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# Review of Monitoring and Evaluation Practices in the Georgian Government

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საქართველოსთვის
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# CONTENTS

## ABBREVIATIONS

AoG – Administration of Government
DCFTA – Deep and Comprehensive Free Trade Area
GeoStat – The National Statistics Office of Georgia
LEPL – Legal Entity under Public Law
M&E – Monitoring and Evaluation
MoF – Ministry of Finance
NGO – Nongovernmental Organisation
OECD – Organisation for Economic Cooperation and Development
PAR – Public Administration Reform
RIA – Regulatory Impact Assessment
SME – Small and Medium Enterprises

## 1. INTRODUCTION

State bureaucracies in many countries are facing increasing internal and external demands to display transparency in their work and to demonstrate tangible results of their spending. Rising pressure from ordinary citizens, civil society, and international donors drive governments to institute monitoring and evaluation (M&E) systems to measure the effectiveness and cost-efficiency of public expenditure (MacKay, 2007).

This policy brief looks at the M&E system within the Georgian government to see what role the measurement of progress, and the use of measurement data, plays in policymaking. Bearing in mind the wide discrepancy in M&E processes of different government agencies, the research will focus on problematic areas, highlighting the issues of concern and needs for improvement. The research relies on the analysis of government documents related to policy planning and M&E, as well as evaluation reports of state programs and in-depth interviews with representatives of public entities (Ministry of Economy and Sustainable Development, Ministry of Agriculture, Administration of Government), large donor institutions, and research organizations conducting evaluation studies of government programs.

Prior to examining the Georgian case in particular, the following two chapters (chapters 2 and 3) look into the conceptual aspects of M&E, the specific nature of M&E in policymaking, as well as its primary purpose and the rationale behind its application. The fourth chapter discusses the three most common pitfalls that, according to international experience, undermine the effectiveness of M&E systems. These pitfalls can simultaneously be used to examine the fundamental principles of an effective M&E system the violation of which subverts the successful functioning of M&E mechanisms. These principles also guide the subsequent discussion of the M&E system in the Georgian government. The fifth chapter gives an overview of the latest developments in the Georgian public administration sphere that are relevant to the research topic, followed by the sixth chapter which analyzes the main findings of the study to explore the status of M&E in the Georgian government. The seventh chapter focuses on the case of Enterprise Georgia while the concluding eighth chapter provides policy recommendations.

## 2. WHAT IS MONITORING AND EVALUATION?

Monitoring and evaluation, although highly interrelated, are separate processes that serve different purposes. Monitoring refers to a continuous data collection process that occurs throughout a project's implementation, guided by a predefined set of indicators. Monitoring allows the management to stay up-to-date on whether a project is on track to achieve its desired results, and can alert the management to problematic issues requiring prompt and appropriate remedial action. Meanwhile, evaluation is a more in-depth assessment of a completed or ongoing action. Its goal is to evaluate the design, implementation, and outcomes of an action in terms of their relevance, effectiveness, cost-efficiency, impact, and sustainability (OECD, 2010) . The ultimate aim of both processes (monitoring and evaluation) is to generate trustworthy and useful data that can be used by decisionmakers to improve action.

As evaluation is often confounded with conventional research or regular program reporting, it is important to draw some clear distinctions here. Seeking evidence to inform future actions is the defining feature of an M&E system and, in this, evaluation studies diverge from other types of research as the goal is to measure in order to improve, not merely to research for some inherent value. Similarly, evaluation research does not equate to reporting, as it examines not only the implementation of planned activities, but also the achievement of anticipated objectives. An M&E framework defines what the success of a particular action would look like and sets relevant indicators for the measurement of success.

For instance, if a certain government entity is implementing a program for the

rehabilitation of former convicts, the reporting would focus on the inputs of the implementing agency (the list of offered services, the number of overall beneficiaries, etc.). Therein, the reporting would assume a link between the input and the outcome, surmising that actions translated into results and that the offered services increased former convicts' prospects in terms of reintegrating into society. Evaluation goes one step further. It addresses the "so what?" question, challenges the assumptions and seeks to find out if the services adequately met people's needs and if they had the intended impact on the target population. M&E framework would specify the indicators, based on which the success of the program would be measured, such as the number of beneficiaries returning to prison, the number of former convicts gaining employment after the completion of the program, and feedback from beneficiaries on the relevance of the services provided. In short, M&E shifts the focus from inputs to outcomes and impacts, zeroing in on the ultimate question of effective programming: is the action achieving what we want it to achieve? (Kusek & Rist, 2004)

## 3. M&E IN POLICYMAKING

The foundational principles of M&E remain the same regardless of where they are being applied. However, the features may vary significantly depending on whether the institution conducting M&E is a private business, an NGO, or a public institution. In the case of government institutions, political considerations often assume prominence in the design of an M&E framework. For instance, in measuring the reduction of poverty, a government may choose more attainable measures of success, instead of the most pertinent indicators based on scientific judgement. Therefore, an M&E system at government level always involves a compromise between political preferences and evidence-based thinking. In many cases, however, political priorities become the sole determinant, overshadowing scientific judgement and removing policy effectiveness from the equation (Krause et al., 2012).

An M&E system can improve government performance at every stage of the policy cycle as it provides crucial information on what works and what does not, as well as the reasons why. At the planning stage, as a policy development unit works on an M&E framework, it is compelled to elaborate the objectives of an action in concrete terms, to define what the success of an action should look like, and how it is to be measured. Therefore, the process clarifies the rationale behind the action and allows the team to plan activities accordingly. Crucially, using evaluation data on what has worked in the past informs the design process and provides for evidence-based policy planning. Evaluation data can also inform the allocation of resources, ensuring that the most cost-efficient and impactful actions are funded while ineffective and wasteful programs are shrunk to reduce fiscal pressures. This practice is often called performance budgeting and, in some OECD countries, M&E systems are created for the specific purpose of supporting performance-based budgeting and helping a government to get the most value from its investments (MacKay, 2007).

Monitoring data becomes instrumental at the implementation phase of an action, where the management keeps track of what is working and what is not. Doing so allows it to swiftly respond to, and remedy, any aberrations. Evaluation offers further insight into the effectiveness of an intervention, the problems encountered throughout the implementation process and the reasons for good and/or bad performance, thereby laying the foundation for what is known as results-based management. M&E data becomes an accountability mechanism in the final stages of a policy cycle as it provides evidence on whether the planned objectives have been achieved. This process gains special value in the case of government projects, where verifiable measures of success strengthen the accountability of government agencies to the legislature and civil society, creating incentives for better performance.

M&E systems are becoming more widespread around the world. This proliferation

is driven by external pressures on governments as well as increasing awareness about the benefits of the practice (MacKay, 2007). As civil societies are becoming stronger forces in many developed and developing countries, governments are being compelled to demonstrate not only transparency in their spending but also the effectiveness of their policies in terms of delivering the expected results. Heavy fiscal pressures and international donor requirements give further stimuli to developing countries to make state actions more effective when it comes to reducing poverty. International donors often demand proof of the effectiveness of an action or policy before committing further funding and require the integration of M&E mechanisms into the programs they fund (Ibid.).

# 4. PITFALLS OF M&E SYSTEMS IN POLICYMAKING

This section of the document discusses the three main pitfalls of M&E systems in governments around the globe. While discussing the greatest risks hindering the effectiveness of an M&E system, this chapter also aims to outline the fundamental principles underlying successful systems. The identification of common pitfalls and, conversely, corresponding best practices, will also serve as a framework for the subsequent analysis of the Georgian M&E system.

Although the forthcoming discussion is partly informed by the examples of various developed and developing countries, it is in no way implied that there is a universal template for an effective M&E system that should be replicated in Georgia. Much like any policy, an M&E system is very context-dependent. The development of an M&E system is a step-by-step process that involves gradual tailoring of a system to fit the institutional makeup of a country. The examples discussed here serve the sole purpose of learning from successful experiences of other countries which can be very useful in deepening our knowledge about the pitfalls that are to be avoided and best practices that are to be considered (MacKay, 2007).

## 4.1. USE OF M&E FINDINGS

It may seem counterintuitive, but often the data produced through the cumbersome processes of project monitoring and evaluation is not actually utilized by the management to inform its actions (MacKay, 2012). Project teams are often guided by the belief that the collection of data and production of M&E reports are virtues in their own right. A common fallacy is the assumption that the gathered data will automatically serve the intended purpose. In practice, however, M&E reports very frequently go unused, and do not lead to any tangible changes in the design or implementation of an action (MacKay, 2012). This issue becomes especially troubling in the case of government programs, where long-term policies are implemented in cycles and the lessons learned from one cycle can become very valuable in the planning and management of subsequent phases.

Admittedly, M&E systems can often be very bureaucratic and convoluted and project teams are sometimes overwhelmed by the technocratic burden of M&E responsibilities and lose sight of the system's ultimate goal - to measure in order to improve. When this happens, M&E is stripped of its knowledge-building nature and devolves into a mere mechanism of upward compliance; data collection becomes an end in and of itself and the compiled databases fall into disuse (World Bank, 2004). When data is not used and, consequently, a team sees no value in its collection, with time, data quality tends to deteriorate and the produced records become unusable (MacKay, 2007). Therefore, data that remains unused undermines the sustainability of an M&E system as in the absence of its utilization, the only force perpetuating M&E practices are formal requirements, the easing of which would lead to the eventual dismantling of the system (Briceño, 2012). The risk of M&E data being neglected after collection is faced by all government M&E systems which, in many countries, has led governments to introduce special measures to encourage its intensive utilization in policymaking. Two primary types of these policies are the introduction of incentives and the capacity building of staff.

A majority of countries boasting an effective M&E system have developed policies specially designed to incentivize the utilization of M&E data in policymaking (MacKay, 2007). In Chile, the architects of the M&E system declared it their objective to foster learning through the analysis of M&E data and to use collected information to support decision-making. According to the policy's rationale, the integration of M&E data into policymaking is not a naturally occurring process and, therefore, requires strong incentives. This M&E system is organized within the Ministry of Finance (MoF) and supervised by the Division of Management Control. The collected data is used in making a number of budgetary policy decisions: good performance of a particular agency on logframe indicators leads to its budget and staff's salaries increasing (Dussauge Laguna, 2012). Contrarily, poor-performing agencies are penalized through budget cuts or refusals to increase funding for the upcoming year (Zaltsman, 2009). In Mexico, the Congress considers the performance indicators of an agency when determining budget priorities and allocating funds for annual spending (Rubio, 2012). The incentives are not limited to performance budgeting, however, and extend far beyond this to encourage the incorporation of evaluation recommendations into decision-making. Evaluated agencies are required to prepare evaluation response documents which lay out an action plan for program improvement based on evaluation recommendations and specifying the units and individuals responsible for each envisaged activity (Ibid.).

Another strategy for stimulating the utilization of data is the training of employees. The experiences of several countries across the globe highlight the importance of staff's skills and awareness regarding the role of M&E in good governance. In Mexico, for instance, continuous capacity building and trainings proved to be instrumental in building a culture of evidence-based thinking in government agencies (Rubio, 2012). Meanwhile, in Chile, it is widely believed by academics that a consistent capacity-building program resulted in a "measurement-oriented culture" in public institutions. This culture entails officials realizing the importance of measuring performance and viewing M&E activities as an indispensable part of an effective policymaking process (Guzman et al., 2014). Similar experiences have also been observed in Australia and Canada, where the training of staff in M&E principles has resulted in the inculcation of evidence-based decision-making practices among public officials (MacKay, 2012).

## 4.2. DATA QUALITY

Bearing in mind the fallacy of viewing data collection as an end in and of itself, another core principle to consider is the quality and reliability of collected information. A common mistake in M&E systems, which undermines their flexibility, effectiveness, and sustainability, is overengineering (MacKay, 2012). Often, agencies collect too much information on a large number of indicators inspired by the belief that the more data you collect, the more useful it will be. However, contrary to such a belief, the collection of excessive data can actually overburden staff and lead to the accumulation of superfluous and, likely, low-quality information (World Bank, 2004). The quality of data is strongly influenced by the amount of information being collected; overworked staff and an overengineered system that is hard to navigate can lead to unreliable data. Low-quality data, on its part, undermines the prospects of data utilization and harms the sustainability of an M&E system as well.

One of the primary mechanisms for ensuring high data quality is the careful selection of indicators according to which the progress towards the objectives is to be measured. In Chile, the Division of Management Control in the Ministry of Finance is actively involved in ensuring the adequacy and usefulness of the data being collected. This division reviews the indicators developed by agencies and evaluates their technical soundness and relevance to the intended outcomes. The unit is driven by the goal of striking a balance between the quality and quantity of data; it suggests

changes, eliminates or introduces wholly new indicators when necessary. The finally agreed set of indicators is attached to the budget law, thereby gaining legislative power (Dussauge Laguna, 2012).

### 4.3. SUSTAINABILITY OF AN M&E SYSTEM

The third feature of an effective M&E system relates to its sustainability. This is determined by the degree to which the system is institutionalized into a government structure and the likelihood of its continuation regardless of any changes in administration or termination of donor funding. In the highlighted cases of countries where M&E systems lie at the core of the performance-based budgeting process (Chile, Mexico), the systems are assessed as being sustainable as it would require significant shifts in the legislative and administrative makeup of the respective government to do away with the existing M&E practices. Conversely, in countries where M&E data is very sparsely used in decision-making and the process is predominantly driven by external actors, the system is deemed unsustainable because the government lacks ownership and the M&E processes do not represent an intrinsic component of the local policymaking process. Government ownership is a very important factor determining the effectiveness of an M&E system. Successful cases from around the world include some degree of internal government demand, even if in many cases state actors were supported by consultations and assistance from external actors (MacKay, 2007). A case in point here is Mexico where the local demand for transparency was bolstered by external technical assistance and the rising global trend of using results-based management to shape effective government M&E systems (Ibid.).

An important feature of sustainability is a single coordinating entity supervising the M&E system in policymaking. Although the degree of decentralization varies across countries, predominantly, the existence of a single supervising agency is a significant factor contributing to the sustainability and effectiveness of a system.

Building a government-wide M&E system requires a long-term consistent effort from a government, spanning as long as a decade in some cases. Such a prolonged goal demands a long-term vision and an unwavering demand from a government bolstered by social consensus on the importance of performance measurement for good governance.

## 5. MONITORING AND EVALUATION INITIATIVES IN THE GEORGIAN GOVERNMENT

M&E practices gained prominence in Georgian policymaking with the influx of international donor funding in the country. By far, the most dominant initiative related to M&E in policymaking is the Public Administration Reform (PAR) that was launched in Georgia in 2014 as a part of the European Commission's efforts to support good governance within the context of the European Neighbourhood Policy. After signing the EU Association Agreement in 2014, and the introduction of the Deep and Comprehensive Free Trade Area (DCFTA), PAR became a priority for the Georgian government. It aims to improve policymaking, to professionalize the civil service, to increase the accessibility of public services, and to promote greater accountability and transparency in public entities.

Based on the shortcomings highlighted in the Public Administration Reform Roadmap 2020, both the Policy Planning Strategy 2015-2017 and the Policy Planning Manual were developed in 2015 to provide guidance in policy development and planning. These documents were intended to address the following challenges in policy planning practices: the lack of a unified approach to policy planning and a weak legislative base; mismatch between policy planning and budgeting processes; shortage of competence in policy planning among public officials; and weak M&E mechanisms. According to the implemented reform, the Administration of the Government (AoG) of Georgia is now recognized as the main Centre of the Government Institution, tasked with the supervision and coordination of policy planning,

including the incorporation of M&E components in policy planning documents. The designation of a central supervising agency was part of an attempt to build a unified approach to policy planning in the Georgian government.

In 2016, the Common Policy Monitoring, Reporting and Evaluation System document was developed to specifically target the challenges related to M&E. This document was intended to introduce new M&E requirements for the following key policy planning documents: The National Development Strategy; sectoral and cross-sectoral strategies and action plans; the Government Program; the Government Annual Work Plan; and action and communication plans of ministries.

PAR also envisages the introduction of the Regulatory Impact Assessment (RIA) mechanism to critically assess positive and negative effects of new regulations and to weigh them against deregulatory alternatives. RIA is an important component of evidence-based policymaking but its implementation in the Georgian context is still a work in progress.

In addition to initiatives targeting the policymaking process in Georgia at the central level, further efforts are being directed toward introducing M&E systems in local governments. As part of an EU-funded project, an M&E system is to be developed and established in 10 pilot municipalities to facilitate the measurement of local governments' performance. A number of other initiatives are underway in individual ministries to streamline the M&E processes through online platforms, new frameworks, and requirements. Furthermore, individual government projects receiving financial support from international actors, at times, have obligations to incorporate M&E activities into their implementation plans. It is to be noted that the present study does not aim to cover the large variety of ongoing M&E initiatives in the Georgian government. Instead, the focus here is placed on the unified and centrally administered M&E system developed within the PAR, which aims to incorporate M&E requirements in the policymaking processes of all ministries. Furthermore, as mentioned previously, the forthcoming discussion focuses on the areas of concern rather than strengths and successes observed in the M&E practices of government agencies.

# 6. ASSESSMENT OF M&E SYSTEMS IN THE GEORGIAN POLICYMAKING PROCESS

This chapter analyzes the data collected through document review and interviews to assess the M&E system in the Georgian government, measured against the fundamental pitfalls discussed above. Therefore, the analysis is structured as follows: the first section discusses the use of data in policymaking; the second focuses on the quality of data that is being collected; and the third addresses the question of sustainability.

## 6.1. USE OF M&E FINDINGS

As discussed above, the fundamental purposes of M&E are to inform decision-making processes, to contribute to knowledge-building and, ultimately, to contribute to better policies. Therefore, in conducting a document review and interviews with stakeholders, special attention was paid to the use of data throughout the policy cycle. Despite researchers' efforts to actively seek out information from respondents on established practices, or at least anecdotal instances of the utilization of M&E information in the design or implementation actions, no real examples of such could be provided in the frames of this study.

Notably, the policy planning manual, which was developed as part of the PAR, makes no mention of the steps that follow the production and publication of M&E reports. Data gathering is seen as an end in and of itself, and the possible use of said information is left to the discretion of individual ministries and agencies. The same was confirmed during the interviews with representatives of the AoG, the staff responsible for M&E activities in various state agencies, and M&E specialists of donor institutions. Most respondents focused

on the collection of information and related challenges while the subsequent analysis of findings and the incorporation of relevant changes was largely neglected.

The fact that M&E findings are not being analyzed and fed into the design of policies is not surprising given the absence of any incentives to do so. Donor requirements and directives from the AoG place less importance on the knowledge-building role of M&E, viewing it primarily as an instrument of compliance. Therefore, the encouragement of the use of data is mostly overlooked. Certainly, the instruments of compliance and accountability are important to have in place and the very existence of monitoring and evaluation (even in the absence of data utilization for learning) can serve a good purpose. However, the goals of an M&E system ought to be much more ambitious. Moreover, even the purposes of accountability can be undermined when M&E findings are not followed up on and no incentives are put in place to promote their use for progress and development.

The use of M&E data in Georgian policymaking is further complicated by several other factors. In its evaluation requirements, the PAR targets only sectoral and national strategy documents. These are not particularly practical policy planning documents for the collection of M&E data and the incentivization of its use. Specifically, these strategic documents often span several years, include multiple implementing agencies, and cover several policy areas. At present, there are more than 70 such documents in operation. Many of the respondents struggled to name the exact number of sectoral and cross-sectoral strategies currently in force, and repeatedly stressed widespread overlaps and inefficiencies in the policy planning documents. The large number of sectoral strategies points to a lack of coordination and a lack of a unified vision in their development. Overlaps and the sheer quantity of strategies make the evaluation process less cost-efficient and highlight the fact that the strategies are not the primary documents guiding the work of government agencies on a daily basis. Moreover, as there are many actors involved in the implementation of a strategy over multiple years, the responsibility for its implementation is dispersed. This setup makes the analysis of evaluation findings and their incorporation into future policy cycles troublesome and questionable.

Furthermore, existing strategies are not directly linked to budgetary funding in the current program budgeting model. Theoretically, all strategies are to be implemented through budgetary programs and, therefore, clear linkages should be discernible between the two levels of the policymaking hierarchy. However, in practice, such linkages are very problematic to establish. Often, it is hard to conclude which budgetary programs provide funding for a specific strategy and a large number of strategy action plans lack detailed financial plans altogether, making it difficult to determine the sources of funding for planned activities.

The unclear linkage between sectoral strategies and budgetary programs is also important to consider as this disconnect complicates coordination between the Ministry of Finance and the AoG in their efforts to assess government performance. The Ministry of Finance collects information on the performance of state agencies based on the indicators selected for individual budgetary programs. The program budgeting model that is currently in use in Georgia, in essence, is results-oriented and aims to measure the achievement of intended results of government spending, as opposed to merely tracking public expenditure. As such, the data collected in budget execution reports can be very valuable for the overall assessment of the effectiveness of government actions. Better compatibility between the currently disjointed efforts of assessing strategies, on the one hand, and budgetary programs, on the other, could conceivably ease the bureaucratic and financial burden of government performance measurement. Lack of active collaboration between the AoG the Ministry of Finance is a significant obstacle for a centralized M&E system in policymaking, especially considering the experiences of other countries where finance ministries play a central role in the administration of an M&E system.

## 6.2. DATA QUALITY

The issues of data availability and data quality dominated the discussion in the interviews with different stakeholders. Respondents mentioned a plethora of problems ranging from the complete absence of M&E frameworks in government programs that would facilitate quality data collection, to the lack of data management mechanisms for storing and organizing data (if collected). The lack of financial resources allocated for M&E activities was identified as a fundamental issue hindering the collection of quality information. M&E activities are often not considered in the budgeting process, which leads the staff to revert to haphazard collection of limited qualitative information that leaves very little room for knowledge-building or program improvement.

Representatives of donor agencies highlighted the problem of the unavailability of baseline data, which hinders the measurement of progress in program implementation. Often, new government initiatives are launched without due knowledge of the existing circumstances. When there are no measurements available at the start of an intervention, no comparative analysis can be conducted at the end of the project and, therefore, very scant conclusions can be made about the impacts of the action. The problems relating to baseline data were linked with the scarcity of data provided by GeoStat as well as a lack of available financial resources to conduct independent baseline studies. Other respondents warned of a tendency among public officials to shift the blame on to GeoStat and the lack of baseline data. Such claims are sometimes made to justify the lack of streamlined M&E data collection procedures within government programming. It is important to note that even in the absence of baseline data, M&E processes can have a very important role in terms of building knowledge to improve policymaking.

The quality of data collected through M&E is largely determined by the indicators guiding the collection process. In the policy development manual that is currently in force, very little attention is paid to how indicators should be developed to allow for effective measurement of progress in government actions. According to the interviews with public officials and donor agencies, the new revised version of the document (which is not yet finalized at the time of writing) pays greater attention to this topic and places stricter compliance requirements on public agencies. Although it remains unclear what effect the new manual will have, its attention to the quality of indicators has been welcomed by the researchers interviewed within this study. Some respondents emphasized the widespread problem of low-level indicators in the Georgian government's M&E frameworks. The indicators of strategy action plans reviewed for this study overwhelmingly featured output-level indicators which fail to address the outcome- and objective-level effects of an intervention. For example, output-level indicators such as "the number of conferences conducted" and "the committees established" can provide information about the activities conducted but not about the results achieved. Limiting an M&E framework to output-level indicators effectively equates M&E to mere reporting and impedes the evaluation of an action's effectiveness in reaching the desired results. Notably, the indicators developed for budgetary programs are also limited to the output level, inhibiting the ambition of the program budgeting model to comprehensively assess the results of government performance.

The competence of government employees regarding the use and value of M&E data was repeatedly mentioned as a significant problem during the interviews. When the officials who are responsible for data collection do not appreciate the purpose of this activity, the quality of the gathered data is inevitably undermined. In such cases, data collection is not integrated into the daily operations of an entity and the need for it arises only during monitoring visits or evaluation studies. Consequently, evaluators of government actions often have very limited information available and are compelled to rely on qualitative interviews and focus group discussions.

Another concern relating to the quality of M&E data collected in policymaking is the

lack of oversight and quality checking. Although the AoG has the responsibility of assisting the ministries in the selection of indicators, it does not appear to have any intention of monitoring the quality of collected data.

### 6.3. SUSTAINABILITY OF AN M&E SYSTEM

An obvious concern regarding the M&E system in Georgian policymaking is the leading role of donor institutions. The scarcity of local initiatives within the leading political force and government entities to institute performance measurement mechanisms represents a threat to the M&E system's sustainability. However, the presence of such a stable and strong partner as the EU in the implementation of the PAR does create relative confidence in the consistency and durability of provided support. The involvement of the EU also makes the system less susceptible to government changes in the country. Given the political landscape of Georgia, the measures initiated by international donors may prove more sustainable in the long term than the initiatives instigated by specific political forces in power.

Another factor strengthening the prospects of sustainability is the existence of a central supervising agency, the AoG, which is responsible for the overall coordination of M&E practices in policymaking. Significant concerns do remain though about its role as a coordinating entity due to the limited cooperation with the Ministry of Finance, weak measures of quality control and limited support mechanisms in policy development. Nevertheless, its designation as a Centre of Government institution adds to the system's coherence and stability.

Despite the existence of enabling factors described above, the lack of incentives makes the sustained and effective operation of an M&E system in Georgian policymaking unlikely. In the current situation, where government officials have very low awareness about the need for M&E in their work and the evaluation data is rarely utilized in the planning of new initiatives, incentives are direly needed to encourage the incorporation of M&E findings into policy design and implementation.

## 7. CASE STUDY: ENTERPRISE GEORGIA

This chapter takes the government program Enterprise Georgia as a case study to analyze if the fundamental principles discussed in the chapters above are being applied in the M&E practices of the program. The program Enterprise Georgia falls under the overall sectoral strategy of Georgia on SME development and is being funded through the budgetary program – development of entrepreneurship. These will also be included in the analysis to shed more light on the matter.

Enterprise Georgia is a program that was launched in 2014 by the Ministry of Economy and Sustainable Development in collaboration with the Ministry of Agriculture (now the Ministry of Environment Protection and Agriculture) to promote SME creation and support their development and growth. The government agency Enterprise Georgia is the primary implementer of the Enterprise Georgia program and is responsible for the coordination of different SME policies and programs. The main goals of Enterprise Georgia are to improve private sector competitiveness, to support start-ups, to develop a modern entrepreneurial culture, and to support the export of goods and services.

The document governing the implementation of a sectoral strategy is an action plan which also includes indicators that measure the effectiveness of planned actions. The analysis of the SME development strategy action plan for 2018-2020 revealed that the majority of measurements included in the framework are output-level indicators. These indicators assess the completion of certain activities as opposed to the achievement of desired results. For instance, the indicators selected for the measurement of the component "increasing financial literacy of employees" are "the number of trained individuals" and the "production of a manual for employees." These indicators only relate to inputs and do not facilitate

the measurement of the effectiveness of the planned measures. The component of "strengthening the dialogue between public and private sectors" is assessed by the indicator "number of meetings conducted by the councils working on trade, development of the private sector, and DCFTA." This indicator does allow for the reporting on some activities conducted in pursuit of the achievement of the goals, but gives no basis for the evaluation of the eventual impact(s) of these measures. A more results-oriented indicator in this context would assess various elements including the number of public and private partnerships formed, staff's scores on financial literacy tests, and participants' views on the usefulness of the trainings or the manual.

The low quality of indicators in the action plan is also apparent in many other instances where the indicators are vague or inadequate in relation to the component being measured. Furthermore, the indicators listed in the action plan do not indicate the sources of verification. Instead, only institutions responsible for the completion of the action are mentioned. In many cases, this creates a lack of clarity on how the required information will be obtained and who will be responsible for its collection.

Notably, the action plan includes the component of evaluation (indicated source of funding: USAID). Although the evaluation research is listed under the objective of strengthening the institutions that support SMEs, the plan makes no mention of any follow-up activities through which the findings of the study would serve the purpose of institutional strengthening. The mid-term evaluation of the strategy, conducted in 2018, reflects the output-level indicators discussed in the paragraphs above and largely resembles a report rather than an evaluation. The focus is on the fulfilment of activities and very little information can be found on shortcomings and lessons learned. This fact highlights the importance of sound indicators, to allow for a results-oriented assessment and encourage self-critical reflection within the implementing agency.

The scarcity of data being collected that would allow effective monitoring and evaluation of the Enterprise Georgia program became apparent during the analysis of past evaluation reports, as well as interviews with the researchers and the representatives of the agency. The interviews with researchers involved in the evaluation of the program at varying stages in the past raised the issue of data availability. The evaluation research that aimed to assess the achievement of intended objectives in the program's access to finance component was compelled to rely on qualitative interviews with the beneficiaries of the program as little information was being collected throughout the implementation process. Notably, beneficiaries had no explicit obligation to the agency to supply information on the operation of their business and therefore the information collected by evaluators also tended to be fragmentary. Additionally, evaluators noted the absence of baseline data which would have allowed for a meaningful assessment of the action's impact.

The concerns about the use of collected data were amplified during the interviews with the officials involved in the implementation of the program. No instances could be named by respondents when the findings of M&E reports had been discussed by the team and/or when some lessons learned had been incorporated into the design of subsequent actions.

## 8. RECOMMENDATIONS

Based on the findings discussed in the chapters above, the following recommendations have been developed to support the establishment of an effective and sustainable M&E system in Georgia oriented toward the improvement of government performance.

### *Sectoral Strategies*

### *Envisaged implementors: Administration of Government, Ministry of Finance*

A consolidated registry should be created listing all sectoral strategies effective to date. The number of sectoral strategies should be reduced to eliminate duplications and overlaps among them, and to make them into flexible documents that guide the actions of ministries. Furthermore, strategy action plans should have detailed budgets

and clear linkages need to be gradually developed between sectoral strategies and budgetary programs.

*Budgeting of M&E Activities*

*Envisaged implementors: Administration of Government, Ministries*

The fact that M&E activities are often not considered in the budgets of planned government activities leads to limited and low-quality data. Therefore, in determining programme budgets, ministries should allocate sufficient funds for the implementation of M&E activities. In its communication with ministries, AoG should pay particular attention to the budgeting of M&E activities, making sure that sufficient resources are allocated to the collection of adequate data for the measurement of intended objectives.

*Incentives*

*Envisaged implementors: Administration of Government, EU*

Measures incentivizing the use of M&E findings throughout the policy cycle should be employed more actively to ensure due consideration of findings uncovered during assessments. Such measures could include: follow-up mechanisms to monitoring and evaluation reports, the obligation to produce evaluation response documents with a detailed action plan for program improvement based on evaluation recommendations and explicit assignment of responsible units/individuals.

*Staff Competence*

*Envisaged implementors: Administration of Government, international donor organizations (EU, UNDP, USAID)*

Training modules for public officials need to be modified to ensure that participants enhance their practical skills in the elaboration of outcome-level indicators and the planning of M&E activities.

*Involvement of Civil Society in M&E Practices*

*Envisaged implementors: Administration of Government, international donor organizations (EU, UNDP, USAID)*

In the Georgian context, the nongovernmental sector has a more substantial experience of incorporating M&E activities into their operations. This is largely attributable to donors' funding requirements related to M&E. Consequently, CSOs should play an important role in assisting the government to shape coherent M&E frameworks for its actions and, additionally, to follow up on M&E findings.

*Quality of Indicators and Data*

*Envisaged implementors: Administration of Government, Ministry of Finance*

The AoG should play a more proactive role in ensuring the quality of developed indicators and their adequacy in relation to the outcomes being measured. The AoG needs to encourage the incorporation of higher-level indicators in the M&E frameworks, enabling the measurement of impacts brought about by government actions.

*Public Discussions of M&E Reports*

*Envisaged implementors: Administration of Government*

The reports developed based on M&E activities should be made widely available and publicized to highlight the accountability of implementing agencies and to introduce additional incentives to incorporate M&E findings in policy planning. Discussions of M&E results with the representatives of civil society can become a useful platform for the development of recommendations and the incorporation of findings in the design of policies.

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## ANNEX A: WORKSHOP RESULTS

PMC Research Center organized workshops in Tbilisi, Telavi, Kutaisi and Batumi to receive feedback from the representatives of local governments, CSOs, entrepreneurs and academia. Workshops started with a presentation by the researcher on the core aspects and findings of the study, followed by engaging discussions on the problems highlighted in the research and developed recommendations to address them. Attendees expressed their agreement about the lack of monitoring and evaluation practices in government programs and offered additional recommendations to address these challenges.

Involvement of Civil Society

CSO representatives participating in the workshop highlighted the valuable M&E capabilities and resources available in the Georgian civil society. Civil society organizations operating in Tbilisi as well as regions of Georgia have an extensive experience of monitoring local government activities as well as own donor-funded projects. This experience and knowledge can be channeled towards the improvement of M&E practices within the government. CSOs can be a useful resource to civil servants in the development of M&E frameworks (definition of outcomes and outputs, selection of indicators, etc.) as well as the actual monitoring and evaluation of government activities. CSOs often hold useful data based on their own studies and project activities that can be used for the purposes of baseline studies or monitoring and evaluating government service delivery.

Public Discussions of M&E Reports

During the workshops in the regions, representatives of local government as well as civil society agreed on the importance of publicly discussing the monitoring outcomes of government activities in order to encourage fruitful discussions on lessons learned, changes that need to be implemented and strengths that need to be maintained.

Exchange of Best Practices between Public Agencies

Participants of regional workshops spoke about large discrepancies between governmental institutions when it comes to M&E skills and practices. While some are well-trained and have a fairly well-functioning system, others lack skills and experience to effectively monitor and evaluate their activities. Given this setting, exchange of experiences and knowledge between different institutions can be a valuable practice for the improvement of M&E processes in government activities.


Research