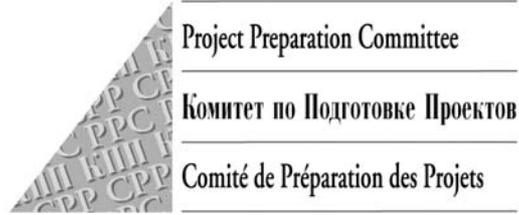


**EAP Task Force  
СРГ ПДООС  
Groupe d'Etude du PAE**



## **Third Joint Meeting of the EAP Task Force and the Project Preparation Committee**

**16 – 17 November, 2005, Yerevan, Armenia**

### **Policy Dialogue for Institutional Strengthening – Framework, Results and Evaluation of the Pilot with the Ministry of Environment of Georgia**

#### **Room Document # 5**

*This document has been prepared by the EAP Task Force Secretariat to share with EECCA countries, donor partners and other stakeholders the experience of the pilot initiative “Policy Dialogue for Institutional Strengthening of the Ministry of Environment of Georgia”. The document also offers an evaluation of the usefulness of such Policy Dialogues and a brief description of follow-up initiatives that may require donor support.*

*Action required: For information*

## Introduction

1. In the Conference of EECCA Environment Ministers and Their Partners held in Tbilisi on 16-17 October 2004, Ministers emphasised that without institutional strengthening additional financial resources provided through international co-operation may be wasted, and that Ministries of Environment of EECCA need targeted support to become more effective and efficient. As a follow-up to the Tbilisi Ministerial Conference a new activity – a *Policy Dialogue for Institutional Strengthening* - was developed by the EAP Task Force Secretariat as a part of the 2005 work programme.

2. The **aim** of a *Policy Dialogue* is to facilitate the efforts of the EECCA Ministries of Environment (MoE) to become more effective and efficient institutions. The **objectives** of a *Policy Dialogue* are:

- to support the selected MoE to identify critical institutional development needs
- to facilitate access of the selected MoE to relevant experience in OECD countries and new EU members, and
- to identify potential initiatives to address those institutional development needs.

3. A *Policy Dialogue* does not engage directly in institutional strengthening activities. It focuses on identifying weaknesses in corporate management functions<sup>1</sup> and helping the selected MoE to launch targeted initiatives to strengthen those functions. Weak corporate management often acts as structural barrier that hinders progress across concrete policy areas (e.g. air, waste, water management). Experience from previous EAP Task Force projects also suggests that the successful reform of dependent agencies, such as the Environmental Inspectorate, requires improved corporate management in the Ministry of Environment.

4. The expected **outcomes** of a *Policy Dialogue* are the new initiatives for institutional strengthening that will be implemented by the selected MoE. The **outputs** of a *Policy Dialogue* will be two brief notes. This first one (such as this note for Georgia) will document process and conclusions of the *Policy Dialogue*, including a list of potential follow-up initiatives. In addition, the EAP Task Force Secretariat will prepare a second note (based on the outcome of the discussions with the selected MoE and the assessment by the international experts) that will focus on problem identification and description of the suggested follow-up initiatives.

5. The Georgian Ministry of Environment (GMOE) volunteered to participate in a pilot project on *Policy Dialogues for Institutional Strengthening*. The Government of Georgia is currently under a general process of institutional reform that presents both opportunities and challenges for the Georgian Ministry of Environment. In addition, the new management team that has taken over the GMOE recognises the importance of both delivering concrete results on the ground and at the same time progressively strengthening the Ministry.

## Framework of the Georgia Policy Dialogue

6. The *Policy Dialogue* with the Georgian Ministry of Environment was structured in four steps. The first step was to **agree on the dialogue's objectives**. To this end, a one-day Scoping Meeting was organized on 12 September 2005 in Paris. During the meeting, the GMOE presented a preliminary self-analysis, and several partner countries and international organisations presented their relevant experience and/or planned projects related to corporate management functions. Following the discussion, the GMOE identified the priority areas on which the *Policy Dialogue mission* would focus: (a) Financial and Human

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<sup>1</sup> Examples of those functions include: financial and human resources management, strategic planning, inter-ministerial co-ordination, internal communication, communication with stakeholders and the wider public, and managing relations with partner countries, international organisations and consultants.

Resources Management, (b) Communications, and (c) Information Management. During the Scoping Meeting it became clear that, due to the current rules of the EU TACIS Twinning and the state of EU-Georgia co-operation talks, preparation of an EU TACIS Twinning proposal was not a priority for investing efforts in the short-term.

7. The second step was to **undertake preparatory work by the different partners.**

- For the Georgian side, this step included the preparation of an additional Self-Assessment Note focused on the priority areas chosen in the Scoping Meeting, as well as preparation of practical arrangements. Mr. Zaal Lomtadze (Deputy-Minister), Mr. Zviad Cheisvili (Head of Department on Sustainable Development) and Mr. George Kolbin (Head of Division for International Relations) served as main counterparts leading the process and co-ordinating the activity. Other relevant officials from the GMoE were involved in the preparation of the self-assessment note.
- Four partner countries (Estonia, Germany, the Netherlands and the UK) offered to provide experts for the *Policy Dialogue* mission. As a result, a *Policy Dialogue* team consisting of 10 members was assembled as follows: from Estonia Mr. Uno Veering, Mr. Andres Kratochvits, and Mr. Vahur Eenmaa to cover Communication and Information Management issues; from Germany Mr. Peter Kessler to cover Human Resources Management; from the Netherlands Mr. Pieter van der Most to cover Information Management; and from the UK Mr. Chris Cooper to cover Financial Management. In addition, Mr. Philip Stamp (UK Defra) also joined the mission and acted as informal *porte-parole* of the *Policy Dialogue* team.
- The EAP TF Secretariat prepared terms of reference for the experts, circulated relevant analytical information, and co-ordinated the preparations of the *Policy Dialogue* programme and logistical arrangements with the Georgian side. During the mission the Secretariat took care of the overall mission coordination and a professional facilitator was hired to facilitate the “retreat” component.

8. The third step was to **conduct the Policy Dialogue mission.** The mission took place over five days in 24-28 October 2005. During the first three days, 27 “bilateral meetings” with relevant government officials and stakeholders were conducted, often in parallel, to learn about the status, problems and needs in the three focus areas. The last two days were devoted to a “retreat” with the top management team of the GMoE (including Minister, Deputy Ministers, and relevant Directors and other officials identified by the GMoE). The retreat focused on discussing the institutional strengthening needs in the priority areas, and on identifying actions that the GMoE and the donor partners could undertake. The retreat was composed of strategic management exercises, presentations by the international experts sharing their experiences on the focus areas, Q&A sessions, discussions of the suggested initiatives, and a prioritisation exercise. The results of the mission are briefly documented in the section below.

9. The fourth planned step is to **initiate follow-up activities and evaluate the experience.** The GMoE and donor partners are expected to initiate the follow-up activities identified soon after the *Policy Dialogue* mission has taken place. As this note was prepared just one week after the mission concluded, it cannot document follow-up activities. The next section documents the follow-up steps that will be taken in the immediate future. At the time of writing it is expected that a corporate programme including a monitoring arrangement could be put in place by the Georgian side to manage the different projects coming out of the *Policy Dialogue*. An early evaluation of the *Policy Dialogue* is included in this report; further evaluation of the overall experience will be prepared by the EAP Task Force Secretariat for the meeting of the Bureau of the EAP Task Force and the PPC that will take place in February 2006.

## Results of the Georgia Policy Dialogue

10. The main result of the *Policy Dialogue* was the identification of a **short-list of priority initiatives** (project ideas) to be developed and implemented in order to strengthen the GMoE. The list is reproduced in Table 1. The Georgian Ministry of Environment is currently looking for donor partners' support to implement the initiatives identified during the Georgia Policy Dialogue. Annex 2 provides further details about those initiatives.

**Table 1. List of Initiatives**

Focus Areas	Initiatives
Financial Management	Computerisation of finance and accounting
	Targeted training and development support to the Finance Department
	Targeted training and development support to the General Inspection Dept.
Human Resources Management	Introduction of job descriptions, hiring criteria and performance appraisal
	Development of a personnel information system
	Improvement of relationship with subsidiary bodies in HRM issues
Communications	Development and implementation of a communications strategy
	Reactivation of the environmental education plan
Information Management	Identification of environmental and natural resources management data needs
	Improvement of the legal framework for environmental information management
Cross-cutting	Fulfilment of basic IT needs across departments
Over-arching	Corporate programme: managing institutional development

*Source:* Participants in the Georgia Policy Dialogue retreat

11. The Georgian participants carried out a preliminary prioritization/sequencing exercise aimed at identifying the initiatives that should be considered priorities in function of their importance and/or urgency. The initiatives that got ranked higher were: (i) development and implementation of a communications strategy, (ii) identification of environmental and natural resource management data needs, (iii) computerisation of finance and accounting, and (iv) introduction of job descriptions, hiring criteria and performance appraisal. Fuller prioritization and sequencing by the GMoE will take place when defining the programme plan (see below).

12. During the retreat, it became apparent the need for two additional initiatives, one “over-arching” and one “cross-cutting”, to complement the initiatives under the different focus areas. The “over-arching” initiative refers to the need to place all the individual project ideas in a broader programmatic framework. The “cross-cutting” initiative refers to the need to meet basic IT needs across departments as almost a prerequisite for improving performance in the different focus areas. Meeting participants came with the “house metaphor”. In this metaphor, a corporate programme initiative would act as “roof”, initiatives/projects under each focus areas are the “rooms”, and basic IT infrastructure/skills represent the “foundations” of the house.

13. The following additional results were also achieved:

- the *Policy Dialogue* provided the opportunity for the top management of the GMoE to come together to look at **strategic management** issues. Two rapid strategic management exercises were also carried out during the retreat. The first one consisted in identifying the strengths, weaknesses, opportunities and threats (SWOT analysis) facing the GMoE. The second one consisted in generating a graphical vision of how the top management of the GMoE would like to see the organisation in two years time.

- the *Policy Dialogue* enabled the interaction of department heads with international experts, both through bilateral interviews and retreat discussions, hence providing some direct **capacity building and exchange of experiences**, as recognised and appreciated by Georgian officials.
- the *Policy Dialogue* offered an opportunity for donor partners to **reach out to in-country development partners**, such as UNDP, World Bank and USAID, and explore both opportunities to contribute to implementing the resulting initiatives as well as possible synergies with their current and planned projects.

14. The final result of the *Policy Dialogue* mission was the identification of next steps to bring about implementation of the identified initiatives. The GMoE will:

(a) develop a **corporate programme** to formulate and manage the project ideas identified in the retreat. The basic elements of such corporate programme would include: (i) the establishment of a programme board within the GMoE, (ii) the appointment of programme manager among the GMoE staff with responsibility for overall coordination of the programme and liaison with different partners, (iii) the elaboration of a programme plan, taking as starting point the conclusion of the *Policy Dialogue*, and (iv) the definition of a programme monitoring arrangement

(b) establish a **contact group** of donor partners potentially interested in supporting project ideas.

15. For their part, the donor partners will explore the opportunities for supporting some of the project ideas identified in the retreat. The OECD/EAP Task Force Secretariat will make available supporting documentation.

### **Evaluation of the Georgia Policy Dialogue**

16. A rapid evaluation of the Georgia Policy Dialogue from a donor partners' perspective (undertaken by the UK and Estonia at the request of the EAP Task Force Secretariat) is reproduced in Annex 1. The Georgian Ministry of Environment will report their evaluation of the experience orally at the Third Joint Meeting of the EAP Task Force and the PPC.

## ANNEX 1.

### **POLICY DIALOGUE FOR INSTITUTIONAL STRENGTHENING OF THE MINISTRY OF ENVIRONMENT OF GEORGIA:**

#### **Evaluation of experience from a donor perspective (UK/Estonia)**

Philip Stamp and Andres Kratovits

#### **Objectives**

On the donor side we were looking for an efficient way to engage with the Georgian government that was needs-driven and coordinated with other donor activities. Given the relatively modest levels of resources available, it would not have been possible for us to have developed effective bilateral country assistance strategies on environment, nor could these have been well integrated with other programmes. For Estonia, development cooperation is an emerging issue in the overall environmental agenda, and therefore in addition to the above mentioned, Estonia's objective was to look for efficient ways in participating in multilateral donor activities as well as in coordinating existing bilateral initiatives with larger international frameworks.

#### **Our experience of participation**

Overall the experience was highly positive. The dialogue was very open and followed a structure that enabled us all to reach a short-list of prioritised initiatives focussed on capacity building and institutional strengthening of the Georgian Ministry of Environment as well as selected subordinated institutions. We benefited from a project description and terms of reference for the experts that clearly set out our objectives and working methods. We were therefore able to use our time in Georgia very effectively.

We are grateful to the OECD for their part in facilitating the exercise, to the Georgians for their commitment and time and to the individual experts who were able to share their experience.

Points to highlight from the dialogue are:

- The value of the facilitation role in preparing the project description, terms of reference, setting up meetings and coordinating the activities of the dialogue team; OECD also employed an independent facilitator to conduct the "retreat" part of the dialogue, which worked very well;
- The high level of involvement on the Georgian Ministry side – because we were more coordinated on the donor side, the Georgian Ministry were prepared to invest valuable ministerial and staff time in the dialogue; this was far more of an input than any individual donor could have expected, and greatly helped us to improve our own understanding of their situation;
- The access to other perspectives beyond those of the Ministry; meetings were organised with other Government Ministries such as Finance and the Public Service Bureau; sponsored or subsidiary bodies; regional offices; NGOs; business and media; these helped us greatly in the analysis of needs and priorities and the identification of specific initiatives;
- Contact with other programmes and projects run by the IFIs and other major donors; we had meetings with UNDP, World Bank and USAID that allowed us to explain our mission and gain information on existing and proposed projects on capacity building;
- Priority areas were set by the Georgian Environment Ministry; the list of proposed initiatives, and likely priorities within that, were agreed by the end of the week.

#### **Conclusions**

It was important to stress during the dialogue that this marked a beginning of a process rather than its end. Some initiatives might be implemented by the Georgians unilaterally but in most cases they were looking for advice and support. Given the range of initiatives and their relative inter-dependence, it would be

worth managing them as a programme and maintaining communication with donors through a contact group.

From our experience, key factors in the success of future dialogues include: the level of commitment on the part of donors and beneficiaries; agreement to a clear project plan and timetable; identification of experts with skills (including local or Russian language) and experience matching the country's priority areas; good communication with other stakeholders including NGOs but also IFIs and other donors with relevant capacity building activities; and design of a follow-up phase to the dialogue. Given the nature of the EECCA region and the wish of recipient countries to get as practical advice as possible, it would also be advisable to involve in future dialogues more experts with practical knowledge about the transition process and experts from donor countries' Ministries.

**ANNEX 2.**

**POLICY DIALOGUE FOR INSTITUTIONAL STRENGTHENING OF THE GEORGIAN MINISTRY OF ENVIRONMENT:  
A Preliminary List of Initiatives**

<b>Focus Area 1: FINANCIAL RESOURCES MANAGEMENT</b>			
<b>Project Idea</b>	<b>Problems to be addressed</b>	<b>Key Elements</b>	<b>Relevant Partners / Related Initiatives</b>
<b>Project Idea 1.1: Computerisation of the Financial Department</b>	Replacement of time-consuming paper-based accounting system which is prone to error and does not produce timely and relevant management accounting and budget performance information for managers.	<ol style="list-style-type: none"> <li>1. Specification of user needs from the system</li> <li>2. Production of Invitation to Tender</li> <li>3. Evaluation of Tenders</li> <li>4. Monitoring of the implementation of the system.</li> </ol>	<b>UK DEFRA</b> could support short-term expertise. Need to find synergies with a <b>World Bank</b> project that will provide support for computerisation of financial and human resources functions in different ministries. Need to ensure compatibility/synergies with the <b>Ministry of Finance</b> 's plans to develop automated financial management systems across the Government. The <b>Chamber of Control</b> should also be consulted and may be able to provide advice.
<b>Project Idea 1.2: Targeted Training and development support to the Finance Department</b>	Lack of expert capacity and skills in the GMoE's finance function to provide a modern and facilitative aid to managers in financial planning and budgeting, monitoring and controlling and financial accounting (in a governmental context).	<ol style="list-style-type: none"> <li>1. Detailed needs analysis. Exploration of possible training sources, both indigenous and external. Possible development of a long-term training plan.</li> <li>2. Design of training and development interventions which address the needs identified in key element no. 1</li> <li>3. Delivery of the training programmes and other interventions.</li> </ol>	The <b>GMoE</b> has requested support from the <b>World Bank</b> in the form of an Institutional Development grant for strengthening the accountability framework, improving financial accountability and introduce performance-based budgeting (if confirmed, the project would start in the beginning of 2006). Need to identify the areas that may not be covered by the grant. Limited additional support from <b>UK DEFRA</b> could be available. The <b>Ministry of Finance</b> should be consulted to ascertain whether there are any broader cross-governmental initiatives to promote capacity-building for finance professionals in government.
<b>Project Idea 1.3: Targeted Training and development support to the general Inspection Department</b>	Lack of capacity and skills to provide a modern internal audit/internal consultancy service which is capable of advising senior management on the internal control environment and in making recommendations to improve internal controls, financial management and the economy, efficiency and effectiveness with which the GMoE uses its resources.	<ol style="list-style-type: none"> <li>1. Organisational diagnostic of the General Inspection Department. Detailed needs analysis. Exploration of possible training sources, both indigenous and external. Possible development of a long-term training plan for the department.</li> <li>2. Design of training and development interventions which address the needs identified in key element no. 1</li> <li>3. Delivery of the training programmes and other interventions.</li> </ol>	It is important to liaise with the <b>World Bank</b> and identify the areas that may not be covered through the Institutional Development grant Limited additional support from <b>UK DEFRA</b> could be available. The <b>Ministry of Finance</b> should be consulted to ascertain whether there are any broader cross-governmental initiatives to promote capacity-building for internal auditors in government

<b>Focus Area 2: HUMAN RESOURCES MANAGEMENT</b>			
<b>Project Idea</b>	<b>Problems to be addressed</b>	<b>Key Elements</b>	<b>Relevant Partners / Related Initiatives</b>
<b>Project Idea 2.1: Personnel development in the GMoE</b>	Lack of transparency and communication in the GMoE  Absence of systematic HRM in the field of recruitment, transfer, promotion and firing.	1. Development of job descriptions 2. Formulation of recruitment criteria 3. Introduction of a performance appraisal system 4. Introduction of personnel development planning	<b>Germany</b> will explore possibilities to support this project idea.  The <b>Public Service Bureau</b> has already developed criteria for job descriptions and hiring procedures that could be used for a pilot project in the Ministry of Environment.
<b>Project Idea 2.2: Improvement of the relationship between GMoE and subordinated agencies in HRM issues</b>	Poor communication and information flow between GMoE and its subordinated agencies	1. Creating an atmosphere of mutual understanding and trust 2. Working towards a corporate identity of the environmental administration 3. Setting up rules for reporting to GMoE and information by GMoE.	The <b>GMoE</b> together with the heads of the <b>subordinated agencies</b> need to develop an action plan on how to improve the relationship and the information flow with these agencies. If considered helpful, an outside facilitator could be brought in.
<b>Project Idea 2.3: Development of Personnel Information System</b>	Absence of a comprehensive database of the GMoE staff (including the regional offices and subordinated agencies)		A <b>World Bank</b> project for Public Sector Development deals with the establishment of human resource databases in different ministries. No further external support needed.

<b>Focus Area 3: COMMUNICATION MANAGEMENT</b>			
<b>Project Idea</b>	<b>Problems to be addressed</b>	<b>Key Elements</b>	<b>Relevant Partners / Related Initiatives</b>
<b>Project Idea 3.1: Development and Implementation of a Communication Strategy</b>	Efficient dissemination of targeted information and involvement of concerned actors is key to achieve the Ministry's own goals. Although there is a structure to deal with communication issues (with media as the main target) contacts with NGOs and business is neither goal-oriented nor regular. Insufficient attention is being paid to basic communication principles; there is no communication strategy; and technical and financial resources are extremely limited.	<ol style="list-style-type: none"> <li>1. Appoint one "leader" (Head of Department or Minister; responsible for management oversight) and one "expert" (responsible for operation in practice)</li> <li>2. Define needs for Communication Strategy – based on basic communication principles</li> <li>3. Define and approve appropriate budget</li> <li>4. Identify potential "knowledge partners"</li> <li>5. Develop and implement the Communication Strategy –shifting attention from "fire fighting" to proactive activities, making use of electronic communication means, and identifying a role for the Aarhus Center</li> </ol>	The <b>Estonian Ministry of Environment</b> could act as "knowledge partner" and provide support in form of expert advice and study tours.
<b>Project Idea 3.2: Reactivation of Environmental Education Plan</b>	Public awareness and interest on environmental issues is generally low. The preparation of an environmental education plan was halted.	<ol style="list-style-type: none"> <li>1. Define needs for the Education Plan</li> <li>2. Identify potential partners (NGO, Ministry of Education, etc.)</li> <li>3. Ensure finances</li> <li>4. Draft the Education Plan</li> <li>5. Start implementing</li> </ol>	This project idea was ranked low during the retreat. No immediate action envisaged, but as more pressing needs start to get resolved, this issue should be revisited.

<b>Focus Area 4: INFORMATION MANAGEMENT</b>			
<b>Project Idea</b>	<b>Problems to be addressed</b>	<b>Key Elements</b>	<b>Relevant Partners / Related Initiatives</b>
<b>Project Idea 4.1: Identification of environmental and natural resource management data needs</b>	The GMoE is in the process of reorganising their data gathering and processing structure. At the same time, it is unclear about what data would be more useful for decision-making. Some departments are developing modern ideas but with unrealistic timetables. A pre-requisite for defining data needs is to define environmental priorities.	<ol style="list-style-type: none"> <li>1. Identify pollution sources (economic sectors, households,...) and natural resources</li> <li>2. Identifying what information sources are available for those pollution sources and natural resources</li> <li>3. Locate geographically those pollution sources and natural resources</li> <li>4. Set data priorities (economic sectors and natural resources to be monitored, substances, degree of detail)</li> <li>5. Identify optimal locations for measuring environmental quality</li> <li>6. Identify monitoring equipment and IT tools</li> </ol>	<p><b>UNDP</b> is in a process of developing a project on Environmental Information and Monitoring that could support the GMoE in defining their environmental and NRM data needs.</p> <p><b>Estonia</b> has extended an invitation for a Georgian delegation to study the Estonian system in early 2006.</p>
<b>Project Idea 4.2: Improvement of legal and institutional framework for environmental information management</b>	Current legal obligations in relation to environmental information may hinder the gradual development of an environmental information system adequate for the Georgian context. At the same time, it is important to clarify the responsibilities of the different agencies dealing with environmental information.		This issue could be covered under the above mentioned <b>UNDP</b> project.

<b>CROSS-CUTTING INITIATIVE</b>			
<b>Project Idea</b>	<b>Problems to be addressed</b>	<b>Key Elements</b>	<b>Relevant Partners / Related Initiatives</b>
<b>Project Idea C.1: Improving the IT system across departments</b>	If basic IT needs are not met, progress across areas is hindered. For example, before databases can be designed, fed, and the data analysed (including through GIS if necessary), a basic IT package (office equipment, internet access, IT skills) needs to be available. Several international projects have provided and will continue to provide IT support, but it is important to make sure that that support is coordinated and compatible.	<ol style="list-style-type: none"> <li>1. Establishing IT unit</li> <li>2. Get support for developing an IT plan</li> <li>3. Develop the IT plan</li> <li>4. Implement IT plan gradually</li> </ol>	<p>Diverse and coordinated past and future offers for limited support, without responding to overall plan. Support for developing a plan could be available from <b>Estonia</b>. Estonia could also support the initial implementation phases.</p> <p>The <b>World Bank</b> and <b>UNDP</b> may confirm related projects, and it would be important to ensure that those projects support the overall IT plan.</p>

<b>OVER-ARCHING INITIATIVE</b>			
<b>Project Idea</b>	<b>Problems to be addressed</b>	<b>Key Elements</b>	<b>Relevant Partners / Related Initiatives</b>
<b>Project Idea O.1: Development of a Corporate Programme</b>	The development and implementation of multiple institutional strengthening activities poses the risk that the Ministry will be unable to retain control over them and will not be able to gain maximum value. An overall programme approach would help to overcome that risk and facilitate donor coordination. Although overall management of the programme should rest with the GMoE at all times, assistance for starting up the programme and some training in programme and project management are needed.	<ol style="list-style-type: none"> <li>1. Basic training on programme and project management, aimed at Senior Responsible Officer and programme manager.</li> <li>2. Preparation of a programme brief</li> <li>3. Development of programme governance, including organisation and people-related aspects</li> <li>4. Preparation of a programme plan (project portfolio; programme schedule; monitoring and control activities and performance targets).</li> <li>5. Follow up advice and support to programme manager</li> </ol>	The <b>UK</b> could support the development of a corporate programme.