

Management response to the evaluation of *Democratic Governance Thematic Trust Fund (DGTTF)*

Context, background and findings

1. An independent evaluation of UNDP's Democratic Governance Thematic Trust Fund (DGTTF) was conducted in 2007. The evaluation was based on OECD/DAC criteria of effectiveness, sustainability, relevance and efficiency and was undertaken in accordance with the United Nations Evaluation Group's Norms for Evaluation in the UN System (April 2005) and the Evaluation Policy of UNDP (May 2006). The evaluation was carried out by an independent evaluation team composed of an Evaluation Team Leader, an Evaluation Team Member and a research assistant as well as national consultants for each of the country analysis. Guidance and quality assurance was provided by a Steering Committee and an Advisory Board composed of both internal and external representatives with support from UNDP's Evaluation Office.
2. The main objectives of the evaluation were to i) assess the results achieved by DGTTF against its objectives, the relevance of the fund and its strategic positioning vis-à-vis other similar funds within UNDP, and the efficiency of the fund's management processes; and ii) to distil important lessons learned and identify areas for improving the results, approach and processes.
3. The evaluation team's primary data collection included interviewing more than 100 persons from UNDP's New York office as well as Regional and Country Offices, donors, counterparts from governance institutions and beneficiaries of the projects. The team also conducted a survey (May–June 2007) of members of UNDP's democratic governance network; analysed all Annual Progress and other reports on the projects; and carried out eight country cases studies.
4. DGTTF was created in 2001 to promote a thematic focus around UNDP's Democratic Governance Practice (DGP). Its main function is to provide Country Offices with discretionary funds to explore innovative approaches and address issues in politically sensitive areas where the use of core funds may prove more problematic and slow. DGTTF was designed to allow rapid disbursement and to attract funding from donors interested in democratic governance. From 2002 to 2007, DGTTF disbursed \$70 million for 465 one-year projects. Additional funding was provided for global projects and for the Oslo Governance Centre.
5. Generally speaking, the results of the evaluation indicate that DGTTF has been successful as a 'venture capital fund', promoting innovation in an area of development where it is both extremely important to make progress and notoriously hard to do so. The successes have often been characterized by the involvement of the counterpart governance institutions in the design of the innovation and by an implementation period longer than DGTTF's one year. The successful innovations have almost always led to major programs of reform and capacity development, supported not only with UNDP core funding but even more often by other donors and the governments concerned.
6. The greatest weakness identified in the DGTTF operations has been that UNDP in general and the Democratic Governance practice in particular, the Regional Service Centres and Country Offices, as well as the DGTTF's donors, would have learned more from successful and unsuccessful projects, if appropriate monitoring and evaluation procedures and mechanisms had been put in place (In a venture capital fund such as DGTTF, investors and the market learn as much from failure as from success.)
7. DGTTF can play an even more important role as a sponsor of innovation in democratic governance, as well as assuring alignment of UNDP results across DG interventions. That objective would best be achieved by taking advantage of UNDP's multi-donor status, reputation for objectivity and good relations with governments and governance institutions, as well as an increased level of support from its donors across the range of interventions. This would entail a redesign of the DGTTF, to reflect the findings of the evaluation as well as opportunities presented by the UNDP Strategic Plan 2008-2011 to further integrate and innovate in democratic governance areas of focus. .

Building on Opportunities

8. **Strengthened focus on innovation** - DGG welcomes a highly critical recommendation to **use DGTTF to position UNDP as a supporter of innovation in programme countries**. Innovation as the primary criteria for DGTTF funding was reinforced in the guidelines for the 2008 edition, building on the evaluation findings, and DGG management will further fine tune how *innovation in democratic governance* can be defined, also to recognize the diversity of contexts and countries in which UNDP is working, and, highlighting stronger examples from actual DGTTF projects, in the succeeding editions. DGTTF will be positioned to demonstrate to governments, civil society and donors that UNDP is an innovator in democratic governance at the country level, willing and able to test innovations that have the potential of resulting in breakthroughs in the area of democratic governance. In addition, the 2009 guidelines will introduce a section on risk management. If DGTTF will be engaging in more difficult and sensitive interventions, COs should be prepared to take what might be perceived to be short-term risks in their relationships with governments in order to reduce the longer term risks associated with a failure to improve democratic governance.
9. **Flexibility and responsiveness** – Consistent with the original intention of providing flexible resources to respond to emerging country demands in democratic governance, DGTTF will continue to be cast in this light. The new allocation to regional service centers, which will be derived from the 30% component of the global window, is consistent with this intention. It also responds to the need for better knowledge management and M&E. This element is further clarified in the next section.
10. **Emphasis on Knowledge Codification and Cross-Regional Learning** – DGG agrees with the recommendation from the evaluation to strengthen the learning from both successful and unsuccessful [or even failed] projects. DGG will respond by integrating this role as part of the Oslo Governance Center (OGC) future mandate, by ensuring enhanced research capacity to undertake more systematic analysis and draw policy lessons from DGTTF projects, and by allocating resources at the regional level to generate the information needed to fulfil this function. The lessons from DGTTF projects will be communicated and widely disseminated using a range of vehicles, inter alia: (a) annual DGTTF reporting and improved annual reports including case studies, (b) DGPNet discussions on lessons learned, (c) dedicated sessions at the annual global practice meetings and other appropriate regional fora, (d) participation in international conferences on democratic governance, and (e) publication(s) on innovation in democratic governance.
11. **Enhancing M&E systems** – recognizing DGTTF’s weakness in monitoring and evaluation, DGG management will integrate a requirement to evaluate at least 10% of total projects funded per year, starting with projects funded in 2005. Since evaluations will take place one or two years after the end of projects, allocations will be made at the regional service centre level to ensure evaluations are completed and fed into the analysis of experience.. In addition, DGG management will work on establishing an appropriate development results framework for DGTTF, clarifying outcome targets, indicators and benchmarks. This will be aligned and consistent with the UNDP Strategic Plan 2008-2011 Development Results Framework and the Global Cooperation Framework IV.
12. **Non-earmarking** – DGG management supports the recommendation to encourage non-earmarking of contributions to the DGTTF. Non-earmarking is the most effective way for the DGTTF to fulfil its goals of fostering genuine innovation on the ground.

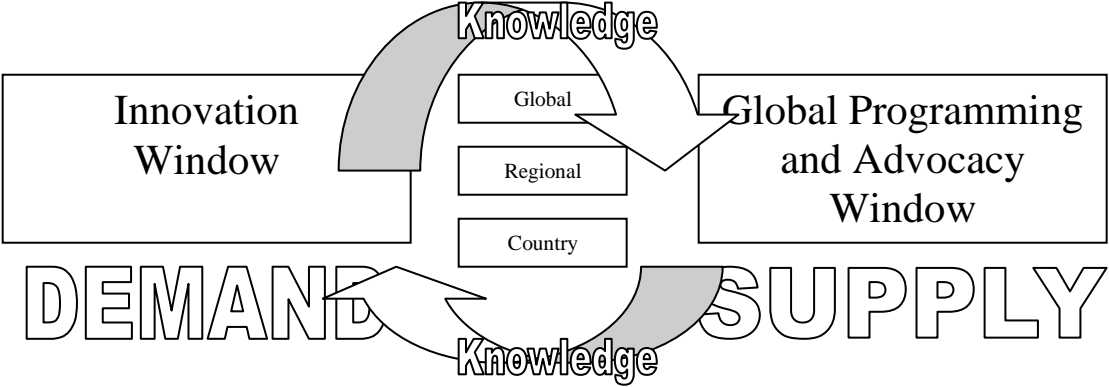
Clarification on Allocations to Regional Service Centers

13. The DGTTF evaluation recommended changes to the timing of calls for proposals: two calls for EOIs each year, a single call in the middle of the year, or one of those options plus having some funding unallocated to respond quickly to emerging opportunities any time during the year. In response, DGG management believes that a single call in the middle of the year would be effective and would reduce the end-of-year pressure on staff and likely improve the quality of proposals. Continuing to have a single call makes sense, especially in light of the proposal to allocate funding for a flexible response mechanism at the level of the Regional Service Centres.
14. The allocations to DGG Practice Leaders at Regional Service Centers in 2008 amount to roughly \$1.75 million, taken from the Global window (1/3 of total available at the global level). Based on the principle of equal support to all regions, each of the 6 centers have been allocated an amount of \$291,667.. The initiatives to be financed by this regional allocation will be determined based upon the following baseline criteria:
 - a. Flexible country response mechanism: provide flexibility in making an initial response to emerging demands in democratic governance by country offices in the region, while meeting criteria for country window allocations of DGTTF
 - b. Regional initiatives: recognizing the sensitivity of democratic governance activities, opportunities exist for Practice leaders to take forward innovative work by bringing together country partners, as well as sponsoring initiatives that have also sub-regional and regional significance.
 - c. Codifying lessons learned and best practices to improve knowledge management: to ensure more effective monitoring and evaluation of DGTTF projects, Practice Leaders will allocate and manage resources for this purpose, and feed results into knowledge products at regional and global levels..

Looking Forward

DGG has an ambitious agenda for the second generation of DGTTF programming. It recognizes an important opportunity to shape the DGTTF as an integrating mechanism that encompasses not only the grant making innovation functions in response to country and regional demands, but at the same time the need to fully integrate all aspects of the practice architecture in democratic governance. This would be realised through balancing the present primary function with a stronger role for the specific global programmes supporting the mainstream of DGG's work, which would ensure full knowledge generation across the range of DGG's work and more effective anticipation of the impact of global results and issues that affect national interventions. This vision for the 2nd generation DGTTF is one which retains and strengthens the response to demand and country innovation (current model) while at the same time articulating all the other global thematic programmes in democratic governance that shape the practice architecture and the "supply" of UNDP services in this practice (global programming and advocacy), including the core support provided by UNDP through the Global Programme. The link that bridges both country innovation and global advocacy will be knowledge, which will loop from country to global and back to the country level, with a more important articulation of knowledge and of policy and programming applications at the regional level. In this manner DGG would hope to fully leverage its policy and quality roles in implementing the Strategic Plan at the country, regional and global levels. Finally the management aspects, including reporting, of the DGTTF will be assured by integrating also the administrative and financial support available in DGG in one strengthened unit.

Democratic Governance Thematic Trust Fund



Key recommendations and management response

Evaluation recommendation or issue 1: Improving the DGTTF mechanism.				
<p>(a) Two year projects should be permitted;</p> <p>(b) projects that are approved should be fully funded, unless consultations on design and risks demonstrate lesser needs;</p> <p>(c) Multi-year funding should be discussed with DGTTF donors;</p> <p>(d) Improve quality of projects by making available to COs more expert advice, in particular from regional policy staff;</p> <p>(e) Selection process should in general remain as it is now;</p> <p>(f) Consideration should be given to one of the following timing changes: two calls for EOIs each year, or a single call in the middle of the year, one of those options plus having some funding unallocated so that emerging opportunities can be responded to quickly at any time during the year;</p> <p>(g) Early involvement of governance institution responsible for implementation of the project;</p> <p>(h) Every project should be evaluated one to two years after it has been completed;</p> <p>(i) Annual Project Reports (APRs) should be redesigned to provide more useful information and to have more of that information pre-coded to facilitate analysis</p> <p>(j) Fund only innovative projects that might be catalytic in terms of being scaled up by governance institution with or without donor support</p> <p>(h) Clarify for CO staff the meaning of ‘outcomes’ for the innovative projects intended for DGTTF funding and replace ‘outcome’ with ‘result’</p>				
Management response:				
Key action(s)	Time frame	Responsible unit(s)	Tracking*	
			Comments	Status
(a) and (c) Discuss with donors multi-year funding for DGTTF to allow for two-year projects	May – September 2008	BDP, DGG		Started
(b) Fully fund projects that fulfill criteria of innovation	Applied in the 2008 edition	DGG, Allocation Commission	Done	Completed
(d) Provide resources to regional practice leaders to strengthen responsiveness and engagement with CO needs on democratic governance (including provision of resources to access technical expertise required)	March 2008 – September 2008 – complete all discussions on use of regional allocation	DGG	Allocation resources to regional service centers approved by Allocations Commission	Started
(e) Selection process will in general remain status quo with (j) fine tuning of innovation criteria and providing additional good examples and (h) definition of outcomes and results; (f) timing will be adjusted for an earlier call of proposals (depending on confirmation of donor commitments)	June – September 2008 – preparation of DGTTF 2009 guidelines	DGG, Allocation Commission		

which usually only come in September and assuming allocation of resources to Regional Practice leaders will cover “emerging needs”; (g) specifying in the guidelines the need for early involvement by counterpart governance institution in the development of EOIs				
(h) Integrate in guidelines stronger M&E requirement	July- October 2008	DGG		
(i) Revise APR for implementation starting with 2008 edition	June – December 2008	DGG		

Evaluation recommendation or issue 2: Improving strategic positioning.

(a) Continue to balance the demand-driven aspects of the DGTTF (characterized by COs responding to unique local democratic governance needs and opportunities), with BDP’s need to promote, and be held accountable for, the democratic governance policy themes in the UNDP Strategic Plan 2008-2011

(b) Use lessons learned from DGTTF projects to identify kinds of activities that work best in addressing difficult democratic governance issues: (i) conduct analysis of data, case evidence and research findings to distil relevant lessons; (ii) generate, based on research and analysis, innovative operational concepts aimed at widening UNDP policy/programming options; (iii) develop, test and roll out tools and methodologies in focus areas to provide ‘how to’ guidance and ensure standards: OGC would have a key role in disseminating ‘how to’ guidance through Web sites, training programmes and reports

(c) DGTTF should be used to position UNDP as a supporter of innovation in its member countries

Management response:

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
(a) Improve results based management system of the DGTTF and link it closely with the development results framework (DRF) for the GCF IV and the UNDP Strategic Plan 2008-2011. This effort will require specific technical expertise from RBM specialists to help DGG.	July – December 2008	DGG ; BOM/OSG		
(b) Conduct analysis of data, case evidence and research findings to distill relevant lessons: (i) dedicate research analyst capacity at HQ/OGC to conduct required analysis and case study development; (ii) use portion of allocation to regional practice leaders for knowledge	Continued	DGG, OGC		

codification from DGTTF projects; (iii) use HQ/OGC for knowledge generation and global dissemination				
(c) Use knowledge generated strategically to shape DG policies in UNDP, and reorient DGTTF to play more comprehensive role in DGG knowledge generation and resource mobilisation	Continuing	DGG, RSC		
(d) Further fine tune definition and illustration of innovation and catalytic nature of DGTTF projects. Introduce and elaborate a section on risk management for subsequent guidelines	July-September 2008	DGG, Allocation Commission		

Evaluation recommendation on issue 3: Improving communications strategy and outputs.

- (a) **Much more productive assembly, analysis and dissemination of DGTTF project experience are very important: (i) Provide substantive content leadership in UNDP corporate discussions and inter-agency coordination on practice issues: content leadership would be based on the experience of innovation in democratic governance, (ii) Represent UNDP to advocate practice messages in international development fora and discussions, with DGTTF as unique source of information on tests of innovative approaches to democratic governance, (iii) mobilize external partnerships behind UNDP initiatives: better reporting of results to mobilize more funds, (iv) design and implement, with the Communications Office, communication strategies to promote internal practice coherence and advance UNDP key policy messages externally (e.g. distribute DGTTF Annual Report to all COs, with sufficient copies to be distributed to locally based donors and local governance institutions, and DGPNet could be used to invite stories from field)**
- (b) **Better reporting on success of truly innovative projects and creating opportunities for scaling up and making breakthroughs in democratic governance**

Management response:

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
(a) Package knowledge generated under 2.b for specific target audiences	Continuing	DGG, OGC, RSC		
(b) Improve annual reporting to donors and local constituents by integrating in-depth analysis of project results and impact: (i) increase print run of annual report; (ii) disseminate more widely; (iii) link with stronger M&E	July 2008-May 2009	DGG		

* Status of implementation is tracked electronically in the Evaluation Resource Centre database (ERC).