Report Number : ICRR0020386

1. Project Data

Country
Georgia

Practice Area(Lead)
Macro Economics & Fiscal Management

Programmatic DPL
Planned Operations: 3 **Approved Operations:** 3

Operation ID
P129597

Operation Name
DPO I

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IDA-51470	31-Mar-2013	60,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
19-Jul-2012	31-Mar-2013	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	60,000,000.00	0.00
Revised Commitment	60,000,000.00	0.00
Actual	60,056,608.00	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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Operation ID
P143060

Operation Name
GEORGIA Competitiveness and Growth DPO2 (P143060)

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IBRD-82790,IDA-51470,IDA-52850	31-Mar-2014	60,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
27-Jun-2013	31-Mar-2014	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	60,000,000.00	0.00
Revised Commitment	60,000,000.00	0.00
Actual	60,789,266.00	0.00

Operation ID	Operation Name
P146890	Georgia Competitiveness and Growth DPO3 (P146890)

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IBRD-82790,IBRD-83940,IDA-52850,IDA-55110,IDA-55120	31-Mar-2015	92,800,000.00
Bank Approval Date	**Closing Date (Actual)**	
26-Jun-2014	31-Mar-2015	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	92,690,000.00	0.00
Revised Commitment	92,690,000.00	0.00
Actual	92,249,687.50	0.00

2. Program Objectives and Policy Areas

a. Objectives

The Program Document for the first DPO (PD1, p. ii) articulated the Program Development Objective (PDO) as follows: "The Program Development Objective is to support competitiveness and inclusive growth." The

Program Document for the second DPO (PD2, p. ii) articulated the PDO similarly: "The objectives of the Program supported by this proposed development policy operation are to strengthen competitiveness and facilitate inclusive growth." The Program Document for the third DPO (PD3, p. i) articulated the PDO specifically in terms of the Program's three Pillars: "(i) strengthen legislation to promote market access to the EU and improve customs efficiency, power sector reliability and the quality of general education; (ii) improve the coverage and transparency of the budget; and (iii) improve the accessibility to and quality of healthcare services and efficiency of targeted social programs." This review is based on the statement of objectives in PD3 for its assessment of the Program's efficacy.

b. Pillars/Policy Areas

The three operations supported policy reforms under three areas as follows:

1. Competitiveness: This area covered reforms to support trade policy and trade facilitation, the quality of general education, and the investment climate in the power sector.

2. Public Financial Management: This area covered measures to increase transparency and coverage of financial reporting as well as implement international accounting standards.

3. Social Spending: This area covered actions to improve quality and access of health services, reforms to improve the efficiency of the medical insurance plan and the targeted social assistance by lowering transactions costs to beneficiaries.

c. Comments on Program Cost, Financing, and Dates

The DPOs were approved by the Board on July 19, 2012 (DPO1, with an IDA credit in the amount of $60.0 million equivalent), June 27, 2013 (DPO 2, with an IDA credit in the amount of $28 million equivalent and a Bank loan in the amount of $32.0 million equivalent), and June 26, 2014 (DPO3, with two IDA credits in the amounts of $12.1 million equivalent and $10.6 million equivalent respectively, and a Bank loan in the amount of $70.0 million equivalent). The DPOs were declared effective on July 28, 2012 (DPO1), September 29, 2013 (DPO2) and August 12, 2014 (DPO3) respectively. They disbursed on August 9, 2012 (DPO1), October 24, 2013 (DPO2), and August 26 (IDA)/27 (Bank), 2014 (DPO3), and closed, on schedule, on March 31, 2013 (DPO1), March 31, 2014 (DPO2), and on March 31, 2015 (DPO3).

3. Relevance of Objectives & Design

a. Relevance of Objectives

The Program objectives addressed well-identified development priorities in Georgia. The first objective focused on competitiveness and covered legislation for EU export market access, customs efficiency, power, and education. Legislation for market access to the EU and Turkey is linked to Georgia's Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU and is central to increasing Georgia's exports. The sub-objective to improve customs efficiency complemented trade development efforts. Improved power reliability aims to meet growing electricity demand while developing participation in regional trade in energy, particularly of electricity exports to Turkey. Improved general education quality (as reflected in better learning outcomes) aims to improve the quality of professionals. The second objective, on budget policies, focused on the challenge of modernizing accounting standards and strengthening the coverage of financial reporting and the electronic budget management system (e-budget). The third objective, on health care and social assistance, seeks to address gaps in health care quality and coverage and improve the targeting and the speed of access to benefits of targeted social programs (pensions, child protection and guardianship, and targeted social assistance).

The objectives were consistent with priorities of the Government's 2011-2015 Ten-Point development plan, including the strengthening of the power sector and infrastructure, the positioning of the country as a regional trade and logistics hub, intensification of investment and export promotion, improved education, and enhanced social policy. The objectives remain broadly consistent with the four pillars of Georgia's 2014 development strategy ("Georgia 2020"), which cover sustained macroeconomic stability and effective public sector management, strengthened competitiveness, human capital development, and enhanced access to finance. Furthermore, the objectives supported the World Bank Group's (WBG's) 2010-2013 CPS pillars of strengthening competitiveness and meeting post-conflict and vulnerability needs. They remain relevant to the areas of focus of the FY14-17 Country Partnership Strategy, which include competitiveness (finance, infrastructure, technology, skills, and exports) and public service delivery (public expenditure inclusiveness and public administration effectiveness and accountability).

Rating

Substantial

b. Relevance of Design

For the most part, the objectives and their link to intended program outcomes were clearly articulated. An exception is the sub-objective to strengthen legislation to promote market access to the EU, where the actions and outcomes are the same. In this case, the actions comprised laws and decrees to meet DCFTA requirements, which are tantamount to the objective of strengthening legislation to promote **market access to the EU**. Accordingly, this sub-objective reflected an output, not an outcome of the Program (market access), and thereby was bereft of a complete results chain. In other areas, the actions are distinct from the objectives and could contribute to their intended achievements as outlined below, but those achievements are likely to require more time in most cases (e.g., on power sector reliability, education, health, and targeted social assistance) than allowed for by the life of the Program. Links from reforms covered by prior actions and triggers included (i) provisions on certificates of origin, risk-based custom management, and ICT systems to improve **customs efficiency**, covering both its customs enforcement and trade facilitation dimensions; (ii) provisions on access to the power grid (to encourage new hydropower projects and renewable power production) and on adoption of an EU-harmonized transmission grid code to strengthen **power sector reliability**; (iii) curricular reforms, teacher training and professional standards, teacher salaries, and assessment of school principals to improve the **quality of general education**; (iv) adoption of cash basis international public sector accounting standards (IPSAS), inclusion of financial flow information of legal entities of public law (LEPLs) in the annual budget execution report, inclusion of local self-governments, all central government entities and five largest LEPLs in the budget, and harmonization of budget and treasury systems to improve **budget coverage and transparency**; (v) upgrading of hospital safety and service standards, and expansion of medical insurance to children, pensioners, and vulnerable groups, to improve **access and quality of healthcare services**; and (vi) establishment of a Social Information Management System for pensions to improve the **efficiency of targeted social programs**, which include pensions, child protection and guardianship, and targeted social assistance.

However, the reforms supported by the DPOs were in some cases insufficient for attaining the desired outcomes. For example, to improve the quality of general education, learning outcomes need to be systematically measured and used to inform education policy making (see ICR, paras.55-56), as a critical component of a theory of change in this area. The reforms covered by the DPO did not address this important dimension. On social programs, the prior action (on pensions) did not cover the other two targeted social programs (child protection and targeted social assistance) that were included in the objective as articulated.

A further design shortcoming was the lack of a well-identified overall focus of the objectives. Good practice calls for a DPO design that covers fairly closely related objectives. The DPO objectives covered areas as remote from each other as customs efficiency, targeted social programs, and power sector reliability. Such disparate objectives result in weak synergies across results chains and implementation that detract from the DPOs' efficacy potential.

At the inception of the Program, the macroeconomic framework was broadly adequate, including high (albeit slowing) growth and declining inflation, a prudent fiscal policy marked by declining total expenditures that responded to lower non-tax revenues and streamlined capital expenditures that created some space for increased social expenditures, and interest rate cuts to forestall declines in growth. Nevertheless, there were significant further downside external risks from the external economic environment, including lower exports, remittances and capital inflows that would in turn lower economic growth rates. Furthermore, rapid growth was resulting in high current account deficits and significant external indebtedness, a development that the Government expected to address through structural reforms to improve exports and exchange rate flexibility.

Rating
Modest

4. Achievement of Objectives (Efficacy)

Objective 1
Objective
Strengthen legislation to promote market access to the EU and improve customs efficiency, power sector

reliability and the quality of general education.

Rationale

Georgia enacted **legislation to promote market access to the EU** covering food/feed safety, veterinary and plant protection, technical barriers to trade, and competition. Furthermore, the Government added staff to the National Food Agency, which implements the law of food safety. The number of European and international standards adopted by Georgia and required under the DCFTA agreement, increased by 69.5 percent from 2011 to 2015 (from 4,362 to 7,394), exceeding the revised, rather modest target of 10 percent. The number of animal vaccinations, an indicator of implementation, increased from 1.2 million in 2012 to 4.8 million in 2015, exceeding the target of 3.5 million. However, these actions are outputs, not reflecting the outcomes that could be sought or expected from the legislation. The original outcome envisaged under the first DPO was to be an increase in total trade with the EU. The ICR reports that this indicator was dropped because the extent to which the DCFTA contributes to it cannot be determined as the volume of trade is affected by various factors. Nevertheless, the actions under the Program contributed to the Association Agreement (AA) that introduced the DCFTA. The AA was signed in June, 2014 and ratified by the European Parliament in December 2014, and entered in force into July 2016. Furthermore, the ICR notes that the share of exports to the EU doubled to 29.3 percent from 2012 to 2015, although attribution of some of that increase may have been due to EU access (mineral water and hazelnuts) through the Generalized System of Preferences Program.

The ICR provides partial evidence on **customs efficiency**. Customs violation detections increased by 116% (to a number of 981; see ICR para. 46) from 2011 to 2015, above the target of 100 percent, a plausible effect of the risk-based inspection system that the Government introduced. However, this indicator was not related to a measure of effort (e.g., checks) which would have better reflected technical efficiency in enforcement. The ICR did not provide evidence of improvements in trade facilitation, which would have resulted from measures on certificates of origin, transit traffic, and software to integrate processes and simplify transactions for handling containers at sea ports. The ICR reports that the third DPO dropped an original indicator of trade facilitation (the customs logistics performance score) due to a shift in priorities from facilitation to customs control and enforcement. Nevertheless, trade facilitation was an important dimension of the customs efficiency sub-objective and the measures listed above were intended to have a positive effect on this dimension. The customs logistics performance score deteriorated from 2.9/5 in 2012 to 2.2/5 in 2014.

On **power sector reliability**, the ICR reports that the number of electricity interruptions declined across the country and that the "Getting Electricity" sub-component of the Doing Business index improved in 2016. However, these improvements cannot be attributed to the Program, since there was insufficient time to realize the necessary investments. At the time of the ICR, the investments had not yet taken place, although the ICR notes that several agreements had been signed to develop new hydroelectric plants. The Program supported these investments indirectly through a prior action regulation on electricity capacity market rules.

Regarding teacher quality, an input that can contribute to the **quality of general education**, the percentage of teachers aware of formative assessment techniques to improve student learning improved from 33 percent in 2011 to 41.3 in 2014. However, this evidence does not directly measure the intended outcome (education quality). The latter was to be monitored originally (under the first DPO) by improvements in learning outcomes, an indicator that was dropped because it was not available. Nevertheless, the task team reported that student performance showed an improvement in all subjects (with the highest gains in science) between 2009 and 2015, as recorded by the Program for International Student Assessment (PISA) and Trends in International Mathematics and Science Study (TIMSS) in 2015. However, the task team did not provide the data measuring the extent of the improvements. Furthermore, the ICR argues that the effects of the curricular, teacher training, compensation, and school principal assessment reforms will appear only in the long term. Accordingly, the size of the improvements and extent to which they can be attributed to DPO support is unclear.

Rating
Modest

Objective 2

Objective
Improve the coverage and transparency of the budget.

Rationale
Some progress towards the objective may have resulted from reforms under the Program covering implementation of cash basis International Public Sector Accounting Standards (IPSAS), the inclusion of all central government Legal Entities of Public Law (LEPLs) in the budget, and harmonization of budget and treasury systems. Progress was to be reflected in a follow up Public Expenditure and Accountability Assessment (PEFA). Specifically, PEFA's PI-25 indicator (Quality and Timeliness of Annual Financial Statements) covers completeness of annual financial reports, submission of reports for eternal audit, and accounting standards. The PEFA score for this indicator increased from D+ in the 2008 PEFA to the 2014 Program target of C+ in the 2012 PEFA. However, the 2008 and 2012 PEFAs reflected information for mid-2007 and 2009-11 respectively, before the DPO program had started. The budget reform actions that were undertaken as part of the Program were not validated through an updated PEFA review.

Nevertheless, there is evidence that the level of Completeness of Financial Statements has improved following the Bank supported program. Indeed, three developments have occurred: (a) there has been an expansion of the budget's coverage to include legal entities of public law and their inclusion in the e-budget, (b) integrated financial management system has been fully implemented, and (c) all state financial transactions have been unified under a Single Treasury Account. All these new developments would arguably lead to an enhancement of the score of the PEFA indicator PI-25 (i) from 'C' to 'B', which requires that a consolidated government statement is prepared annually, and includes, with few exceptions, full information on revenue, expenditure and financial assets/liabilities. Georgia's Budget already includes all this information, and is now equipped with a new integrated financial management system and single treasury account, which allow for producing more comprehensive financial statements. Regarding budget transparency, the PEFA report of 2013 had stated that five out of six listed types of information that are assessed under the PEFA methodology under performance indicator PI-10 – Public access to key fiscal information - were publicly accessible, although with varying degrees of comprehensiveness -- the following five types of fiscal information were available: annual budget documentation, in-year budget execution reports, external audit reports, contract awards, and resources available to primary service units. The only information which was not publicly accessible to the citizens at the time of this last PEFA assessment was the year-end financial statement. The PEFA assessment had in fact given an ‘A’ score to the performance indicator PI-10 in 2013. While as mentioned there has been no PEFA assessment conducted at the national level after 2013, the Open Budget Index (OBI) for 2015 reports that the year-end financial report was being published. There is thus also evidence that the Government of Georgia has also increased the transparency of budget information by publishing the Citizens Budget, in-year reports, and year-end report. However, it has failed to make progress in producing and publishing a Mid-Year Review.

Rating
Substantial

Objective 3
Objective
Improve the accessibility to and quality of healthcare services and efficiency of targeted social programs.

Rationale
It is unclear whether the **quality of health care services** improved or not. The Program strengthened hospital reporting on compliance with upgraded safety and quality standards, from no reporting at all in 2011 to 88 percent of hospitals in 2014, well above the revised target of 65 percent. This result is related to the Program-supported reform of upgrading standards in all hospitals. However, it does not indicate whether actual quality improved and neither the M&E design nor the ICR provided a direct assessment of quality. The ICR notes that the Program overestimated the speed of adopting upgraded standards. While the task team indicated that hospital standards are improving, it did not provide evidence in this regard. **Accessibility to health care services** appears to have improved, with covered population increasing from 19 percent in 2011 to 100 percent in 2015, above the target of 90 percent, resulting from the introduction of universal health coverage. However, the indicator of coverage is normative (100 percent coverage by decree) and does not reveal what percent of the population is effectively being served. Nevertheless, the task team reported indicators that people in Georgia are more likely to seek care when ill today, than they were five years ago: in 2014, 79 percent of those who were ill in the previous six months consulted a health care provider, an increase from 75 percent in 2010; on average, there were 4.0 outpatient visits per capita per year in 2015 compared to 2.3 in 2012; and hospitalization rates have increased since 2012. The country appears to be spending considerably more on health services (the IMF projected an increase of 2.4 percentage points of GDP on social expenditures between 2012 and 2014). Even if such a major increase in coverage actually occurred, its impact on service quality is unknown.

It was intended that increased **efficiency of targeted social programs** would entail better targeting of and faster access to benefits The Program expected to a achieve this twofold aim by establishing a Social Information Management System (SIMS) for social programs (state pensions, child protection and guardianship, and targeted social assistance (TSA)). The SIMS had been implemented only for state pensions before Program closure. Accordingly, no results had been achieved for child protection or TSA. The relevant prior action under the third DPO only covered the SIMS for pensions, which according to the task team accounts for 80 percent of social assistance. However, the articulated objective referred to the three targeted social programs, not pensions alone. The time taken to issue pension benefits was reduced from 10 days (PD2, para. 101) in 2011 to the target of 3 days in 2014. There is no evidence that targeting of pensions or of the other two social programs improved.

Rating
Substantial

5. Outcome

Objectives were relevant to Georgia's development priorities. However, the Program was too ambitious, with a design that was compromised by a weak results chain on access to EU trade, insufficient time to achieve some of the articulated object objectives, reforms that were insufficient to achieve outcomes in some areas, and the lack of a well-identified overall focus of the objectives. A stronger legislation to enable market access to the EU was achieved, but there is no evidence of its impact on access. Customs enforcement improved but there is no evidence of trade facilitation. Power reliability improved but the improvement cannot be attributed to the Program. Although teacher awareness of formative assessment techniques increased, there is no direct evidence of improvements in general education quality. Similarly, although more hospitals report on service standards and the Government introduced universal health coverage for primary and emergency care, there is no direct evidence of improvements in health service quality. While the updated PEFA assessments that were originally envisaged, did not materialize, there are indications that some significant improvements have taken place in the levels of Completeness of Financial Statements and Budget Transparency. The Program improved the speed at which state pensions pension benefits are assigned, but there is no evidence of efficiency improvements in other social programs covered by the objectives.

a. Outcome Rating
Moderately Satisfactory

6. Rationale for Risk to Development Outcome Rating

There is little risk that progress on legislation to enable market access to the EU will be reversed, as commitment to, and consensus on, Georgia's European integration aims are both strong. Furthermore, the risks to progress on customs clearance are also low, as they are underpinned by a risk-based approach that is unlikely to be reversed. There are also reasonable prospects that Georgia will make further progress on power reliability, albeit as a delayed impact of power investments. The sustainability of universal health coverage and of improvements in education quality remain exposed to fiscal constraints on public expenditure, which are subject to external shocks. Any improvements in budget transparency and coverage achieved under the Program are likely to remain in place, as suggested by Georgia's sustained efforts to reform public financial management and by the country's increased alignment to EU policies.

a. Risk to Development Outcome Rating

Modest

7. Assessment of Bank Performance

a. Quality-at-Entry

The DPO's strategic relevance and approach benefited from objectives that addressed well-identified structural conditions, including trade performance and public financial management institutions; and critical social conditions, including general education quality, the coverage and quality of health services, and the efficiency of social transfers. Moreover, higher growth from increased trade and improved social transfers could help reduce poverty. Gender aspects were reflected in teacher training and the expansion of health services, which could particularly improve salaries of female workers, as most workers in the general education and health sectors are women. Supported policies were generally appropriate for the results sought, as well as underpinned by a broad corpus of analytical work and knowledge obtained through other Bank operations and through consultation with other institutions (e.g., USAID on trade facilitation). The Program assigned implementation to the appropriate agencies, including the Prime Minister's office, the Ministry of Finance (overall coordination, including M&E coordination and data collection), the Ministry of Education and Science, and the Ministry of Labor, Health and Social Affairs.

Nevertheless, quality at entry suffered significantly from an incomplete results chain, an underestimation of the time required to achieve several expected objectives, and reforms supported that were in some cases insufficient for attaining the desired outcomes. Moreover, objectives covered a broad range of areas loosely connected at best, and lacked focus and a unifying theme. M&E design was seriously compromised by several inadequate indicators (Section 9.a). The Bank identified broad risks and their mitigation measures, including macroeconomic and implementation risks, but could have articulated more specific risks (e.g., the risk power sector investments could take more time than expected to materialize).

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

Supervision was intense, as suggested by the Bank's 11 supervision missions throughout the life of the Program. Attention to objectives, indicators and targets (Section 9) suggests a strong focus of supervision on development impact, although modifications in indicators and targets followed changes in what the Program was attempting to achieve (ICR, para. 66) or what could be monitored. There seems to have been little attempt to monitor achievements against initial expectations or to devise better outcome indicators. On trade with the EU, for example, the Program changed from a focus on an outcome (trade performance) to a focus on an output (enabling legislation), which deflected attention from the purpose of such legislation. The Bank filed two ISRs, reflecting supervision of the first and second DPOs.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

8. Assessment of Borrower Performance

a. Government Performance

A number of critical reforms, for example on enabling legislation to help access EU markets, suggests stronger Government commitment to the Program in some areas than in others (e.g., on trade, where reforms shifted away from trade facilitation). The Government provided an adequate macroeconomic environment, although the large current account deficit and large external debt remain a concern with respect to external sustainability. Internal support for the Program may have benefited from some consultation and outreach efforts by the Government with civil society and in some cases (e.g., energy) with specific stakeholders. Implementation was compromised —e.g.on school principal and teacher certification, curricular assessment, social information management systems -- by changes in key managerial government positions (although technical staff remained in place), capacity constraints, the limited time horizon of the Program, and political factors. The ICR suggests that there was an ongoing dialogue on emerging implementation issues, although in some cases (e.g., inclusion of local governments in the budget, enactment of the law on renewable energy), the issues were not resolved during the life of the Program. While triggers (with two exceptions) converted to prior actions, there was some retreat from the DPO’s original aims (e.g., on trade). On M&E, the ICR reports that the Ministry of Finance collected reports on prior actions and results indicators from participating agencies (with some unevenness of reporting across agencies) and indicates the use of this information in adjusting the program (for example on dropping the prior action on renewable energy). The ICR did not provide evidence on Government efforts at donor coordination.

Government Performance Rating

Moderately Satisfactory

b. Implementing Agency Performance

Implementing Agency Performance Rating

Overall Borrower Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The quality of M&E design was limited. The Program Development Objective was originally too general, but was revised to be more specific in the third DPO, although with little synergy across the different reform areas. Although the indicator for legislation to promote access to the EU was appropriate, the sub-objective in this case was the same (also legislation) as the actions taken and reflected an output, not an outcome. The revised indicator for the customs efficiency sub-objective (violations detections) reflected the customs enforcement gains of the risk-based customs management system, not the enhanced trade facilitation that the Program intended. The original indicator in DPO 1 (customs logistics performance score) was more appropriate. The sub-objective on power sector reliability was bereft of an indicator, as DPL3 dropped the original indicator (power cross-border exchange), which did not reflect reliability of power supply. The indicator for quality of general education (percent of teachers aware of formative assessment techniques to improve student learning) was poor as it did not reflect education quality directly. The original indicator ("improvement in learning outcomes is recorded") was more appropriate. This indicator was dropped because it was unavailable for 2015 (to compare with 2011). The indicator for budget transparency and coverage (PEFA indicator for quality and timeliness of annual financial statements) was inappropriate, as the data preceded the Program. The indicators for accessibility to and quality of health care (reporting on compliance with upgraded standards and normative population coverage) did not include a direct measure of quality or of effective coverage. The indicator for the efficiency of targeted social programs (time to issue benefits after determination of eligibility) was incomplete in that it covered only pensions, and excluded child protection and guardianship, and targeted social assistance (included in the objective). Most indicators, despite their shortcomings, had quantified baselines and targets.

b. M&E Implementation

Monitoring data were provided by the Authorities, but they were of limited value. Changes in indicators during implementation did not improve the measurement of the objectives as articulated. For example, the objective of power reliability was left without an indicator to measure it. The new customs efficiency indicator limited its focus to enforcement and excluded the trade facilitation dimension. The inadequate indicator on health quality was left unchanged, while that on health coverage was normative and did not reflect progress on service delivery.

c. M&E Utilization

M&E had limited focus on assessing the soundness of the Program’s theories of change under each of the areas it covered.

M&E Quality Rating
Modest

10. Other Issues

a. Environmental and Social Effects

As indicated, the operation could have reduced pollution in agriculture but the ICR did not address this topic. The ICR discussed possible expected social effects but did not assess them.

b. Fiduciary Compliance

The ICR did not cover fiduciary compliance,

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

None.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Relevance of design was compromised by an incomplete results chain. Efficacy was modest in one of the three objectives.
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Satisfactory	Moderately Satisfactory	Strategic relevance suffered from an incomplete results chain, low synergies across

			areas, inadequate attention to specific implementation risks (e.g., power), and shortcomings in M&E indicators.
Borrower Performance	Satisfactory	Moderately Satisfactory	Implementation was weak in a number of areas.
Quality of ICR		Substantial	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

12. Lessons

IEG draws the following four lessons from the experience of this series:

1. Incomplete results chains will undermine efficacy assessments. In this Program, the first objective was materially equivalent to the reforms that underpinned it. Trade-related reforms (e.g., on food/feed safety, competition) comprised the "stronger legislation" sought under the objective. In this case achievement of the reforms (enactment and implementation) is equivalent to achievement of the objective and thus there is no meaningful efficacy assessment exercise.

2. Monitoring indicators that do not accurately reflect objectives will also undermine evaluation. An example in the Georgia Program is the indicator used to reflect general education quality, which was defined as the share of teachers that attended training on learning processes. While this indicator may be related to actual learning, it does not measure it directly. The point of an evaluation in this case is to assess whether such training actually was effective in raising student test scores. Another example is the indicator for accessibility of health services, which was defined as the percent of theoretical coverage (Decree introducing Universal Health Coverage). The latter does not reflect actual health attention to the covered population.

3. Attention to the more specific risks of an operation (in addition to the broad political, macroeconomic, and capacity risks) will better anticipate implementation problems. The Georgia program suffered delays on a number of reforms (e.g., international standards, trade facilitation, and power) that might have been anticipated with a more detailed articulation of risks.

4. An unfocused set of objectives will detract efficacy as it does not allow for synergies across objectives. In the Georgia DPO, areas such as customs efficiency, targeted social programs, and power sector reliability were mutually unrelated and thus unlikely to support each other.

13. Assessment Recommended?

Yes

Please explain

There are significant differences between the ICR and ICR Review assessments. A PPAR will provide more evidence and analysis to help resolve those differences and develop further lessons from the program.

14. Comments on Quality of ICR

The ICR is concise and well-written. It has a good section on policy areas that discusses the effects expected from the reforms, not simply a listing of the areas. The discussion of outcomes is orderly, outlining first the reforms supported and then discussing the achievements. Nevertheless, the focus of achievements was limited by the inadequacies in the designed outcome indicators, although the ICR offers some complementary information (e.g., on customs procedures and power) as well as a useful annex on the rationale for the changes in prior actions and indicators. There is some discussion of attribution to the Program (e.g. on power). The consideration of social impacts is limited to expectations, not actual evidentiary analyses. Lessons are too general (e.g., analytical work is an essential component of a well-structured operation's design) and their links to the ICR's findings appear weak.

a. Quality of ICR Rating

Substantial