

SIGNATURE PAGE

Country: Georgia

UNDAF Outcome(s)/Indicator(s): Efficiency and accountability of governance structures at central and local levels strengthened, towards an inclusive and participatory decision-making process

Expected Outcome(s)/Indicator (s): Public sector reform in support of efficient, effective, responsible and pro-poor public services promoted and supported through policy advice and capacity development activities./Assessment regarding the impact of the overall reform process

Expected Output(s)/Annual Targets: The management, administrative and organizational capacities of key public administration institutions enhanced/Improved policy making and alignment of public administration reform with national priorities as well as strengthened management and capacities of key ministries through policy advice, exchange of experience and targeted technical assistance;

Implementing partner: UNDP

Other partners: Administration of the President of Georgia

Programme Period: 2006-2010
Programme Component: Public Administration Reform, Structural Reforms and Anti-corruption

Project Title: Capacity Building Fund / Governance Reform Programme, Phase II


Award ID/Project ID: xxx
Project Duration: March 2007 – December 2008
Management Arrangement: DEX

Budget:	467,500
General Management Support Fee:	32,500
Total budget:	500,000
Allocated resources:	
• Government:	
• Regular:	
• SIDA:	500,000
Unfunded budget:	0

Agreed by: Ms. Ekaterina Sharashidze, Head of Administration of the President of Georgia

Signature:  Date: 29 MAR 2007

Agreed by: Mr. Robert D. Watkins, Resident Representative, UNDP Georgia

Signature:  Date: 29 MAR 2007



United Nations Development Programme

Capacity Building Fund / Governance Reform Programme, Phase II

BRIEF DESCRIPTION

The goal of the project is to enhance government capacity in implementation of public sector and economic reforms. The achievement of the above goal will be ensured by enhancing capacities of selected public institutions through assistance from the Capacity Building Fund.

The project aims to complement the results of the initiatives supported under the CBF Round 1 and 2. It will support the strategic proposals of the key national institutions aimed at building their capacities. The sub-projects of the priority nature will be supported through the fund. Implementation of the proposed sub-projects is expected to result in an enhancing technical and managerial capacities of selected public institutions in the most strategic directions.

1. SITUATION ANALYSIS

The Government of Georgia has identified a number of inter-related key principles as priorities to ensure coherent implementation of its medium term Reform and Development Program (2004-2009) (RDP), such as eradication of corruption, enhancement of transparency and public monitoring, reduction of size of bureaucracy and its influence, increase of public participation in decision making processes, enhancement of professional qualifications of public servants, ensuring the supremacy of the law and equality of all in front of the law, etc.

These principles stated by the Government have been corresponding with the key programs initiated by different donors and aimed to assist Georgia in developing and implementing national development policies towards overcoming poverty and achieving sustainable and rapid economic growth. Furthermore, the Government proclaimed policies' compliance with the key principles of the Economic Development and Poverty Reduction Program (EDPRP) and committed itself to making contribution to achieving the UN Millennium Development Goals (MDGs).

The above programs emphasize that democratic governance is the key component in achieving MDGs and EDPRP targets. Building of good governance has been acknowledged to be the main precondition for the sustainable development of the country. Public Administration is a key component of governance being a vehicle through which the government strategies are implemented and proper functioning of the state is ensured. This is the rationale for the focus of both the reform-oriented Government and the donor community on the public administration reform (PAR) and its identification as an issue of foremost urgency and importance in Georgia. Various donors have committed to support PAR in Georgia, including UNDP, OSI, SIDA, DFID, EU, USAID, etc.

In January 2004, under the initiative of the President, the Development and Reform Fund (DRF) was established to promote the public administration reform during the transition period. This body has been tasked with advancing the following objectives: (1) Promotion of institutional and civil service reforms; (2) Implementation of measures for the provision of adequate salaries for civil servants; (3) Retraining of civil servants.

In support of this initiative, in early 2004 UNDP in cooperation with OSI, with SIDA joining during the year, have launched the Governance Reform Program (GRP). The GRP has been coordinated by UNDP and administered in cooperation with the Development and Reform Fund (DRF) under the President of Georgia.

The overall objective of the GRP is to assist the Government in implementing the package of governance reforms. The GRP objective is to be met through:

- Assistance to the Government in administering of salary supplements as a key anti-corruption measure (Salary Supplement Fund - SSF);
- Assistance to the Government in strengthening its governance capacity through the provision of policy advice and technical assistance (Capacity Building Fund - CBF).

During 2004 GRP was providing salary supplements to the highest rank political appointees and civil servants, judges and tax officials. Originally, it was planned that over three years the phase out strategy would be applied and the state budget would gradually take over funding of the increased salaries. However, based on the national decision, from 2005 the officials

have been already funded by state budget in a form of an official salary. Thus, SSF successfully completed its mission and given existing demand from the side of the Government and interest of donors in assisting the public administration reform, the GRP Executive Committee (comprised of DRF, UNDP, OSI and SIDA) decided to increase the capacity building component of GRP and redirect the savings of the salary supplement funds (those pledged for 2005-2006) to the CBF. Additional funds have been mobilized from the Irish Aid, which will partially cover the 2007-2008 phase of the CBF.

~~The CBF has been designed to provide the Government with policy advice and technical assistance through the mechanism of sub-projects implemented by key government agencies selected on a competitive basis. The key decisions including the CBF strategy and its structure, as well as final approval of proposals has been made by the GRP Executive Committee on a consensus basis.~~

During 2004 CBF announced the Round 1 of call for proposals for the Ministries and other key national level public institutions. The objective was to support sub-projects aimed at advancing public institutions' performance through improving work conditions, introducing Information and Communication Technologies (ICTs), developing policy and strategy papers, training of the staff, etc. Under a competitive process, the following government agencies have been selected for assistance: Ministry of Environment and Natural Resources, Ministry of Education and Science, Ministry of Economic Development, Tbilisi Municipality, Public Service Bureau. Total budget allocated during the Round 1 was USD 337,951. Most of the above sub-projects have already been completed.

In mid 2005, Round 2 of CBF was initiated, focusing on following activities to be supported under the sub-projects:

- Expert assistance in defining a mission or functions of an institution,
- Developing a policy and/or strategy papers and other activities specifically aimed at capacity development,
- Building up staff knowledge and skills (e.g., training, workshops, etc.),
- Introduction of other innovations that would remain within the institution on a long-term basis.

Under the Round 2, UNDP supported the institutions in preparing the applications, in terms of elaborating to potential partners the background of the initiative and application related processes, resulting in increased quality of the proposals received. Out of 26 proposals, submitted by 21 state agencies, 17 have been assessed as completely or partially meeting the CBF criteria, and therefore selected for financing (budgets ranging between 25,000 - 100,000 USD). The overall funding of the Round 2 is app. 1,200,000 USD.

The following state agencies have been supported under the CBF Round 2 – Administration of the President, Prime Minister's Office, Supreme Court, Ministry of Education and Science, Ministry of Finance, Ministry of Economic Development, Ministry of Justice, Ministry of Culture, Monuments' Protection and Sport, Ministry of Labour, Health and Social Affairs, Office of the State Minister on Reforms Coordination, Office of the State Minister on Conflict Resolution Issues, Public Service Bureau, Tbilisi City Municipality.

Along with supporting the sub-projects, direct expert assistance provided through CBF is also offered. Namely, an expert assistance to the Government of Georgia was provided in

elaboration of the new Tax Code and in negotiating the restructuring of debt with the Paris Club.

2. STRATEGY

The project will contribute to achievement of the United Nations Development Assistance Framework (UNDAF) outcome – related to strengthening efficiency and accountability of governance structures at central and local levels, towards an inclusive and participatory decision-making process. This is translated into the UNDP Country Programme Action Plan (CPAP) outcome "Public sector reform in support of efficient, effective, responsible and pro-poor public services promoted and supported through policy advice and capacity development activities". At an output level, this involves support towards improving management, administrative and organizational capacities of key public administration institutions for the demonstrated progress of the reform process.

The goal of the project is to enhance government capacity in implementation of public sector and economic reforms. The achievement of the above goal will be ensured by enhancing technical and managerial capacities of selected public institutions through assistance from Capacity Building Fund.

The project aims to complement the results of the initiatives supported under the CBF Round 1 and 2. It will support strategic proposals of the key national institutions aimed at building their capacities. However, the selection criteria to be used under this project might be revised and adjusted to the changed environment and needs. This will depend on the current developments in the public administration system and will build on the results of the GRP impact evaluation.

Following this strategic decision, the proposals by the key national institutions will be collected and reviewed by the UNDP and partner agencies. The proposals of the nature of the most strategic priority will be supported by the fund. The executive board of the project will be established composed of senior officials of selected key public agencies (i.e. President's administration, SMORC, MOF, MOED, MOES, etc) and will be reported on the status of the project implementation on a regular basis.

Support will be given to government agencies that will take the full responsibility for the implementation of sub-projects, under the Project Unit supervision. Focal points at each of the agencies will be accountable to the Project Unit on progress of the sub-projects, while the latter will prepare progress reports for the Executive Board. Progress assessments of each of the sub-projects will be conducted during project life and after their completion.

The UNDP together with the representatives of the Executive Board will determine the eligibility and funding criteria before launching the next CBF Round.

Overall, the assistance is expected to enhance technical and managerial capacities of selected public institutions in the most strategic directions.

To this aim, the project will undergo the following phases:

- Conducting Programme impact evaluation
- Developing terms for consecutive round of CBF

- Collecting and reviewing of proposals
- Working on the potential sub-projects including preparing and signing agreements
- Launching of the sub-projects
- Reporting to the Executive Board
- Sub-projects' implementation

Outcome evaluation of the project and strategy/action plan development for further involvement in PAR

3: MANAGEMENT ARRANGEMENTS

The project will be implemented under Direct Execution Modality (DEX) in accordance with UNDP rules and regulations as contained in the UNDP Results Management User Guide. The administration of the president of Georgia will be a principal partner for the project, while other state bodies can also serve as project partners if required.

A Project Executive Board will be created composed of representatives of UNDP, Administration of the President of Georgia and other key national institutions. The Board will be set as group responsible for making management decisions on a consensus basis for a project when guidance is required. A UNDP Programme staff member will be assigned to hold the project assurance role.

To ensure a smooth operation of the project, the Project Unit will be established. It will liaise between the UNDP and other relevant agencies, provide a technical guidance during implementation of the sub-projects and ensure compliance with UNDP regulations/procedures and monitoring implementation of the sub-projects.

Each sub-project will have a focal point responsible for coordinating and managing of all sub-project related activities, functioning as a liaison between relevant government agency and the Project Unit, and providing the Project Unit with progress reports.

6. EVALUATION

First external evaluation of the Government Reform Programme CBF component will be carried out by an independent qualified party upon the completion of the 2004-2006 phase of the CBF. The evaluation will address compliance of planned outputs with actual results, overall impact, lessons learned, and strategic recommendations for 2007-2008. Subsequent evaluation is planned upon the completion of 2007-2008 phase of CBF.

5: LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the Standard Basic Assistance Agreement (SBAA) and all CPAP provisions apply to this document.

<p>Intended Outcome as stated in the Country Programme Results and Resource Framework: Public sector reform in support of efficient, effective, responsible and pro-poor public services promoted and supported through policy advice and capacity development activities</p>				
<p>Applicable MYFF Service Line: 2.7 Public administration reform and anti-corruption</p>				
<p>Partnership Strategy: The project will be implemented in close cooperation with the Administration of the President of and other key public sector bodies. The project will support the public agencies strategic requirements and will utilize the data and information from various government agencies, as well as analysis, research and studies produced by national and international NGOs/think tanks, and donor organizations.</p>				
<p>Project title and ID (ATLAS Award ID): Governance Reform Programme Award # 33545</p>				
Intended Outputs	Output Target	Indicative Activities	Responsible parties	Inputs
Output 1.1		<ul style="list-style-type: none"> 1.1.1 Conducting Programme impact evaluation 1.1.2 Developing terms for consecutive round of CBF 1.1.3 Announcing call for proposals 1.1.4 Review of proposals 1.1.5 Working on the potential sub-projects including preparing and signing agreements 1.1.6 Launching of the sub-projects 1.1.7 Sub-projects' implementation 1.1.8 Outcome evaluation of the project and strategy/action plan development for further involvement in PAR 	UNDP	<ul style="list-style-type: none"> UNDP relevant staff Project Unit/DRF External expertise

SECTION III: ANNUAL WORK PLAN BUDGET SHEET

Year: 2007-2008



United Nations Development Programme
Georgia



Year: 2007
Project Number:
Project Title: Support to National and Sub national Strategy Planning

Expected Output	Key Activities	Respon. Party	Planned Budget				Amount
			Fund	Donor	Budget Description	Budget Description	
Capacity Building Fund Governance Reform Programme, Phase II	1.CBF sub Projects SIDA II	UNDP	54050	SIDA	71400	Contractual services, (staff&operations)	23,399.92
			54050	SIDA	72100	Contractual Services (Sub projects)	116,850.08
			54050	SIDA	75100	GMS	9,750.00
Sub total						150,000.00	150,000.00
TOTAL						150,000.00	150,000.00



United Nations Development Programme
Georgia

Year: 2007
Project Number:
Project Title: Support to National and Sub national Strategy Planning

Expected Output	Key Activities	Respon. Party	Planned Budget				Amount
			Fund	Donor	Budget Description	Budget Description	
Capacity Building Fund Governance Reform Programme, Phase II	1.CBF Sub Projects SIDA II	UNDP	54050	SIDA	71400	Contractual services, (staff&operations)	54,599.80
			54050	SIDA	72100	Contractual Services (Sub projects)	272,650.20
			54050	SIDA	75100	GMS	22,750.00
Sub total						350,000.00	350,000.00
TOTAL						350,000.00	350,000.00

Indicative Schedule 2007												Indicative Schedule 2008											
ACTIVITIES	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC		
Enhanced government capacity in long-term national development planning																							
Conducting Programme impact evaluation																							
Developing terms for consecutive round of CBF																							
Collecting and Reviewing proposals																							
Working on the potential sub-projects including preparing and signing agreements																							
Launching of the sub-projects																							
Sub-projects' implementation																							
Outcome evaluation of the project and strategy/action plan development for further involvement in PAR																							