

UNITED NATIONS DEVELOPMENT PROGRAMME
Project of the Government of
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Number: No. 00061401

Title: Strengthening evidence-based policy processes

Gov. Counterpart Agency: N/A

Management Arrangements: NGO Implementation /
University of South East Europe

Source of funds: Global Programme on Capacity
Development for Democratic Governance Assessments
and Measurement

Revision code:

Revision reason: Substantive

Operational start date: March 2009

Completion date: December 2011

Initial/revised input

Third-party cost-sharing:

Global Programme on Capacity
Development for Democratic
Governance Assessments and
Measurement

Previous input: N/A

Revised input: USD 200,000

UNDP Trac 1.1.2 USD 32,920

Total revised budget: US\$ 232,920

Justification:

This revision of the project document aims at achieving catalytic effects by further utilizing the already developed assessment methodologies on governance issues in the frame of the *Strengthening evidence based policy processes – People Centered Analyses Reports Project*, by integrating it in all components of the Social Services for Social Development and Cohesion project.

ACCEPTED:

FOR THE SEE UNIVERSITY:

By: 

Name: Mr Zamir Dika

Title: Rector of SEE University

Date: _____

ACCEPTED:

FOR UNDP:

By: 

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Date: _____

The Governance Assessments should be performed in view of the finalization of the ongoing assessments of expenditure and revenue assignments and equalization and the capital grants study, at the end of 2011. Users Satisfaction Survey should be realized in the three pilot municipalities at the end of 2011. Afterwards SEEU will prepare Analytical Report with key findings and recommendations for improvement of the social services, social development and strengthening of the cohesion among the different ethnic communities.

The costs to be covered by OCG will relate to activities on adapting the assessment methodology, conducting the surveys analysis, development of the baselines and indicators for performance measurement and related capacity building to the institutions. The existing leftover of funds with SEEU that amounts to 27,692 US\$ will be used for execution of the Users Satisfaction Surveys in the three pilot municipalities as an activity under the third component of the Social Services for Social Development and Cohesion project

BUDGET BREAKDOWN

Local experts	10,000 US\$
Workshops	4,000 US\$
Contractual services (basic surveys, focus group discussions)	8,000 US\$
Miscellaneous	870 US\$
Sub-total	22,870.00 US\$
Contractual services (Users Satisfaction Surveys in three pilot municipalities, focus group discussions)	21,000 US\$
Local experts	6,000 US\$
Miscellaneous	692 US\$
Sub-total (Leftover with SEEU)	27,692.00 US\$
TOTAL	50,562.00 US\$

ANNEX II

Strengthening evidence based policy processes

Strengthening national capacity for evidence based policy making for poverty reduction and social inclusion

Background

Strengthening evidence based policy processes – People Centered Analyses Reports Project aims to strengthen national capacities for evidence based policy analysis; and to develop a nationally owned methodology for assessing governance. The People-Centred Analyses (PCA) report series track people's views on issues such as inter-ethnic relations, social services, and their trust in central and local government. Thorough analyses were made on the segregation and vulnerability along ethnic lines, especially regarding Roma as one of the most vulnerable groups facing poverty and exclusion. The Reports also examine how decentralization is impacting on the delivery of social services at local level, putting special focus on women. Another aspects tackled with the report are the socioeconomic situation of different ethnic groups, the issues of equitable representation, and the role of political parties and leaders.

As the ultimate project goal is to strengthen the capacities of national institutions, in 2009 UNDP partnered with the Southeast European University of Tetovo (SEEU). The preparation and production of the 2010 edition was led by SEEU. The project supported the Government to set-up a system for monitoring and evaluating governance. Undertaking such assessments are expected to result in better understanding among governments and citizens on what democratic governance means. This system will enable the Government to measure the quality of social services and make improvements where needed.

The project *Social Services for Social Development and Cohesion* started at the end of 2010. The main partner of the project is the Ministry of Finance, while other partners are the Ministry of Local Self-government, the National Association of Units of Local Self-government (ZELS), the State Statistic Office, Ministry of Education, Ministry of Labor and Social Policy and other line ministries. So far the project activities were focused at assessing the de jure form of governance in the social service sectors and the fiscal parameters for improvement of social service delivery.

The main implementing partner in the project- Georgia State University team has assessed the situation and provided several policy options for re-arranging the fund distribution system in order to provide more equitable and just service delivery. Several rounds of stakeholder consultations were performed and a policy statement on the reforms is being prepared. In parallel, a dialogue was opened with the State Statistic Office for providing a more suitable data set, for incorporating new variables in the VAT distribution formula, but also for analysis and

case of health by generating a baseline assessment for any future discussions on decentralization in the sector.

Mechanisms for local participation in decision making and accountability will be identified and assessed to chart out the extent to which they are used. The participation mechanisms will also be assessed for affording participation to the locally excluded communities and individuals. Local level accountability and voice mechanisms will be studied in detail to assess their design and working to achieve the objectives of social inclusion. Specific measures especially in decentralized education for enforcement, complaint redress, transparency, participation of locally marginalized communities and individuals will be assessed.

The research on governance assessment will provide the missing tools to central ministries for determining out new riders on conditional grants sketch out additional reporting requirements and begin designing performance measures for social inclusion policy in these sectors. The specific tools for assessment of decentralization will compare inter-municipal differences in competency, capacity, policy application, local accountability mechanisms, and fiscal capacity and local constraints on social inclusion. The respective line ministries will be integrated in the process through the main counterpart-the Ministry of Finance, and the coordinating structures of the ongoing *Social Services for Social Development and Cohesion* project.

The implementation methodology will refine assessment tools in light of the above connections, be informed by data availability already known to the project and focus on compiling additional requisite data from qualitative and quantitative methods. The available resources will be optimized to achieve deeper insights in a sample of municipalities and key entities in central ministries for social inclusion implementation.

A team of academic experts will be drawn from SEE University to apply assessment tools, compile data and prepare governance assessments. A number of different methods will be used for data collection. Existing data and reports will be used to prepare an assessment of already researched issues. The team may use questionnaires for qualitative data and address them to ministries and municipalities to economize on costs. For a set of issues requiring a deeper understanding a number of focus group discussions will be held. For identification of constraint on de facto governance, key informant interviews will be held both in the municipalities and important entities in the central ministries.

Satisfaction of the users of the selected local services in three pilot municipalities will be measured through a separate Users Satisfaction Survey based on representative sample. SEEU will establish cooperation with local CSOs from the three pilot municipalities for data collection and monitoring by identifying the level of service provision, especially among vulnerable groups, in the selected municipalities.

Time Frame:

monitoring. The next steps are issuing of the final documents on expenditure and revenues assignment studies and a study on capital grants, followed by capacity building activities. In parallel, civil society organizations and academia will be selected and involved in the process.

Description of amendments

The two-year project Social Services for Social Development and Cohesion aims to improve municipal responsiveness to social inequalities and deficiencies of social services for vulnerable groups, contributing to decrease of social differences and mitigating impact of the economic crisis. This will be achieved by performing the following actions:

- Design of a new model of inter-governmental transfers by developing a new equalization formula and capacity building for the MoF and other actor for management of the new system;
- Establishment of a sustainable system for data collection and analysis. Baselines will be established through performing expenditure norms and fiscal capacities studies and training for MoF, State Statistic Office and others will be provided for using the data and perform monitoring and evaluation;
- Introduction of participatory planning service delivery practices in municipalities, by establishment of community based planning groups, training municipal authorities and civil society on social service policy, local budgeting and monitoring for local officials and representatives of vulnerable groups, as well as engaging CSOs in monitoring the outcomes of the process.

Through the above set of activities, the overall objective is to ensure good governance in the area of social services provision and to provide institutional structure and instruments for ensuring systematic diagnosis of the quality of governance in delivering of local services.

In the on-going efforts to achieve catalytic effects by further utilizing the already developed assessment methodologies on governance issues, UNDP and its implementing partner South East Europe University have agreed to add a component into an existing Strengthening evidence based policy processes – People Centered Analyses Reports project structure and in that way provide for opportunity the assessment methodologies to be finally tested and applied within a real policy and institutional setting and feed into a wider system.

In concrete terms, the assessment methodology on governance issues will be linked/integrated in all components and especially contribute to the second and third component of the Social Services for Social Development and Cohesion project.

The assessment methodology on governance issues will be adjusted and used as a tool for establishing the baselines, assessing the needs for policy changes and capacity building, as well as for monitoring purposes.

Rationale for amendments

The proposal will integrate with the *Social Services for Social Development and Cohesion* project by bringing in qualitative assessment service delivery systems (such as health and education). The de jure form of governance in the social service sectors is being assessed already under the *Social Services for Social Development and Cohesion* project but from a specific perspective to look at the obligations for decentralized decision making, enhancing municipal control over financial allocation decisions and inter-regional and inter-municipal equity achieved through distribution of fiscal resources.

The proposed governance assessment will also dig out areas of legal dispensation requiring attention for achieving the overall objectives of social inclusion. The assessment components focusing on de facto form of governance will strengthen the ongoing work on expenditure and revenue assignments and equalization framework by adding qualitative information to the assessments, chart out the impact of decentralized fiscal management on service delivery outputs in social service delivery (though largely in education sector) and document areas of policy weaknesses in the sectors. This will altogether establish the base for the establishment of the data collection system and subsequent planning processes.

Integration of the methodology will be achieved by application of the assessment tools for de jure and de facto governance in the local sectors supported by central government transfers (earmarked, block and capital grants) and capital investments such as education, culture, child protection, care for elderly people, firefighting, environmental protection (water supply and purification, waste management), local roads and transport, sports and recreation and will be directly linked to the upcoming capital grant study and the ongoing assessments of the revenue and expenditure assignments. The final objective of this exercise will be to integrate the qualitative dimensions to the assessments already planned and carried under the *Social Services for Social Development and Cohesion* project.

The exercise will encompass setting of baselines and indicators for the level of good governance in the areas, in particular related to the inclusiveness of the planning of service delivery in the municipalities. The established methodology and the subsequent baselines and indicators will serve as a basis for setting the local service delivery M&E system. For this purpose a sample of municipalities and entities within the central ministries will be identified with the sample chosen to have representation from different types of municipalities according to their ethnic and socioeconomic characteristics. In addition CSOs and community groups within the local jurisdictions will be identified.

The legal and policy framework will be studied, keeping in view the ongoing assessments of expenditure and revenue assignments and equalization, namely assessments of fiscal capacity for equitable service delivery. The governance assessments will carry out additional work to identify constraints on social inclusion in conditional grants policies and implementation. In particular it will look at the definitional questions relating to exclusion. It will add material value in