,486
	1.2.1 Budgeting in <b>Moldova</b> (building the capacities)	106,409	63,618	40,000	210,027	IRH	MFSR	71200-Int consultants	201,800
							MFSR	71600-Travel	8,227
	1.2.2 Public finance management in <b>Montenegro</b> (building the capacities, technical assistance)	6,970	78,910	12,000	97,880	IRH	MFSR	71600-Travel	43,000
							MFSR	71200-Int consultants	54,880
	1.2.2.1 CO MNE Project Management	0	12,985	43,706	56,691	UNDP CO Montenegro	MFSR	72100-Con.services	56,691
	1.2.2.2 CO MNE Strengthened capacities/empowered line ministries to programme and implement IPA II	0	22,787	241,144	263,931	UNDP CO Montenegro	MFSR	72100-Con.services	263,931
	1.2.3 PFM reform in <b>Ukraine</b> (MTEF, PFMR program support)	1,178	0	0	1,178	IRH	MFSR	71200-Int consultants	0
							MFSR	71600-Travel	1,178
	1.2.4 Public finance management on national and local level in <b>Serbia</b> (building the capacities, technical assistance)	11,419	11,039	20,000	42,458	IRH	MFSR	71200-Int consultants	92,000
							MFSR	71600-Travel	-49,542
	1.2.4.1 CO SRB Backstopping & Management	0	7,858	37,000	44,858	UNDP CO Serbia	MFSR	71400-Contr services	44,858
	1.2.4.1.1 CO SRB Universal model of the optimal organization and selection criteria	0		0	0	UNDP CO Serbia	MFSR	71300-Nat consultants	0
	1.2.4.1.2 CO SRB Functional Reviews of the LSGs	0	30,579	18,500	49,079	UNDP CO Serbia	MFSR	71300-Nat consultants	49,079
1.2.4.1.3 CO SRB Customization of models and dev. of internal documents and procedures	0		27,500	27,500	UNDP CO Serbia	MFSR	71300-Nat consultants	27,500	
1.2.4.1.4 CO SRB Training on new SOPs	0	0	0	0	UNDP CO Serbia	MFSR	71300-Nat consultants	0	
1.2.4.1.5 CO SRB Exposure to best practices	0		26,000	26,000	UNDP CO	MFSR	71200-Int consultants	26,000	

					Serbia			
1.2.4.2 Backstopping & Management CO SRB	0	0	81,750	81,750	UNDP CO Serbia	MFSR	71400-Contr services	81,750
1.2.4.2.1 CO SRB Preparation of Medium Term Econ. Dev. Programs based on the Econ. Dev. Assessment	0		95,500	95,500	UNDP CO Serbia	MFSR	71300-Nat consultants	95,500
1.2.4.2.2 CO SRB Training of staff on PCM and the applicable EU rules according to PRAG	0	0	39,250	39,250	UNDP CO Serbia	MFSR	71300-Nat consultants	39,250
1.2.4.2.3 CO SRB Funding Scheme	0		0	0	UNDP CO Serbia	MFSR	71300-Nat consultants	0
1.2.4.2.4 Exposure to best practices CO SRB	0	0	31,500	31,500	UNDP CO Serbia	MFSR	71200-Int consultants	31,500
1.2.5. Public finance management in <b>North Macedonia</b>	0		15,000	15,000	IRH	MFSR	71600-Travel	15,000
1.2.5.1 CO North Macedonia: Transfer pricing	0	0	65,892	65,892	UNDP CO North Macedonia	MFSR	71200-Int consultants	66,340
1.2.5.2 CO North Macedonia: Exchange of Information for Tax Purpose	0		30,787	30,787	UNDP CO North Macedonia	MFSR	71200-Int consultants	30,907
1.2.5.3 CO North Macedonia: Property taxes administration	0	0	64,416	64,416	UNDP CO North Macedonia	MFSR	71200-Int consultants	66,428
1.2.5.4 CO North Macedonia: Staff and office costs	0		24,090	24,090	UNDP CO North Macedonia	MFSR	71200-Int consultants	21,510
1.3 Knowledge sharing, promotion & visibility	1,314	33,298	49,000	83,612	IRH	MFSR	71300-Loc consult.	69,800
						MFSR	74200-Transl., Audio	13,812
<b>Operational expense</b>	116,604	87,221	40,000	243,825				
ISS charges						MFSR	64300-ISS	14,900
Programme staff						MFSR	71300-Loc consult.	41,500
COs, IT support						MFSR	71400-Pers. costs	143,200
Travel and trainings						MFSR	71600-Travel	9,760
Rental and maintenance						MFSR	73100-Utilities	19,560
Communication cost						MFSR	72400-Office	14,905
<b>Total operational expense</b>								



		<b>Sub-Total for Output 1 without GMS</b>						<b>1,675,010</b>
<b>General Management Support</b>		20,557	29,965	83,363	133,885			
		<b>Sub-Total for Output 1 with GMS</b>						<b>1,808,895</b>
<b>Output 2</b>  <b>Private Sector in Development Cooperation</b>	2.1 PSLO	84,140	126,090	90,200	300,430	IRH	MFSR	
	2.2 Resource Mobilization Facility	0	17,840	415,427	433,267	IRH	MFSR	
	2.2.1 Bosna and Herzegovina Municipality Lighting (5/10 municipalities)	0	13,625	394,350	407,975	IRH	MFSR	
	2.2.2 Montenegro Modernized public lighting system of Capital Podgorica	0	1,581	235,400	236,981	IRH	MFSR	
	2.2.3 Montenegro Development of ICT	0	7,249	41,750	48,999	IRH	MFSR	
	2.2.4 Serbia Solar Thermal Energy in Serbia	0	84	45,000	45,084	IRH	MFSR	
	2.2.5 Serbia Public Lighting in Aleksinac, Knjazevac and Raska	0	84	49,500	49,584	IRH	MFSR	
	2.2.6 Serbia Innovative Business Models for Solar Energy	0	84	97,000	97,084	IRH	MFSR	
	2.3 Secondment	20,363	90,531	79,000	189,894	IRH	MFSR	
		<b>Sub-Total for Output 2 without GMS</b>						<b>1,809,297</b>
<b>General Management Support</b>		8,360	20,573	115,810	144,743			
		<b>Sub-Total for Output 2 with GMS</b>						<b>1,954,040</b>
<b>Output 3</b> <b>DEV Capacity Building</b>	3.1 MF SR Capacity Building	24,229	24,048	33,500	81,777	IRH	MFSR	
	3.2 Contribution to events and workshops	58	25,530	21,000	46,588	IRH	MFSR	
	3.3 Project Assistant (for Outputs 2 and 3)	8,331	17,302	34,000	59,633	IRH	MFSR	
		<b>Sub-Total for Output 3 without GMS</b>						<b>187,998</b>
<b>General Management Support</b>		2,610	5,400	7,080	15,090			
		<b>Sub-Total for Output 3 with GMS</b>						<b>203,088</b>
<b>Evaluation</b>	EVALUATION	0	0	0	0	IRH		
<b>TOTAL</b>		427,061	754,547	2,784,415	3,966,023			<b>3,966,023</b>

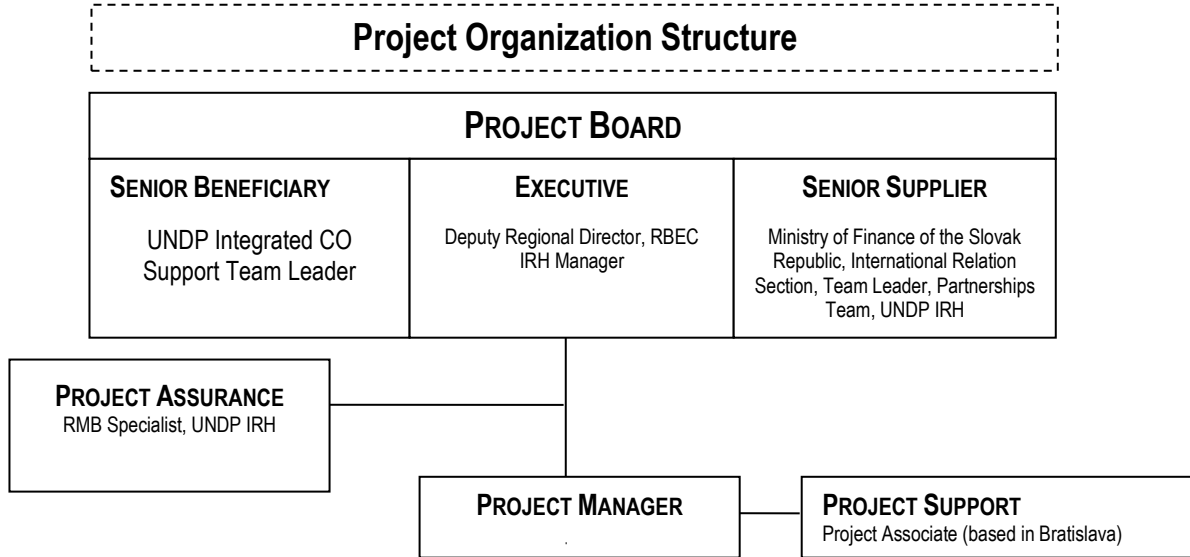
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year (in US\$)					RESPONSIBLE PARTY	PLANNED BUDGET (in US\$)		
		2020	2021	2022	2023	Total		Funding Source	Budget Description	Amount
<b>Output 1 - Public Finance for Development</b>	1.1 Needs assessments, planning, coordination, monitoring	50,000	50,000	50,000	50,000	200,000	IRH	MFSR	71600 Travel	140,000
								MFSR	71200 Int. consult	60,000
	1.2 Support to public finance management capacities development in partners countries	500,000	700,000	700,000	350,000	2,250,000	CO / IRH	MFSR	71200 Int. consult	1,800,000
								MFSR	71600 Travel	450,000
	1.3 PFD Assessment	0	0	20,000	0	20,000	IRH	MFSR	71200 Int. consult	20,000
<b>Sub -Total for Output 1</b>									<b>2,470,000</b>	
<b>Output 2 - Private Sector for Development Cooperation</b>	2.1 Rozvojmajstri	60,000	60,000	60,000	60,000	240,000	IRH	MFSR	72100 Contract	240,000
	2.2 Resource Mobilization Facility	388,000	388,000	388,000	0	1,164,000	IRH	MFSR	72100 Contract	1,164,000
	2.3 Private sector Assessment	0	0	20,000	0	20,000	IRH	MFSR	71200 Int. consult	20,000
	<b>Sub -Total for Output 2</b>									<b>1,424,000</b>
<b>Output 3 - Development Capacity Building</b>	3.1 MFSR Capacity building	40,000	40,000	40,000	40,000	160,000	IRH	MFSR	71600 Travel	160,000
	3.2 Capacity building events	30,000	30,000	30,000	30,000	120,000	IRH	MFSR	75700 Training	120,000
	3.3 Project Assessment	20,000	20,000	20,000	20,000	80,000	IRH	MFSR	72100 Contract	80,000
	<b>Sub -Total for Output 3</b>									<b>360,000</b>
<b>Project Management <sup>11</sup></b>	Project Manager	85,000	85,000	85,000	85,000	340,000	IRH	MFSR	71200 Int. consult	340,000
	Project Associates (2)	50,000	50,000	50,000	50,000	200,000	IRH	MFSR	71200 Int. consult	200,000
	Rozvojmajstri Coordinator	50,000	50,000	50,000	50,000	200,000	IRH	MFSR	71200 Int. consult	200,000
	Travel	50,000	50,000	50,000	50,000	200,000	IRH	MFSR	71600 Travel	200,000
	Operational expenses	30,000	30,000	30,000	30,000	120,000	IRH	MFSR	74500 Miscellaneous	120,000
	<b>Sub -Total for Project Team</b>									<b>1,060,000</b>
<b>Communication and Visibility<sup>12</sup></b>	Communication consultant	20,000	20,000	20,000	20,000	80,000	IRH	MFSR	71300 Loc. consult	80,000
	Visibility, support web, translation, proofreading	15,000	15,000	15,000	15,000	60,000	IRH	MFSR	71200 Int. consult	60,000
	<b>Sub -Total for Visibility</b>									<b>140,000</b>
<b>Evaluation</b>	Evaluation	0	0	0	30,000	30,000	IRH	MFSR	71200 Int. consult	30,000
<b>GMS 8%</b>										438,720
<b>TOTAL</b>										5,922,720
<b>Levy 1%</b>										59,227
<b>GRAND TOTAL</b>										<b>5,981,947</b>

<sup>11</sup> Project Management relates to the implementation of all Project outputs.

<sup>12</sup> Communication and Visibility relates to all Project outputs.

**Total project budget (2017 – 2023): 9,947,970 USD**

## VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS






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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 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.

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## IX. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds]<sup>13</sup> [UNDP funds received pursuant to the Project Document]<sup>14</sup> 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/ag\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/ag_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. 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>).
4. UNDP as the Implementing Partner will: (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.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies and procedures.

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<sup>13</sup> To be used where UNDP is the Implementing Partner

<sup>14</sup> To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

6. 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.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
  - a. Consistent with the Article III of the SBAA [*for the Supplemental Provisions to the Project Document*], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
    - i. 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;
    - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
  - b. 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 the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
  - c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
  - d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
  - e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at [www.undp.org](http://www.undp.org).
  - f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

- g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

- h. *Choose one of the three following options:*

*Option 1:* UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

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## **X. ANNEXES**

Annex 1. Risk Register

Annex 2. Social and Environmental Screening Procedure

Annex 3. Project Quality Assurance Report (attached separately).





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## Annex 1. Risk Register

Project Title: Public and Private Finance for Development			Project Number: 00100708	Date:	
#	Description	Risk Category	Impact & Likelihood = Risk Level	Risk Treatment / Management Measures	Risk Owner
1	Political environment not receptive to project initiatives	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,
2	Lack of commitments (government and/ middle management at partner institutions) public finance reforms and to project initiatives	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
3	Duplication with other initiatives	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
4	Lack of experts with relevant expertise and/or capacities	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
5	Limited interest from Slovak private companies to participate in the project; limited outreach to companies in beneficiary countries	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



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## Annex [2]. Social and Environmental Screening Template

### Project Information

<b>Project Information</b>	
1. Project Title	<b>Public and Private Finance for Development</b>
2. Project Number	<b>00100708</b>
3. Location (Global/Region/Country)	Regional / Europe and the CIS

### Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability

#### **QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?**

##### ***Briefly describe in the space below how the Project mainstreams the human-rights based approach***

The project aims to contribute to advancing the effectiveness of global efforts to achieve Sustainable Development Goals, through better use of public as well as private finance for development goals. It focuses on improvement of public finance management in partner countries as well as increasing SDG financing from private sources.

All project activities are aligned to countries national development plans and sectoral strategies as appropriate. National laws and standards are considered in all project components. Policy advice is provided where relevant through project interventions designed to improve and enhance the partner countries legal systems in respective areas. Improved public finances management contributes to better allocation of public funds to support human rights through national public policies and programs.

##### ***Briefly describe in the space below how the Project is likely to improve gender equality and women's empowerment***

Gender aspects are fully implied in project design. Gender dimensions will be considered when developing specific projects and interventions. Particular attention will be paid to gender considerations in reaching out stakeholders and beneficiaries. Gender disaggregated data will be collected in capacity assessments, monitoring and evaluation activities.

Capacity building for development professionals will include better understanding of the use of gender analysis for development cooperation strategies, development projects and in evaluations of development cooperation. Improved management of public finances will contribute to better public funds allocation to support gender equality through national public policies and programs. The project will provide equal opportunities to beneficiaries and to

suppliers and will ensure that both women and men are treated equally. The project ensures that both women and men are able to participate meaningfully and equitably, have equitable access to project resources, and receive comparable social and economic benefits.

**Briefly describe in the space below how the Project mainstreams environmental sustainability**

The project aims to contribute to advancing the effectiveness of global development efforts to achieve Sustainable Development Goals. Environmental aspects are in particular considered in feasibility studies prepared within the Privat Sector in Development Cooperation component. e.g. energy efficiency, green and sustainable energy. However, Project also deals with green financing as the precondition to environmental sustainability. The project will seek that none of the interventions will have adverse environmental impacts.

**Part B. Identifying and Managing Social and Environmental Risks**

<p><b>QUESTION 2: What are the Potential Social and Environmental Risks?</b></p> <p><i>Note: Describe briefly potential social and environmental risks identified in Attachment 1 – Risk Screening Checklist (based on any “Yes” responses). If no risks have been identified in Attachment 1 then note “No Risks Identified” and skip to Question 4 and Select “Low Risk”. Questions 5 and 6 not required for Low Risk Projects.</i></p>	<p><b>QUESTION 3: What is the level of significance of the potential social and environmental risks?</b></p> <p><i>Note: Respond to Questions 4 and 5 below before proceeding to Question 6</i></p>			<p><b>QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?</b></p>
<b>Risk Description</b>	<b>Impact and Probability (1-5)</b>	<b>Significance (Low, Moderate, High)</b>	<b>Comments</b>	<b>Description of assessment and management measures as reflected in the Project design. If ESIA or SESA is required note that the assessment should consider all potential impacts and risks.</b>
Risk 1: No risks identified	I = P =			
<b>QUESTION 4: What is the overall Project risk categorization?</b>				
Select one (see <a href="#">SESP</a> for guidance)			Comments	
<b>Low Risk</b>		<input checked="" type="checkbox"/>		
<b>Moderate Risk</b>		<input type="checkbox"/>		

	<i>High Risk</i>	<input type="checkbox"/>	
	<b>QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?</b>		
	Check all that apply		<b>Comments</b>
	<i>Principle 1: Human Rights</i>	<input type="checkbox"/>	
	<i>Principle 2: Gender Equality and Women's Empowerment</i>	<input type="checkbox"/>	
	<b>1. Biodiversity Conservation and Natural Resource Management</b>	<input type="checkbox"/>	
	<b>2. Climate Change Mitigation and Adaptation</b>	<input type="checkbox"/>	
	<b>3. Community Health, Safety and Working Conditions</b>	<input type="checkbox"/>	
	<b>4. Cultural Heritage</b>	<input type="checkbox"/>	
	<b>5. Displacement and Resettlement</b>	<input type="checkbox"/>	
	<b>6. Indigenous Peoples</b>	<input type="checkbox"/>	
	<b>7. Pollution Prevention and Resource Efficiency</b>	<input type="checkbox"/>	

### Final Sign Off

<b>Name, Title and Signature</b>	<b>Date</b>	<b>Description</b>
Ivan Zverzhanovski, Regional Partnerships Advisor & Team Leader, Partnerships Team, QA Assessor		UNDP staff member responsible for the Project, typically a UNDP Programme Officer. Final signature confirms they have "checked" to ensure that the SESP is adequately conducted.
Ekaterina Paniklova, Senior Programme Coordinator/Integrated Country Office Support Team Leader, QA Approver		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have "cleared" the SESP prior to submittal to the PAC.
DRD or IRH Manager, PAC Chair		UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

## SESP Attachment 1. Social and Environmental Risk Screening Checklist

<b>Checklist Potential Social and Environmental Risks</b>		
<b>Principles 1: Human Rights</b>		<b>Answer (Yes/No)</b>
1.	Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
2.	Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? <sup>15</sup>	No
3.	Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4.	Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5.	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6.	Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7.	Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8.	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	No
<b>Principle 2: Gender Equality and Women's Empowerment</b>		
1.	Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2.	Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3.	Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4.	Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
<b>Principle 3: Environmental Sustainability:</b> Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
<b>Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management</b>		
1.1	Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?  <i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	No
1.2	Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as	No

<sup>15</sup> Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.

	such by authoritative sources and/or indigenous peoples or local communities?	
1.3	Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	Would Project activities pose risks to endangered species?	No
1.5	Would the Project pose a risk of introducing invasive alien species?	No
1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No
1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	No
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11	Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area? <i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i>	No
<b>Standard 2: Climate Change Mitigation and Adaptation</b>		
2.1	Will the proposed Project result in significant <sup>16</sup> greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
<b>Standard 3: Community Health, Safety and Working Conditions</b>		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
<b>Standard 4: Cultural Heritage</b>		

<sup>16</sup> In regards to CO<sub>2</sub>, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]

4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
<b>Standard 5: Displacement and Resettlement</b>		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions? <sup>17</sup>	No
5.4	Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
<b>Standard 6: Indigenous Peoples</b>		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? <i>If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i>	No
6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
<b>Standard 7: Pollution Prevention and Resource Efficiency</b>		
7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i>	No
7.4	Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5	Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No

<sup>17</sup> Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.