Programme for Consolidating Economic Governance
and Public Finance Management Systems in the PALOP-TL Countries
(Pro PALOP-TL SAI – Phase II)

EXIT STRATEGY

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I. PURPOSE OF EXIT STRATEGY

Even in the cases when international development programmes are successfully implemented, the exit strategy must be an integral part of each programme. Very often, even if a particular programme is coming to an end, wearedealingwithcontinuedoreven increased need. Therefore, it is important for the teams working on the exit strategy, to view it as a different way of continuation of the activities and not just a closure of those (especially when the need is the greatest).

Teams are encouraged to perceive the Exit Strategy as a Sustainability Plan, which has inherent benefits irrespective of variables like timing and context. (Gardner, Joubert, & Greenblott, 2005)

(Gardner, Joubert, & Greenblott, 2005) define a programme's Exit Strategy as a "plan describing how the programme intends to withdraw its resources while ensuring that achievement of the programme goals (relief or development) is not jeopardized and that progress towards these goals will continue".

This document aims at creating and defining the exit strategy of the Pro PALOP-TL SAI (PhaseII) programme, which is supposed to end on November 27th, 2022. The bulk of this document outlines specific actions required for a successful exit strategy on each of the programme's activities and outputs. For doing that, the authors of this document have used an adapted version of the phase down, phase out, phase over model (Levinger & McLeod, 2002).

In addition to actions exit strategies, this document also provides recommendations on how to approach the concerns related to managing change for all stakeholders involved– the programme's team, the partners and the beneficiaries.

The first part of the document describes the methodology used to develop the exit strategy.

II. METHODOLOGY

We will discuss the methodology for two different aspects of the strategy development. One is in terms of input and data aggregation, while the other is in terms of analysis performed and output.

1. Input and data aggregation

These inputs have been fundamental for performing the analysis:

- Desk review of project outputs, activities and actions
- Final evaluation report
- Conducting interviews with programme's team members
- Conducting interviews with partner projects, programmes, and organisations
- Conducting interviews with programme beneficiaries

2. Analysis and output

For approaching the exit strategy in the most efficient way, we are going to divide it into two parts: 1. defining the exit strategy for each of the programme's activities, actions, and outputs; and 2. defining the next steps and the resource allocation needed in the transition phase (phase down).

A. Methodology for defining the exit strategy for each of the programme activities, outputs, and actions

For defining the exit strategy for each of the programme's outcomes and activities, we are going to use a tailored version of a framework developed by (Rogers & Macías,2004) that defines the following element of a programme exit strategy:

1. Types of approaches to be used for the exit of different programme components;
2. Specific criteria for exit;
3. Measurable benchmarks for assessing progress toward meeting the criteria;
4. Atimeline, recognizing flexibility maybe required;
5. Identification of action steps to reach the stated benchmarks and identification of parties responsible for taking these steps; and
6. Mechanisms for periodic assessment of progress toward exit and for possible modification of the exit plan.

"Sustainability of impact or of progress toward development goals does not necessarily mean continuation of the same activities carried out by the PVO under the original program. In some cases, communities, individuals, or other organizations sustain impacts through actions that are different from the program activities. In other cases, very few or no explicit activities are needed to sustain impact. Different types of program activities lend themselves to different approaches to assuring sustainability." (Rogers & Macías, 2004).

Given that the programme end date is well defined[1], this document assumes that all the programme components will undergo an exit strategy, therefore, the tailored version of the model looks like this:

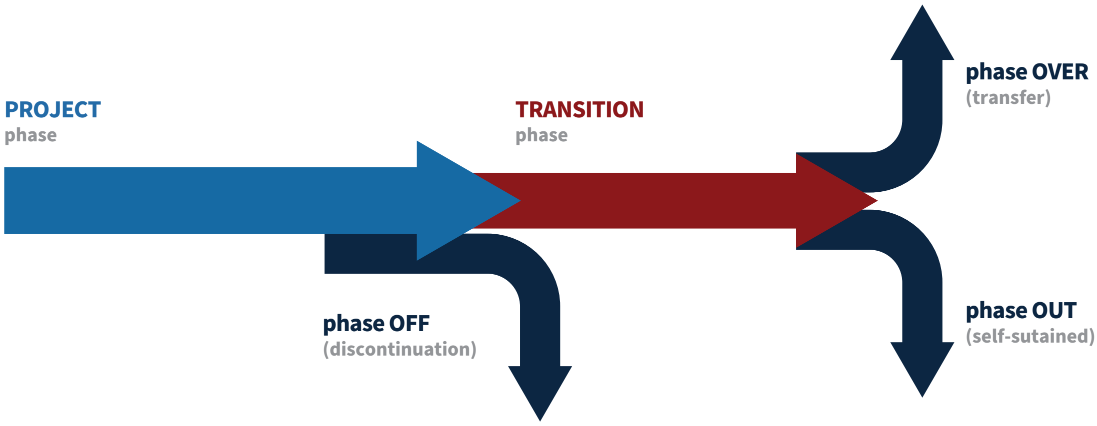
1 A new programme was approved by the European Union to be implemented by UNDP Country Office in Cabo Verde (2023-26) with the same geographical scope and a similar intervention logic that builds from the current programme's realisations.

1. Defining the types of approaches to be used for the exit of different programme components.
2. Specific criteria for classification of the programme components into the different types of approaches.
3. A timeline for the exit of each component with a strong focus on the actions to be taken in the transition phase (see below for more information about the transition phase). Including actions and actors involved.
4. Identification of the resources required to achieve the exit
5. Mechanisms for periodic assessment of progress toward exit and for possible modification of the exit plan.

In their review of exit strategies, (Levinger & McLeod, 2002) identify three approaches to exit: phase down, phase over and phase out. Given that the project takes a much more exploratory path given the innovation mainstreaming, for the sake of correctness, we will add another approach that we will call phase off or discontinuation.

Phase down/transition: the gradual reduction of programme's inputs, is the preliminary stage to both phase over and phase out.

Activity/action exit strategy



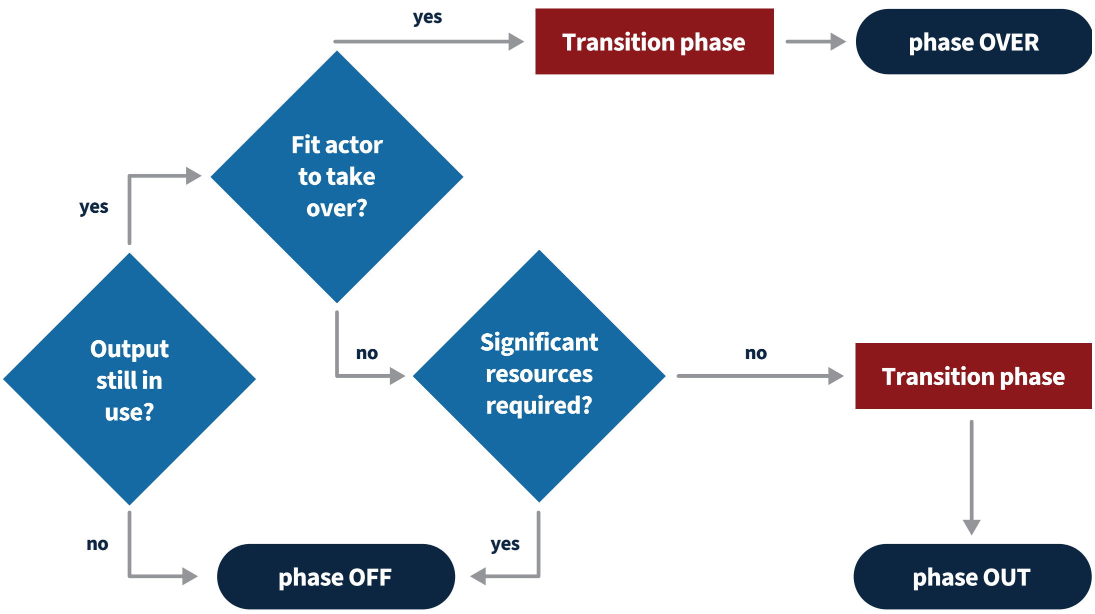
Phase over: transfer of responsibility for activities aimed at accomplishing programme goals (current activities, or other activities aimed at achieving the sameoutcomes)toanotherentity. Thephaseoverapproachmustinclude guidelines on ensuring that necessary resources are in place, as well as knowledge transfer is conducted in a proper manner.

Phase out: refers to the withdrawal of programme inputs (technical assistance, service provision, other resources, etc.) without making explicit arrangements for the inputs or activities to be continued by any other entity, because the programme itself resulted in changes that are to be sustainable without the need for those. Some activities require more preparatory tasks during the transition phase in order to ensure the self-sustained status of it.

Phase off (Discontinuation): Despite having few of those, due to the innovative nature of the programme, this approach is added as well. I takes into account the fact that some activities may be deemed unnecessary, and admits that discontinuation for them is the right way forward. The inclusion of lessons learned must be an integral part of for those for which a discontinuation approach was selected.

To distinguish between phase off and phase out, one needs to ask the question "Is the outcome of this activity" still in use in some way after the end of the project,or not. The main difference for the management team would come at the transition phase. The activities set for phase out (and often those set for phase over) would normally require some intervention during the transition phase (but not necessarily).

The criteria by which an activity can be aligned with an approach is defined in the flowchart below:



It is important to note that one activity may follow several approaches in parallel. This would require a breakdown of the activity and perform the flowchart assessment for each of the components. For example, an online product can have a phase out approach of tools that have been developed and are expected to be operational, and a phase over approach for the domain and the hosting and phase off for management of up-do-date information like news and events.

In fact, the phase over approach is the one that requires by far the biggest attention (especially during the transition phase). It raises a lot of question including: "Who are the actors most fit to take over the activity", "How a financial sustainability can be achieved?", etc.

In order to answer the first question of what the most fit actor to take over is, we will use the following (in-house developed) framework. Called OVER, it allows for measuring potential organisation's abilities to take over the particular activity, action or output.

O OWNERSHIP & COMMITMENT	V VERSATILITY	E ECOSYSTEM	R RESOURCES
How significant is the organisation's ownership of the activity/action/output and how committed they are to continue it in order to keep it operational and even scale it? In order to measure this properly, several factors can be taken into consideration, e.g.: stage of organisations involvement in the activity (time and process – if they were involved during the formulation and not at the implementation or evaluation, they usually are expected to have a stronger buy-in), scope of involvement (how extensive their intervention was in both the inputs and the outputs) and quality and level of involvement of their interventions.	How easy isfor the organisation to adapt to the new role and fully integrate the activity/action/output into their work. In contrast to the resources,- this criterion puts a strong focus on how the activity in question is fit for the existing are as of work of the organisation and how easy is it for them to adapting it. Previous experience of the actor with managing similar activitiesshould also be part of the measurement criteria.	The scale of the ecosystem to which the organisation belongs and the organisation's position in that ecosystem (how well it is perceived and trusted in the community). While the scale of the ecosystem is difficult to measure (a benchmark for similar contexts and countries can be used),the organisation's position in it could be measured by organisation's size and share, people's opinion of it (those who are part of the ecosystem), and the beneficiaries' opinion in comparison to that of the other actors in the ecosystem.	Availability of organisation's resources necessary to take over the particular activity/action/output. To properly measure the resources, one should take into account the following: • Domain expertise and technical capacities • Administrative capacities: being able to handle contracts, keep adequate records, perform proper monitoring and evaluation, etc. • Managerial and leadership capacities: successful growth strategy, vision, team members satisfaction, etc. • Financial resources available for running the activity

Another big question is the **financial sustainability** of the activity. Several options can be reviewed for ensuring the financial sustainability of the activities to be carried out further. Those include (but are not limited to):

- Establishing the services as a business and identify working business models. Business models could be (but are not limited to):

Subscription-based model for some or more of the services

Licensing and royalties

Advertisement

- Setting up community support system which could be either donors-based setup or a volunteer one
- Identifying potential new donors
- Accumulating the costs as a part of the organizations' financial setup and/or licensing the outcomes to the new organization and letting the mintegrate it into

their services

For the timeline, actors/actions and resources required, the team will be using standard project management tools and methodologies

For the perioding progress assessment, the team is using a standard M&E tools and methodologies.

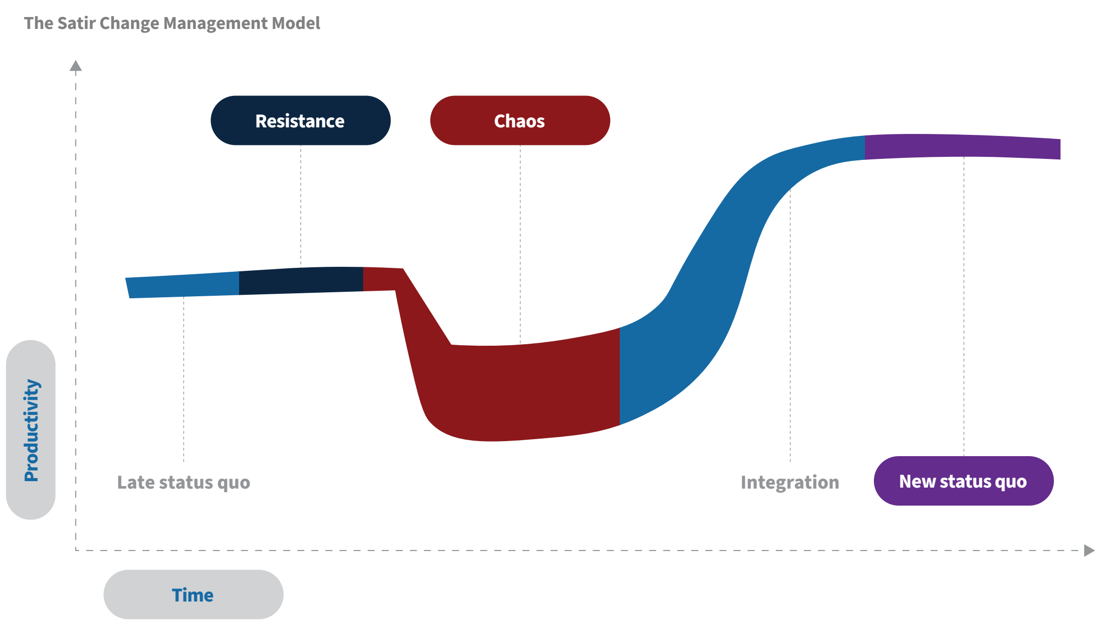
B. Methodology for defining the way of pursuing a proper managing change approach for each of the stakeholders involved

The managing change aspect should be addressed differently depending on the stakeholders involved the type of outcome/goal and the identified type of strategy for it (phased out, over or down).

- For the team
- For partners and other actors involved
- For the beneficiaries

For the purpose of identifying them an aging changeapproach,severalframeworks will be applied. Those include:

- The Satir Change Model



- The 4 Ps (Purpose, Picture, Plans, Parts)

Purpose
make sure people know, understand and accept

Pictures
provide images that draw people toward the future

Plans
make the steps concrete so that people trust the process

Parts
make sure everyone has one

C. Methodology for defining the next steps and there source allocation needed in the transition phase (phase down)

The phase down phase serves a transition between the existing programme and thepotentialcontinuationoftheoutcomesandactivities.2022willbetheproject year for phase down, considering that the implementation period will end in May 2023 – with only project closer activities from January to May 2023.

The approach for next steps will include identification of the priorities and the outline the plan with the activities and the resources needed.

The first part is very important. Given the time and resource constraints, the management team should map the priorities. In order to identify the priorities for the activities to be carried out, the following frameworks will be used:

- Ansoff's growth matrix
- Galpin's strategic priority map

III. EXIT STRATEGY BY ACTIVITY AND OUTPUT

1. Project activities in the 6 beneficiary countries

A. Activities breakdown:

National Annual Work Plans in all 6 beneficiary countries

Phase out: 20%. The approach taken with the mobilization of EU funds and for a new programme focusing on consolidating the achievements of previous phases to enable attaining internationally recognised good practices. It also proposes to expand its scope to support the development of tax efficiency for inclusive economic growth (domestic resource mobilisation) policies and strategies as well as specific climate-relevant auditing, promoting the compliance of international commitments in the regional PALOP-TL framework. The new programme's approach and lessons learnt are relevant at global level and would bring added value to shortfalls in global support to South-South/triangular cooperation in PFM. This scale-up to a global setup is possible by using an "umbrella" approach, where the programme would be the first and most advanced pilot – driving the other "to come" programmes.

Phaseover: None.

Discontinuation: 80% (Most of the work plans were useful solely for the implementation of phase II).

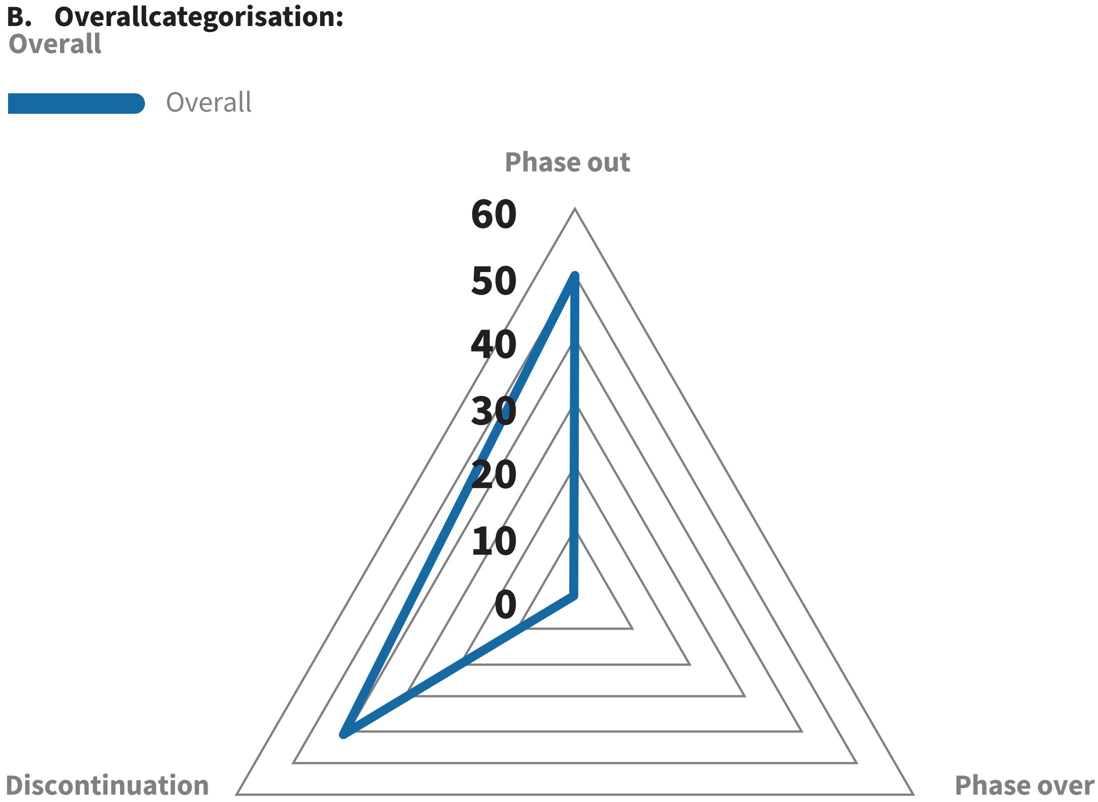
Communities of Practices gathering PFM state and non-state actors from the 6 countries

Phaseout: 100%. The CoPs are now self-sustained.

Phase over: None.

Discontinuation: None.

B. Overallcategorisation:



C. Phase down approach:

- Implementation of 2022 workplan in each country and organization of CoPs scheduled for 2022.
- Capture of information and images produced by the actions referred in the point above for institutional memory.
- Produce activity reports.
- Update M&E indicators and actions matrix.
- Prepare Year-End narrative and financial report.

2. Resources development and dissemination

D. Activities break down:

Website knowledge resources

Phase out: 100% of the approach taken here. There sources have already been developed and published; dissemination efforts have taken place too. In order to ease the access to the resources, the phase down will involved evelopment of a better search and navigation functionality.

Phase over: None.

Discontinuation: None.

Access to website (domain, hosting, etc.)

Phase out: None

Phase over: 100%. The ownership will be transferred to another (long-term) UNDP or EC entity.

Discontinuation: None.

Website dynamic information (news, etc)

Phase out: 90% of the approach taken here. However, in order to rely on a phase out approach, during the transition phase, automation algorithms should be added for populating the section with information from third-party sources.

Phase over: 10% of the overall approach. Discussions with AGORA manager to ensure continuity of news via a joint newsletter with aPortuguese cornerand the recruitment of Communications and Visibility short-term consultant to carry out a 3-months assignment.

Discontinuation: None.

E-budget portal

Phase out: 80% of the overall approach. This includes the existing data that has been aggregated. It will be kept available online (the hosting is subject to phase over/transfer to a more permanent entity). The programme has established a good community of practices among NGOs and civil developers, who are going to partially take responsibility for some of the content management. The trained CSO teams will now enter a 3-months incubation period to speed up ownership and proficiency for operating the eBudget Platform.

Phase over: 20% of the overall approach. To further develop and maintain the features of the platform, some of the owner ship must be transferred to actors that deal with two important aspects: content maintenance and development and technical maintenance and development. The financial part is very important and we will try to identify which of the options outlined in section In case a business model is foreseen, It will have to go through a validation process (some options include: Subscription for premium services; Licenses to use for international organisations and institutions (This includes both API access and software); Advertisement).

For each of the potential actors in each country the programme is going to use the OVER model:

ACTOR 1

O	V	E	R
Pros Cons	Pros Cons	Pros Conse	Pros Cons

ACTOR 2

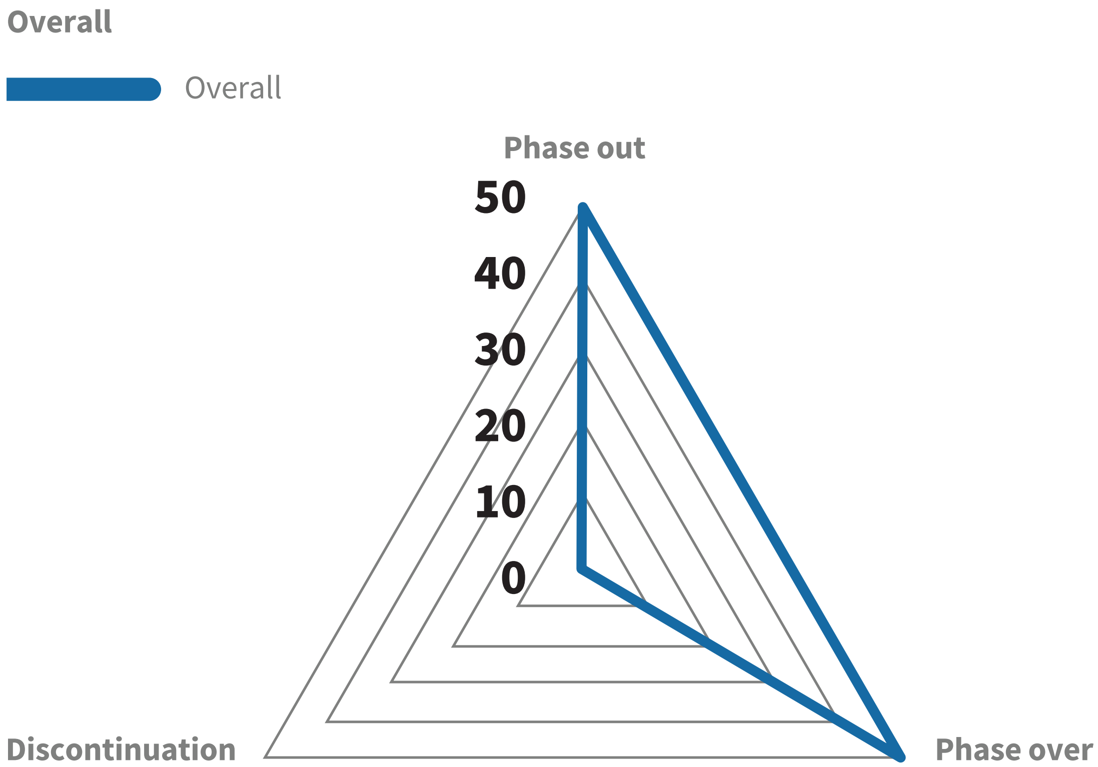
O	V	E	R
Pros Cons	Pros Cons	Pros Cons	Pros Cons

ACTOR 3

O	V	E	R
Pros Cons	Pros Cons	Pros Cons	Pros Cons

Discontinuation: None

E. Overall categorisation:



F. Phase down approach:

- Development of algorithms for automated content update on the website
- Development of an improved content and resource access on the website
- Development, testing and validation of business models for the e- Budget platform. Knowledge transfer of administration and management capabilities
- Ownership and knowledge transfer of hosting and domain for the website.

3. Online & Academic Learning: Advanced Studies Program on PFM, LMS and eCourses, Podcasts & Webinars

G. Activities breakdown:

PALOP-TL Advanced Studies Programon PFM

Phase out: 100%. The advanced studies program has been developed and delivered with 90% success rate so far – the remaining students that did not complete the course yet are expected to complete it by March 2023 the latest. This action resulted in changes that are self-sustained.

Phase over: None.

Discontinuation: None.

LMS and eCourses

Phase out: None.

Phase over: 100%. The Pro PALOP-TL SAI LMS and its eCourses are hosted in AGORA and its management will transit to AGORA upon project closure.

Discontinuation: None.

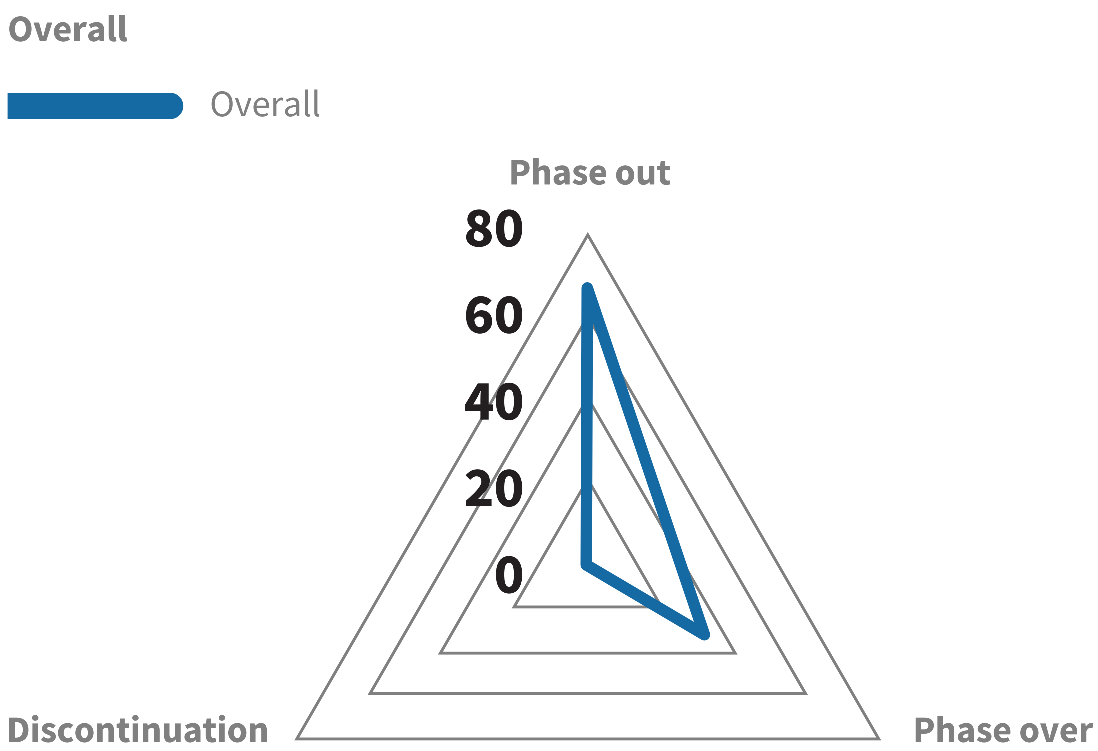
Podcasts&Webinars

Phase out: 100%. By the end of the project lifecycle, the Podcast program and the webinars will remain online and available to the public to use on the project's website and on the YouTube channel.

Phase over: None.

Discontinuation: None.

H. Overall categorisation:



I. Phase down approach:

- Finalize Podcast program and launch it to the public
- Reorganize the website in order to accommodate the materials and resources related with the Podcast and webinars
- Ensure the Pro PALOP-TL SAI LMS on AGORA is operational and updated.
- Prepare public ations related with the PALOP-TL PFM advanced studies program.
- Organize virtual archive/library to made public all resources related with the PALOP-TL PFM advanced studies program.
- Made the above available on the Pro PALOP-TL SAI website.

IV. WAY FORWARD AND RESOURCES FORESEEN DURING PHASEDOWN

Despite the significant progress on economic governance in the PALOP-TL countries in the past decade due to PFM national reforms that led to increased accountability by PMF state actors, there is a need to address structural governance shortcomings in these countries, notably on the topics of budget transparency, efficient oversight/audit and social monitoring of public expenditures, especially in a global context of increased financial crises due to the long-term impact of the COVID19 pandemic and the war in Ukraine.

Given the successful experience in implementing the Pro PALOP-TL SAI Programme through UNDP Direct Management, as well as in providing institutional capacity development tools and processes, the EU has approved a new programme. In this perspective, and in view of the already demonstrated added-value of a collaboration in the framework of the PALOP-TL region (six countries sharing the same language and governance systems) in the Public Finance Management (PFM) sector, it is proposed to focus the intervention on five main domains:

1. Consolidating and strengthening PFMS and domestic resource mobilisation capacities by the Ministries of Finance.
1. Improving external control and audit by Parliaments, Court of Auditors, and other external control watchdogs.
1. Enhancing budget and policy monitoring by the Civil Society Organisation (CSOs) and increasing citizens public participation.
1. Strengthening peer-to-peer international partnerships among national oversight institutions.
1. Enhancing Gender-responsive Budgeting (GRB) practices and mainstreaming.

The forthcoming programme will scale-up the already tested methodologies of the current Pro PALOP-TL SAI's Programme with in the scope of apeer-to-peer network, which has already resulted in improved attitudes and competencies in a collaborative learning environment of the beneficiary institutions (such as the Ministries of Finance, Parliaments, Courts of Auditors, as well as Civil Society Organisations). It will lead to **I)** deepening their capacities on PFM, **II)** a more effective implementation of their different mandates, and **III)** imparting interinstitutional and public trust notably in new areas such as climate-relevant budgeting and domestic resource mobilisation, thus influencing and widening the existing space for policy dialogue in the field of PFM; **IV)** sustainable transformation of institutional cultures and legal frameworks. It will also further facilitate the development of mentoring relationships between countries' institutions and a positive peer pressure that has already helped attain high-level results.

The transition period is now scheduled for January-May2023 with an overall budget rounding 400,000 USD. This phase will overlap with the formulation and inception phase of the next programme.