

UNDP Management Response
Final Project Evaluation of the Integrated Local Development Project (ILDLP)

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Overall comments: Management has taken note of the issues raised and recommendations made by the independent evaluation. In the present document, which follows the standard template, UNDP presents responses to each of the recommendations and issues, and proposes follow-up actions with time frame and responsible units specified. In general, based on the findings of the Final Evaluation, UNDP confirms its preliminary conviction that the good practices demonstrated within the ILDP Phase II need to be consolidated and scaled up, while at the same time focusing on new complementary areas, such as “localizing” the European Union agenda. In that light, UNDP will seek to further consolidate and scale up the achievements in the area of strategic planning and development management by increasingly handing over full responsibility to relevant domestic institutions.

Evaluation Recommendation 1: Strengthen institutionalization of strategic planning. The outreach of the interventions initiated through ILDP Phase II, need to be consolidated, expanded in specific areas, and results sustained for long-term impact on socio-economic development, which is an important priority of the medium term reform agenda of the government. Towards this, a longer-term vision needs to be designed for the creation of a sustainable model characterized by functional and vertically aligned policies, budgets, structures and capacities. Based on the evaluation findings, need is strongly felt for a consolidation phase (Phase III of ILDP) for strengthening sustainability of reforms in strategic planning, implementation and monitoring. This is deemed essential for increasing the threshold of existing ILDP Phase II good practices to ensure robust and resilient institutionalization and application by the government and public sector institutions. This would also enable sound implementation of legislative and policy reform initiated in Phase II, which requires long-term engagement. Institutionalization of capacity development mechanisms that will ensure consolidation of ILDP in Phase III should be planned for a period of four to five years.

Management Response: Recommendation valid and accepted.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
Based on the recommendation, UNDP will propose to the Government of Switzerland a consolidation phase for a 4.5 year period. The consolidation phase will seek to create the minimum regulatory framework for planning system in both entities and sustain the achievements in terms of standardized planning and development management frameworks at local, cantonal and entity government levels, by increasingly handing over full responsibility to relevant domestic institutions.	August-October 2016	ILDLP, RRD Sector	Ongoing	

Evaluation Recommendation 2: Focus on consolidation and expansion of strategic planning and development management. The follow up phase should focus on consolidating and scaling up the demonstrated good practices in Phase II in strategic planning at local government and cantonal levels, organizational reforms for implementation of strategies. At the same time, the next phase should focus on certain new areas that would further strengthen the foundation and enabling environment of strategic planning, implementation and monitoring of strategies’ implementation especially in view of required capacities for EU integration.

Management Response: Recommendation valid and accepted.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
In the consolidation phase, efforts will be made to consolidate and scale up the good practices accumulated in the ILDP Phase II, mindful of the necessity to durably sustain the knowledge and capacities of key institutional stakeholders, so that they independently apply the development planning and management policies and tools designed with the Project's support. In terms of new areas to be tackled by the project, certainly having in mind the reinvigorated country's aspirations towards the European Union (EU), the Project will include actions to "localize" the EU agenda and voice out local and cantonal governments in the EU integration process, including in Instrument for Pre-Accession Assistance (IPA) programming and strengthening project capacities of partner cantonal and local governments in line with EU requirements.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017
Evaluation Recommendation 3: Target capacity development of existing partners at entity, cantonal and local government levels. The consolidation phase should concentrate on institutionalization of policy and regulatory reform on strategic planning along with strengthening of institutional structures and mechanisms for coordination of policies and legislations on strategic planning and strengthening institutional technical capabilities at entity level. At Cantonal level, the planning assistance should be further streamlined through both technical and political support. The next phase should upscale strategic planning at local government level. The focus should be on replication of systemic strategic planning in another 25 % of the local governments with special attention to insufficiently developed or underdeveloped to reach a greater threshold of demonstration in coherent local planning system. This will validate the capacity investments required for strategic planning in such type of local governments. This will also contribute to improving much needed service delivery and local development in these municipalities.				
Management Response: Recommendation valid and accepted.				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
<p>This is one of the key preconditions for the overall sustainability of the project's investment. Therefore, the future work will certainly ensure the development planning and management frameworks at the entity level are formalised and that the respective lead planning institutional structures are fully capable to effectively steer them without external assistance. Specific actions will focus on providing customised assistance to equip key entity institutions with relevant policy and regulatory frameworks and instruments and capacitate them to subsequently apply these frameworks.</p> <p>As for the suggested scope of support to 25% of local governments in strategic planning, UNDP's assessment is that this percentage might be overestimated in terms of real need of</p>	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017

<p>direct assistance. Therefore, the Project may consider further direct support to local strategic planning to approx. 10% of local governments country-wide (among which weak and underdeveloped), while being aware that in parallel the EU-funded Local Integrated Development Project (LID) will support up to 10% of local governments in applying the standardized planning approach. However, the suggested scope of local governments where the standardised approach will be replicated can certainly be achieved with a critical mass of local governments possessing knowledge and practice to carry out planning on their own, along with support as needed by domestic institutions and organisations that will benefit from the Project’s capacity development interventions. Therefore, with these interventions there will be no need for external support to local governments in planning beyond the consolidation phase. In addition, based on the ILDP’s lessons learned, there is a need for stronger focus on policy makers to strengthen their capacities to effectively contribute to functioning of the strategic planning and development management system in an accountable manner.</p>				
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Evaluation Recommendation 4: Improve fiscal capacity and linkages of public financial mechanisms with local development under strategic planning. To strengthen local development, regulatory and capacity development interventions for financial planning, budget adequacy with strong linkages to local plans should be further supported. Given the demonstrated value of the entity based financial mechanism for local development, expansion of its approach should be supported in other Ministries for creating stronger linkages with local development. Similarly, the current efforts at enabling cantons and local governments to use PIP as an instrument to mobilize resources must be further strengthened. Additionally, to enable equitable development, focus and support should be given to developing a transparent and inclusive system of financial transfers to local level, financial equalization models and revenue generation capacities within the cantons and local governments. The development strategies at local government and canton levels should become the basis for channelling public financial resources and external aid including IPA resources. This would entail developing greater capacity of the local governments in accessing external resources.

Management Response: Recommendation useful, however some elements of it are not deemed feasible within the limited time frame.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
<p>In all its future work in the area of strategic planning, the Project will continue to ensure direct and immediate linkages between strategic and financial frameworks at all government levels, as this is deemed crucial for successful implementation of strategies. Such efforts can be further reinforced by the entity financing mechanisms, which could be further supported to be fully independent in the consolidation phase. In order to further improve fiscal capacities of stakeholders, future efforts may also consider scaling up the pilot achievements in introducing public investment planning (PIP) system at cantonal level where all</p>	<p>TBD</p>	<p>Rural and Regional Development Sector</p>	<p>Pending</p>	<p>If the new consolidation phase is approved, the action will be initiated in 2017</p>

<p>relevant short-term planning is based on legitimate development strategies.</p> <p>As for the part of the recommendation that relates to developing a transparent and inclusive system of financial transfers to local level, fiscal equalization models and revenue generation capacities within the cantons and local governments, these demands are long-term and stand-alone efforts. Also, there are already emerging initiatives looking into fiscal equalisation models to be introduced through new legislation on revenue allocation in the entity of Federation of Bosnia and Herzegovina. In view of this and considering the next phase of ILDP is to focus on consolidating previous efforts, it is considered unrealistic to achieve the suggested results in a limited timeframe, given the complexity of the context and the reform nature of the aforementioned domains.</p>				
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Evaluation Recommendation 5: Improve access and absorption of EU IPA resources. As BiH moves towards becoming an EU candidate country, it needs even greater support to strengthen its capacities in strategic planning and implementation to acquire stronger assistance under IPA on regional and local development. Thus, the enabling environment of a sound legal framework for regulating integrated and participatory planning principles, horizontal and vertical linkages between planning and financial frameworks and capacity development of local governments and cantons to access IPA resources and ensure sound implementation for effective absorption of the resources is necessary.

Management Response: Recommendation valid and accepted.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
EU integration and absorption capacities are certainly considered among new potential focuses of the consolidation phase and will be addressed accordingly.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017

Evaluation Recommendation 6: Vertical and horizontal accountability mechanisms need to be strengthened. This will help in creating a culture of measuring and tracking outcomes and applying results based M&E system.

Management Response: Recommendation valid and accepted.

Key Action(s)			Tracking*	
			Status	Comments
Recommendation will be taken into account in the process of establishment of a coherent planning and development management system within the consolidation phase.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017

Evaluation Recommendation 7: Ensure effective inter-municipal cooperation. With the IMC seen as an important instrument to drive reforms and service delivery in EU countries, IMC activities should be expanded in the context of BiH municipalities to address the issues of scale, learning and improving service delivery through

enhancing the role and capacities of AMCs. This is more so as SDC/SIDA joint initiative to support AMC will not focus on IMC.				
Management Response: The recommendation is useful and will be considered in the design of the consolidation phase.				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
The recommendation will be discussed and agreed upon with the project partners, particularly in intensified dialogue with the Associations of Municipalities and Cities and specific actions will be designed accordingly.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017
Evaluation Recommendation 8: Social inclusion of minority groups and gender sensitive planning are critical for ensuring voice and agency of these groups. Based on the evaluation findings, there is a need for stronger capacity development including coaching and mentoring of local government and cantonal institutions to enable them to ensure a more socially inclusive and gender sensitive planning, implementation and monitoring process.				
Management Response: Recommendation valid and accepted.				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
In its future work, the Project may consider introducing mechanisms for ensuring additional citizens' scrutiny over public policy delivery, with consideration of the most marginalized groups. To further reinforce gender equality and social inclusion principles, future project work will continue to maintain these "lenses", particularly in design of regulatory and policy frameworks.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017
Evaluation Recommendation 9: Facilitative capacity development of partners at entity, canton and local government levels to consolidate efforts. ILDP should focus on developing capacities of the entity level institutions (especially FDPI and SPU) and consolidating efforts in partner local governments and cantons. Embedding of strategic planning tools, knowledge and processes within relevant government institutions at different levels requires long-term capacity inputs to ensure that the institutions have adequate capacities to utilize the embedded tools. The ILDP team should act as facilitators, and to the extent possible, minimize the use of external catalysts in the form of private service providers. This should entail greater use of the training system, leadership of domestic partners in mentoring, peer-to-peer support, use of regional and municipal development agencies and increased exposure (through twinning arrangements) to nationally owned public sector capacity development initiatives for planning and budgeting in other countries. Further inter-entity, inter-cantonal and inter-municipal common knowledge sharing dialogue platform should be institutionalized. The accumulated knowledge and skills in the partner local governments and cantons will be strengthened by their continuous application in practice and expanding transfer of the knowledge and experience to a broader group of local governments and cantons.				
Management Response: Recommendation valid and accepted.				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
An integral part of the future intervention will be pro-active transfer of knowledge and tools to relevant stakeholders, so that the rich Project knowledge heritage is fully handed-over and sustained within the work routine of institutional partners. In addition, knowledge-sharing platforms such as communities	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017

<p>of practice and service lines within the Association of Municipalities and Cities will further supported to ensure their sustainability beyond the Project’s lifespan. Moreover, partners will be exposed to learning from good practices in other European countries.</p>				
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Evaluation Recommendation 10: Advance effective national ownership through increased leadership role of national partners and aligning with national systems. National leadership is the *raison d’etre* for capacity development and should, therefore, be a major goal of the project with clearly defined risk management framework and timelines. The consolidation phase should develop a clear exit plan at the outset with the key entity level stakeholders. This process should outline the roles of the different actors and required capacity investments to ensure a sustainable transfer of management capacities. The next phase should be seen as a hybrid phase of DIM and NIM with clear two sub-stages. In the first stage, towards NIM transition, a greater thrust in the first two years should be on capacity enhancement and knowledge transfer within the selected entity level institutions. During this process, there will be a need to benchmark capacities related to management arrangements, results based systems and accountability mechanisms within the selected partner agencies and identify the needs for reinforcement. Based on which targeted and structured capacity development followed by an evaluation towards NIM transition should be done. This stage should also see an increasing use of LOA modality for all project activities till national implementation becomes the norm. The next stage, possibly in the third year of Phase III, should take a full transition to NIM with strong oversight of UNDP and Government of Switzerland.

Management Response: Recommendation valid, however some of its elements are not feasible to be addressed.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
<p>As implementing agency, UNDP’s ultimate goal is transfer of knowledge, capacities and responsibilities to domestic stakeholders. The future project will consider direct implementation modality with increasing implementation responsibility by domestic stakeholders in areas such as steering annual processes of entity planning and management system, management of financing mechanisms, design and delivery of comprehensive training and technical assistance, management of local priority projects as well as proactive advocacy and voicing out municipal needs through the Associations of Municipalities and Cities. As suggested, an exit strategy will be developed together with the institutional partners defining their responsibilities and capacity needs. However, full transition to NIM is not deemed feasible in the current administrative structure of the country, considering split competencies both horizontally and vertically.</p>	<p>TBD</p>	<p>Rural and Regional Development Sector</p>	<p>Pending</p>	<p>If the new consolidation phase is approved, the action will be initiated in 2017</p>

Evaluation Recommendation 11: Partnerships for impact. ILDP should build on its current approach and work closely with national institutions and other international and UN partners to maximize and capitalize on the complementary areas of work/strengths of each of the actors/partner agencies. Strong partnership with other bilateral and multi-lateral agencies should be continued for complementarity and maximizing impact of development strategies. Thus, the various existing platforms for exchange of information and experiences should be leveraged for making integrated strategic plans at different levels to become the channel for all capacity

development and financial mechanisms.

Management Response: Recommendation valid and accepted.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
The recommendation will be fully addressed in the consolidation phase. The future consolidation phase may certainly benefit from expanded partnership such as with the BiH Directorate for European Integration and possibly, entity audit offices.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017

Evaluation Recommendation 12: Continue to advocate for enactment of the development planning and management Law and by-laws in FBiH and continue engagement within RS for an equivalent framework with a strong thrust on the implementation of these legal frameworks.

Management Response: Recommendation valid and accepted.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
The recommendation will be fully addressed in the consolidation phase.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017

Evaluation Recommendation 13: Vertical and horizontal harmonization of strategic documents through multi-stakeholder involvement should be pursued. This should be done through consistent advocacy of various common planning principles and inclusive structures at different levels as well as support in development of some of the key higher-level development strategies including key sectoral strategies reflecting focus on local level in both the entities as well as at the state level, through cooperation with several domestic and international sector partners. The existence of these strategies at higher levels of governance will support consistency between development priorities at different levels and consequently the expenditure priorities and resource allocations.

Management Response: Recommendation valid and accepted.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
Principles of horizontal and vertical integration of strategic documents were introduced in the ILDP Phase II and will remain to be guiding principles in the future work. In addition, the project will also consider support to design of entity development strategies.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017

Evaluation Recommendation 14: Promote and develop sustainable models of development management structures within a central authority within the local government (Mayors office) and cantons (Cantonal PM office), which provide the necessary power and position to coordinate development strategies and strategies' implementation.

Management Response: Recommendation useful, will be address if feasible.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
The recommendation will be addressed whenever feasible and	TBD	Rural and	Pending	If the new consolidation

appropriate, taking into account specific organizational structures and needs of partner local governments and cantonal governments.		Regional Development Sector		phase is approved, the action will be initiated in 2017
Evaluation Recommendation 15: Consolidate leadership and technical capacity development for development management and, expand and pilot some human resource management and financial management capacity development systems in few partner municipalities who are more advanced in their current capacities.				
Management Response: Recommendation useful, however some of its elements are not deemed feasible.				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
There is a clear need to consolidate leadership and technical capacities for development planning and management and this will be addressed in the consolidation phase. However, with regard to the suggestion to pilot human resource management and financial management capacity development systems, UNDP considers these domains to be separate and long-term interventions. These domains require serious reforms that can be only tackled as tailored interventions to address the wide scope of issues and challenges in-depth.	TBD	Rural and Regional Development Sector	Pending	If the new consolidation phase is approved, the action will be initiated in 2017

* The implementation status is tracked in the ERC.