



## United Nations Development Programme

Country: Georgia

### Governance Reform Fund (GRF)

#### Project Document

**UNDAF Outcome #2:** Democratic development through balanced, independent, fair and participatory governance systems and processes promoted at all levels, based on rule of law, human rights and equality principles

**Expected CP Outcome(s):**

- 2.1. Enhanced protection and promotion of human rights, access to justice and gender equality with particular focus on the rights of minorities, marginalized and vulnerable groups;
- 2.3. Balanced legislative, executive and judicial branches of power underpinning consolidated democracy and state stability;
- 2.5. Institutions develop policies based on reliable data and clear, fair and participatory processes

**Expected Output(s):** The capacity of the Government for the implementation of the public sector reforms strengthened through contributing to transformational change of supported institutions.

**Implementing partner:** UNDP

**Other Partners:** Office of the Prime Minister, Governmental Agencies

#### Brief Description

The goal of the Governance Reform Fund (GRF) project is contributing to human development through further strengthening government capacity in implementation of public sector reforms with particular emphasis on further democratization, sustainable development, and rapprochement to the European Union.

The achievement of the above goal will be ensured through the two following mechanisms: (1) On-demand [Consultancy] Services (ODS) - a targeted short-term policy advice; and (2) Capacity Development Fund (CDF) - sub-project initiatives increasingly leading to the transformational change in the institutions. Thus, the project aims to better accommodate longer-term capacity development objectives of the national partners.

Programme Period: 2011-2015 as per Country Programme Action Plan (CPAP)  
CPAP Programme Component: Democratic Governance  
Project Title: Governance Reform Fund  
Atlas Award ID:  
Start date: 01 August 2013  
End Date: 31 July 2015

Total budget: USD 1,035,346  
Total allocated resources:  
SIDA USD 1,000,000.  
UNDP USD 35,346

# I. SITUATION ANALYSIS

## **Background**

As a result of November 2003 "Rose Revolution" in Georgia the new government came to power proclaiming its commitment to fight corruption and undertake comprehensive reforms aimed at building a state on principles of democracy. The new government has identified a number of inter-related key principles as priorities 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 before the law; etc.

UNDP quickly responded to the new Government's reform agenda in the public sector by initiating the *Governance Reform Programme for Georgia (GRP)* in 2004. The Programme has been aimed at providing support to the Government of Georgia in its efforts to undertake series of public administration reforms through (a) tackling corruption and (b) building capacity of public sector. Major donors to this initiative included Sida, OSI, Irish Aid and UNDP.

In 2004-2010, GRP, under its Capacity Building Fund (CBF), supported 34 initiatives by 23 key public agencies. The initiatives were selected either through calls for proposals or individual consultations. The sub-projects were aimed at advancing performance of public agencies through the improvement of working conditions, building up staff knowledge and skills and, where applicable, developing policy and strategy papers.

In the beginning of the programme (2004-2006) the major requirements concentrated around the technical infrastructure rehabilitation and the development of basic IT systems. Meanwhile, the Government of Georgia has been making substantial progress in implementation of its reform agenda, which affected the government's needs and requirements. Since 2007 a gradual shift towards a more sophisticated assistance requests from institutions was observed. Support was required at individual (experience, knowledge and technical skills), organizational (systems, procedures and rules) and enabling environment (institutional framework, power structure and influence) levels.

To respond to the emerging needs, UNDP took a position to re-evaluate the policy environment and its capacity development assistance. To this aim, in 2007 UNDP commissioned an independent evaluation of CBF initiatives and outcomes with a forward-looking perspective. The evaluation demonstrated that CBF sub-projects 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 sector development subsequently. The evaluation also proposed number of recommendations to better respond to the emerged needs. Since, then CBF continued operation based on the recommendations with modified nature of the project board, proposal selection and assessment criteria.

In addition to its contribution to strengthened capacities of public agencies, CBF established itself as a recognized and highly demanded mechanism by the Government of Georgia. CBF become known for its flexibility and quick response to the most urgent needs of the Government. The appreciation to the program was revealed during 2007 evaluation as it was frequently reiterated by government counterparts including the Prime Minister and the office of the President. In spite of quite turbulent political environment during 2004-2010, CBF endured to continue its activities and avoid failed initiatives, primarily thanks to the introduction of valid criteria and conduct of risk analysis. CBF was also quite successful in facilitation of partnerships among government agencies over issues of common concern and providing conceptual support in initiation of reforms, for instance addressing system reform.

Again, to respond to complexity of government needs, UNDP, in 2007, initiated another mechanism for technical support aimed at enhancement of the government capacity to effectively implement public sector reforms, called On-Demand [Consultancy] Services (ODS) project. Sida was the initial partner to UNDP for implementation of this mechanism, joined by the SDC at a later stage.

The small scale ODS consultancies made remarkable impact on policy reforms and proved a viable mechanism for (1) facilitation of initiation of effective longer-term reforms; (2) identification and design of larger scale assistance strategies or concrete interventions with an objective of capacity development of institution(s).

The ODS has been different from the general technical assistance schemes in that it secured a full national ownership. Each consultancy mission was explicitly requested by the government of Georgia and implemented under the government's leadership. During 2007-2010 over thirty consultancy missions were provided. The deliverable of the individual ODS assistance were report, piece of legislation, a study combined with a mere verbal advice or on-the-job training to authorities. Certain initiatives made significant impact in a rather short time, such as tax consultancy to the ministry of finance, statistics consultant to the Ministry of Economic Development, Intellectual Property Rights study to the Prime Minister's office in the wake of Georgia-EU Free Trade Agreement (FTA) negotiations. In addition, one of the major achievements of the project was its reputation for the availability of the quick and flexible mechanism to national counterparts in the most critical areas/times. Since 2011 ODS facility has been moved under GRP umbrella.

In 2011-2012 a new phase of Governance Reform Fund (GRF) has been launched. The implementation of the new phase was shaped by the upcoming parliamentary and presidential elections, associated political anxiety and escalated socio-economic problems-as a prime heritage of the 2008 armed conflict and global economic downturn. Georgian government has pursued policies promoting deeper integration with the EU, requiring consolidation of democracy, institutional, economic and political reforms and making development socially and environmentally sustainable. Commitment to address the above issues has been assumed by Georgia under EU-Georgia ENP Action Plan as well as in the framework of negotiations on EU-Georgia Association Agreement.

The proclaimed priorities of the Government of Georgia and on-going reforms mostly informed the priorities of the Governance Reform Fund in 2011-2012. GRF has supported implementation of 6 different sub-projects (o/w 5 Sida funded) and 6 ODS consultancies. GRF initiatives have been marked with increased emphasis on long-term strategic planning approach and evidence-based decision-making. Specific cases of cooperation with national counterparts (GRF supported capacity development projects, capacity assessments (CA) with application of UNDP CA tool as well as on-demand fund supported individual consultancies) demonstrate that the necessity of assessment and strategic planning has become increasingly acknowledged by governmental agencies. Based on the results of assessment data, the national authorities have elaborated long-term development plans as well as specific policies. GRF continues to serve as a recognized and highly demanded mechanism by the Government of Georgia. This has been demonstrated by the involvement of GRF in response of the requests of the national counterparts in the on-going high impact reforms in the fields of mental health, life-long education, e-governance, development of extension services, etc.

### **Current Context**

Results of the parliamentary elections on 1 October, 2012, which brought to power an opposition coalition, created renewed priorities and opportunities. The Coalition promised to address a wide range of issues, with a priority focus on justice system, decentralization, civil service, media, as well as economic, social, education, health and agriculture. The major line of Georgian foreign policy is expected to remain shaped by the EU accession agenda. The new government programme approved by the parliament mirrors the new priorities and opens up space for advocating and supporting implementation of wide range of reforms. It is well recognized, though, that despite the urgency to reform and deliver, it is also imperative to design and implement the measures in a participatory nature.

In such a critical juncture, UNDP is committed to further support the initiatives aimed at strengthening public sector and facilitating implementation of government's reform agenda. In this light a new phase of the GRF project is envisaged to be launched for the period 2013-2014. This phase will make particular emphasis on policy and capacity development in the areas that are aligned to the donor's (Sida) sectoral priorities as well as further rapprochement to the European values and principles. Implementation strategy of the project will be adjusted to the existing context.

## **II. STRATEGY**

The project will contribute to the achievement of the United Nations Development Assistance Framework (UNDAF) 2011-2015 outcome #2 related to promotion of democratic development through balanced, independent, fair and participatory governance systems and processes at all levels, based on rule of law, human rights and equality principles. This is translated into the UNDP Country Programme Action Plan (CPAP) outcomes 2.1. Enhanced protection and promotion of human rights, access to justice and gender equality with particular focus on the rights of minorities, marginalized and vulnerable groups; 2.3. "Balanced legislative, executive and judicial branches of power underpinning consolidated democracy and state stability" and 2.5. "Institutions develop policies based on reliable data and clear, fair and participatory processes". At an output level this involves strengthening responsive governing institutions through building up capacity of the Government for the implementation of the public sector reforms.

Moreover, the project objectives are in line with Sida Strategy for development cooperation with Georgia (2010-2013) aimed at the development of the country towards a democratic and accountable state and forging closer ties with the EU. Thus, the project will support reform agenda of the Government of Georgia and its institution building with particular emphasis on those issues that are aligned to the Sida sectoral priorities such as democracy, human rights and gender equality; environment; and market development.

Additionally, deeper integration with the EU remains to be an issue of strategic priority for the Government of Georgia, which covers multiple challenges including consolidation of democracy, institutional, economic and political reforms and making development socially and environmentally sustainable. Commitment to address the above issues has been undertaken by Georgia under EU-Georgia ENP Action Plan as well as in the framework negotiations on EU-Georgia Association Agreement. Thus, the project will continue supporting reforms aimed at addressing problems, which hamper the process of EU-Georgia further integration.

Given its effectiveness, UNDP will further support the key government institutions in advancing the public sector reform through the flexible and responsive mechanisms provided by **Governance Reform Fund (GRF)**.

The goal of the Governance Reform Fund (GRF) project is contributing to human development through further strengthening government capacity in implementation of public sector reforms with particular emphasis on further democratization, sustainable development, and rapprochement to the European Union.

The proclaimed priorities of the Government of Georgia, which are in line with the Sida strategy, commitments undertaken under EU-Georgia ENP Action Plan and contribute to implementation of the UNDP Country Programme Action Plan will inform the priorities of the GRF. The project will pursue such objectives as strengthening democratic structures and systems with focus on human rights and gender equality; support strategic planning of environmental issues; support the reforms that are linked to signing of EU-Georgia DCFTA and build GoG capacities to adapt EU trade-related regulatory frameworks, etc.

The achievement of the above goal will be ensured through supporting (1) targeted on-demand policy advice and (2) capacity development initiatives leading to the transformational change in the institutions. Thus, the project aims to better accommodate longer-term capacity development objectives of the national partners.

Building on the previous achievements/lessons learned, next phase of the project will support:

(1) **Providing Policy Advice through On-Demand [Consultancy] Services (ODS)**. Such initiatives imply on-demand provision of a combination of national and international advisory services and technical expertise for the public agencies to develop their capacity for policy implementation and advancement of reform agenda. Typical activities could be expert advice in priority areas, exchange of experience through recognized reformers and policy leaders, guest programs by high level political and academic figures, preparation of studies and policy suggestions, facilitation of dialogue and interaction to develop consensus around the reform process, etc. The expected outputs of such initiatives could be either recommendations and/or other reference materials for the partner agencies. Compare to previous practice during the new phase the ODS support will be primarily focused on provision of advisory services that inform policy formulation at national level, e.g. working on “enabling environment” level. Follow up activities necessary for enforcement of proposed policy changes could be addressed through the capacity development initiatives.

(2). **Developing Capacities of Public Institutions through the Capacity Development Fund (CDF) Initiatives**. Given initiatives would address critical capacity development needs in the agencies, ranging from short to long-term needs. In particular, the short term CD initiatives may include strategy/policy paper development, training of staff, study visits, twinning of peer agencies, promotion/introduction of innovative technologies, etc. The expected outputs of such interventions would address immediate capacity needs of the public sector agencies such as training modules/manuals, guidelines, policy papers, databases, etc.

The project will continue putting more emphasis on the initiatives that yield mid- to longer-term implications. This implies preparing conceptual background for the launch of longer-term initiatives in line with national needs and priorities that would lead to cultural change in the supported agencies and environment. Typical activities could be research, concept framework and/or action plan development. The expected output of such activities would be thoroughly developed conceptual framework and/or a concrete action plan for the attention of the Government addressing issues of particular concern in line with state needs and priorities.

Based on the experience from the previous phases, there will be two methods for identification of the ODS and CDF initiatives: (1) individual discussions and consultations with senior management of public agencies; and (2) strategic meetings in thematic groups..

- (1) Given method of proposal solicitation has proven effective during previous phases. It has contributed to so-called “flexible” reputation of the GRF. Different from other projects/mechanism it gives an opportunity to address urgent issues in a relatively quick manner. Due to the demand-driven nature and involvement of senior management of counterpart agencies in the negotiation process it ensures ownership issue and more or less smooth implementation of the initiatives.
- (2) Strategic meetings on specific topics with involvement of key stakeholders (governmental agencies and/or CSOs) will be a novelty for GRF. The purpose of such thematic meetings will be to identify priorities within selected thematic areas linked to GRF proclaimed sectoral priorities as well as ensure appropriate coordination among relevant stakeholders.

In the initial phase, *the general assessment criteria* for selecting the initiatives would be as follows:

- High priority issue to be addressed and alignment with national priorities demonstrated;
- Alignment with sectoral priorities of Sida strategy for development cooperation demonstrated;
- Relevance to the ENP Action Plan and EU integration priority demonstrated;
- Strategic relevance to good governance reform and contribution to the individual strategic documents from the relevant public body clearly demonstrated;
- Gender equality and women empowerment considerations demonstrated;
- Confirmed bona fide Senior Management ownership secured;
- Regional/sub-national benefits provided;
- Analysis of options with stakeholders, including consideration of optimal cost and quality issues provided;
- Sustainability plans proposed.

At the same time along with the requirement to satisfy general assessment criteria, approval of ODS and CDF initiatives will be subject to “No-Objection” from the donor – Sida.

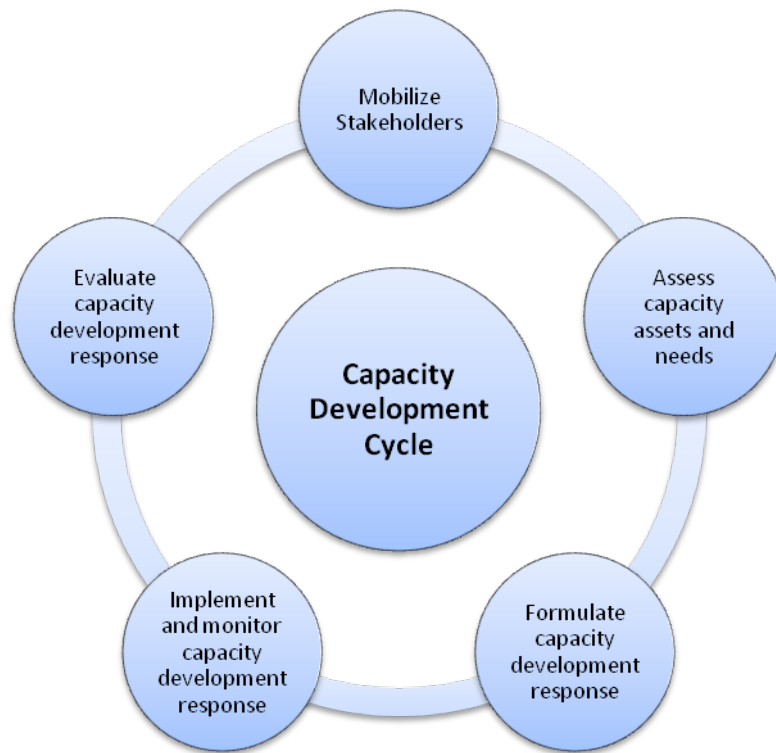
The GRF project in total is proposed to be implemented during 24 months (December 2012 – November 2014). Of this period, the individual sub-project’s timeframe will be set for up to 12 months. In 6 months, after completion of the sub-project implementation UNDP will evaluate the sub-project results. Extending monitoring period beyond the life cycle of the sub-project would enable UNDP to effectively evaluate sustainability of the capacity development interventions. In case the 6 months evaluation period on any of the sub-projects falls after the GRF project completion (after November 2014), UNDP will evaluate the results on its own.

### **Capacity Development Cycle**

New phase of GRF will be marked with introduction of renewed approach to capacity development (CD) in line with UNDP recent practice. Namely, this approach implies that CD should not be a one-off intervention, but a cyclical process. UNDP’s approach to capacity development brings together a conceptual framework (1) and a methodological approach (2).

1. It links the enabling environment, the organizational level and the individual, promoting a three-tiered interdependent approach. It moves beyond a singular focus on individual skills and training to address broader questions of institutional change, leadership, empowerment, and public participation.
2. It provides a systematic approach to measuring capacity development, with the use of ‘good practice’ indicators, case evidence and available data analysis. It also brings together quantitative and qualitative data to give grounding and objectivity to perceptions and judgments on capacity assets, needs and progress.

The capacity development process will consist of five steps that are embedded into a sub-project process given specific of GRF (The diagram below illustrates the five-step CD process). GRF will support the capacity development process through a combination of advocacy and policies; methodologies and tools; knowledge services; programme support and partnerships. More specifically, at each step of the capacity development process, GRF will offer a number of services, which are detailed below.



### **1. Mobilize Stakeholders**

Stakeholder engagement is especially important at the beginning of the capacity development process, but it should be part of each of capacity development cycle steps as well. Taking an inclusive and participatory approach can help GRF to reach agreement on capacity development priorities, can help gain sponsorship and commitment to moving the capacity development agenda forward, strengthen ownership of the capacity development process and responsibility for its results. GRF could provide the below services on step 1 of the CD Cycle

- Conduct stakeholder mapping;
- Facilitate multi-stakeholder processes and dialogues and enable appropriate coordination among key stakeholders;
- Arrange strategic meetings in thematic groups;
- Hold individual consultations with stakeholders.

### **2. Assess Capacity Assets and Needs**

Integrating capacity assessments and their findings into capacity development plans and budgets is at the heart of an efficient and sustainable capacity development response, which would be addressed by GRF at step 2 of the CD Cycle . GRF could provide the below services

- Conduct desk review of available baseline data, including information on capacity assets and needs, whenever such exist;
- Conduct SWAT analysis with involvement of beneficiaries/stakeholders;
- In case of absence of up-to-date baseline data engage in capacity assessment scoping exercises and support full capacity assessments, including adaptation of the existing capacity assessment methodology to specific contexts;
- Share CA methodology with national counterparts and raise their awareness on importance of capacity assessments.

### **3. Formulate a Capacity Development Response**

GRF uses the term capacity development response to refer to an integrated set of deliberate and sequenced actions that would address identified needs taking into account existing capacities. These actions are identified and

prioritized by the GRF team including Capacity Assessment and Evaluation Specialist and relevant stakeholders to build on existing capacity assets and address the capacity needs identified by a capacity assessment or other applied method. Step 3 of GRF CD Cycle envisages provision of the below services

- Engage in the analysis of capacity assessment findings and the formulate a capacity development response within GRF team;
- Consult the counterparts on linkages between capacity assets/needs and formulation of capacity development response proposal.

#### **4. Implement and Monitor a Capacity Development Response**

A capacity development response must be implemented in the context of the objectives and requirements of the sub-project in which it is embedded. Thus, indicators for monitoring progress, which include consideration of both capacity and performance improvements will be agreed upon at this stage and respective monitoring framework applied on a regular basis. GRF Monitoring tool will guide the process. Step 4 of GRF CD Cycle would

- Coordinate implementation of a capacity development response;
- Provide advisory services to review and suggest appropriate monitoring indicators for capacity development, and to conduct monitoring;
- Develop monitoring framework in agreement with target counterpart;
- Monitor the sub-project implementation across pre-set indicators.

#### **5. Evaluate Capacity Development**

Capacity development can be evaluated at three levels: the output level (capacity development response); the outcome level (capacity development) and the impact level (development). UNDP focuses on evaluating its contribution at the output and the outcome level. GRF (project and sub-project) evaluations will contribute to assessing results mostly at output and whenever possible at outcome level.

- Provide an evaluation framework for capacity development, including illustrative indicators for capacity development responses and select application context based on Evaluating for Results Methodology and Process toolkit;
- Conduct evaluations within a period of 6 months after completion of the sub-project/project;
- Based on evaluation results inform new phases of CD planning.

Wherever possible, the project will ensure the facilitation of a dialogue within government and/or between government, NGOs and general public on issues of common concern. This could be implemented through specific joint sub-projects and strategic meetings in thematic groups.

### **SUSTAINABILITY**

Ensuring sustainability of the GRF initiatives will remain the highest priority for the UNDP. The experience and lessons learned of the previous interventions as well as best practices of UNDP in general will feed into the sustainability strategy of the GRF.

Sustaining project results had been an actual risk for any GRF initiative since inception of the project in 2004. Under such circumstances sustainability is to be taken as a particular concern in the GRF interventions. In particular, specific sustainability measures are to be carefully analyzed at the proposal development stage and embedded in the sub-project documents. Analysis of previous phases and lessons learned demonstrate that the sustainability measures shall include the following: (1) the initiative is demand-driven; (2) the project proposal is developed by the agency staff with an active participation of its management (3) the project objective is linked to the fulfillment of national and/or agency strategic priorities; (4) focus on activities that potentially contribute to the institutional continuity, such as supporting long-term planning and strategy development, Training of Trainers (ToT) approach, etc. GRF sub-project will continue to build based on the above considerations. In general it is expected that GRF assistance will be classified within the 3 major categories: (1) activities providing evidence for longer-term planning

and policy development such as capacity/needs assessments; (2) activities producing practical tools for longer-term planning and policy development, such as development of strategy policies, action plans, strategies, guidelines; (3) investment in in-house capacity building through development of modules and conduct of ToTs. In any case, each individual sub-project or action will have its individual sustainability strategy embedded into the sub-project document that will explain in details the risks and opportunities for sustaining the results of the support.

## ***GENDER EQUALITY AND WOMEN EMPOWERMENT***

GRF previous experience and lessons learned would inform its strategy towards addressing gender equality and women empowerment issue during current phase. The project would make sure that its activities and interventions promote gender equality and the empowerment of women in line with principles of Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) (ratified by Georgia in September, 1994), the State Concept of Gender Equality and the National Action Plan on Gender Equality 2011-2013, Law on Gender Equality (March 2010).

“Gender equality and women empowerment considerations demonstrated” will be one of the general assessment criteria of the GRF supported initiatives. Additionally, close attention will be paid to ensuring that women are proactively involved in the development and implementation of the project activities, equally benefit from the results (for instance, gender equality considerations applied while selecting trainees, during elaboration of legislation and/or policy papers), are fairly represented in different consultative processes and steering committees, qualified female experts are recruited whenever possible. Additionally, gender-segregated data would be collected/presented whenever applicable.

## ***ASSUMPTIONS AND RISKS***

GRF has been designed assuming some conditions that are necessary for attaining the objectives set by the initiative. Those assumptions are as follows:

- *Political stability maintained.* 2011-2012 have been marked with escalation of political situation in the pre-electoral period. Entry into power of the new government opens up wide opportunities for reforms, provided maintenance of the relative political stability. Escalated political instability could be deterrent for launching or implementation of the major reforms as these would distract the governmental attention from long-term reforms towards the short term actions.
- *Current level of public financing maintained if not increased.* Given assumption is closely linked to sustainability of GRF initiatives. Implementation of phase-out strategies would be impossible unless this condition ensured.
- *Government commitment to reform and ownership persists.* There is a great expectation that government will take forward critical reforms in almost all spheres of their jurisdiction. Therefore, it can be assumed, that the commitments to the reforms will persist at least during the next few years. As indeed, lack or absence of political will to take commitment over implementation of certain reforms could easily undermine any intervention. GRF has experienced this concerning reform of the civil service, whereas quite substantial investments of the project since 2005 produced almost no result due to lack of political will.
- *Existence of minimum level of project development/implementation capacities of ministries.* This precondition is important for ensuring ownership of the project results and to some extent their sustainability. Such capacities have been developed to some extent but could diminish if a critical mass of management and staff continues to change.

In addition to these assumptions, GRF is susceptible to risks primarily related to implementation of public sector reforms. Indeed, Georgian public sector is characterized by an unstable civil service, primarily due to unstable Civil Service Code. Thus, certain institutions may still experience frequent change of administration and staff, which also affects the vision and priorities of agencies. This poses threat to a continuous and sustainable implementation of the GRF sub-projects. The lessons learned from the previous activities, though, will guide UNDP to design the interventions in a way that minimizes the most persistent risks. Each activity or a sub-project will include respective risk analysis, contingency plan and risk mitigation measures.

In general, it is expected, that the following risks will be persistent to GRF sub-projects:



- *Upcoming presidential elections.* In view of the completed Parliamentary elections on 1 October 2012, it might be expected that upcoming presidential elections in 2013 will serve as a stimulus for escalating the political tensions. Compared to pre-2007 period change of key national priorities is less envisaged due to proclaimed commitments of the GoG under EU-Georgia Action Plan, EU-Georgia Association Agreement talks, etc.

- *Change of political priorities by the new government.* New government is expected to launch major reform agenda, which, as per the new government programme is in line with the best practices of democratization, protection of human rights and sustainable development. It is also confirmed, that the current commitments of Georgia in regards to Euro-Atlantic integration will remain honored as a minimum and, hence, are not prone to high risk of reconsideration.

- *Change of general management and a resulting shift in agency's priorities.* Change of general management in Georgian public agencies usually results in a shift of agency priorities. Each initiative under the program is targeted at priority issues of an agency. Change of such priorities might either undermine the whole effort or can cause the necessity of dramatic changes within project activities. This may result in serious delays and changes in expected impact. Based on the previous practice, certain measures may mitigate, although not entirely avert, such risks. These measures are as follows: ensuring strategic relevance of the sub-project to governance reform or its contribution to the approved action plan to the internal strategic document of the relevant body; target agency ownership of the initiative ensured via demand driven process; sub-project implementation led by the agency staff as opposed to specifically hired personnel; national ownership of the GRF process ensured through national involvement in each phase of project design and implementation; etc.

- *Change of critical mass of staff of the agencies undermining institutional memory.* Staff turnover in Georgian public service 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 at times linked to the change of general management of the agency. Therefore, any initiative aimed at contributing in human resources development is highly susceptible to the above process. The above risk has traditionally been mitigated through discussion on institutional continuity with the general management of the agency at proposal elaboration/initiation stage. In addition, emphasis was made on activities typically considered as minimizing the risk such as training of trainers (ToT), development of training modules/manuals, development of policy guidelines, etc.

- *Change of structure of the agencies mostly as a result of senior management change.* Given risk is also linked to unstable nature of civil service and can potentially have very painful impact on the initiatives targeting particular structural units of the agency. At the same time, linking such narrow targeted initiatives to national/agency priorities would mitigate the risk.

- *Reluctance to enforce sustainability plans for the sub-project products.* This is usually linked to lack of ownership of the initiative and undermines potential impact of project results. CBF has largely ensured sustainability of project results after acknowledging the lack of sustainability as one of the persistent risks in the early stages of project implementation. In particular, ability to demonstrate mechanisms of sustainability of results/impact has become one of the GRF selection criteria. Thus, measures (exit strategy, enforcement plan, etc.) to mitigate a given risk are usually thought through and discussed with partner agencies at the proposal development stage and made part of the sub-project document. Additionally, GRF could facilitate partnerships between relevant stakeholders (public agencies, donors, etc.) to emphasize importance of an issue and potentially attract additional resources that would safeguard sustainability.

- *Lack of ownership.* At times, there is an insufficient consideration to the policy advice provided by the experts and thus limited follow-up actions by agencies. Given risk could be primarily linked to lack of ownership of the process. The design of the GRF, however, diminishes the risk by itself, as it implies not only national ownership, but also a national leadership during the consultancy assignments. If the insufficient consideration relates to other (policy or visionary) reasons, UNDP may apply all reasonable efforts to advocate the results through established partnership channels (meetings with senior management, focal points at partner agencies, etc.)

- *Irrelevance of the advice provided by an expert to national needs.* UNDP will apply all reasonable efforts to minimize this risk through detailed elaboration of the assignment Terms of Reference, a scrupulous selection of experts, and provision of the most up-to-date reference and analytical materials to invited experts.

- *Deterioration of the political/economic stability and the external environment.* Such changes usually paralyze normal functioning of key public institutions and make them put aside long-term priorities/plans and focus more on ad hoc issues addressing immediate needs. Such risk is beyond control of GRF.

### III. MANAGEMENT ARRANGEMENTS

The project will be implemented under Direct Implementation Modality in accordance with UNDP rules and regulations.

GRF Review Meeting will be organized to review and advise the programme implementation. It will serve the purpose of bringing together and synthesizing information and plans on all GRF initiatives. Representatives of UNDP and donor (Sida) will participate in the project review meetings. For the purpose of UNDP internal management, the review meetings will serve the function of the project board.

The Office of the Prime Minister will serve as a principal partner for the project while other state agencies can also serve as project partners whenever required. National partners will be consulted whenever required/relevant through the mechanism of strategic meetings envisaged in current phase of the project.

UNDP's role will be to assure implementation of and coherence between agreed activities towards achievement of identified outcomes. UNDP will ensure that activities are implemented in conformity with agreed principles, budget, work plan and in line with UNDP rules and regulations. For funds provided by Sida, UNDP has the administrative responsibility.

ODS and CDF initiatives will be subject to "No-Objection" from the donor – Sida. Sida will approve work plan, and budget on an annual basis and reports presented by UNDP, as applicable. Sida will also have the opportunity to take a more pro-active role in the project implementation by, for instance, contributing with relevant expertise and experiences and participation in monitoring process. The internal communication within UNDP and the donor (Sida) can take the form of one-one meetings that take place at regular intervals and chart the progress of the Project, ensuring that all interested parties are in synchrony with the objectives and implementation of the project.

UNDP will assign overall management/coordination of GRF activities to Project Coordination Unit (PCU). UNDP PCU will be staffed with Project Manager and Finance/Procurement Associate on a full-time basis. Capacity Assessment and Evaluation Specialist will be deployed on a needs basis. UNDP PCU and namely its Project Manager 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 authorization. Contracting of personnel/procurement will be conducted according to the rules and regulations of UNDP unless otherwise specified in the respective sub-project documents.

GRF PCU will be involved at each stage of capacity development cycle. In particular, it will be assigned with the below key functions:

- Enabling appropriate coordination among key stakeholders;
- Identification of capacity development assets/needs;
- Formulation of capacity development response in consultation and cooperation with the national counterparts;
- Coordination and management of project implementation (including sub-project activities);
- Monitoring and evaluation of the project/sub-project implementation process/ results;
- Contribution to resource mobilization activities of the UNDP;
- Timely and evidence-based reporting.

### IV. MONITORING, EVALUATION AND REPORTING

**Monitoring and evaluation** of the project represents an integral part of the project activities. The responsibility for the monitoring of implementation of the project will rest both with the PCU and UNDP Programme staff.

With the monitoring purpose, UNDP respective Program Analyst will employ regular consultations with the project team, site visits, team discussions, discussions with various stakeholders and desk-review of the project products, financial and narrative reports.

The Evaluating for Results Methodology has been designed during previous phase of the project by GRF Capacity Assessment and Evaluation Specialist with the aim to further support a common approach at the country level in advocating for and taking action on capacity development. It provides guidance toward planning and implementing a monitoring and evaluation. Thus, respective monitoring and evaluation frameworks will be developed both at project and sub-project levels as a part of CD cycle.

**Reporting responsibility** will primarily rest with the GRF PCU. The reporting will be conducted across monitoring and evaluation indicators and targets set at the beginning of the project as well as individual sub-projects in consultation with the project stakeholders. Quality management criteria for each sub-project will be identified to evaluate progress in implementation. The reports will demonstrate progress towards results, factors contributing to or impeding achievement of results and lessons learnt, as well as the financial status. The below reports will be produced:

1. Quarterly progress reports will be prepared on a quarterly basis by the project staff for UNDP attention and reviewed/approved by respective Program Analyst.
2. Annual Project Progress Report: will cover the 12-month of project implementation and will be provided to Sida within 2 months after completion of the respective annum for review and approval. The progress report will reflect progress towards results, factors contributing to or impeding achievement of results, lessons learned and the financial status.
3. Final Report will be prepared by the end of the project period and will be submitted to the donor no later than 2 months after completion of the project. The report will include an assessment and analysis of project performance over the reporting period including outputs, constraints, lessons learned and recommendations for avoiding key problems in future projects.

## V. ANNUAL WORK PLAN BUDGET SHEET

01 December -31 December 2012

EXPECTED OUTPUTS  And baseline, associated indicators and annual targets	PLANNED ACTIVITIES  List activity results and associated actions	TIMEFRAME		RESPONSIBLE PARTY	PLANNED BUDGET		
		Q3	Q4		Funding Source	Budget Description	Amount (Gross)
<p><b>Output</b></p> <p>The capacity of the Government for the implementation of the public sector reforms strengthened through contributing to transformational change of supported institutions.</p> <p><b>Baseline:</b></p> <p>Over the past years the Government of Georgia developed and introduced system changes in many sectors, aided by international partners including UNDP and Sida. The country, however, confronts requirement to further improve public administration, which in its turn requires advancement of capacities within the public sector. Public agencies still largely lack institutional, individual or financial capacities to design the long term vision and implement coherent measures to achieve their goals. Assistance in this direction shall bring sustainable capacity development impact for the government.</p> <p><b>Indicators:</b></p> <ol style="list-style-type: none"> <li>1. Number of sub-projects launched;</li> <li>2. Number of beneficiary organizations;</li> </ol>	<p><b>Activity 1.</b> Implementation of capacity development initiatives in the area of public sector reform</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>– Individual consultations with partner agencies;</li> <li>– Strategic meetings in thematic groups;</li> <li>– Review of proposals;</li> <li>– Holding Project Review meeting;</li> <li>– Working on potential sub-projects including preparing and signing agreements;</li> <li>– Coordinating sub-projects' launch.</li> </ul> <p><b>Activity 2.</b> Provision of on-demand consultancy services in the area of public sector reform</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>– Identification of priority areas for provision of on-demand consultancies;</li> <li>– Development of ToRs for the assignments;</li> <li>– Selection/Recruitment of consultants.</li> </ul> <p><b>Activity 3.</b> Coordination and administration of the project by Project Coordination Unit (PCU)</p>		X	UNDP	UNDP	Project related costs as required	UNDP – USD
			X	UNDP		Consultancy fee, travel and DSA	

<p>3. <i>Types of requested activities</i></p> <p>4. <i>Number of sub-projects stimulating a follow-up capacity development initiatives</i></p> <p>5. <i>Effectiveness/impact of the GRF activities (i.e. trainings, strategies, recommendations, etc.) measured by individual objective criteria</i></p> <p>6. <i>Feedback by senior management of organizations on the outcomes of sub-projects</i></p> <p>7. <i>Number of on-demand consultancy services;</i></p> <p>8. <i>Quality of the on-demand consultancy recommendations;</i></p> <p>9. <i>Number of consultancy recommendations implemented, or carried further by the government</i></p> <p>10. <i>Number of on-demand consultancies resulting in longer term capacity development initiatives;</i></p> <p>11. <i>Effective and efficient administration and monitoring of the project</i></p>	<p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>- Coordination/implementation of CD cycle;</li> <li>- Operational/administrative management of the project;</li> <li>- Regular reporting to UNDP/donor;</li> <li>- Involvement in planning/implementation of public outreach;</li> <li>- Participation in DG portfolio and GRF strategy development process.</li> </ul>			<p>X</p> <p>UNDP</p>		<p>Operational costs;</p> <p>Consultancy fee, travel and DSA..</p>	
<b>TOTAL</b>						<b>UNDP</b>	<b>USD</b>

01 January-31 December 2013

<b>EXPECTED OUTPUTS</b>  <b>And baseline, associated indicators and annual targets</b>	<b>PLANNED ACTIVITIES</b>  <b>List activity results and associated actions</b>	<b>TIMEFRAME</b>				<b>RESPONSIBLE PARTY</b>	<b>PLANNED BUDGET</b>		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (Gross)

<p><b>Output</b></p> <p>The capacity of the Government for the implementation of the public sector reforms strengthened through contributing to transformational change of supported institutions.</p> <p><b>Baseline:</b></p> <p>Over the past years the Government of Georgia developed and introduced system changes in many sectors, aided by international partners including UNDP and Sida. The country, however, confronts requirement to further improve public administration, which in its turn requires advancement of capacities within the public sector. Public agencies still largely lack institutional, individual or financial capacities to design the long term vision and implement coherent measures to achieve their goals. Assistance in this direction shall bring sustainable capacity development impact for the government.</p> <p><b>Indicators:</b></p> <p>12. Number of sub-projects launched;</p> <p>13. Number of beneficiary organizations;</p> <p>14. Types of requested activities</p> <p>15. Number of sub-projects stimulating a follow-up capacity development initiatives</p> <p>16. Effectiveness/impact of the GRF activities (i.e. trainings, strategies, recommendations, etc.) measured by</p>	<p><b>Activity 1.</b> Implementation of capacity development initiatives in the area of public sector reform</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>- Individual consultations with partner agencies;</li> <li>- Strategic meetings in thematic groups;</li> <li>- Holding Project Review meeting;</li> <li>- Working on potential sub-projects including preparing and signing agreements;</li> <li>- Coordinating sub-projects' launch and implementation;</li> <li>- Developing individual monitoring and evaluation frameworks for each sub-project;</li> <li>- Monitoring and evaluation of sub-project implementation;</li> <li>- Regular reporting (as determined by each sub-project document) on progress within sub-projects.</li> </ul> <p><b>Activity 2.</b> Provision of on-demand consultancy services in the area of public sector reform</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>- Identification of priority areas for provision of on-demand consultancies;</li> <li>- Development of ToRs for the assignments;</li> <li>- Selection/Recruitment of consultants;</li> <li>- Implementation of ODS consultancies;</li> <li>- Monitoring and evaluation of results;</li> <li>- Reporting on ODS consultancies' results.</li> </ul> <p><b>Activity 3.</b> Coordination and administration of the project</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>UNDP</p> <p>UNDP</p> <p>UNDP</p>	<p>Sida</p> <p>Sida</p> <p>Sida</p>	<p>Project related costs as required</p> <p>Consultancy fee, travel and DSA</p> <p>Operational costs;</p>	
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<p><i>individual objective criteria</i></p> <p>17. <i>Quality of the on-demand consultancy recommendations;</i></p> <p>18. <i>Feedback by senior management of organizations on the outcomes of sub-projects</i></p> <p>19. <i>Effective and efficient administration and monitoring of the project</i></p>	<p>by Project Coordination Unit (PCU)</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>- Coordination/implementation of CD cycle;</li> <li>- Operational/administrative management of the project;</li> <li>- Regular reporting to UNDP/donor;</li> <li>- Involvement in planning/implementation of public outreach;</li> <li>- Participation in DG portfolio and GRF strategy development process.</li> </ul>												
<p><b>F&amp;A</b></p>													
<p><b>TOTAL</b></p>													

01 January - 30 November 2014

<p><b>EXPECTED OUTPUTS</b></p> <p><b>And baseline, associated indicators and annual targets</b></p>	<p><b>PLANNED ACTIVITIES</b></p> <p><b>List activity results and associated actions</b></p>	<p><b>TIMEFRAME</b></p>					<p><b>RESPONSIBLE PARTY</b></p>		<p><b>PLANNED BUDGET</b></p>
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (Gross)

## Output

The capacity of the Government for the implementation of the public sector reforms strengthened through contributing to transformational change of supported institutions.

### Baseline:

Over the past years the Government of Georgia developed and introduced system changes in many sectors, aided by international partners including UNDP and Sida. The country, however, confronts requirement to further improve public administration, which in its turn requires advancement of capacities within the public sector. Public agencies still largely lack institutional, individual or financial capacities to design the long term vision and implement coherent measures to achieve their goals. Assistance in this direction shall bring sustainable capacity development impact for the government.

### Indicators:

20. Number of sub-projects launched;

21. Number of beneficiary organizations;

22. Types of requested activities

23. Number of sub-projects stimulating a follow-up capacity development initiatives

24. Effectiveness/impact of the GRF activities (i.e. trainings, strategies, recommendations, etc.) measured by

## Activity 1. Implementation of capacity development initiatives in the area of public sector reform

### Actions:

- Individual consultations with partner agencies;
- Strategic meetings in thematic groups;
- Working on potential sub-projects including preparing and signing agreements;
- Coordinating sub-projects' launch and implementation;
- Developing individual monitoring and evaluation frameworks for each sub-project;
- Monitoring and evaluation of sub-project implementation;
- Regular reporting (as determined by each sub-project document) on progress within sub-projects.

## Activity 2. Provision of on-demand consultancy services in the area of public sector reform

### Actions:

- Identification of priority areas for provision of on-demand consultancies;
- Development of ToRs for the assignments;
- Selection/Recruitment of consultants;
- Implementation of ODS consultancies;
- Monitoring and evaluation of results;
- Reporting on ODS consultancies' results.

## Activity 3. Coordination and administration of the project by Project Coordination Unit (PCU)

					X						
		X	X	X		UNDP	Sida				Project related costs as required
		X	X	X	X	UNDP	Sida				Consultancy fee, travel and DSA
		X	X	X	X	UNDP	Sida				Operational costs;



*individual objective criteria*

Actions:

25. *Feedback by senior management of organizations on the outcomes of sub-projects*
26. *Number of on-demand consultancy services;*
27. *Quality of the on-demand consultancy recommendations;*
28. *Number of consultancy recommendations implemented, or carried further by the government*
29. *Number of on-demand consultancies resulting in longer term capacity development initiatives;*
30. *Effective and efficient administration and monitoring of the project*
- Coordination/implementation of CD cycle;
  - Operational/administrative management of the project;
  - Regular reporting to UNDP/donor;
  - Involvement in planning/implementation of public outreach;
  - Participation in DG portfolio and GRF strategy development process;
  - Holding ProjectReview meeting on results /lessons learned from current phase and further strategy of GRF.

**F&A (7 per cent)**

**USD**

**TOTAL**

## VI. RESULTS AND RESOURCES FRAMEWORK

<b>Intended Outcome as stated in the Country Programme Results and Resource Framework:</b>				
2.1. Enhanced protection and promotion of human rights, access to justice and gender equality with particular focus on the rights of minorities, marginalized and vulnerable groups;				
2.4. Balanced legislative, executive and judicial branches of power underpinning consolidated democracy and state stability;				
2.5. Institutions develop policies based on reliable data and clear, fair and participatory processes				
<b>Applicable MYFF Service Line:</b> 2.7 Public administration reform and anticorruption				
<b>Partnership Strategy:</b> The project will be implemented through direct implementation modality				
<b>Project title and ID (ATLAS Award ID):</b> Governance Reform Fund, (Award ID - TBI)				
INTENDED OUTPUTS	OUTPUT TARGETS FOR 2013-2014	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p><b>Output</b></p> <p>The capacity of the Government for the implementation of the public sector reforms strengthened through contributing to transformational change of supported institutions.</p> <p><b>Baseline:</b></p> <p>Over the past years the Government of Georgia developed and introduced system changes in many sectors, aided by</p>	<p>1. At least 8 capacity development sub-projects launched;</p> <p>2. At least 6 agencies are direct beneficiaries of GRF</p> <p>3. Requested activities facilitate continuous/sustainable capacity development of the agencies (Yes/No)</p> <p>4. At least 3 initiatives stimulated</p>	<p><b>Activity 1.</b> Implementation of capacity development initiatives in the area of public sector reform</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>– Individual consultations with partner agencies;</li> <li>– Strategic meetings in thematic groups;</li> <li>– Holding Project Review meetings GRF initiatives;</li> <li>– Working on potential sub-projects including preparing and signing agreements;</li> <li>– Coordinating sub-projects’ launch and implementation;</li> <li>– Developing individual monitoring and evaluation</li> </ul>	<p>UNDP</p>	<p>Project Coordination Unit Staff;</p> <p>UNDP Country Office Staff;</p> <p>Sub-projects implementation related costs as required</p>

<p>international partners including UNDP and Sida. The country, however, confronts requirement to further improve public administration, which in its turn requires advancement of capacities within the public sector. Public agencies still largely lack institutional, individual or financial capacities to design the long term vision and implement coherent measures to achieve their goals. Assistance in this direction shall bring sustainable capacity development impact for the government.</p> <p><b>Indicators:</b></p> <p>1.Number of sub-projects launched;</p> <p>2.Number of beneficiary organizations;</p>	<p>follow up activities/reforms in agencies</p> <p>5.1 Objective evaluation criteria developed for each sub-project/activity.</p> <p>5.2. At least 75 % of evaluation criteria met.</p> <p>5.3 Outputs of the sub-projects contribute to implementation of reforms and/or transformational change within agencies.</p> <p>6. Positive feedback received from agency's senior management. (Yes/No)</p>	<p>frameworks for each sub-project;</p> <ul style="list-style-type: none"> <li>- Monitoring and evaluation of sub-project implementation;</li> <li>- Regular reporting (as determined by each sub-project document) on progress within sub-projects.</li> </ul>		
<p>3.Types of requested activities</p> <p>4.Number of sub-projects stimulating a follow-up capacity development initiatives</p> <p>5.Effectiveness/impact of the GRF activities (i.e. trainings, strategies, recommendations, etc) measured by individual objective criteria</p> <p>6.Feedback by senior management of organizations on the outcomes of sub-projects</p> <p>7.Quality of the on-demand consultancy recommendations;</p> <p>8.Number of consultancy recommendations implemented, or carried further by the</p>	<p>7. At least 6 On-demand consultancies supported</p> <p>8. At least 80 % of the consultancy products are evaluated as high-quality</p> <p>9.1 At least 25 % of recommendations implemented by agencies in the short-term</p> <p>9.2 At least 40 % On-demand consultancies create background for policy implementation and/or stimulus for further reforms</p> <p>10 At least 3 On-demand consultancies resulted in a longer-</p>	<p><b>Activity 2.</b> Provision of on-demand consultancy services in the area of public sector reform</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>- Identification of priority areas for provision of on-demand consultancies;</li> <li>- Development of ToRs for the assignments;</li> <li>- Selection/Recruitment of consultants;</li> <li>- Implementation of ODS consultancies;</li> <li>- Monitoring and evaluation of results;</li> <li>- Reporting on ODS consultancies' results.</li> </ul>	<p>UNDP</p>	<p>Project Coordination Unit Staff;</p> <p>UNDP Country Office Staff;</p> <p>Consultants;</p> <p>Consultancy missions related costs (fee, travel and DSA)</p>

<p>government</p> <p>9. Effective and efficient administration and monitoring of the project</p>	<p>term capacity development initiatives</p>	<p>–</p>		
	<p>11 Targets outlined within Activities 1 and 2 met. (Yes/No)</p>	<p><b>Activity 3.</b> Coordination and administration of the project by Project Coordination Unit (PCU)</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> <li>– Coordination/implementation of CD cycle;</li> <li>– Operational/administrative management of the project;</li> <li>– Regular reporting to UNDP/donor;</li> <li>– Involvement in planning/implementation of public outreach;</li> <li>– Participation in DG portfolio and GRF strategy development process;</li> <li>– Holding Project Review meeting on results /lessons learned from current phase and further strategy of GRF.</li> </ul>	<p>UNDP</p>	<p>Project Coordination Unit Staff;</p> <p>UNDP Country Office Staff;</p> <p>Strategic assessment consultant;</p> <p>Consultancy mission related costs (fee, travel and DSA);</p> <p>UNDP PCU Operational Costs.</p>