Policy Planning, Monitoring and Evaluation
Handbook

Policy Planning, Monitoring and Evaluation **Handbook**

Administration of the Government of Georgia
Policy Planning Unit

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Contents

Introduction

Policy planning and coordination of its implementation, monitoring and evaluation represent one of the key integral elements of effective functioning of public administration. Properly elaborated and well-coordinated implementation of a policy enable government to provide a broad range of public services to its citizens, carry out ambitious reforms and be more effective in achieving set goals and objectives.

On the other hand, an effective monitoring and evaluation enables public agencies to make governance more measurable and results-oriented and, at the same time, ensure timely identification of potential risks to the achievement of goals and objectives and come up with proper solutions to these risks.

Policy Development and Coordination System is based on the Rules of Procedure for Development, Monitoring and Evaluation of Policy Documents (hereinafter, the RoP), approved by the government decree. The system rests on three main principles of Good Governance:

1 Evidence-based policy making;	2 Results-based management;	3 Whole of Government approach.
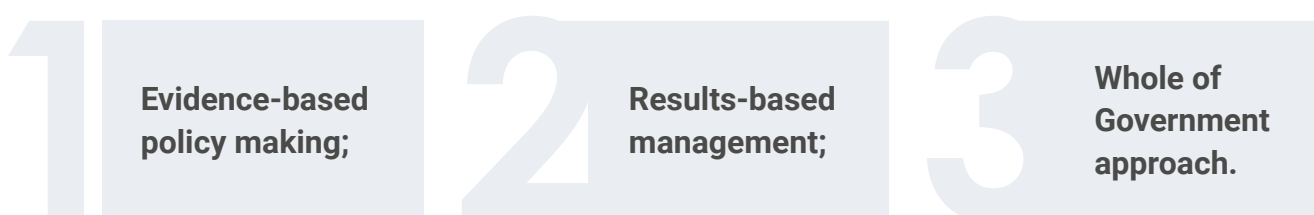
This Handbook sets standards for policy planning, monitoring and evaluation and represents a supplementary methodological document for policymakers in the process of planning, monitoring and evaluation of a policy.

The aims of the Handbook are:

❶ To establish a policy planning and coordination system that ensures introduction of results-based, whole of government approach in line with the European principles of public administration, including to facilitate the European integration process.

❷ To define, in accordance with the RoP, minimal standards of policy planning, monitoring and evaluation to be applied to policy documents submitted to the government for the adoption.

❸ To assist public servants, in developing quality policy documents and in establishing a measurable, results-based monitoring and evaluation practices, with practical recommendations and instructions.

The first chapter of the Handbook overviews policy documents and policy planning framework existing in Georgia; discusses the legal framework of the system, hierarchy of policy documents and the competence of institutions to develop these documents, and offers a mandatory structure of the policy documents.

The second chapter describes a standard policy cycle, while the third chapter provides a detailed overview of a policy planning process; in particular, it describes ways of conducting situation analysis, formulating goals and objectives and setting corresponding indicators, development of an action plan and estimating/ budgeting resources needed for the implementation of strategy and ensuring public consultations on the documents that are ready for the adoption.

The fourth chapter contains information related to policy implementation and institutional arrangement. Next chapter describes procedures of monitoring and evaluation, their minimal standards and reporting issues. The sixth chapter provides information regarding the system and mechanisms of quality assurance of policy documents.

The Handbook has Manuals (annexes) which provide supplementary detailed instructions and relevant templates for all stages of policy cycle. Annex 10 of the Handbook is a glossary of specific terms which is to be used in policy development process.

The document is based on the best international practices as well as the **European Principles of Public Administration** and the "toolkit for the preparation, implementation, monitoring, reporting and evaluation of public administration reform and sector strategies" of SIGMA – the EU and OECD Joint Initiative to Support for Improvement in Governance and Management. The document has been developed within the framework of public administration reform by the Administration of the Government of Georgia in cooperation with public agencies, with the involvement of international experts and by the support of the United Nations Development Program (UNDP).

1. Policy documents

A policy document is a result of policy planning process, which defines solutions to the problems and the ways for developing a sector. The first chapter details issues concerning policy documents: legal framework, categorization and ways of forming a structure. It also reviews the inter-relation among documents of various categories and issues of ensuring principle of compliance.

1.1 LEGAL FRAMEWORK

According to the **Constitution of Georgia,** the Parliament of Georgia is the supreme representative body of the country, that "defines the main directions of the country's domestic and foreign policies" (Article 36), while the Government of Georgia is the supreme executive body that implements the domestic and foreign policies of the country (Article 54).

The Parliament of Georgia, according to its **Rules of Procedure,** develops and adopts, by decree, a **concept** document that determines key directions of the state policy (Article 132).

According to the **Law of Georgia on Structure, Authority and Rules of Procedure,** the government of Georgia (hereinafter, the government) is the supreme executive body that implements the domestic and foreign policies of the country (Article 1). Article 5 of the Law provides information about competences of the government for the implementation of policy in various directions.

The development and implementation of policies in accordance to directions as determined by the Parliament of Georgia, at the state level is mainly the competence of the government of Georgia. According to the **Rules of Procedure of the Government of Georgia,** the government exercises it the executive power through ministries, their subordinated public institutions and legal entities under public law (Article 2). Furthermore, for the fulfillment of the tasks assigned to the government by the legal acts of the Parliament, the policy area specific ministry (ministries) and the Office of the State Minister are obliged to initiate a project (Article 8).

An important role in this process is played by **the Administration of the Government of Georgia** which ensures *"the planning and organization of the policy of the Government of Georgia and coordination and control of policy implementation"* (Paragraph "b" of Article 2 of the Statute of the Administration of the Government). Furthermore, the objectives of the **Policy Planning and Coordination Department** of the Administration are: a) to support and coordinate the government policy planning; b) to provide an opinion on strategies and action plans to be adopted by the government of Georgia (Subparagraph "a" of Paragraph 1 of Article 4), while one of key objectives of the **Government Supervision and Monitoring Department** is to monitor the fulfillment of government program, annual action plans and the process of execution of recommendations/decisions regarding reforms (Subparagraph "b" of Paragraph 1 of Article 4).

In developing and implementing of a policy, the government of Georgia follows the RoP which aims at introduction of the whole of government approach to policy planning and establishment of quality control mechanisms. This Handbook is an integral part of the RoP.

1.2 TYPES AND STRUCTURE OF POLICY DOCUMENTS

In the Policy Planning and Coordination system of Georgia, the Government Policy in a particular area is mainly expressed by means of policy documents. **Policy documents** represent the government's vision, goals, objectives and specific activities to address various public problems and in general, to develop and improve a field.

Policy documents in Georgia are categorized by two main criteria:

1
GENERAL FEATURES
(purpose, period of time, structure)

2
LEVEL OF IMPACT
(policy documents hierarchy)

According to international practice, the government policy can be represented in different types of policy documents, such as: Programme, Concept, Strategy, Action Plan, Policy Brief, White Paper and Green Paper, laws or bylaws, speeches of public officials, etc. However, in policy planning and coordination system of Georgia 3 types of documents are designated: a concept (document), a strategy (document) and an action plan, whereas the development of other documents mentioned above is governed by other legislative and methodological regulations or may be subject to future regulation. Figure 1 shows a **mandatory structure** of all the three types of policy documents, which must be followed content-wise.

Policy Document

A document of strategic or operational nature that defines a national or sector policy and outlines solutions to problems and ways of developing of the area.

Concept (document)

National or sector policy document of general nature that defines the need of strategy development, a vision, basic principles and priorities.

CONCEPT - in addition to the concept of the Parliament of Georgia, which defines sectoral priorities of policy development in a field, the government may also adopt a concept document on the development of and solution to a problem in an area or an institution. Preparation of such a document is not mandatory and the government or a relevant coordination body determines the need for it. A concept is adopted to save resources by avoiding the development of a policy that is not needed or does not comply with the government priorities and objectives, or when various institutions fail to agree on principle issues for the development of a particular area.

Concept is a policy document of general nature and reviews the need for the development of strategy; it **identifies problems, defines vision, principles and sector priorities that should form the basis for the development of strategy, as well as determines means of implementation.**

The term of validity of the concept is determined directly by the coordinating agency of the document. However, in most cases, the concept ceases to function once the strategy based on it has been approved.

STRATEGY - a government policy in a particular field is mainly expressed in a strategy document. A strategy, if any, must be based on a concept document adopted by the Parliament of Georgia or developed by the government and the **goals/objectives** specified in the strategy must respond to the vision, principles and sector priorities of the concept (if any). However, in the majority of cases, a strategy is developed without a concept document. The **introductory part** of the strategy must substantiate the need of its development. A strategy document formulates the government policy for tackling a problem and describes specific mechanisms and intended results that must be achieved through the implementation of the strategy. A strategy must be based on priority directions identified in national policy documents and ensures the continuation of the implementation even after the change of government.

> ### *Strategy (document)*
>
> *A policy document that identifies priorities, goals and objectives for addressing identified national or sectoral problems, outlines approaches to the implementation of set goals/objectives and determines performance indicators to track progress.*

A strategy must include a situation analysis, vision, goals, objectives, intended results and performance indicators (logical framework), implementation mechanisms and information on how the implementation of this strategy will be monitored and evaluated.

Duration of a strategy document depends on the characteristics of a problem. A recommended duration of a strategy document ranges between 4 and 10 years.

It is mandatory that a strategy, submitted to the government for adoption, has a relevant action plan and a summary of results of public consultations. If an action plan contains confidential information which, if disclosed, will harm the achievement of goals set in the strategy or any other public interest, may be adopted as a confidential document in accordance with the legislation.

ACTION PLAN - operational level policy document, designed to outline specific activities to be carried out to fulfill the goals and objectives set in the strategy and achieve the results defined in the strategy.

An action plan must, at least, contain the information provided in Figure 1. Other information may be added to it, if so decided.

Duration of action plan ranges between minimum one and maximum three years. However, in exceptional cases, it is acceptable to adopt six-month or quarterly action plans too.

In some cases, an action plan may be adopted as an independent document, without a corresponding strategy **(sector action plan)**. Such action plan must include a narrative section offering a brief situation analysis, defining objectives, as well as implementation, monitoring and evaluation mechanisms.

Concept	Strategy	Action Plan
Introduction	*Introduction*	*Sector Priority*
Situation Analysis	*Situation Analysis*	*Goal 1*
Vision	*Vision*	*Indicator(s)*
Principles	*Sector Priority*	*Objective 1.1*
Sector Priorities	*Goal 1*	*Indicator(s)*
Implementation	*Objective 1.1*	*Activity 1.1.1*
Timeframe	*Objective 1.2*	*Indicator(s)*
	Goal 2	*Responsible Agency*
	Objective 2.1	*Partner Agency*
	Sector Priority	*Deadline*
	Goal 3	*Budget*
	Logical Framework	*Finance Source*
	Implementation	
	Monitoring and Evaluation	
FOR DEFINITE PERIOD	**4-10 YEAR**	**1-3 YEAR**

(Strategy column marked: **STRATEGIC PART**)

Figure 1. *Mandatory structure of a policy document*

1.3 HIERARCHY OF POLICY DOCUMENTS

The second criterion of policy documents categorization in the policy planning and coordination system of Georgia is a **level of impact** – what a given policy document affects to in the country.

The classification of policy documents by this criterion forms the **hierarchy of policy documents** in the country:

1 **NATIONAL POLICY DOCUMENTS;**

2 **SECTOR POLICY DOCUMENTS;**

3 **INSTITUTIONAL POLICY DOCUMENTS.**

Taking into account the Georgian legislation and the Rules of Procedure, Figure 2 shows the competence of and the responsibility for the development of categorized policy documents:

#	LEVEL	NAME OF POLICY DOCUMENT	COORDINATING AGENCY	ADOPTION
1	NATIONAL	National development strategy	The Administration of the Government	Government
		Government program	Winning political party (parties) / administration of government /ministries/LEPLs	Parliament
		Basic Data and Directions (BDD) - MTEF ⊙ *State budget*	Ministry of Finance	Parliament
		Annual Government Work Plan	The Administration of the Government	Government
		International Agreements / Commitments	According to legislation	According to legislation
2	SECTOR	Multisector and sector **strategies** ⊙ *Relevant action plans*	The Administration of the Government, Ministries, State Minister's Office or LEPLs accountable to the government	Government
		Multisector and sector **action plans**	The Administration of the Government, Ministries, State Minister's Office or LEPLs accountable to the government	Government
3	INSTITUTIONAL	Institutional development strategies ⊙ *Relevant action plans*	Public institutions	Government or ministry or institution
		Mid-term action plans	Ministries	Ministry

Figure 2.   ***Hierarchy of policy documents.***

A national development strategy is the top category document in the planning hierarchy, which defines global directions of the country's development and national priorities. A national development strategy serves as a basis for sector documents in policy planning. Development of policy documents as well as a process of policy planning in general, must correspond to the hierarchy of policy documents.

A government program is a planning document of political content, which identifies national priorities, goals and objectives of the government. The program is formulated during the formation of a new government under the coordination of government administration and, in accordance with the Constitution of Georgia, is submitted for the approval of the cabinet of ministers by the Parliament. The development of this program does not require the establishment of a particular format.

Annual Government Work Plan is a short-term comprehensive planning document which is based on the national development strategy, government program, sector strategies and obligations assumed under international treaties on the level of objectives and activities. The aim of the plan is to consolidate activities to be implemented by public agencies and to evaluate the effectiveness of their performance. Pursuant to the Rules of Procedure of the Government, the Administration of the Government, in consultation with the government and institutions, develops a plan and monitors it (additional information is provided in the Manual for Drafting of Government Annual Work Plan).

Basic Data and Directions (BDD) is the country's development plan that contains information about mid-term macroeconomic and fiscal forecasts, also the information about main directions of development at the state, autonomous republics and municipalities levels. BDD is based on actions plans of ministries and institutions and envisages priorities, also, programs, sub-programs and activities for the implementation of these priorities over the period of four years.

State budget is the country's main fiscal planning document which is adopted by the Parliament of Georgia and reflects the revenues to be received for the fulfillment of the functions and obligations by the central government of Georgia, the expenditures to be made and the change in the balance.

International treaties are not policy documents; however, the process of policy planning is guided by international treaties and obligations arising therefrom. The Law of Georgia on International Treaties states that international treaties represent an integral part of Georgian legislation and prevail over domestic normative acts. Furthermore, in developing government programs, strategies and action plans, the government of Georgia is guided by obligations assumed under the international treaties. In this regard, the Association Agreement between Georgia and the European Union is of special importance, since it is a comprehensive document and sets out specific obligations in different sectors.

Sector strategies are policy documents that envisage various sector directions and fall within the scope of competence of two or more responsible agencies. These policy documents are adopted by a government decree and reported to the government. They represent a second level in the policy documents hierarchy and are based on national policy documents level. For the purpose of this Handbook and the Rules of Procedure, the term sector strategies also imply multisector strategies. A sector strategy serves the development of a particular field or fields and the improvement of the delivery of public services and products. Sector strategies must have corresponding action plans. Agencies responsible for coordination of the development of both types of policy documents include a ministry responsible in the area concerned (or the Office of State Minister) or LEPLs directly subordinated to the government or consultative bodies of the government. If an issue does not belong to the scope of competence of any ministry or belongs to the scope of competence of several ministries and a decision-making ministry is not determined for this issue, the government takes a decision on setting up a coordinating body, in accordance with the Law of Georgia on Structure, Authority and Rules of Operation.

Sector action plans are operational policy documents of the second level, which do not have strategies of relevant fields; However, they entail information about problems in a field, set objectives and outcome indicators, activities to be implemented and output indicators, responsible agencies, deadlines, budget, source of financing, monitoring and evaluation. For the purpose of this Handbook and the Rules of Procedure, the term sector action plans also imply multisector action plans.

Institutional development strategies are policy documents of the third hierarchy level, which apply to only a particular public institution and aim at improving its operation to achieve priority goals and objectives of first and second level policy documents. They may be approved by the government as well as a ministry or an institution itself. Standards set in the Handbook do not apply to policy documents of this type, when they are not approved by the government.

Mid-term action plans are the third level institutional planning documents; they provide information about activities to be implemented for the achievement of results that are set in mid-term programs/ sub-programs developed within the scope of priorities identified by the budget.

2. Policy Cycle
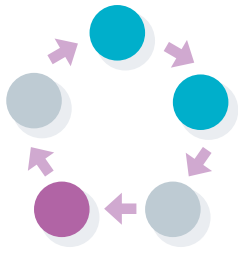
Policy development is a complex process without a clear-cut beginning and end. Bearing in mind that development, in the conditions of current globalization, is characterized by many inconsistencies and various inter-linked problems, a policy, to be effective, needs to be considerate to these changes, threats and new challenges.

A policy cycle is an **iterative, interactive** and **inclusive** process. It is iterative insofar as the process, starting from situation analysis to evaluation of implemented intervention, is carried out continuously and the monitoring and periodic evaluation of goals, objectives and results during the implementation allows to improve the policy and taking into consideration relevant attitudes, to return to the initial stage of the cycle. However, a policy cycle may end at an evaluation stage (policy termination) if results and impact achieved in a field is deemed satisfactory or a political decision was taken to terminate it.

- Policy Planning
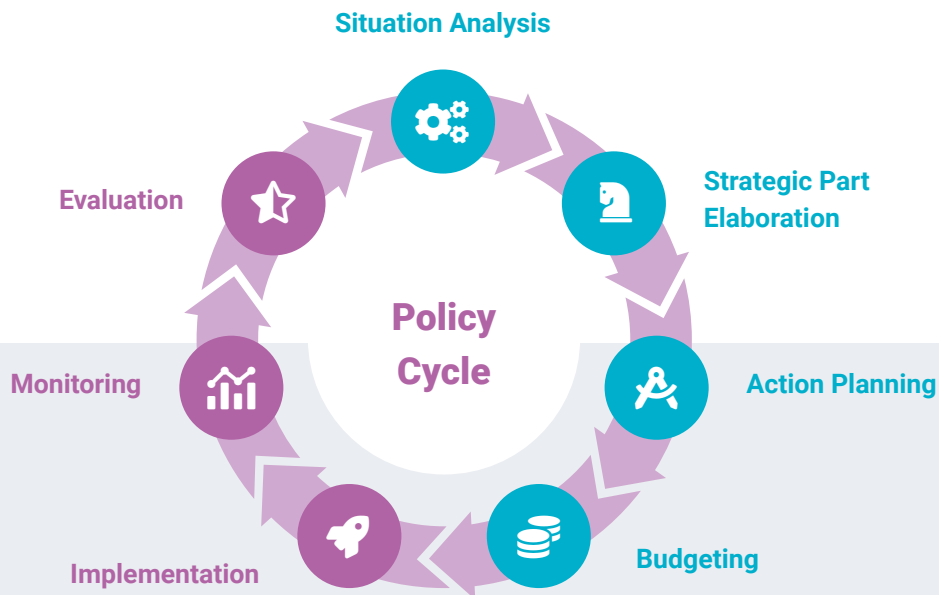- Implementation, Reporting, Changes

Situation Analysis

Strategic Part Elaboration

Action Planning

Budgeting

Implementation

Monitoring

Evaluation

Policy Cycle

Figure 3.   *Policy Cycle in the policy planning and coordination system of Georgia*

A policy cycle is an **interactive** process. It is important for agencies responsible for the process to regularly exchange information at every stage, because a success or a failure of a field of governance affects another field in a positive or negative way. Consequently, it is necessary that at every stage of policy cycle, all public institutions that may be affected by a given policy process are involved and an effective coordination is ensured.

A policy cycle must necessarily be an **inclusive** process. A great deal of attention should be paid to consultations with citizens, beneficiaries and in general, stakeholders. Their engagement **at every stage of the cycle** will, on the one hand, raise the degree of legitimacy of policy and on the other, increase the effectiveness. It is mandatory, save some exceptions, to conduct public consultations prior to the adoption of policy documents (detailed information is provided in chapter 3.5).

The following chapters provide a detailed description of each policy cycle stage and **mandatory** and **recommended standards** applicable to them.

3. Policy Planning

The policy planning consists of the following stages: a situation analysis, prioritization, development of logical framework, development of action plan, budgeting and conduct of public consultations (see Figure 4). Therefore, it is the most important stage and the **final result** of policy cycle **is a developed policy document** that is submitted for the adoption by a relevant decision-making institution, person or coordination mechanism (a coordinating body).

Prior to commencing a policy planning process, an initiating institution must initiate a policy document, in accordance with the Rules of Procedure.

There are two possible ways of initiation:

1   **To reflect initiated document in an annual plan of government policy documents (mandatory);**

2   **To individually consult with the Administration of Government (only in exceptional cases).**

Initiation of a policy document

Submission of information to the Administration of Government of Georgia about intention of commencing the development of a policy document.

At the initiation stage, the aim of consultation with the Administration of Government about the intention to develop a policy document is:

❶ To establish prioritization of the development of the area concerned is in line with the government vision and national policy documents;

❷ To exclude duplication, overlapping and inconsistency with adopted sector policy documents.

❸ To save administrative resources.

Timeframe: It is important to bear in mind that policy planning is a rather complex process. A coordinating agency must properly consider the timeframe necessary for the process. Normally, a period of at least six months is required from commencing a policy planning process until the development of quality policy document. However, depending on the scale of an area, human resources and expertise, it may prolong up to **one year.**

Coordinating Body: According to the RoP, coordinating body is responsible for management of the process of planning, submitting, monitoring, reporting and/ or evaluating policies. Within policy planning and coordination system of Georgia, the above-mentioned function can be assigned to:

➡️ **CERTAIN PUBLIC AGENCIES** - the Administration of Government, the Ministries, the Office of the State Minister of Georgia and legal entities of public law accountable to the Government or the Prime Minister of Georgia (except for institutional policy documents that any public agency may be responsible for). Policy documents hierarchy defines the planning competences in detail.

➡️ **COORDINATION MECHANISM** - An advisory body established in accordance with the Law of Georgia on the Structure, Authority and Rules of Procedure of the Government of Georgia.

After the consultation with the Administration of Government, it is important that the initiating agency, right before starting the planning process, creates a coordination mechanism for planning process (or uses an already created one). The same mechanism can be used for the implementation, monitoring and evaluation. Additional information about coordination mechanisms is provided in the chapter on policy implementation.

Harmonization of policy documents with the hierarchy, priorities and international standards: Prior to the planning process, the coordinating body should analyze the current situation with respect to other existing policy documents and ensure compliance with policy document hierarchy - the interconnection between all three policy levels. With regard to sector policy documents, it is important for the coordinating body to thoroughly study sector policy documents in similar and parallel areas in order to avoid overlaps. The directions presented in the policy document should also be analyzed in line with international standards and best practices in the area.

All the above-mentioned information should be provided in the **introduction section** of the policy document. An introduction of the strategy document should also entail the information about the development process of document and the stakeholders involved, including public consultations and their outcomes.

All important steps of policy planning are shown in Figure 4. Furthermore, detailed information on how the process should be guided, what standards should be met and what particular outputs should be produced by each of them is provided in the subchapters.
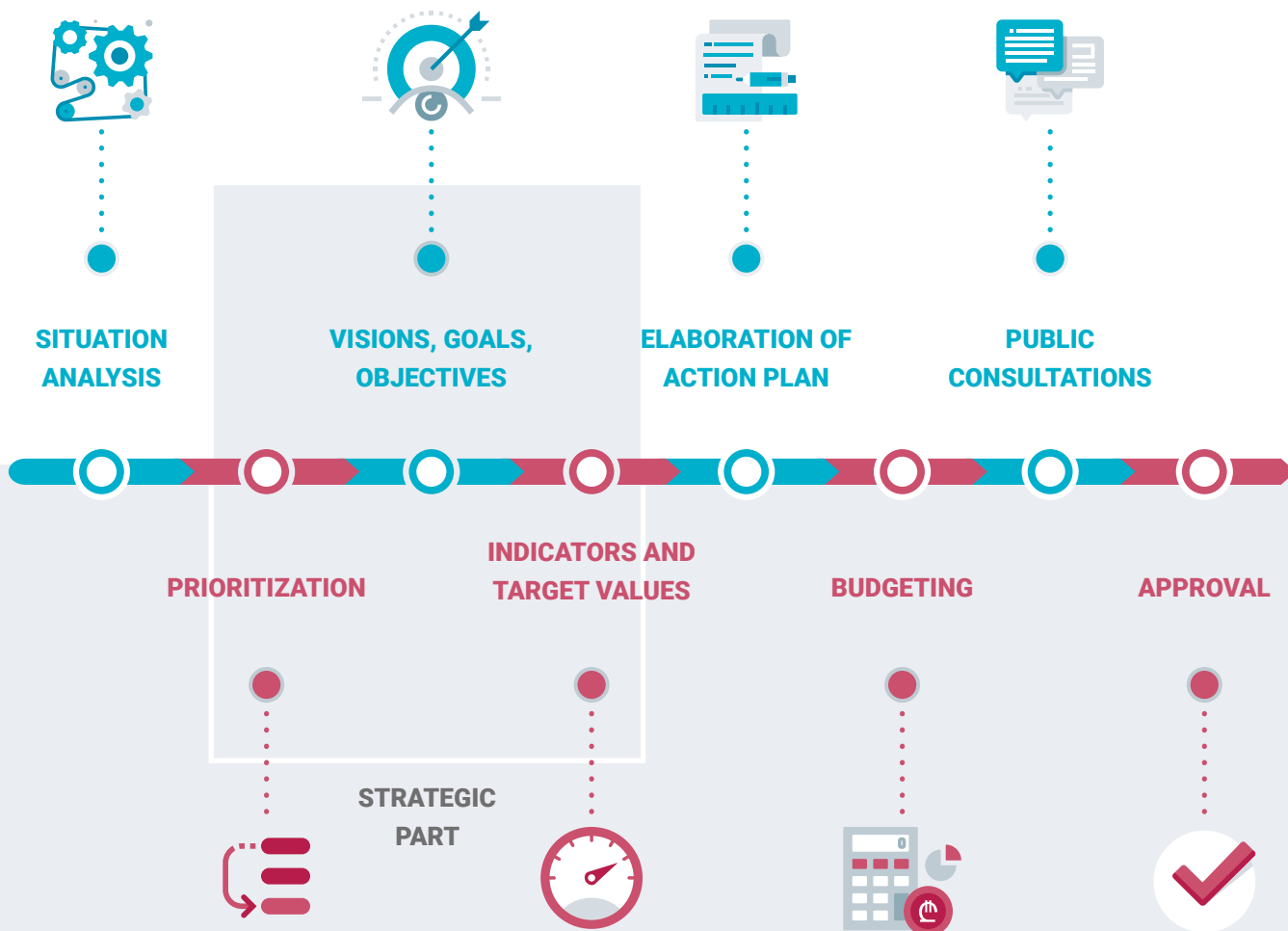
Figure 4. *Policy planning process.*

OUTPUT
Strategy Document - Introduction

STANDARDS FOR THE OUTPUT	
Mandatory	
1	Information on the need for development of the document **must be** provided.
2	Information on the development process of the document and stakeholders involved **must be** provided.
3	Information on public consultations and their results **must be** provided.
4	Information **must be** provided on existing policy documents on the basis of which the policy paper was developed, considering the hierarchy of policy document.
5	Information on the relevance of goals and objectives to policy documents already approved **must be** presented.

	Recommended
6	**It is recommended** that the information is provided on international obligations and standards this policy document is aligned with.
7	**It is recommended** that the information is provided on the best international practices that have been used to develop this policy document.

3.1 SITUATION ANALYSIS

The first stage of policy planning involves to conduct of in-depth situation analysis of a particular area. It is important to conduct a situation analysis properly and effectively inasmuch as the problems identified at this stage build a basis for developing a logical framework of the policy – identifying priorities, setting goals, objectives and corresponding indicators.

This stage is an analytical process that requires the mobilization of relevant human resources. In line with the principle of **evidence-based policy making**, to substantiate findings of situation analysis and actual existence of identified problems, it is important to provide relevant evidences in a policy document. Evidence may include available facts, data (statistical) or any type of information that objectively supports statements about existing problems and their root causes.

A comprehensive analysis requires, at least, one month. Thus, the process of situation analysis must be properly planned.
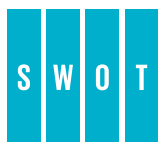
The situation analysis section of a policy document should mainly contain analytical information and little descriptive information. This frequently requires **a baseline study** - an analytical process in which several methods and instruments are applied. The most commonly used methods include:

	Problem Tree Analysis - **recommended;**
	PESTLE analysis - Political, Economic, Social, Technological, Legal and Environmental analysis;
	SWOT Analysis - Strengths, Weaknesses, Opportunities, and Threats analysis.

Detailed information on these methods with corresponding examples is provided in Annex 1.

If a comprehensive baseline study has been conducted, it is not advisable to include the entire text of the report in a policy document. Instead, a situation analysis section of the document **must provide** information about already implemented reforms/activities before commencing policy planning, their results (for instance main findings of the final evaluation of the policy documents) and commitments undertaking in parallel sector from other policy documents.

Additionally, a section on situation analysis should also include, in a structured manner, the main problems, root causes and negative effect - supported by relevant data, especially statistical data. In particular, it is recommended for the analysis to be structured as follows:

❗ **Main Problems** as subsections - describing the essence of the problem and the <u>negative effects</u> caused by them;

➡ **Root Causes** as subparagraphs - specific factors causing the basic problems above.

Finally, the information provided in the Situation Analysis section should provide the reader with an overview of the challenges in the area. The availability of quantitative data is also important for measuring progress from baseline to target values of impact and outcome indicators, which provides patent opportunity for observation.

Additionally, a situation analysis **may** be presented in subchapters of the strategic part. In particular, problems in a sector, their root causes and negative consequences as well as evidence of these problems may be detailed in subchapters on goals and objectives, respectively. However, this must not mean omitting a situation analysis chapter from a policy document. In such a case, the chapter on a situation analysis must describe methodology, outputs of previous activities and general problems.

Only a properly conducted situation analysis may result in identifying sector priorities, possible goals, objectives, indicators and data sources, which will build the core section of a strategy document.

OUTPUT
Strategy document - situation analysis section

	STANDARDS FOR THE OUTPUT
	Mandatory
1	It **must** describe a methodology used for situation analysis.
2	It **must** overview reforms/activities implemented in a sector before a policy planning, their results (for example, main findings of the final evaluation of previous strategy) and commitments assumed in other policy documents in parallel sector.
3	It **must** describe main problems as well as supporting evidence and statistical data
4	It **must** describe root causes of main problems as well as supporting evidence and statistical data.
5	It **must** describe negative effects of main problems as well as supporting evidence and statistical data.
	Recommended
6	**It is recommended** that the chapter on a situation analysis comprises 20%-35% of the policy document.

3.2 ELABORATION OF STRATEGIC PART

A strategic part of a policy document must rest on the problems and their root causes identified in the area concerned. This section provides the government vision, sectoral priorities (if any), goals, objectives, impact and outcome indicators and their target and baseline values. This section of policy document is **the most important** since this is where strategic approaches to sector/problem are formulated.

A strategic part will be summarized in a logical framework. A logical framework is a backbone of **results-based management**. Consequently, it is important to understand properly how logical frameworks is designed, as well as its importance and final result. It is the logical framework that serves as a basis for development of strategic section of a strategy document. Therefore, to simplify the process, a coordinating body should first design a logical framework and only after that develop a **strategic part** of policy document with a corresponding narrative.

Figure 5 shows the process of development of a strategic part of document, which results from three sub-processes:
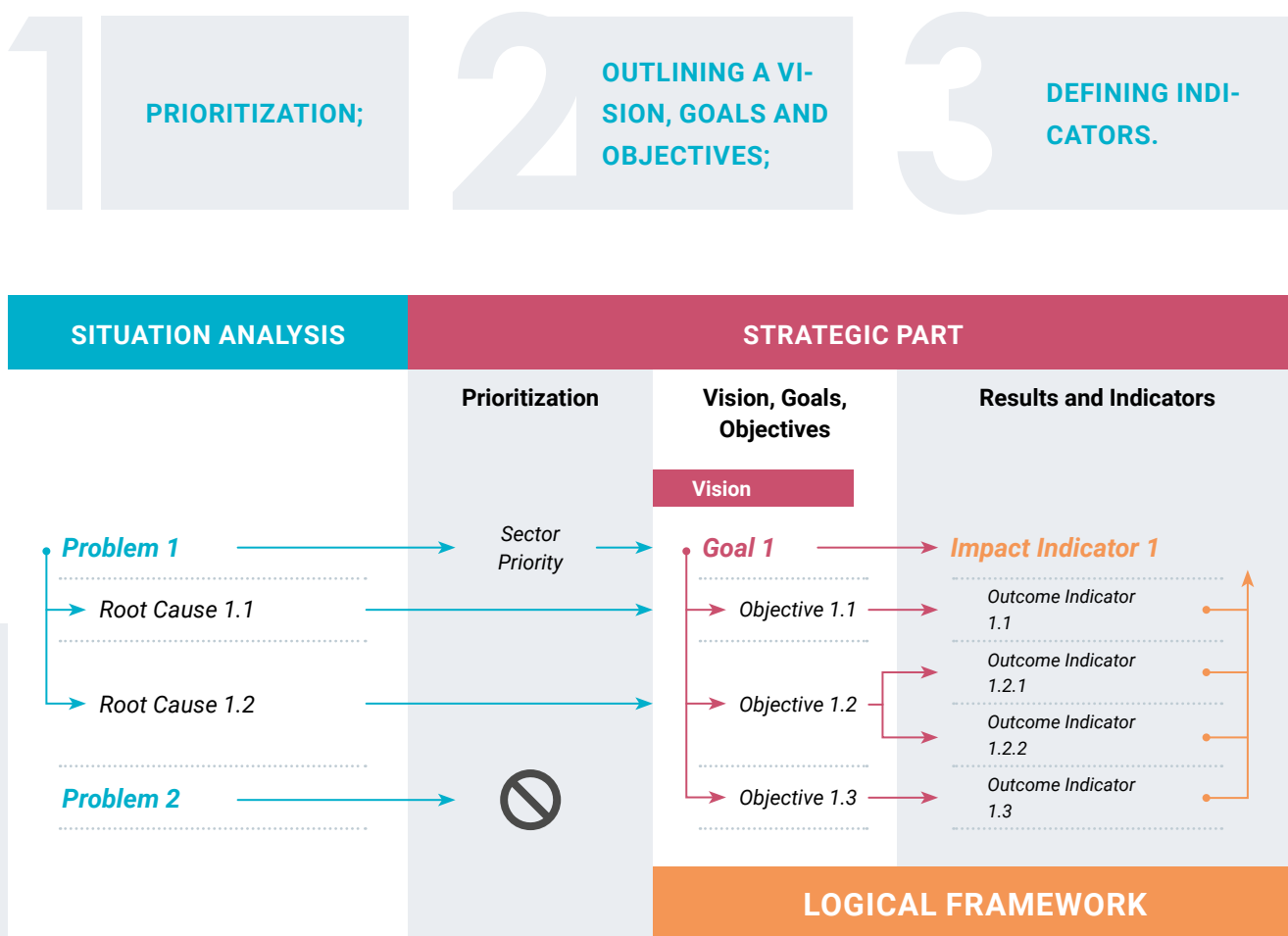
1 PRIORITIZATION;

2 OUTLINING A VISION, GOALS AND OBJECTIVES;

3 DEFINING INDICATORS.

Figure 5. *Development of strategic part.*

3.2.1 Prioritization (sector priorities)

The prioritization stage involves the determination of a scale of intervention and accordingly, policy document. Often, problems identified in a sector are numerous and it may be difficult or unrealistic to tackle them all at once. Therefore, it is important to select fundamental and broad issues that may have strongest impact on the development of the area as well as those for which solution resources exist.

As the practice shows, all problems may not be solved within the scope of a strategy for the following reasons:

- ✖ Lack of adequate financial resources;
- ✖ Lack of political will;
- ✖ Other external and internal factors.

The stage of prioritization is important in that it should help develop a **realistic** and **feasible** strategy that may be **effectively implemented**. It is therefore necessary to conduct consultations with decision makers at this very stage, based on findings of situation analysis.

It is important to carry out prioritization jointly with decision makers and to agree finalized sectoral priorities within the relevant coordination body. Only after doing so should next planning steps be undertaken.

The prioritization results in outlining **sector priorities**, which implies the grouping of interlinked problems. In a strategy document, sector priorities can be depicted in two ways:

1 Summarized at the beginning of the strategic part of the document;

2 As subchapters - in rare cases, when a field is very broad, strategic goals may be organized according to sectoral priorities. However, this does not mean that sectoral priorities must be measured. This may only be a technical unifier of various strategic goals.

Considering all this, sectoral priorities **may** (though it is not mandatory) be presented in a strategy document in the form of sub-chapters in which goals and objectives will be broken down.

OUTPUT
Strategy document - sub-chapters on sector priorities (if any), or the beginning of a strategic part (excluding logical framework)

STANDARDS FOR THE OUTPUT	
Mandatory	
1	It **must** provide information on the results of prioritization and especially, those sector priorities on which policy document development will be focused around in the next stage.
Recommended	
2	**It is recommended** to agree selected priorities within the coordination body (information should be presented in the relevant subchapter).

3.2.2 Outlining a vision, goals and objectives

Once problems have been outlined and sectoral priorities defined, the development of a strategic part of document begins. First, a **vision** of strategy must be outlined in accordance with the selected scale.

Vision is a general statement formulated in a concise and simple form, outlining the desirable result that should be achieved through the implementation of a policy. The statement should consist of one, two or maximum three sentences.

The vision statement may be altered or improved following from particular goals, objectives and intended results. It should be kept in mind that vision is a component of strategic part, which is not measured and therefore, may be of abstract nature. All other components of the strategic part must be measurable with corresponding indicators.

The next step in the strategic part is the formulation of **goals and <u>objectives</u>** in accordance with identified and prioritized problems. **Goals and objectives represent the key statement, defining the direction of reforms to address identified problems and specifying an intended result.** Proper formulation of goals and objectives is important for setting indicators as well as ensuring effectiveness of monitoring and evaluation and in general, for smooth results-based management.

There is a hierarchical dependence between a goal and an objective:

FIRST LEVEL - **GOAL**

SECOND LEVEL - **OBJECTIVE**

Goal is a relatively general statement outlining a **long-term** government vision (four and more years) about an intended result to be achieved by tackling a particular problem identified in a sector.

A goal should cover a broader but well-defined direction in the sector. Therefore, ideally, a goal must, on the one hand, represent a summarizing formulation of objectives and on the other hand, a means of achieving the vision.

Objective is a more specific statement about the improvement of a narrower aspect (related to root cause of a main problem) of a specific area(s) of a sector and reflects the government's ambition to achieve an intended result within **a medium-term** (from one to three years).

Objectives must, on the one hand, represent summarizing statement of activities and on the other hand, be linked to the goal and represent a means of achieving it. In this regard, objectives should function as connectors.

It is possible, though not advisable, to define two or more levels in an objective. However, one should bear in mind that this will make a policy planning as well as monitoring and evaluation process more labor-intensive and will require additional resources.

Considering a tendency of formulating rather general and ambitious goals and objectives at the initial stage, the formulations should be revisited at the stage of setting indicators to change it into a more realistic one. Hence, the definition of goals and objectives is also an iterative process.
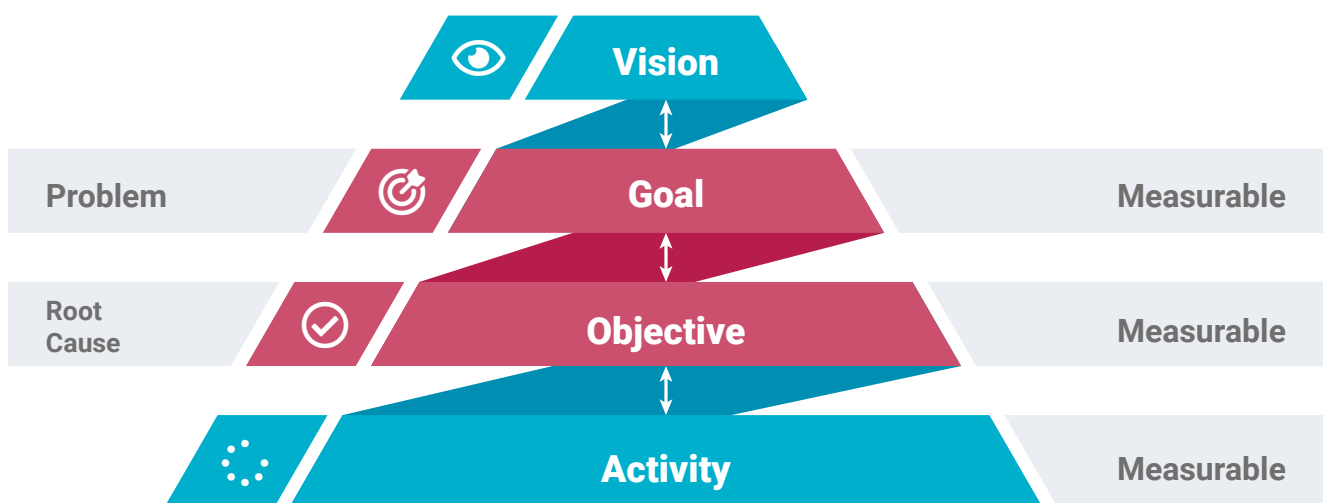
Figure 6.   *Interrelation of vision, goals and objectives.*

When formulating goals and objectives in sector policy documents, various **cross-cutting issues** must be taken into consideration. Among them is the **human-rights based approach**, for example, issues of gender, minorities and other vulnerable groups.

OUTPUT
Strategy document - strategic part

STANDARDS FOR THE RESULT	
Mandatory	
1	There **must be** a logical chain among vision, goals and objectives and a **logical framework** must be presented with all mandatory information (either in the document itself or in a separate document).
2	Goals **must** respond to each problem outlined in the situation analysis.
3	Objectives **must respond** to each problems or root causes of problems outlined in the situation analysis.
Recommended	
4	**It is recommended** for a strategic part to comprise 40%-60% of a strategy document.

3.2.3 Defining results and indicators

To ensure **results-based management** principle in practice, it is important to define **key performance indicators** (KPI) at the stage of policy planning. Definition of indicators is also known as the **operationalization**[1] of goals and objectives.

"Indicator is a Quantitative or qualitative factor or variable that provides a simple, and reliable, means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor." (OECD DAC, 2010).
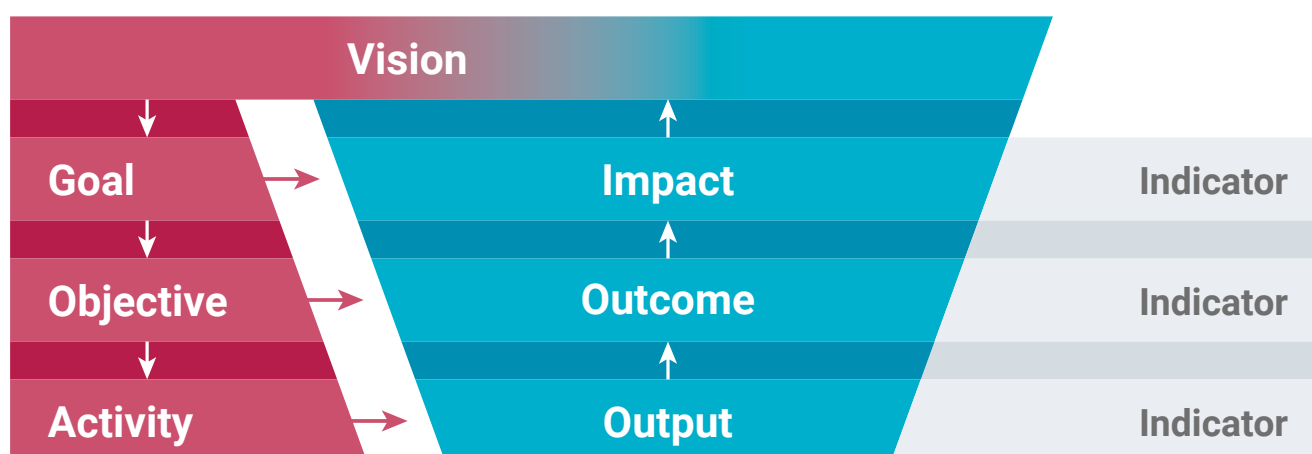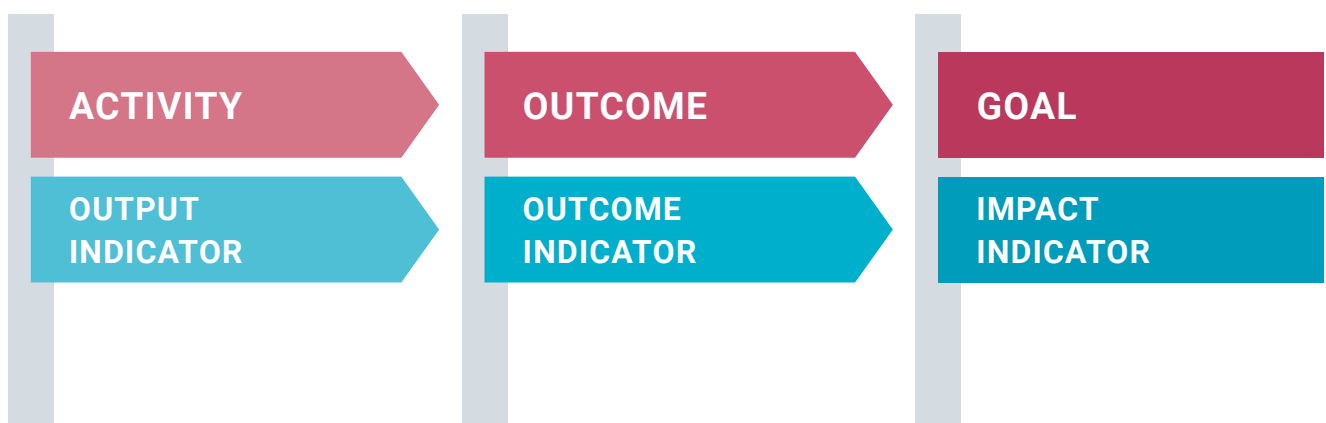

Figure 7.   *Goals, outcomes and outputs.*

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[1] Operationalization – a process of strictly defining variables into measurable factors. Operationalization thus defines a fuzzy concept so as to make it clearly measurable and understandable by empirical observation.

Indicator is a mean for measuring achievement or implementation of goals, objectives and activities. They are used in order to measure:

- A degree of success in achieving an intended result that is specified in goals and objectives; or the progress towards solution.
- A degree of success in solving those problems and root causes that are outlined in a strategy; or the progress towards solution.

Indicators are used to evaluate progress achieved in a particular sector and effectiveness of a responsible institution in achieving concrete results. Indicators may also be used to identify shortcomings and correct a course of reform. It is difficult to conduct a quality monitoring and evaluation without key performance indicators. Therefore, analytical and coordinated approach is required to define correct indicators at the planning stage. It is important to define indicators at the planning stage of policy document and not after it has been adopted.

There are three-level results in policy planning and coordination system of Georgia, with corresponding three-level indicators:

1 **Impact** – with corresponding **impact indicators** to measure long-term result;

2 **Outcome** - with corresponding **outcome indicators** to measure medium-term result;

3 **Output** - with corresponding **output indicators** to measure short-term results (detailed in the subchapter on the development of action plan).

ACTIVITY	OUTCOME	GOAL
OUTPUT INDICATOR	OUTCOME INDICATOR	IMPACT INDICATOR

Figure 8. *Indicators by levels.*

Indicators may be **quantitative** and **qualitative**. They mainly differ by the methodology of calculating the measurement of results.

According to international experience, it is always better to use both types of indicators simultaneously, measuring progress quantitatively as well as qualitatively. However, the establishment of indicators largely depends on a problem and its root cause which this concrete indicator relates to.

Additionally, it is recommended to design outcome indictors so that to make their annual measurement possible (for an annual monitoring report), for example, the measurement based on administrative data available in an institution, annual data of the National Statistics Office and other data that is collected annually.

S M A R T For quality assurance of indicators, so-called SMART model is used, which is detailed in the **Manual for Designing of Logical Framework** (Annex 2). Drafting

When working on indicators, it is possible to focus on **cross-cutting issues** such as issues of human rights, gender, minorities and people with special needs. Considering that intended results to be attained through policy implementation should equally extend to all beneficiaries, the application of such type of indicators at the planning stage would significantly contribute to the development of inclusive policy and effective implementation. Furthermore, each goal and impact provided in a policy document must be linked to the UN Sustainable Development Goals (SDGs).

International practice shows that it is impossible for indicators to fully (100%) reflect and measure policy impact and outcomes and accordingly, all effects of the reform. Nevertheless, it is not recommended to develop many indicators for impact and outcome as the monitoring and evaluation of their performance requires additional human and financial resources. Hence, at the planning stage it is recommended to provide output with 1-5 indicators while outcome and impact with minimum one and maximum three indicators.

Performance indicators must have **values** (except for output indicators) and be **time-bound**. There are four types of indicator values:

1 Baseline value - **mandatory**

2 Target value - **mandatory**

3 Mid-term target value (milestone) - **recommended**

4 Historical value - **informative**

Baseline value represents the starting point of indicator prior to commencing activities specified in a policy document and action plan.

Target value is the end value to be attained as a result of target policy, expressed in quantitative and/or qualitative values; a target value must indicate a deadline for the attainment of this value.

Mid-term target value is an interim target value to be attained as a result of policy implementation. It is mandatory to define milestones with the following intervals:

- For outcome indicators – at least two-year interval if the strategy time-period is four years or more;
- For impact indicators – at least four-year interval if the strategy time-period is eight years or more;

Historical value is a value against an indicator, reflecting actual situation prior to the baseline period, which is used only for information purposes and allows to predict a possible trend at the planning stage.

International ratings may be used in the development of indicators. However, a calculation methodology must be thoroughly studied. One should also keep in mind that some international organizations have changed existing methodologies and this risk must be taken into account from the very beginning.

Furthermore, this stage should include the identification of **risk factors** that may impede the achievement of the outcome and target value of a corresponding indicator.

The vision, goals, objectives, indicators, their baseline and target values and risk factors all make it into the **logical framework**. A logical framework must be in the form of a table in the summarizing subchapter of strategic part of a strategic document. A logical framework may be, though not recommended, a separate document.

It is advisable to **start work** on the text (narrative) of strategic part of a policy document **after the logical framework has been developed and agreed within the coordination body**. Considering that formulations of goals and objectives may change after they are operationalized (defining indicators), a great deal of time

and resources will be saved if the text is filled in based on a properly agreed logical framework. It is also important that each goal and objective has a relevant **responsible agency** that is responsible for achieving results on one hand and reporting on the other. Detailed information on the development of logical framework and its template is provided in Annex 2.

Once indicators have been identified, the development of **indicator passports** begins. Indicator passport is a document of technical nature for each impact and outcome indicator (and not for output indicator), which will provide a definition of indicator, calculation methodology, sources of verification, baseline, target and mid-term values, responsible institutions and frequency of reports. Detailed information, the **Manual for Drafting of Indicator Passport** and its template are provided in Annex 3. Indicator passport is not to be part of a strategic document. It must be presented as an annex to the developed strategy.

OUTPUT
1. Strategic document - logical framework of strategic part
2. Indicator passport

STANDARDS FOR THE OUTPUT	
Mandatory	
1	At least one impact indicator **must** be provided for each goal
2	At least one outcome indicator **must** be provided for each objective
3	Target and baseline values of impact indicators **must** be provided
4	Target and baseline values of outcome indicators **must** be provided
5	Mid-term values **must** be provided in accordance with the proposed timeframe standard
6	Impact and outcome indicators **must meet** SMART model
7	Presented goals **must** be linked to UN Sustainable Development Goals

3.3   DEVELOPMENT OF ACTION PLAN

The next step of policy planning is the formulation of concrete activities towards the realization of the outcomes and final impact specified at the previous stage. The development of a strategic part of document in a quality manner simplifies the designing of action plan. The aim of action plan is to define those activities that need to be carried out to achieve goals and objectives formulated in the strategy.

Activity is a sum of one or more measures carried out for the implementation of strategy. Activity must be a specific action which:

Is time-bound;

Has a responsible agency for its implementation;

Requires adequate human, financial and material inputs.

The implementation of an activity must produce a concrete, immediate output. An output is measurable and must be provided with an indicator (quantitative or qualitative). However, it is not necessary to provide a baseline value for an output indicator. It is advisable for each activity in action plan to be provided with 1-5 indicators.

The process of development of the action plan must take into account a logical framework prepared at the strategy development stage. The structure of action plan must follow the agreed logical framework as this helps depict a big picture. **Manual for Drafting of Action Plan** and a template is provided in Annex 4.

A strategy must always be enclosed with an action plan. The action plan may be designed for a period ranging from one to three years. However, the best option is to design an action plan for two years. After the action plan adopted together with a strategy has been implemented, the **Consecutive Action Plan** must be adopted. This requires that the coordinating agency starts work at least **three months before** the expiry of the previous action plan. Goals, objectives and impact and outcome indicators remain unchanged in the consecutive action plan. However, in case of analysis of monitoring results of a previous action plan or a change in priorities, it is possible to make changes to objectives (not goals) and their outcome indicators outlined in the strategy. In such a case, corresponding changes must be made to the logical framework of the strategy.

It should be noted that an action plan, which is not linked to a strategy (a **sector action plan**), must contain a corresponding **narrative part**. A logical framework of such document should include **only** objectives and outcome indicators (not goals and level of impact).

Before formulating activities for an action plan, it is important to identify possible problem-related **policy options**. Solutions to problems are not often obvious and there is a needed to define and compare several different means. This allows to forecast policy results. This helps save resources and achieve planned results through the best option (by expenditure, time and other criteria).

Identification of **Policy Options** implies defining various approaches to tackling problem in order to compare their results and select the best option. This is a creative process and it is effective when various partners and stakeholders are involved in it (state, local government, private sector, volunteer, social or community sectors, etc.). Policy options should also be sought from best international practice.

At this stage, in accordance with evidence-based policy-making principle, it is important to analyze identified policy options. The analysis of **policy options** requires evidence about comparison of costs and benefits of various approaches (Cost-benefit Analysis). Consequently, there is a need to establish net present value (NPV) of various options, which shows difference between estimated costs and benefit, i.e. **cost-benefit ratio** of various approaches towards achieving goals and objectives. A method used for the selection is **multi-criteria analysis** which results in taking a decision on the most realistic policy option. When using this method, it is important to define criteria that are characteristic for a field/issue.

Once the best policy option has been selected, the formulation of specific activities begins. Pursuant to SIGMA approach, activities are classified in accordance with five various **policy instruments** (provided in Annex 4). However, it should be taken into account that the use of various policy instrument categories within the scope of selected policy option is always more effective for achieving the objectives.

Selection of proper activities for the action plan is one of key issues. Here **quality** is more important than **quantity**. Therefore, activities must be selected thoroughly and the secretariat must pay a particular attention to the **content** of activities. Activities must necessarily be **relevant, reform-oriented, innovative and evidence-based.** Activities that are part of routine and established process cannot be considered for an action plan. The Manual for Drafting of Action Plan provides the selection criteria and the questions that must be asked at the stage of selecting activities.

OUTPUT
Action plan (excluding budget and source of finance parts)

STANDARDS FOR THE RESULT	
Mandatory	
1	The action plan **must** include all mandatory information about each activity (activity output indicator(s), sources of verification, responsible agency, partner agency (if applicable), deadline, budget and funding source).
2	Activities proposed in an action plan **must meet** the criteria specified in the Manual.
3	Each activity proposed in an action plan **must be responding** objectives proposed in the strategy.
4	Output indicator specified in an action plan **must comply with** SMART model.
5	Deadlines for the implementation of activities in an action plan **must be** specified by, maximum, quarterly.

3.4 BUDGETING

For the development of quality and effective policy document it is important to establish the overall cost of policy implementation and also, to identify possible sources of covering the costs. After the budgeting process, there may be a need to revisit the prioritization stage of policy planning if there is a lack of adequate financial resources to solve identified problems. The budgeting process may be divided into two important sub-processes:

1 **COST ESTIMATION;**

2 **IDENTIFICATION OF FUNDING SOURCES.**

3.4.1 Cost estimation

Cost estimation stage helps decisionmakers make a policy more realistic and feasible. Activities specified in an action plan may include **measures** (sub-activities). Generally, through completion of the estimation process and establishing costs of activities to be implemented, it becomes possible to determine suitability and cost-efficiency of a selected policy option. This process further details activities of the action plan and accordingly, improves the quality of planning.

The process itself implies a number of additional stages. **The entire cost estimation process involves the breakdown of activities into priceable measures and calculation of inputs necessary for their implementation.** The process is detailed in the following figure:

ACTIVITY ➤ OUTPUT INDICATOR ➤ MEASURES / SUB-ACTIVITY ➤ INPUTS ➤ PRICES ➤ COSTING

Figure 9.   ***Process of cost estimation.***

1. After formulating an activity in an action plan, concrete **output indicators** of the activity must be defined;

2. **Measures** to be carried out to achieve output must be identified;

3. **Inputs** must be determined for the implementation of each measure;

4. **Prices** of inputs must be established;

5. **Total costs** for each **measure** must be calculated and full cost estimation.

Activities provided in the action plan may consist of **measures** (sub-activities). They are determined by the outcome of the activity - what measures need to be taken to achieve the outputs. However, it is not recommended to include measures in the action plan. Appropriate Inputs and Prices need to be identified to implement the measures.

The economic classification of expanses for the purposes of the policy document can be made in accordance with the order №99 of the Minister of Finance of Georgia dated April 5, 2019 (On Approval of the Budget Classification of Georgia) by the following categories:

1 **Current (Operational) Expanses** (excluding remuneration) – technical expertise assistance, trainings, publications, awareness raising campaigns, study tours, conferences, forums and participation in them, etc.

2 **Capital Expanses** – measures that require large financial resources and much time. For example, infrastructural projects, construction projects, purchase of equipment, furniture and movable and immovable property, etc.

3 **Expenses Related to Remuneration** – the need to hire new employees or carry out reorganization of an institution, etc.

4 **Other Existing Expanses** - Any type of expenditure that does not fall into the category of costs listed above.

The next step is to determine the **prices** of inputs needed to implement the measures. Establishing prices for inputs is a rather difficult task. However, the assumption is that prices will be approximate (not in any way exact). There are three ways towards this end:

- Use of average prices;
- Use of old prices;
- Use of prices obtained as a result of price quotation.

The total cost of the activity is determined by calculating the prices of each input. The costs themselves, can be direct or indirect.

Direct costs are costs that may be directly attributed to the production of specific goods and services. For example, expert fees, materials, costs of training venue and materials, etc. **Indirect costs** include costs that may not be directly attributable to the conduct of an event but it would be difficult to conduct the event without them; for example, office, utilities and communication and other administrative costs.

Since the effective implementation of a sector policy requires the engagement of several institutions, when preparing the budget for the implementation of this policy, it is important to envisage these costs in institutional budgets as well.

As a rule, an action plan of sector policy implementation must reflect, at least, <u>**direct costs necessary for the implementation of measures**</u> because their implementation represents an **additional cost** for public institutions. For example, wages of the employees (constant cost) involved in the implementation of measures may not be included in a general budget of policy implementation and they may be specified as *administration cost* in a relevant field (except for cases when the activity requires the establishment of a new institution and consequently, recruitment of new employees; this will be the third type measure). This is done only with the aim to avoid additional complication of budgeting process and its structure.

However, in institutions where cost estimation systems are well established and economic departments have a corresponding capacity, **indirect** costs of policy implementation must be calculated. Such an approach is known as **full costing**. Activities-Based Costing (ABC) is one of most modern and accurate method. However, the use of this method requires the modification of the entire cost estimation system of an institution as well as a relevant expert knowledge.

A proposed **Budgeting Instrument** (Annex 5) simplifies the cost estimation process. The budgeting instrument presented here is merely an example and should be expanded / reduced as needed in the policy document. Given that it is not possible to determine the exact value of each activity in the action plan, it is permitted to present just an **estimated** activity cost (which may reflect 10% -20% variability). However, costs of each activity must be indicated. Only in exceptional cases may an estimated cost be defined at the next stage. In such a case, the budget must contain a corresponding provision.

3.4.2   Identification of a Funding Sources

At a policy planning stage, it is crucial **to ensure the link between processes of planning the development of a sector and country's general budgeting**. This link is established at the stage of defining a source of financing. In particular, once costs have been identified, the sources of covering these costs must be defined. There are two main categories:

1   **STATE BUDGET;**

2   **OTHER SOURCE OF FUNDING.**

If the cost of activity is covered from the state budget, the entire cost will be indicated in this very field. Another source of financing may be a donor, local or international development partners or assistance (financial or material) provided by a credit institution (loan).

If a source of financing cannot be identified or the activity is only partially financed from two abovementioned sources, the remaining cost must be reflected in the **gap** cell. Indicating such information helps a responsible institution mobilize additional resources from donors at the stage of policy implementation. However, it is not recommended to indicate more than 50% of costs in the gap cell. In such a case it is important to revisit the prioritization stage of policy planning process or select a policy option that is realistic from financial standpoint.

The budget system of Georgia has switched to program budgeting since 2012. The aim of program budgeting is to establish a results-based management in state institutions. However, achieving results-based management through program budgeting is a difficult task in sector and multi-sector areas where effective and coordinated work of various public institutions is a prerequisite for success. Nevertheless, ensuring a link between a program budgeting (institutional) and a sector policy budgeting (sector/multi-sector) is extremely important (see Order №385 of Finance Minister of Georgia on Approval of Methodology of Program Budgeting, dated 8 July 2011[2]).

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[2] https://matsne.gov.ge/ka/document/view/1400751?publication=0

It is important to consider the following document when planning sector policy:

1 **Annual budget;**

2 **Basic Data and Directions (BDD) document;**

3 **Mid-term Action Plan of Ministries of Georgia.**

Each activity that is financed from the state budget and is planned in the current year, must be reflected in a relevant program (or sub-program) of annual budget while an activity which is planned over the following three years must be reflected in a program (sub-program) of an institution in the BDD document and also, a mid-term action plan of a ministry. Furthermore, in the action plan respective **Program Code** should be indicated, within the scope of which is the activity financed from the state budget. If existing programs do not envisage the cost, it must be indicated that the issue is a subject of negotiations pursuant to budgeting procedures.

Budgeting process is a rather difficult and complex process and requires relevant competences. It is therefore important to ensure the active engagement of employees of economic or financial structural units of institutions in policy planning process, especially at the budgeting stage.

After completing the budgeting process, it becomes possible to specify a forecasted overall budget of policy implementation in the **implementation section** of a strategy. This chapter may also provide certain estimates of possible financing under realistic, optimistic and pessimistic scenarios.

OUTPUT
1. **Action Plan -** Budget and Source of Financing section
2. **Filled in Budgeting Instrument**
3. **Strategy document -** estimated budget in the implementation section
STANDARDS FOR THE OUTPUT
Mandatory

1	Action Plan **must** specify the financing for each activity so that sum of the cells in the state budget + other source of financing + gap must equal to amount specified in the budget cell.
2	Budgeting Instrument **must** provide information on, at least, activity, output(s), measures, inputs, costs of inputs, total cost of activity, sources of financing and distribution of costs by years.
3	Action Plan and Budgeting Instrument, for an activity financed (fully or partially) from the state budget, **must** indicate the Program Code (from the state budget or BDD document and mid-term action plan of ministries of Georgia) within the scope of which is the activity financed from the state budget.

	Recommended
4	In the implementation section of a strategy document it is **recommended** to indicate forecasted **budget** of policy implementation.
5	In the implementation section of strategy document, it is **recommended** to indicate, in case of partial financing, how the gap will be filled and to propose realistic, optimistic and pessimistic scenarios.

3.5 PUBLIC CONSULTATIONS

As noted in chapter 2, a policy cycle is an inclusive process and it implies an active involvement of stakeholders at each stage. The aim of participation of society is to enhance the legitimacy of a policy. By involving society in a policy planning process, the government gets an opportunity to not only communicate information to target groups but also to involve them to define priorities. When developing a policy document, the involvement of society is ensured by a coordinating agency. Alongside the situation analysis and performance indicators, the consultations create core of "evidence" in evidence-based policy making.

Involvement is recommended at each stage of policy cycle, including in situation analysis, development, monitoring and evaluation of policy document. However, it is obligatory to conduct public consultations, at least, on the final draft policy document and to provide a summary of the results of these consultations in an **introduction** of the policy document and describe them in a comprehensive report on the consultations in the form of annex to be published as government makes decision on it.

Public consultations may be conducted in physical as well as electronic form. In both cases it is important to identify all possible natural and legal persons of the field and inform them about such consultations by every convenient means. Furthermore, it is important to make a **public announcement** via online resource.

The announcement must include, at least, the information about:

- Format of public consultation, including, the mechanisms of presenting a public policy document and receiving feedback thereon;
- Start and end dates of public consultations;
- Requirements for the participation in public consultations (if applicable);
- Venue, date and time of an event planned within the scope of public consultations (if any).

An announcement about a public consultation should be made available within a reasonable time.

Every decision concerning all articulated recommendations must be made within the policy development coordination body. Depending on a decision taken, an answer to the author of recommendation must be prepared about accommodating, partially accommodating or refusing to accommodate his/her proposal. In case of partial accommodation or refusal to accommodate, the answer to the author must be substantiated.

When consultations are completed, the coordinating agency must prepare a **Summary Report on Public Consultations** about accommodating opinions and recommendations/proposals received during consultations or/and arguments for the refusal to accommodate them. The summary report on public consultations must be enclosed with the documentation submitted to the government for the adoption.

The entire package of finalized documentation is approved within the coordination body and submitted to the government for the adoption in accordance with the Law of Georgia on Structure, Authority and Rules of Procedure of the Government of Georgia and the Rules of Procedure of the Government.

OUTPUT
Summary Report on Public Consultations

STANDARDS FOR THE OUTPUT	
Mandatory	
1	Information about the conduct of public consultations must be provided (format, venue, time, number, channel of communication)
2	Information on participants (total number), agreements on recommendations/proposals that were taken or not taken into account must be provided.

4. Policy Implementation

The implementation of policy starts from the very moment of adoption of a policy document. A properly planned policy makes the implementation stage easier and more effective.

Given that the policy cycle is an interactive process and, in a sector (especially at a national level), can only be achieved through the involvement of other agencies, as a rule, a **coordinating body** should be established. The coordinating body may be:

1 **Individual Coordinating Agency** (certain public agencies) - the Administration of Government, the Ministries, the Office of the State Minister of Georgia and legal entities of public law accountable to the Government or the Prime Minister of Georgia (except for institutional policy documents that any public agency may be responsible for). Policy documents hierarchy defines the planning competences in detail.

2 **Coordination mechanism** - An advisory body established in accordance with The Law of Georgia on the Structure, Authority and Rules of Procedures of the Government of Georgia.

Public Agency

The Administration of Government of Georgia, the ministries of Georgia, state sub-agencies and legal entities under public law falling within the scope of administration of ministries, the Office of the State Minister of Georgia and legal entities under public law that are accountable to the Government of Georgia or Prime Minister.

The implementation of a national or a sector policy, which implies the involvement of two or more institutions and fulfillment of responsibilities assumed under the plan, requires a coordinated management of the process which is possible only with a well-functioning coordination mechanism. Normally, a **coordination mechanism** has horizontal and vertical aspects.

↔ **In horizontal terms,** the coordination mechanism implies a cooperation format between public and non-public institutions and it may comprise:
- Coordinating agency;
- Responsible Agency;
- Partner Agency;
- Stakeholder.

↕ **In vertical terms,** the coordination mechanism, normally, consists of political and technical levels as well as a secretariat.

POLITICAL LEVEL

Interagency council/commission established by decree of the government, may consist of coordinating agency, responsible and partner agencies and stakeholders. It creates an interagency discussion and decision-making space for a regular monitoring of and reporting on the implementation of a strategy and its action plan.

A coordination mechanism may be set up at an initiation stage of policy document development; at the same time, at the stage of approval of document by the government, the same consulting body may be tasked with the implementation of policy. Also, by a governmental decision, a responsibility for the implementation may be imposed on another, already existing consulting body.

Interagency council/commission consists of **state-political officials** or their deputies. It is authorized to endorse policy documents and submit them to the government for approval, (strategy and initial action plan – mandatorily, while the consecutive action plan in accordance with the statute), hear, endorse and submit monitoring and evaluation reports to the government; also, participate in the development of instructions and methodological guidelines for structural sub-units of the government. The council/commission must normally meet at least once a year.

Responsible Agency

A public agency that is responsible for the implementation of a policy document or its component/s (priority, goal, objective, activity) and reporting about their implementation.

TECHNICAL LEVEL

A technical level usually consists of working or thematic groups. **A working group** consists of **public servants** and its main function is to identify problems and difficulties emerging in a policy development and implementation process; to monitor general progress; also, to propose to the council the corrective measures to be carried out by implementing institutions; to solve issues that have arisen among responsible institutions in connection to the implementation; to submit progress and annual reports to the council for public availability and to ensure smooth operation of the council. A working group must meet at least once in six months.

Stakeholder

A public agency, local non-governmental or international organization, or any other person, who is competent in the area of policy document or may have impact on that person.

SECRETARIAT

To conduct an effective work, the coordination mechanism needs a **secretariat** that is effective, qualified and equipped with adequate resources. Main objectives of the secretariat include: organize the functioning of co-ordination mechanism at both level (if applicable); regularly collect information about the implementation from participating agencies; regularly prepare required reports and submit them for consideration or approval; maintain contact with stakeholders, including civil society and donors, to facilitate the communication of information to them and their involvement; publish approved public reports on the government webpage; provide a regular methodological assistance institutions in the process of monitoring and reporting; organize the evaluation of a strategy or action plan; support the development of the next strategy or action plan.

It is recommended that the consulting bodies of political and administrative level as well as the secretariat to be chaired by high officials of the relevant level of **a policy coordinating agency**. Detailed information about coordination mechanisms and their operation is provided in Annex 6.

The implementation part of a policy document must, apart from coordination mechanism and forecasted budget (which is detailed in the budgeting subchapter of the Handbook), also include the information about the **institutions responsible** for the implementation of goals and objectives specified in the strategy.

Also, this part must describe how **stakeholders** (nongovernmental and international organizations, expert circles, private sector and scientific circles) will be involved in the process. Additionally, it must describe how the information about achievements, challenges and carried out reforms will be communicated to public at large.

The implementation part must also describe how a strategy and action plan will be updated (by specifying the frequency), corrected, cancelled, etc.

OUTPUT
Strategy document - sub-c
STANDARDS FOR THE RESULT

	Mandatory
1	Information on a coordinating body **must** be provided.
2	Information on the frequency of meetings and on the instruments of coordinating body **must** be provided.
3	Information on mechanisms for the involvement of stakeholders in the implementation process **must** be provided.
4	Information on the channels of communication with wider public **must** be provided.
	Recommended
5	**It is recommended** to provide information about institutions responsible for the implementation of goals and objectives.
6	**It is recommended** to provide information about making changes to strategy or action plan.

5. Monitoring and Evaluation

Monitoring and evaluation represent an integral part of policy cycle. Monitoring and evaluation of achieved results must start in parallel to the policy implementation. Result of the process is a reporting on progress to a co-ordination body and at the end of the day, to the government and society.

Since monitoring, reporting and evaluation is a rather complex process and requires significant human resources and qualification, the **monitoring** and **evaluation framework** must be designed at the stage of policy planning. This implies distributing roles, determining frequency and devising a relevant schedule over the period of strategy operation.

Designing a proper and functioning monitoring and evaluation framework in the public sector is quite a serious challenge, including for developed countries, and it takes much time to institutionalize it as well as to develop relevant skills by public servants.

Conduct of effective monitoring and evaluation largely depends on the quality of a policy planning process. Results-based management, monitoring and evaluation is impossible without a properly designed logical framework. Yet another challenge in monitoring and evaluation process is the absence or poor quality of data. Therefore, the improvement of data management by institutions is a prerequisite for a smooth realization of a proper M&E Framework.

Information obtained from monitoring and evaluation is important for:

- Identification of achieved results and existing challenges;
- Proper development of policy direction and carrying out additional interventions or changes to existing approach;
- Taking evidence-based strategic and budgetary decisions;
- Assessment of effectiveness of public institutions;
- Ensuring accountability to public.

Monitoring and evaluation differ by a methodology and frequency of conduct as well as by its purpose. However, the most important difference between them is what aspect of policy implementation they are focused on.

In particular, monitoring is oriented on defining progress of activities and outcomes and their indicators whereas evaluation, through criteria of effectiveness, focuses on outcomes, impact and their corresponding indicators.

MONITORING		EVALUATION	
ACTIVITY	OBJECTIVE	GOAL	
OUTPUT INDICATOR	OUTCOME INDICATOR	IMPACT INDICATOR	
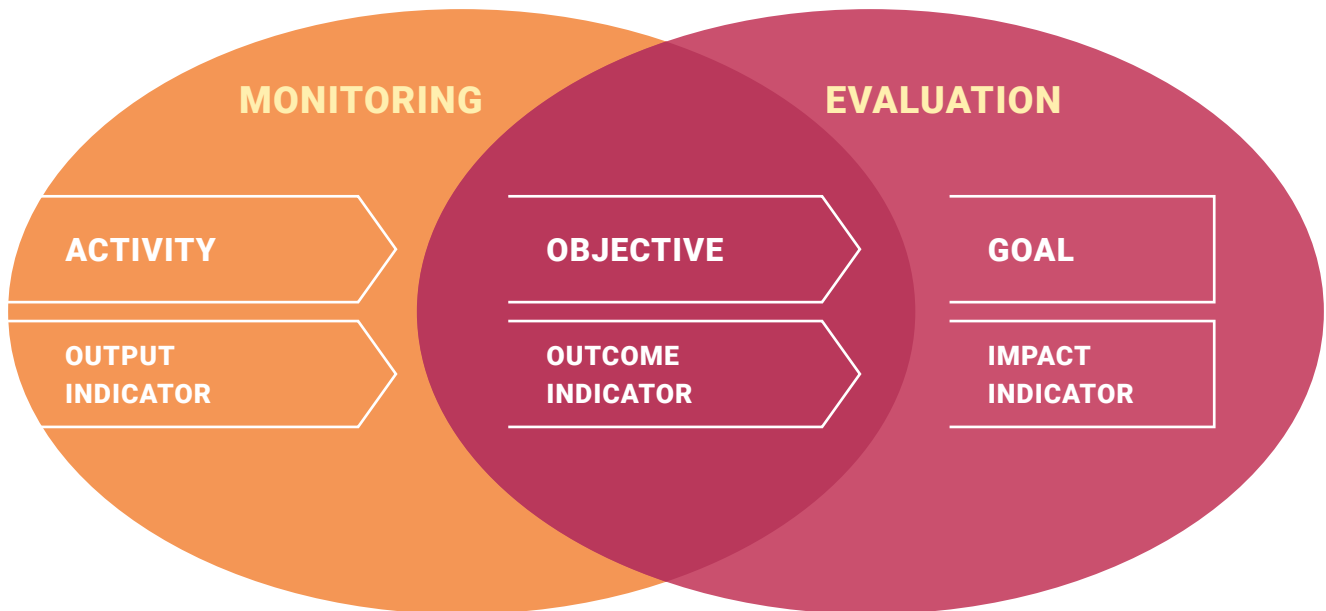
Figure 10. *Monitoring and Evaluation*

For the process and quality of monitoring and evaluation, it is important to have a uniform approach established to the preparation of a report, at least, at the level of the structure of the document. Consequently, both monitoring and evaluation reports must follow a format proposed in **Monitoring** and **Evaluation Manuals** (Annex 7; Annex 8) and meet the relevant quality principles. Detailed information about monitoring, evaluation, their standards and instructions are provided in the following subchapters.

Monitoring and evaluation, as well as the whole policy cycle, is recommended to be conducted with the involvement of stakeholders, including the provision of specific tools to them, for contextual involvement in the process (for example, by stakeholders responsible for validating the reports provided by responsible agencies).

For the aim of developing a results-based approach, the Administration of Government ensures the quality of monitoring and evaluation reports at the frequency specified in the Rules of Procedure. Much like with regard to policy documents, the reports are also evaluated by the **Quality Assurance Instrument**.

OUTPUT	
Strategy document - monitoring and evaluation section	
STANDARDS FOR THE OUTPUT	
Mandatory	
1	Calendar of monitoring and evaluation (indicating deadlines of preparing annual and final evaluation reports) **must** be provided.
2	Institutions responsible for reporting and data collection **must** be provided.

Recommended		
3	**It is recommended** to include information concerning the modalities of publication of reports.	
4	**It is recommended** to include specific tools for ensuring stakeholder engagement in the monitoring and evaluation process.	

5.1 MONITORING

Monitoring aims to:

➡ Collect and analyze information on progress against the outcomes of **objectives** specified in a policy document;

➡ Regularly collect and analyze information on the implementation of activities specified in an **action plan**;

➡ Based on collected information, identify achievements and shortcomings and develop relevant recommendations.

Monitoring process must result in timely identifying shortcomings in the policy implementation and providing recommendations about modifying activities and redistributing resources, attracting additional means or decreasing them to agencies in charge.

Monitoring of policy implementation is carried out by a policy coordinating agency or a relevant interagency council through the **secretariat**. Its functions include coordination of the implementation of action plan and achievement of results.

The secretariat designs and supplies responsible institutions with reporting **templates** needed for the conduct of monitoring and also **defines the timeframes** within which responsible and partner agencies must ensure the collection, analysis and supply of data in the established form.

There are **two types of monitoring reports**:

1 Progress report

A progress report aims at providing the most recent information about activities in accordance with the action plan. Such reports are, as a rule, prepared, at least, once in six months. Progress reports are prepared **only at the level of activities**.

For a progress report to be prepared, of responsible agencies submit corresponding format, a **status report** to the secretariat. The format must, at least, include **information** on **progress** and **status** and **short description** on each activity. Detailed information is provided in Annex 7.

Once status reports have been received from the responsible agencies, the secretariat consolidates them and prepares a progress report.

It is important for a finalized progress report to contain **implementation rate** of the action plan. Implementation rate is the summarized information on the activities envisaged by the action plan for the reporting period in quantitative terms. The implementation rate is calculated by:

1. Reported **Status** of activity or/and
2. Reported **Progress** of activity.

Implementation rate may be provided in a progress reports in **three perspectives**:

➡ Total number of activities;

➡ Objectives;

➡ Responsible institutions.

Detailed information on the preparation and structure of a progress report is provided in the **Monitoring Manual** (Annex 7).

2 Annual report

An annual report is written based of status and progress reports. It describes the implementation process throughout a year as well as the status of activities.

An annual report must contain information about activities and the **implementation rate**. However, an annual report must be mainly focused on issues concerning the achievement of **objectives** and their **outcome indicators**. Such reports are normally prepared, at least, once a year. An annual report is the key means of informing decision makers and stakeholders, also raising awareness of wider society, about the progress on the issues specified in a policy document. An annual report must focus on analyzing what has been or has not been fulfilled in a given year (and not on a mere description of all implemented activities). A consolidated status report on the implementation of action plan in the form of annex, should be enclosed to the annual report.

A bulk of information provided in a progress report must be presented in an annual report too. The main difference is that an annual report must provide information on achieved **results** that are related not only to activities, but to objectives too.

It should be kept in mind that an annual report must be written in a rather concise and clear manner. If need be, word limit must be set for information on each objective in order to ensure a balanced and consistent approach throughout a report (however, this is up to a coordination body to decide).

Preparation of annual report must be coordinated by the secretariat. An annual report must be reviewed and approved by the coordination body. An annual monitoring report must be published online within 60 calendar days after the end of each year since the commencement of implementation.

An annual report must also be sent to the Administration of Government. Detailed information is provided in the **Monitoring Manual** (Annex 7).

OUTPUT
Annual Monitoring Report

STANDARDS FOR THE OUTPUT	
Mandatory	
1	Summary and Introductory chapters **must be** provided in accordance with the structure established by the **Manual.**
2	A general progress chapter **must be** provided in accordance with the structure established by the **Manual**, including information on implementation rate (at least in one of the listed perspectives).
3	Information **must be** provided about the detailed progress on achievement of each outcome of the objective in accordance with the structure established by the **Manual.**
4	Information **must be** provided on general challenges and recommendations in accordance with the content established by the **Manual.**
5	A **consolidated status report** of one year must be provided as an annex.
6	A report **must meet four principles** outlined in the **Manual.**
Recommended	
7	**It is recommended** to provide information on expended financial resources.
8	**It is recommended** to provide verification source in the form of annexes.

5.2   EVALUATION

Evaluation is a systematic and objective assessment of design, implementation and results of ongoing or completed policy documents. Key aims of evaluation are:

1 The aim of evaluating a policy document implementation is to **scrutinize results and achievements** of a policy document and to **identify the impact**.

2 To create a basis of accountability, including, to provide information to society.

Evaluation must be selective. It is not mandatory to conduct the evaluation of sector policy every year. Evaluation is not mandatory for action plans which may not have goals and impact indicators identified. Advance planning of evaluation is important since its conduct requires additional human and financial resources. The conduct of evaluation needs analytical skills in methods of both quantitative (statistical analysis) and qualitative studies. If public servants are not able to conduct evaluation with internal resources, it may be outsourced and the budget must accordingly envisage financial resources needed for it.

Considering that concept document is a policy document of general nature, evalution is not recommended.

Hence, **by method of conduct, evaluation** may be:

- **In-house** when it is carried out by a coordinating agency (secretariat);
- **Mixed** when the coordinating agency may be assisted by external independent experts or organizations;
- **External** when evaluation is conducted by external independent experts or organizations.

Evaluation is effective when the purpose is to tackle problems in policy implementation and provide recommendations for the improvement of policy implementation.

By periodicity, evaluation may be:

- Ex-ante evaluation;
- Midterm Evaluation;
- Final (Ex-post) Evaluation.

The aim of ex-ante evaluation is to establish whether a policy is correctly developed around those problems and needs that might exist in a field until the policy implementation commences and to make relevant changes to its design. Such evaluation is less advisable especially when a quality situation analysis has been conducted.

Midterm evaluation aims at detecting shortcomings and improving the strategy implementation. Midterm evaluation, in case of strategies with the duration of eight years and longer, is conducted after four years of the commencement of implementation.

Final (Ex-post) evaluation establishes whether results envisaged in the strategy have been achieved and whether they meet needs of beneficiaries, also, the impact of intervention and degree of its sustainability. It is mandatory to conduct final evaluation.

Scope of Evaluation

Evaluation is mainly carried out on the basis of **Evaluation Criteria**. Since evaluation requires substantial resources, the scope of evaluation is determined within the coordination body. Evaluation may be comprehensive or focused on a number of criteria alone. Selection of criteria depends on the time period of evaluation (interim or ex-post evaluation), duration (available period of time) and needs (type of policy problems to be evaluated).

There are 5 key evaluation criteria in the Georgian policy planning and coordination system based on the OECD / DAC approach:

#	Criteria	Explanation
1	**Relevance**	To what extent do goals and objectives respond to needs of beneficiaries or the country, global priorities and policy of partners and donors. *Interim evaluation studies the compliance of objectives or design of the intervention in the light of changed circumstances.*
2	**Effectiveness**	Have goals and objectives (not activities) been achieved or to what extent is this likely to happen considering their prioritization.
3	**Efficiency**	Achieving results with the least costs; the ratio between the results and the necessary cost (resources) is established;
4	**Sustainability**	How long will the effect of benefits of intervention in the field continue after the main assistance and what is the likelihood of benefits to be sustainable in the long run;
5	**Impact**	What are the results of intervention in a field: direct/indirect, intended/unintended, positive/negative, key/secondary;

Table 1.   ***Evaluation Criteria.***

Once criteria have been defined, relevant **Evaluation Questions** are formulated, which are agreed within a relevant coordination body. An evaluation report must answer these questions. Detailed information concerning the evaluation question and their possible formulation is provided in the **Evaluation Manual** (Annex 8).

Also, the scale of the evaluation is determined by the **issues to be assessed**. It may be possible for the coordinating body to decide on the Evaluation of only one or more policy priorities/goals. This type of decision is mainly made on the basis of the annual monitoring reports in case the risk of failure in a particular direction is identified.

For the evaluation to be **impartial**, it must not depend on an institution that is responsible for the policy and its implementation. Transparency is essential in evaluation. Consequently, the process must be as open as possible and rest on a wide range of consultations and interviews while results must be available to public at large.

Evaluation enables partners and stakeholders, including civil society organizations, beneficiaries and donors, to analyze past experience, also, submit remarks for consideration in the future plan. Hence, **consultations with stakeholders** can contribute to a higher quality reporting and drawing out substantiated conclusions which may be considered in developing and implementing a future policy. Consultations may be conducted in the forms of interviews, working meetings, focus group surveys or a combination thereof.

One of most important issues is the **selection of time** for evaluation. Normally, final evaluation is carried out to such a policy document which has already completed its cycle. Bearing in mind that the key aim of evaluation is to supply information for the development and implementation of the following action plan, the time of conduct should match the requirements of policy planning cycle. The aim is to enable the use of evaluation results and recommendations in the development of following strategies and action plans. Furthermore, human and financial resources necessary for the conduct of evaluation must also be defined in advance.

Evaluation reports, be it midterm or final, must be considered and approved by an implementation coordination body and published on an online resource of a coordinating agency within six months of the completion of the strategy and action plan. Both must also be submitted to the Administration of Government.

Detailed information about evaluation is provided in the **Evaluation Manual** (Annex 8).

RESULT
Final Evaluation Report

	STANDARDS FOR THE RESULT
	Mandatory
1	Summary and Introductory chapters **must be** provided in accordance with the content described in the **Manual.**
2	A chapter on methodology **must be** provided in accordance with the content described in the **Manual.**
3	A chapter on Evaluation Findings **must be** provided in accordance with the content **Manual.**
4	Chapters/Subchapters **must be** provided on detailed progress on each (selected) goal and its relevant objectives in accordance with the content described in the **Manual.**
5	Chapters/Subchapters **must be** provided on detailed progress on each (selected) objective in accordance with the content described in the **Manual.**
6	Information on general challenges and recommendations **must be** provided in accordance with the content described in the **Manual.**
7	Consolidated Status Report must be provided with information on each of the activities planned within the policy as an annex.
8	Report **must meet four principles** outlined in the **Manual.**
	Recommended
9	**It is recommended** to submit any type of document that would solidify the evaluation with additional information or correction.

6. Quality Assurance

The process of quality assurance implies the establishment of compliance of policy documents with the Rules of Procedure and the standards set in this Handbook. It is important for a coordinating agency to undertake this process before submitting a policy document to the government for adoption.

Furthermore, after submitting a policy document to the government, the quality assurance is also implemented by the Administration of Government in accordance with the Rules of Procedure, the Handbook and **Quality Assurance Instrument**. According to the Rules of Procedure, the Administration of Government, based on the Instrument, prepares:

➲ **A Positive Opinion** Or,

➲ **An Opinion on Necessary Changes to the Policy Document**

Quality assurance of policy document rests on the system of scores. In particular, the Administration of Government as an institution controlling the quality of policy documents will evaluate each policy document by corresponding scores. Each criterion (both mandatory and recommended) has a corresponding weighted score which derives from standards specified in the Handbook and their importance to a policy document. Based on the sum of scores and cleared minimal standards, a decision is taken to prepare an Opinion for the Adoption of a Policy document by the government and accordingly, for its further adoption.

A detailed quality assurance instrument is provided in Annex 9 to the Handbook. The instrument contains **mandatory** and **recommended criteria** which are redistributed in **three** directions.

1 Content-Related criteria

With regard to content, a policy document is assessed by the accordance of its presented goals and objectives with the policy document hierarchy (the interrelationship between all three levels of policy documents).

Also, this direction envisages the assessment of whether the presented goals and objectives comply with other policy documents that have already been adopted in a similar or adjacent area or whether there is overlapping or duplication.

Content-related criteria include the assessment of compliance of directions in a policy document with obligations under the Association Agreement with the EU and other international obligations. It also assesses the compliance of the state budget with the basic data and directions presented in the document. In this regard, quality assurance implies the coordinated work of government agencies. Namely, the Administration of Government closely works with the Ministry of Finance and consolidates the Ministry's comments on the proposed strategy.
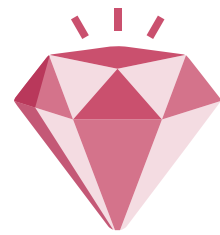
Recommended content criteria assess the existence of interrelated issues in the impact and outcome indicators. Moreover, they present information on policy alternatives and corroborate the selected alternative.

2 Methodological Criteria

Methodological criteria assess a methodological compliance of a policy document with those **standards** that are defined in this Handbook. In particular, the **quality** of policy documents must be thoroughly assessed against the standards for each part provided at the end of every chapter and subchapter.

3 Technical Criteria

Technical criteria imply the assessment of compliance of a policy document with technical standards such as, for example, the structure of policy document, quality of text in terms of style and grammar, conformity of key words to the glossary (Annex 10). This direction also involves the assessment of technical feasibility, which covers:

- The existence of the table of contents and its accuracy;
- The existence of acronym definition and its accuracy (if necessary);
- Correct presentation of tables, graphs and diagrams (numbering, title and references);
- Reference information in footnotes in accordance with a unified standard;
- Existence of bibliography and its accuracy.

For each policy document (strategy, action plan, concept), the maximum number of scores in all the three criteria (both mandatory and recommended) is 100. Detailed information on the calculation of scores is provided in the policy assurance instrument.

Apart from policy documents, implementation reports (monitoring and evaluation reports) are also subject to quality assurance. The scale of scores in this case is 100 as well. Detailed information on standards and criteria of Reporting is provided in Chapter 5 of the Handbook.

According to the Rules of Procedure, the amount of the scores determined for quality assurance, including the minimum share of scores required for a positive opinion, can be modified by the Council of Public Administration Reform, in accordance with practical needs and recommendations of sector experts and practitioners and pace of the gradual development of policy planning and coordination system in the country.

Decree of the Government of Georgia №629

DECEMBER 20, 2019
TBILISI

On the Approval of the Rules of Procedure for Development, Monitoring and Evaluation of Policy Documents

Article 1

Rules of Procedure for Development, Monitoring and Evaluation of Policy Documents (hereinafter, the RoP), enclosed herewith, shall be adopted pursuant to Article 5 of the Law of Georgia on Structure, Authority and Rules of Procedure of the Government of Georgia.

Article 2

Pursuant to Article 25 of the Law of Georgia on Normative Acts, the following acts shall be declared void:

1. The Decree of the Government of Georgia No. 628 from 30 December 2016 on Approval of the "Systems for Monitoring, Reporting and Evaluation of Activities of the Government".

2. The Ordinance of the Government of Georgia №629 from 30 November 2016, on the Approval of Policy Planning Document, the "Policy Planning Manual."

Article 3

The RoP shall not be applied to policy documents adopted prior to the entry of this Decree into force.

Article 4

1. The Decree shall enter into force on 1 January 2020.

2. Subparagraph "f" of Paragraph 2 of Article 7 of the RoP with regard to Impact Indicators, shall enter into force on 1 January 2021.

PRIME MINISTER
Giorgi Gakharia

Rules of Procedure for Development, Monitoring and Evaluation of Policy Documents

Chapter I. General provisions

Article 1. Aim

1. The aim of the Rules of Procedure of Development, Monitoring and Evaluation of Policy Documents (hereinafter, the RoP) is to establish a results-based policy planning, monitoring and evaluation system and introduce quality assurance mechanisms in these directions.

2. The RoP defines uniform procedures, methodology and standards for development, monitoring and evaluation of policy documents.

Article 2. Definition of terms

For the purposes of this RoP, the terms have the following meanings:

a) Policy document – a document of strategic or operational nature that defines a national or sectoral policy and outlines solutions to problems and ways of developing of the area.

b) Concept (document) – national or sectoral policy document of general nature that defines the need of strategy development, a vision, basic principles and priorities.

b) Strategy (document) – a policy document that identifies priorities, goals and objectives for addressing identified national or sectoral problems, outlines approaches to the implementation of set goals/objectives and determines performance indicators to track progress.

d) Action plan – a policy document that defines specific activities for achieving sectoral priorities, goals and objectives, their output indicators, responsible and partner agencies, deadlines, budget and source of financing.

e) Public Agency – the Administration of Government of Georgia, the ministries of Georgia, state sub-agencies and legal entities under public law falling within the scope of administration of ministries, the Office of the State Minister of Georgia and legal entities under public law that are accountable to the Government of Georgia or Prime Minister.

f) Coordinating body – Administration of the Government of Georgia, the ministries of Georgia, the office of the State Minister of Georgia and legal entities under public law that are accountable to the Government of Georgia or Prime Minister or/and a consultative body established in accordance with the Law of Georgia on Structure, Authority and Rules of Procedure of the Government of Georgia, which is responsible for management of policy planning, submission for adoption, monitoring, reporting or/and evaluation..

g) Responsible Agency – a public agency that is responsible for the implementation of a policy document or its component/s (priority, goal, objective, activity) and reporting about their implementation.

h) Partner agency – a public agency, also local nongovernmental or international organization, that is involved in the implementation of a policy document or its component/s (priority, goal, objective, activity) and provides assistance to a responsible agency in their implementation and reporting.

i) Stakeholder – a public agency, local nongovernmental or international organization, or any other person, who is competent in the area of policy document or may have impact on that person.

j) National policy document – a top policy document in the hierarchy of policy documents, which defines key priorities, goals and objectives of the country's development in all areas.

k) Sector policy document – a document, subordinated to national policy documents by hierarchy, which aims at overcoming challenges in a specific area(s) (and its development in order to achieve national priorities, goals and objectives.

l) Institutional Policy Document – a document subordinated to national and sector policy documents by hierarchy, which aims at overcoming challenges in a specific area(s) and its development in order to achieve national priorities, goals and objectives.

m) Initiation of a policy document – submission of information to the Administration of Government of Georgia about intention of commencing the development of a policy document.

Article 3. Scope of regulation

1. The RoP applies to policy documents which are submitted to the Government of Georgia (hereinafter, the Government) for adoption.

2. Unless otherwise provided by the legislation of Georgia, for adoption to the Government are submitted policy documents, that are within the competences of two or more responsible agencies.

3. The requirements of this RoP do not apply to the national security policy documents, which are subject to different regulation by the legislation.

Article 4. Hierarchy of policy documents

1. The hierarchy of policy documents consists of three levels:
   a. 1st level – national policy documents;
   b. 2nd level – sector policy documents;
   c. 3rd level – institutional policy documents.

2. Policy documents shall be developed according to this hierarchy. Lower level documents shall comply with priorities, goals and objectives set out in higher level policy documents.

Article 5. Policy Planning, Monitoring and Evaluation Handbook

The Policy Planning, Monitoring and Evaluation Handbook (hereinafter, the Handbook) shall be an integral part of the RoP and defines a methodology and standards of development, monitoring and evaluation of policy documents.

Chapter II. Process of Policy Document Development

Article 6. Initiation of a policy document – annual plan of government policy documents

1. Within the scope of its competence, a public agency develops policy documents which defines short, medium or long-term development goals and objectives for addressing specific problems.

2. The Administration of Government of Georgia is authorized to annually request information about policy documents planned to be developed by public agencies.

3. Under the obligation specified in Paragraph 2 of this Article, the Administration of Government of Georgia, at the beginning of each year, submits a table of annual plan of government policy documents (hereinafter, the Plan) to be filled in by public agencies.

4. Within 10 business days of receiving the request for information, public agencies provide the Administration of the Government of Georgia with the Plan, filled in within their competences, on policy documents to be developed during a year.

5. Public agencies reflect the following information in the Plan:
   a) Type and title of a policy document;
   b) Substantiation of the need to develop a policy document (essence and problem analysis);
   c) General information on financial means necessary for the implementation of a policy document;
   d) A reference to international obligation to adopt a policy document;
   e) Estimated date of submitting a draft policy document.

6. Within 20 business days of receiving full information from public agencies, the Administration of Government of Georgia prepares a draft version of the Plan and if need be, provides recommendations to relevant public agencies.

7. No later than 20 business days after providing recommendations, the Administration of Government of Georgia prepares final version of the Plan and submits it to the Government of Georgia for adoption.

8. Policy documents that are not reflected in the Plan may be submitted to the Government for adoption only in exceptional cases or for the aim of immediate implementation of a task defined by a normative act/instructed by the government or/and international commitments.

9. In the case specified in Paragraph 8 of this Article, a public agency shall submit a substantiated proposal about the development of a policy document to the Administration of Government of Georgia. A draft policy document shall not be submitted to the government, bypassing this step.

Article 7. Stages of policy document development

1. In accordance with the steps specified in Article 6, after an annual action plan of government policy documents has been adopted, a process of policy document development shall commence according to and in sequence of the stages set forth in Paragraph 2 of this Article.

2. In order to commence the policy document development, a public agency or/and coordinating body:

    a) Identifies stakeholders and ensure their involvement in the policy document development;

    b) In cooperation with stakeholders, conducts a situation analysis of the area/issue;

    c) Based on the situation analysis, identifies problems and their root causes, defines sector priorities and agrees them with stakeholders;

    d) Determines agencies responsible for priorities;

    e) In cooperation with the responsible agencies, defines vision, goals and objectives of a policy document in line with the priorities;

    f) In compliance with defined goals and objectives, sets impact and outcome indicators and their baseline and target values;

    g) In order to achieve expected impact and outcomes, defines and evaluates policy options and selects the most cost-effective and realistic option;

    h) In accordance with selected policy options develops an action plan;

    i) In order to determine financial resources necessary for activities specified in the action plan, elaborates budget of the action plan;

    j) elaborates methodology for the implementation, monitoring and evaluation of the policy document.

3. All the stages of policy development shall be carried out in accordance with the standards set out in the Handbook.

4. Terms used in the Handbook shall be used when developing a policy document.

Article 8. Need to develop a concept document

1. If consensus among a coordinating body and responsible agencies cannot be reached on the solutions to problems identified as a result of activities carried out pursuant to subparagraphs "a," "b," "c" and "d" of Paragraph 2 of Article 7, a concept document can be developed prior to developing a strategy document.

2. A developed concept document shall be submitted to the government for adoption.

3. The concept document is developed in accordance with the structure defined in the Handbook.

Chapter III. Process of Adoption of Policy Document

Article 9. Public Consultation

1. Before adoption of a draft policy document, it is mandatory to hold public consultations on it.

2. Public consultations may be carried out in the form of meetings or/and in electronic format.

3. A coordinating body is obliged to notify stakeholders within a reasonable time prior to the date of each public consultation.

4. After the completion of consultations, the coordinating body shall prepare a summary report on the results of public consultations.

5. The summary report on public consultations shall be enclosed with the documentation submitted to the government for adoption.

6. The obligation to carry out public consultations shall not apply to policy documents that are subject to restrictions on public availability under the Georgian legislation.

7. In the case specified in Paragraph 6 of this Article, the coordinating body may prepare a public version of a policy document, which will be subject to public consultations.

Article 10. Quality control of policy document submitted for adoption

1. After the completion of public consultations, a policy document is submitted for adoption by the Government of Georgia in accordance with the Law of Georgia on Structure, Authority and Rules of Procedure of the Government of Georgia and the rule stipulated by the Rules of Procedure of the Government of Georgia.

2. A draft policy document submitted for adoption by the Government shall comply with the standards of the Handbook.

3. The performance of the requirement specified in Paragraph 2 of this Article is analyzed by the Administration of Government of Georgia.

4. As a result of the analysis, the Administration of Government of Georgia prepares and within 10 business days of presenting the document to the government, submits to the coordinating body:

   a) A positive Opinion, confirming the performance of the requirement set forth in Paragraph 2 of this Article; or

   b) An Opinion on necessary changes to the policy document, with relevant comments, for the addressing the shortcomings.

5. In the case specified in Subparagraph "b" of Paragraph 4 of this Article, before re-submitting the policy document to the Government for adoption, the coordinating body, taking into consideration consultations with the Administration of Government, submits to it the final document for the approval.

6. After receiving the final approval from the Administration of Government of Georgia, the coordinating body may re-submit the policy document to the Government for adoption.

7. A policy document adopted by the Government may be amended or updated in accordance with the subparagraphs provided in this Article.

8. The amount of scores set by the quality assurance instrument of the Handbook, based on practice, maybe periodically reviewed by the Public Administration Reform Council (adopted by Order No. 135 of the Prime Minister of Georgia on May 3, 2016).

Chapter IV. Monitoring and evaluation of policy implementation

Article 11. Monitoring

1. The aim of monitoring of a policy document implementation is to examine the achievement of results as set by the policy objectives and activities, to identify shortcomings and provide recommendations.

2. As a result of monitoring two types of reports are produced:
   a) Progress report – periodicity of 1, 3 or 6 months, decided by the Coordinating body;
   b) Annual report.

3. The coordinating body is responsible for the monitoring of implementation of the policy document.

4. A responsible agency is obliged to provide the coordinating body with the information necessary for monitoring.

5. A coordinating body approves a monitoring report and publishes it on its online resource.

6. A monitoring annual report shall be published on an online resource within 60 calendar days after the end of a one-year reporting period.

7. If need be, the Administration of Government of Georgia may periodically evaluate monitoring reports against the standards of the Handbook.

8. Monitoring is not conducted on concept documents.

Article 12. Evaluation

1. The aim of evaluation of a policy document implementation is to scrutinize outcomes and achievements of a policy document and assess a potential impact.

2. The coordination body is responsible for the evaluation of policy document implementation.

3. Evaluation is carried out in accordance with the methodology, timeframes and standards as established by the handbook.

4. Final evaluation (Ex-post) of national (except for government program) and sector policy documents is mandatory.

5. Mid-term evaluation of national (except for government program) and sector policy document is mandatory only in cases stipulated in the Handbook.

6. By the initiative of coordinating body, an independent evaluator may be invited to carry out evaluation.

7. A responsible agency is obliged to provide the coordinating body with the information necessary for the evaluation, which is available within the scope of its competence.

8. The coordinating body approves mid-term and final evaluation reports and publish them on its online resource.

9. Final evaluation report shall be published on the electronic resource within six months after the completion of policy document.

10. If need be, the Administration of Government of Georgia may periodically review mid-term and final evaluation reports against the standards of the Handbook.

11. Evaluation shall not be applicable to concept documents.

Comments