

Evaluation of the Umbrella Project
POL/97/001 - Capacity Building for European Integration
Activities from January 1 to February 28, 2001

by the
United Nations Development Programme
and the Government of Poland

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EXECUTIVE SUMMARY

An evaluation team representing UNDP and the Government of Poland was asked to assess the performance of the final year of the Umbrella Project's POL/97/001 *Capacity Building for European Integration* programme. Three main programs of advisory services were operating during this period:

- implementation of quality management systems in small- to medium-sized enterprises,
- assistance to local authorities in the preparation of sustainable development plans according to the Agenda 21 recommendations, and
- implementation of quality management systems in government.

The purpose of the evaluation was to assess the results of project delivery, the effectiveness of project management with particular focus on the use of services of the Umbrella - Association of Consultants and provide recommendations for the successor project *Support to local governments and public **administration***. The budgeted level of work effort for this assignment was 7 days.

The evaluators reviewed pertinent reports, descriptive materials, financial information and conducted interviews with the major partners of the Project (donors, UNDP, Polish government representatives, Association representatives and key Umbrella staff) as well as with 24 recipients of the advisory services.

Major findings include:

- a high degree of satisfaction with the results of the services provided by both recipients and major partners,
- successful results achieved by the service recipients with the approval by local community legislative councils of sustainable development plans and ISO 9000 certification granted to companies,
- the introduction of quality products and processes to the Polish public and corporate sectors which have improved operations and will enhance their ability to meet the standards of integration into the European Union,
- the need to provide a clearer picture of financial expenditures, a better system of presenting aggregate data on specific accomplishments, and institutionalised mechanisms of incorporating client feedback for service improvements and development,
- the soundness of the decision to develop an exit strategy of establishing the Umbrella - Association of Consultants to carry on the legacy and achievements of Umbrella Project into the future.

Additionally, a number of other recommendations were made to ensure a clearer

distinction between Umbrella and the Association with regard to the future financing and administration of services in the next programme.

The evaluators believe that the new programme builds on the experiences and successes achieved thus far by focusing more attention to implementing quality management standards and procedures to central government bodies and replicating proven models in Lithuania and the Ukraine.

1. PURPOSE AND SCOPE OF THE EVALUATION

1.1. Overview of the Project

Project POL/97/001 *Capacity Building for European Integration* serves as a major mechanism for United Nations Development Programme's (UNDP) support to Poland in preparation for integration with the European Union. It was designed to help Poland meet its National Strategy for Integration, and supports the aims of the Country Cooperation Framework approved by the UNDP Executive Board in March 1997. The *Capacity Building for European Integration* project, implemented by Umbrella from September 1997 through March 31, 2001, provides technical assistance in a number of areas to increase the pace of required reforms, alleviate hardships experienced by society during the transition period, and improve local governance capacity.'

In its last year of operation, the Project focused on three major activities:

- 1) introduce ISO 9000 management standards, Total Quality Management (TQM) standards and those of the European Foundations of Quality Management (EFQM) into small- and medium-sized enterprises (SMEs) (programme #2).
- 2) assist local and county governments in developing sustainable development plans conforming to the Rio Earth Summit Agenda 21 recommendations (programme #4).
- 3) introduce ISO 9000 and EFQM management standards into public administration (programme #10).

1.2. Objectives of the Evaluation

The Government of Poland and UNDP requested an evaluation of the Umbrella Project's activities from January 2000 to the date of the evaluation. A mid-term evaluation of this Project was conducted at the end of 1999.²

As stated in the Terms of Reference, the purpose of the evaluation is to review the results of 3 ongoing programs of advisory services:

- implementation of quality management systems in small- to medium-sized enterprises,

- assistance to local authorities in the preparation of sustainable development plans according to the Agenda 21 recommendations, and
- implementation of quality management systems in government.³

The specific objectives of the evaluation are to:

- a) assess the results of project delivery, especially in terms of
 - coherence with the objectives of the project,
 - conformity of the outputs with the recommendations of Agenda 21 and international quality management standards and models,
 - satisfaction of the recipients of assistance,

¹ United Nations Development Programme Project of the Government of Poland, *Capacity building for European Integration: Umbrella Project*/POL/97/001/A, April 4, 1997 (signed September 8, 1997).

² Yancello, Chris M. and Joanna Dlugokecka, *Mid-Term Evaluation of the Umbrella Project*, December 2, 1999.

³ Final Evaluation Mission of the Government of Poland and UNDP, POL/97/001 - "Capacity Building for European Integration," Terms of Reference, January 2001.

- promotion of best practices and innovative approaches in quality management and strategic planning processes,
- the effectiveness and cost-benefits,

- b) assess the effectiveness of project management with particular focus on the use of services of the Umbrella Association of Consultants and their impact on the scope and operating costs of the Project, and

- c) provide comments and recommendations on the design of the successor project *Support to local governments and public administration* as described in the draft project document.

The results expected from this evaluation are to:

- identify lessons learned - which interventions constitute models for promotion and implementation in other countries of the region,
- recommend follow-up actions required and identify institutions most interested in continuing the collaboration with UNDP,
- make specific recommendations concerning the future of the project in light of UNDP's next Country Cooperation Framework (support to local governments and public administration),
- identify new areas for UNDP involvement in the field of good governance.

1.3. Structure of the Evaluation

The evaluation of the UNDP Umbrella Project was conducted from February 14 - March 5, 2001, budgeted for a total work effort of 7 days. The evaluation team consisted of one evaluator selected by the Government of Poland and one evaluator selected by UNDP.

The evaluation team focused on the operation of the programs, the results achieved by their beneficiaries, and the interface among the major contributing partners. A summary evaluation approach was used to determine the extent of success in reaching objectives and to identify best practices and lessons learned in order to improve the effectiveness of the next Umbrella Project.

The evaluation team worked out of the Umbrella office in Warsaw as well as using their own resources. In addition to reviewing pertinent reports and documents, telephone interviews were conducted with clients from all three programs, and personal interviews were held with representatives of all major partners and one foreign aid program.

2. BACKGROUND ON THE UMBRELLA PROJECT

Operating since 1990, the Umbrella Project was initiated as a joint Government of Poland and UNDP initiative for the *Advisory services to facilitate Poland's economic reform programme*. Umbrella is guided in the services it develops and implements by the Country Cooperation Framework, a document which sets forth the objectives, program areas and expected results of UNDP assistance to Poland. An Executive Board comprised of representatives of the Polish Government, UNDP and its Resident Representative, major donors and key staff provides Umbrella with strategic management and oversight. The Office of the UNDP Resident

Representative in Poland provides appropriate support to ensure effective administration and integration with UNDP's mandate, policies and procedures.

Its most recent project, POL/97/001 *Capacity Building for European Integration*, was designed to provide technical assistance in a number of areas identified by Poland's National Strategy for Integration (NSI), namely:

- development of civil society organisations
- strengthening of local authorities
- provision of social services
- implementation of quality management systems
- elimination of gender discrimination

It is also charged with assisting the Polish Government's Office of the Committee for European Integration in coordinating and implementing the NSI and to the Ministry of Foreign Affairs in establishing mechanisms for Poland's assistance to

other countries in transition. Umbrella's target beneficiaries under POL/97/001 are community service organisations, NGOs, local authorities, small- and medium-sized enterprises. Umbrella uses two modes of intervention: programs targeted to a specific sector implemented on a national or regional scale; and projects targeting the needs of a specific institution. Its programs are designed to build the capacity of its beneficiaries, not just provide direct assistance.

UNDP, the Government of Poland and other national governments (notably Japan and the Netherlands for POL/97/001) provide financial support for its programs. Beneficiaries share in the cost of services received. A core staff manages and operates programs, with national and foreign consultants subcontracted as needed.

At the end of 1999, there was considerable doubt as to the future continuation of Umbrella beyond December 2000. A decision was made to implement an exit strategy of establishing and formally registering a non-profit association, the Umbrella-Association of Consultants (the Association), to continue and expand the work conducted under POL/97/001. The role and relationship of the Umbrella-Association of Consultants and the Umbrella Project are extensively discussed in section 5 of this report. Eventually, it was decided to extend the Project with a new three-year programme *Support to Local Government and Public Administration*.

3. EVALUATION METHODOLOGY

Following the requirements of the terms of reference, the evaluation team based its findings on an analysis of three programmes implemented by the Umbrella project in the year 2000:

- Quality and environment management systems in SMEs,
- Sustainable development strategies for local authorities according to the Agenda 21 recommendations,
- Quality management systems in public administration.

Recommendations in the following areas are based on progress achieved in implementing these programmes:

1. Project delivery measured by the results of advisory services provided by Umbrella

In order to complete this portion of the evaluation, the team assessed the operation of the Umbrella project during the last year of implementation.

2. Project management defined as effectiveness of implementation arrangements undertaken within Umbrella in the year 2000

In order to complete this portion of evaluation, the team analysed the modified structure of Umbrella after the establishment of the Umbrella -

Association of Consultants and assessed its impact on overall project performance.

3. *Project future* described in the draft document of a successor project "Support for Local Governments and Public Administration"

This portion of the evaluation includes our comments and recommendations concerning follow-up of Umbrella activities.

The evaluation team maintained close liaison with the authorities supervising the performance of Umbrella. During the assignment, interviews with representatives of the following parties were conducted:

- Project management - represented by Umbrella staff and UNDP officials,
- Donors - represented by officials from the Polish Government, Dutch and Japanese Embassies.

Additionally, consultations with Umbrella clients were conducted to determine their assessment of the quality of services received and to ask for their suggestions on improving future project performance. The evaluation team believed that a maximum number of endusers should be consulted. Because of time constraints (only 7 working days were assigned for the entire evaluation mission) telephone consultations were substituted for personal interviews. The evaluators were able to interview a total number of 24 clients over the telephone, including:

- 8 beneficiaries of the quality management systems in SMEs program,
- 6 beneficiaries of the Agenda 21 sustainable development program,
- 10 beneficiaries of the quality management systems in public

administration program. **4. EVALUATION OF PROJECT DELIVERY**

The evaluation team assessed project delivery by reviewing project documents (Annex 1) and holding interviews with project staff, clients and major donors (Annexes 2 and 3).

The management structure of the project is relatively horizontal, with three program leaders responsible to Umbrella's Executive Director. The program leaders are responsible for the design, implementation and success of their specific programs. Services are carried out by teams of national consultants supervised by an expert consultant in the particular field. Project consultants have received extensive training in the implementation of these process oriented services, and with the experience gained by working directly with clients over the life of the program, they now provide the country with significant expertise to carry out this type of work in the future.

In January 2000, UNDP and the Polish Government contracted with the Association for the provision of services for all three programs. While this contract affected the technical administration of the overall project, no impact was noted on the quality of service delivery by the evaluators or persons interviewed. This new arrangement had a positive effect on the number and range of clients served. As an Association, the programs were now able to

participate in the public procurement process required of local governments for the purchase of services. Moreover, the ability of the Association to submit standard VAT invoices to secure clients' cost-sharing amounts enabled Umbrella to raise over twice the amount expected from this source.

4.1. Achievement of Objectives

All programs were deemed to be coherent with the objectives of POL/97/001 and conform with the recommendations of Agenda 21 and international quality management standards and models. Each of these programs is very process oriented, with the consultants working together with the client in a participatory manner to identify needs and develop the plans or tools required to conform to the standards. The programs also have an inclusive character, involving a broad range of staff and community residents in developing the outputs. These qualities require a greater length of time spent in service delivery, hence a greater expense incurred by the recipient. The ability of Umbrella to secure significant funds from donors and increase the amount of cost-sharing enabled local governments in smaller communities and small- to medium-sized firms to access resources which otherwise would have been beyond their ability to finance.

The ultimate acceptance of the end product occurs independently of the consultant. In the ISO 9000 programs, the end product is the achievement of certification, a process conducted by an independent auditor. The majority of enterprises completing contracts to incorporate ISO 9000 standards into their operations have achieved certification (36 out of 38 firms over the life of the program, with 22 still underway).

30 government authorities are involved in the ISO 9000 program - mostly town and city governments, with several county governments and national administration bodies. 2 have achieved certification, and 2 have applied to undergo the certification process. EFQM and TQM standards are incorporated into an institution's operations through the training of internal auditors, where the skills acquired and processes developed are maintained within the organisation.

In Agenda 21, the sustainable development plans must achieve a vote of acceptance by the appropriate legislative body of the city or town. All of the communities completing the entire Agenda 21 planning process have had their projects approved (40 approved and implemented plans over the life of the program, with an additional 20 expected to be submitted for approval). Annex 4 presents an overview of the number of clients and their status for each of the programs.

In 2000, Umbrella installed a computerised system to track each client's progress, the level of effort planned and expended, cost planned and expended. This system is invaluable in managing the dozens of clients each program serves. However, the information is organised chronologically, and not by end result (categories of deliverables). This suffices for day to day management needs, but it was difficult for the evaluators to easily ascertain what the planned targets for deliverables were and to what extent they were reached. A more concise method of reporting aggregate results per expected deliverable is recommended. We also recommend that the programs strive to set measurable results for future achievement, as they now have a level of experience enabling them to define such targets with a much greater degree of reliability than when the programs began.

4.2. Satisfaction of the Recipients of Assistance

Generally, all the clients *were* very satisfied with the assistance received. A review of written evaluations of the workshops conducted also exhibited a high average of satisfaction among the participants. Clients were impressed with the quality of the consultants, their level of knowledge and particularly appreciated the participatory aspects of the services provided. The extent of participation in developing processes, tools and plans gave them a sense of ownership for the end product, which they had rarely experienced in the past. They were able to cite specific benefits of the services. Comments often heard were that the end products brought more "order" into their institutions, gave them an increased understanding of the context of their work, improved communication within the organisation, improved financial results and enabled them to better serve their own clients. Just about all the client respondents indicated that they would use the services of Umbrella again in the future.

There were a few criticisms made in substantive areas of program delivery, leading the evaluators to question the quality of the feedback mechanisms in place to improve program performance. Perhaps the evaluators were able to obtain this information simply because the beneficiaries were asked what they liked least about the consultation process. Program leaders track the progress of work with each client in two ways: through written progress reports submitted by the client

upon completion of service milestones, and by their billing cycle. Problems in the client/consultant relationship are handled by the program's lead consultant. However, a systematic method of incorporating suggestions to improve service delivery was not evident to the evaluators. The evaluators recommend the introduction of systematic methods to: 1) secure client feedback upon completion of service delivery to evaluate process and results, and 2) incorporate that feedback within the organisation to promote learning and improvement.

4.3. Promotion of best practices and innovative approaches

While the business and public sectors in countries with a fully developed market system are quite familiar with the services and products offered by Umbrella, they are all quite new to Poland and other countries in the former communist bloc. One should bear in mind that the general mode of decision making, communicating and development occurred from the top down, and not horizontally. As a result, there are few indigenous models available for business, public administration (and even NGOs) to adopt when looking for more successful and effective ways of operating.

Umbrella is the only provider of consulting services for the development of sustainable development plans in local communities according to the guidelines of Agenda 21. This program has resulted in the development of a formal network of 28 municipalities whose aims are to exchange knowledge and experiences among its members, promote the concept and advocate for its adoption on the national and international level. This promotion by beneficiaries is evidence of the extent to which clients value both the process and its results.

Umbrella was the first to begin offering services to help public administration adopt ISO 9000 quality management standards, and introduce EFQM to the market. The Project itself is ISO 9000 certified, and a qualified assessor in EFQM. Over the past year, it has greatly improved its own management capabilities by implementing a fully computerised system of tracking client progress in service delivery and instituting a comprehensive financial information

system. This system is integrated with an internet billing and reporting capability used by consultants. There are plans to set up an interactive web site for clients. A full list of Umbrella services is provided in Annex 5.

Umbrella's programs taken together have a number of common qualities that are recognised as best practices - participation and inclusion. When transferring specific skills and knowledge, the consultant responds to client identified needs and involves the whole client organisation in creating the tools and mechanisms that best respond to those needs within the framework of the product being developed. The consultants serve as facilitators and guides, rather than on-site experts.

Inclusion is also evidenced in the Umbrella Project itself through its Board of Directors. Here, each major partner has the opportunity for input into the design and operation of the project. As was noted from the minutes, these meetings, held four to six times per year, are well attended and provide a forum for development and feedback.

Another best practice is the organisation of conferences and meetings, enabling recipients of services to meet, and conducted in such a way to allow the exchange of experiences, the opportunity to learn from each other and improve their skills and knowledge as a cohort group.

Additionally, one could say that Umbrella "practices what it preaches." It has acquired ISO certification, its director is a Certified Management Consultant and qualified assessor of EFQM. The Association is led by one of Poland's leading experts on quality management and business process modelling methods. It is one of Poland's representatives of the European Foundations of Quality Management, and expects to be audited for ISO 9000 certification in June 2001.

4.4. Effectiveness and cost-benefits

Most recipients of Umbrella's services received them at a subsidised rate. Depending on the program, a client's cost-sharing portion ranged from in-kind (small town or rural local governments) to 30%. This arrangement allowed certain organisations to access these types of services, which normally would have been beyond their ability to pay. It also enabled consultants to spend more time per client to ensure maximum participation of key stakeholders in the processes they were guiding. Cost-sharing in aid programs is finding increased acceptance by beneficiaries, and is an important mechanism for ensuring greater recipient engagement in the assistance process.

As mentioned earlier, the ability of the Association to bill for the cost-sharing amount using VAT invoices significantly increased the revenues earned by the programs. Increased funding from other governmental donors also permitted more clients to be served.

The evaluators found it difficult to compare the costs of Umbrella services with those offered by traditional commercial consulting companies. To do so with a degree of validity would require the preparation and execution of an offer to tender. However, compared with companies of similar size operating out of Warsaw, both the cost of a consulting hour and the cost of specific products, were found to be from low to moderate. SME clients reported the services to be very fairly priced. Public sector organisations gave a mixed response, with local governments most

often stating that any price for them is a high one considering the pressures on their budgets. The "quality management in public administration" program

participated in 10 bids this year, and won half of them. Over 90% of the respondents believed that value had been received for the money spent.

4.5. Conclusions

- The programs' strengths are found in a number of significant areas: a high percentage of successful outcomes is achieved by the beneficiaries, the process of providing consulting services is responsive to the clients' needs, it is participatory in the development of tools and plans, and has an inclusive rather than hierarchical nature.
- A more concise method of reporting aggregate results per expected deliverable is recommended.
- Programs should set measurable results for future achievement, as they now have a level of experience enabling them to define such targets with a much greater degree of reliability.
- Clients' overall satisfaction with the services provided by all three programs is high. The end result of the consultation process is deemed to have added significant value to the beneficiary organisations.
- Systematic methods should be introduced to: 1) secure client feedback upon completion of service delivery to evaluate process and results, and 2) incorporate that feedback within the organisation to promote learning and improvement.
- The programs have introduced a range of new services to Poland, with a best practice approach of securing maximum participation to ensure ownership of the end products by key stakeholders in the communities and organisations served.

5. PROJECT MANAGEMENT

At the beginning of 2000, Umbrella significantly changed its method of implementing services by contracting with a newly established non-profit organisation Umbrella-Association of Consultants for the management and delivery of consulting services to clients. This significantly changed its implementation procedures. To evaluate how this new organisation influenced the efficiency of project activities, the evaluation team identified and compared the original objectives of the Association with its later impact on project development. Particular attention was paid to how the new implementation environment was perceived by all the actors involved, i.e. Umbrella staff, Polish government, donors and end-users.

5.1. Objectives of Creating the Association

From the point of view of the Umbrella Project, the most important objectives of establishing the Association were:

- a. to guarantee continuity of Umbrella activities in the year 2001 and later, i.e. after completion of Umbrella project

In January 2000 it was not certain that the project would be continued beyond the three year duration of its current program. A commonly practised end strategy was adopted of establishing an organisation that could secure follow-up of at least some of Umbrella's services.

- b. to guarantee continued utilisation of the qualifications and experiences of the experts trained thanks to the resources of Umbrella project

With no perspective of future employment in Umbrella, this highly qualified team of consultants would probably have dispersed, strengthening instead private market companies.

- c. to facilitate the acquisition of cost-sharing from end-users

As a separate legal entity established under Polish law, the Association could solve the problem of issuing VAT invoices to project clients, an instrument recognised as a valid basis for payment of bills by both the public and private sectors.

5.2. Impact of the Association on Umbrella's Performance

The actual impact of the Association on project performance in 2000 was far more significant. The Association guaranteed that Umbrella know-how would be preserved if the program were discontinued in the future. The assumption was that after completion of Umbrella copyrights of all the materials and products developed would be transferred to the Association.

From the point of view of Umbrella personnel, the perspective of future employment in Association was very important. By adopting this solution, the project achieved staff stabilisation resulting in an increase in the range of activities conducted during its last year of implementation.

Benefits to project clients also were observed: they could be assured that relevant consulting services would continue to be provided even after completion of the Umbrella Project. Additionally, companies from the private sector could receive standard VAT invoices accepted by their accountant departments as a valid

instrument for paying bills. These invoices were also more acceptable to the public sector, especially by organisations with no procedures for providing co-financing to foreign aid programmes. Another benefit was the fact that the Association, with its recognised legal status, had no formal barriers in applying for contracts within tenders launched by public institutions. These examples clearly indicate that the establishment of the Association enabled Umbrella to widen the range of clients potentially interested in their services.

All the above-mentioned outcomes of the Association's involvement should be assessed positively. Additionally, clients interviewed by the evaluation team generally expressed very positive opinions about the quality of services provided by Umbrella. Establishment of the Association did not influence in any way the efficiency of the working relationship between consultants and clients.

However, representatives of the Polish government expressed several problems in fully accepting the new implementation environment. First, it is perceived that there is no clear distinction in Umbrella's financial reports on the amount of resources used by itself and the Association. As a result, these reports are perceived as lacking transparency and clarity. Additionally, the lack of a formal policy on the use of profits earned by the Association through its consulting activities raises questions concerning the fairness of its pricing arrangements and financing of the project.

5.3. Project Financing

According to Umbrella's Operational Report, the total costs of the project in the year 2000 amounted to about 5.5 million PLN. About 53% of this amount was paid by donors. 47% was gained as cost-sharing from clients. These resources were utilised for four general categories of costs: (1) direct costs of service deliver to end-users (experts' fees, travel and organisational costs, etc.), (2) promotion, (3) internal training for Umbrella consultants and (4) administrative costs.

These costs are compiled and monitored by a specialised computer system developed by Umbrella resources. This multifunctional and complex tool guarantees full monitoring of all contracts concluded with clients, detailed planning and monitoring of costs and day-to-day monitoring of consultants performance and reporting. The system should be assessed as a great success of project implementation providing the self-sustaining non-profit Association with excellent operating abilities in the market.

However, considerable problems in using this system by Umbrella as a foreign aid project were observed. Among four categories of costs mentioned above, only two - direct and administrative costs - were monitored in detail. Other expenses were put into a general budget line entitled "internal tasks" that included both promotion and training costs as well as some undefined direct and administrative costs.

Considering that the amount in this line is four times higher than the direct cost line item, the evaluation team views this as a serious weakness of the system which should be improved as quickly as possible.

Another problem concerned project administrative costs. Through interviews and a review of available financial documents, it was determined that these costs amounted to around 30% of the total project in the year 2000. This was reported to be a typical level in the history of Umbrella Project budgets. Many factors go into apportioning various costs to certain categories, one of them certainly being the guidelines set forth by the UNDP in developing program budgets. For example, U.S. Agency for International Development does not have a fixed percentage it allows for administrative costs, but generally uses a range of between 15% to 25% of total costs. However, considering the specificity of Umbrella, operating by two modes of project delivery - a self-sustaining non-profit association and a foreign aid project with significant in-country support - the evaluation team believes that the level is high and that every effort should be made to lower this percentage as much as possible in the new Umbrella project.

5.4. Project Operation

On the basis of available documents, observation, interviews with officials responsible for project monitoring and especially consultations with project end-users, the evaluation team believes that the Umbrella programs have been completed successfully. All the major objectives set forth in the original project documents have been achieved.

The establishment of the Umbrella - Association of Consultants is deemed to be a considerable success. At the end of Umbrella implementation there is a quite stable non-profit organisation potentially ready for self-dependant market operations. The financial results achieved during the first year of operation are promising: in all the implemented programmes (#2, #4 and #10) the Association was able to obtain operational profit. Their average direct costs of service provision amounted to about 1/3 of total receipts from clients. This allows them to meet development and administrative costs from the remaining resources.

Obviously, after only one year of operation, the Association has yet to be fully tested as a market organisation and may find some weaknesses in its ability to compete effectively. Considering its potential and existing strengths, it is reasonable to expect continued support from resources of the future Umbrella project. Lack of any initial capital is the most significant weakness of the Association. That is why equipment and other facilities specified in the agreement with current Umbrella project should be made available to this organisation.

It is fully justified that the highly experienced consultants trained with the resources

of the Umbrella project will be in charge of Agenda 21 and management quality activities within the new Umbrella initiative. However, considering the issues raised concerning the clear identification of responsibilities and costs previously noted, future co-operation with the Association should be based on detailed budgets for specified services. In order to guarantee full transparency of funds utilisation, separate resources should be allocated to applicable expenses like promotion, internal training or direct costs of service provision. An organisation established with public funds, receiving support from these funds (equipment and facilities) and awarded a contract with no competitive procurement procedure can be expected to minimise costs and guarantee maximum value for the money. For these reasons, the level of administrative costs and eventual overhead may be subject to detailed mutual negotiations with the contracting authority. As a general assumption it should be accepted by both sides that no financial opportunity can be awarded to the Association before they present an formally adopted strategy of the utilisation of profits made on the market for activities consistent with its non-profit organisational status.

5.5. Conclusions

- The establishment of Umbrella Association of Consultants has strengthened the project implementation in the following areas:
 - follow-up services after completion of the original project are guaranteed
 - a pool of project staff and consultants trained under Umbrella resources is stabilised and utilisation of their experience in the future is secured
 - the range of clients potentially interested in project services has been widened thanks to the Association's ability to issue VAT invoices
- The Association should be involved in implementation of the future Umbrella project as a subcontractor providing services on the basis of a negotiated agreement guaranteeing full disclosure of costs to the contracting authority.
- Equipment and other facilities indicated in the agreement with the current Umbrella should be made available to the Association.
- A clear strategy for utilisation of profits earned in the market should be formally adopted by the Association before entering into future cooperation agreements financed by Umbrella resources.
- Significant improvements in financial reporting within the future Umbrella project should be secured. To this end the Umbrella computer system should be developed in order to meet reporting requirements as a foreign aid project.
- Considerable efforts should be undertaken to lower the percentage of the future Umbrella administrative costs. - One way this could be achieved is by re-analysing exactly what these costs represent and reapportioning them appropriately.

6. KEY FINDINGS AND RECOMMENDATIONS FOR SUCCESSOR

PROJECT

6.1. Key Findings

- All major partners in the Umbrella Project - donors and clients - expressed a high degree of satisfaction with the achievements of POL/97/001 *Capacity Building for European Integration* program. Each program of the Project has met with success in achieving the goals presented in the project document. The Project has indeed improved management capacity and efficiency in Poland through the products introduced, and promoted greater compliance in business and public administration with European Union standards.
- It would be useful for both Umbrella and the Association to develop program targets that are measurable. This would enable better monitoring of program progress in reaching objectives and increase the ability to track responsiveness to market needs.
- The formation of the Umbrella - Association of Consultants was a sound decision. Forming an independent organisation as an aid program's exit strategy is an often practised approach, and it is not unusual to have a period of time when the aid agency provides significant material and technical support to ensure the organisation's sustainability in the future. It should be stated here that each major partner was supportive of this strategy.
- However, the lack of clarity in the division of resources and staff between the Umbrella Project and the Association in the past year resulted in questions about the extent a future commercial venture (albeit non-profit) may benefit from publicly generated funds while at the same time competing in the open market and generating earnings. Compounding this situation was a difficulty in understanding the financial reports. In order to rectify this situation, a more extensive separation of the Umbrella Project and the Association in program and financial reports is warranted. The evaluators have been informed that steps are underway to achieve this.
- In addition, the evaluators believe that Umbrella should redesign the financial reports for its Executive Board to better reflect expenses by more specifically identifying line items, similar to those found in the Project Budget Document (SHADOW).
- Project administrative costs were found to be on the high side. Efforts should be made to lower them in the future Umbrella project.
- Systematic methods should be introduced to: 1) secure client feedback upon completion of service delivery to evaluate process and results, and 2) incorporate that feedback within the organisation to promote learning and improvement.

Recommendations for the Successor Project

Umbrella is about to embark on a successor project of providing quality management services to central government authorities, expand the sustainable development planning process to larger territorial government entities and offer similar assistance to communities in Lithuania and the Ukraine. Assistance will continue to be provided to UKIE on an as needed basis. In order to ensure quality and value to the recipients of its aid, Umbrella should:

- Maintain the best practices developed to date that have brought added value to the assistance provided, with sensitivity to the context of the environment where the future project will be implemented. These include:
 - an advisory or executive board comprised of the major stakeholders in the program,
 - the participatory and inclusive characteristics of the consulting process and its client driven approach,
 - the investment in local capacity, both in developing national consultants as well as in the recipient organisation.
- Involve the Association in implementing the future Umbrella project as a service provider. This should be done on the basis of a negotiated agreement guaranteeing full disclosure of costs to the contracting authority. However, it is not unreasonable to expect that the existence of a policy on using profits earned be a condition of granting such a subcontract, especially if the subcontract is made with a waiver of the public procurement procedures.
- Institute client feedback mechanisms of the type that are used to promote organisational learning. This will be an important factor in the success of Umbrella's next programme as it moves to new environments for the implementation of public administration quality management systems.
- In order to ensure clarity of the relationship between Umbrella and UNDP, specific guidelines should be made available by UNDP to guarantee a full understanding of each entity's responsibilities and authority. Each party should bear in mind the context in which it operates, its particular history of development and the stakeholders it responds to.

Upon the conclusion of this 7-day mission, the evaluators believe that Umbrella has a strong foundation of tested products, management expertise and proven success to achieve the goals of the future project. While a number of problems do exist, they are more of a technical nature, requiring fine-tuning and improvements in reporting formats which will result in the better functioning of an already effective organisation.