

**QUARTERLY ISSUE ABOUT EVALUATION**  
**AUTUMN 2010**

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**THERE IS NO SUCCESS WITHOUT EVALUATION**

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**Dear Readers of GEA bulletin**

***With this issue, like in the previous ones, we tried to provide you with the information on the ongoing processes in the sphere of evaluation worldwide, particularly about the American Evaluation Association's annual conference held in Texas, San Antonio, in November 10-13<sup>th</sup>. The main theme of the conference was Evaluation Quality.***

In the given issue we start publishing articles on one of the most significant aspects of the evaluation called: Performance Audit. The author of the provided article, Ketevan Chomaxidze explores for us the resemblance and difference between evaluation and audit, what is the role of evaluation and auditing while implementing controlling functions, what are the characteristics and objectives of evaluation, and audit and what is the difference between those two.

We believe that those working in the field of evaluation will find it interesting to follow our new heading called "Evaluation as a Field" or institutionalization of evaluation and monitoring systems. Nino Saakashvili, President of the Georgian Evaluation Association starts talking on the significance of this issue. The theme will be continued in the next and future issues.

As promised, in this bulletin we continue publishing Vano Tavadze's article 'Legal Aspects of Institutionalization of the M&E System'.

Manana Dumbadze  
Editor in Chief

# EVALUATION 2010

Conference November 10-13 • Workshops November 8-10 & 14

Evaluation Quality

The American Evaluation Association (AEA) invited evaluators from around the world to attend its annual conference in November 10 - 13, 2010 in San Antonio, Texas. AEA's annual meeting brought together approximately 2500 evaluation practitioners, academics, and students. The conference was a unique opportunity to gather with professional colleagues in a collaborative, thought-provoking, and fun atmosphere.

The conference was broken down into 44 Topical Strands that examine the field from the vantage point of a particular methodology, context, or issue of interest to the field as well as the Presidential Strand highlighting this year's Presidential Theme of *Evaluation Quality*. Presentations explored the conference theme or any aspect of the full breadth and depth of evaluation theory and practice.

"We hope the 2010 conference will broaden the opportunities of this field," – was noted in the invitation letter sent to the conference participants. The reason for choosing *Evaluation Quality* as the conference major theme was based on the need to address one of the most significant problems of evaluators: While they evaluate programs, policies, and other entities as a matter of course, they rarely have the opportunity to reflect on the evaluation of their own work or on the theoretical and practical issues associated with evaluation quality.

As a starting point for exploration and discussion of this theme, the conference used the three standards of quality -- Truth, Beauty, and Justice. Some questions that come from the general theme and the three standards include:

- How is evaluation quality conceptualized and operationalized?
- How do we ensure evaluation quality in our practice?
- How do our evaluations embrace and inform truth? Beauty? Justice?
- How do we balance dimensions of evaluation quality when they seem in opposition to one another
- What are the forms and uses of metaevaluation?

In addition, the participants continued conversations started at the 2008 and 2009 conferences around the themes of evaluation policy and the role of context, with such questions as:

- How do evaluation policies support or undermine evaluation quality?
- What is the role of context in evaluation quality?

Evaluation quality can be looked at from philosophical, political, aesthetic, theoretical, practical, and other perspectives. In November 2010, the conference participants had opportunities to engage in conversation about what it is and what it means for evaluators' practice, learn new ways of thinking about the systematic assessment of their work, and increase their ability to conduct evaluations of the highest quality.

**Find the full package of the conference materials at [www.eval.org](http://www.eval.org)**

## **EVALUATION AND PERFORMANCE AUDIT: SIMILARITIES AND DIFFERENCES**

**Ketevan Chomaxidze, Executive Director, Georgian Evaluation Association**

**What are the similarities of performance audit and evaluation? What is the role of performance audit and evaluation in performing control? What are the tasks and features of performance audit and evaluation? What is the difference between the performance audit and evaluation?**

There is a various understanding of similarities and differences of performance audit and evaluation. Some believe that the evaluation can be replaced by the audit, while others prefer the evaluation. Evaluation is applied especially to the agencies where functions of audit, evaluation and inspection are incorporated in one structural subdivision. According to experience, in these cases evaluation is less noticeable and finally it becomes completely forgotten.

In some cases, audit and evaluation are complementary, although they have different approaches, for this reason it is more useful for audit and evaluation to act separately.

Both performance audit and evaluation take a role of a controller. Control also means the observation

of the organization's activities from the outside in order to determine how the organizational performance corresponds to the legislation, standards and ethical norms: How the organization respects the legislative, fiscal and ruling norms, procedures and requirements.

The task of auditing is to verify how the governing bodies carry out their duties. External auditors conduct audit and inspection. The audit determines in what degree the governing practice meet the requirements, regulation, standards and rules. Scope of the audit depends on the degree of risk as well as the stakeholders' trust towards the managers.

Evaluation explores what are the programs about, why they are conducted and what is their impact. Evaluation tries to cover three main questions: Are we doing a right thing? Are we doing it correctly? Could we do it better?

The auditing helps the managers to rule and control how well the organization respects the regulatory requirements; while the evaluation studies how the managers conduct their responsibilities and helps them to improve their practical skills, raise the effectiveness of their work and decrease expenditure.

## Audit

**Since Centuries Greeks and Romans created a system of controlling civil servants. In Mid Ages kings also used to send special representatives to control their vassals performing the administrative and financial duties. Control systems which arose during the monarchy have found their development in the period of democracy.**

Audit is an independent, objective, and supervising activity aimed at increasing of value of the organizational performance. Audit provides a systematic monitoring of effective implementation of organizational management and control processes and risk management. It considers the risks associated with organizational management, operation of information systems and its impact on efficiency and productivity; reliability and integrity of financial and business information; asset protection and the requirements of laws, regulations and treaties.

To guarantee the independence of the auditors, special subdivisions are created within the organizations. These subdivisions are not subordinated organizationally to the structures implementing the audit.

The objectivity of the auditors should be reached by a correct choice of methodology, as appropriate thoughts and attitude of staff. Confidence in the results and conclusions largely depends on who carries out the audit. Auditing as a profession is well developed, and is based on time-tested standards, which are almost having a status of norm (for example rules of accounting). Audit controls if managers succeed in respecting rules and standards as well as it serves as a public interest controller since it identifies the bad management practices, waste of resources and corruption.

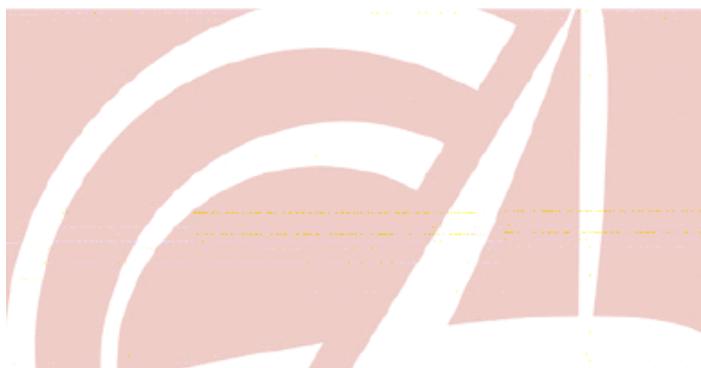
In most countries the professional audit organizations are established. They have created a set of standards and norms of certification for auditors. The International Organization of Supreme Audit Institutions (INTOSAI) and the Institute of Internal Auditors perform the function of a regulator and enhance professional development of auditors.

The forms of the auditing are as follows: Audit of administrative potential; financial Audit, Audit of observance of the certain rules and requirements; performance Audit, Audit of productivity, effectiveness Audit, Audit of systems and procedures.

**According to UN definition the evaluation is more systematic and unbiased study of performance area and activities related to different projects, programs, strategies, policies, sectors, communities and organizations.**

**Evaluation – is a new controlling function, which showed up World War the Second. With the support of the international programs the evaluation has soon became needed worldwide as it was a perfect tool for the definition programs impact on the development. Increased need on result-based management has considerably raised demand for an evaluation.**

The evaluation considers expected and received results, chains of results, processes and relationships of cause and effect to understand that has been

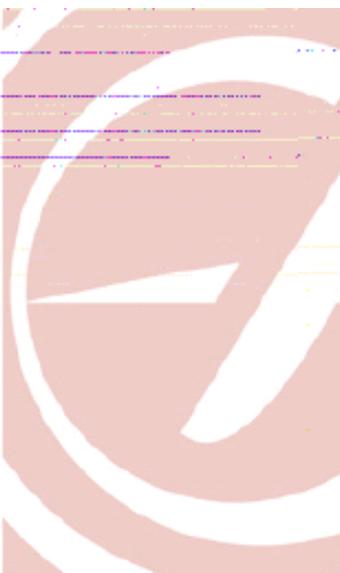


reached and that is not. The subject of an evaluation – is to define, how organizational activities correspond the situation, how productive, sustainable and effective it is. Conclusions and recommendations of evaluation are based on credible and trustworthy information. It enables to use these recommendations for better decision-making. Managers of all levels, independent evaluation subdivisions as well as operational subdivisions are able to order or conduct evaluation.

The ordered evaluation is the same as a final or summative evaluation, the results of which are highly appreciated and trusted by public. Evaluation, which is carried out by the organization itself, is called 'self-evaluation' or 'decentralized evaluation'. Independence of evaluation ensures that an evaluator is free from any form of influence and able to present the objective and transparent results.

For the full independence of the evaluation, the choice of principles and methodology, the establishment of interrelation between evaluators and managers, distributing the information as well as implementation of proposed recommendations should be ensured. It is necessary to underline that evaluation is capable to reveal relationships of cause and effect, analyze why something works and something – does not, envisaging the real problems existing in the world and enabling the flexible approach to realization and design of the evaluation. The evaluation uses various approaches. It can be spent in the form of experiment or quazi-experiment; it is possible to test a hypothesis, possible to conduct an evaluation proceeding from any theoretical constructions.

The following types of evaluation may be used: evaluation of the program adequacy to the existing situation; program's impact evaluation; evaluation of the operational productiveness.



**Similarities, Differences and Complementarities of Assessment and Audit.**

**Both evaluation and audit support managers to make their work more useful and significant.**

Audit tracks the managers' conduct, also define if the of management and control systems correspond to the given risk

levels and types as well as the accepted rules and norms.

Evaluation defines, whether operation is adequate to real situations and – productivity, how much they correspond to the stakeholders' requirements. The evaluation is for improving programs, their transparency, productivity and increasing the level of the stakeholders' participation.

Audit and evaluation have developed separately in different periods of time and out of the different discipline. Audit has been initiated from accounting and financial management and traditionally it does not depend on program management. It gain strength from its character to follow the set of standards. It delivers a range of products from comprehensive to compliance audit, though takes the starting point from the management and operation of the organization and moves to the organizations' activities and products.

Evaluation was established a bit later in response to a need for understanding of the actual effects of the implemented projects, programs, strategies, policies and activities. It keeps close to scientific methodologies providing empirical data of the impact and effects of the organizational performance. Only after obtaining this data we could observe how the results have been achieved. Evaluation has developed its own set of standards for measuring performance. Although the evaluation maintains traditional connections with program managers evaluates their fairness and independence.

**INSTITUTIONALIZATION OF THE MONITORING AND EVALUATION SYSTEM**

**Nino Saakashvili, President of the Georgian Evaluation Association**

Result-based Monitoring and Evolution system is a powerful public management tool, that can be used by Governments and organizations to demonstrate accountability, transparency and results. It can help to build financial and political support for common policies, programs and projects. The qualitative utilization of the result-based M&E System help Government and Organizations build a solid knowledge and information base.

Importantly, result-based monitoring and evaluation system can also bring about major political and cultural changes in the way governments and organizations operate – leading to improved perform-

ance, enhanced accountability, knowledge and transparency.

Continuous attention, resources and political commitment is needed to ensure viability and sustainability of the result oriented monitoring and evaluation system.

Building the cultural shift necessary to move an organization towards a result orientation takes time, commitment and political will. In absence even one of these efforts any actions undertaken for transformation of the organization will not have any results.

Building and sustaining a result-based monitoring and evaluation system takes time and efforts. No system is perfect, there are many different approaches, but the journey is the worth the efforts and the rewards can be many.

### **Ten Steps to a Result-based Monitoring and Evaluation System**

**Step I**, conducting the readiness assessment. This step often - missed or omitted is the diagnostic tool that determines whether the governments are actually ready to move forward in building, developing and using the M&E System.

**Step two** is choosing outcomes to monitor and evaluate. All governments must set goals and outcomes, regardless of whether they have capacity to conduct monitoring and evaluation system or not.

**Step three** covers key performance indicators. These can only be set after agreeing upon and setting common goals.

**Step four** is the baseline and it derived from outcomes and indicators. Baseline is basically information - qualitative or quantitative, that provides date at the beginning of, or just prior to, the monitoring period.

**Step 5** is selecting the result targets. The result targets are interim steps on the way of the longer-term outcome. Target setting is the final step to the creation of the result based performance of the Government. The performance framework in turn becomes the bases for planning with implications for budgeting, resources allocation, staffing etc.

**Step 6** – Monitoring for better results includes both implementation monitoring and results monitoring. Every monitoring system needs ownership, management and maintenance. Monitoring for results also calls for data collection and analysis of performance

data. Building the monitoring system framework means that each outcome will require indicator, baseline, target, data collection strategy, data analysis, reporting plan, and identified users.

**Step 7** involves using evaluation information to support a result-based monitoring and evaluation System. Monitoring and evaluation are complementary, and both are needed in this system.

**Step 8** – Reporting findings – is the critical step in the process. Performance data and findings should be used for improvement of the projects, programs and policies. It is also important to take into account the target audience when reporting findings.

**Step 9** is for using findings. It will better inform the decision-making process.

Finally, **step 10**, deals with the sustaining and developing the M&E system. There are six components connected with this step: demand, clear roles and responsibilities, incentives, trustworthy and credible information, accountability and capacity.

***See the continuation of this theme in the next issue***

## **LEGAL ASPECTS OF INSTITUTIONALIZATION OF MONITORING AND EVALUATION SYSTEM IN THE PUBLIC SECTOR**

**Part II**  
**Vano Tavadze, Programs Director of the Georgian Evaluation Association**

As noted in the first part of the Article, formation of public monitoring and evaluation systems took decades in western democracies and Latin countries. Meantime these systems are live mechanisms and are constantly adapting to the challenges before the system or the country in general. There are few alternatives of institutionalization of public M&E system in Georgia. Hereby two of those are being reviewed.



### **Alternative 1**

The first option of institutionalization of M&E system in Georgia's public sector is relatively easier to attain, since it should be based on already enacted legislative or regulatory framework and implies building on the machineries that is already functional in the country including those provided under the Laws of the Georgian Chamber of Control and Public Internal Audit and Inspection. Apparently, even in this case the institutionalization of the system will necessarily require introduction of respective amendments into the legislation.

Precisely, in this case the mandate of the internal audit units should be expanded and extended on the issues such as planning, budgeting and monitoring and evaluation of ongoing operations and outcomes/results of these activities. For a while since there's a dispute going on among western theorists on the reasonableness of unification of auditing and evaluation functions under a single structural unit. Accordingly there's no consensus on this issue and public M&E systems vary from country to country: in a number of countries auditing and evaluation functions are being vested within a single unit/organization, whereas in most countries these functions are being divided between several units or organizations.

Since internal auditing system is already in place in Georgian public agencies and its is being planned implementation of efficiency audits for 2012 by the internal audit units, this could ease institutionalization of M&E system in the public agencies. Precisely, in the area of planning the mandate of the internal audit units should be expanded and apart from the identification and management of risks, the following functions should be prescribed to the units:

- Identification of institutional priorities and development of medium-terms strategic plans;
- Identification of medium-term institutional objectives and expected results;
- Identification of external risks or factors that can hinder achievements of institutional objectives;
- Development of detailed institutional action plan;

Development of institutional performance measurement plan and identification of performance indicators.

In addition to exercising of planning functions, the internal audit units should also participate in the financial calculation of the mid-term priorities and designing the outline of the institutional budget, which will be subsequently detailed by the financial

and budgeting unit of the agency in question.

Most importantly, under this scheme the internal audit unit is not constrained only with the financial or efficiency audits of particular institutional activities or programs but continuously monitors achievement of mid-term objectives and expected results of the agency.

Supposedly institutionalization of the M&E system under this model shall not require large amounts of financial resources and at the initial phases training of the personnel employed within the internal audit units and equipping them with adequate methodologies and instruments could be sufficient. Meantime, upon the accumulation of experiences in the M&E area by these units further structural and organizational refinements will be necessary in the future.

One of the main benefits of the M&E system is that information generated in various public agencies as a result of the evaluation interventions is being systematized, collected and analyzed at the government level and enables the decision-makers to effectively use the data while taking the key decisions in various areas.

### **Alternative 2**

Setting up an Evaluation Center with coordinating functions at the head of the Government (Prime Minister) is another alternative of institutionalization of M&E system in the public sector.

Under this scheme in every ministry or state department an evaluation unit should be formed that will be accountable directly before the Minister or Department Head. Meanwhile information generated in each public agency will be gathered in the Evaluation Center that will secure efficient utilization of information while making decisions on socio-economic development.

The functions of the Evaluation Center will include:

- Coordinating development of strategic plans and annual action plans by the line ministries and renewal of these plans;



- Coordinating planning, implementation and evaluation of programs financed from national budget;
  - Establishment of electronic database of evaluation at the government level and coordinating establishment of evaluation databases in line ministries and state departments;
- Elaboration or improvement of evaluation methodologies and instruments.

The functions of the evaluation units of line ministries should include:

- Identification of institutional priorities and development of medium-terms strategic plans;
  - Identification of medium-term institutional objectives and expected results;
  - Identification of external risks or factors that can hinder achievements of institutional objectives;
  - Development of detailed institutional action plan;
  - Development of institutional performance measurement plan and identification of performance indicators;
  - Monitoring and evaluation of the agency's operations pursuant the pre-defined indicators;
- Communication of information to the Government's Evaluation Center.

Thus, unlike the first alternative, this scheme envisages separation of auditing and evaluation functions from each other and establishment of a separate structural unit with a certain degree of autonomy. Apparently implementation of this option will require larger financial investments from the government. Meantime in both cases it is of vital significance to systematize information generated within various agencies and gather all these data in a coordinating Center that, on its part, should secure utilization of the information while taking important decisions in every area.