

United Nations Development Programme Georgia



OUTCOME 2.7: Public sector reform in support of efficient, effective, responsive and pro-poor public services promoted and supported through policy advice and capacity development activities.

Project - Assistance to the Ministry of Finance

Term Evaluation Report

UNDP Overview

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1. INTRODUCTION	2
1.1 PROGRAMME BACKGROUND	2
1.2 EVALUATION METHODOLOGY	2
1.3 KEY FINDINGS AND CONCLUSIONS FROM THE EVALUATION	3
1.3 <i>Evaluation of the Ministry of Finance Project</i>	3
<u>1.4. CONTRIBUTIONS TO COUNTRY PROGRAMME ACTION PLAN 2006-2010.....</u>	3

1. Introduction

UNDP commissioned an external evaluation of the two projects within the scope of Outcome 2.7 of UNDP's Country Programme Action Plan 2006-2010 (CPAP) to assess to what extent the activities have been successful in making sustainable, tangible contributions towards the package of public administration reforms in Georgia. Namely, Governance Reform Programme (GRP) Capacity Building Fund (CBF) and Modernization of Financial System of Georgia project implemented by the Ministry of Finance of Georgia (MoF).

GRP has been providing support to the Government of Georgia since 2004 in its efforts to undertake reforms following the "Rose Revolution". The GRP has been coordinated by UNDP and administered in cooperation with Development and Reform Fund (DRF) under the President of Georgia. The programme received financial support from international donors such as Open Society Institute (OSI), Swedish International Development Agency (Sida), Development Cooperation Ireland (DCI). Initiatives within the GRP have included Salary Supplement Fund (SSF), which was completed in 2004, and Capacity Building Fund (CBF) grant scheme, which continues.

Additionally, UNDP has been providing assistance for the Ministry of Finance (MoF) through a dedicated project titled Modernization of Financial System of Georgia. Two phases of the project have been implemented since 2001 involving a package of capacity building measures enhancing policy formulation and effectiveness of the MoF by introducing contemporary management approaches, modern ICT and new Treasury controls. Financial contributions have been provided by Dutch and Belgian governments.

The evaluation report has been prepared in three Parts to ease distribution among relevant stakeholders. This section, Part One of the report, provides a summary of the evaluation methodology, key findings and contributions to the UNDP Country Programme Action Plan outcome. Part Two provides a detailed evaluation of the MoF assistance project and Part Three provides a detailed evaluation of the CBF grant scheme.

1.1 Background

UNDP's project titled Modernization of Financial System of Georgia is coming to the end of its second phase. Both phases have delivered an integrated package of capacity building measures enhancing policy formulation and effectiveness via contemporary management approaches, modern ICT and new Treasury controls. Significant financial contributions have been provided by Dutch and Belgian governments to support the MoF project outputs.

GRP assistance delivered via the CBF grant scheme has been designed to provide national public bodies with policy advice and technical assistance through a flexible mechanism of sub-projects initiated and implemented by key government agencies selected on a competitive basis. The main decisions related to the CBF strategy, objectives and structure, including the approval of sub-projects were made by the Executive Committee on a consensus basis..

1.2 Evaluation Methodology

The evaluation was undertaken during a three week period between June and July 2007 by an external consultant with a background in public administration management and grant scheme implementation. The evaluation methodology combined desk review and stakeholder analysis through an intensive interview schedule with donors, project staff, project beneficiaries, high level government and parliamentary representatives. The interview schedules are attached in Annex 1 and the question sets are provided in Annex 2.

A review and analysis of the findings from stakeholder interviews is presented in the evaluation report's different Parts. The analysis also incorporates benchmark guidance from international best practice in public administration reform and grant scheme management. The evaluation report covers the outputs required by the ToR, namely consideration of :

- the extent to which the MoF project activities have produced the intended outputs contributing to the outcome;
- effectiveness, efficiency, impact and sustainability of project activities, documenting achievements and lessons learnt;
- the impact of CBF project activities and their alignment with national priorities;
- lessons learned concerning the best and the worst practices in producing the intended results and using partnerships strategically;
- a review of CBF management with recommendations for enhancing donor funding;
- recommendations for improved CBF alignment to national priorities;
- recommendations for increased CBF effectiveness of operation and corrective actions; and
- recommendations for areas of CBF focus in the future.

Consideration of these issues during a relatively short evaluation timescale would normally focus heavily on analysis of outcome related monitoring data generated by the projects, during and after implementation. A desk review of both MoF and CBF projects concluded that very little tangible outcome monitoring data was available for much of the project

activities. A large volume of anecdotal evidence was provided during stakeholder interviews to explain the relevance and benefits of the different project outputs, however, an accurate evaluation of such reform measures requires scrutiny of tangible data from the end-users of the outputs. Only limited evidence was identified to demonstrate that mechanisms were in place to collect such data and the majority of the project activities adopted informal approaches to measuring longer term effectiveness, efficiency, relevance, sustainability and impact.

Considerable additional resource would have been required to undertake independent surveys of the projects' final beneficiaries. Hence, much of the evaluation findings are based on the opinions of stakeholders with a direct involvement in the project implementation.

1.3 Key Findings and Conclusions from the Evaluation

The following key findings provide a summary of the detailed evaluation reports presented in Part Two and Part Three of the evaluation report.

1.3.1 Evaluation of the Ministry of Finance Project

Key evaluation findings concerning the MoF project can be summarised as:

- the project appears to have been both productive and popular in its capacity building efforts;
- accurate assessment of project effectiveness was restricted by the lack of tangible impact evidence from project monitoring systems;
- a great deal of anecdotal evidence strongly suggests that all three components have been effective in producing the intended outputs;
- some evidences suggest outputs have already made important contributions to the project outcome, such as the new Treasury management systems, ICT hardware and software and skills teaching delivered through the MoF Training Centre;
- areas of uncertainty remain regarding the effectiveness of investments in publicity campaigns and some of the HRD innovations which will require more systematic impact analysis to determine the quality of effectiveness;
- scope now exists to begin implementing an exit strategy phase from the three components;
- exit strategy phase should be carefully planned to help MoF address new priorities aligned with its strategic action plan for reform;
- new strategic actions should consider how best to incorporate impact monitoring procedures;
- institutional memory held within MoF project team offers effective efficiencies regarding the delivery of new reform action plan activities;
- project team should liaise with other MoF donors to identify opportunities for synergies which fill gaps in the MoF reform action plan, possibly via a partnership approach capable of leveraging new CBF sub project support.

1.4. Contributions to Country Programme Action Plan 2006-2010

GRP and MoF's Modernization of Financial System of Georgia project activities have been delivered within the scope of Outcome 2.7 of UNDP's Country Programme Action Plan 2006-2010 (CPAP) which relates to:

- *“Public sector reform in support of efficient, effective, responsive and pro-poor public services promoted and supported through policy advice and capacity development activities”.*

CBF and MoF project activities align with two expected outputs from the CPAP which are:

- *2.7.1 The management, administrative and organizational capacities of key public administration institutions enhanced*
- *2.7.2 Substantive progress achieved in Civil service reform*

Output targets and indicators for 2.7.1 are:

- *No. of public institutions assisted in planning, management, oversight, and development of legal framework*
- *Baseline: Need for enhanced internal systems and processes at public institutions*
- *Target: Advancement of public administration reform with citizens increasingly satisfied with public services and use of resources*

Output targets and indicators for 2.7.2 are:

- *Civil Service Code finalized and consistent with other legislation*
- *Code of conduct created under the Civil Service Code*
- *Procedures for personnel selection and appraisal introduced*
- *Consolidated salary/ranking scales and merit based human resources procedures introduced*
- *Training and Qualification raising system introduced*
- *Baseline: Absence of consolidated legal framework regulating the civil service of the country*
- *Target: Professional and rationalized civil service established*

The evaluation report demonstrates that Round One and Round Two of both CBF and MoF projects have made valuable and tangible contributions to these targets and outcomes. Further efforts are required to monitor the longer term impacts at outcome level and evidences indicate constructive findings.

A variety of different capacity building lessons have been learnt during the planning and implementation of CBF sub projects and the grant scheme as a whole. Translation of these lessons into enhanced CBF management capacity channelled through strong advisory competences and a new responsive implementation modality will improve the quality of future CBF outputs. The evaluation anticipates that these new outputs will further develop the long term capacities of the key public administration institutions in Georgia to operate effectively and efficiently providing relevant and sustainable services which have positive and popular impacts.