ANNUAL PROGRAMME/PROJECT REPORT (APR)

Basic programme/project information

Programme or project number and title:

00080500 Support to Strengthening National and Local Integrity Systems

Designated institution:

UNDP Macedonia

Project starting date:

Originally planned: January 2012
Actual: March 2012

Project completion date:
Originally planned: December 2012
New: March 2013

Total budget (US $):   415,827.43 US$ (Norway funds) plus 20, 000US$ (TRAC)
Original:
Latest signed revision:

Period covered by the report: March 2012 – December 2012

TEXTUAL ASSESSMENT

1. **What are the major achievements of the programme or project vis-à-vis the expected results during the year under review? To the extent possible, include an assessment of the potential impact, sustainability and contribution to capacity development.**

- *Managing corruption risks at local level through conducting integrity/corruption risk assessments and development of national integrity system*

➢ First step in this process was assessment of the local public administration in terms of their organizational capacities and structure for defining a functional model of integrity for managing and addressing corruption risks that will contribute to its prevention. For this activity, a foreign integrity expert was engaged who, based on the findings from the assessment, developed an integrity model that best applies to the local level administration, taking into consideration the present HR and institutional capacities and resources. The model consists of elements related to introduction of policies and procedures that will serve to prevent corruption and strengthen ethical behavior in local administration.

➢ The developed integrity model will serve as a base for building the national integrity platform. The understanding that corruption is a problem that has its roots in the ineffectiveness of the institutions changed the focus towards building the internal "integrity infrastructure" of the public sector organizations that enables them to be resistant to corruption. This particular "infrastructure", influenced by the practices of the private sector and understood is a set of policies, organizational culture and processes is hereinafter described as "integrity system". The developed integrity concept recognizes that what happens within an individual organization matters: that the organizations are not simple "black boxes" and that the mere adoption of a law means little unless there is an effective structure, an effective integrity system in place. The aim is to reduce opportunities for corruption at personal or organizational level after a process of identification of corruption risks or vulnerabilities; introduction in the financial management of concepts such as segregation of duties, "two pair of eyes" or "double signature" ; by introducing clearer rules of procedure and conduct..

➢ The concept of integrity system and risk assessments is key priority in the new State Programmes for Prevention of Corruption and Conflict of Interest. In addition to that, the Public Administration Reform also envisages strengthening the integrity in the organizations as a key element of the reform.

➢ The proposed Integrity system elements are:
    o Code of conduct
    o Commitment from the top
    o Standards and procedures in specific areas
    o Risk assessment (integrity plans in the strict sense of the word)
    o Update and adaptation
    o Mainstreaming compliance into management
    o Strengthening existing internal controls
    o Training
    o Internal reporting channels and whistleblower protection
    o Disciplinary procedures
    o Due diligence
    o Contract provisions in Public Procurement
    o Periodic testing and auditing of the Integrity system

➤ The project decided to implement the developed integrity model in 10 pilot municipalities (Aerodrom, Petrovec, Veles, Kocani, Kratovo, Strumica, Gevgelija, Gostivar, Brvenica, Debar) that were selected according to previously set criteria:
  o Size of the municipality according to the number of population
  o Region
  o Rural /urban municipalities
  o Representation of ethnical groups
  o Political party in power
  o ISO standardization

Memorandum of Understanding and Cooperation was signed with the pilot municipalities to ensure their commitment for introduction of the proposed integrity concept in the selected municipalities. The implementation phase started with training of representatives from the pilot municipalities on what an integrity system is and how they can introduce it in their municipalities. Having in mind the complexity of the developed integrity model it was decided to take a phased approach and start with introduction of the core functions of integrity such as establishment of a working group for integrity, development of an anti-corruption policy, establishing mechanisms for reporting corruption by the citizens and internally within the municipality, and internal procedures and templates for reporting and processing the reported cases of corruption.

➤ After field implementation with support from the UNDP and the State Commission for Prevention of Corruption, the municipalities managed to introduce the integrity elements and fulfill the requirements from the check list that was prepared by the project as a monitoring tool in this first phase of implementation. The most important achievement was development and adoption of the AC policy by the municipalities as a document that clearly indicates the rules and principles for ethical and non- corruptive behavior of the local administration. In order to ensure commitment from the top management, and send clear message to citizens and the municipal staff, the project organized a mini campaign for official public signing of the AC policy by each of the mayors from the pilot municipalities and promotion of the overall objectives of the integrity system in the municipalities.

- ***Enlarging the dialogue on anti-corruption and conflict of interests; establishing systems of social accountability and opening the public space to increased role of civil society, private sector, media and citizens at large.***

➤ As a starting point for this activity the project engaged a foreign expert to conduct analysis of the level of accountability and transparency at local level and the role of the civil sector in the decision making process of the local government. The results showed that accountability tools and mechanisms exist in the municipalities but there are also a lot of gaps that need to be addressed especially in terms of increased transparency and better service delivery to citizens which also depends on greater involvement and proactiveness of the civil society organizations.

➤ Aiming to address the identified accountability and transparency needs at local level and come up with new accountability tools the project took a new innovative approach. A call for proposal was announced for NGOs to submit project ideas on how to address the above issues at local level and set new accountability and transparency platform by use of technology and social media tools. Four project ideas were selected as best and were further supported by the project in their development and implementation. The main goals of the selected projects were:

o   GREEN BOX NGO

The purpose of the project idea is to create social web services (android application and website) that will provide transparency of energy consumption information from government sector institutions. This will provide publicity and visibility of electricity consumption and public money spending and will promote the municipal transparency and accountability.

o   FOCUS NGO (Veles)

Foundation FOCUS developed an online service in order to help citizens especially neighbourhood communities representatives (Presidents and Council members) to get regularly all important information from the public hearings, the agenda and official decisions from the Municipal Councils as well as contact information from all officials with the help of additional online service at Focus web site. Increased civic participation in decision making process will be ensured by informing them about the ongoing activities of the local government through regular publishing of the agenda and decisions of the Council and streaming of the municipal Council meetings and by opening space for addressing and prioritization of citizens priorities through open online voting system.

o   European Link Center, NGO Gostivar

European Link Center and ITC's purpose is to develop an interactive web page which will ensure an increase of access to the Municipality and decrease and prevent the corruption through public transparency. Increased participation of the citizens and NGO's in the decision making process of the municipalities, also increased interaction with the citizens in terms of their rights, obligations, services offered by the municipality are the main objectives of the product.

o   YOUTH ENTREPRENEURIAL SERVICE FOUNDATION (YES), NGO

Under the name "See. Report. Fix "main goal of the product is to create an application that increase the municipalities' responsiveness, faster and more agile administration; provide better service delivery towards citizens and ensure better use of municipalities' budget. The prevention and reduction of corruption will be tackled through collecting feedback from all the citizens about their issues. The project suggests an integrated system of web and mobile applications, through which citizens will report for the holes detected on the roads/streets, the authorities will evident and fix them, and will report whether the problem has been fixed.

- **Capacity building of the SCPC**

➢ Based on the capacity assessment conducted by UNDP, capacity building plan was developed focusing on monitoring and evaluation of the State Programme for Prevention of Corruption and Conflict of interests, monitoring the implementation of the integrity system and monitoring the implementation of the social accountability tools at local level. According to the capacity building plan, the first half of the year focused on streamlining and automation of the SCPC internal processes to enable more effective discharge of their functions and the activities above.

➢ Streamlining of processes for improvement of inter-institutional cooperation on issues related to corruption has been conducted. Special focus was given to strengthening analytical capacities and capacities for monitoring and evaluation of the State Programme for Prevention of Corruption and Conflict of Interest of the SCPC staff. This process was supported with development of a software application for monitoring the State Programme. The software automates the process of collection of data from all institutions that are obliged to report on implementation of the activities from the Programme. It produces qualitative reports and statistical analysis of the level and quality of implementation of the State

Programme and identifies areas that need further action. The software will be opened for future upgrade in terms of monitoring the integrity system implementation and reporting.

- ➤ As an institution responsible for monitoring the implementation of the integrity system in the institutions at local level the SCPC staff was trained on how to perform monitoring of the implementation of the integrity system and what to require as feedback and reporting from the municipalities in the pilot implementation phase. A check list was developed and applied as a monitoring tool to help them easily track what is achieved in each municipality since as preparation to be able to effectively monitor and measure the impact of such system in place.

- • Study tour to UK was organized for representatives of the State Commission for Prevention of Corruption and two municipality representatives in order to see best practices in the area of integrity models in place and track records in successful promoting integrity within organizations of public and private sector with involvement of civil society and media. In addition to this, the aim was to experience how new legislation in place and introduced standards for putting in place integrity system in all sectors function. The integrity model for the country is based on the UK Bribery Act which represents legislation in place that prescribes organizations to put in place procedures in order to prevent bribery functions. In UK this proved to be a functional tool in prevention of corruption and confirms the approach that our country is undertaking in building a national integrity system.

    - • **Complementary programmatic activities:**

        - ▪ *UNCAC Self- assessment process- "Going Beyond the Minimum" approach*

- ➤ The project supported the Ministry of Justice as a leading institution in the process of self-assessment of implementation of the UNCAC. Whilst UNCAC Review Mechanism only reviews chapters III (Criminalization and law enforcement) and IV (International cooperation) during its first cycle countries under review are encouraged to go beyond the minimum and conduct comprehensive UNCAC Self-assessment including chapter II (Preventive measures). The UNDP, in cooperation with the UNODC supports the implementation of the UNCAC through various activities, such as the provision of capacity development support to state agencies involved in the implementation of the Convention's provisions, the conduction of corruption assessments and backstopping the development of the anti-corruption legal and regulatory framework.
- • In order to promote a comprehensive and effective approach to the conduction of the UNCAC self-assessment the UNDP has developed a Guidance Note on UNCAC Self-Assessment *Going Beyond the Minimum*. The note seeks to provide an indicative roadmap for UNCAC Self-Assessment process with the intention of making it a comprehensive and cooperative effort of the various stakeholders within and outside the government and harness all the potential of the process.
- ➤ The Ministry of Justice and the State Commission for Prevention of Corruption with support from UNDP and UNODC has initiated this process by conducting several workshops with all relevant stakeholders: representatives from institutions, civil society, media and university professors, in order to collect the necessary data on chapters III, IV and II thus applying Going Beyond the Minimum approach. All of the data required as part of the process have been collected from the relevant institutions and the final report will be prepared in the forthcoming period by the Ministry of Justice.

    - • *Support of the EU accession process/HLAD activities*

➤ In 2012, within the overall efforts to make progress on the path to the EU, a High Level Accession Dialogue (HLAD) was opened as a policy reform roadmap, mutually agreed between the Government and the EU Commission. The HLAD process managed to reinvigorate the national response to the EU accession agenda whereby authorities committed to demonstrate notable progress in five policy areas within a very short time frame. Having in mind that developing national capacities to respond and effectively manage the EU accession agenda represent the overarching objective of the UNDP's country programme along with the good track record of UNDP's work in some of the policy areas tackled with the HLAD process (particularly in the area of anti-corruption), UNDP took this opportunity to assist the national institutions in this process.

➤ Within that context, upon request of the Secretariat for European Affairs (SEA), UNDP managed to help the national institutions tap into the experiences of Croatia in the EU accession process, particularly related to the issues under the current focus of the HLAD dialogue (Chapters 23 and 24). More specifically, during 2012, UNDP facilitated exchange of knowledge with Croatia so that the Macedonian counterparts at strategic and operational level could share experiences with colleagues and peers about the most pertinent EU accession processes and issues.

➤ The process started with experienced Croatian experts who assisted in identifying the needs for support and technical advice of the relevant institutions/departments primarily in Chapters 23 and 24 of the Acquis and the rule of law aspects of the political criteria, which was followed up by practical trainings and mini-workshops to address the identified needs. In addition to this, study tour was organized for representatives of Ministry of Justice to Croatia in order to gain hands on experience on certain priorities identified in the previous missions in Macedonia.

- **Open Governance Partnerships OGP**
  The Ministry of Information Society and Administration as part of the Open Governance Initiative has developed and Action Plan for 2013 – 2015. The introduction of integrity system in the institutions of the public administration is one of the activities part of the OGP Action Plan.

2. **What major issues and problems are affecting the achievement of programme or project results?**

   - Slow implementation of the integrity system in municipalities where there is lack of HR and institutional capacities;

   - Due to the local elections and the pre-election campaigns there is a delay in the practical application of the new developed social accountability projects.

   - Insufficient human capacities in the Ministry of Justice in managing the UNCAC self-assessment process which resulted in delay of the process;

3. **How should these issues or problems be resolved? Please explain in detail the action(s) recommended. Specify who should be responsible for such actions. Also indicate a tentative time-frame and the resources required.**

- In order to successfully implement the integrity system in every municipality regardless of its capacity the State Commission for Prevention of Corruption should take over the role of advisor and lead them through the entire process. Where needed, capacities of the staff should be strengthened by intensive training on what integrity stands for and how it can best be applied in smaller municipalities. SCPC should be ready to modify the integrity elements taking into consideration the capacities of the municipalities

- Having in mind the upcoming local elections, the delay in the activities is inevitable consequence in terms of promotion and implementation of the accountability projects on local level. After the local elections, UNDP will support the NGOs in promotion of the projects in front of the new local government management in order to ensure their support and establish new partnership platform between the civil society and the local government.

- The process of UNCAC self assessment is a very complex process that requires engagement and coordination of different stakeholders. The Ministry of Justice as a responsible party for this process should undertake full ownership of the process by allocating more staff from different levels of the Ministry in order to ensure on time delivery and submission of the Final Report which is crucial for the Assessment process of the implementation of UNCAC in R. Macedonia scheduled for 2013.

4. **What new developments (if any) are likely to affect the achievement of programme or project results? What do you recommend to respond to these developments?**

   - It will be a challenge to ensure sustainability of the integrity system in municipalities where due to the local elections the management will be replaced. However, as part of the anti-corruption activities in the country, UNDP will continue supporting the process of introducing integrity system on local level together with the State Commission for Prevention of Corruption. Special attention will be given to supporting civil society in demanding accountability from the local government via the newly developed accountability and transparency tools. In addition to this, amendments of the Law on Prevention of Corruption that will take place mid 2013 will incorporate obligatory introduction and reporting on the integrity system for all institutions of the administration and measures for non compliance. The SCPC should undertake more proactive approach and require regular reporting from municipalities as well as ensure greater presence on local level as an advisory body in the process. In addition to this UNDP will continue SCPC should also strengthen its cooperation with the Civil sector and use the new accountability platform as a monitoring tool for the level of accountability and transparency in the local government.

5. **What are the views of the target groups with regard to the programme or project? Please note any significant gender-based differences in those views.**

   - The views of the target groups have been collected through different forms: formal/non-formal meetings, direct participation in the project activities, conducted events, evaluation as part of the delivered trainings and continuous communication at local level. The most relevant views of the target groups are:

> the beneficiaries and other stakeholders rate the project in very high in regard to all elements, i.e. management, organization, execution, final outcomes and overall performance
> the representatives which were directly involved in implementation of the project activities recognized the positive benefits from the project especially in the process of introducing mechanisms for preventing and reporting corruption in municipalities and establishing channels of communication with the State Commission for Prevention of Corruption.
> the entire process of planning, organizing and implementing the planned project activities received support by relevant local stakeholders and civil society organizations in all phases of accomplishing the activities
> the civil society representatives expressed their interest for participating in more similar events where similar projects will be initiated with use of social media and technology

6. **To date, what lessons (both positive and negative) can be drawn from the experience of the programme or project?**

   Positive

   - In the process of implementing project activities it is very important that all stakeholders who are part of that activity are involved in each phase (planning, organization and implementation). With this kind of approach the beneficiaries have ownership of the process and with that the project has ensured commitment for future upgrade of intervention and activities.

   - One also very important lesson learned from the implementation of the project activities is increased involvement and presence of the State Commission for Prevention of Corruption in the municipalities during the implementation of project activities and building partnership with the local government. It represents establishment of cooperation between the local government and central level institutions which is generally lacking in our society.

   - Positive lesson learned is also the innovative approach that the project took in addressing the issues of accountability and transparency on a local level by engaging NGO sector to apply social media tools and technology in their project ideas. It opened a space for new ideas and initiatives for building good governance and civil participation, following world trends. It also complements to the Open Data initiative governed by the Ministry of Information Society and Administration.

   Negative

   - Although initially the project activities were planned to be conducted within two years period, due to the circumstances all of the activities were managed to be conducted successfully within one year. In order to ensure efficiency and sustainability of the next project activities which are created as a follow up to the project, it is necessary to have in mind that activities should be planned in a way that sufficient time is allocated if sustainable results are to be achieved.

7. **If the programme or project has been evaluated, what is the implementation status of the recommendations made by the evaluators?**

- The project has not been formally evaluated since it was not initially planned as an activity in the project document.

8. **Do you propose any substantive revision to the programme or project document? If yes, what are they? State justification.**

    The project was extended to be completed by end of March 2013 instead of December 2012 (upon approval by the donor, the Government of Norway).

9. **Provide any other information that may further support or clarify your assessment of the programme or project. You may include annexes as you deem necessary.**
    - None

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Programme or project summary table

Programme/project title and number:	"Support to Strengthening National and Local Integrity Systems" 00080500	Management arrangement:	Direct Execution (DEX)
Designated institution:	UNDP Macedonia	Period covered:	March 2012 – March 2013
		OVERALL ASSESSMENT	

Brief analysis of progress achieved in the contribution of the programme or project to the expected results

The project goal was to support the SCPC in working with the other national and local institutions to introduce and sustain effective solutions to addressing integrity/corruption risks, with particular focus on fostering meaningful civic engagement and partnerships across different parts of society. The interventions were clustered around the following pillars:

- Managing corruption risks at local level through conducting integrity/corruption risk assessments at local level and development of tailor-made interventions.

- Enlarging the dialogue on anti-corruption and conflict of interests establishing systems of social accountability and opening the public space to increased role of civil society, private sector, media and citizens at large.

- Capacity building of the State Commission for Prevention of Corruption for managing the above listed functions.

In accordance with the project work plan, the project has achieved to introduce integrity concept elements in 10 pilot municipalities that consist of adopting and signing AC policy by the Mayors, establishing a integrity working group to coordinate and monitor activities related to integrity within the municipality, assign a person for reporting cases of corruption, establishing a phone line and e-mail address for reporting cases of corruption from citizens and also among municipality staff, developing internal procedure for processing and filtering reported cases of corruption, developing a template for registering reported cases of corruption, organized a social innovation event to support NGOs in developing projects that address transparency and accountability issues on local level with use of social media and technology, developed a software for the State Commission for Prevention of Corruption for monitoring the State Programme for Prevention of Corruption, conducted a study tour for SCPC and two municipality representatives on integrity models in UK, developed a concept paper for amendments of the Law on prevention of corruption related to obligatory introduction of integrity systems in public administration, marked the 9 December, the AC day by organizing a promotional campaign for signing the AC policy by the Mayors of the pilot municipalities, conducted two workshops and consultations for the UNCAC self- assessment process in cooperation with the Ministry of Justice, supported the HLAD activities via organizing two missions in cooperation with SEA and UNDP Croatia.

FINANCIAL SUMMARY

Source of funds	Annual budget ($ '000)	Estimated annual expenditure ($ '000)	Delivery rate (%)
TRAC (1 and 2)	20,000	20,000	100%
TRAC 3			
Other	15,000 (BRC FUNDS- UNCAC activities) 20,000 (BRC FUNDS- Social Accountability)	15,000 20,000	100% 100%
Cost-sharing: Government Financial institution Third party (Government of Norway) Trust funds AOS (where applicable)	415,827.43	353,237.20	96.5%

SUMMARY OF RESULTS

Programme support objectives (PSOS) or immediate objectives	Indicators	Achievements
Obj. 1 Managing corruption risks at local level through conducting integrity/corruption risk assessments and development of national	Risk assessments conducted and integrity plans developed	Integrity system developed and in place in 10 pilot municipalities.
	Training needs assessed and trainings implemented	Representatives from 10 pilot municipalities trained on how to introduce and monitor integrity system in their municipalities.

	Annual output targets	Achievement of outputs	Proposed output targets for the next year
	integrity system		
Obj. 2	Enlarging the dialogue on anti-corruption and conflict of interests establishing systems of social accountability and opening the public space to increased role of civil society, private sector, media and citizens at large	Social accountability mechanisms in place	4 innovative social accountability projects/tools developed by NGO's and implemented on a local level
Obj. 3	Capacity building of the SCPC		

Obj.1 Managing corruption risks at local level through conducting integrity/corruption risk assessments and development of national integrity system	Introduced integrity system in 10 pilot municipalities Trained integrity officers in each pilot municipality AC policy adopted and signed by the Mayors	Strengthened integrity at local level by scaling up the integrity systems model, piloted in selected municipalities. Improved business environment in the country through piloted introduction of the anti-corruption compliance framework in selected private companies.
Output 01 Output 02 Output 03	Small grants for non-governmental organizations working in the area of anticorruption	
Obj. 2 Enlarging the dialogue on anti-corruption and conflict of interests establishing systems of social accountability and opening the public space to increased role of civil society, private sector, media and citizens at large	Small grants for non-governmental organizations working in the area of anticorruption disseminated Social Innovation Event organized with non-governmental organizations that resulted in 4 projects that address the issues of transparency and accountability on local level	Continued social dialogue on anti-corruption through social accountability, with particular focus on youth.

Output 01
Output 02
Output 03
...

Obj. 3
Capacity building of the SCPC

Developed software for monitoring the Sate Programs for Prevention of Corruption. Strengthened capacities of the SCPC to monitor introduction of integrity system via trainings, study tour and experts consultations	Strengthen Capacity of the State Commission for Prevention of Corruption (SCPC) to perform compliance review analysis with the integrity system in place.