***Accountable Public Finance Management Platform (PUBFIN)***

**September 2022**

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| **Project information** |
| **Project/outcome title** | Accountable Public Finance Management Platform |
| **ATLAS ID** | **Award ID: SRB10 / 00105420** |
|  | Project IDs:00106702 Support to Tax Police 00116634 Support to Tax Administration 00116635 Support to IAs and PP Officers 00116636 – Support to PPO00116637 – LSGs and transparency in PF00116638 – Support to LSGs in cooperation with CSOs 00116639 – Support to SAI00116640 – Support to Media and CSO in monitoring and reporting on corruption and misuse of public funds | Output 1.1Output 1.2Output 1.3Output 1.4Output 1.5Output 2.1Output 3.1Output 4.1 |
| **UNDCS Outcome and CPD Output (2016-2020)** | UNDCS outcome: By 2020, governance institutions at all levels have enhanced accountability and representation to provide better quality services to people and the economyUNDP Strategic Plan Output 1.2.2 Enabling environment strengthened to expand public and private financing for the achievement of the SDGsCPD Output 2: Management of public funds is improved at all levels |
| **Country** | **Serbia** |
| **Region** | **RBEC** |
| **Date Project document signed** | **05.06.2019** |
| **Project Dates** | **Start** | **Planned End Date** |
| **June 2019** | **September 2022** |
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| **Implementing Party** | **Ministry of Finance- Central Harmonization Unit; Serbian Tax Administration and Tax Police Department; Supreme Audit Institution; Public Procurement Office and Standing Conference of Towns and Municipalities** |
| **Evaluation Information** |
| **Evaluation type**  | **Project Evaluation** |
| **Final/midterm review/**  | **Final Evaluation** |
| **Period under evaluation** | **Start** | **End**  |
| **June 2019** | **September 2022** |
| **Evaluators** | **Mr. Tomislav Novović, Senior Evaluation Expert** |
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**Table of contents**

[List of acronyms 4](#_Toc114458980)

[Introduction 5](#_Toc114458981)

[1 Background 5](#_Toc114458982)

[2 Evaluation objectives and scope 7](#_Toc114458983)

[2.1 Objectives of the final evaluation 7](#_Toc114458984)

[2.2 Scope of the final evaluation 8](#_Toc114458985)

[3 Evaluation method 8](#_Toc114458986)

[3.1 Evaluability assessment 8](#_Toc114458987)

[3.2 Key evaluation questions and evaluation matrix 9](#_Toc114458988)

[4 Data analysis 10](#_Toc114458989)

[4.1 Data collection methods and instruments 10](#_Toc114458990)

[4.2 Data analysis 11](#_Toc114458991)

[4.3 Limitations 12](#_Toc114458992)

[4.4 Ethical considerations 13](#_Toc114458993)

[5 Presentation of findings 14](#_Toc114458994)

[5.1 Relevance 14](#_Toc114458995)

[5.2 Coherence 20](#_Toc114458996)

[5.3 Effectiveness 22](#_Toc114458997)

[5.4 Efficiency 36](#_Toc114458998)

[5.5 Sustainability 40](#_Toc114458999)

[5.6 Cross-cutting 45](#_Toc114459000)

[6 Conclusions 47](#_Toc114459001)

[7 Recommendations 52](#_Toc114459002)

[8 Annexes 55](#_Toc114459003)

[Annex 1: List of people interviewed 55](#_Toc114459004)

[Annex 2: Interview guides and on-line questionnaires 56](#_Toc114459005)

[Annex 3: PUBFIN Evaluation matrix 65](#_Toc114459006)

[Annex 4: Evaluability Analysis Matrix 72](#_Toc114459007)

[Annex 5: Results/ Logical Framework- PUBFIN 77](#_Toc114459008)

[Annex 6: List of analysed and consulted documents 80](#_Toc114459009)

# List of acronyms

|  |  |
| --- | --- |
| CA | Contribution Analysis |
| CHU | Central Harmonization Unit (Ministry of Finance) |
| CPD | Country Program Document |
| CSO | Civil Society Organizations  |
| DAC | Development Assistance Committee of the OECD |
| DoA | Description of Action  |
| EC | European Commission |
| ER | Evaluation Report |
| EU | European Union |
| FE | Final Evaluation |
| FEC | Final Evaluation Consultant |
| IA | Internal Auditors |
| IPA  | Instrument for Pre-Accession  |
| IR | Inception report |
| KII | Key Informants Interviews |
| LSG | Local-self Governments |
| MoF | Ministry of Finance  |
| NPAA | National Program for the Adoption of the Acquis Communautaire  |
| OECD | Organization for Economic Cooperation and Development |
| OVI | Objectively Verifiable Indicator |
| PAR | Public Administration Reform |
| PPO | Public Procurement Office |
| PSC | Project Steering Committee |
| PT | Project Team |
| PUBFIN | Accountable Public Finance Management Platform  |
| SAI | Supreme Audit Institution |
| STA | Serbian Tax Administration |
| SIDA | Swedish International Development Agency  |
| SCTM | Standing Conference of Towns and Municipalities  |
| SDGs | Sustainable Development Goals  |
| SMART | Specific Measurable Accepted Realistic Timely |
| SoV | Sources of Verification |
| TA | Tax Administration |
| TAT | Technical Assistance Team |
| ToR | Terms of Reference |
| ToT | Training of Trainers  |
| TPD | Tax Police Department |
| UN SWAP | UN System-wide Action Plan on Gender Equality and the Empowerment of Women  |
| UNCT | United Nations Country Team |
| UNDC | United Nations Development System |
| UNDCS | United Nations Development Cooperation Strategy  |
| UNDP | United Nations Development Programme |
| UNEG | UN Evaluation Group |
| WGI | Worldwide Governance Indicators  |

# Introduction

This document presents the results of the final evaluation of the Accountable Public Finance Management Platform (PUBFIN), a strategic initiative designed to two key public finance areas (1) budget execution and financial control and (2) external scrutiny over public finances while also focusing on horizontal and cross-cutting issues related to ensuring sustainable internal control systems within key public-sector institutions, enhancing transparency in the management of public funds at the local level and improving cooperation between civil society organizations (CSO) and local self-governments, and enhancing the capacities of CSOs and journalists to monitor and report on corruption and misuse of public finances

The PUBFIN has been working to develop and strengthen the administrative capacity and cooperation of the Ministry of Finance (and it’s Central Harmonization Unit, the Tax Administration and Tax Police Department), the Supreme Audit Institution, the Public Procurement Office, the Standing Conference of Towns and Municipalities, and Local Authorities themselves, civil society and median in line with principles of democratic governance and public finance reform.

The Project has reached the endpoint of the current implementation cycle. Therefore, the partners (UNDP, SIDA and national stakeholders) have agreed to conduct the final evaluation (FE) to assess the progress made on the results of the PUBFIN during its entire period of implementation.

The structure of this evaluation report is the following:

In the background chapter the author provided the main information about the public administration and public finance reform in Serbia, in the context of needs and priorities of the main targeted organizations, including local self-governments units and civil society organizations and media. The next chapter provides details about the PUBFIN, presenting its strategic area of intervention, outcome and outputs.

In the second chapter of this document the purpose and the objective of the evaluation are outlined. In this chapter the users of the evaluation are clearly identified.

The fourth chapter presents the design and the approach of the evaluation. First it explains the methodology that was applied and presents the PUBFIN evaluation matrix that has been applied. The matrix includes core evaluation questions designed to address the relevance and coherence, effectiveness, efficiency, and sustainability, while looking at gender and no-one left behind principles cross-cuttingly. The complete matrix is added to the annex of the report. This chapter also includes information about how data was collected and analyzed. Finally, it addresses the question of limitations and risks as well as the risk mitigation strategies.

The final evaluation findings are presented in chapter five of the report. This chapter follows the structure of the main evaluation criteria, organized around key evaluation questions and provides responses of the evaluation consultant with the data to support elaborated findings.

Final, sixth and seventh chapters include conclusions and recommendations drawn from the results of the evaluation.

The last part of the report includes annexes, to facilitate better understanding of the evaluation assignment, details concerning the methodology that the Final Evaluation Consultant applied (including evaluation matrix and results framework) and brief biodata.

# Background

Public Administration Reform (PAR) remains one of the top priorities of the Government of the Republic of Serbia and at the same time, it constitutes one of the basic preconditions for joining the EU Administrative Space in the process of acceding to the EU. The main objectives of PAR are improving the functionality and effectiveness of the public-sector institutions and organizations, strengthening public policy management, developing a modern and professional civil service system, improving of the system of local self-government, digitization and development of e-government, improving public financial management, increasing transparency in public sector management as a whole.

In the context of public administration reform, Public Finance Management (PFM) remains one of its cornerstones. It has a crucial impact on economic governance and sustainability of socio-economic reforms, and it is also closely linked with meeting EU accession requirements under negotiation chapters which relate to taxation (Chapter 16), customs (Chapter 29), economic and monetary affairs (Chapter 17), public procurement (Chapter 5) and internal control and external audit (Chapter 32).

To address these priorities and improve the management of public institutions in charge of carrying out the public finance reform, the Ministry of Finance, State Audit Institution, Public Procurement Office, Standing Conference of Towns and Municipalities and UNDP, with support of the Swedish Government, have kicked off the project “Accountable Public Finance Management” (in July 2019).

**Objectives of the PUBFIN:**

The PUBFIN is designed to addressing two key areas; namely, budget execution and financial control, and external scrutiny over public finances.

1. **Effective Budget Execution and Financial Control (Outcomes 1 and 2)**

Outcome 1 – The Government improves overall management of public funds at both state and local levels

*Output 1.1 - Reducing tax evasion by strengthening the capacities of the Tax Police for operational analysis and intelligence*

*Output 1.2 - The Tax Administration increases voluntary tax compliance by improving its corporate values and image*

*Output 1.3 - The Ministry of Finance/The Department for Internal Control and Internal Audit and the Public Procurement Office increase the retention of Internal Auditors and Public Procurement Officers in the public sector*

*Output 1.4 - Further support to Serbian contracting authorities in stimulating competition and applying the Best Value for Money Approach*

*Output 1.5 - Local self-governments increase transparency in the management of public funds*

*Output 1.6 – The effectiveness and efficiency of donor coordination is improved, and the absorption of external financing is increased at all levels*

*Output 1.7 – Support to Central Harmonization Unit (CHU) of the Ministry of Finance in enhancing the Financial Management Control and Internal Audit in targeted LSGs*

Outcome 2 – Strengthening transparent and project-based funding of civil society organizations (CSOs) from local government budgets towards greater civic engagement in decision-making and improvement of local service delivery

*Output 2.1 Local self-governments improve cooperation with civil society organizations (CSO) in implementing measures and activities to contribute to achieving the Sustainable Development Goals (SDGs) at local level*

1. **External Scrutiny over Public Finances (Outcomes 3 And 4)**

Outcome 3 – The State Audit Institution automatizes and improves the management of the entire audit process

*Output 3.1 - The State Audit Institution (SAI) increases the number and quality of external audit reports by improving the management of the audit business processes through an Audit Management System*

Outcome 4 – The capacities of CSOs and journalists to monitor and report on corruption and misuse of public finance are improved

*Output 4.1 - Media and CSOs are better equipped to monitor and report on corruption and misuse of public funds*

At the same time, the Project has been focusing on horizontal and cross-cutting issues related to ensuring sustainable internal control systems within key public-sector institutions, enhancing transparency in the management of public funds at the local level and improving cooperation between civil society organizations (CSO) and local self-governments, and enhancing the capacities of CSOs and journalists to monitor and report on corruption and misuse of public finances.

**Main stakeholders**

The PUBFIN was designed as a multi-point holistic solution – with combined actions from several key directions (stakeholders). Main project partners are: *State Audit Institution (SAI), Ministry of Finance (Tax Administration, Central Harmonization Unit), Public Procurement Office, Standing Conference of Towns and Municipalities and Ministry of European Integration*.

It is important to highlight that the project was providing assistance to the Government of the Republic of Serbia in the process of harmonization of the national institutional capacities and legal framework with the EU acquis through structured capacity development, applying EU best practices, and assisting the national counterparts in the process of accession negotiations with the European Union under Chapter 5 – Public procurement, and Chapter 32 – Internal control and external audit.

This initiative built on the previous UNDP led interventions in this area, and contributes to the efforts of the UN and its partners in Serbia who are working towards achieving global Sustainable Development Goals to support country’s progress in advancing national development priorities fully aligned with the Agenda 2030, National Program for the Adoption of the Acquis Communautaire (NPAA) and with the EU reform processes

# Evaluation objectives and scope

## Objectives of the final evaluation

The Terms of Reference has defined the purpose and objectives of this evaluation. This assignment aimed to carry out an independent final evaluation and provide information about the results of the Accountable Public Finance Management Platform project implementation.

The objective was to assess if and how project outcomes are achieved, the efficiency with which outputs are achieved and contribute to outcomes achievement, relevance for the national strategic framework and UNDP Country Programme outcome and sustainability of the results. In addition, the evaluation identified the lessons learned and prepare recommendations relevant to the planning and possible subsequent intervention.

Thus, the final evaluation implemented the following critical steps:

* measured to what extent the Project has contributed to solve the needs identified in the design phase.
* measured Project’s degree of implementation, efficiency, and quality delivered on expected results (outputs) and specific objectives (outcomes), against what was originally planned or officially revised.
* measured the project contribution to the objectives set in the national and UN strategic documents, EU acquis chapters, along with 17 SDGs.
* assessed both negative and positive factors that have facilitated or hampered progress in achieving the Project outcomes, including external factors/environment, weakness in design, management and resource allocation.
* assessed the extent to which the application of the rights-based approach and gender mainstreaming are integrated within planning and implementation of the Project.
* generated substantive evidence-based knowledge by identifying best practices and lessons learned that could be useful to other development interventions at national (scale up) and international level (replicability) and to support the sustainability of the Project or some of its components.

## Scope of the final evaluation

The scope of the final evaluation related to results, timeframe, geography and organization.

**Results.** The Final Evaluation assessed if and to what extent the planned outputs have been achieved, contributing together with other initiatives to progress under its outcomes. Part of these efforts have been to assess PUBFIN’s processes, innovations, strategic partnerships and linkages in the specific governance/ public finance management context that proved critical in producing the intended outputs

**Timeframe.** The final evaluation covered the entire period of implementation of the PUBFIN (28 June 2018 until 30 September 2022). The FEC considered UNDP’s results and efforts from previous UNDP initiatives in this sector, successfully completed in 2018 and 2019 and other relevant initiatives in the governance area when justified and required;

**Geography.** The main focus of the evaluation has been at the entire territory of the Republic of Serbia, with particular intention to assess results and achievements at the national level and in the targeted municipalities.

**Organization.** The evaluation examined the steering and management structures for the PUBFIN Project implementation.

# Evaluation method

The framework for the FE has been set in the Terms of Reference (ToR), and following its provisions, the evaluation has developed a tailor-made methodology. The main reference for the evaluation methodology has been OECD/DAC Evaluation Criteria[[1]](#footnote-2). The FEC adhered to UN Evaluation Group (UNEG) Norms and Standards[[2]](#footnote-3), and UNEG Guidance on Integrating Human Rights and Gender Equality in Evaluation[[3]](#footnote-4). Furthermore, the evaluation methodology is designed to ensure that the principles of leaving no one behind, human rights-based approach and gender equality are considered and analyzed throughout the process.

## Evaluability assessment

The final evaluation used the three-dimension framework for evaluability assessment[[4]](#footnote-5), to measure the extent to which this Project, its implementation framework and achieved results could be analysed and assessed in a reliable and credible manner. The evaluability assessment has been in general positive.

The “in-principle” evaluability analysis was carried out to identify whether it is possible to evaluate the PUBFIN as designed- the FE used the framework set by the Terms of Reference. The initial finding that are based on clarity, coherence, feasibility and relevance indicates that the PUBFIN theory of change is solid and well-established. The “in practice” evaluability analysis included availability of documents and relevant data, together with the capacities of the project team and other stakeholders to provide required information. The PUBFIN Project team supplied the FEC with a solid set of project related documents, including Project document, annual work plans, Project reports, monitoring tools, budget and project related communications (Annex 4- Documents consulted during the IR). The analysis of these documents during the Inception Period suggested that quality, depth and adequacy of the information would be sufficient for a sound desk review and the establishment of the initial analytical framework. Besides, the FE together with the PUBFIN Team analysed the list of interlocutors for interviews- in addition to partners and beneficiaries, this list included other stakeholders that are relevant for the local administration reform, and broader, local governance

The *contribution analysis (CA)[[5]](#footnote-6)*, adjusted for the evaluation of complex programs[[6]](#footnote-7) has been in the centre of the evaluation approach. Considering that the PUBFIN Project outcomes (defined as "intended changes in development conditions in participating countries") have been set at the high level, requiring joint work of many partners, credible attribution of development changes to the UNDP-PUBFIN may be challenging or in some cases impossible to establish. To address these challenges, the contribution analysis has been applied to facilitate credible causal claims between the PUBFIN Project, its results[[7]](#footnote-8).and contributions to respective outcomes. The FE used primary and secondary data sources to ascertain the plausibility of causal relationships between the PUBFIN achievements and respective outcomes.

Operationally, the FEC made use of a theory-based and utilization-focused approach, with various complementary qualitative and quantitative methods[[8]](#footnote-9) (a mixed method approach) of data collection and analysis. This approach enabled to meet the evaluation objectives, cover its scope and provide answers to the structured set of evaluation questions, while enabling to incorporate the cross-cutting dimensions of gender, equity, and human rights. The evaluation has been participatory, flexible in design and implementation, ensuring stakeholder participation and ownership through consultation and validation, and facilitating learning and feedback

## Key evaluation questions and evaluation matrix

The final evaluation focused on the criteria that ToR defined– relevance (including coherence), efficiency, effectiveness, and sustainability. Also, the evaluation considered additional cross-cutting criteria, gender and leave no one behind. The FEC provided credible, practical, evidence-based information to enable the timely incorporation of its findings, recommendations, and lessons into the decision-making processes of the PUBFIN’s partners and key stakeholders to assess the potential of the continuation of efforts and assistance.

The TOR provided the basis for the evaluation questions that the final evaluation consultant analyzed and proposed six key evaluation questions, using also questions from the ToR as sub-questions and the judgement criteria to ensure that all areas indicated under the TOR are considered and covered. The FE report strived to answer these questions using specific, objectively verifiable indicators (OVI) generated for each EQ to assess the current situation, delivery of outputs and progress towards the intended outcomes.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Key Evaluation Questions (KQ)** | **Relevance** | **Coherence** | **Efficiency** | **Effectiveness** | **Sustainability** | **Cross-cutting** |
| **Key Question 1:** Has the PUBFIN project aligned its intervention with the needs and priorities of partners and the main stakeholders to ensure an effective, inclusive, accountable and participatory public finance system in Serbia?  | **X** | **X** |  |  |  | **X** |
| **Key Question 2:** How integrated into the Serbia’s public finance and governance reform and development priorities, activities of development partners and UNDP plans and activities s has the PUBFIN been?  | **X** | **X** |  |  |  |  |
| **Key question 3:** Has the PUBFIN contributed to the attainment of the development outputs and outcomes initially expected/ stipulated in the project document? |  |  |  | **X** | **X** | **X** |
| **Key question 4:** Has the implementation of the PUBFIN been efficient concerning adherence to the work plans (timely implementation), flexibility and responsiveness? |  |  | **X** |  |  | **X** |
| **Key Question 5:** Has the PUBFIN contributed to sustainable partnerships, polices and capacities of stakeholders for effective, inclusive, accountable and participatory public finance in Serbia? |  |  |  | **X** | **X** | **X** |
| **Key Question 6:** Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation? | **X** |  |  | **X** |  | **X** |

**X**- main evaluation criteria; **X** - additional evaluation criteria

These evaluation questions, judgement criteria, indicators and evidences, following all the provisions from the ToR have been presented in the evaluation matrix.

Each evaluation criterion has been scored using the evaluation rating scales (Ref to 6.1. Evaluation rating)

# Data analysis

## Data collection methods and instruments

The FEC collected data for this evaluation from various sources including documents, key informant interviews and secondary data sets. The final evaluation followed steps described below:

### I) Document review

The evaluation has started with an initial review of the documents provided by the PUBFIN and accessed via open sources. These included many different levels and types of documents, such as[[9]](#footnote-10):

* Strategic and country level - e.g., the EU Progress Reports on Serbia, EC Partnership Strategy, WB reports, Good Governance Framework Analysis; UNDP country programme, other development/ sectoral strategies and relevant indicators
* Project – PUBFIN Project Document, and Progress Reports and other PUBFIN-related documents
* Presentations and other documents - delivered by PUBFIN partners at various events
* Meeting records – steering committees’ meetings, conference proceedings and minutes

A brief gender analysis at the inception stage has been carried out to develop the hypothesis around reflection of gender in the data and reports, gender analysis of the operational environment i.e., socio-political and cultural barriers for gender equality and existing progress. This was done in the context that the ToR has defined.

### II) Key informants’ interviews

The **key informants’ interviews** (KIIs) served to confirm assumptions and the initial findings using tailor-made tools to collect evidence-based, reliable, solid, and comprehensive information about the PUBFIN Project. Key informants have been selected based on their crucial role in the design and implementation of the project and their strategic position in the public finance management system (at the national and local level- under all outcomes).

The COVID-19 pandemic has had severe impact on the overall situation in the world and posed strict limitations to the mobility of the FEC, preventing and limiting in-person meetings. Therefore, the FEC had online interviews with some the partners and stakeholders; still, the visits to the main beneficiaries have been implemented during the first weeks of September 2022.

The interview guides have been prepared, ensuring systemic and uniform collection of data (Annex 2), asking (open-ended) questions and offering also opportunities for a more in-depth discussion about specific points related to the PUBFIN’s implementation and results. Especially important for the FEC has been to discuss forward-looking opportunities and recommendations for the future interventions in the areas of public finance.

### III) Secondary data sets

The FE analysed and review other secondary data sets, including aggregated data on different key governance and socio-economic indicators for Serbia. The list of analyzed secondary data sets is provided in the Annex 3.

## Data analysis

The scope, complexity, and the period covered by the evaluation required an analytical approach deriving from UNDG evaluation guidelines and international practices. The evaluation consultant analysed collected information and the Results Matrix through a causality model as a part of the overall contribution analysis complementing it with appropriate analytical approaches[[10]](#footnote-11). The FEC used a mixed-method approach to gather qualitative and quantitative information to answer specific evaluation questions, using proposed judgement criteria. The FEC based desk research on collecting and analysing the secondary data, primarily PUBFIN -related documentation, annual progress reports and annexes. The FEC collected primary data through in-person interviews and focus groups with representatives of various institutions participating in activities. These efforts followed well-established data collection tools, and gained a more in-depth analysis of the overall PUBFIN.

The evaluation process applied data triangulation (for checking the results obtained from the research (desk analysis and primary data from interviews). The rationale for using this approach was to increase the credibility and validity of the findings and enabled to collect a more detailed and balanced picture of the PUBFIN and its results. The research experience enabled the FEC to map out and explain the details and complexity of the Project. The MAXQDA[[11]](#footnote-12) qualitative research software and the coding system enabled easier analysis and cross-examination, identifying convergence, inconsistency and contradictions.

## Limitations

The final evaluation included a primary data collection phase (comprising of in person and on-line interviews and focus groups), designed to collect in-depth information about the status of PUBFIN outcome and respective outputs and complement the initial findings from the desk review. This phase also enabled to identify links between different issues impacting on achievement of the PUBFIN outcome, and broader, the progress towards public finance reform in the country. The final list of key stakeholders for interviews has been agreed in cooperation with the PUBFIN team, while the involvement and importance of the stakeholders in the PUBFIN implementation has been determining criterion. Although the evaluation team discussed PUBFIN related issues with the representatives of different authorities, some of the local counterparts were not in the position to reflect on the cooperation and results directly, separating this support from other activities of the government and national authorities.

The PUBFIN's effectiveness needed to be considered assessing the extent to which the project contributed or is likely to contribute to effective budget execution and financial control and improved external scrutiny over public finances, following the principles of democratic governance.

These efforts included analysis of the larger transformational change, understanding the contribution of the project to ensure effective, inclusive, accountable and participatory public finance in line with international standards, making a difference to population and stakeholders in Serbia, notably with regard to achieving the sustainable development goals. However, it was challenging to determine "specific extent of the contribution" that the PUBFIN made to its outcomes. Another challenge has been that the indicators, although relevant provided only limited insight into the situation. The SIGMA reports are relevant references and provide detailed overview of the public finance system in the country; however, these reports are focused on nation-level processes and developments. The EU Progress Reports have been available for all years of PUBFIN implementation; still, these reports provide only one-side perspective, and there is some discontent among the authorities in Serbia with the presented findings. Therefore, the FEC assessed progress under outputs and analysed links with outcomes, assuming possible contribution and progress under outcome. The indicators were in most cases considered, informing the analysis of contribution to the outcome. At the same time, the evaluation has been challenged to extract "the most important" achievements contributing to the behavioural level- outcome changes and validate their contribution, especially considering requirements from the ToR, and request for the length of the evaluation report as well as the timeframe for the final evaluation. The assessment of efficiency has been mainly focused on management processes and structures; the FEC has been analysing meeting minutes from different coordination forums and using interviews with some of the members of these various bodies. However, the FEC based conclusions on the professional experience and judgement on development assistance.

Sustainability is an ex-post measure and ideally, measuring this dimension requires a time-period between two to five years after the completion of the initiative. Still, this was ToR requirement and the evaluation team carried out context analysis and forecasted opportunities to ensure sustainability. However, changing realities of Serbia in the context of governance reform, including delayed adoption of the legal and policy frameworks, limited focus on reforms as well as effects of unplanned external developments (e.g., the effects of the COVID-19 and its possible extension) could considerably affect and compromise these conclusions.

## Ethical considerations

The FEC was aware of the OECD DAC ethical considerations for development evaluations[[12]](#footnote-13) and United Nations Ethical Guidelines[[13]](#footnote-14). The evaluation followed ethical considerations in selecting interviewees, interacting with them, and respecting their personal and institutional rights. The FEC requested informed consent from stakeholders before asking any questions related to the PUBFIN evaluation. To obtain consent, the FEC members briefly explained the reasons and objectives of the evaluation and the scope of the questions. Stakeholders had the right to refuse or to withdraw at any time.

The FEC also ensures respondents’ privacy and confidentiality, as the disclosure of confidential information may seriously jeopardize the efficiency and credibility of the evaluation process. Therefore, the FEC is responsible for exercising discretion in all matters of the final PUBFIN evaluation, not divulging confidential information without authorization. The FEC respected informants' right to provide information in confidence; the team also made ensure that sensitive information cannot be traced to its source so that the key informants are protected from reprisals. Original data, including interview records and notes from interviews, will be retained in confidential files until completion of the evaluation. After the final report is accepted, the data and files will be permanently deleted. The FEC is fully independent, unaware of any conflicts of interest for this work..

# Presentation of findings

The final evaluation has presented the following findings, responding directly to the evaluation criteria and questions detailed in the scope and objectives section of the report and are based on evidence derived from data collection and analysis methods described in the methodology section of the report.

## Relevance

**Key Question 1: Has the PUBFIN project aligned its intervention with the national strategic priorities and needs of partners and the main stakeholders to ensure an effective, inclusive, accountable and participatory public finance system in Serbia?**

JC1.1. The extent to which the PUBFIN has been designed to address the needs of the main partners and stakeholders to implement their tasks for effective, inclusive, accountable and participatory public finance in Serbia

**The PUBFIN, under its outcomes, has been and remained relevant in supporting the reform of public finance in Serbia. The focus has been on improving the institutional capacities of the main partners (MoF- CHU, PPO, SAI, TA/TPD, municipalities) and individual capacities of relevant staff. In addition, the PUBFIN efforts have been relevant for strengthening citizen-cantered, inclusive and accountable governance in Serbia, through the involvement of media and CSOs in monitoring and reporting on public finances and strengthening transparent practices.**

With generally good administration capacities and ongoing reform initiatives, Serbia is taking measures to address governance gaps to enhance transparency and accountability, improve policy-making processes and advance public finances. However, the final evaluation consultant’s (FEC’s) analysis and partners’ statements indicated limited capacities for achieving these priorities as the relevant institutions at the national and sub-national levels in the country needed support to bridge the skills gaps, build organizational capacities, expedite reforms, and improve performance of their structures. Therefore, PUBFIN focused on the needs of these- main institutions, considering their unique characteristics and identifying the state of affairs ("baselines"). Furthermore, the partners confirmed that PUBFIN is highly demanded, stating that “their involvement in planning, programming and implementation stages ensured PUBFIN’s high relevance[[14]](#footnote-15)”. For example, the Project responded to the Serbian Tax Administration (STA) priorities, deriving from the Tax Administration Transformation program[[15]](#footnote-16). These priorities, according to the analysis and confirmed during the primary data collection, included “transformation efforts for upgrading the existing infrastructure and working environment and improving the overall quality of work, rationalizing and optimizing core business processes, introducing new methods and solutions for increasing tax collection[[16]](#footnote-17)”. The FEC finds that this comprehensive framework was a basis for the PUBFIN intervention in supporting Serbian Tax Administration. The Project facilitated modernization of the STA, assisting with further simplification and unification of tax procedures for a more effective and efficient organization with a well-established mechanism for collecting public revenues and developing a Register of business invoices. In addition, PUBFIN addressed the need to improve the corporate image - changing business culture and perceptions and gaining more interest among the capable and skilled professionals to become part of the tax administration staff.

In addition, the PUBFIN assistance has been particularly instrumental for the Tax Police Department (TPD), a specialized organizational unit with a mandate to prevent and detect and process tax crimes and their perpetrators. The main challenges that the Project addressed included creating and developing an operational intelligence database with database management tools and enhancing capacities on data collection and assessment (within the TPD). Concerning development of TPD organizational capacities, the Project adopted a comprehensive approach through the efforts to address TPD organizational and procedural solutions for improved functional abilities. In parallel, the Project initiated work to enhance TPD's capacities for processing intelligence, operational data, and analysis, as the most required area for further support and improvement.

Under its first outcome, PUBFIN addressed capacity gaps caused by the frequent changes and (formal) position of certified internal auditors and public procurement officers (within public funds beneficiaries). The Project’s relevance is recognized through its efforts to contribute to legal and policy improvements for a comprehensive and evidence-based retention system for internal auditors and public procurement officers and tools for stimulating and rewarding their performance. The Project adopted a needs based approach, considering IAs and PPOs assignments and challenges in various public structures. The Project focused on issues related to coordination within the public institution; fundamental recognition of the IA/ PPOs role for accountability, resource utilization, and efficient organizational management.

The PUBFIN addressed the Public Procurement Office in improving the tools and promoting the application of the Most Economically Advantageous Tender (MEAT) criteria in public procurement, together with new specific models of tender documents to ensure the optimal balance of benefits and costs in procuring goods and services. Project responded to the PPO's need to analyze and identify various factors and circumstances affecting the public procurement system in Serbia, providing a standard set of recommendations and measures for addressing the identified deficiencies.

Similarly, a long-lasting partnership with the Supreme Audi Institution ensured the high relevance of PUBFIN's support. The previous UNDP support to the SAI mapped audit processes and identified requirements for the Audit Management System (AMS) to conduct the entire audit process and integrate it into the existing management system. These efforts addressed the need to enhance and strengthen external scrutiny over public finances, increasing transparency and reinforcing accountability in using public funds and meeting the objectives of the Public Financial Management Reform.

**The PUBFIN considered and reflected gains from the previous initiatives concerning public finance area, building and complementing these achievements, with the objective to advance the public finance reform.** Serbia has undergone a series of reforms to effectively meet challenges in developing and implementing a coherent approach to public finance (under the broader financial consolidation framework and public administration reform strategy) and improving the scope and quality of services that the core institutions deliver. Therefore, the stakeholders- MoF-CHU, SAI, PPO have been working on this reform, guiding this process through legislative amendments, operational improvements and technical capacities. In this context, UNDP in Serbia in close cooperation with the national authorities has developed large-scale support to public finance in Serbia. For example, the previous (predecessor) initiative, "*Enhancement of Municipal Audit for Accountability and Efficiency in Public Finance Management*[[17]](#footnote-18)", strived to enhance the system of Financial Management and Control across local self-government units (LSG) by strengthening their internal audit function. The priority was to establish functional networks between the Central Harmonization Unit of the Ministry of Finance and cities representing the seat of regional centres. In addition, the Project worked to increase the effectiveness of municipal internal audits, enabling external auditors to focus on performance audits. The immediate impact of this Project has been that it facilitated and helped Supreme Audit Institutions (SAI) to carry out more frequent, quality audits of municipalities. Furthermore, these results and reports generated through the Project enabled the identification and promotion of good practices for enforcing the Public Finance Management (PFM) reform, particularly at the sub-national level. The effective involvement of the CSOs and capacity development for media have been factors contributing to greater transparency and accountability and a broader understanding of public finance (among the citizens).

Also, the PUBFIN components scaled up positive experience of the *Project Accelerating Accountability Mechanisms in Public Finance*[[18]](#footnote-19). This initiative adopted a more managerial approach to public finance reform, concentrating on three interlinked areas- organizational accountability, oversight of public finances and enforcement mechanisms. This Project has been working to improve transparency in public finances at both central (by introducing open data in public finances) and local levels (through developing public finance portals[[19]](#footnote-20) for municipal assemblies). The FEC finds that these efforts and results have been particularly important for defining activities under Output 1.5 - Local self-governments increase transparency in the management of public funds. In addition, the Project builds on the lessons learned and results of the *Regional Programme on Local Democracy in the Western Balkans (ReLOaD)[[20]](#footnote-21),* implemented to strengthen civil society decision-making capacities, stimulating an enabling legal and financial environment for their activities. The PUBFIN under its Outcome 2 Strengthening transparent and project-based funding of civil society organizations (CSOs) from local government budgets towards greater civic engagement in decision-making and improvement of local service delivery, expanded the ReLOaD model for introducing and sustaining a transparent, development-oriented and project-based approach to funding CSOs. These efforts aim to improving cooperation with civil society organizations (CSO) in implementing measures and activities to contribute to realising local priorities in line with development strategies and achieving the Sustainable Development Goals (SDGs) at local level.

* ***JV1.2.1. The extent to which the PUBFIN has been aligned and contributed to the implementation of the relevant national strategic frameworks and UNDP’s Country Programme Document***

**The PUBFIN and its activities have been fully aligned with the national strategic priorities, and this relevance remained high during the entire implementation. National partners highlighted the need for the continuation of this support under PUBFIN, especially considering the current governance situation and the need to continue with public finance reform and financial consolidation, reflecting lessons learned and challenges from the implementation of activities so far and EU accession priorities.**

The key national-strategic document, emphasised commitment to public finance/ public administration reform, recognizing the need to equip national and local administrations with an inclusive, financially viable, transparent and accountable structure for delivery of quality services. Thus, data collected via primary and secondary sources indicate the alignment of PUBFIN with Serbia’s critical strategic documents underpinning national development priorities concerning public finance management. This statement primarily refers to the Public Financial Management Reform Program[[21]](#footnote-22) (PFM RP- November 2015) as a comprehensive and integrated framework for planning, coordinating, implementing and monitoring actions to improve the overall public finance management in the country. The PFM RP provides a basis for planning and implementing essential reforms in a structured manner while fulfilling the requirements for European Union (EU) accession. The evaluation finds that PUBFIN aligns with the Indicative Strategy Paper for Serbia (2014-2020)[[22]](#footnote-23), working on developing institutional, and technical capacity in line with the EU requirements, allowing Serbia to enhance capacities of the public administration, including at the local level, to implement the principles of good governance in core areas. Operationally, the Project addresses institutional shortcomings for implementing and managing EU Pre-accession Assistance (IPA), by adjusting the existing system for the indirect management of IPA and improving the framework for transparent development assistance. In addition, the PUBFIN contributes to administrative and financial capacities and procedures for certain processes to increase the absorption capacities for funds from external sources of financing at both national and local levels.

The Project remained aligned with the new GoS (elected in 2020) priorities articulated its program in the comprehensive Serbia Action Plan that emphasized fiscal and environmental sustainability[[23]](#footnote-24). The PUBFIN aligns with some of the GoS priority policy areas, namely, economic strengthening, efficient and responsible public institutions and human capacity building. Successive fiscal strategies since 2015 have established prudent management of public finances and resulted in robust fiscal buffers, which allowed Serbia to respond adequately to the impacts of the COVID-19 pandemic.

The Project is also aligned with set of new planning documents that further expanded and complemented the strategic framework for public financial management. The Project is addressing PIFC Strategy for the period 2017-2020 and the Tax Administration Transformation Programme Action Plan for 2018 – 2023 extending and complementing the initial Transformation Program for 2016-2018[[24]](#footnote-25).

**The evaluation finds that PUBFIN contributes to Serbia’s EU accession process and the main priorities under the public finance management framework.**

EU accession remains an important overarching goal[[25]](#footnote-26). In October 2021, the EC announced that Serbia fulfilled key benchmarks for opening clusters three and four, focusing on competitiveness and growth, and green agenda and sustainable connectivity. This PUBFIN support is relevant in meeting critical accession requirements, especially in improving institutional effectiveness in the judicial, rule of law and economic governance and assuming the responsibilities and withstanding pressures of the EU common market framework. Concerning Chapter 17, Economic and Monetary Affairs the last EU Progress Report[[26]](#footnote-27) recognized that Serbia is moderately prepared and has established a good institutional and administrative framework concerning economic and monetary policy. However, the country has made limited progress in economic policy coordination. Also, the COVID-19 pandemic affected the implementation of the budgetary procedure and fiscal rules. Under Chapter 32- Financial Control, the EU Progress Report[[27]](#footnote-28) recognized that Serbia remained moderately prepared, with good progress made in the reporting period. The country has developed a new mid-term approach to public internal financial control (PIFC); however, the analysis indicated the need for a comprehensive strategy for detecting and handling irregularities (that the Project is addressing under its outcomes, working on greater accountability in the administrative culture and strengthening internal control and internal audit functioning).

**The PUBFIN aligns with the UNDP Country Programme Document and its commitment to strengthening national and local mechanisms and capacities for good governance.**

In addition, the PUBFIN aligns with the UNDP's efforts to address capacity gaps and link planning with implementation in different sectors, including public finance and procurement. Particularly relevant is UNDP's work on gender-responsive capacity development of public services and institutions, especially on implementing national and local development strategies.

The Project also contributes to the UNDP CPD (2021-2026) and the priority goal "to create the high-quality services for citizens and businesses, and the public administration that will significantly contribute to economic stability and improved living standard of citizens". Furthermore, the PUBFIN scope of work contributes to UN Strategic Framework for Serbia and its Outcome 1 "All people benefit from effective governance and meaningful civic engagement[[28]](#footnote-29)". Finally, the Project supports the implementation of the UNDP Strategic Plan Outcome to accelerate structural transformations for sustainable development.

* ***JV1.2.2. The extent to which the Project contributed to the SDGs and relevant targets***

**Taking advantage of Serbia's efforts to achieve SDG targets, PUBFIN offered a well-defined approach to strengthen national and local institutions within public finance management and ensure progress under SDG 16. Peace, justice and strong institutions.**

The Project directly relates to *target 16.6**Develop effective, accountable and transparent institutions at all levels*. These efforts included various activities concerning public finances and budgeting- such as strengthening the tax system, increasing public revenues, and introducing more robust budget monitoring and control (as per indicator 16.6.1. Primary government expenditures as a proportion of the original approved budget, by sector or by budget codes or similar). Furthermore, PUBFIN's support for sectoral reform included legal and policy improvements- for example, retention and improved status of internal auditors. These efforts included capacity development at various levels and the introduction of standards in the national institutions (e.g., SAI or PPO with the implementation of the MEAL approach) and local governments (as per indicator 16.6.2. concerning the proportion of the population satisfied with their last experience of public services).

The Project also contribute to the *target 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels*. The Project is working to institutionalize various forms of citizens/ public participation through transparent and project-based funding of civil society organizations (CSOs) from local government budgets, ensuring greater civic engagement in decision-making.

The PUBFIN contributes to *SDG-11, "Make cities and human settlements inclusive, safe, resilient and sustainable".* This SDG recognizes the transformative power of urbanization for development and the role of city leaders in driving global change from the bottom up. For example, the PUBFIN support increased transparency of local self-governments in the management of public funds, contributing to the Target 11.3 Inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management.

In addition, PUBFIN contributed to *SDG 5 Achieve gender equality and empower all women and girls*. For example, the Project efforts generally contribute to target 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life, and 5a Undertake reforms to give women equal rights to economic resources. The most relevant in this context have been PUBFIN efforts to promote inclusive institutions and women's participation in decision-making while creating an enabling environment for gender equality. An evident example could be capacity development programs addressing the capacities of the SAI's auditors to implement gender-sensitive audits. In addition, one of the preconditions in the call for proposals for CSOs has been that proposed initiatives address and contribute to achieving SDGs 1: End poverty in all forms, 5: Achieve gender equality and empower all women and girls, and 10 Reduce inequality within and among countries. Furthermore, the additional contribution to these SDGs and more inclusive and responsive decision-making at the local level has been ensured through enhanced capacities of CSOs and journalists to monitor and report on corruption and misuse of public finance.

JC1.3. The extent to which the theory of change applied in PUBFIN has been relevant to ensuring an adequate approach for supporting an effective, inclusive, accountable and participatory local governance in Serbia

**The PUBFIN’s theory of change (TOC) has explicit assumptions and clear change pathway describing how it will contribute to outcome level change as specified in the programme/CPD, backed by credible evidence of what works effectively in this context. The Project document clearly describes why the project’s strategy is the best approach at this point in time. However, the FEC finds too many outcomes of different levels of importance and some of them poorly formulated, with limited connections between these outcomes.**

TOC is presented in the diagram within the section development challenge, with credible evidence on what works, based on external research and articulation on the necessity of the approach. The overall quality of the intervention logic is generally acceptable, as the planned outputs and outcomes are coherent. Moreover, internal links within elements of the chain of results, activities, outputs and outcomes are satisfactory. However, the horizontal logic of the logic intervention is weak, and links between different outcomes and outcome areas are limited. The FEC finds that activities under each separate outcome could be implemented as independent projects, as there is no cross-outcome benefits. Another challenge is that outcomes are not at the same level of complexity. For example, outcome 1 clearly exceeds the scope of development intervention (Outcome 1:– The Government improves overall management of public funds at both state and local levels) and it is more appropriate as the overall objective of the public finance reform in Serbia. At the same time, other outcomes for example Outcome 3[[29]](#footnote-30) or Outcome 4[[30]](#footnote-31) are more appropriate for outputs; furthermore, outputs 3.1. and 4.1[[31]](#footnote-32) are essentially repetitions of the respective outcomes.

The indicators exist at all results levels, but some do not capture PUBFIN efforts adequately. The FEC provided detailed analysis of the intervention logic- chain of results and indicators, under the effectiveness part of this report. Still, the FEC highlights here inappropriate formulation of some outcomes- as in the previous paragraph. Similarly, indicators at outcome level are mainly from the SIGMA monitoring report- although relevant to measure country’s progress concerning the public finance reform but it is difficult to establish contribution claims to PUBFIN project. The results framework (RF) proposed that progress under Outcome 4 that is related to the extent to which capacities of CSOs and journalists are improved to monitor and report on corruption and misuse of public finance should be measured by the Index of media/ press freedom. This indicator is certainly one of the main references to status of media, but not irrelevant for PUBFIN (more details provided under the effectiveness part of this report).

In addition, the output indicators exist- but it’s challenging to distinguish if these are output targets or indicators. *Still, the FEC finds that PUBFIN resolved this challenge, reporting on results and the extent of achievement of these targets*.

The PUBFIN Team worked on developing sex-disaggregated indicators- this project did not include explicit gender component, there were efforts to mainstream gender in several areas, including external audit and implementation of gender related projects by CSOs at the local level. The PUBFIN team developed gender sensitive indicators to measure progress in these particular areas.

The FEC overall score on the Relevance criterion: (**HIGHLY) RELEVANT**

## Coherence

**EQ2 To what extent is the EU assistance coherent with interventions by other international actors and with other EU interventions in related fields?**

JC2.1. Alignment of the objectives/outcomes of the selected Activities with those of other relevant EU policies and funding programmes

**The PUBFIN represents critical and highly important assistance in implementing the public finance reform priorities, thus contributing to transparent and accountable governance at national and sub-national levels. This intervention is generally coherent with other UNDP activities, other international projects in this area. The main implementing actors (UNDP, MoF-CHU, PPO, SAI or TA) have been involved in conceptualising and coordinating activities.**

This report highlighted that the Government adopted the Public Financial Management Reform Program (PFM RP- November 2015) as a comprehensive and integrated framework for planning, coordinating, implementing and monitoring actions to improve the overall public finance management in the country. The evaluation finds that the PUBFIN and its components were based on this strategic document; hence, this approach to ensure alignment with the national strategic framework, contributed to a solid PUBFIN external coherence[[32]](#footnote-33). At the same time, the FEC finds indicate that PUBFIN is a complex intervention that included four outcomes with large-scale actions in various public finance areas and the informants stated that PUBFIN should be considered as a multi-annual programme, with various projects/ initiatives under its scope. Success in its implementation and achievement of results depends on various factors[[33]](#footnote-34). The primary factor is involvement, relationship and partnership between key national institutions and national and local governments. It also includes commitment to implementing new legislation, analysing issues, and proposing revisions and adjustments. .

This multi-focus Project’s nature put additional challenges to ensure coherence and synergies during the implementation. The Project, in partnership with the national institutions, mitigated this challenge producing specific activity plans under each of its outcomes (under the overall PUBFIN action plan), elaborating planned tasks, mapping challenges and advantages, actors, and priorities. The Project under specific outputs (and outcomes) ensured full involvement of the representatives of each partner's institutions and their respective departments, confirming involvement, commitment and interest during the project implementation. The PUBFIN management team effectively coordinated activities, and according to the partners, the Project Team has been responsive, organizing needs-based meetings with continued interactions on priority topics.

**PUBFIN has established cooperation and coordination with other UNDP activities.** PUBFIN is situated in UNDP Serbia’s Good Governance Cluster, focusing on accountable institutions and effective, agile and transparent governance mechanisms to cope with the complex challenges of democracy in the 21st century. The initiatives within this cluster support strengthening the core capacities for institutional reform (such as public financial management, parliamentary scrutiny or public administration reform) and the delivery of services[[34]](#footnote-35). The priority has been enhancing the implementation of public administration reforms in line with the subsidiarity principles, strongly emphasizing transparency and public dialogue, and striving to build innovation into mainstream policy.More specifically, PUBFIN is part of the Public Finance Management portfolio[[35]](#footnote-36) There was a good level of day-to-day information exchange, coordination, and interaction between the PUBFIN team/ Public Finance Management portfolio and other initiatives within Good Governance Cluster.

**UNDP Office in Serbia/ Good Governance Cluster played an essential role in promoting internal coherence, using project staff from other projects to expand activities in the area of public finance and ensure cost-efficiency[[36]](#footnote-37)-.** An example could be partnership and cooperation in implementing Outcome 2 on strengthening transparent and project-based funding of civil society organizations (CSOs) from local government budgets. Already experienced and capacitated UNDP ReLOaD project team[[37]](#footnote-38) in Serbia with extensive experience in “building partnerships between local governments and civil society by scaling-up a successful model of transparent and project-based funding of CSOs from local government budgets towards greater civic engagement in decision-making and improvement of local service delivery” [[38]](#footnote-39) was leading on the implementation of activities under this outcome. These joint efforts enhanced engagement with citizens and contributed to more effective citizen participation (for the accountable local governments). Similarly, activities under Outcome 4 to enhance the capacities of CSOs and journalists to monitor and report on corruption and misuse of public finance have been implemented in cooperation with the UNDP Public Administration Portfolio.

*The PUBFIN team participated in regular UNDP programme meetings, exchanging information and exploring cooperation opportunities***[[39]](#footnote-40)**. The stakeholders highlighted joint work to respond to the needs of stakeholders from the national and local levels to cooperate and prepare for disasters. In this context, cooperation with the Resilient Development Cluster has been identified. This cluster is implementing climate change mitigation and adaptation measures and introducing innovative climate-smart urban development, increasing energy efficiency and the share of renewable energy sources in power generation in Serbia. Concerning cooperation efforts, the FEC finds that PUBFIN provided technical support for its members to learn about the central public finance institutions (SAI, PPO, Tax Administration), including local administration roles. The informants stated that this support enhanced their understanding of public finance management and public administration systems, enabling them to plan demanded activities at the national and local levels.

In the context of “localization and nationalization of SDGs”, the evaluation finds that the PUBFIN has been cooperating with the UNDP Accelerator Lab Network in preparing reviews on SDG implementation. The PUBFIN contributed to SDG Integration, working on integrated solutions to respond to complex development challenges and accelerate progress towards the SDGs. The focus has been to improve the overall framework, establish productive, competitive and resilient institutions at the national and local level in Serbia.

JC2.2. Alignment of the objectives/outcomes of the selected Activities with those of other relevant international interventions (e.g., GIZ, UNDP, USAID, SDC, SIDA interventions)

**Activities of other development partners in reform of public finance and public administration in Serbia, remained significant, covering various areas. Still, UNDP implemented PUBFIN, remains one of the critical sector’s intervention, responding to the priorities and covering strategic niches for the core public finance institutions (TA/ TPD, PPO, SAI). Also, the experience in development assistance and established capacities at the national institutions contributed to strong coherence and coordination.**

UNDP has supported accountability mechanisms in public finances since 2008, building a portfolio of assistance for relevant institutions, including the State Audit Institution, Ministry of Finance and the Public Procurement Office and Standing Conference of Towns and Municipalities. The PUBFIN extends onto partners such as the Serbian Tax Administration/ Tax Police Department. However, in addition to the mentioned UNDP completed and on-going initiatives, many development partners are active in the reform of public finance. For example, the European Union is the leading development partner to Serbia, working on Serbia's sustainable development[[40]](#footnote-41). There are various initiatives that ensure support to multiple structures within the public financial management system, such as Support for Further Development of Public Internal Financial Control -PIFC; "Support to EU Accession Negotiations in Serbia" implemented by GIZ, "Support to the Ministry of Finance under the PAR Sector Reform Contract".

In addition, the State Secretariat for Economic Affairs (SECO) and the Swiss Agency for Development and Cooperation (SDC) support Serbia's efforts to more efficient public funds management, improve tax administration and make accounting more transparent. For example, the SECO supports World Bank (WB)-implemented Serbia Technical Assistance to Reform Corporate Financial Reporting. In addition, the SDC is implementing the "Enhancement of Municipal Internal Audit for Accountability and Efficiency in Public Finance Management" through a partnership with UNDP. Furthermore, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH cooperated with SECO, addressing the main topics of the Serbian reform agenda: the public financial management reform programme, the tax administration transformation programme, the strategy for developing public internal financial control and the 2030 Agenda.

There is a major World Bank-funded initiative to support the implementation of the Tax Administration Transformation Program.

*The FEC finds high degree of coherence between the PUBFIN and other interventions in this sector, and at the level of participating institutions. The effective national leadership on the specific PUBFIN components and demand-driven nature of this intervention ensured complementarity and coordination (thus, avoiding overlaps) with other activities.*

The FEC finds examples of joint efforts in certain areas; for example, the GIZ and PUBFIN organized jointly capacity development support for the PPO. Also, the SAI management has very strong coordination abilities, with involvement of development partners in line with their strategic priorities.

The FEC overall score on the Coherence criteria: **HIGHLY SATISFACTORY**

## Effectiveness

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| **Key question 3: Has the PUBFIN contributed to the attainment of the development of outputs and outcomes initially expected/stipulated in the project document?**  |

JC. 3.1. The extent that the project contributed to the attainment of the development of outputs and outcomes initially expected/stipulated in the project document

**The PUBFIN has been generally effective in achieving development outputs and contributing to the planned outcomes. However, a formal validation of progress towards outcomes could not be established because of poorly formulated outcome indicators and targets, that are clearly outside of the PUBFIN’s scope of intervention.**

**Measured by positive changes in relevant statistical indicators, PUBFIN has been generally effective in implementing activities and progressing under outputs. Factors such as active dialogue with the GoS/ and key national institutions, high responsiveness of the PUBFIN team and quick decision-making procedures, and strong partnership between the PUBFIN team and national and local authorities contributed to its effectiveness.**

**Table 1: Detailed analysis of the PUBFIN effectiveness**

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| **OUTCOME 1** |
| **OUTCOME 1** | **Indicators (including benchmarks)** |
| **Outcome 1: The Government improves overall management of public funds at both state and local levels** | **1.1** Percentage differences between the planned budget revenue in the MTBF (as approved two years before the latest available year) and the outturn of the latest available yearBaseline: in 2017- 4.96% (SIGMA Monitoring Reports)Target: less than 4 (1st year); Less than 3 (2nd year) |
| **1.2** Percentage differences between the planned budget revenue (as approved in the budget) compared to the outturn of the latest available yearBaseline: in 2017- 9.1% (SIGMA Monitoring Reports)Target: Less than 7 (1st year); Less than 5 (2nd year) |
| **1.3** Percentage differences between the planned budget expenditure (as approved in the budget) compared to the outturn of the latest available yearBaseline: in 2017- -3.7% (SIGMA Monitoring Reports)Target: Less than 0 (1st year); Less than 0 (2nd year) |
| **1.4** Number of local self-government assemblies with electronic access to public finance dataBaseline: 10 (2017)Target: 30 (2nd year) |
| **1.5** Availability and quality of support to contracting authorities and economic operators to strengthen professionalization of procurement operationsBaseline: 4 in 2017- -10Target: 5 (second year)  |
| **Comments on Outcome 1** | **Comments on Indicators (including benchmarks)** |
| The FEC finds that this outcome is broadly formulated, and more appropriate for the overall objective of the public finance management reform (as already described under the Relevance part, and the analysis of the ToC). The FEC highlights again that this Outcome 1 represents longer-term changes in the development conditions of Serbia, requiring national leadership, partnership and involvement of authorities, and joint work of other partners. Still, the broad nature of Outcome 1 facilitates the contribution claims. Generally, the PUBFIN demonstrated capacities to deliver results under Outcome 1, and these deliverables could contribute to some aspects and certain improvements in the management of public funds at both state and local levels. These results included strengthening the capacities of the Tax Police for operational analysis and intelligence and increasing Tax Administration operations, improved retention of Internal Auditors and Public Procurement Officers in the public sector, and efforts to stimulate competition and apply the Best Value for Money Approach, together with increasing transparency in the management of public funds at the local level.The FEC finds that results under other outcomes equally contributed to more effective and accountable public finance institutions- namely, Outcome 1. This finding further stipulate comments from the ToC analysis on the broad nature.However, the FEC could not attribute progress to PIBFIN in any of its performance areas.  | The proposed indicators are rather complex, and set at the very high level- reflecting Outcome 1 complexity. The FEC finds these indicators could be relevant to measure Serbia's progress in different areas of public finance management; however, these indicators are not relevant for the Project’s outcome. The primary source of verification for the majority of them is the periodically released OECD SIGMA Monitoring report. These reports have been available for 2019 as the baseline year and 2021; still, these reports provide a one-sided perspective, and some findings would require further analysis and clarifications. The FEC finds that indicators under Outcome 1 could not in any form consider or address the PUBFIN's results and performance. Moreover, the absence of more PUBFIN-related indicators at the outcome 1 level prevented verifying and determining the extent to which the PUBFIN facilitated changes. Still, indicator 1.4 Number of local self-government assemblies with electronic access to public finance data is more project-specific. The FEC finds that this indicator is more appropriate for an output (rather than an outcome). It is critical to measure changes that occurred among LSGs in which assemblies have improved access to public finance data. These findings showed the need for additional indicators: a tailor-made indicator, such as, for example, the Local Transparency Index[[41]](#footnote-42) implemented in Serbia, could serve part of this purpose.  |
| **Validation of progress towards outcome:** |
| The Republic of Serbia is committed to managing its public finances to ensure fiscal and macroeconomic stability, effective financing of national policy priorities, transparency of public finances and effective control over public spending. These efforts should enable the GoS to improve the overall management of public funds at both state and local levels. Following this commitment, the new PAR Strategy and the Public Financial Management Reform Programme have been adopted, setting the framework for the progress in public financial management. The priorities are improvements in institutions, mechanisms and processes through which the authorities at various levels deliver their assignments. Thus, driving forces for the reform are many, including the capacity of institutions across all sectors, multiple flows of information, accountability institutions, citizen participation, partnerships among key actors (at the national and sub-national levels), and a pro-poor orientation. Considering this, the FEC finds that PUBFIN is supporting these achievements (in general- not only under Outcome 1) and delivered important results in various and interlinked areas as envisaged in the initially approved project document. **PUBFIN has been effective in enhancing the capacities of the Tax Police for operational analysis and intelligence;** the KII expect that these efforts will facilitate reducing the widespread tax evasion. In addition, the primary data indicate improved collaboration between the Tax Administration and Tax Police Sector representatives. Some of the main achievements have been that TPD has established and maintained collaboration with the Italian Tax Police (Guardia di Finanza - GDF). This cooperation aims to build data-processing tools for operational analytics for the Serbian Tax Police. In this horizontal knowledge-sharing, the "Molecule" application has been presented, together with intelligence work, analytics (operational analytics and operational reports) and technical support in investigations. In addition, the PUBFIN supported the technical/ operational basis for the TPD functioning, assisting with modern IT solutions for data structuring and analytics. Generally, the Project helped optimize Tax Police applications" PROFIL" and "SAPS" while installing the i2 Analyst Notebook ( and delivered training on IBM i2 Analytical Notebook software). These results, together with training of TPD analysts on data collection and analytics, have contributed to more robust enforcement of tax policies. Furthermore, the experts' support (through the Project) expanded these results and capacities of the TDS. The Project, for example, delivered training on system analysis and logical design for the operational analysis sub-system and prepared a comparative review on the organization and functioning of the tax police.The PUBFIN has delivered **plans for improving the Serbian Tax Administration's (STA) corporate values and image as part of the efforts to increase voluntary tax compliance in Serbia**. The Project prepared a plan of action for improving STA functionality and corporate image, defining the critical structural changes required to support the transformation process. In addition, the Project assisted in conducting surveys on employee satisfaction, preparing Gap Analysis with recommendations for status improvement, developing an Internal Communication Strategy, training inspectors on taxation of digital assets, etc. The FEC finds evidence that the Project has been working to improve the STA's operational basis. For example, the "Tax Alarm" - smartphone application provides the opportunity to report tax irregularities and assist the STA Control Sector in early-stage risk assessment on tax evasion. In addition, the SMS Notification Service is integrated into the STA "e-porezi system", informing the entrepreneurs of their tax obligations. In addition, the STA initiated collaboration with the Swedish Tax Administration (Skatteverket), enabling best practices exchange for implementation of reforms and institutional transformation.**The PUBFIN has supported the Ministry of Finance (Central Harmonization Unit) and the Public Procurement Office in strengthening their internal capacities and fostering the retention of certified internal auditors and public procurement officers.** The Project showcased best EU practices in regulating the position of Internal Auditors and Public Procurement Officers, assisting the national partners in envisaging legislative changes to enable the optimal benefits packages for these two groups of civil service professionals. In parallel, the Project prepared a report on the retention rate and turnover of IAs: the analysis showed that the retention rate was affected by the overall job satisfaction, work conditions and the acknowledgement of the importance of the IAs' work. Furthermore, the Project examined and prepared a report on job complexity and another policy paper on the recruitment tools for these institutions. In the area of public procurement, the ***Rulebook on the certification of PPOs*** was adopted (in July 2020), reflecting provisions from the new public procurement law. The Project also supported the development of a new Internal Act related to PPOs' public procurement. Furthermore, the Project continued supporting the PPO in harmonizing the National procurement system with the requirements from Chapter 5 - Public Procurement, promoting "best value for money" concept. In this context, the Project assisted with creating a framework for increasing competition in public procurement; hence, four model bidding documents have been prepared (specifically for the procurement of: (1) desktop/notebook computers, (2) property insurance, (3) passenger vehicles, and (4) indoor cleaning services) to standardize public procurement practices and increase the number of bids per tender. Finally, the Project has effectively addressed capacity development challenges in the PPO scope of work. For example, the Project assisted with delivering tailored workshops/webinars for Serbian contracting authorities, bidders, and law enforcement entities promoting the Most Economically Advantageous Tender (MEAT) criteria. Also, horizontal learning from professionals from other countries has occurred. Some of the examples could be participation in the Interactive forum Facing 2020: Latest Developments in EU Public Procurement (, Amsterdam, Netherlands) and the European Union (EU) Stabilization and Association Council (Brussels). **To increase local self-government transparency in the management of public funds, the PUBFIN, in partnership with the SCTM, selected and supported 21 municipalities in establishing and putting in place budget portals**. The FEC finds that the process was comprehensive and detailed- analytical reports on the existing budget preparation and execution systems in targeted beneficiary municipalities were prepared and cleared with the financial departments in LSGs. The information on existing plans for budget preparation, adoption and execution from these reports serves as baselines for other project activities. They also include elaborating the financial part of the budget preparation and execution system and some inputs on operating IT procedures per LSG. The SCTM's project team analyzed the situation and proposed improvements for the existing software for budget portals, implementing updates and delivering technical support to IT administrators, Municipal Finance Department staff and other users.  |
| **OUTCOME 2** |
| **Outcome 2** | **Indicators and benchmarks** |
| **Outcome 2** Strengthening transparent and project-based funding of civil society organizations (CSOs) from local government budgets towards greater civic engagement in decision-making and improvement of local service delivery | **Indicator 2.1** Harmonized, participatory, standardized and institutionalized mechanisms for public funds disbursement, exist at the local government level in each selected LG (Y/N)Baseline: No in 2017Target Yes second year |
| **Comments on Outcome 2** | **Comments on Indicators and benchmarks** |
| The FEC finds that this outcome is well formulated concerning its scope, rightly reflecting the joint efforts of the Project and partners. However, this formulation is more appropriate for an activity, as measurable dimension is not included.  |  The FEC finds that this indicator is adequate to measure the progress- if the mechanism is established. However, the FEC finds that additional, qualitative indicator could be beneficial- to reflect CSOs perception about this mechanism, or also capture opinions of local authorities and eventually citizens.  |
| **Validation of progress under the Specific objective** |
| The primary and secondary sources indicate that PUBFIN has delivered results to improve cooperation between selected LSGs and CSOs; the underlying principle that the Project maintsreamed was addressing local development priroities and advancing the achievement of Sustainable Development Goals at the local level. The FEC finds that PUBFIN driven selection process was transparent: five LSGs have been selected (out of 19 applicants), using the ReLOaD evaluation criteria. Furthermore, the Project ensured participation through the involvement of the Board of Partners[[42]](#footnote-43). Finally, the five selected municipalities (Bač, Raška, Valjevo, Vrnjačka Banja and Niš) committed to adopting/improving local legislation that regulates the financing of CSOs from budgetary sources. This commitment included participating in capacity development activities for LSGs' staff: they have expressed positive views concerning their understanding of the importance and benefits of cooperation between LSG and CSOs, Methodology of transparent financing of CSOs from local budgets, and project writing and evaluation. The FEC finds that the PUBFIN exceeded capacity development targets. In addition to 20 representatives of LSGs, the Project involved 72 CSOs representatives in standard and online training and mentoring sessions on writing comprehensive and results-oriented project proposals. The FEC finds that the approved initiatives established link with the needs of local communities and priorities defined by LSGs. This approach contributed to achieving the following SDGs: 1 - End poverty in all forms, 5 - Achieve gender equality and empower all women and girls, and 10 - Reduce inequality within and among countries. Finally, following the adopted Methodology for transparent financing of CSOs, the Project data showed that LSGs received 51 project proposals, selecting 18 for grant support.The FEC finds that the Project team support has been adequate, focusing on monitoring the progress (more than 60 visits organized) and resolving the implementation issues. In addition, the implementation has been flexible: for example, the epidemiological situation required a no-cost extension for four projects enabling their successful implementation.The data indicate that awarded initiatives reached a total of 5520 (1934 M, 3586 F) direct beneficiaries from local communities. In addition to these 20 projects, the PUBFIN implemented a brief "post-COVID-19 recovery" intervention through a grant scheme (November and December 2021). The PUBFIN materials indicate that beneficiaries of COVID19 intervention were: In Bač, 30 primary and secondary school teachers, children (1000) and their parents; In Niš, 5000 secondary school students from 20 schools, 5000 university students from 17 faculties; In Raška, 400 secondary school students aged 15-19, 10000 young people under 30, a health centre in Raška and all its substations and its beneficiaries; in Vrnjačka Banja, oncologists, oncology patients and residents of 13 villages in Vrnjačka Banja and In Valjevo, persons involved in life and/or work on the street (4), persons with disabilities (100), Roma population (200), elderly households in rural areas - PWD (100). |
| **OUTCOME 3** |
| **Outcome 3** | **Indicators and benchmarks** |
| **Outcome 3:** The State Audit Institution automatizes and improves the management of the entire audit process | **3.1** Increased number of audit products issued annually by SAIBaseline: 390 in 2017-(SIGMA Monitoring Reports)Target: 440 (second year) 450 (second year)  |
| **Comments on Outcome 3** | **Comments on indicators and benchmarks** |
| The FEC finds that this Outcome captures PUBFIN support to the State Audi Institution; however, its formulation is inappropriate for an outcome. Namely, this Outcome is formulated as an activity, missing measurable dimension. Also, from this formulation, it is not clear if the focus is to automatize the SAI or improve the management of the entire audit process. Still, this formulation is somewhat clarified through Output 3.1. The Project assisted to putting in place an Audit Management System that will lead to improving the management of the audit business processes  | The number of audit products remains a valid indicator to reflect on the improvement of the management of entire audit process- and the targets have been reached[[43]](#footnote-44).However, the FEC finds that additional details from the SIIGMA Monitoring Report could serve to reflect on the improvement of the management of audit processes. Namely, the SIGMA Monitoring Report, for example, showed that SAI is the best-ranked among the assessed institutions, reaching 4.5 out of 5. This is the most significant improvement compared to 2017, when SAI was rated 3.5. Furthermore, SIGMA recognized the effectiveness of the external audit system has improved significantly, particularly because the SAI is ensuring better audit coverage through performance audits and an improved audit quality control and review system. The increased transparency of the SAI’s work through its website and engagement with civil society has also contributed. Parliament’s recent interest in the SAI’s reports is vital to the system’s overall effectiveness and needs to develop and continue.In the recent World Bank analysis, the SAI received the highest rating in the three dimensions - audit scope and standards, response to external audit reports, and in the area of SAI’s independence. However, SAI received B only in the area of submission of the audit report to the legislative authority; still, this is an improvement compared to 2017. |
| **Validation of progress towards Outcome 3** |
| The FEC finds that the central part of PUBFIN’s support to the SAI included designing the tailor-made Audit Management System (AMS). The AMS’s purpose is to cover the entire audit process, enabling its transformation to a paperless approach while contributing to efficiency, economy, mobility, transparency, and accountability. The AMS responded to the need to facilitate annual planning and management of audit teams. Furthermore, the SAI representatives stated that this software’s unique feature would ensure a uniform quality of audit reports through the proper application of audit methodology. The FEC finds that the Project applied a comprehensive approach, following the five phases elaborated in the initial project document, starting with a detailed map of all audit processes, as the basis for developing the AMS. Currently, the SAI has an entirely functional system that enables annual planning, suggestions for annual planning, management of all audit types, court litigations, meetings / hearings, resource management and administrating and system settings.[[44]](#footnote-45)In addition, the Project supported SAI in improving web-platform to provide easy access to information on audit reports, documents and publications related to its work. The key informants- beneficiaries stated that “new website functionality enables auditees to directly respond to SAI audit recommendations and submit reports with evidence supporting the mitigation measures that they have undertaken to address SAI audit findings”. The SAI and the stakeholders expect this new website could increase response efficiency, enabling audited public sector institutions to address SAI findings and submit proofs, thus decreasing processing time. The website is also linked with the AMS. The FEC finds that the PUBFIN enabled SAI to enhance its operational and technical capacities, facilitating various examples of direct capacity development and international cooperation[[45]](#footnote-46). |
| **OUTCOME 4** |
| **Outcome 4** | **Indicators** |
| **Outcome 4** – The capacities of CSOs and journalists to monitor and report on corruption and misuse of public finance are improved | **4.1 Index of media freedom**Baseline: 76 in 2019 Reporters without Borders RankingTarget: <76 in 2020 |
| **Comments on Outcome 4** | **Comment on indicators** |
| The FEC finds that Output 4 is almost repetition of Output 4.1. Media and CSOs are better equipped to monitor and report on corruption and misuse of public funds | The Reporters Without Borders publish the Press Freedom Index (PFI) as an annual ranking of countries based on assessing the countries' press freedom records in the previous year. This index is composite, using seven general criteria: pluralism (measures the degree of representation of opinions in the media space), media independence, environment and self-censorship, legislative framework, transparency, infrastructure, and abuses. The FEC could not identify links between the PFI and the PUBFIN efforts to enhance the capacities of CSOs and journalists to monitor and report on corruption and misuse of public finance. Considering the scope of Outcome 4, the FEC finds that more appropriate indicators could measure qualitative (for example, perception of journalists about their capacities to report on corruption and misuse of public resources) or quantitative (for example, number of released stories, or follow up on investigative stories). |
| **Validation of progress under Outcome 4** |
| The Project has been effective in addressing/ enhancing the capacities of CSOs and journalists to monitor and report on corruption and misuse of public finance.The FEC finds that the selection process was transparent through an open call for young journalists to participate in the initial training in public finance management. As a next step, the experienced journalists delivered a program that covered basic public finance management topics and investigative journalism. Furthermore, these young journalists remained involved in all subsequent project activities, sharing knowledge and experience with their senior colleagues. On the side of CSOs, the Project included seven CSOs**[[46]](#footnote-47)** to enhance capacities in public finance/anticorruption and work together with 15 investigative journalists (10 male and 5 female) on stories related to public spending in their local communities. The summary of projects is available in the regular Project reports. The KII stated that the Project delivered four tailor-made training programs (all online), covering topics related to public finance, transparency and accountability and promoting investigative stories.The partners also highlighted that PUBFIN provided the Data Processing Guidebook, a tool for journalists and researchers on data processing that covered data available within public portals of ten state institutions and gave clear instructions on their usage. Furthermore, according to the KIIs, the online tutorial of ten episodes contributed to the learning process. The FEC finds that UNDP online channel included topics on data processing, open data, visualization of data and data-driven journalism. Generally, the PUBFIN met the planned targets: fifteen journalists engaged with seven CSOs prepared and published 61 investigative stories, resulting in 13 institutional reactions and 25 re-publications by mainstream media (Danas, Nova S, NIN). The journalists covered a wide range of topics; however, their primary focus was on public procurement processes**[[47]](#footnote-48)**. |

### Overview of outputs and output indicators

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| --- | --- | --- | --- | --- |
| Output | Indicator |  | Progress  | Achievement  |
| Output 1.1 Reducing tax evasion by strengthening the capacities of the Tax Police for operational analysis and intelligence | Organizational model and Tax Police business processes developed GAP analysis and Road Maps for further strengthening of the capacities of the Tax Police prepared | Y/N | Relevant analyses conducted and best practices collected. Road map and organizational model document have been designed.  | Achieved |
| Inspectors and Operational Analysts trained on data collection, work with informers and data assessment and using Analyst Notebook I2  | Y/N | I2 Software operational – training commenced. | Achieved |
| Output 1.2 The Tax Administration increase voluntary tax compliance by improving its corporate values and image | At least three examples of best practices implemented by 2020. | Y/N | 1. Introduced mobile apps for citizens;
2. Established practice of STA annual reporting;
3. Introduced taxation of digital assets.
 | Achieved |
| Road Map for improving corporate values, culture, identity, and image prepared. | Y/N | Draft version completed.  | Achieved |
| Tax Administration Communication Strategy prepared. | Y/N | Internal communication strategy drafted – to be adopted by the STA.External communication strategy –developed. | Achieved |
| Legislative framework for introducing the Register of Business Invoices prepared. | Y/N | Completed in cooperation with Ministry of Finance. | Achieved |
| Number of trained staff of the Tax Administration for the introduction of the new Register conducted. | Y/N | Activity to be synchronized and implemented with MoF in Q3 2021. All relevant tax police staff trained | Achieved –  |
| Technical specification for the procurement of the software solution for introducing the Register of Business Invoices prepared. | Y/N | Completed in cooperation with Ministry of Finance. | Achieved |
| Output 1.3 The Ministry of Finance/The Department for Internal Control and Internal Audit and the Public Procurement Office increase the retention of Internal Auditors and Public Procurement Officers in the public sector. | A Gap Assessment of the applicable legislation to identify essential needs for upgrading in order to improve the status and functional independence of IAs and PPOs in the public sector completed by the third quarter of 2019 | Y/N | Two Comparative Analyses regarding the status of the Internal Auditors in public sector and Public Procurement Officers were produced. | Achieved |
| Draft Amendments to the applicable legislation and a structured and sustainable retention policy for IA and PPOs in the public sector  | Y/N | Public Procurement Office adopted changes of the Rulebook regulating the certification of Public Procurement Officers  | Achieved  |
| Regional cooperation and exchange among CHUs in the region established through at least three conferences of topical seminars | Y/N | The indicator has been revised due to situation with Covid-19[[48]](#footnote-49). Instead, the project supported the PR campaign and outreach activities focused on raising awareness of the importance of the IAs profession  | Indicator revised Achieved |
| Output 1.4 Further support to Serbian contracting authorities in stimulating competition and applying the Best Value for Money Approach | Availability and quality of support to contracting authorities and economic operators to strengthen professionalization of procurement operations (SIGMA Monitoring Reports). *Indicator beyond project control – PPO supported*  | 5 | Numerous activities undertaken by PPO and UNDP to support both categories and increase professionalization.  | PPO Supported - Achieved |
| Increase in the share of contracts awarded using the MEAT criteria.*Indicator beyond project control – PPO supported* | 20% | 10% in 2019 (according to PPO annual data report)Less than 10% in 2020 - deteriorated due to COVID  | N/A |
| Decrease in the percentage of tenders with one offer.*Indicator beyond project control – PPO supported* | 38% | The project continuously supports competition in public procurement procedures. However, the percentage remains as high as 60% in 2019 /2020 | N/A |
| Output 1.5 Local self-governments increase transparency in the management of public funds | Analyses of the existing systems (including IT) for budget preparation and execution at 21 local self-governments by the end of Q1 2021  | Y/N | SCTM Quarterly Report | Achieved |
| Hardware and related equipment purchased and installed at 21 local self-governments by the end of Q3 2021 | Y/N | SCTM Quarterly Report | Achieved |
| Software for the budget portals (including pre-defined template reports) installed at all 21 local self-governments by the end of Q3 2021 | Y/N | SCTM Quarterly Report | Achieved |
| Training of SCTM Municipal Finance Department staff on using the system and data it generates | Y/N | SCTM Quarterly Report | Achieved |
| SCTM Municipal Finance Department staff provide support to 21 local self-governments in using and maintaining budget portals by the end of Q4 2021 | Y/N | SCTM Quarterly Report | Achieved |
| Output 2.1 Local self-governments improve cooperation with civil society organizations (CSO) in implementing measures and activities to contribute to achieving the Sustainable Development Goals (SDGs) at local level | Partnerships between five local governments and civil society in Serbia strengthened.  | Y/N | 20.CSO projects were supported and implemented in Bač, Raška, Valjevo, Vrnjačka Banja and Niš; The local administration adopted and will continue to implement the Guidelines for Transparent Financing of CSOs and LOD methodology.In addition, 20 LSG staff representatives increased capacities in civic participation and partnerships with CSOs.  | Achieved |
| Civil society organizations in five selected local self-government supported in implementing priorities project-based initiatives through a grant scheme | Y/N | 5 LSGs received a total of 55 project proposals, out of which 20 were selected for financing and implemented, reaching 5520 (1934 M, 3586 F) direct beneficiaries..  | Achieved |
| Output 3.1 The State Audit Institution (SAI) increases the number and quality of external audit reports by improving the management of the audit business processes through an Audit Management System | A customized Audit Management System for automatizing the audit processes developed by the State Audit Institution by mid-2020 (y/n) | Y/N | AMS Software developed and installed. | Achieved |
| Output 4.1 Media and CSOs are better equipped to monitor and report on corruption and misuse of public funds | Fifteen (15) journalists trained on public Finance management, corruption, the use of open data and methodologies of investigative journalism Joint field visits/activities in investigating and reporting cases of misuse of public funds | 15 | 21 young journalists trained on public finance management (F:14, M:7).15 professional journalists from 7 CSOs trained on public finance management (F:5, M:10)61 investigative stories published | Achieved  |
|  |

JC3.2.1. Existence of factors contributing to Project success or underachievement of PUBFIN

**The FEC finds that various factors affected PUBFIN implementation, with the COVID-19 having the most significant negative impact on the overall implementation. There are other challenges, among which the high staff turnover within public finance institutions remained the pressing problem.**

Ifthese public institutions lose (human) capacities and knowledge, and reform processes undoubtedly slow down. This loss of capacities weakens institutional memory, causing stakeholders to invest in partnership building continually. At the same time, these institutions (especially at the local level) have limited abilities and tools for staff retention, preventing these institutions to establish sustainable institutional capacity. Furthermore, the loss of human capabilities has affected established institutional knowledge, and operational basis- this challenge has been particularly evident among the Internal Auditors and Public Procurement Officers. The overall turnover rate for all public fund beneficiaries was 21,81%. The analysis showed that the retention rate was affected by the overall job satisfaction, work conditions and the acknowledgement of the importance of the IAs work. The Project's analysis revealed that the highest retention rate was recorded in the ministries and among the indirect budget beneficiaries in local self-governments (36,92%). On the positive side, the FEC finds the Project responded to this challenge. For example, the PUBFIN supported the MoF-CHU and the PPO in fostering the retention of certified internal auditors and public procurement officers. Thus, the Project delivered a comparative analysis of retention policies for Certified Internal Auditors in comparable EU countries. In addition, the new Rulebook on Certification of PPOs was developed and adopted concerning the Public Procurement Officers. These efforts included revised questions for the Certification Exam and the Handbook for professional certification in public procurement. Finally, the PUBFIN, in partnership with the national stakeholders, started communication and outreach activities to raise awareness of the importance of the profession of Internal Auditor in the public sector.

The FEC also finds a strong commitment and ownership concerning PUBFIN processes and results[[49]](#footnote-50) that contributed to the continuity and stability of support. The national partners also made financial contributions to the continuation of the activities and achievements[[50]](#footnote-51). In addition, the PUBFIN technical expertise further enhanced motivation among the participating institutions- the demand-driven nature of capacity development support that the Project provided, according to the partners, has been an additional positive factor that enhanced commitment. Finally, the key informants recognized that the UNDP/ PUBFIN accountability for results and maintained partnership have been positive for effectiveness.

JC3.2.2. The extent to which Covid-19 measures have a positive or negative effect on the achievement of Project results

**The components under PUBFIN generally adapted to new conditions that the COVID-19 pandemic imposed[[51]](#footnote-52).** The extended impact of Covid-19 caused PUBFIN components not to organize workshops and face-to-face interviews that required physical contact (until the further ease of Covid restrictions in 2021). The learning process has been mainly online, and the development of distance learning materials and modules replaced in-person modalities. The FEC finds that PUBFIN components focused on research/ desk-work throughout the isolation period. For example, the Project experts have been active in factfinding studies for conducting activities, finalizing and drafting comparative assessments and recommendations reports. It also included procurement for upcoming activities, design and conduct of the surveys and analysis.

In addition, the FEC finds that during this period, the PUBFIN facilitated the tuning of the software tools. Still, as of second half of 2021, all project events were transformed into face-to-face events as requested by beneficiaries of the project with the participation of many attendees from target groups who showed interest and ownership of project outputs. The FEC finds that the SCTM team efforts could be a positive example- they have visited all of the participating municipalities several times- resolving issues and addressing challenges as identified. The project currently implements many face-to-face activities in institutions, following proposed schedule.

JC3.3. The extent to which the PUBFIN partners contributed to the PUBFIN results

**PUBFIN's demand-driven approach and strong national involvement have contributed to a strong sense of ownership of the Project's components and results[[52]](#footnote-53)**.

The long-lasting partnership between the GoS- MoF, the national stakeholders (SAI, PPO, SCTM) and UNDP started as early as 2003 by initiating various technical support projects. The primary focus has been on capacity development for good governance and organizational strengthening as critical to more efficient use of limited public resources in the interests and the benefits of its citizens[[53]](#footnote-54). The PUBFIN built on these results, and its demand-driven nature deriving from the assessment/ analysis of priorities, addressed the need to improve organizational, legislative and policy aspects of the main pub-fin institutions.

The PUBFIN involved national partners in conceptualizing and implementing activities[[54]](#footnote-55). This is especially evident despite the regular national and local elections, that usually affect political dynamics and slow down major activities at the national and local levels. Other examples of PUBFIN participative partnership-building approach have been particularly important with the preparation of policy inputs and legal reform proposals. For example, PUBFIN helped CHU-PPO to prepare the policy on retention of internal auditors and public procurement officers and improving the tools and promoting the application of the MEAT criteria in public procurement.

The key informants stated that cooperation and communication with PUBFIN Project has been positive- they recognized "comparative advantages[[55]](#footnote-56)" of UNDP as the implementing partner (of the Project). They also stated that UNDP remains "an important, credible and widely accepted partner in achieving development priorities for the establishment of transparent and accountable governance, and public finance reform in Serbia[[56]](#footnote-57)". The long-lasting presence, technical capacities, profound understanding of the organizational-specific constraints and development needs, and its proven independence and impartiality have been the backbone of UNDP's comparative advantage. Also, the partners recognized the Project's added value through its efforts to ensure compliance with international norms and standards in the area of public finance management.

The FEC overall score on the Effectiveness criterion: **HIGHLY SATISFACTORY**

## Efficiency

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| **Key question 5: Has the implementation of PUBFIN been efficient concerning adherence to the work plans (timely implementation), flexibility and responsiveness?** |

JC4.1. The degree of timely implementation of the PUBFIN, in a logical sequence, and availability of inputs in a timely fashion

* **The PUBFIN has been implemented efficiently, despite external developments- primarily, the severe impact of the COVID-19 pandemic that affected all activities.**

The partners participated in the overall Project cycle and clear understanding concerning the Project's content ensured the efficiency from the Inception phase. Long lasting partnership has been established between UNDP and participating institutions, including Steering Committee (SC) members shared common understanding of the Project and its scope of work. This clear understanding regarding the roles of the stakeholders and the timely establishment of the PUBFIN team have been additional favourable factors for efficiency[[57]](#footnote-58) The FEC finds that decision-making process within national institutions were well-established, ensuring timely adoption of the institution-specific plans of activities and maintaining strong commitment during the implementation[[58]](#footnote-59).

PUBFIN included results-oriented annual plans and more detailed quarterly plans, providing a sound basis for scheduling, resource allocation, budget control, and attainment of results. The focus has been on providing technical level activities, and strategic decisions have been aligned with identified needs of participating institutions (and broader, national priorities regarding public finance reform). The FEC finds PUBFIN work plans have been instrumental to the successful delivery of results, including during the extraordinary situation that the COVID-19 pandemic imposed. On more operation side, the work plan preparation has been participatory through the joint efforts of the PUBFIN team and national partners (e.g., MoF-CHU; SAI, PPO, STA-TPD, SCTM...). The stakeholders stated that the PUBFIN work plans served as coordination tools. For example, the SAI has ensured complementarity between UNDP support to IT solution and introduction of performance audit (that the USAID Government Accountability Initiative supported).

However, the implementation of the Project faced significant challenges in the external environment. Namely, the COVID19 pandemic and the risk mitigation measures that the GoS introduced and sustained during the significant part of the PUBFIN lifetime have had a noticeable impact on the implementation of planned activities. Particularly adverse effects were on twinning-like activities, capacity development events and workshops and conferences- activities involving travel needed to be cancelled or redirected to digital meeting platforms or had to be postponed for the forthcoming period altogether. In addition, general elections and developments in the strategic framework occurred in Serbia during the implementation that also affected implementation[[59]](#footnote-60).

**To respond to these challenges and ensure achievements of results, UNDP requested two no-cost extensions ensuring additional time and enabling the PUBFIN management team to implement planned activities.**

Following communication with the national partners and in line with the conclusions of the Project Steering Committee (October 15th, 2021), UNDP requested an amendment to the initial PUBFIN project document and the budget adjustment**[[60]](#footnote-61)**. . In addition, regular parliamentary and local elections from the beginning of 2022 have also been factors that affected the implementation of activities. Despite high delivery rate that the Project maintained and successful support to beneficiary institutions, the PUBFIN recognized the adverse impact that the COVID19 Pandemic caused; the PSC also recognized these challenges. Therefore, UNDP proposed a six-month no-cost extension to "ensure effective implementation of all PUBFIN activities and meeting the stated objectives". In addition, UNDP requested the reallocation of funding for some budget categories (e.g., travel, training, workshops and international consultants) to other (e.g., Company Contracts, National Consultants, Printing and Translation), in line with the revised work plans and with objective to enhance impact prospects.

In addition, the Project Team requested another no-cost extension for additional six months- this request has been submitted on February 08, 2022.**[[61]](#footnote-62)**. The PUBFIN accumulated (financial) reserve during the implementation due to the exchange rate differences and this surplus amounted to 201,236.00 USD. Therefore, UNDP proposed additional activities. The priority has been to develop a follow-up on the implementation of audit recommendations and effects measuring system to demonstrate the values and benefits of the SAI. Additional support to the CHU has been planned to implement its obligations under the PAR Strategy and enhance the Financial Management Control and Internal Audit in targeted local self-government units. In addition, the PUBFIIN planned to respond to the new secondary legislation related to internal audit; hence, the focus has been on supporting the CHU in their outreach activities to ensure that representatives of all public fund beneficiaries understand the changes and new requirements concerning internal audit functions.

The justification stated that these activities contribute to the newly adopted strategic documents (e.g., the Public Administration Reform Strategy 2021-2030 and Public Financial Management Reform Program 2021-2025), and respond to recommendations of the 2021 EU Progress Report for Serbia in the areas of Chapter 32- Financial Control.

**The FEC finds that PUBFIN/ UNDP has been highly flexible during the implementation and has managed to ensure efficient and effective performance despite challenges (outside of its direct control). The FEC finds that the initially planned two-year duration for the PUBFIN has been insufficient for the initiative of this scope and complexity; both no-cost extensions have been well-justified and needed, enabling the achievement of all planned results.**

JC4.2.1. The extent of existence and utilization of management systems that facilitated efficient implementation of the PUBFIN

**The steering structure and UNDP management team have been timely established and contributed to efficient and effective implementation (JC4.3.1.).** **The PUBFIN's demanding nature, sensitive topics and operational complexity required a solid technical team and administrative and logistical support from the project associate and assistants. This highly skilled core team established and maintained functional relations with the "national institutions based on professionalism, mutual trust and respect".** The Public Finance Portfolio Manager (PFPM) has been responsible for smooth implementation, providing technical inputs across the Project components and deliverables. This position also included managerial, supervisory and representative roles. The FEC finds that PFPM core tasks included accountability for planning efficiently, delivering high-quality results, and following the approved work plan and budget. The initial Project document highlighted the arrangement between "UNDP and the Supreme Audit Institution, the Public Procurement Office and the Ministry of Finance, whereby the project managers are seated at the SAI, the PPO and Tax Administration". However, the PUBFIN remained with only one Project Manager, assigned to SAI, while PFPM took managerial responsibility for other components and support to all other institutions. The FEC finds that the Public Finance Associate has been the primary operational support during the entire implementation period.

**The implementation mechanisms and contractual arrangements have been conducive to achieving the outputs and ensuring progress towards the outcomes.** The FEC finds that PUBFIN followed a flexible and efficient management, cost-sharing implementation of some PUBFIN outcomes and outputs with other Good Governance portfolio initiatives. A good example could be the involvement of the Inclusive Political Processes and Civic Participation (IPPCP) portfolio and the Regional Programme on Local Democracy in the Western Balkans (ReLOaD) Team from Serbia for the overall management of Outcome 2. These activities have been timely completed (even before the second extension). The FEC finds that the ReLOaD Team has proven experience in implementing activities for strengthening partnerships between local governments and CSOs (concerning improved service delivery). The key informants stated that the ReLOad team's technical capacity and expertise enabled smooth and timely implementation of activities[[62]](#footnote-63).

Similarly, the Public Administration Reform and Rule of Law portfolio (PAR&RoL) was in charge of the output 4.1., which focused on media and CSOs' professional capabilities to monitor and report corruption and misuse of public funds. This involvement of the IPPCP initiatives is justified, as Outcome 4 is inherently linked with their core performance/ expertise areas- thus, resulted in effective delivery (surpassing some established targets).

**In addition, PUBFIN applied the national implementation modality (NIM) for output 1.5 - Local self-governments increase transparency in the management of public funds.** The FEC finds that the Serbian association of local authorities Standing Conference of Towns and Municipalities (SCTM)[[63]](#footnote-64) involvement as the national implementing partner on the PUBFIN's Public Budget Portals has been highly positive. The partnership on this priority topic between UNDP and the SCTM started as part of the Accelerating Accountability Mechanisms in Public Finance project (in 2017 and 2018). In the context of this initiative the SCTM has successfully piloted an innovative approach to strengthening transparency in public financial management at the local level in ten municipalities across Serbia, creating conditions to monitor local budgets' preparation and execution. Thus, the FEC finds that the SCTM's dedicated and professional staff continued implementing the tested model and delivering all planned results (reaching 22 municipalities). Furthermore, the involvement of SCTM contributed to cost-efficiency. With minimal resources, the SCTM team visited all participating municipalities several times, responding to their needs; they have shared costs or directly benefited from other SCTM activities.

JC4.2.2. The extent to which the Project M&E systems provided management with a stream of data that allowed it to learn and adjust implementation accordingly

**PUBFIN has established a sound monitoring, based on the PUBFIN Results Framework (RF), with tailor-made data collection protocols and instruments. PUBFIN reporting practice has been generally results-oriented, and based on adopted indicators.**

The FEC found that the adopted indicators and the overall monitoring system have served to facilitate tracking of performance under all Project's outputs and activities and general progress reporting, despite some weaknesses[[64]](#footnote-65). To summarize- outcome indicators exceed the scope of an external development initiative (of the PUBFIN size).

The RF included output indicators; however, these indicators are formulated almost as targets (rather than indicators), omitting to capture some critical dimensions of these outputs adequately. For example, the indicator for Output 2.1. (Local self-governments improve cooperation with civil society organizations (CSO) in implementing measures and activities to contribute to achieving the Sustainable Development Goals (SDGs) at the local level) is formulated as "Partnerships between five local governments and civil society in Serbia strengthened". However, the FEC finds this is just a statement or an objective to achieve- but certainly not an indicator.

Also, the RF proposed to measure the progress under Output 4.1 Media and CSOs are better equipped to monitor and report on corruption and misuse of public funds, through an indicator that is formulated as a “number of journalists trained in public finance management, corruption, the use of open data”. The FEC finds that number of trained journalists could be a valid target, but this indicator does not capture the extent to which the media and CSOs have been equipped to report on corruption. At the same time, the PUBFIN reports provided information such as the number of new stories on corruption or on-line reads/ visits to these new stories; this information could serve as an additional proxy indicator on progress under this output.

The proposed means of verification and provided data sources were appropriate to validate progress and achievements. The PUBFIN has established a regular reporting practice aligned with the results-oriented reporting principles. Concerning reporting frequency, the PUBFIN team prepares regular annual reports, with a substantive presentation of implemented activities and plans for the next year. Furthermore, results-oriented reporting and references to the PUBFIN indicators to measure the progress towards the achievement of targets is evident.

JC4.3.1. The extent to which steering and management structures and partnership modalities have been conducive to the delivery outputs

The steering structure and UNDP management team have been timely established and contributed to participatory and effective implementation. The PUBFIN has established a Project Steering Committee as the main advisory and steering structure, to provide guidance and support the Project team to reach Project’s objectives, ensuring coherence and coordination with other interventions (SIDA, WB, EU funded and other governance initiatives) in Serbia. The PSC included representatives of UNDP- PUBFIN team, SAI, PPO, MoF-CHU, SCTM, STA, and SIDA. The Project team organized PSC meetings regularly. The PUBFIN team has ensured the preparation of all meeting documentation in Serbian and English. The SC meetings have been organized once per year- and the FEC finds this frequency has been adequate to ensure regular exchange of information among various partners. These meetings served to discuss the progress of the Project, verify the achievements, discuss challenges and propose countermeasures for improvements.

In addition, the PUBFIN team maintained regular (monthly) monitoring meetings with participating institutions for closer follow-up. The FEC finds that these meetings served as an effective platform to discuss the progress of the Project, verify the achievements, discuss challenges and adjust workplans.

JC4.3.2. The extent to which partners showed ownership and its contribution to the efficiency of the PUBFIN

**The PUBFIN is demand-driven intervention with strong national ownership in defining priorities, implementing processes and delivering results.**

The FEC assessed various aspects of the ownership. **First**, the PUBFIN established a large basis of partners from the national level, further expanding already established cooperation during the previous phases. These partners defined institutional priorities within the broader public finance system reform, and the PUBFIN based its intervention logic on the institutional needs, national policy and strategic priorities. **Second**, the FEC finds a high degree of ownership of processes. This aspect is crucial for implementing capacity development and reform-support activities, as it is most often defined in behavioural terms. Practically, the national partners stated that PUBFIN responded to their needs, saying that they participated in needs-identification, formulation of responses and benefiting from capacity development/ technical support. The FEC finds that the PUBFIN facilitated the process and the national institutions assumed responsibility for the processes (e.g., defining capacity development activities, law drafting, policy analysis and policy drafting, etc).

**Third,** ownership is naturally related to resources. The FEC finds a variety of resource contributions from the national stakeholders. These resources included political ones that created operational space for the PUBFIN results (e.g., the selection of priorities that participating institutions made and commitment to embark on reform processes- reference to the relevance part of this report) , to human (involvement of representatives of participating institutions in capacity development events, from training programs to twinning activities) and technological inputs (for example, the commitment for the establishment of the Audit Management Software for automatizing the audit process that the SAI conducts).

Thus, the FEC finds that the national partners were leading on prioritizing, planning and implementing all activities, showing clear commitment to use and invest its own resources. These aspects are critical from the point of view of sustainability.

**Fourth**, the FEC finds the strong ownership of the PUBFIN results. The national partners link PUBFIN with the broader efforts to improve and advance public administration and public finance reform in Serbia. Thus, the partners recognize PUBFIN support as "crucial for achieving the progress in some areas, such as defining performance standards and tools or providing inputs for policy and legal reforms”. Some examples could be PUBFIN assistance to the SAI and PPO to test and introduce new tools and guides, and assisted with improved performance standards at the level of analytical capacities of the Tax Police Department, or new standards for ensuring transparency of municipal finances/ budgets. At the policy level, the PUBFIN assisted with preparing platform for retention of IAs and PPOs, for example.

The FEC overall score on the Efficiency criterion: **HIGHLY SATISFACTORY**

## Sustainability

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| **Key Question 6: Has the PUBFIN contributed to sustainable partnerships, polices and capacities of stakeholders for effective, inclusive, accountable and participatory local governance in Serbia?** |

**The FEC finds that the PUBFIN has created a basis for sustainability of achievements, addressing capacities gaps and supporting public finance reform in Serbia. The FEC finds that public finance reform remains a top priority for the GoS and core national institutions- this “enabling environment” has created a solid basis for continuation of efforts and sustainability PUBFIN results.**

The FEC finds that UNDP/ PUBFIN and the national partners have considered sustainability from the early stages of implementation. As already highlighted in this report (ref to the Relevance part of this report) the Project's approach was building and expanding results from the UNDP's previous interventions, reflecting lessons learned and sustainability-related recommendations from these previous interventions- to deliver sustainable institutional and policy changes following a holistic approach.

The FEC highlights that a single development intervention such as PUBFIN- despite its size and scope- requires a broader national framework, synergies and cooperation with other activities (as explained in the previous parts of this report). In this context, it is critical to highlight that the the PUBFIN is well-integrated in the national development fretwork. The main references are the Public Administration Reform (PAR) Strategy 2021–2030[[65]](#footnote-66) and the new PFM Reform Programme, 2021-2025[[66]](#footnote-67).

JC5.1.1. The extent of financial and operational sustainability of the achieved results and opportunity that the benefits and outcomes continue after external funding ends

**The findings indicate a high likelihood for financial and operational sustainability of the achieved results, with strong commitment and opportunities that the benefits and outcomes continue after completion of this initiative.**

In this context, UNDP/ PUBFIN team have been cooperating with the MoF (CHU/ STA/ TPD), SAI, PPO and SCTM, to define exit strategies under each outcome. The FEC finds a high likelihood for the sustainability of achievements, with the focus on codifying experience while implementing and discussing further steps for institutionalizing achievements.

The FEC finds that the Project defined specific measures to ensure institutional sustainability.

* The ***Serbian Tax Administration and its Tax Police Department*** upgraded its data collection, structuring and analytics capacities, enabling them to enforce tax policies more effectively. In addition to technical abilities (e.g., targeting inspectors and operational analysts), the new IBM i2 Analyst Notebook analytical solution for the Tax Police Departments is functional. The FEC finds that the STA, its leadership, and employees are committed to continuing the transformation process and technical and operational improvements. The KIIs stated that the STA has allocated human and financial resources for ensuring that these changes take place.

In addition, the FEC finds that the World Bank-supported $52 million Tax Administration Modernization Project aims to improve revenue collection efficiency and make it easier for citizens and firms to pay their taxes[[67]](#footnote-68). The Project addresses improvements to the legal framework to align with the existing laws and standards and facilitate digitalization and information exchange between the STA, other government agencies, and third parties. In the context of extension of the PUBFIN results, this WB initiative continues efforts to support improvements in business processes ( for example, the automatization of the process of issuance of tax clearance certificates and offering it as an online taxpayer service, to reduce transaction costs for taxpayers in obtaining these certificates) and the STA's hardware and software capabilities for service delivery.

* Concerning the efforts for ***retention of Internal Auditors and Public Procurement Officers*,** the Project prepared a comparative analysis of retention policies for Certified Internal Auditors in EU countries. In parallel, the Project has thoroughly analyzed the Internal Auditors' challenges and retention rate. The primary data shows that the MoF (and CHU) are committed to continuing and expanding these measures and activities, prioritizing awareness of the importance of the IA profession in the public sector and strengthening the technical aspects of their performance (e.g., through the portal services on financial management control and internal audit).

Concerning Public Procurement Officers, the FEC finds that the new Rulebook on Certification of PPOs has been a critical deliverable, that resulted in changes of the professional certification exam in public procurement. The stakeholders expect these changes will enhance the quality of the overall procurement in Serbia. In addition, the EU-funded large-scale follow-up support that UNDP is implementing will expand the Project's results for further promotion and implementation of the Most Economically Advantageous Tender (MEAT) criteria. As a result, the bidding model documents for procuring various goods and services (with incorporated MEAT criteria) will remain in use[[68]](#footnote-69).

* **Cooperation of LSGs with CSOs in implementing measures and activities to contribute to more transparent and participatory governance (for the SDGs) has been ensured in five selected municipalities. As a result, the FEC finds a high likelihood of sustainability at the level of participating LSGs and CSOs. For example, the participating LSGs enhanced their capacities in identifying and implementing priorities** thus, increased their knowledge and skills in project management. The municipal authorities (from participating municipalities) stated that the PUBFIN-tested model would remain in place and replicated for CSOs financing.

Furthermore, the continuation of the ReLOaD - Regional Programme on Local Democracy in the WB through its second phase will enable replication of these activities in other municipalities in Serbia[[69]](#footnote-70).

* The FEC finds the SAI’s **Audit Management System (AMS)** is highly sustainable: the AMS has been introduced to support the transformation of the entire audit approach to a paperless process, providing a high level of efficiency, economy, mobility, transparency, and accountability. The PUBFIN procured a significant amount of IT equipment for State Auditors to support the implementation of the AMS software. The FEC finds that SAI is fully committed to continuing with AMS implementation, and financial resources and trained staff have been ensured for the following stages of implementation.

In addition, the FEC finds that the PUBFIN efforts to enhance auditors' capacities are likely to be sustainable- these results could be monitored and measured through enhanced number and quality of audit reports, and significant improvements presented in external assessments (such as for example, the SIGMA monitoring report or the World Bank documents).

* The **SCTM has a strong mandate for the capacity development of local administrations**. SCTM is committed and has the institutional/financial capacity to continue the efforts in line with the objectives of the public finance reform (that the PUBFIN supported). All municipalities in Serbia are members of the SCTM, and this national association works closely with them, acting as a bridge between the central and local administrations. The SCTM perceived impartiality and access to municipalities could facilitate the continuation of the efforts toward more transparent, accountable, and citizens-oriented local administrations.

The FEC finds that the SCTM will continue these activities through the multi-annual EU-funded Exchange 6 Programme[[70]](#footnote-71). This Programme Component 2[[71]](#footnote-72) works on multi-annual capital budgeting. This component includes advisory support and guidance to all LSGs to increase budget transparency and participation, improve the quality of public debates on budget, and introduce gender budgeting. The FEC finds that this component builds on the PUBFIN public budget portals, involving additional 20 LSGs. In addition, Exchange 6 Programme Component 3[[72]](#footnote-73) will ensure direct technical support for introducing/improving financial management and control (FMC) and internal audit (IA). This assistance will be directly coordinated with the Ministry of Finance/Central Harmonization Unit.

* The Project addressed the capacities of m**edia and CSOs to monitor and report on corruption and misuse of public funds. The FEC finds that selected journalists have an enhanced understanding of** public finance management and investigative journalism; some investigative stories have also been prepared. The individual-level (journalists and CSOs) capacities will remain in place. Also, some of the investigative stories have been released. However, without follow-up actions (of the authorities) on the reported corruption cases, the interest will diminish and efforts to report on corruption and misuse of public funds will remain unpunished.

JC5.2. Opportunities for continuation and expansion of the results and activities in the area of PUBFIN intervention

**There are some risks to sustainability of the PUBFIN results. The challenges remain that affect the progress under the public administration/ public finance reform, while the progress in meeting the EU accession targets remains limited. Other risks included weak institutional capacity and loss of human resources, ineffective accountability mechanisms, and limited transparency and information availability.**

PUBFIN has consistently responded to the (capacity development) needs of the main public finance institutions and is steadily working to improve accountability and transparency. Of the interviewed employees and stakeholders who participated in PUBFIN’s intervention, all stated they benefited from this assistance, recognizing that PUBFIN has been instrumental in providing demanded technical assistance to these institutions to establish capacities and systems to better deliver their core services. Future progress and its sustainability, however, rests on the continued commitment and capacity of Serbia’s governance system, institutions, and citizens. Authorities in Serbia must recognize the role of independent institutions, strengthen their capacities, including their budgets and skilled staff, and guarantee their functional independence in practice. There are still challenges, such as dominance and influence of the executive branch over the work of these institutions, slow implementation of critical laws, politicized selection, among others. These and other factors prevent Serbia from promoting and ensuring credible, professional institutions that follow the principles of transparency and accountability, which may present possible implications for sustainability.

The last EC Progress Report on Serbia[[73]](#footnote-74) highlighted the challenges for the public finance system (policies, laws and institutions) in Serbia. PUBFIN has been working to enhance policy processes by designing instruments and tools, for retention of IAs and PPOs, improvement of PPO procedures, etc -and implementing technical assistance to enhance transparency and accountability at the national and local levels[[74]](#footnote-75). These efforts have been important; however, there are still challenges to ensuring the successful implementation of the policies, largely the coordination of horizontal and vertical policy, monitoring and reporting on progress.

In addition, there is a need to strengthen a transparent system for planning and managing capital investments while applying capital project management regulations. This comment highlighted the importance of the PPO’s efforts to use the Most Economically Advantageous Tender (MEAT) criteria, designing sets of MEAT-based bidding model documents for procuring various goods and services. In addition, the Project supported the analysis of centralization in public procurement, including factors influencing competition in public procurement procedures, thus forming a base for devising a set of measures which would stimulate competition. However, the EU Progress Report (2021) finds challenges in procurement, especially for capital investments: there is a need further to improve public procurement procedures for all capital investments.

The PUBFIN and other partners supported SAI to continue increasing the coverage, and quality of public funds audits, strengthening its relations with stakeholders (responding to the requirements under Chapters 5 – Public procurement and 32 – Financial control). However, the desk analysis indicates a need for Serbia to improve budget transparency: the priorities are to produce and publish a transparency roadmap, a pre-budget statement, and a mid-year report. In this context, the EU Progress Report (2021) highlighted that the MoF needs to post the budget execution profile at the beginning of the year, preventing any analysis of deviations from targets.

Local governments in Serbia have limited financial independence and revenue generation. Whilst larger cities and municipalities may be able to generate significant revenues from property taxes and levies on businesses, in rural areas, there may be little to tax. As a result, many local governments depend heavily on transfers from the centre, often allocated inequitable and non-transparent. This dependence on the centre (and in some cases on donors) undermines the accountability of local governments. The PUBFIN efforts have been evident in enhancing public participation- by empowering local self-governments in increasing transparency of local budget planning and utilization of public funds through Local Budget Portals. Moreover, in a country, as diversified as Serbia, work at the local level concentrated in a smaller number of relatively significant municipalities (e.g., regional/ geographic representation; size; quality of services...) has been beneficial. Availability of information and stronger participation culture contributes to accountability, enabling citizens to understand, in a sufficiently comprehensible form, how resources are being used and the purposes/ strategic lines. In this context, access to information and participation of non-governmental actors/ civil society in local policy and decision-making processes requires additional efforts to ensure sustainability. Serbia should work to improve public participation in the budget process and budget oversight. For example, the EU Progress Report recognized that "2021 budget was adopted in line with the budget calendar but still with minimal qualitative assessment and debate among the stakeholders".

JC5.3. The extent to which the project decision making bodies and implementing partners undertaken decisions and course of actions to ensure the sustainability of the results

**The key informants stated that ownership of the results by the national institutions (and their leadership) together with economic and political stability are the main prerequisites for sustainability of the PUBFIN results.**

PUBFIN’s demand-driven approach and strong national participation in all PUBFIN activities has strongly contributed to stakeholders’ ownership of the achieved results. National partners have been involved in conceptualizing and implementing activities under PUBFIN and also employing a consultative and inclusive approach to formulating work plans. These efforts ensured stakeholders' involvement, contributing to an increased sense of local ownership and a foundation to promote the sustainability of results. The favorable environment for the Project’s implementation can be attributed to long-lasting and mostly positive experience with UNDP’s support to the establishment of good governance in Serbia.

Likewise, PUBFIN followed a participative partnership-building approach throughout the implementation of activities. The stakeholders have been familiar with PUBFIN components, with full awareness of the other outcomes.

The FEC overall score on the Sustainability criterion: **SATISFACTORY**

## Cross-cutting

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| **Key Question 7: Has the PUBFIN project considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?** |

**The FEC finds that the PUBFIN considered rights-based approach and gender equality, especially during the implementation of the public finance initiative. Participation of women in the project workshops and other activities has generally been high. In addition, the Project addressed gender transformation through some of its activities- through the SAI gender sensitive auditing and local-level initiatives.**

JC7.1.1. The extent to which the PUBFIN addressed gender equality and the empowerment of women including the design, implementation and monitoring activities

The stakeholders perceive UNDP as partner that steadily promotes gender equality in Serbia, while assisting governance-related institutions in the priority sectors. The evaluation finds that PUBFIN remained on this path despite the fact it did not have a separate, explicit gender component. For example, the assistance to the SAI for establishing the Audit Management System (AMS) contributes to the implementation of Serbia's National Strategy for Gender Equality for 2016-2020, as one of the activities has been amendments and revisions to the Budget System Law to gradually implement gender-responsive budgeting by 2020. The State Audit Institution (SAI) responded to this requirement and has included gender auditing in its annual plans. Thus, the Project supported SAI in linking AMS with a gender-sensitive classification of indicators to keep track of progress in implementing gender-responsible budgeting. Another example is that the PUBFIN supported gender-related projects by CSOs at the local level. The precondition in the CSO open call was elaborating how and to what extent the proposed initiative addresses and contributes to achieving the three SDGs: 1- End poverty in all forms, 5- Achieve gender equality and empower all women and girls, and 10- Reduce inequality within and among countries. In addition, the mandatory requirement has been to include a fair balance of participants, thus contributing to equal opportunities in the public finance sphere.

Also, while developing a retention policy for the IAs and PPOs, the PUBFIN proposed setting gender-sensitive performance indicators, to enable more egalitarian resource allocation and adequate support on a gender basis. However, the KII highlighted the importance of data availability.

The FEC finds that PUBFIN addressed topics during capacity development events, such as sustainable development goals and human rights (including children, women and vulnerable groups), linking them to transparent and accountable public finance

**The Project regularly considered the subjects of transversal gender themes, governance, and human rights throughout its implementation, according to indicators presented in the log frame.**

The PUBFIN results matrix has integrated gender considerations to the extent possible for a public finance initiative, and some gender-sensitive indicators have been in the results framework. In addition, the PUBFIN team has designed data collection methods to monitor women's engagement across activities systemically. For example, the PUBFIN disaggregated the number of males/females participating in project training programs under capacity development activities. The KII’s recognized PUBFIN work to ensure gender balance in its activities, stating that the PUBFIN promoted female staff participation, sending invitations to institutions[[75]](#footnote-76). In this context, the PUBFIN trained 33 male and 39 female CSO representatives in project management and a results-oriented approach toward SDGs achievement. Similarly, the empowerment of civil society for effective citizen engagement and participation in decision-making processes provided gender disaggregated overview: the CSO projects have been gender-sensitive, reaching 836 male and 2165 female beneficiaries.

The FEC finds that PUBFIN generally maintained gender balance and reported the participant numbers in a disaggregated manner in the progress reports. The Project has done this efficiently, and all reports include the numbers of men/women who benefit from the Project, presented in a disaggregated manner.

JC7.2. The extent to which the Project contributed to “leave no one behind agenda” (including disabled, elderly, youth, refugees etc)?

The PUBFIN is based on the notion that citizens’ participation in local decision and policy making processes, for transparent and accountable local administration is a cornerstone of good governance and prerequisite for SDG achievement. The main reference has been SDG 16- to “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”, recognizing the strong link between sustainable development and peace, stability, human rights and effective governance, based on the rule of law. Generally, responsive, inclusive, participatory and representative decision-making and effective, accountable and transparent local administration directly support national objectives, including those relating to the SDGs.

JC7.3. The extent to which environment and climate change issues have been considered in the design and addressed during the implementation and monitoring

The FEC finds that the PUBFIN has been a governance-related intervention, primarily focused on institutional and service delivery aspects of public finance institutions, with limited focus on environment and climate change. Still, there are evidences that the PUBFIN considered environment and climate change in some of its activities. For example, the SAI’s Audit Management System (AMS) transforms the entire audit process to a paperless process, contributing to environmental priorities. Similarly, the Serbian Tax Police upgraded its IT capacities- the new software is now operational, also helping to reduce the amount of printed materials.

In addition, the FEC finds that municipal budget portals provide reference to all programme activities and budget categories, enabling citizens to monitor programs for environmental protection and climate change. Onother example could be the tutorial developed under the output 4.1, that considers data on the quality of air[[76]](#footnote-77)

The FEC overall score on the Cross-cutting criterion: **SATISFACTORY**

# Conclusions

## Evaluation rating

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| **A: Assessment of Project Outcomes** | **Rating** | **Weighting** |
| *Project Effectiveness of achieving results* | Highly satisfactory (6) to Highly Unsatisfactory (1) | 6 |
| *Project Efficiency in achieving results* | Highly satisfactory (6) to Highly Unsatisfactory (1) | 6 |
| *Project Relevance* | Relevant or not relevant  | relevant |
| **Output rating** | **Averaged from above** | **30%** |
|  |  |  |
| **B: Sustainability** |  |  |
| *Sustainability of Results* | Likely (4) to Unlikely (1) | 4 |
| *Sustainability within the Socio-Political setting* | Likely (4) to Unlikely (1) | 3 |
| *Sustainability of Institutional framework and governance* | Likely (4) to Unlikely (1) | 3 |
| **Overall Likelihood of sustainability** | **Averaged from above** | **16.67%** |
| **C: Monitoring and evaluation** |  |  |
| *Project M&E design at entry* | Highly satisfactory (6) to Highly Unsatisfactory (1) | 3 |
| *M&E plan implementation* | Highly satisfactory (6) to Highly Unsatisfactory (1) | 5 |
| **M&E overall rating** | **Averaged from above** | **16%** |
| **D: Implementation** |  |  |
| *Quality of UNDP project implementation* | Highly satisfactory (6) to Highly Unsatisfactory (1) | **6** |
| *Inclusion of relevant crosscutting issues (gender, environmental safeguards, Human rights etc.* | Highly satisfactory (6) to Highly Unsatisfactory (1) | 4 |
| **Overall Implementation rating** | **Averaged from above** | **25%** |
| **Overall project quality** | **Based on weightings of above scores.**Highly satisfactory (6) to Highly Unsatisfactory (1) | **6****(87.67%)** |

## Main conclusions

### ****Relevance****

**Conclusion 1. The PUBFIN has been relevant at the design stage and remained relevant during the entire period of its implementation.**

The PUBFIN and its activities supported public finance management reform, strengthening the human and institutional capacities for effective, inclusive and accountable public finance system in Serbia. The PUBFIN is aligned with and supports the achievement of results outlined in the primary strategic documents of the Government of Serbia (GoS). In addition, the Project contributes to Serbia's EU accession process and UN/ UNDP Strategic priorities.

The PUBFIN and its activities remained highly relevant and the intervention logic valid during the entire period of its implementation. There is a need for this support to continue considering public administration reform requirements and EU accession needs, focusing on the legal and policy framework and institutional development.

The PUBFIN considered and reflected gains from the previous intervention in the area of public finance reform. The Project's intervention logic has been well-established, based on a sound problem analysis; thus, PUBFIN has accurately identified components and established areas of intervention. The PUBFIN scope and priorities remained relevant throughout the implementation. The responsiveness of the Project (and UNDP) to the country's changing environment and the participating institutions' capacities have also ensured a high degree of relevance.

### ****Coherence:****

**Conclusion 2: The PUBFIN represents comprehensive and important assistance in strengthening the public finance institutions in Serbia**

This intervention is generally coherent and cooperates with UNDP activities and other international development support in this area (WB, EU, SECO, GIZ, among other). The main implementing actors (UNDP, MoF; SAI, PPO and SCTM) ensure coordination and prevent duplication.

### ****Effectiveness****

**Conclusion 3. PUBFIN has been effective in delivering results, creating a solid basis to continue and expand activities in the area of public finance reform.**

Long-term support is crucial to ensure positive institutional development. The long-term UNDP support to public finance reform/ building accountable and transparent institutions in Serbia that has continued through PUBFIN, has been instrumental for the development of these institutions. It is critical for UNDP to work closely and collaboratively with its counterparts in Serbian institutions to achieve national ownership and, ultimately, sustainable change. Focusing on strengthening the technical capacity of analytical staff in national institutions is a strong approach to improve the delivery of its functions. Still, the FEC finds that the commitment of senior management in these institutions has been critical for the achievement of results and remains crucial to ensure that developed capacities are embedded in organizational structure and contribute to the broader public finance/ public administration reform agenda. The example of the SAI and PPO showed that existence of organizational priorities and commitment for the achievement of these priorities leads to achieving institutional impact and improved organizational performance.

Providing focused expertise and policy advice is an added value of PUBFIN. Providing focused expertise and policy advice on specific priorities, PUBFIN added value and contributed to building institutions to ensure more transparent and accountable public finance institutions in Serbia.

PUBFIN, with support from the SCTM, tested innovative approaches to promote transparent municipal budgets. This experience demonstrates that the combination of traditional development interventions with the introduction and use of tailored new technologies can enhance the effectiveness of development efforts and increase results. Selecting LSGs through a nation-wide open call for participation in budget transparent portal related activities generated commitment among these LSGs to participate in the PUBFIN and more importantly, work and implement action to enhance transparency and accountability in their public finances.

Involvement of civil society and citizens in the establishment of transparent funding mechanisms for CSOs at the local level is highly important, serving also as an accountability mechanism. The Project brought the public finance topic closer to the public, through the engagement of CSOs and media/ journalists. In this context, strengthening capacities within CSOs and media to understand, elaborate and communicate examples of investigation of misuse of public funds and prevent corruption at the local level.

**Conclusion 4: The PUBFIN has been highly influential in supporting the development of a software system for improving the performance of national institutions.**

**Serbian Tax Police upgraded its IT capacities for data collection, structuring and analytics, which were proven beneficial for more vigorous enforcement of tax policies- a new software- the IBM i2 Analyst Notebook- is now operational.**

**The Project supported the Audit Management System (AMS) development for the State Audit Institution. This system covers the entire audit process in the SAI. It transforms the audit process into a paperless mode, providing high efficiency, economy, mobility, transparency, and accountability.**

**The Project also supported improvements to the software solutions for the budget portal, redesigning and testing it.** .

**Conclusion 5. Overall, the Project has contributed to national development priorities, EU accession agenda and other international commitments and the long-term organizational development of partners involved in the public finance reform.**

The Project supported Serbia's efforts to achieve SDG targets, as the PUBFIN offered a well-defined approach to strengthen public finance system/ public administration and ensure progress under SDG 16. Furthermore, the PUBFIN enabled national and local governments to strengthen their governance systems and enhance their capability to address complex public finance reform issues systemically by using strategic thinking, a people-centred approach and collaborative tools.

### ****Efficiency****

**Conclusion 6. The PUBFIN team managed to ensure efficient implementation and timely achievement of results (despite management complexity inherent to PUBFIN)**

UNDP, through PUBFIN, has been a flexible and reliable partner, accountable for the achievements of results. The PUBFIN, with highly competent Portfolio Manager and other team members, succeeded in establishing implementation processes, bringing the Project to full implementation speed. These technical capacities, together with the strong partnership with the national stakeholders, have been critical factors contributing to the delivery of results.

Open communication and partnerships are essential to establish trust and professional relationships between stakeholders and ensure effective implementation. Communication between MoF-CHU. STA/ TDS, SAI, PPO, SCTM and CSOs and other stakeholders is crucial to increase operational efficiency that PUBFIN ensured. Communication with CSOs and media has been instrumental in strengthening citizens views in this process. Successful communication and partnership building remain critical for meaningful involvement of all partners and progress in reforming public finance, ensure transparency and accountability in public institutions.

The flexibility and responsiveness have been underlying strengths of the PUBFIN during the entire period of implementation, allowing to change some of the pre-established parameters. The Project’s responsiveness enabled timely and appropriate reaction to the partners' demands, being tools for ensuring progress under all components. At the same time, the PUBFIN Management remained focused on delivery of results, strongly involving partners in all decisions and activities. Working closely and collaboratively with counterparts is critical if ownership, and ultimately sustainability of change is to be achieved.

**Conclusion 7: The approved no-cost extensions were well-justified, enabling PUBFIN to deliver all planned activities and produce results.**

The PUBFIN team adopted a well-planned approach and ensured that processes are nationally driven and owned. The PUBFIN requested two no-cost extensions that provided enough time to complete the activities. The exchange rate fluctuation and impact of COVID-19 with prevailing online opportunities resulted in budgetary savings, and these budget savings served as additional resources to expand activities in certain areas.

The importance of the sound project monitoring system could not be overstated. This system enabled Project Team to follow implementation of activities and assess progress towards results. Equally important function of monitoring system has been to provide early indication on actual project management practice, serving as an early warning system (for UNDP and national institutions) of management challenges. Practically, the effective monitoring system supports overall implementation, enabling teams to foresee and avoid challenges through timely and adequate reactions.

**Conclusion 8: National ownership and leadership is crucial to effectiveness and efficiency and precondition for the sustainability of results**

The national partners, virtually all of them, and its employees have supported PUBFIN implementation, participating in all activities and decisions. Their involvement contributed to a more significant commitment to the PUBFIN objectives and, broadly, emphasized the importance of the overall public finance reform.

The PUBFIN steering structure provided strategic guidance and coordinated development interventions in the area of local administration reform. This body has been an effective forum for greater involvement of high-level national partners to drive development efforts related to public finance.

### ****Sustainability****

**Conclusion 9. PUBFIN has effectively responded to national capacity development needs in areas of intervention. There is a high likelihood of financial and operational sustainability of the achieved results, with strong commitment and opportunities that the benefits and outcomes continue after the completion of this initiative.**

The public finance reform remains a top priority for the GoS and core national institutions- this "enabling environment" has created a solid basis for a continuation of efforts and sustainability PUBFIN results. The Project is well-integrated into the national development framework.

The Project defined specific measures to ensure institutional sustainability, steadily and successfully developing their capacities. In this context, the Serbian Tax Administration and its Tax Police Department upgraded their data collection, structuring and analytics capacities, enabling them to enforce tax policies more effectively. These institutions will continue working on these changes. In addition, the World Bank-supported $52 million Tax Administration Modernization Project will expand these results.

The MoF (and CHU) are committed to continuing and expanding measures for the retention of IAs and PPOs, and this support is ongoing. The new Rulebook on Certification of PPOs has been a critical deliverable, that resulted in changes of the professional certification exam in public procurement. These changes will enhance the quality of the overall procurement in Serbia.

The tested cooperation of LSGs with CSOs in implementing measures and activities to contribute to more transparent and participatory governance has been institutionalized in the pilot municipalities.

The SAI's Audit Management System (AMS) is highly sustainable: the AMS has been introduced to support the transformation of the entire audit approach to a paperless process, providing a high level of efficiency, economy, mobility, transparency, and accountability.

The SCTM has a strong mandate for the capacity development of local administrations and will continue the efforts toward more transparent, accountable, and citizens-oriented local administrations

**Conclusion 10. Despite high priority and achieved results, development of institutional capacities to implement assigned functions and continue with the overall public finance reform activities would require further efforts by the authorities and development partners, including UNDP.**

The risks to the sustainability of the PUBFIN results remain, as several external factors may undermine the sustainability of results. The challenges remain that affect the progress under the public administration/ public finance reform, while the progress in meeting the EU accession targets remains limited. Other risks included weak institutional capacity and loss of human resources, ineffective accountability mechanisms, and limited transparency and information availability.

### ****Gender** **mainstreaming****

**Conclusion 11: Greater gender equality in the country is one of the main preconditions for transparent and accountable institutions and, the achievement of public finance reform objectives.**

The PUBFIN considered a rights-based approach and gender equality, especially during the implementation. As a result, participation of women in the project workshops and other activities has generally been high; furthermore, online options have been favourable for this participation. In addition, the Project addressed gender transformation through its support to transparent policy and decision-making processes.

**The PUBFIN matrix has integrated gender considerations; still, there are rooms for improvement (especially considering the overall quality of these indicators and intervention logic)**

### Leave no-one behind

**Conclusion 12: The Project considered and contributed to the "leave no one behind" agenda.**

Particularly relevant has been SDG-16, as the Project recognized the vital link between sustainable development and stability, human rights and effective public finance.

# Recommendations

The analysis of primary and secondary data served to define findings (and also concerns and challenges during PUBFIN implementation) serving for conclusions. Considering these inputs, recommendations have been defined, as a framework for further analysis and follow up actions.

The final evaluation consultant has formulated the following main recommendations:

|  |  |
| --- | --- |
| **Recommendation 1:**(for: * *UNDP*
* *MOF-CHU/ STA-TDS*
* *PPO*
* *SAI*
* *SCTM*
* *SIDA*
* *Other development partners*
 | **Continue support to implementation of the public finance reform in Serbia.**The FEC recommends continuing support to the main national institutions concerning the public finance reform, addressing policy making, and analytical capacities. UNDP through PUBFIN is well-positioned to continue building on the existing achievements and extend its technical support. The priority of the MoF- Central Harmonisation Unit is to continue efforts to enhance accountability in the public sector. Therefore, the primary focus should be to improve performance management by implementing the management and control system across public institutions (public-funds beneficiaries). In addition, there is a need for the CHU to provide customized tools and methodologies for managing the performance in meeting organizational objectives in line with the institutional goals and the respective public policies.Furthermore, the CHU needs to continue efforts to professionalize Internal Auditors in the public sector further, improving their skills and competencies. The priority remains to improve the certification process and the methodology for conducting Quality Assurance of Internal Audit functions and design and implement advanced training on audit methodology. There is a need to continue working on the efficiency, effectiveness, and transparency of public procurement procedures in Serbia. The priority should be to focus on developing the capacities of Public Procurement Officers at all levels for implementing the new Law on Public Procurement and supplementary regulations and guidelines. UNDP could support the PPO and ensure technical support and training for new procurement officers. For example, the partners could develop new modules for this portal to facilitate e-Procurement and prepare new guidelines, manuals and instructions (such as models of tender documentation and framework agreements for all economic operators). The FEC recommends expanding support to the Supreme Audit Institution to enhance specific technical skills. For example, with support from UNDP/ Project, SAI could explore new performance areas. For example, SAI could explore the development of capacities in SDG-related auditing, also advancing gender-sensitive auditing. The FEC recommends continuing assistance to the Serbian Tax Administration transformation- the large-scale World Bank support for this organization covered some central areas. However, there is a need to continue promotional activities and communication efforts about the work of the STAs, (to minimize tax evasion). In addition, the assistance in developing the Tax Police Department should continue. The priority remains to assist with enhancing analytical capacities, facilitate the functioning of prioritization systems, and create more effective organizational and operational structures (in line with the EU best practices). Furthermore, the partners should explore twinning-like opportunities with competent partners from selected EU countries.  |
| **Recommendation 2:**(for: * *UNDP*
* *MOF-CHU/ STA-TDS*
* *PPO*
* *SAI*
* *SIDA*
* *Other development partners*
 | **UNDP/ PUBFIN should support further improvements of the legal and policy frameworks regarding public finance.**UNDP and PUBFIN should intensify their efforts to support EU accession priorities. The primary reference should be the IPA 2021 Action Document and the critical areas of Chapter 5 -Public Procurement, Chapter - 16 Taxation, Chapter - 29 Customs Union, and Chapter 32 - Financial Control. The FEC recommends UNDP/ PUBFIN to engage more actively in the policy making process related to public finance laws implementation- especially important could ne to facilitate implementation of the Public Internal Financial Control (PIFC), as the central pillar of the functioning and management of the public sector. Still, the country is struggling to ensure full compliance of public sector bodies with the regulatory framework in this area. The 2021 EU Progress Reports states that "a new strategic framework for PIFC is broadly in place, and the PIFC is now comprehensively covered as a separate pillar embedded in the PFM reform programme". The EU Progress Report recognized achievements, highlighting areas for improvements. In this context, the PUBFIN addressed some of the priorities and these efforts should continue: the expertise and experience gained from PUBFIN with internal audit arrangements and strengthening internal audit function in all central budget institutions could. Still, UNDP/ PUBFIN and national partners should focus on challenges and issues, particularly with improvements of the horizontal legal framework with PIFC legal basis.The FEC recommends to use the standards in core public finance performance areas as a solid basis for policy and legal reform. |
| **Recommendation 3:**(for: * *UNDP*
* *SCTM*
* *CSOs/ local media*
* *Municipalities*
* *MoF*
* *SIDA*
* *Other development partners*
 | **Continue efforts to facilitate citizens' participation by enhancing the understanding of the public finances and the need for their involvement in local budgeting and other finance-related processes.** The FEC recommends exploring opportunities to expand activities to enhance understanding of public finance, especially among citizens. This could include advocacy activities, general discussions and awareness events. These initiatives could benefit from using social media to involve and inform citizens about the budgeting process. The partners could adjust some new platforms, such as Tik-Tok, Instagram, Twitter, Twitch, etc., to inform and involve citizens, especially youth, in the budgetary process and policy-making activities.The FEC recommends exploring opportunities to support investigative journalists and watchdog CSOs to continue revealing stories on corruption and misuse of public funds. There is a need to reflect on public finance/ budgetary oversight initiatives and strengthen activities for more active citizens' involvement. Other topics are relevant for the country regarding public finance management system transparency. Accordingly, the FEC recommends considering these topics, for example, addressing the adverse effects of the COVID-19 pandemic on public finance. The COVID-19 crisis emphasized how essential agile and effective PFM is. It demonstrated the need for PFM systems capable of ensuring stability, resilience, and enhancing the effectiveness and efficiency of resource allocation and financial management in the public sector even in times of disruption. In essence, an effective PFM system defines a set of rules, policies, and processes, which are segregated across public sector institutions, that govern the use of public funds at all levels. As such, a well-functioning PFM system is critical to ensuring accountability and efficiency in the use of public resources. There is a need to explore opportunities to expand climate change efforts and move to a clean, circular economy through policies and budget allocations. |
| **Recommendation 4:**(for: * *UNDP*
* *MOF-CHU/ STA-TDS*
* *PPO*
* *SAI*
* *SCTM*
* *SIDA*
* *Other development partners*
 | **Consider a more extended timeframe for the follow-up support to public finance management in Serbia.** Achieving measurable changes in the governance systems, especially ensuring transparent and accountable public finance, requires time and coordinated efforts of authorities, civil society and other national and international development partners. Therefore, the FEC recommends that GoS, national institutions, UNDP, SIDA, EU and other development partners consider long-term commitment (e.g., from five to ten years) for the new initiative. Considering the complexity and sensitivity of public finance management, the FEC recommends a flexible implementation approach with a mid-term review and adjusting the intervention logic to occurring changes. The FEC recommends that UNDP takes overall responsibility for the implementation of activities.  |
| **Recommendation 5:***(for:* * *UNDP*
 | **Strike a balance between qualitative and quantitative indicators to enable adequate measuring of progress under components, also capturing PUBFIN progress towards its planned results and broader reform agenda**. The FEC recommends to design intervention logic that adequately reflect priority areas of intervention, and ensure vertical and horizontal coherence.The evaluation consultant recommends that PUBFIN provide a well-balanced combination of qualitative and quantitative indicators to capture changes and results attributable to the Project, using national indicators and targets to the extent possible. In addition, the FEC recommends avoiding single source indicators, or indicators that are at the very high level and serve to measure country-level performance. |

# Annexes

## Annex 1: List of people interviewed[[77]](#footnote-78)

|  |  |
| --- | --- |
| **Name Surname** | **Title and institution** |
| **PUBFIN Project Team** |
| Neven Dobrijevic | Portfolio Manager |
| Milovan Filimonovic  | PFM Advisor |
| Sinisa Biljman | Component Manager |
| Natasa Protic | Project Assistant (Outcome 2) |
| Nenad Petkovic | Project manager (Outcome 2) |
| Ana Radojevic | Portfolio Assistant (Outcome 2) |
| Sanja Mazibrada | Project Manager (Outcome 4) |
| Valentina Korac | Portfolio Assistant (Outcome 4) |
| **SIDA, Serbia** |
| Snezana Vojcic | SIDA, Programme Officer |
| **Ministry of Finance- Central Harmonization Unit** |
| Spomenka Vicburger | Assistant Minister- Head of the CHO |
| **Tax Administration/ Tax Police Department**  |
| Rade Sevic | Serbian Tax Adminstration |
| Bojana Nozica | Tax Police Department |
| **Supreme Audit Institution**  |
| Dr Dusko Pejovic | General State Auditor |
| **Public Procurement Office**  |
| Sadra Damcevic | Director PPO |
| Ivana Djenic | Deputy Director PPO  |
| **Standing Conference of Towns and Municipalities and municipalities in Serbia**  |
| Bojana Gašić Praštalo | SCTM, Project Manager  |
| **Civil Society Organizations and representatives of media**  |
| Ivana Knežević-Spasović  | City of Nis |
| Nebojša Alimpić | Vrnjacka banja |
| Aleksandar Prica  | CSO “DUGA”, Sabac |

***Annex 2: Interview guides and on-line questionnaires***

Interview guide- UNDP Project Team

**Relevance (including coherence, flexibility and responsiveness)**

* Please describe your role and the circumstances under which you have engaged in the project, its design and/or implementation.
* Please describe the process of project design. What do you find very successful, and where were the challenging issues? How did the designing project team address these issues?
* What was the role of national partners during PUBFIN design? Do you think that the lessons from the previous interventions in this sector were adequately considered?

***Key Question 1: Has the PUBFIN project aligned its intervention with the stakeholders needs and country priorities to ensure an effective, inclusive, accountable and participatory public finance in Serbia?***

* Has the PUBFIN addressed the needs of the national partners (MoF, Tax Administration, Tax Police Department, PPO and SAI) and local authorities to implement their tasks for effective, inclusive, accountable and participatory public finance in Serbia? Could you please provide some examples?
* To what extent was the design and strategy of PUBFIN relevant to national priorities?
* Do you think that support available through the PUBFIN remained relevant to the country? What was the effect of external developments- e.g., COVID-19, issues in the EU accession process, on its relevance?
* What other key intervention areas could be integrated to a possible follow up PUBFIN Project, which would increase its relevance?
* Do you think that the PUBFIN results and area of interventions have been clearly defined? What changes have been made with revisions? Please explain.
* How appropriate and realistic have been the original outputs, outcomes, and established targets? How adequate have been the indicators to capture work of the PUBFIN? Was there a need to revise and update the indicators (including their benchmarks- targets and baselines) to better reflect external developments and progress achieved? Have these indicators been revised with extensions?
* Have you been using these existing indicators to monitor and measure progress under outcomes and outputs?

***Key Question 2: How integrated into the Serbia’s public finance and governance reform and development priorities, activities of development partners and UNDP plans and activities s has the PUBFIN been?***

* To what extent did the PUBFIN Project complement the other UNDP interventions and initiatives of government and other development partners in the public finance sector?
* To what extent does the project create synergy/ linkages with other projects and interventions in the country? Please provide some examples

**Effectiveness**

***Key question 3: Has the PUBFIN contributed to the attainment of the development outputs and outcomes initially expected/ stipulated in the project document?***

* What are the main results of the PUBFIN project? Has the progress towards its outcomes ensured?
* What are the key factors contributing to Project success or underachievement?
* Would you highlight some good practices and success stories from the implementation? Are there some lessons learned, or transferable examples that you would recommend?
* To what extent and in what ways has ownership - or the lack of it - by the implementing partner impacted on the effectiveness of PUBFIN?

**Efficiency**

***Key question 4: Has the implementation of the PUBFIN been efficient concerning adherence to the work plans (timely implementation), flexibility and responsiveness?***

* Has the PUBFIN been implemented in line with work plans, using available resources (financial, human, technical)? Are there any weaknesses in Project design, coordination, management, human resource skills, and resources?
* Has the management system- for example, combination of NIM and DIM, different components with different scope, been conducive for the efficient implementation?
* How well did the Project collect and use data to monitor results? How effectively was updated data used to manage the Project? How well did the Project team communicate with partners, stakeholders and Project beneficiaries on its progress?
* Was the Project flexible to the new circumstances imposed by the COVID-19 pandemic? In what sense and how? Did it affect delivery of activities? What was the Project’s mitigation strategy?
* Do you think that the steering and management structures and partnership modalities have been conducive to the delivery outputs?
* To what extent and in what ways has ownership - or the lack of it - by the implementing partner impacted on the efficiency of the PUBFIN?

**Sustainability**

***Key Question 5: Has the PUBFIN contributed to sustainable partnerships, polices and capacities of stakeholders for effective, inclusive, accountable and participatory public finance in Serbia?***

* To what extent will the PUBFIN achievements be sustained? What are the possible systems, structures, staff that will ensure its sustainability? What are the challenges and opportunities?
* Are the legal frameworks, policies and governance structures and processes in place for sustaining Project benefits?
* To what extent have development partners committed to continuing support?
* To what extent will the Project be replicable or scaled up? Are there opportunities for continuation and expansion of the results and activities in the area of PUBFIN intervention?

**Gender and cross-cutting issues**

***Key Question 6: Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?***

* To what extent has the PUBFIN addressed gender equality and the empowerment of women? Please provide some examples of practices in promotion and mainstreaming of gender
* Has the PUBFIN contributed to “leave no one behind agenda” ensuring benefits for vulnerable groups?

Interview guide- PPO

Please describe your role and the circumstances under which you have engaged in the project design and/or implementation.

**Relevance**

* Has the PUBFIN addressed the needs of the PPO? Has this support been relevant and timely?

**Coherence**

* Are there other interventions that are supporting PPO? Has the PUBFIN created synergies/linkages with these Projects? Could you please provide examples.

**Effectiveness**

* Have you participated in the Gap Assessment of the applicable legislation to identify essential needs for upgrading to improve the status and functional independence of IAs in the public sector and Public Procurement Officers?
* Have you prepared the amendments to the applicable legislation? Have you developed a structured and sustainable Retention policy for Internal Auditors in the Public Sector and Public Procurement Officers?
* Has the Project contributed to the procurement processes? What are the main improvements?
* The Project committed to preparing new model bidding documents? Have these new model bidding documents been prepared? What are the main benefits?
* Has the Project been effective in organizing workshops for contracting authorities on the MEAT criteria? Do you think there are improvements regarding MEAT criteria in procurement across public institutions?
* Has the Project prepared an analysis of factors impacting competition? What are the main factors?
* Has the Project assisted in preparing the analysis of opportunities for centralized public procurement services?

**Efficiency**

* How satisfied have you been with cooperation with UNDP and PUBFIN project? Have there been issues and delays in implementation of activities? What were the main challenges?
* How flexible has the UNDP PUBFIN Project been and responsive to your requests?

**Sustainability**

* To what extent will the PUBFIN achievements be sustained? To what extent is PPO capacitated to continuing activities that were available through the Project? Do you think if there is a need for scaling up of some activities and results?
* Are the legal frameworks, policies and governance structures and processes in place for sustaining Project benefits in the area of public procurement?

**Gender and cross-cutting issues**

* Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?

Interview guide- Ministry of Finance

Please describe your role and the circumstances under which you have engaged in the project design and/or implementation.

**Relevance**

* Has the PUBFIN addressed the needs of the Ministry of Finance? Has this support been relevant and timely?

**Coherence**

* Are there other interventions that are supporting MoF/ CHU? Has the PUBFIN created synergies/linkages with these projects? Could you please provide examples.

**Effectiveness**

* Has the Project supported the Ministry of Finance/The Department for Internal Control and Internal Audit to increase the retention of Internal Auditors and Public Procurement Officers in the public sector? Are there effects of the retention policy implementation?
* Have you prepared the amendments to the applicable legislation? Have you developed a structured and sustainable Retention policy for Internal Auditors in the Public Sector and Public Procurement Officers?
* What other results have you achieved with the Project’s support?

**Efficiency**

* How satisfied have you been with cooperation with UNDP and PUBFIN project? Have there been issues and delays in implementation of activities? What were the main challenges?
* How flexible has the UNDP PUBFIN Project been and responsive to your requests?

**Sustainability**

* To what extent will the PUBFIN achievements be sustained? To what extent is MoI/ CHU capacitated to continuing activities that were available through the Project?
* Are the legal frameworks, policies and governance structures and processes in place for sustaining Project benefits in the area of public procurement?

**Gender and cross-cutting issues**

* Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?

Interview guide- Tax Police Department

Please describe your role and the circumstances under which you have engaged in the project design and/or implementation.

**Relevance**

* Has the PUBFIN addressed the needs of the Tax Police Department? Has this support been relevant and timely to your institution?

**Coherence**

* Are there other interventions that are supporting TPD? Has the PUBFIN created synergies/linkages with these projects? Could you please provide examples?

**Effectiveness**

* Has the Project supported strengthening the capacities of the Tax Police for operational analysis and intelligence? Could you please explain?
* Has the Project assisted with preparation of organizational model and defining Tax Police business processes? Has the Road Map for further strengthening been prepared?
* Have the database and data management software been prepared? Has the Softer Analyst Notebook I2procured and installed? Have the Inspectors been capacitated on using Operational Analysis activities (OIAT) and Analyst Notebook I2?

**Efficiency**

* How satisfied have you been with cooperation with UNDP and PUBFIN project? Have there been issues and delays in implementation of activities? What were the main challenges?
* How flexible has the UNDP PUBFIN Project been and responsive to your requests?

**Sustainability**

* To what extent will the PUBFIN achievements be sustained? To what extent is TPD capacitated to continuing activities that were available through the Project?
* Are the legal frameworks, policies and governance structures and processes in place for sustaining Project benefits in the area of tax police department services?

**Gender and cross-cutting issues**

* Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?

Interview guide- Tax Administration

Please describe your role and the circumstances under which you have engaged in the project design and/or implementation.

**Relevance**

* Has the PUBFIN addressed the needs of the Tax Administration/ Tax Police Department? Has this support been relevant and timely to your institution?

**Coherence**

* Are there other interventions that are supporting TA/ TPD? Has the PUBFIN created synergies/linkages with these projects? Could you please provide examples?

**Effectiveness**

* How effective has the Project been with support to Tax Administration to increase voluntary tax compliance by improving its corporate values and image? Please describe the process and results?
* Have you developed Tax Administration Communication Strategy?
* Have you prepared the legislative framework for the Register of Business Invoices? Has the staff capacitated for using the new Register?
* Has the process for preparation of the technical specification for the procurement of the B software solution for the Register of Business Invoices been completed? What other results have you achieved?

**Efficiency**

* How satisfied have you been with cooperation with UNDP and PUBFIN project? Have there been issues and delays in implementation of activities? What were the main challenges?
* How flexible has the UNDP PUBFIN Project been and responsive to your requests?

**Sustainability**

* To what extent will the PUBFIN achievements be sustained? To what extent is TA capacitated to continuing activities that were available through the Project?
* Are the legal frameworks, policies and governance structures and processes in place for sustaining Project benefits in the area of public procurement?

**Gender and cross-cutting issues**

* Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?

Interview guide- Standing Conference of Towns and Municipalities/
Local self-governments in Serbia

Please describe your role and the circumstances under which you have engaged in the project design and/or implementation.

**Relevance**

* Has the PUBFIN addressed the needs of the local self-governments for more transparent public finance? Has this support been relevant and timely to your institution?

**Coherence**

* Are there other interventions that are supporting improvements of transparency at the local level? Has the PUBFIN created synergies/linkages with these projects? Could you please provide examples?

**Effectiveness**

* Do you think that the PUBFIN contributed to increase transparent management of public funds at the local level?
* How effective is the budget portals at LSGs? Are the municipal finance departments capacitated to use the system and data it generates?
* Have LSGs and targeted assemblies enhanced capacities on budget portals, and data it generates? What are the improvements?

**Efficiency**

How satisfied have you been with cooperation with UNDP and PUBFIN project? Do you think that management arrangements were appropriate for efficient implementation? What were the main challenges, if any?

**Sustainability**

* To what extent will the PUBFIN achievements be sustained? To what extent are LSGs and SCTM capacitated to continuing activities that were available through the Project?

**Gender and cross-cutting issues**

* Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?

Interview guide- Supreme Audit Institution

Please describe your role and the circumstances under which you have engaged in the project design and/or implementation.

**Relevance**

* Has the PUBFIN addressed the needs of the SAI by improving the management of the audit business processes through an Audit Management System? Has this support been relevant and timely?

**Coherence**

* Are there other interventions that are supporting SAI? Has the PUBFIN created synergies/linkages with these projects? Could you please provide examples?

**Effectiveness**

* Has the Audit Management System been established? Has it contributed to the SAI to increase the number and quality of external audit reports?
* What were the main challenges? Have these challenges affected the process?

**Efficiency**

* How satisfied have you been with cooperation with UNDP and PUBFIN project? Have there been issues and delays in implementation of activities? What were the main challenges?
* How flexible has the UNDP PUBFIN Project been and responsive to your requests?

**Sustainability**

* To what extent will the PUBFIN achievements be sustained? To what extent is SAI capacitated to continuing activities that were available through the Project?

**Gender and cross-cutting issues**

* Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?

Focus Group Discussion - guide for partners/ beneficiaries

**I) - Focus Group discussion with the LSGs and CSOs on cooperation in implementing measures and activities to contribute to achieving SDGs at local level**

Thank you for taking participation in this FGD organized for the purpose of final evaluation of PUBFIN project. You were selected as a beneficiary/ partner of the project and we would like to discuss with you several issues which will help us to understand the effects of the project and to recommend possible improvements for future similar actions.

Your participation is voluntary and confidential and nothing you say will be linked to your identity. Information will be used only for the purpose of the evaluation.

Please, could you briefly present yourself and indicate in which project activities you have participated.

* How much you are familiar with the overall PUBFIN project?
* How would you assess the partnerships between five local governments and civil society in Serbia? What are the main benefits?
* You have participated in the grant scheme for civil society organizations in five selected local self-governments. What are the main results? What are the benefits of these activities?
* What would you recommend in regard to cooperation between LSGs and CSOs for more transparent local public finance?

**II) Focus Group discussion with the media representatives**

Thank you for taking participation in this FGD organized for the purpose of final evaluation of PUBFIN project. You were selected as a beneficiary/ partner of the project and we would like to discuss with you several issues which will help us to understand the effects of the project and to recommend possible improvements for future similar actions.

Your participation is voluntary and confidential and nothing you say will be linked to your identity. Information will be used only for the purpose of the evaluation.

Please, could you briefly present yourself and indicate in which project activities you have participated.

* What is your opinion- has the Project effective in supporting media and CSOs to monitor and report on corruption and misuse of public finances?
* Are there any innovative practices you have implemented in reporting on corruption and misuse of public funds
* How effective and sustainable are the CSOs and journalist partnerships to inform the public on instances of irregularities in public institutions (coupling CSO watchdog function with investigative journalism)?
* What are your priorities for the future for improved delivery of these activities

## Annex 3: PUBFIN Evaluation matrix

| **Relevant sub-question** | **Judgement criteria** | **Indicators** | **Data Sources and collection tools** | **Data analysis** |
| --- | --- | --- | --- | --- |
| Relevant evaluation criteria: **Relevance**  |
| **Key Question 1:** **Has the PUBFIN project aligned its intervention with the national strategic priorities and needs of partners and the main stakeholders to ensure an effective, inclusive, accountable and participatory public finance system in Serbia?** |
| EQ1.1. To what extent was the PUBFIN design relevant in supporting the needs of the key partners (e.g., the Ministry of Finance- Serbia Tax Administration- Tax Police Department; Supreme Audit Institution; Public Procurement Office; municipalities in Serbia; CSOs and media) | JC1.1. The extent to which the PUBFIN has been designed to address the needs of the main partners and stakeholders to implement their tasks for effective, inclusive, accountable and participatory public finance in Serbia  | Evidence (including opinions) that the PUBFIN has been designed based on the needs analysis of the main partners and stakeholders to implement their tasks for effective, inclusive, accountable and participatory public finance management system in Serbia | 1. Desk/literature review of relevant documents (including problem analysis conducted by the UNDP)2. Key informants’ interviews (semi-structured interviews/ focus groups) 3. Focus groups  | In depth analysis of the national strategic and policy frameworks and development context in SerbiaAnalysis of the EU Accession process, with the reference to public administration reform / public finance management Problem/risk analysis related to PUBFIN areas of intervention Triangulate data collected from various sources and means (e.g., cross check interview data with desk review to validate or refute TOC).  |
| EQ1.2To what extent was the design and strategy of PUBFIN relevant to implementation of relevant national strategic frameworks and UNDP’s Country Programme Document?  | JV1.2.1. The extent to which the PUBFIN has been aligned and contributed to the implementation of the relevant national strategic frameworks and UNDP’s Country Programme DocumentJV1.2.2. The extent to which the Project contributed to the SDGs and relevant targets  | Evidence (including opinions and examples from the desk review) that the PUBFIN has been aligned and contributed to the implementation of the relevant national strategic frameworks and UNDP’s CPD Evidence that the Project contributes to SDG targets and relevant indicators  |
| EQ1.3. To what extent was the theory of change applied in PUBFIN relevant to ensuring an effective, inclusive, accountable and participatory public finance management system in Serbia? | JC1.3.1. The extent to which the theory of change applied in PUBFIN has been relevant to ensuring an adequate approach for supporting pubic finance management system in Serbia | The analysis of the theory of change applied in PUBFIN and evidence of its relevance vis-à-vis support to an effective, inclusive, accountable and participatory public finance in SerbiaEvidences that the PUBFIN intervention logic considered lessons from previous phases and continued in the priority areas |
| **Key Question 2: How integrated into the Serbia’s public finance and governance reform and development priorities, activities of development partners and UNDP plans and activities s has the PUBFIN been?** |
| EQ2.1. To what extent did the PUBFIN Project complement the other UNDP interventions and initiatives of government and other development partners?  | JC2.1. The extent to which PUBFIN complemented other UNDP -interventions and initiatives of different development partners) | Opinions of the development partners, UNDP projects and initiatives, other agencies about synergies and cooperation with the PUBFIN  | 1. Desk/literature review of relevant documents (including third-party reports and national documents)2. Map a theory of change to identify the logic, indicators problem analysis and assumptions behind the PUBFIN3. Key informants’ interviews  | Analyse governance and public sector reform interventions of UNDP. Analysis of the PUBFIN reports and analysis of other development partners Interviews with the key informants Results of implemented researches Triangulate data collected  |
| EQ2.2. To what extent does the project create synergy/linkages with other UNDP projects and interventions in the country?  | JC2.2. Evidences of synergies that the PUBFIN established with other interventions related to governance, public finance and decentralization  | Examples of synergies between the PUBFIN and other development initiatives and examples of complementarities that the PUBFIN established (activity level) |
| Relevant evaluation criteria: **EFFECTIVENESS -**  |
| **Key question 3: Has the PUBFIN contributed to the attainment of the development outputs and outcomes initially expected/ stipulated in the project document?**  |
| EQ3.1. To what extent did the project contribute to the attainment of the development of outputs and outcomes initially expected/stipulated in the project document?  | JC3.1.1. The degree to which the project activities listed in the Project Document have been successfully implemented and desired outputs achieved;JC3.1.2. The extent to which the Government has improved the overall management of public funds (state and local levels)JC3.1.3. The extent to which transparent and project-based funding of civil society organizations (CSOs) for more active participation in decision making processes has been strengthened JC3.1.4. The extent to which the State Audit Institution has automatized and improved the management of the entire audit processJC3.1.5. The extent to which capacities of CSOs and journalists have been enhanced to monitor and report on corruption and misuse of public finance   | Evidences and opinions that the PUBFIN delivered planned activities and produced results Percentage differences between the planned budget revenue in the MTBF (as approved two years before the latest available year) and the outturn of the latest available yearPercentage differences between the planned budget revenue (as approved in the budget) compared to the outturn of the latest available yearPercentage differences between the planned budget expenditure (as approved in the budget) compared to the outturn of the latest available yearNumber of local self-government assemblies with electronic access to public finance dataAvailability and quality of support to contracting authorities and economic operators to strengthen professionalization of procurement operationsHarmonized, participatory, standardized and institutionalized mechanisms for public funds disbursement, exist at the local government level in each selected LG (Y/N)Increased number of audit products issued annually by SAI Share of audit recommendations accepted and implemented by auditeesIndex of media freedom  | 1.PUBFIN Project relevant data extraction- detailed analysis of: 1) planned activities and outputs and 2) achievement of results).2. Interviews with key informants - focus on validating or refuting lines of inquiry - collecting perceptions about legal documents, strategies, partnerships established and skills developed and actions implemented related to PUBFIN. Observations on the “why” and factors that influence or impede effectiveness3. Surveys that PUBFIN carried out (specific results)4. Third-party reports and indicators (SIGMA Monitoring Reports; EU Progress Reports; Reporters without Borders Ranking)5. Other findings to cover gaps or validate preliminary findings  | Analysis of the PUBFIN achievements versus established targets Contribution analysis against the outcomes and outcome indicators Completion of a template of ‘factors’ with analysis of ‘strength of influence (the factors affect PUBFIN’s ability to achieve its objectives)’ Desk review of various documents- third party reports |
| EQ3.2. What are the key factors contributing to Project success or underachievement?  | JC3.2.1. Existence of factors contributing to Project success or underachievement of PUBFINJC3.2.2. The extent to which Covid-19 measures have a positive or negative effect on the achievement of Project results | Examples and analysis of factors contributing to Project success or underachievement Opinions and evidences that Covid-19 measures have a positive or negative effect on the achievement of Project results |
| EQ3.3. In which areas has the project had greatest achievements? Why and what have been the supporting factors? How can the project build on or expand these achievements? | JC3.3.1. Existence of good practices, success stories, lessons learned, or transferable examples that have been identified during the PUBFIN implementationJC3.3.2. The extent to which supporting factors contributed to these results and best practicesJC3.3.3. The extent to which the Project achievements could be expanded or scaled-up?  | Examples of good practices, success stories, lessons learned, or transferable examples that have been identified during the PUBFIN implementationExamples (including opinions) on supporting factors contributed to these results and best practicesThe existence of opportunities for expanding activities or scaling up the Project |
| Relevant evaluation criteria: **Efficiency**  |
| **Key question 4: Has the implementation of the PUBFIN been efficient concerning adherence to the work plans (timely implementation), flexibility and responsiveness?** |
| EQ4.1. Has the PUBFIN been implemented in line with work plans, using available resources (financial, human, technical)? | JC4.1.1. The degree of timely implementation of the PUBFIN, in a logical sequence, and availability of inputs in a timely fashion  | Evidences of timely implementation of activities (without delays)- analysis of planned vs implemented activities including utilization of inputsEvidences and records on timely implementation or delays and changes in implementation of plans  | 1. Desk review of the PUBFIN documents and project management practices2. Interviews with the PUBFIN Project Team 3. Interviews with national and other development partners 4. UNDP management practices  | Results of the analysis of the PUBFIN management practices Meeting minutes with PUBFIN Team and other stakeholdersDesk review of the critical performance (and management) indicators Triangulation of the collected primary and secondary data  |
| EQ4.2. Has the PUBFIN established sound management practices? Has the PUBFIN established sound and effective monitoring system that contributed to the achievement of results? | JC4.2.1. The extent of existence and utilization of management systems that facilitated efficient implementation of the PUBFIN JC4.2.2. The extent to which the Project M&E systems provided management with a stream of data that allowed it to learn and adjust implementation accordingly | Evidence that sound of management system was in place and facilitated efficient implementation of the PUBFINThe existence of the monitoring system and monitoring plan and the evidence that is was implemented and followed during the implementation Existence of a sound risk management practice and evidence that risks were adequately monitored and mitigated |
| EQ4.3. Which external factors and in which way have affected the Project’s implementation and its efficiency? What was the mitigation strategy? factors affecting the project, and the extent to which the project has been able to adapt and/or mitigate the effects of such factors; | JC4.3.1. The extent to which external factors that affected the Project JC4.3.2. The extent to which the mitigation strategy has been effective- the extent to which the project has been able to adapt and/or mitigate the effects of such factors JV4.3.3. The extent to which the project recognized changing context in which it operates and provided tailor-made activities in order to satisfy the new context and map opportunity spaces | Opinions and examples of external factors that affected the Project Evidence about mitigation strategy and its effectiveness in addressing and mitigating the effects of negative factorsExamples that the Project recognized changing context and adjusted its intervention, responding to new opportunities  |
| EQ4.4. Have steering and management structures and partnership modalities been conducive to the delivery outputs? | JC4.4.1. The extent to which steering and management structures and partnership modalities have been conducive to the delivery outputsJC4.4.2. The extent to which partners showed ownership and its contribution to the efficiency of the PUBFIN | Evidence (examples and opinions) that the steering and management structures have been effectiveExistence of partnerships within the framework of the PUBFIN projectOpinions and examples that partners’ ownership existed, contributing to efficiency  |
| Relevant evaluation criteria: **Sustainability**  |
| **Key Question 5: Has the PUBFIN contributed to sustainable partnerships, polices and capacities of stakeholders for effective, inclusive, accountable and participatory public finance in Serbia?** |
| EQ5.1. To what extent will the PUBFIN achievements be sustained? What are the possible systems, structures, staff that will ensure its sustainability? What are the challenges and opportunities? | JC5.1.1. The extent of financial and operational sustainability of the achieved results JC5.1.2. The extent to which the benefits and outcomes continue after external donor funding ends (including availability of financial and economic resources upon completion of the donor assistance  | Opinions of the stakeholders regarding sustainability of the achieved results and progress in the areas of the PUBFINEvidences that the PUBFIN project and partners have ensured financial and operational sustainability of the achieved results.  | 1. Desk review of the PUBFIN documents and project deliverables2. Interviews with stakeholders and partners and survey results (if applicable)3. Third-party analysis and analytical documents  | Analysis of the PUBFIN reports and deliverables and also other reports of development partnersAnalysis of meeting minutes and results of surveys Context analysis including relevant (governance) indicators for SerbiaTriangulation of primary and secondary data |
| EQ5.2. Are the legal frameworks, policies and governance structures and processes in place for sustaining Project benefits? | JC5.2. Existence of the legal frameworks, policies and governance structures and processes for sustaining project benefits | Opinions of the stakeholders/ experts’ opinions and desk-review evidence that legal frameworks, policies and governance structures and processes are in place for sustaining Project’s benefits |
| EQ5.3. Are the national partners committed to providing continuing support? Are the beneficiaries’ and partners satisfied with the Project’s implementation and results? | JC5.3.1. The extent to which the project decision making bodies and national partners undertook decisions and course of actions to ensure the sustainability of the effects of the project JC5.3.2. The level of beneficiaries’ and partners satisfaction with Project’s implementation and results;JC5.3.3. The extent to which the national partners showed ownership over the Project’s results  | Opinions that the project decision making bodies and implementing partners undertaken decisions and course of actions to ensure the sustainability of the effects of the projectEvidence that the beneficiaries and partners are satisfied with the Project’s implementation and resultsEvidence including statements that the national partners own the results of the Project  |
| EQ6.4. To what extent will the Project be replicable or scaled up? | JC5.4.1. Opportunities for continuation and expansion of the results and activities in the area of PUBFIN intervention | Evidences about the opportunities for continuation and expansion of the results and activities in the area of the PUBFIN intervention |
| Relevant evaluation criteria: **Cross-cutting** |
| **Key Question 6: Has the PUBFIN considered rights-based approach and gender equality, and followed the “no-one is left behind” principle during its design and implementation?** |
| EQ6.1. To what extent have gender equality and the empowerment of women been addressed in the design, implementation and monitoring of the Project? | JC6.1.1. The extent to which the PUBFIN addressed gender equality and the empowerment of women including the design, implementation and monitoring activities | Examples of practices in promotion and mainstreaming of gender during formulation, monitoring and implementation of the PUBFIN project  | 1. Desk/literature review of relevant documents (including third-party reports and national documents)2. Key informants’ interviews (semi-structured interviews/ focus groups) 3. Other sources and consultations as appropriate | Interviews with the key stakeholders (including UN, development organizations, etc)Review of national statistics and other available data Triangulation of the collected primary and secondary data  |
| EQ6.2. To what extent has the Project contributed to “leave no one behind agenda” (including most vulnerable)? | JC6.2.1. The extent to which the target beneficiaries have benefited from the project activities, including vulnerable groups;JC6.2.2. The extent to which the resources used to address inequalities in general, and gender issues in particular | Evidence (opinions and other examples) that the target beneficiaries have benefited from the Project activities, including vulnerable groups;Evidence (desk analysis and opinions) that the PUBFIN contributed to “leave no one behind agenda”  |

## Annex 4: Evaluability Analysis Matrix

The final evaluation used the three-dimension framework for evaluability assessment[[78]](#footnote-79), to measure the extent to which this Project, its implementation framework and achieved results could be analyzed and assessed in a reliable and credible manner. The evaluability assessment has been in general positive,

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| Project Design (as described in a Theory of Change, Logical Framework or narrative) |
| **Clarity** | The PUBFIN’s intervention logic and hierarchy of objectives have been well-defined, based on a problem analysis. The Project included a comprehensive situation analysis and identified challenges that created inefficiencies in the public sector. For example, there is a need to improve tax collection, reduce excessive red tape, improve the legal system and contract enforcement, and address non-performing loans. These are some of the challenges the Government has been tackling to restore fiscal sustainability and enhance economic growth. Thus, the Project essentially emphasized the importance of economic growth, highlighting the need to expand it and add an accountability lens to reduce misconduct and contribute to sustainable growth and development.The Project addresses two interlinked priorities, to improve budget execution and financial control and enhance external scrutiny over public finances. In addition, the Project is also focusing on horizontal and cross-cutting issues related to ensuring sustainable internal control systems within key public-sector institutions. Furthermore, the Project addresses transparency in the management of public funds at the local level, also working to improve cooperation between civil society organizations (CSO) and local self-governments. Finally, the Project is contributing to the need to enhance the capacities of CSOs and journalists to monitor and report on corruption and misuse of public finances.The outputs are correlated to outcome and identified and the proposed steps- for the achievement of outputs- have defined. |
| **Relevant** | The Project document provided a detailed overview of the PUBFIN relevance to the national strategic documents and the needs of participating institutions. The initial desk review results suggest that the PUBFIN maintained its relevance in responding to the needs of the target groups and end beneficiaries. The main challenges, especially with operational and technical capacities, accountability, resource utilization, and efficient organizational management, are present in the country. These findings from the initial desk review provided that the PUBFIN maintained its relevance and responded to the needs of the target groups and end beneficiaries. In April 2021, the Government adopted a new public administration reform (PAR) strategy 2021–2030, with its action plan 2021-2025. The new strategy consists of six pillars covering the areas of the EU Principles on Public Administration. In addition, it includes, for the first time, a pillar dedicated to local self-government reforms. Out of the six pillars, three are operationalized further by the action plan. The PAR core area of public financial management (PFM) has been regulated through a new PFM Reform Programme 2021-2025 (June 2021). In this context, the GoS implemented a comprehensive package of monetary, fiscal and financial emergency measures to mitigate the negative economic impact of the COVID-19 pandemic. The cost of these measures has increased the overall fiscal deficit and the public debt. However, the Government succeeded in keeping the public finances on a sustainable path in line with the medium-term fiscal goals. The capital budget execution level continued its upward trend, but a unified, comprehensive, practical and transparent system for planning and managing capital investments needs to be implemented. Furthermore, the Government's investment planning and management capacity require improvements. The analysis indicates weak links between the government programme and sector strategies and operational plans of budget beneficiaries. In the context of public finance management, the EU Progress Report recognized that the GoS/ MoF has adopted a new mid-term approach on public internal financial control (PIFC), including all the relevant guidelines. Also, guidelines for reporting of irregularities and handling of exceptions were updated in 2020. However, further work on putting in place a comprehensive system for detecting and handling irregularities is required. The EU progress report stated the need to establish an effective internal audit function in all central budget institutions: the country's institutions must implement a legislative framework for public procurement and internal control. In this context, the State Audit Institution continued increasing the coverage and quality of its audits of public funds and the relations with stakeholders.The EU Progress Report stated that Serbia did not progress in improving budget transparency. Neither a transparency roadmap, a pre-budget statement, nor a mid-year report are produced and published. In addition, the Ministry of Finance does not post the budget execution profile at the beginning of the year, preventing any analysis of deviations from targets. Public participation in the budget process and budget oversight by the legislature needs improvements. Overall, the report indicates additional efforts to embed managerial accountability in the administrative culture and strengthen internal control and internal audit functioning.Serbia's legal and institutional frameworks on public procurement align with the EU acquis. The law on public procurement entered into force in July 2020, with all the necessary legislation. In addition, the PPO, together with other partners, implemented the public procurement development programme for 2019-2023. This process started with the Action plan for 2019-2020, and continued through the Action Plan for 2021 (adopted in May 2021). The public procurement office (PPO) conducts compliance supervision of the law on public procurement and maintains the public procurement portal. The PPO is also in charge of proposing implementing legislation. The analysis indicates that Serbia should continue to strengthen the capacity of the public procurement office, the commission for public-private partnerships and concessions, the Republic commission for the protection of rights in public procedures and the administrative court.Concerning EU accession, the Project has been relevant for implementing the IPA II Indicative Strategy Paper for Serbia (2014-2020), committed to improving the capacities of institutions, including local level. Specifically, the Project has addressed the need to enhance capacities of the public administration, including at the local level, to implement the principles of public administration in core areas (Strategic framework, Policy development and coordination, public service and human resources management, Accountability, Service delivery, Public Financial Management). The PUBFIN aligns with the New EU Strategy, that recognized administrative reform and citizens participation as the primary objectives for ensuring the full implementation of the EU Acquis. The importance of public finance has also been emphasized in EU Progress Reports, acknowledging the contribution of the EU and other initiatives. However, this report also noted the need for improvements in this area. The Project at hand is also in conformity with the priorities of the Accession Partnership and EU/Commission policies by supporting the ongoing work of Serbia. Assessment of various progress reports of the European Commission along with the policy endeavours of Serbia to address capacity gaps in the public finance and the outputs of the partnership of Serbia jointly achieved with UNDP and the Delegation of the European Union to Serbia (EUD), Swedish Agency for International Development (SIDA), the Swiss State Secretariat for Economic Affairs (SECO) and other development partners, are the basis of the Project.The Project has strong links to the Sustainable Development Goals (SDG16 on ‘participatory decision making and effective institutions) and the UNDP country programme for Serbia. In addition to relevance to local governments and municipalities, the results to be achieved by the project are directly falling under the institutional mandate of the MoF (CHU, TA/ TPD), SAI, PPO, SCTM and municipalities |
| **Plausible** | The validity of the PUBFIN’s intervention logic remained high throughout its implementation- a brief situation assessment indicates that, despite achieved results and progress, the challenges continue to affect the public finance system in Serbia at the national and local levels.Practically, the PUBFIN was embarked with an ambitious agenda in June 2018 to assist the Government of Serbia to face such challenges by improving the capacities and regulatory frameworks in various areas of public finance in Serbia. In this sense UNDP, as the implementing agency for the majority of components (SCTM is implementing the component for LSGs public finance transparency), attaches utmost importance to the PUBFIN project which is expected to serve for the benefit of the stakeholders and ultimately Serbian citizens, by strengthening capacities for efficient public finance and service delivery in line with democratic governance principles. The Project is well advancing with the achievement of results and it is likely that all planned targets will be met.The country is facing different factors and dynamics in the region that remain present and could affect achieved results (e.g., policy changes and turn-over of qualified staff; financial challenges; sustainability of partnerships at different levels; political situation and also COVID-19 pandemic). There is a need to continue monitoring these factors and ensure sustainability in mid and longer-term.  |
| **Validity and reliability** | The PUBFIN project team has established a comprehensive monitoring system, that involved data collection from different levels and cooperation with the partners and other stakeholders. All the received data have been collected and were available for the evaluation consultant. The overall quality of the intervention logic is adequate, as the planned outputs and outcomes are coherent and feasible to reach the project's objectives. Vertical connections between the elements of the results framework- outcomes, outputs and activities could be verified. However, horizontal coherence is more challenging to verify. Also, indicators are available at all levels of the hierarchy of objectives and are generally relevant to measure progress. However, some of these indicators are beyond the scope of a particular project, but rather reflect country’s progress in the area of public finance management. In the context of benchmarks, all indicators have baselines; however, targets, especially at the outcome level, are overambitious and challenging to achieve. Therefore, the FEC finds that the appropriateness of some indicators for objective assessment and reporting of results is very limited. The LFM includes sex-disaggregated indicators to the extent possible in the context of public finance management. As a result, the FEC finds well-established gender-disaggregated data in the reports, including the numbers of men/women who benefit from the project.Generally, the LFM shortcomings could limit the “formal assessment” of the project progress (e.g., the absence of targets prevents to formally verify the exact achievements; also, weak indicators prevent to capture all the critical aspects…). Therefore, the FEC will use the analysis of outputs/ results as proxies to analyse progress towards targets.  |
| **Testable** | The FEC finds that the critical linkages have been established between activities and outputs; however, direct links and establishing contribution claims between outputs and progress under outcome is more challenging to establish and confirm. The evaluation questions will be tested, with the objective to explore, discuss and identify these links.  |
| **Consistent** | The consistency exists between the PUBFIN’s Theory of Change and how it is described in the Project document and application across multiple documents (Design, M&E plans, work plans, progress reports, etc.). Basically, all the documents have been focused with clear references to the original ToC and the project’s intervention logic.  |
| **Complexity** | The FEC finds that UNDP PUBFIN project and its focus on various components of the overall public finance management system (e.g., support to Tax Administration and Tax Police Department; the Ministry of Finance and Central Harmonization Unit; support to retention of IAs and PP Officers; support to transparency and accountability through the PPO and SAI; support to local administration reform for more transparent local governance and local finances), strengthening partnerships at the local level among the CSOs and local authorities; improving abilities of has been a factor of complexity. Also, complementary area of intervention- inclusion of a citizen-focused participatory planning and implementation practices is a complex issue that require well-planned approach.The management structure- decision making and implementation mechanisms- have been complex and included involvement of various partners. For example, SCTM has implemented one of the components under the National Implementation Modality, while other components were under UNDP responsibility. Therefore, ensuring well-articulated and harmonized implementation has been challenging, but the team has been successfully dealing with these issues. |
| **Agreement** | The stakeholders’ commitment at all levels (the MoF- Tax Administration/ Tax Police Department, SAI, PPO, SCTM and municipalities, and also CSOs and media) remained evident from the initiation of the Project, through their involvement in planning and implementation of all activities. There is a formal agreement- ProDoc- signed between all the interested parties.They remained available and confirmed interest and availability for participating in the evaluation. |
| Information availability |
| **The complete set of PUBFIN documents available** | The PUBFIN provided full set of documentation, including submitted PUBFIN Project Document, Annual Progress Reports, Other Reports including commissioned studies and analysis under all results.  |
| **Baseline measures exist** | The FEC finds availability of baseline data for indicators. Disaggregated data are partially available for indicators.In addition, the FEC has access to various reports and deliverables (including conferences and workshops that the PUBFIN project organized) and this will enable to verify judgement criteria and indicators from the evaluation framework.  |
| **Data on a control group** | The PUBFIN did not include the control group to compare with the intervention group and the absence of the control group prevents direct analysis of the performance changes among beneficiaries and target groups. |
| **Data has been collected for all the indicators** | The Project has been providing details on activities and results in various areas of intervention. The FEC has access to all critical products that PUBFIN delivered during its implementation.  |
| **Availability of critical data**  | The FEC has analysed project materials and finds that the intended and actual beneficiaries could be easily identified. The PUBFIN team provided details and information about involvement of partners and beneficiaries answering questions who were involved in what project activities and when. |
| **Gender disaggregated data**  | The PUBFIN provided disaggregated data for most of the indicators, especially those that were under direct Project’s responsibility  |
| **Previous reviews or evaluations**  | The PUBFIN project did not include previous mid-term reviews or analysis.  |
| Institutional context |
| **Accessibility to and availability of stakeholders** | The FEC received contacts of all the stakeholders from the PUBFIN project. Besides, the FEC together with the PUBFIN Team analyzed the list of interlocutors for interviews.The extraordinary circumstances brought about by COVID-19 created a range of challenges for evaluative work as discussed in sections below. Still, the evaluation consultant is planning field visit and in-person meetings during first weeks of September 2022. In addition, the FEC will use on-line interviews to reach larger group of stakeholders that would not be interviewed during the filed mission. The FEC will use tailor-made interview guides as a platform for primary data collection.  |
| **Resources available to do the evaluation** | The FEC has established regular communication with the PUBFIN team, and with the main partners. This communication helped the evaluation to identify and access key informants. In addition, this effective communication will also serve to resolve any issue that could emerge during the evaluation.  |
| **Coordination requirements?** | The evaluation will involve representatives of the PUBFIN team in the entire process. There is no specific coordination requirement, as this is a project evaluation with clearly identified interlocutors.  |

## Annex 5: Results/ Logical Framework- PUBFIN

| **Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:** **By 2020, governance institutions at all levels have enhanced accountability and representation to provide better quality services to people and the economy** |
| --- |
| **Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:**Indicator: Governance effectiveness index (ranking)Baseline (2017): 60.58Target: 62 by 2020 |
| **Applicable Output(s) from the UNDP Strategic Plan:1.2.2**Enabling environment strengthened to expand public and private financing for the achievement of the SDGs**CPD Output 2: Management of public funds is improved at all levels**Indicator: Open budget indexBaseline: 43/100 (2017); Target: 55/100 (2020)Data source, frequency: International Budget Partnership (every two years) |
| **Project title and Atlas Project Number:** |
| **EXPECTED OUTCOMES** | **OUTCOME INDICATORS** | **DATA SOURCE** | **BASELINE** | **TARGETS (by frequency of data collection)** | DATA COLLECTION & RISKS |
| **Value** | **Year** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year …** | **FINAL** |
| **Outcome 1**The Government improves overall management of public funds at both state and local levels | **1.1** Percentage differences between the planned budget revenue in the MTBF (as approved two years before the latest available year) and the outturn of the latest available year | SIGMA Monitoring Reports | 4.96% | 2017 | > 4% | > 3% |  |  |  |  |  |
| **1.2** Percentage differences between the planned budget revenue (as approved in the budget) compared to the outturn of the latest available year | SIGMA Monitoring Reports | 9.1% | 2017 | > 7% | > 5% |  |  |  |  |  |
| **1.3** Percentage differences between the planned budget expenditure (as approved in the budget) compared to the outturn of the latest available year | SIGMA Monitoring Reports | -3.7% | 2017 | 0% | 0% |  |  |  |  |  |
|  | **1.4** Number of local self-government assemblies with electronic access to public finance data | Project Reports | 10 | 2018 |  | 30 |  |  |  |  |  |
| **1.5** Availability and quality of support to contracting authorities and economic operators to strengthen professionalization of procurement operations | SIGMA Monitoring Reports | 4 | 2017 |  | 5 |  |  |  |  |  |
| **Outcome 2**Strengthening transparent and project-based funding of civil society organizations (CSOs) from local government budgets towards greater civic engagement in decision-making and improvement of local service delivery | **2.1** Harmonized, participatory, standardized and institutionalized mechanisms for public funds disbursement, exist at the local government level in each selected LG (Y/N) |  | N | 2017 |  | Y |  |  |  |  |  |
| **Outcome 3**The State Audit Institution automatizes and improves the management of the entire audit process | **3.1** Increased number of audit products issued annually by SAI | SIGMA Monitoring Reports | 390 | 2017 | 440 | 445 |  |  |  |  |  |
| **3.2** Share of audit recommendations accepted and implemented by auditees | SIGMA Monitoring Reports | 75% | 2017 | 80% | 85% |  |  |  |  |  |
| **Outcome 4** – The capacities of CSOs and journalists to monitor and report on corruption and misuse of public finance are improved | 4.1 Index of media freedom | Reporters without Borders Ranking | 76 | 2018 |  | < 76 |  |  |  |  |  |

## Annex 6: List of analysed and consulted documents

**Project document and Grant agreement**

PUBFIN Project Document (Signed and approved) 2019

PUBFIN Project Document (Revised and signed, 2020- two additional outputs included)

Annex I Budget for the Action

First Request for Revision- Letter to SIDA signed

SIDA 3rd Party Addendum signed in Dec 2021

PRODOC Revision Cover Page - PUBFIN SIDA Signed

Letter to SIDA 105420 Addendum Febr 2022

SIDA 3rd Party Addendum Signed 17 March 2022.pdf

1PRODOC Revision Cover Page - PUBFIN SIDA 2 Sigfned

**Annual Progress Reports (including deliverables under PUBFIN outputs)**

PUBFIN Inception Report (dated 15.02. 2019)

PUBFIN Annual Report for 2019

PUBFIN Annual Report for 2020

PUBFIN Annual Report for 2021

**Annual Work Plans**

PUBFIN Annual Work Plan 2020

PUBFIN Annual Work Plan 2021

PUBFIN Annual Work Plan 2022 (draft)

**Steering committee meetings minutes**

Minutes of the 1st Project Steering Committee (15 Oct 2020)

PUBFIN SC presentation 15 Oct 2020

Minutes of the 2nd Project Steering Committee (24 May 2021)

PUBFIN SC presentation 24 May 2021

**Policies and laws**

Public Administration Reform Strategy

PFM Reform Programme 2021-2025 (June 2021).

IPA II Indicative Strategy Paper for Serbia (2014-2020),

Public Procurement Development Programme for 2019-2023 and the Action Plan for 2019-2020

Local Administration Reform Strategy and reports

Various sectoral laws

1. Organisation for Economic Cooperation and Development / Development Assistance Committee (OECD/DAC), Network on Development Evaluation, Better Criteria for Better Evaluation Revised Evaluation Criteria Definitions and Principles for Use, 2019, available at: <https://www.oecd.org/dac/evaluation/revised-evaluation-criteria-dec-2019.pdf> [↑](#footnote-ref-2)
2. <http://www.unevaluation.org/document/download/2787> [↑](#footnote-ref-3)
3. <http://www.uneval.org/document/download/1294> [↑](#footnote-ref-4)
4. Rick Dr. Davis “Planning Evaluability Assessments, A Synthesis of the Literature with Recommendations, Report of a study commissioned by the Department for International Development (DFID)”, Working Paper 40, October 2013- this document served as the basis for evaluability assessment. [↑](#footnote-ref-5)
5. John Mayne: „Contribution analysis: Coming of age?” from Evaluation, 2012, Sage Publication, DOI: 10.1177/1356389012451663. [↑](#footnote-ref-6)
6. Line Dybdal, Steffen Bohni Nielsen, Sebastian Lemire (Ramboll Management Consulting and Aarhus, Denmark): “Contribution Analysis Applied: Reflections on Scope and Methodology”, The Canadian Journal of Program Evaluation Vol. 25 No. 2 Pages 29–57 ISSN 0834-1516 [↑](#footnote-ref-7)
7. Also, where a paucity of data necessitates a quick assessment of a contribution, this should be carried out using appropriate evaluation methodologies that identify contributions at the outcome level and ascertain the plausibility of causal relationships between activities and outcomes. More details in John Mayne: „Contribution analysis: Coming of age?” from Evaluation, 2012, Sage Publication, DOI: 10.1177/1356389012451663. [↑](#footnote-ref-8)
8. Review of regional and national statistics on security- received from the LPBS members; analysis of figures/ marks from the training events; other quantitative data [↑](#footnote-ref-9)
9. A full list of documents consulted in this inception phase is available in the Annex 3 [↑](#footnote-ref-10)
10. The FEC supported it with timeline analysis and conflict analysis to the extent required. [↑](#footnote-ref-11)
11. https://www.maxqda.com/ [↑](#footnote-ref-12)
12. https://www.oecd.org/development/evaluation/qualitystandards.pdf [↑](#footnote-ref-13)
13. United Nations Evaluation Group (UNEG), UNEG Ethical Guidelines for Evaluation- UNEGFN/CoC, 2008. [↑](#footnote-ref-14)
14. KII notes- national partners [↑](#footnote-ref-15)
15. The Serbian Tax Administration has been implementing the Tax Administration Transformation program since June 2015, in line with the PFM Reform Program and the Economic Reform Programs for the period 2017-2019 and 2018-2020 [↑](#footnote-ref-16)
16. Ibidem, the Transformation programme and KII notes [↑](#footnote-ref-17)
17. More details available at https://www.undp.org/serbia/projects/enhancement-municipal-audit-accountability-and-efficiency-public-finance-management [↑](#footnote-ref-18)
18. https://www.undp.org/serbia/projects/accelerating-accountability-mechanisms-public-finances-2016-2018 [↑](#footnote-ref-19)
19. This software-based application enables advanced electronic reporting systems concerning financial documentation, financial management and coordination within LSGs, and communication with interested external public. [↑](#footnote-ref-20)
20. <https://www.undp.org/serbia/projects/reload-regional-programme-local-democracy-wb> [↑](#footnote-ref-21)
21. <https://www.mfin.gov.rs/en/documents2-2/public-financial-management-reform-program-pfm-2> [↑](#footnote-ref-22)
22. https://neighbourhood-enlargement.ec.europa.eu/system/files/2018-12/20180817-revised-indicative-strategy-paper-2014-2020-for-serbia.pdf [↑](#footnote-ref-23)
23. Action Plan for the Implementation of the Government`s Program for the Period 2020-2022 is an operational document with priorities and objectives to be achieved during the Government`s mandate. https://rsjp.gov.rs/en/news/action-plan-for-theimplementation-of-the-governments-program-for-the-period-2020-2022-adopted/. A new Government, following the presidential and parliamentary elections of April 3, 2022, should be in place by the summer of 2022. [↑](#footnote-ref-24)
24. Furthermore, these improvements included recommendations deriving from the World Bank Horizontal Functional Review of the Serbian Public Administration and the Vertical Functional Review of the Ministry of Finance. Additionally, the Economic Reform Program for 2019-2021 reemphasises the need to implement the Tax Administration Transformation program thoroughly. The PUBFIN support in this area has set the basis for this large-scale intervention. [↑](#footnote-ref-25)
25. Since 2014, Serbia has opened eighteen of the Acquis Communautaire’s thirty-five chapters, two of which are provisionally closed. Unfortunately, the strength of EU accession as a driver of reform has lost some intensity since 2015, mainly due to governance concerns and continuing weaknesses in the institutional and regulatory environment that prevent the deepening of critical structural reforms. However, [↑](#footnote-ref-26)
26. https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2021\_en [↑](#footnote-ref-27)
27. <https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2021_en>, page 72 [↑](#footnote-ref-28)
28. <https://serbia.un.org/en/170536-sustainable-development-cooperation-framework-between-united-nations-and-republic-serbia> and <https://www.undp.org/sites/g/files/zskgke326/files/migration/rs/undp_rs_Strategic_Plan_2022-2025.pdf> [↑](#footnote-ref-29)
29. Outcome 3 – The State Audit Institution automatizes and improves the management of the entire audit process [↑](#footnote-ref-30)
30. Outcome 4 – The capacities of CSOs and journalists to monitor and report on corruption and misuse of public finance are improved [↑](#footnote-ref-31)
31. Output 3.1 - The State Audit Institution (SAI) increases the number and quality of external audit reports by improving the management of the audit business processes through an Audit Management System and Output 4.1 - Media and CSOs are better equipped to monitor and report on corruption and misuse of public funds [↑](#footnote-ref-32)
32. The PUBFIN responded to its objective of strengthening medium-term macro-fiscal and budgetary framework, including planning and budgeting of public expenditures and efficient and effective budget execution. In addition, the PUBFIN has been working on improving financial control and strengthening external scrutiny of public finances. [↑](#footnote-ref-33)
33. Despite apparent links between Project’s outcomes/ components, the PUBFIN scope has been broad, almost exceeding the expected (and desired) mandate of an external development initiatives. Similarly, Output 1.1. Reducing tax evasion by strengthening the capacities of the Tax Police for operational analysis and intelligence exceeds the scope of a project’s result, as a specific product related to completion of activities. The FEC finds that development capacities for operational analysis and intelligence of the Tax Police could contribute to reduced tax evasion, but there are various other factors. Therefore, Output 1.1. is more appropriate for an outcome, as actual or intended changes in development conditions that UNDP interventions are seeking to support [↑](#footnote-ref-34)
34. https://www.undp.org/serbia/good-governance-0 [↑](#footnote-ref-35)
35. The other four key portfolios are Digital Innovation; Inclusive Political Processes and Civic Participation; Rule of Law and Public Administration Reform and Human Development and Population Change [↑](#footnote-ref-36)
36. More details are provided under the Efficiency part of this report [↑](#footnote-ref-37)
37. Regional Programme on Local Democracy in the Western Balkans (ReLOaD): Fostering Local Democracy in the Western Balkans: Effective Partnerships Between Local Governments and Civil Society for Improved Service Delivery. [↑](#footnote-ref-38)
38. <https://open.undp.org/projects/00089306> [↑](#footnote-ref-39)
39. KII notes [↑](#footnote-ref-40)
40. . The support from the EU for Public Administration Reform in Serbia has amounted to more than EUR 200 million since the start of the accession process. The assets intended for public management supported the professionalization of the administration, development of electronic services, public finance control and improving the work of local self-governments and independent institutions. [↑](#footnote-ref-41)
41. Local Transparency Index- LTI was measured by questionnaire with 87 Y/N questions, indicating existence of good regulations and practices from several areas (transparency of local assembly and mayor's work, budget, citizens friendly local administration, free access to information, public procurement, information booklet, public utility enterprises and public institution's transparency, public debates, public competitions, plans and reports, anticorruption mechanisms etc). More details <https://www.transparentnost.org.rs/index.php/en/oldprojects/local-transparency-index-lti> [↑](#footnote-ref-42)
42. Representatives from the Embassy of Sweden in Serbia, Ministry of Finance, Ministry of Public Administration and Local Self Government, Office for Cooperation with Civil Society, Standing Conference of Towns and Municipalities, TACSO Resource Center/Civic Initiatives and UNDP [↑](#footnote-ref-43)
43. <https://www.dri.rs/documents/annual-activity-reports.181.html> and <https://www.dri.rs/dokumenti/godisnji-izvestaji-o-radu.93.html> [↑](#footnote-ref-44)
44. All System Modules of the AMS set out in the Terms of Reference are developed: 1) *Annual Planning Module* - enables the annual program planning process for each sector, the automatic generation of proposals from the system, the manual addition of audits, and the approval process by management; 2) *Audit Entity Management Module* - enables the management of basic information for entities, their current situation, financial statements and other criteria related to system proposals; 3) *Resource and Task Management Module*; 4) *Audit Execution Module* - allows different types of audits: Financial audits, Compliance audits, Performance audits, Quality Assurance, Quality Control and Combined Audits; 5) *Document management modul;* 6) *Recommendations and effects module* - enables recording and management of findings, risks, recommendations and measurement of audit effects; 7) *Court Litigation* - allows the management of court cases and supporting documentation and evidence; 8) *Meeting and Discussion Management Module;* 9) *Knowledge management module*; 10) *Module for measuring performance and Reports and 11) System administration module* [↑](#footnote-ref-45)
45. Participation in the Swedish National Audit Office program on Performance Audit Training for Western Balkans and Turkey State Auditors; participation in "Balanced regional development with special emphasis on demographics" that is conducted with SAI North Macedonia. The Project also supported 20 State Auditors to participate at the INTOSAI initiative "Professional Education for SAI Auditors – Pilot (PESA-P)" . [↑](#footnote-ref-46)
46. The following CSO participated in the Project: CETRA (Panševo), Pištaljka, Institute for European Affairs and the Journalists' Association of Serbia from Belgrade, Toplica Center for Democracy and Human Rights from Prokuplje, Užice Center for Human Rights and Democracy, and Center for Development of Local Media from Zaječar. [↑](#footnote-ref-47)
47. . For example, the CSO Toplica center for Democracy and Human Rights analyzed 100 procurement processes, including the reconstruction of the Prokop Railway. The story on Prokop Railway was even published in the weekly newspapers NIN. Pistaljka was investigating public procurement processes conducted as a public-private partnership, such as the one with the public transportation ticketing system in Belgrade. [↑](#footnote-ref-48)
48. This change has been presented at the SC meeting held on 24 May 2021. [↑](#footnote-ref-49)
49. KII notes [↑](#footnote-ref-50)
50. Ref to Sustainability part of this report, JC 5.1.1. To summarize some examples- the (municipal) budget portal application software was redesigned and tested, enabling detailed analyses of local budget operations and financial management. The SCTM will continue building and expanding this software. The SAI benefited from the newly designed Audit Management System (AMS) that covers the complete audit process in the SAI, transforming it into a paperless approach. The SAI management has confirmed the availability of resources for further development of the AMS. [↑](#footnote-ref-51)
51. Details are also provided under the Efficiency part of this report, JC 4.1.1. [↑](#footnote-ref-52)
52. This judgement criteria is linked with the JC 4.3.2. [↑](#footnote-ref-53)
53. Public government reforms can only be sustainable by ensuring resilient capacities in fiscal management, human resources, and transparent and accountable governance- ref to UNDP Primer on Public Administration Reform. [↑](#footnote-ref-54)
54. More details under the Efficiency, JC 4.2.1. [↑](#footnote-ref-55)
55. Kii notes, natinal partners [↑](#footnote-ref-56)
56. LAR I and LAR II documentation; also evaluation reports and KII Notes [↑](#footnote-ref-57)
57. KII notes- national partners [↑](#footnote-ref-58)
58. KII notes- national partners [↑](#footnote-ref-59)
59. The Public Administration Reform Strategy 2021-2030 and Public Financial Management Reform Program 2021-2025 have been adopted and the 2021 EU Progress Report for Serbia has been released, with priorities and recommendations for the improvements concerning Financial Control (Chapter 32). [↑](#footnote-ref-60)
60. UNDP letter to SIDA- subject: Accountable Public Finance Management Platform - Request for Amendment and Budget Modification, November 4th, 2020 [↑](#footnote-ref-61)
61. UNDP letter to SIDA; subject: -Accountable Public Finance Management Platform Project - Request for Amendment and Budget Modification, Tuesday, February 8th, 2022 [↑](#footnote-ref-62)
62. Furthermore, this tested model for supporting CSOs from local budgets, thus, enhancing participative democracy, has continued with the current, new ReLOad phase. [↑](#footnote-ref-63)
63. <http://skgo.org/> [↑](#footnote-ref-64)
64. The indicators presented in the RF have been mostly satisfactory; still, the evaluation team found gaps within the existing indicators (as explained under the effectiveness part of the report). These weaknesses have been presented under the effectiveness and relevance part of this report. [↑](#footnote-ref-65)
65. <http://mduls.gov.rs/en/public-administration-reform/> The PAR Strategy is organized around six pillars- human resources management, accountability and transparency and service delivery, reforming PFM, enhancing local self-governments and improving public policy management. [↑](#footnote-ref-66)
66. This document is focused on providing a comprehensive package of monetary, fiscal and financial emergency measures, enabling the public finances to be on a sustainable path in line with the medium-term fiscal goals [↑](#footnote-ref-67)
67. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/590421554736173969/serbia-tax-administration-modernization-project> [↑](#footnote-ref-68)
68. Some of the critical deliverables included the Guidance for the Police, the Prosecutor's Office and the Courts to enable collaborative working as a means to achieving more efficient and effective delivery of services; the Guidance on Innovation partnerships in Public Procurement and promotion of Green Procurement and the Bidding model documents for dynamic procurement system [↑](#footnote-ref-69)
69. <https://open.undp.org/projects/00089306> [↑](#footnote-ref-70)
70. http://skgo.org/projects/details/63/eu-exchange-6 [↑](#footnote-ref-71)
71. Exchange 6- Component 2 Upgrading capacities of LSGs to adequately apply capital projects’ cycle and transparently operate the budget [↑](#footnote-ref-72)
72. Exchange 6 Programme Component 3 Better incorporation of Public Internal Financial Control (PIFC) features in LSGs’ operations and linking with local planning and budgeting frameworks [↑](#footnote-ref-73)
73. https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2021\_en [↑](#footnote-ref-74)
74. Further details are provided under Section 2.2.1. of this report. [↑](#footnote-ref-75)
75. However, limited representations of female staff in some, especially managerial positions, resulted in limited participation and gender disbalance in some events. Still, the data shows that 67% of certified IAs in the public sector are women (female: 328 or 66,8 %, and male 163 or 33,2 %), ensuring more balanced participation. [↑](#footnote-ref-76)
76. available on the portal https://data.gov.rs/sr/ [↑](#footnote-ref-77)
77. The evaluator did not include the names of people interviewed (except for UNDP team and SIDA representative) deliberately; this is the practice deriving from the personal data protection and has been recommended in all recent evaluation practices. [↑](#footnote-ref-78)
78. Rick Dr. Davis “Planning Evaluability Assessments, A Synthesis of the Literature with Recommendations, Report of a study commissioned by the Department for International Development (DFID)”, Working Paper 40, October 2013- this document served as the basis for evaluability assessment. [↑](#footnote-ref-79)