Azerbaijan: Monitoring and Evaluation Process

Breakout Session A: Strengthening Public Policy Processes

Presented by

Prof. Dr. Vusal Gasimli, Executive Director, Center for Analysis of Economic
Reforms and Communication, Azerbaijan

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OUTLINE

➢ **What motivates to deepen economic reforms and develop M&E systems?**

➢ **Legal & policy basis for M&E in Azerbaijan**

➢ **M&E system characteristics**

➢ **Software support**

➢ **Advocacy and Communication**

➢ **Activities > Results**

➢ **Towards Big data**

➢ **What did we learn from our successful M&E experience?**

➢ **Our achievements (2016–2018 years)**

What motivated us to ...?

➢ Deepen economic reforms

- Create a new qualified model of inclusive economic development;

- Obtain additional opportunities for sustainable development;

- Mitigate the risks of oil price volatility to the economy;

- Adapt to new challenges originating from economic phenomena in the world;

- Set up direct linkages and mutual alignment amongst current, mid-and long-term periods of socio-economic development;

- Enable a business-friendly enviroment;

- Enhance diversification opportunities of the economy.

➢ Develop M&E systems

- Improvements in performance assessment of public programs;

- Desire for open and leaner government;

- Need for transparency in the assessment of social programs and improve service delivery;

- Internal and external accountability;

- Answer the *so what* question;

- Institutionalization of the M&E system;

- Linking the M&E system to MTEF creates inter-dependencies and reinforcement to ensure sustainability;

- To support core government/company activities (budget process; national planning; development of policies) and the management of ministries, agencies, and programs.

Legal & policy basis for M&E in Azerbaijan

➢ In December 2016, **12 Strategic Roadmaps** (SRMs) were adopted and an **M&E** and **communication mandate** was delegated to **CAERC**;

➢ SRMs were re-analyzed from an M&E perspective;

➢ Activities were subdivided in order to reach planned results and detailed action plans were developed for each SRM;

➢ International M&E experts from **WB** and **UNDP** have been involved in **developing M&E methodology of SRMs**.

Legal & policy basis for M&E in Azerbaijan (cont.)

➤ After successful launching the M&E process of SRMs, CAERC received M&E mandates by Presidential orders of **newly designed state economic programs** which included M&E.

➤ **Besides 12 SRMs, CAERC monitors around 20 policy documents**. Some of them are:

- o *State Program on Expansion of Digital Payments;*
- o *Self-Employment Program;*
- o *Long-Term Employment Strategy;*
- o *State Program on Food Safety;*
- o *Azerbaijan Investment Climate and Agribusiness Competitiveness project delivered by IFC;*
- o *Action Plans of the Government Commission on Business Environment and International Rankings;*
- o *Action Plan on Plastic Waste et al.*

M&E system characteristics

➢ **M&E system design in Azerbaijan**

- Ongoing results based approach;

- Potential for strengthened linkages through MTEF/PBB;

- Numerous ministry organizations have internal M&E capacities;

- SRM reporting prompted establishment of M&E liaisons/ working groups.

➢ **M&E tools in Azerbaijan**

- SRM annual monitoring & reporting;

- Mid-term evaluation of SRM;

- State program monitoring on demand;

- Ad hoc annual reporting;

- Programme management is underway.

Software support

- In order to perform the reporting process, with support of BP Azerbaijan, a tailored software development project has been started.

- The main objectives of SRMs M&E software are:

  - minimizing technical work (around 50 government agencies' as well);

  - establishing direct (online) connection between M&E group and implementing agencies;

  - automatic release of M&E results to the public;

  - possibility to integrate M&E of forthcoming state programs into the system.
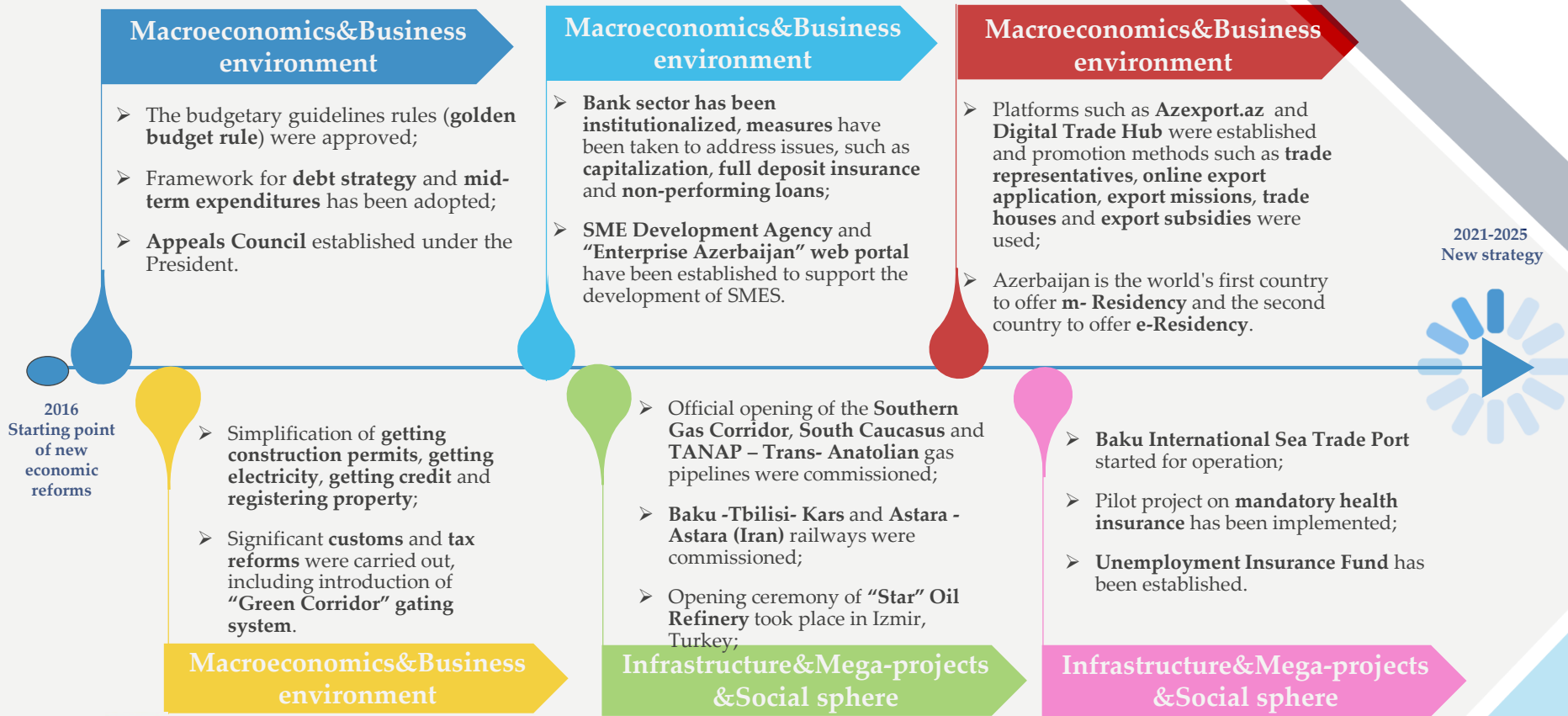
Activities → Results

➢ In the period before SRMs, state programs and other strategic policy documents were mainly activity-oriented, rather than results-oriented. Therefore, M&E tactics were activity-based;

➢ As KPIs are identified and special part allocated for M&E in SRMs, M&E methodology of this process allows to monitor activities of implementing agencies, on the other side result-based approach is applicable, especially to evaluate SRMs implementation results from 2020 targets perspective;

➢ SRMs are an important stage of evolution towards results-based management;

➢ Such principles as Medium-Term Expenditure Framework (MTEF), Middle and long-term strategy for public debt management are among actions identified in SRM for National Economy Perspective of the Republic of Azerbaijan have been adopted recently;

➢ Other actions (e.g. results-based budgeting mechanisms), which will lead us to more efficient strategic management, are on the way.

RESULTS

Macroeconomics&Business environment

➢ The budgetary guidelines rules (**golden budget rule**) were approved;

➢ Framework for **debt strategy** and **mid-term expenditures** has been adopted;

➢ **Appeals Council** established under the President.

Macroeconomics&Business environment

➢ **Bank sector has been institutionalized**, **measures** have been taken to address issues, such as **capitalization**, **full deposit insurance** and **non-performing loans**;

➢ **SME Development Agency** and **"Enterprise Azerbaijan"** web portal have been established to support the development of SMES.

Macroeconomics&Business environment

➢ Platforms such as **Azexport.az** and **Digital Trade Hub** were established and promotion methods such as **trade representatives**, **online export application**, **export missions**, **trade houses** and **export subsidies** were used;

➢ Azerbaijan is the world's first country to offer **m- Residency** and the second country to offer **e-Residency**.

2016 Starting point of new economic reforms

2021-2025 New strategy

Macroeconomics&Business environment

➢ Simplification of **getting construction permits**, **getting electricity**, **getting credit** and **registering property**;

➢ Significant **customs** and **tax reforms** were carried out, including introduction of **"Green Corridor" gating system**.

Infrastructure&Mega-projects &Social sphere

➢ Official opening of the **Southern Gas Corridor**, **South Caucasus** and **TANAP – Trans- Anatolian** gas pipelines were commissioned;

➢ **Baku -Tbilisi- Kars** and **Astara - Astara (Iran)** railways were commissioned;

➢ Opening ceremony of **"Star" Oil Refinery** took place in Izmir, Turkey;

Infrastructure&Mega-projects &Social sphere

➢ **Baku International Sea Trade Port** started for operation;

➢ Pilot project on **mandatory health insurance** has been implemented;

➢ **Unemployment Insurance Fund** has been established.

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Communication of results

➢ Special importance is given to communication of results derived from M&E;

➢ The main parties of the communication strategy are:
- Government (incl. implementing agencies);
- Public (incl. business, diplomatic agencies, consulting firms, etc.);
- Scientific bodies;
- Media.

➢ Some communication tools are:
- Official reports and related press-conferences;
- M&E full reports and summaries on web-pages;
- TV news, programs and other media tools;
- Social media, including live contact (questions-answers sessions).

Advocacy and Communication of M&E results: Benefits

- Help to overcome misconceptions and knowledge gap;

- Help to mainstream M&E as one of the CAERC's main functions;

- Help to influence policies and strategies so that they include adequate provision for M&E;

- Help to convince and encourage organizations and individuals to carry out their M&E functions;

- Help to create demand for data;

- Help to reduce double-reporting systems;

- Help to increase confidence through accountability and transparency;

- Help to increase citizen engagement and participation;

- Help to support more effective donor coordination;

- Help to strengthen public-private dialogue.

Key RBM Tools

- Logic Model (LM)"results chain";

- SMART and Cross-Cutting Performance Indicators;

- Performance Measurement Framework (PMF);

- Operating Guidelines or Manuals.

Towards Big data and Machine learning

- ➤ During M&E activities of SRMs and other policy documents, a lot of information on implementation and related issues from government agencies is being accumulated;

- ➤ Cross-referencing between different data sets;

- ➤ This data is currently used in order to prevent double reporting and unnecessary overlapping in new state programs, which are in the design stage;

- ➤ This is allowing us to consider using machine learning and blockchain technologies with the purpose of contribution to shaping new reforms agenda.

LESSONS LEARNED

- It is important to understand the political and institutional context to advance the implementation of M&E;

- There is no unique way to construct these systems and the process should be done gradually;

- Incentives are necessary to produce effective M&E processes;

- The system should be as straightforward and as understandable as possible;

- Sufficient human capacity and constant leadership needs to vitally collect, verify, and analyze data;

- Importance of international expertise;

- Significance of stakeholder involvement - parties throughout government and also externally for social accountability purposes;

- An M&E system needs pragmatic, flexible development;

- Created an objective, impartial evaluation system;

- M&E reforms contributed to a measurement culture across government.

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www.ecoreform.az

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AZ1073, L.Landau 16, Baku,

Azerbaijan

Questions?

qasimlivusal@yahoo.com

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