



United Nations Development Programme
Country: Georgia
Capacity Building Fund, Phase II
Project Document

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

Expected CP Outcome(s): 2.7.1 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): The capacity of the Government for the implementation of the public sector reforms strengthened.

Implementing partner: UNDP

Agreed with: Administration of the President of Georgia

Narrative

Governance Reform Programme for Georgia (GRP) has been aimed at providing support to the Government of Georgia in its efforts to undertake series of major reforms. At its initiation, the Programme consisted of two main components, namely assistance to the government in administering salary supplements and anti-corruption actions through Development and Reform Fund Under the President of Georgia (Salary Supplement Fund - SSF), and assistance to institution building and strengthened capacities through provision of policy advice and technical assistance (Capacity Building Fund - CBF).

The SSF successfully completed its mandate by 2005 and since that focus of the Programme has been made on CBF. As a result of two rounds of grant competition 20 initiatives by 14 key agencies of public administration system were funded from CBF and successfully completed by the end of 2007. The following products have been developed as a result: 2 draft laws and 9 draft normative documents elaborated; 12 agencies provided with modern ICTs such as computers and other hardware, local area networks (LAN), virtual parallel networks (VPN), databases, management systems, GIS, web-sites, etc.; 400 schools provided with LAN; about 450 public servants trained; 94 per cent of registered normative acts reviewed, 1,500 normative acts annulled, etc. Approximate level of funding for a given phase of CBF was USD 1,500,000.

The initially planned 3-year (2004-2006) Programme was extended over 2007 because of an interest of the Georgian Government and donors to continue supporting public administration reform. In the meantime, UNDP elaborated a renewed strategy to respond to the changing needs of the Government. In addition, UNDP considered executing the programme directly. As a result, UNDP conducted an independent evaluation of CBF, which assessed past initiatives, including implementation modality, and proposed future strategy. The evaluation has demonstrated that CBF sub-projects have made valuable and tangible contributions to the development of the long term capacities of the key public administration institutions in Georgia and to the process of public administration reform subsequently. Additionally, the evaluation proposed some management recommendations. Namely, changing composition of the Project Board and including national bodies in it and changing execution modality from national to direct execution. The evaluation report was approved by UNDP in July 2007.

All the above recommendations of the evaluation will be considered under the current CBF Phase II. The expected *Output* from a given phase will be strengthened capacity of the Government for the implementation of the public sector reforms.

Programme Period: 2006-2010 as per Country Programme Action Plan (CPAP)
CPAP Programme Component: Democratic Governance
Project Title: Capacity Building Fund, Phase II
Atlas Award ID: 00048522
Start date: October 2007
End Date: December 2009
PAC Meeting Date: 30 March 2007
Management Arrangement: DEX

2008-2009 AWP budget: USD 1,447,794

Total allocated resources:

- **SIDA** - USD 171, 577.42
- **OSI** - USD 65, 504.51
- **AIG** - USD 105, 947.78
- **SIDA II** - USD 500, 000
- **IRE** - USD 604,764

Agreed by Administration of the President of Georgia:

Agreed by UNDP:

I. ANNUAL WORK PLAN BUDGET SHEET

Year: 2008

EXPECTED OUTPUTS And baseline, associated indicators and annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
Output 1 (00058717) The capacity of the Government for the implementation of the public sector reforms strengthened. Baseline: 20 initiatives by 14 key agencies of public administration system	Activity 1. Capacity Building Fund (SIDA)		X	X	X	UNDP	SIDA		USD 171, 577
	Activity 2. Capacity Building Fund (OSI)	X	X	X		UNDP	OSI		USD 65, 504
	Activity 3. Capacity Building Fund (AIG)	X	X	X		UNDP	AIG		USD 105, 947

<p><i>implemented. The following products developed as a result: 2 draft laws and 9 draft normative documents elaborated; 12 agencies provided with modern ICTs such as computers and other hardware, local area networks (LAN), virtual private networks (VPN), databases, management systems, GIS, web-sites, etc.; 400 schools provided with LAN; about 450 public servants trained; 94 per cent of registered normative acts reviewed, 1,500 normative acts annulled, etc.</i></p> <p>Indicators: <i>No of initiatives launched; No of products developed for public agencies; No of public servants trained; No of laws reviewed/amended/annulled to bring them in compliance with prevailing legislation.</i></p> <p>Targets: 2008 <i>At least 4 sub-project initiatives launched;</i></p> <p><i>Related CP outcome:</i> 2.7.1 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</p>																		
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Output 2 (00059060) The capacity of the Government for the implementation of the public sector reforms strengthened. Baseline: <i>20 initiatives by 14 key agencies of public administration system implemented. The following products developed as a result: 2 draft laws and 9 draft normative documents elaborated; 12 agencies provided with modern ICTs such as computers</i>	Activity 1 Project Coordination Unit (SIDA II)	X	X	X	x	UNDP	SIDAII		USD 83, 421
	Activity 2 Capacity Building Fund (SIDA II)	X	X	X	X	UNDP	SIDA II		USD 343,945
	Activity 3 Capacity Building Fund (IRE)		X	X	x	UNDP	IRE		USD 155, 279

<p>and other hardware, local area networks (LAN), virtual private networks (VPN), databases, management systems, GIS, web-sites, etc.; 400 schools provided with LAN; about 450 public servants trained; 94 per cent of registered normative acts reviewed, 1,500 normative acts annulled, etc.</p> <p>Indicators:</p> <p>No of initiatives launched; No of products developed for public agencies; No of public servants trained; No of laws reviewed/amended/annulled to bring them in compliance with prevailing legislation.</p> <p>Targets:</p> <p>2008</p> <p>At least 6 sub-project initiatives launched;</p> <p><i>Related CP outcome:</i></p> <p>2.7.1 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</p>	<p>Activity 4 Review of Normative Regulations (IRE)</p> <p><i>Purpose:</i></p> <p>Existing normative regulations brought into compliance with prevailing legislation</p> <p><i>Actions:</i></p> <ul style="list-style-type: none"> - Analysis of normative regulations conducted with particular emphasis on legislation affecting business and fiscal environment. <ul style="list-style-type: none"> • Team of experts reviewing normative acts in cooperation with such agencies as Ministry of Economic Development; Ministry of Energy; Ministry of Labour, Health and Social Affairs; Ministry of Environment and Natural Resources; National Bank of Georgia; Ministry of Finance; Tbilisi Municipality; number of Municipalities in East and West Georgia (Batumi, Poti, Kutaisi, Telavi.); Various state agencies, mainly Legal Entities of Public Law and Regulatory Commissions; - Amendment, registration or annulment of respective normative regulations made based on State Commission's and the team's recommendations. <ul style="list-style-type: none"> • Team of experts preparing list of regulations (registered and unregistered) to be annulled, amended or newly registered in cooperation with target agencies; • State Commission regularly updated on progress of the work and provided with respective recommendations; • Respective normative regulations amended, registered or annulled based on the Commission's recommendation and Government's decision. - Mechanism for future regulation of normative basis introduced. <ul style="list-style-type: none"> • Team of experts working on adoption of "Sunset Regulation" practice to Georgian reality 	X	X	X		UNDP	IRE		USD 99, 484
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	<p>Activity 5 Capacity Building of the Foreign Trade and International Economic Relations Department of the Ministry of Economic Development</p> <p><i>Purpose:</i> Improved capacity of the Government to analyze and negotiate trade agreements, and formulate trade policies that will contribute to Georgia's economic and social welfare.</p> <p><i>Actions:</i></p> <ul style="list-style-type: none"> - Qualitative analysis of the impact of trade policy related set of actions – Workshop covering the following topics: a) the link between trade and human development, b) stakeholder identification and consultation, c) how trade policy affects and is affected by the work of other ministries; and Individual consultations; - Quantitative analysis of trade information and policy related actions - Seminar on Quantitative analysis and Policy costing techniques; and Individual consultations; - Understanding and negotiating trade agreements related set of actions - Workshop covering the following topics: (a) overview of Free Trade Agreements, (b) EU FTAs standard chapters, exclusions, and case studies of outcomes from other countries, (c) Non Tariff Barriers to trade with the EU, (d) how are FTAs with the EU negotiated and what should be negotiated?, (e) overview of US FTAs; and Individual consultations; - Communication of trade information, analysis and policy recommendations to policy makers and stakeholders related set of actions - Negotiations Skills Course (English/Georgian); Presentation Skills Course (English/Georgian); Written Presentation Skills Course - Power Point presentations, report writing, and briefing papers; English language courses. 	X	X			UNDP	SIDAI		USD 72,633
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II. MANAGEMENT ARRANGEMENTS

Capacity Building Fund (CBF) will be implemented through DEX modality. Therefore, all activities envisaged by the present project will be implemented under overall supervision of UNDP Project Coordination Unit (PCU) and namely its National Project Coordinator, which in its turn will report to UNDP respective Program Analyst on all developments of the project. Disbursement of funds for the project related activities will be subject to UNDP authorisation. Contracting of personnel/procurement will be conducted according to the rules and regulations of UNDP unless otherwise specified in the project document.

CBF Project Board will perform advisory function. The Project Board will consist of representatives of donors (UNDP, SIDA, etc.) as well as key national bodies such as Administration of the President, Prime Minister's Office, Ministry of Finance, Ministry of Economic Development, Office of the State Minister on Reforms Coordination Issues. The Project Board will be consulted on state strategic priorities and compliance of CBF initiatives with the latter.

III. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last

year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Quality Management for Project Activity Results

OUTPUT 1: The capacity of the Government for the implementation of the public sector reforms strengthened.		
Activity Result 1 (Atlas Activity ID)	Capacity Building Fund (SIDA)	Start Date: October 2007 End Date: December 2008
Purpose	<i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i>	
Description	N/A	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
N/A		

OUTPUT 1: The capacity of the Government for the implementation of the public sector reforms strengthened.		
Activity Result 2 (Atlas Activity ID)	Capacity Building Fund (OSI)	Start Date: October 2007 End Date: May 2008
Purpose	<i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i>	
Description	N/A	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
N/A		

OUTPUT 1: The capacity of the Government for the implementation of the public sector reforms strengthened.		
Activity Result 3 (Atlas Activity ID)	Capacity Building Fund (AIG)	Start Date: October 2007 End Date: April 2008
Purpose	<i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i>	
Description	N/A	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
N/A		

OUTPUT 2: The capacity of the Government for the implementation of the public sector reforms strengthened.		
Activity Result 1 (Atlas Activity ID)	Project Coordination Unit	Start Date: October 2007 End Date: December 2009
Purpose	Effective coordination, administration and monitoring of project activities.	
Description	<ul style="list-style-type: none"> - Identification of project ideas; - identification of relevant state agencies; - support in the development of project proposals; - support in financial, HR and procurement management; - monitoring of project activities; - support in project reporting; 	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Outlined targets met	Performance appraisal of Project Coordination Unit staff	December/February 2008

OUTPUT 2: The capacity of the Government for the implementation of the public sector reforms strengthened.		
Activity Result 2 (Atlas Activity ID)	Capacity Building Fund (SIDAII)	Start Date: October 2007 End Date: December 2008

Purpose	<i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i>		
Description	N/A		
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>	
N/A			

OUTPUT 2: The capacity of the Government for the implementation of the public sector reforms strengthened.

Activity Result 3 (Atlas Activity ID)	Capacity Building Fund (IRE)	Start Date: October 2007 End Date: December 2009	
Purpose	<i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i>		
Description	N/A		
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>	
N/A			

OUTPUT 2: The capacity of the Government for the implementation of the public sector reforms strengthened.

Activity Result 4 (Atlas Activity ID)	<i>Review of Normative Regulations</i>	Start Date: November 2007 End Date: September 2008	
Purpose	Existing normative regulations brought into compliance with prevailing legislation		
Description	<ul style="list-style-type: none"> ➤ Analysis of normative regulations to be conducted with particular emphasis on legislation affecting business and fiscal environment. Team of experts reviewing normative acts in cooperation with such agencies as Ministry of Economic Development; Ministry of Energy; Ministry of Labour, Health and Social Affairs; Ministry of Environment and Natural Resources; National Bank of Georgia; Ministry of Finance; Tbilisi Municipality; number of Municipalities in East and West Georgia (Batumi, Poti, Kutaisi, Telavi) Various state agencies, mainly Legal Entities of Public Law and Regulatory Commissions; ➤ Amendment, registration or annulment of respective normative regulations to be made based on State Commission's and the team's recommendations. Team of experts preparing list of regulations (registered and unregistered) to be annulled, amended or newly registered in cooperation with target agencies; State Commission regularly updated on progress of the work and provided with 		

	<p>respective recommendations; Respective normative regulations amended, registered or annulled based on the Commission's recommendation and Government's decision</p> <p>➤ Mechanism of regulating normative basis introduced. Team of experts working on adoption of "Sunset Regulation" practice to Georgian reality</p>	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Number and scope (agencies, sectors, etc.) of normative regulations analysed;	Progress reports	February 2008 May 2008 September 2008
The team's recommendations considered/approved by the Commission;	Minutes of Commission's meetings	September 2008
Recommendations approved by the Government.	Decisions of the Government	September 2008

OUTPUT 2: The capacity of the Government for the implementation of the public sector reforms strengthened		
Activity Result 5 (Atlas Activity ID)	<i>Build the capacity of the Foreign Trade and International Economic Relations Department of the Ministry of Economic Development to enable them to effectively advice the Government of Georgia on trade policy.</i>	Start Date: January 2008 End Date: May 2008
Purpose	Improved capacity of the Government to analyze and negotiate trade agreements, and formulate trade policies that will contribute to Georgia's economic and social welfare.	
Description	<ul style="list-style-type: none"> • Qualitative analysis of the impact of trade policy related set of actions • Quantitative analysis of trade information and policy related actions • Understanding and negotiating trade agreements related set of actions • Communication of trade information, analysis and policy recommendations to policy makers and stakeholders related set of actions 	
Quality Criteria <i>How/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. What method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Successful completion of the training courses by the staff members of the Trade Department	Results of testing conducted after each module – trained staff receives average scores of 75% on tests after each module	March/May 2008
Georgian professionals trained in the qualitative / quantitative analysis of trade statistics, trade policy, and trade agreements	Feedback of the MoED senior management on the analytical papers prepared by the trained Georgian professionals in the qualitative/quantitative analysis of trade statistics, trade policy, and trade agreements	May 2008
Georgian professionals trained in the presentation of trade analysis and policy recommendations.	Feedback of the MoED senior management on the presentations and trade policy recommendations prepared by the trained Georgian professionals	May 2008
Long term institutional in-country capacity developed in international	Records of the participants of training programs – at least one think tank/consulting/training	May 2008

trade and related topics	company trained in each of the topics	
Long term in-country capacity developed in international trade and related issues	Records of the participants of training programs – at least one academician trained in each of the topics	May 2008

IV. 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 SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document".

V. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:				
2.7.1 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.				
Applicable MYFF Service Line: 2.7 Public administration reform and anticorruption				
Partnership Strategy: The project will be implemented through DEX modality				
Project title and ID (ATLAS Award ID): Capacity Building Fund, Phase II, 00048522				
INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output 1</p> <p>The capacity of the Government for the implementation of the public sector reforms strengthened.</p> <p><i>Baseline:</i></p> <p>20 initiatives by 14 key agencies of public administration system implemented. The following products developed as a result: 2 draft laws and 9 draft normative documents elaborated; 12 agencies provided with modern ICTs such as computers and other hardware, local area networks (LAN), virtual parallel networks (VPN), databases, management systems, GIS, web-sites, etc.; 400 schools provided with LAN; about 450 public servants trained; 94 per cent of registered normative acts reviewed, 1500 normative acts annulled, etc.</p> <p><i>Indicators:</i></p> <p>No of initiatives launched;</p> <p>No of products developed for public</p>	<p>Target 2008</p> <p>- 2 sub-projects funded</p>	<p>Activity 1</p> <p>Capacity Building Fund (SIDA)</p> <p>Purpose:</p> <p><i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i></p>	<p>UNDP</p>	<p><i>Project Coordination Unit Staff;</i></p> <p><i>UNDP Country Office Staff</i></p>
	<p>Target 2008</p> <p>- 1 sub-project funded</p>	<p>Activity 2</p> <p>Capacity Building Fund (OSI)</p> <p>Purpose:</p> <p><i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i></p>	<p>UNDP</p>	<p><i>Project Coordination Unit Staff;</i></p> <p><i>UNDP Country Office Staff</i></p>
	<p>Target 2008</p> <p>- 2 sub-projects funded</p>	<p>3. Activity</p> <p>Capacity Building Fund (AIG)</p> <p>Purpose:</p> <p><i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i></p>	<p>UNDP</p>	<p><i>Project Coordination Unit Staff;</i></p> <p><i>UNDP Country Office Staff</i></p>

<p>agencies; No of public servants trained; No of laws reviewed/amended/annulled to bring them in compliance with prevailing legislation.</p>				
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<p>Output 2 The capacity of the Government for the implementation of the public sector reforms strengthened. <i>Baseline:</i> 20 initiatives by 14 key agencies of public administration system implemented. The following products developed as a result: 2 draft laws and 9 draft normative documents elaborated; 12 agencies provided with modern ICTs such as computers and other hardware, local area networks (LAN), virtual parallel networks (VPN), databases, management systems, GIS, web-sites, etc.; 400 schools provided with LAN; about 450 public servants trained; 94 per cent of registered normative acts reviewed, 1500 normative acts annulled, etc.</p> <p><i>Indicators:</i> No of initiatives launched; No of products developed for public agencies; No of public servants trained; No of laws</p>	<p>1. Activity Project Coordination Unit Purpose: <i>Effective coordination, administration and monitoring of project activities.</i> Actions: – identification of project ideas; – identification of relevant state agencies; – support in the development of project proposals; – support in financial, HR and procurement management; – monitoring of project activities; – support in project reporting;</p>	UNDP	<p><i>Project Coordination Unit Staff; UNDP Country Office Staff</i></p> <p><i>Office maintenance and operational costs;</i></p>
	<p>2. Activity Capacity Building Fund (SIDA II) Purpose: <i>Maintenance of the Capacity Building Fund as a resource for allocation of funding for new sub-project initiatives.</i></p>	UNDP	<p><i>Project Coordination Unit Staff; UNDP Country Office Staff</i></p>
	<p>3. Activity Capacity Building Fund (IRE) Purpose: <i>Maintenance of the Capacity Building Fund as a resource for allocation of</i></p>	UNDP	<p><i>Project Coordination Unit Staff; UNDP Country Office Staff</i></p>

<i>reviewed/amended/annulled to bring them in compliance with prevailing legislation.</i>	Targets 2009 - 3-4 sub-project initiatives launched	<i>funding for new sub-project initiatives.</i>		
	Targets 2008 - 98 per cent of registered normative acts reviewed	4. Activity Review of Normative Regulations Purpose: <i>Existing normative regulations brought into compliance with the prevailing legislation.</i> Actions: Analysis of normative regulations conducted with particular emphasis on legislation affecting business and fiscal environment. <ul style="list-style-type: none"> Team of experts reviewing normative acts in cooperation with such agencies as Ministry of Economic Development; Ministry of Energy; Ministry of Labour, Health and Social Affairs; Ministry of Environment and Natural Resources; National Bank of Georgia; Ministry of Finance; Tbilisi Municipality; number of Municipalities in East and West Georgia (Batumi, Poti, Kutaisi, Telavi,); Various state agencies, mainly Legal Entities of Public Law and Regulatory Commissions; Amendment, registration or annulment of respective normative regulations made based on State Commission's and the team's recommendations. <ul style="list-style-type: none"> Team of experts preparing list of regulations (registered and unregistered) to be annulled, amended or newly registered in 	<i>UNDP</i> Partners: <i>Office of the State Minister on Reforms Coordination Issues;</i> <i>State Commission;</i>	<i>Project Coordination Unit Staff;</i> <i>UNDP Country Office Staff</i> <i>Sub-project experts (local);</i> <i>Office maintenance and operational costs;</i>

		<p>cooperation with target agencies;</p> <ul style="list-style-type: none"> • State Commission regularly updated on progress of the work and provided with respective recommendations; • Respective normative regulations amended, registered or annulled based on the Commission's recommendation and Government's decision. <p>Mechanism for future regulation of normative basis introduced.</p> <ul style="list-style-type: none"> • Team of experts working on adoption of "Sunset Regulation" practice to Georgian reality 		
	<p>Targets 2008</p> <ul style="list-style-type: none"> - 12 public servants trained in quantitative analysis - 18 public servants trained in qualitative analysis; - 20 public servants trained in understanding and negotiating trade agreements and communication of trade information; - 25 public servants improve their English language skills 	<p>Activity 5</p> <p>Build the capacity of the Foreign Trade and International Economic Relations Department of the Ministry of Economic Development to enable them to effectively advice the Government of Georgia on trade policy.</p> <p>Purpose:</p> <p><i>Improved capacity of the Government to analyze and negotiate trade agreements, and formulate trade policies that will contribute to Georgia's economic and social welfare.</i></p> <p>Actions:</p> <ul style="list-style-type: none"> - Qualitative analysis of the impact of trade policy related set of actions <ul style="list-style-type: none"> • Workshop covering the following topics: a) the link between trade and human development, b) stakeholder identification and consultation, c) how trade policy affects and is affected by the work of other ministries; and 	<p><i>UNDP</i></p> <p><i>Partner :</i></p> <p><i>Ministry of Economic Development</i></p>	<p><i>Project Coordination Unit Staff;</i></p> <p><i>UNDP Country Office Staff</i></p> <p><i>Consultants</i></p>

		<ul style="list-style-type: none"> • Individual consultations; - Quantitative analysis of trade information and policy related actions <ul style="list-style-type: none"> • Seminar on Quantitative analysis and Policy costing techniques; • Individual consultations; - Understanding and negotiating trade agreements related set of actions <ul style="list-style-type: none"> • Workshop covering the following topics: (a) overview of Free Trade Agreements, (b) EU FTAs standard chapters, exclusions, and case studies of outcomes from other countries, (c) Non Tariff Barriers to trade with the EU, (d) how are FTAs with the EU negotiated and what should be negotiated?, (e) overview of US FTAs; • Individual consultations; - Communication of trade information, analysis and policy recommendations to policy makers and stakeholders <ul style="list-style-type: none"> • Negotiations Skills Course (English/Georgian); • Presentation Skills Course (English/Georgian) • Written Presentation Skills Course • Power Point presentations • Report writing, and briefing papers • English language courses. 		
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ANNEX 1: RISK ANALYSIS

Risks Log

#	Description	Category	Impact & Probability	Countermeasures / Mngt response	Owner	Author	Date Identified	Last Update	Status
1	Change of general management resulting in a shift of agency priorities	Political	<p>Change of general management in Georgian public agencies usually results in a shift of agency priorities. Each initiative under the program is targeted at addressing priority issues of an agency. Change of such priorities might either undermine the whole effort or can cause the necessity of dramatic shift within project activities. This may result in serious delays and changes in expected impact.</p> <p>P = 2</p>	<ul style="list-style-type: none"> • Strategic relevance to governance reform and contributions to the Action Plan of the relevant public body should be clearly demonstrated in the project document; • Target agency ownership of the initiative should be confirmed via a demand driven process. • High impact reform priorities can be identified via pro-active consultation by PCU staff with other relevant stakeholders; • National involvement during sub-project selection (Project Board) should be at place since it engenders national ownership of the CBF process; 	Project Coordination Unit (PCU)	PCU	01 October 2007		No change
2	Change of critical mass of staff of the agencies	Organizational	<p>Staff turnover at Georgian public agencies is very high as the country is still under transition. Public service is regulated by outdated and incomprehensive legislation, which makes the system quite unstable. Additionally, staff turnover is usually linked to change of general management of the agency, which happens quite often. Therefore, any initiative aimed at contributing in human resources development is highly susceptible to the above process.</p>	<ul style="list-style-type: none"> • Institutional continuity should be discussed with the general management of the agency. To the extent possible the above should be reflected in the Project Document. Given document could serve as a reference to decrease the risk. 	PCU	PCU	01 October 2007		No change

			P = 2						
3.	Reluctance to enforce sustainability plan for the sub-project products	Strategic	<p>If the public agency lacks the ownership or the project and thinks that it is donor driven, sustainability becomes an issue. It undermines impact of an initiative as soon as donor support stops. Thus, public agency is not able to sustain the end result of the project initiative.</p> <p>P=4</p>	<ul style="list-style-type: none"> Sustainability plan (exit strategy, enforcement plan, etc.) to be negotiated with the target agency at the proposal formulation stage and should be part of the Project Document; Partnerships between relevant stakeholders (public agencies, donors, etc.) can attract additional resources and, thus, can help safeguard sustainability. 	PCU	PCU	01 October 2007		No change
4	Dominance of single personalities over the decision making	Political	<p>Increased influence of personalities over the opinion-formation or decision-making makes the process of issues prioritization very subjective and contingent on single personality preferences. Quite often as soon as such personality is not present in decision-making, importance and sustainability of initiatives supported by him/her might be under question.</p> <p>P = 3</p>	<ul style="list-style-type: none"> Any initiative should be in line with national priorities and agency-specific strategic documents. Involvement of all relevant stakeholders should be ensured both at proposal formulation and project implementation stages. It will ensure transparency and safeguard sustainability of an effort in case key decision-makers change. 	PCU	PCU	01 October 2007		No change