Azerbaijan: Monitoring and Evaluation Process
Breakout Session A: Strengthening Public Policy Processes

Presented by
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➢ 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 environment;
- 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:
  - State Program on Expansion of Digital Payments;
  - Self-Employment Program;
  - Long-Term Employment Strategy;
  - State Program on Food Safety;
  - Azerbaijan Investment Climate and Agribusiness Competitiveness project delivered by IFC;
**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.
IMPLEMENTED ACTIONS

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.
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.

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.

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.

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;
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.
RESULTS

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.
THANK YOU!

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