

Final Report

Mid-term Review

Strengthening Local Government Capacity Project (SLGP)

6 June 2008

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EXECUTIVE SUMMARY

Key Findings

- ❖ **Overall.** Despite delays in start-up and in providing international experts, SLGP is helping build the capacity (and interest) of sub-national government agencies to change work practices to better deliver public services and infrastructure. SLGP has helped (the much larger) national planning and fiscal reform agenda by providing information on practical sub-national concerns and pilot initiatives, developing training material, and building support for reforms. Project efficiency and effectiveness would have been enhanced by more timely delivery of appropriate international inputs, better coordination and harmonization with other ongoing donor support, and a greater focus on monitoring and evaluation. Timely clarification of UNCDF's role could have helped facilitate effective delivery of international expertise.
- ❖ **Institutional change takes time.** It is unrealistic to expect major immediate outcomes from capacity building initiatives, especially a program focusing on supporting pilot initiatives. Change is likely to be incremental (even after formal changes in institutions/laws). Institutional development depends on internal (national) dynamics: external agencies can help provide the information and skills which may change attitudes, but the path of institutional development is highly dependent on national social, political and economic factors. Donors can transfer experiences, not recipes. Thus, it is important that SLGP retains the flexibility needed to respond to evolving national priorities and opportunities with respect to implementing decentralization initiatives.
- ❖ **Project objectives and design remain relevant.** The implied logic of the SLGP approach for capacity building is sound (see the results chain in the main text). Relevance was enhanced by the introduction of a results based SEDP, and Decision 555 introducing a national results based monitoring system. The Government decision to transfer project management responsibilities to the department responsible for designing and implementing the SEDP results based monitoring and evaluation system should help ensure better linkages with policy makers responsible for national level reforms in planning.
- ❖ **Project design was ambitious** (especially the target indicators in the results matrix). The **national policy/regulatory environment related to SLGP outcomes** is still evolving. Institutional change takes time, and involves complex circular linkages. Raising awareness is essential to developing implementable institutional reforms. This requires sustained effort. SLGP has helped raise both sub-national demand for institutional change, and capacity in pilot provinces to implement improved work practices.
- ❖ **Project start-up was delayed** because of the time needed to establish 5 PMUs and to familiarize project staff with the standard procedures for project operation. Fielding of well qualified short-term international consultants was delayed because of delays in finalizing an agreement between UNDP and UNCDF about implementation arrangements.
- ❖ **Clients were actively involved in identifying capacity building and training needs**, including a time-consuming participatory needs assessment during project start-up. The above factors contributed to substantial delays in implementation of some activities.
- ❖ Despite **delays in implementation** (especially activities relating to financial management and oversight), **SLGP has made solid progress in training activities**, and is beginning to make

progress towards achieving intended capacity building outcomes. While there are also **indicators of changes in workplace behavior** (e.g., in participatory approaches, procurement and planning), SLGP provided less direct support to organizational capacity building.

- ❖ **Sequencing of project activities was generally adequate** given capacity constraints, delays in receiving technical support and that national policies on planning and results based monitoring are evolving/changing as SLGP is implemented. Earlier research findings on local level financing issues may have helped in planning activities. Earlier progress in strengthening provincial oversight capacity and reporting could have helped generate demand for improved planning. More could have been done earlier to pilot planning initiatives at the sub-national level. However, where capacity is limited, it is important to prioritize and not try to do too much.
- ❖ **Provincial level coordination** and information sharing between projects **ranged from adequate to good** (Quang Nam). Officials were informed about the comparative strengths of different project in meeting provincial needs. The effective collaboration between projects in Quang Nam could serve as a model for other provinces.
- ❖ **Central level coordination and collaboration with other projects was mixed.** There were positive achievements, but better collaboration could have reduced duplication, and improved the quality of training material. Formal links should have been established with other UNDP projects supporting improved oversight by elected bodies (at the national and central level). Mechanisms need to be established to disseminate best practices and develop shared guidelines and training material to be used by SLGP and other related projects. Links with civil society organizations in planning and oversight activities remain weak.
- ❖ **Gender issues** were addressed in training courses. Female participation in training has averaged around 24%, which was reportedly in line with sub-national level female participation rates in planning and finance. More gender disaggregated reporting on project activities and sub-national level staffing would have been useful. A greater focus on non-economic planning issues could have been of particular benefit to women. Project should target higher female participation in future activities.
- ❖ **A key management weakness was the lack of progress in developing a system for monitoring project outcomes.** This issue was raised in annual project review meetings (APRMs), but no action was taken. Formal surveys on changes in work practices and behavior could have been useful in better assessing whether individual capacity developed under this project is resulting in capacity development at the institutional level. Interviews with key stakeholders indicate this is happening, but formal surveys might provide more compelling evidence. It is difficult to isolate project impacts from the much broader national level administrative reform processes. Key intended Project outcomes would have occurred in the “without project” situation. Nevertheless, the MTR concludes that project training and other outputs have helped build both pressure for change, and capacity to implement change.
- ❖ **Failure to clearly define division of responsibilities between UNDP and UNCDF** in the PD, and protracted delays in reaching subsequent agreement on a MOU, contributed to delays in implementation and in technical support to improve quality control.
- ❖ There should have been more follow-up by key SLGP stakeholders to ensure action was taken to implement agreed minutes of annual project review meetings. More effective

communications between the project, UNDP and UNCDF may have helped resolved delays and ensure that work plans were implemented as agreed.

- ❖ **Key remaining challenge is to further institutionalize changes** in planning and oversight. Such change must be internally driven and will take time. The ambitious nature of national efforts to improve sub-national planning, and the fact that the legal basis for formal changes are still being finalized (and will need to be implemented) suggests a strong case for medium-term follow-up support.

Key Recommendations

- ❖ **Overall.** Government and donors should be work together to develop a national medium to long-term program to build the capacity of sub-national agencies, with jointly agreed results based indicators of success (in line with Hanoi Core statement commitments).
- ❖ Ultimately the key aim is to **institutionalize change**. But as recognized in the SLGP design, the project has to work within an “existing institutional framework”. SLGP should continue to use lessons from pilot initiatives to influence the national policy debate, with the aim of institutionalizing improvements in provincial planning and oversight processes. SLGP should also step-up efforts to support the use of pilot initiatives at the sub-national level.
- ❖ **Training/capacity building.** Priority for remaining project resources should be given to further field testing and completing the packaging of training material for use beyond project completion. Support should also be given to develop and/or supply special training material for commune level officials that is commensurate with their needs and prior education levels, and support further extension of training/support activities to non-target districts and communes.
- ❖ Practical training/technical support should be provided to develop new provincial level SEDPs using improved approaches in pilot provinces.
- ❖ Increase the focus on oversight results monitoring and reporting to people’s councils, and introduce SEDP M&E reporting system in pilot provinces (in line with the MPI Minister Decision 555/2007). Draw on international good practices to suggest improvements in systems for reporting on plan outcomes to district and provincial councils. Take account of findings from needs assessments that People’s Councils want less, but more relevant, information. Increase the focus on non-economic aspects and indicators in planning (and M&E).
- ❖ Implement follow-up local needs assessment studies, and use this as a basis for monitoring project outcomes and for developing strategies to sustain improvements in planning capacity.
- ❖ **Coordination.** Establish mechanisms to encourage MPI wide dissemination of best practices and develop shared guidelines and training material from all relevant projects. Ensure that these best practices are brought to the attention to central level policy makers and to officials in other provinces.
- ❖ Organize regular (quarterly) donor information sharing events (one or two more specialized issues papers could be presented at such events to stimulate interest).
- ❖ Quarterly bulletins were useful in dissemination project information. Consider upgrading the quarterly bulletins and project website as MPI products (rather than Project specific products) covering all projects related to decentralized planning.

- ❖ **Extend project duration** to March 2010 (subject to resource availability) to allow completion of remaining planned activities, (should be largely completed by Q3 2009), and to document best practices from this and related projects, and to assess additional capacity building needs.
- ❖ **Extending pilot activities.** Subject to resource constraints, consider requests by target provincial to extend participation in project activities to non-target districts and communes, and possibly to 1 or 2 non-target provinces that have demonstrated interest in SLGP activities.
- ❖ **Project Management and M&E.** Project management needs to monitor progress towards achieving annual work plans, and regularly report on reasons for any delays or change in priorities. There is need for concerted efforts to improve working relationships and communication flows between SLGP, UNDP and UNCDF. Division of responsibility between these stakeholders needs to be clearly defined.
- ❖ Review target outcome indicators and assess what is now desirable and achievable. These indicators should be discussed, formulated and agreed upon by key stakeholders to ensure relevance and ownership (they should not be externally imposed). A more realistic/less ambiguous set of indicators could be considered at the next SLGP review meeting.
- ❖ Management needs to plan and implement data collection to assist in assessing actual versus targeted (revised) Project outcomes. Post-training surveys should be conducted to more objectively assess how training had led to changes in work practices, and to look for ways to adapt training to ensure that training skills helped in achieving organizational goals. There is need to clearly document outcomes from pilot initiatives.

Lessons Learned

- ❖ **National and sub-national commitment** and ownership of intended project outcomes and outputs were crucial to achieving change. Delegating key decision-making to PPMUs helped ensure provincial level relevance and ownership of project activities. This helped SLGP to sustain momentum and achieve tangible outcomes despite abovementioned difficulties.
- ❖ Training **designs that meet very specific client needs**, and an appropriate institutional and organization context, are important in going beyond developing individual skills to building more effective sub-national institutions. More needs to be done at the national level to formalize changes in the institutional and organizational context for sub-national planning.
- ❖ Implementation benefited from the strong commitment and flexibility shown by the SLGP team. **SLGP objectives were aligned with the ongoing government responsibilities of the project leadership** (at central and provincial levels). This helped ensure their commitment to achieve tangible results.
- ❖ SLGP supported sub-national reforms from an overall system perspective covering the role of the state in planning, monitoring and evaluation. Project complexity increased because of this holistic approach, but key stakeholders at all levels benefited from this broader perspective.
- ❖ The project design benefited from incorporating institutional and organizational learning processes (although processes could be improved via better coordination with other projects, and by giving more attention to State planning impacts on the private sector).
- ❖ National ownership of externally supported initiatives requires initial capacity to engage with external actors. Ownership and commitment to change were stronger in Quang Nam and Vinh

Phuc, where capacity to engage with external actors and experience has developed via sustained interaction with external actors for more than a decade.

- ❖ Achieving tangible outcomes is important in building commune support for change. Where community participation led to action to address priority constraints, commune stakeholders actively supported participatory approaches to planning. Efforts to link capacity building support with projects supporting sub-national investments can be helpful in ensuring that training contributes more directly to institutional capacity building (e.g., in Quang Nam).
- ❖ Collaborative professional relationships between external and national partners are important. Differences of opinions on approaches and priorities exist and are to be expected. Where these exist (and cause friction) concerted efforts are needed to ensure that partners work together to achieve national development priorities.

LESSONS LEARNED¹¹¹

Needs Assessment and Targeted Training

The attention given to needs assessment was an important, if time-consuming, process. The needs assessment was an important learning exercise. Central and sub-national officials involved in the processes learned about using participatory approaches to identify practical needs, and this helped raise awareness of the practical benefits of the approach. It also helped in building ownership of project activities.

The needs assessment contributed to the development of training programs that were specifically targeted at providing practical skills that were needed by provincial officials and their superiors¹¹². Training designs that meet specific client needs – combined with an appropriate institutional and organization context -- are important in going beyond developing individual skills to building more effective sub-national institutions. Targeted training under SLGP has contributed to changes in workplace behaviour. Some training activities could be applied immediately in the workplace (e.g. the procurement training). Others training activities were directly related to pilot or proposed changes to workplace practices (planning and MTEF training). In the later case, the skills transferred are helping lay the foundations for more substantive changes, once the policy framework for change has been clearly established. More needs to be done at the national level to formalize changes in the institutional and organizational context for sub-national planning.

Institutional Context

Importance of Ownership at all Levels

National and sub-national ownership of intended project outcomes and outputs was key contributing factor to SLGP success in building momentum and making progress towards achieving tangible outcomes.

The relevance and ownership of project activities was been enhanced after the lead role in preparing and implementing annual provincial level project work plans was transferred to the provinces. However, ownership of externally supported initiatives does require capacity to engage with external actors. Thus, ownership and commitment to change were stronger in Quang Nam and Vinh Phuc, where capacity to engage with external actors and experience has developed via sustained interaction with external actors (especially donors and foreign investors) for more than a decade. This capacity is only beginning to be developed in the more isolated provinces of Tra Vinh and Bac Kan.

¹¹¹ A recent review (Gosses (2007)) of capacity development notes that “*the search for how to improve operations and how to monitor and assess capacity development processes continues. The growing consensus on the lessons learned and the do’s and don’ts includes the following ten principles (i) Do not rush; (ii) Respect the value system and foster self-esteem; (iii) Scan locally and globally: reinvent locally; (iv) Challenge mindsets and power differentials; (v) Think and act in terms of sustainable capacity outcomes; (vi) Establish positive incentives; (vii) Integrate external inputs into national priorities, processes and systems; (viii) Build on existing capacities rather than creating new ones; (ix) Stay engaged under difficult circumstances; and (x) Remain accountable to the ultimate beneficiaries*”.

¹¹² SLGP, 2007, LAP KE HOACH CO TINH CHIEN LUOC PHAT TRIEN KINH TE DIA PHUONG; and NANG CAO NANG LUC QUAN LY TAI CHINH CONG O DIA PHUONG

Commune support for reform depends on achieving tangible outcomes. Where community participation leads to action to address priority constraints, they will support participatory approaches to planning.

Pro-active Project Leadership

Project implementation benefited from the strong commitment and flexibility shown by the project management team. The national coordinator was involved in the design and throughout implementation. The National Project Director and Chair of the project steering committee are leading efforts to develop and implement a nationwide system of improved planning and results based management. The project objectives were aligned with the key responsibilities of the project leadership. This helped ensure their commitment to achieve tangible results.

Strong understanding and commitment to planning reforms by provincial leaders is critical to effective implementation of change. This understanding and commitment was clear in Quang Nam. Middle level officials in other provinces indicated that more work was needed to ensure that key leaders fully understood the nature and potential benefits of proposed reforms.

Holistic Approach to Planning and Oversight

Project complexity increased because of this approach, but key stakeholders at all levels benefited from this broader perspective¹¹³. The project supported sub-national reforms from the context of the overall system of role of the state in planning, monitoring and evaluation, with a focus on increased use of participatory processes in planning and oversight. The project design incorporated institutional and organizational learning processes (although these processes could have been improved via better coordination with other projects at the central level).

Process approach

SLGP is an ambitious project. Implementation was made even more difficult by an evolving national policy and regulatory environment governing project activities. The process approach adopted in the design, and committed leadership by project management, helped in responding to changing circumstance and different provincial level needs. It contributed to the design of training that was directly linked to sub-national institutional needs (e.g., training on procurement, planning and MTEF). A key challenge now is to extend that process to better involve civil society organizations and the private sector in these processes (as discussed earlier).

National experts

Use of national experts was effective both in undertaking applied research, and developing the capacity of national advocates of change. The probability that project experiences will feed into

¹¹³ E.g., A recent (March 2008) case study of ADB support to results based monitoring in Viet Nam concluded: *“The project has focused its attention on the concepts and tools in results-based monitoring. Relatively little attention has been accorded to evaluation, to data quality, or to the overall reform of the planning system. In the future, there is a need to further reform the overall system of planning, monitoring and evaluation so that it is more participatory, results-oriented, and builds in institutional and organizational learning processes. In addition, there is a need to strengthen linkages between results-based planning, monitoring and evaluation and the budget process, and between performance assessment and the way in which the Government defines its role and manages its efforts.”*
<http://www.adb.org/Documents/MfDR/CooperationFund/Vietnam-case-study.pdf>.

national policy making processes has been enhanced by the use of national consultants who are involved in national policy debates on planning reform, decentralization, and result based management.

Training quality could be enhanced by using national experts with commune level experience in providing training to prepare training materials; such experts are well placed to understand commune level capacity to absorb training material. Requiring national experts to teach what they have learned from international experiences (sometimes with additional international coaching) encourages national experts become more pro-active learners.

There will continue to be a key role for short-term international experts to improve quality control over the design of research and training activities, in transferring regional and international experiences, and in helping sustain SLGP momentum.

Professional relationships

Collaborative professional relationships between external and national partners are important. Differences of opinions on approaches and priorities exist are to be expected. Where these exist (and cause friction) concerted efforts are needed to ensure that partners work together to achieve national development priorities.