

UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT
[GEORGIA]¹

**Project Title:** Fostering Regional and Local Development in Georgia - Phase 2**Project Number:****Implementing Partner:** Ministry of Regional Development and Infrastructure**Start Date:** 15 Dec 2017 **End Date:** 30 Nov 2021 **PAC Meeting date:**


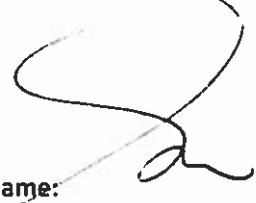
Brief Description
<p>The overarching goal of the project is to build strong LSG institutions with greater competences and capacities to act as catalysts for stimulating regional/local economies, engage citizens into local policy making and design and implement people-centred initiatives benefiting women, men, youth, ethnic minorities, IDPs and other population groups. In that way, the project will build a sound foundation for advanced decentralization and good governance at the local level and pave the way for more sustainable and inclusive growth, reduction of poverty and inequalities, and better quality of life of citizens.</p> <p>To achieve this goal, the project proposes the Local Economic Development (LED) approach to be applied as a central instrument throughout the project implementation cycle, since LED is a participatory, bottom-up approach, which emphasises the catalyst role of the public sector and ultimately aims to create sustainable economic development.</p> <p>Consequently, the project activities are planned in a way to form constituent and complementary parts of the LED process contributing to the three project outcomes: 1) Georgia implements adequate policy and institutional frameworks to foster decentralization and enable local economic development (LED); 2) Government institutions at local level are strengthened to deliver quality services enabling the business environment and incentivizing local economic actors 3) Local stakeholders, particularly communities, are economically empowered and have improved access to related participation in decision-making processes.</p> <p>The project will operate in four regions (Racha-Lechkhumi-Kvemo Svaneti, Samegrelo-Zemo Svaneti, Guria and Kvemo Kartli) reaching out to 900 186 people, among them 462 340 women, 176 187 youth (15-29 years), 210 610 ethnic minorities, 85 156 residents of mountainous areas and 60 090 IDPs.</p> <p>In total, the project will directly benefit 10 590 citizens of Georgia, while the whole population of Georgia (3 720 400 citizens) will be indirect beneficiaries of project interventions.</p> <p>In the end, the programme will contribute to attaining sustainable development goals, including: (1) no poverty, (5) gender equality, (8) decent work and economic growth, (10) reduced inequality, (11) sustainable cities and communities, (12) responsible production and consumption and (16) peace, justice and strong institutions</p>

¹ The Project Document will be revised during the first Steering Committee meeting of the project taking into account the comments of SDC

Contributing Outcome (UNDAF/CPD, RPD or GPD):

Total resources required:	USD 5,486,145 EUR 4,563,641	
Total resources allocated:	SDC	USD 3,531,060 EUR 2,937,842
	ADA	USD 1,802,885, EUR 1,500,000
	Government	USD 151,200 EUR 125,798
	In-Kind	USD 196,000 EUR 163,072
Unfunded:		

Agreed by (signatures):

Government	UNDP
	
Print Name:	Print Name:
Date:	Date:

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ACRONYMS

AA	EU-Georgia Association Agreement
ADA	Austrian Development Agency
BAU	Business As Usual
BPfA	Beijing Declaration and Platform for Action
CBC	Cross Border Cooperation
CEGSTAR	Vano Khukhunaishvili Center for Effective Governance System and Territorial Arrangement Reform
CoE	Council of Europe
CSB	Civil Service Bureau
CSO	Civil Society Organization
DANIDA	Denmark's Development Cooperation
DCFTA	Deep and Comprehensive Free Trade Agreement
EaP	Eastern Partnership
EC	Energy Community
EU	European Union
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIZ	German Society for International Cooperation
GOG	Government of Georgia
GCF	Green Climate Fund
GVA	Gross Value Added
GWG	Gender Wage Gap
CEDAW	Convention on the Elimination of all Forms of Discrimination Against Women
LA	Local Authorities
LAG	Local Actions Groups
LED	Local Economic Development
LEDS	Low Emission Development Strategy
LEPL	Legal Entity of Public Law
LSG	Local Self-Governance
MDD	Municipal Development Document
MDF	Municipal Development Fund
MEA	Multilateral Environmental Agreements
MOJ	Ministry of Justice
MOF	Ministry of Finance of Georgia
MRDI	Ministry of Regional Development and Infrastructure of Georgia
NALAG	National Association of Local Governments of Georgia
NIM	National Implementation Modality
NDC	Nationally Determined Contributions
NREAP	National Renewable Energy Action Plan
NTS	National Training System

OGP	Open Government Partnership
PSDA	Public Service Development Agency
RAP	Regional Action Plan
RDAP	Regional Development Action Plan
RDC	Regional Development Commission
RDF	Regional Development Fund
SEAPs	Sustainable Energy Action Plans
RDF	Regional Development Fund
RLD	Fostering Regional and Local Development in Georgia project (UNDP)
SBAA	Standard Basic Assistance Agreement
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
TSA	Targeted Social Assistance
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WB	World Bank

I. DEVELOPMENT CHALLENGE

Georgia has made significant progress in terms of political, economic and social development over the last decade. Bold institutional reforms, robust GDP growth² and expansion of targeted social assistance (TSA) schemes resulted in significant reduction of poverty and especially extreme poverty of Georgia's population. The changes were reflected by rising human development index from 0.710 in 2005 to 0.769 in 2015.³

Moreover, peaceful transfer of power through parliamentary elections in 2012 signalled a new era of consolidated democracy and made Georgia a rare exception in the region. This was further reinforced by transparent and credible presidential, local self-governance and parliamentary elections in 2013-2017 along with improved scores in democracy, media and civil society development as demonstrated by various international indices.⁴

Georgia has taken steps to strengthen market access and establish closer ties with the European Union (EU). Signing of the EU-Georgia Association Agreement (AA) and the Deep and Comprehensive Free Trade Agreement (DCFTA) in 2014 represents an important opportunity for the country to strengthen its cooperation with Europe on political, economic, social and security issues, and to benefit from bilateral free trade. Under the agreement, the GoG is expected to implement core reforms in a number of key areas including the development of civil society, good governance, public administration and civil service reform.

Besides, the country has achieved significant progress in terms of enhancing legislative and institutional framework for local self-governance reform and decentralization. The key achievements in these areas include the adoption of the new code of Local Self-Governance, further amendments concerning citizen participation as well as the enhancement of decentralization demonstrated by the transfer of selected competences to municipalities and fiscal decentralization allowing municipalities to retain a portion of the local income tax in addition to property tax collected by municipalities.

However, despite impressive progress in specific sectors and areas, Georgia faces an unfinished development agenda common among the middle-income countries. Unemployment, poverty and inequality remain key policy challenges, reflecting an unfinished transition to sustainable and inclusive economic growth.

According to recent welfare monitoring survey, 18.4% of population and 21.4% of children still live in poverty (2014).⁵ Growth has failed to translate into job creation and the unemployment rate declined only marginally from 12.4% in 2014 to 12% in 2015⁶. Young people appear to be the most disproportionately affected with unemployment rates of nearly 31% in 2014. Failure to make transition to the labour market and other social factors make youth particularly vulnerable to the prospect of sliding into poverty.⁷

There are also significant gender differences in the labour market. Female labour force participation is 57%, compared to 75% for males, resulting in the annual loss of 11.3% of GDP as estimated by the World Bank.⁸ Further, the average monthly salary of women is 40% lower than that of men due to a concentration in lower-paid jobs (health care, education and subsistence agriculture). The country's Gender Wage Gap (GWG) was

² GDP per-capita increased from \$US 2,613 in 2010 to \$US 3,605 in 2013; 3,754 in 2015
<http://pubdocs.worldbank.org/en/517361475740368277/Georgia-Snapshot-Oct2016FINAL.pdf>

³ 2016 Human Development Report, UNDP, available at: <http://hdr.undp.org/>

⁴ Freedom House, Freedom House 2013 Report; National Democratic Institute (NDI), NDI Public Perceptions Surveys, 2013-2014; Worldwide Governance Indicators (WGI) project; The Worldwide Governance Indicators (WGI) project 1996-2013; IREX media sustainability index and IREX media sustainability index 2014; Civil Society Organizations (CSO) sustainability index Civil Society Organizations (CSO) Sustainability index by USAID, 2012-2013

⁵ Welfare Monitoring Survey (2015) UNICEF

⁶ <http://pubdocs.worldbank.org/en/517361475740368277/Georgia-Snapshot-Oct2016FINAL.pdf>

⁷ Welfare Monitoring Survey (2015) UNICEF

⁸ World Bank, Georgia Country Gender Assessment, 2016, p 24

estimated at 34.8% with variations across regions and by education level.⁹ In addition to gender wage gap and occupational segregation, gender inequality is also manifested by underrepresentation of women in decision-making positions and women's limited participation in political and economic life. Women are underrepresented in local self-government too with only 11.6% of elected women at the local level. Persistent gender inequality is considered as one of the major constraints to more sustainable and inclusive development.

The economic gains have not been evenly distributed across the country and there is a strong asymmetry between rural and urban areas as well as large disparities across the regions. Relatively more urbanized regions, and in particular the capital city Tbilisi, tend to have a higher per capita gross value added, a more diverse and sophisticated economic structure, and a better developed infrastructure. Furthermore, unemployment figures show clear regional disparities, with unemployment being highest in Tbilisi (22.0 %), and to a lesser extent, in Adjara (13.0 %), Samegrelo-Zemo Svaneti (10.0%) and Racha-Lechkhumi Kvemo Svaneti (10.8%), and the lowest in Guria (4.1 %) and Mtskheta-Mtianeti (4.1%).¹⁰ Regional disparities in unemployment are mainly driven by the urban or rural character of regions, with relatively more urbanized regions tending to have higher unemployment rates because of the extremely scarce job opportunities.¹¹ At the same time, relatively low unemployment rates in more rural areas are reflecting a large share of workers being engaged in self-employment or subsistence farming.¹²

The rural areas are much less developed compared to urban areas and have higher poverty rates than urban areas. Despite the significant fall in general poverty rates in all areas, general poverty still affects over 19.2% of rural households, compared to 13.6% of households in urban areas. Child poverty rates are also about 50% higher in rural areas than they are in urban areas.¹³

There are also significant differences in the delivery of public services in rural and urban areas. While the results of the two consecutive surveys examining citizen satisfaction with service delivery demonstrate improvements in the provision of a large spectrum of services from 2013 to 2017, a number of issues still remain unaddressed.

A series of public services are practically not available to villages and mountainous areas. E.g. centralized supply of drinking water is only available to 42% of rural population and 36% of residents of mountainous areas. Similarly, the sewage system is available to only 4% of rural areas and highland settlements. There is no cleaning service available to residents of highland settlements and only 9 % of them receive waste disposal service.¹⁴ 6% of children in rural Georgia live in households where there is no improved source of drinking water and over 41% of rural children live in households with unimproved sanitation facilities (vs 7% of urban children)¹⁵. Given that women are responsible for most of the unpaid care and household work, the limited access to social infrastructure and basic services may particularly affect women and prevent them from getting a paid job and from further engagement in income-generating activities and local decision-making, as well as limit their mobility and leisure time.¹⁶

While electricity is available in most parts of urban, rural and mountainous areas (97-98%), central gas supply is available to 59% of rural and 44% of highland settlements vs 95% of urban areas, though majority of urban, rural and highland residents say it is affordable to them (91-95%).

Access to education and healthcare services also varies across the regions and mountainous/non-mountainous settlements. While kindergartens are available to 83% of population nationwide, in highland settlements, only 53% of citizens have access to them and in Kvemo Kartli region 67% of ethnic minorities report that

⁹ Technical Assistance to GEOSTAT in Measuring the Gender Wage Gap in Georgia (2014) UN Women

¹⁰ Geostat.ge. <http://geostat.ge/regions/>

¹¹ Georgia: Skills Mismatch and Unemployment Labor Market Challenges (2013), World Bank, p.7-17

¹² Report on Regional Disparities in Georgia, 2013, ISET

¹³ Welfare Monitoring Survey (2015) UNICEF

¹⁴ Citizen Satisfaction Survey with Public Services in Georgia, third round, 2017, UNDP

¹⁵ Welfare Monitoring Survey (2015) UNICEF

¹⁶ Gender Assessment of Agriculture and Local Development systems (2016), UN Women

kindergartens are not available within their settlement/district. Also, the level of availability of public schools in Racha-Lechkhumi/Kvemo Svaneti (82%) is lower than availability on the national level (96%). Vocational education institutions are only available to 40% of the Georgian population. 35% of highland settlements' population report that medical clinics are mostly 5 km (35%) or farther (49%) from their settlement/districts, and majority of respondents or their family members (90%) have not used this service over the past year.¹⁷

Limitations with availability and affordability of essential public services further constrain development prospects in Georgian regions and call for an integrated and holistic approach with engagement of central and local governments as well as civil society organizations, private sector and local communities. However, the capacities of both - duty bearers and rights holders - remain particularly low to face and address these challenges.

The level of decentralization of competencies and resources is still quite limited. At the same time, the capacities of the local authorities to design and deliver development oriented, evidence-based, inclusive, participatory and gender-sensitive services remain insufficient.

This is further compounded by the lack of participation culture and the limited capacities of CSOs and citizens to engage in policy making and drive up the change from below. Various studies demonstrate that citizens have very limited knowledge and understanding of LSG reform, participation tools and mechanisms and are not aware of their own rights. According to a recent survey on citizen's perception, 50.3% of the citizens have not heard about the ongoing LSG reform.¹⁸ Moreover, the survey on citizen satisfaction reveals that only 22.6% of population has heard about at least one of the forms of citizen participation and only 6.5% has had an attempt to apply any of them (no significant difference between participation levels of men and women). Further, the civic activism level is even lower among Georgian youngsters. A study conducted by the Friedrich-Ebert-Stiftung reveals that youth engagement in various civic activities, such as public meetings, online forums, petition, demonstration etc. is very rare and varies from 1% to 4%. Even more, merely 20% of young people think that it is important to be politically engaged, which puts political engagement among the least important values for Georgian youth.¹⁹

Overall, the prevailing challenges at the local level, including poverty, unemployment, inequality, social exclusion call for integrated efforts by the duty bearers at one hand and the rights holders at the other hand. A decentralized, participatory and accountable governance system, coupled with competent local authorities, strong civil society and private sector, and motivated citizens create the environment that incentivizes inclusive development processes at the local level.

II.

RLD PROJECT ACHIEVEMENTS AND LESSONS LEARNED

In response to key systemic challenges around the local self-governance and regional development agenda, UNDP, in partnership with the Austrian Development Agency and the Swiss Agency for Development and Cooperation launched the project 'Fostering Regional and Local Development in Georgia' (RLD), back in 2012.

The project focused on building up essential policy framework for decentralization, energizing regional and local processes for bottom-up strategic development planning as well as strengthening professional capacities of the local officials to better fulfil their duties.

In the backdrop of a rather volatile policy context, the project has succeeded to reach tangible achievements, as well as build a solid foundation for the next, more advanced and targeted intervention.

¹⁷ Citizen Satisfaction Survey with Public Services in Georgia, third round, 2017, UNDP

¹⁸ Public perceptions and attitudes towards the LSG reform 2016. OSI/ISSA

¹⁹ Generation in Transition: Youth Study 2016 – Georgia, 2017 Friedrich-Ebert-Stiftung

In particular, the key achievements to date from the RLD project include:

- Promotion and contribution to decentralization reform reflected in significant improvement of the legal basis, as a precondition for local development. This includes:
 - Essentially revised Code on Local self-governance (the LSG Code) adopted on 14 February 2014. Among other changes the new code imposed direct elections of Mayors and Gamgebelies (chief executive of the municipality); transferred water management and melioration systems to municipalities; mandated the LSGs to allocate at least 1 percent of their salary fund for the training purposes of municipal staff using the national training system; and created a precondition for greater fiscal decentralization, including transfer of the income tax to local ownership (since 2016). Further amendments to the code significantly enhanced the framework for public participation by establishing two new forms of citizen engagement: village assembly and civil advisory council, both to be formed with balanced participation of men and women.
 - A new Law on Development of Mountainous Areas, which introduces special policies and support measures to promote development of the mountainous regions in Georgia, followed by the High Mountainous Development Strategy and action plan, expected to be adopted in the near future, to further systematize support under this law.
 - Good governance strategy (still at a draft stage) as the vision for the Georgian Government to guide their self-governance reform efforts over the next 8 years, with a specific focus on fiscal decentralisation accompanied by the respective transfer of competencies to local authorities.
- Institutionalization of the systemic approach to regional and municipal development, through introduction of the Regional and Municipal Strategic planning, as well as facilitation of establishment of the system of central funding allocation to the regional and municipal strategic priorities through the Regional Development Fund (RDF).
 - 9 Regional Development Strategies and respective Action Plans approved by the Government of Georgia and annual GoG budgets for the RDF (excluding the Village Fund) increased progressively from 140 mln GEL in 2014 to up to 175 mln GEL in 2016. It is noteworthy that MoF Resolution 23 and the Budget law 2016, adopted in 2015 require municipalities to contribute at least 5% to the cost of projects submitted for RDF support. The conditions and criteria for RDF allocations developed and approved by the GoG decree adopted in 2015.²⁰ More than 500 RAP projects benefitting over 1 million inhabitants were funded in 2016 with 11,622,492 GEL co-financing from municipal budgets, representing 6.2% of total RDF budget.
 - 43 municipalities prepared Mid - Term Municipal Development Documents (MDDs) in 2015 and 2016 based on the standard instruction manuals (methodologies) developed with RLD support. The project has conducted additional exercise to mainstream gender considerations into MDDs and produce gender sensitive documents.
- Development of National Training System (NTS) for local authorities. The NTS is an innovative mechanism, which ensures the provision of trainings adapted to the needs and priorities of the local civil servants. Along with the mandatory allocation of at least 1% of the municipal salary funds for the training purposes within the adopted LSG Code, the NTS provides a strong legal guarantee for the establishment of a sustainable training system as an essential pre-requisite for improved municipal services, infrastructure and development. While still not fully operational, the system is in line with the main directions of the ongoing civil service reform and the vision of the GoG about capacity

²⁰ The GoG decree # 1750. The guidelines for the development of regional development action plans. 2015, 20 August

development of civil servants. The full uptake still requires further support by international organizations to MRDI and the GoG.

Accordingly, this proposed project is informed by the experience and lessons learned from the previous phase as well as the knowledge and experience of partner agencies and other projects. The lessons learned are incorporated in the priorities identified and the measures proposed. They will also be addressed systematically during the implementation of the new phase.

- RLD has established a crucial foundation for local self-governance policy reform and regional development. Now, it is essential to accelerate translation of this framework into tangible results for the intended beneficiaries. By demonstrating the feedback effectiveness of the policy design, this new project will build sustainable and impactful solutions applicable at national and local levels. The rapid and continuing evolution of policy on local self-governance and decentralisation presents a challenge for project work activities and financing; the project will continue acting flexibly, responsively and in a timely fashion to reschedule and/or reallocate resources between different areas of project activity.
- The project will continue to strike a balance between encouraging beneficiaries to take ownership of key project outputs and deliverables and ensuring adequate quality and acceptability for the outputs. It is particularly important to encourage national ownership at an early stage of the project to avoid fostering beneficiaries' excessive reliance on project experts to do all the work and thinking.
- The project will continue close cooperation with major stakeholders and partners operating in the area of regional development and local self-governance (GIZ, EU, USAID, CoE, WB, SIDA etc.) to coordinate and synchronize activities to deliver demanding results and outputs. More details on stakeholders is provided in Stakeholder Engagement Section of this document.

III. POLICY CONTEXT

The following section provides an overview of the global and national policy context relevant to regional and local development in order to define the overall landscape where the project will operate. Important highlights are made to clarify how the proposed project fits into the global/national context.

a. Global context

On 1 January 2016, Sustainable Development Goals (SDG) of the 2030 Agenda for Sustainable Development officially came into force. Over the next fifteen years, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. While SDGs are not legally binding, governments are expected to take ownership and establish national frameworks for the achievement of the 17 Goals. A number of countries, including Georgia, have already made significant progress in nationalization of SDGs.

With support from the UN system, Georgia has embarked on an extensive process to nationalize SDGs, establish the system of monitoring and raise public awareness of Agenda 2030. The government has created an inter-governmental SDG council, that is the formal institutional mechanism to lead the change and monitor progress against achievement of SDGs. Nationalization of the global goals led the country to prioritize 14 goals out of the 17 and 88 global targets. In line with the global indicators and targets, Georgian has developed the respective national targets that will serve as the milestones for measuring country's progress against the Agenda 2030.

Georgia has already presented its achievements through the first voluntary report²¹ at the High Level Political Forum in 2016 and continues striving towards sustained progress. With support from UNDP, the country is in a process of establishing a monitoring platform (software) for SDG 16 to track the progress against its national indicators. It is expected, that this platform will provide a foundation for extending the monitoring system through other goals and nationalized indicators. UNDP, along with other UN agencies, is committed to supporting Georgian government's efforts in advancement of the Agenda 2030 through targeted assistance and capacity development. At the same time, all UNDP projects aim to contribute to one or more SDGs. This particular project strives to contribute to achievement of several Sustainable Development Goals, including: (1) no poverty, (5) gender equality, (8) decent work and economic growth, (10) reduced inequality, (11) sustainable cities and communities, (12) responsible production and consumption and (16) peace, justice and strong institutions.

Georgia has taken steps in establishing closer partnership with the European Union (EU). The country signed the **EU-Georgia Association Agreement (AA)** and the **Deep and Comprehensive Free Trade Agreement (DCFTA)** in 2014, which represent an important opportunity for Georgia to strengthen its cooperation with Europe on political, economic, social and security issues. Under the EU AA agreement, the GoG is expected to implement core reforms in a number of key areas that will contribute to the European integration. By signing the agreement, parties expressed the willingness to contribute to the political, socio-economic and institutional development of Georgia through the wide-ranging cooperation in a broad spectrum of areas of common interest, such as the development of civil society, good governance, including in the field of taxation, trade integration and enhanced economic cooperation, institution building, public administration and civil service reform and fight against corruption, the reduction of poverty and cooperation in the field of freedom, security and justice necessary to effectively implement this Agreement and noting the EU's readiness to support relevant reforms in Georgia.

By addressing decentralization, good local governance and development, this project contributes directly to the EU-Georgia association agenda, namely, to the following chapters and articles of the EU Association Agreement: **Title II Political Dialogue and Reform, Cooperation in the Field of Foreign and Security Policy** (specifically, **Article 4 Domestic reform** - cooperation on developing, consolidating and increasing the stability and effectiveness of democratic institutions and the rule of law; on further pursuing the public administration reform and on building an accountable, efficient, effective, transparent and professional civil service); **TITLE VI: Other Cooperation Policies – Chapter 21: Regional development, cross-border and regional level cooperation** (specifically, **Article 372** - mutual understanding and bilateral cooperation in the field of regional development policy, including methods of formulation and implementation of regional policies, multi-level governance and partnership, with the objective of establishing channels of communication and enhancing exchange of information and experience between national and local authorities, socio-economic actors and civil society; **Article 373** - consolidate institutional and operational capacities of Georgian institutions in the fields of regional development and land use planning).²²

The project is also fully in line with the principles of the **European Charter of Local Self-Government**, the first international binding treaty that guarantees the rights of communities and their elected authorities, and lays down the principles of democratic local self-government. Opened to the signature on 15 October 1985 and coming into the force in 1988, the Charter is ratified by 47 member states of the Council of Europe including Georgia, and serves as a critical benchmark in assessing progress of Georgia's reforms in this direction.

Georgia is a party to major multilateral environmental agreements (MEAs), including the three Rio Conventions - biodiversity conservation, climate change, and desertification and related international agreements or

²¹ <https://sustainabledevelopment.un.org/memberstates/georgia>

²² For details on EU Association agreement, please visit the site https://eeas.europa.eu/sites/eeas/files/association_agreement.pdf

protocols. The country is fully committed to meet its obligations under these MEAs and ensures appropriate reporting to them. Georgia has also signed all relevant international treaties related to climate change. The most recent one is the **Paris Agreement** that was ratified by the Georgian Parliament in June 2017. This treaty obliges Georgia to reduce Greenhouse Gas (GHG) emissions by 15%, compared to Business As Usual (BAU) scenario by 2030. This commitment will be applied for several sectors, such as energy, forestry, transport, waste and others identified in Georgia's Nationally Determined Contributions (NDC) paper.

The ground for great optimism in the area of Climate change mitigation and adaptation is the EU-Georgia Association Agreement that entered into force on 1 July 2016 and which includes a specific chapter 4 on "Climate Action". The document explicitly points out the role of the Government in elaboration of Low Emission Development Strategy (LEDS), National Adaptation Plans, and various thematic strategies, harmonization of Georgian legislation with EU directives in several environmental areas, including water, air, waste, energy efficiency, renewable energies, eco-labelling of energy-efficient products, etc.

Under the Association Agreement, Georgia committed to gradually approximating its energy legislation to the principles of EU *acquis communautaire*, promoting the use of renewable energy sources, and enhancing international energy cooperation through participation in the Energy Community (EC) Treaty. Membership of the Energy Community requires the adoption of EU energy law and the creation of a National Renewable Energy Action Plan, as stated in article 4 of the EU Renewable Energy Directive 2009/28/EC. Along with signing of the COP 21 Paris Agreement on reducing GHG emissions, Georgia now has powerful policy drivers in place to guide a transition to a low carbon economy. The ongoing process of elaboration of the National Renewable Energy Action Plan (NREAP) will provide a baseline measurement to setting and achieving feasible targets towards renewable energy integration.

It is also noteworthy, that 16 municipalities in Georgia (including 6 of the project target municipalities)²³ are signatories to the EU-launched Covenant of Mayors process where signatories pledge to decrease emissions by 20% from their territory by 2020. The municipalities have to develop Sustainable Energy Action Plans (SEAPs), monitor their implementation and report reduced emissions. Signatory municipalities in Georgia are in different stages of the process. All of them have already submitted SEAPs, of which seven SEAPs have been accepted. Several donors, including EU and USAID are providing the cities with support to draft SEAPs and implement mitigation measures identified in these action plans.

Implementation of Association Agreement with EU, membership of European Energy Community, and fulfilment of Paris Agreement goals challenges Georgia's environmental and energy policy to guide practical actions for meeting these commitments, while in parallel contributing to the achievement of related Sustainable Development Goals. This project will provide additional contribution to Georgia's meeting its environmental and energy commitments through strengthening sustainability and energy efficiency principles across all local strategic documents and programmes.

Finally, Georgia expressed its clear willingness to fight discrimination against women and support gender equality by signing and ratifying the **Convention on the Elimination of all Forms of Discrimination against Women (CEDAW)** in 1994. The country also joined **Beijing Declaration and Platform for Action (BPfA)** in 1995 as well as other international platforms in the area of gender equality and women's empowerment. According to the National Review of the Implementation of the Beijing Declaration and Platform for Action, significant progress has been made by the Government of Georgia in ensuring a proactive implementation of the gender equality commitments laid out by CEDAW and BPfA especially in 1) designing national legislation and policy framework to guarantee women's human rights, 2) prevention and response to violence against women; 3) addressing women's issues in conflict and 4) increasing number of women in power and decision-making. Much

²³ See the list of signatory municipalities here

http://covenantofmayors.eu/about/about/signatories_en.html?q=Search+for+a+Signatory...&country_search=ge&population=&date_of_adhesion=&status=&commitments1=1&commitments2=1&commitments3=1

remains to be done, though, especially in the direction of women's political and economic empowerment at the local level²⁴.

Effective implementation of the proposed project will support the Government of Georgia to tackle persistent gender inequalities by strengthening women's political and economic participation and thus helping the country in fulfilling its aspirations in the area of gender equality.

b. National context

In line with its international commitments, including through SDG and EU AA agendas, and acknowledging the importance of the well-functioning state and strong public administration system, the GoG initiated an ambitious **public administration reform (PAR)** and elaborated a Public Administration Reform (PAR) Roadmap, an umbrella policy document that brings six different policy areas under one roof to ensure uniform and coordinated approach. The aim of the PAR is to improve policy development and coordination system, establish an effective and efficient civil service built on a merit-based principle, enhance government accountability, improve service delivery, enhance public finance management system and carry out local self-government reform.

- One of the six highlighted areas of the PAR Roadmap envisages **Civil Service Reform** to build the system along the lines of the European principles of public administration. Hence, the GoG is in the process of building a career-based, professional civil service instead of the previously existing contract employment, further enhancing the merit system, creating better protection mechanisms for the civil servants against political influence and arbitrary decisions, developing unified approaches in terms of the staff recruitment, induction, trainings, and other key areas of civil service. Respective Law on Civil Service entered into force from July 1st 2017. The law establishes same systems and standards for central and local civil servants.
- Further, the local self-governance reform, which is also a part of the PAR reform, envisages enhancement of decentralization and establishment of good governance at the local level. Based on these objectives, two priority areas have been defined: 1) elaboration of the new Strategy and Action Plan 2017-2020 for the good governance at the local level, and 2) strengthening the capacity of local administrative servants to ensure effective functioning of the self-governing bodies. The **Good Governance Strategy and Action Plan**, being developed at this stage with UNDP support, is expected to be adopted in early 2018 with quite ambitious plans on fiscal and functional decentralization over the next 8 years.
- **Enhancing accountability in the public sector** is yet another major policy area under the PAR roadmap. The aim of the reform is to improve integrity and public trust, prevent corruption, increase transparency and openness, efficiency and effectiveness of Government, making it more accessible and accountable to citizens and empowering them through the use of advanced technologies, innovative and modern approaches to governance.

The major policy documents in this area are the **National Anti-Corruption Strategy and the Anti-Corruption Action Plan**, which focus, among others, on the establishment of professional merit-based civil service, strengthening rules on ethics, conflict of interests and incompatibility, monitoring of asset declarations, upgrading of and training on the Code of Ethics, introducing a mechanism for disciplinary liability, promoting whistle-blower protection and strengthening the Civil Service Bureau (CSB). The RLD project has provided support to CSB to revise and update the training manual on ethics as well as deliver

²⁴ GEORGIA–Beijing+20: National Review of the Implementation of the Beijing Declaration and Platform for Action (2014)

training courses on ethics and whistleblowing protection system at the local level. The current National Anti-Corruption Action Plan of 2017-2018 envisages further trainings at the local level.

In addition, Georgia was amongst the first countries to declare its intention to join **Open Government Partnership (OGP)** in 2011 and commit itself to make the government more open, accountable, and responsive to citizens. Later, in 2016, the OGP launched a new pilot program designed to involve subnational governments in the initiative and Tbilisi municipality was among the fifteen pioneers that were invited to engage in a pilot program. The project has been providing support to Tbilisi municipality in implementing the OGP action plan in 2017.

In addition to the national policy framework on public administration, that should set the right standards for enabling governance environment, several policy documents define the main strategic directions with a focus on regional, or area-based development. The **National Strategy of Regional Development 2010-2017** is complemented by the **9 Regional Development Strategies and respective Regional Development Action Plans (RDAPs)** for each region of Georgia. Furthermore, in order to facilitate the development of mountainous regions in particular, and improve the welfare of citizens living in highland settlements, the MRDI developed the **Law on Mountainous Areas**, which was adopted by the Parliament of Georgia in 2015. This is followed by the **Strategy and Action Plan for High Mountainous Regions of Georgia** expected to be adopted shortly. The RLD facilitated inclusive policy dialogue between governmental and non-governmental stakeholders as well as provided technical assistance to the Ministry during the development of the strategy and action plan.

In response to rural development challenges, Georgian Government, with Support of UNDP has elaborated the **Rural Development Strategy** (approved in December 2016). The Strategy takes a holistic view of the rural development, accounting for the role of agriculture and non-agriculture sectors in rural areas. To secure and deliver the vision for Georgia, the Rural Development Strategy has set rural development objectives under the three main priority areas: a) Economy and competitiveness; b) Social conditions and living standards; and c) The environmental protection and sustainable management of natural resources. The strategy is followed by the fully costed Action Plan (AP) for 2017, and soon to be adopted a new multi-year Action Plan (2018-2020). There is a number of state agencies involved in the implementation of the AP. Interagency Coordination Council monitors the implementation of the action plan as well as consolidation and streamlining of policies and actions of the major stakeholders. Based on the lessons learned, the council will elaborate an action plan for 2019-2020.

The RDS and AP is expected to ensure better integration of the activities of agencies involved in rural development. Important characteristic of the AP will be targeting of activities at particular rural areas based on their needs. This can be ensured through active participation of all interested parties in rural development. Special emphasis will be given to awareness raising and inclusion of local population, as well as the private sector and civil society to allow them express their interest and find solutions to important issues. UNDP provides technical assistance and capacity building services to the Government of Georgia in its endeavour for rural development. Relevance of the Rural Development process on local governance and development is obvious, therefore, the close synergy and cross-fertilization across these two actions will be ensured, especially when UNDP serves as one of the implementing partners for the EU's flagship Rural Development Programmes, called ENPARD2 (ongoing) and ENPARD3 (starting in 2018).

Under the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) EU has facilitated creation of **Local Action Groups (LAG)** in 8 municipalities²⁵ of Georgia. The LAGs, supported by the consortium of Georgian and European civil society organizations, consist of a diverse group of active citizens across the municipality and aim to design local development strategy in a participatory way. EU also provides funding to selected projects from the local development strategy ranging from supporting individual entrepreneurs to start/expand business, to sponsoring rehabilitation of municipal infrastructure in the communities (i.e. musical school in Borjomi). While still unsure about LAG sustainability, nationwide upscale and

²⁵ The pilot municipalities are: Lagodekhi, Dedoplistskaro, Kazbegi, Borjomi, Akhalkalaki, Tetrtskaro, Keda, Khulo,

future prospects of pilot LAGs, EU aims to incorporate the LAG/LEADER approach and priorities into the municipal planning architecture, however, the concrete mechanisms are yet to be designed in close coordination with MRDI, Ministry of Agriculture (as a guardian of the Rural development process), Municipalities and UNDP (as a key partner to the government in Rural Development and LSG dimensions).

In addition to national policy and strategic documents, which define the overall framework for regional and rural development in the country, **Municipal Development Documents (MDD)** also represent an important instrument for policy making at the local level. The MDDs are the mid-term strategic documents, which are streamlined with Regional Action Plans and linked to annual budgets of municipalities. By 2017, 43 municipalities developed MDDs with UNDP RLD support. It may result, that the MDDs incorporate certain projects from local development strategies designed by LAGs, where they exist, and thus ensure complementarities between the bottom-up processes at the local level.

In addition to policy documents in the area of regional development and local self-governance, there is a number of national documents adopted by the GoG, which specifically address the gender equality issues. These include, but are not limited to, the Human Rights Strategy, the Gender Equality Law and its action plans, the Anti-Domestic Violence Law and its action plans, the Anti-Trafficking Law with relevant action plans, the Action Plan on Women, Peace and Security, and finally the Labour Code. There is also a series of policy documents addressing the needs and priorities youth, IDPs and ethnic minorities such as the State Strategy/action plan on Youth, State Strategy on Civic Integration, State Strategy on IDPs, IDP Livelihood Strategy etc.

Despite this, a recent study conducted by UN Women reveals that gender equality is not mainstreamed or is insufficiently mainstreamed in many national, regional and village level policies. There is a need for establishing systematic collection of sex-desegregated data as well as better synergies between gender equality policies and the sectorial agricultural and regional development policies.²⁶

To address the shortcomings in the area of gender equality and ensure gender mainstreaming into all policy areas, the GoG has established the Inter-Agency Commission on Gender Equality, Violence against Women and Domestic Violence, which is working on the new National Action Plan on Gender Equality and women's Empowerment. It is anticipated that the upcoming Action Plan will provide a better vision and an effective guidance for enhancing the role played by women in local political processes.

Overall, various policy processes at national and local levels are thought to jointly advance good governance and regional/local development, which respond to the needs and priorities of women, youth, ethnic minorities and IDPS. This comprehensive approach by the Georgian Government indicates that the country has strong political will to enhance decentralization and good governance, stimulate sustainable growth, combat poverty and inequality and improve quality of life of citizens including women, youth and most vulnerable population groups such as ethnic minorities, IDPs etc. Thus, it is critical to extend support to the government to ensure proper achievement of their development ambitious, goals and objectives.

²⁶ Gender Assessment of Agriculture and Local Development systems (2016), UN Women

a. Programmatic response

Eradicating poverty and inequality will not be possible without inclusive and sustainable growth, underpinned by responsive, accountable and transparent governance systems at all levels. While private sector, as a principal job creator and employer, is considered to be the key driver for economic growth, the good governance, being a value on its own - in terms of transparency, accountability, rule of law, equality and inclusiveness, efficiency and effectiveness, is instrumental for facilitating sustainable and inclusive growth through creating an enabling environment for wider and fair distribution of resources. In practice, the link between good governance and the local economic development has been demonstrated by various researches over recent years.^{27 28}

Consequently, in response to existing development challenges UNDP has designed a programmatic response aimed at advancing decentralization and local good governance featuring:

- greater competences of municipalities;
- stronger LSG institutions as catalysts to stimulate local economies;
- responsive, transparent, and accountable systems;
- participatory policy making at the local level reflecting the needs and priorities of women, men, youth, ethnic minorities, IDPs etc.

The programmatic response encompasses two interrelated tracks/projects. One project will aim at building stronger LSG institutions and thus creating an enabling environment for regional/local development to benefit local population (funded by SDC/ADA). The other project will be focused on establishing good governance principles at the local level (funded by DANIDA). In that way two projects will complement one another in pursuing advancement of decentralization and local good governance, which will pave the way for sustainable/inclusive growth and reduced poverty/inequality. In the end, the programme will contribute to attaining sustainable development goals, including: (1) no poverty, (5) gender equality, (8) decent work and economic growth, (10) reduced inequality, (11) sustainable cities and communities (12) responsible production and consumption and (16) peace, justice and strong institutions

²⁷ Center for Public Scrutiny (2014). Growth through good governance: How accountability, transparency and robust scrutiny should lie at the center of the drive towards local growth and prosperity

²⁸ OECD (2015) The Governance of Inclusive Growth

Sustainable Development Goals

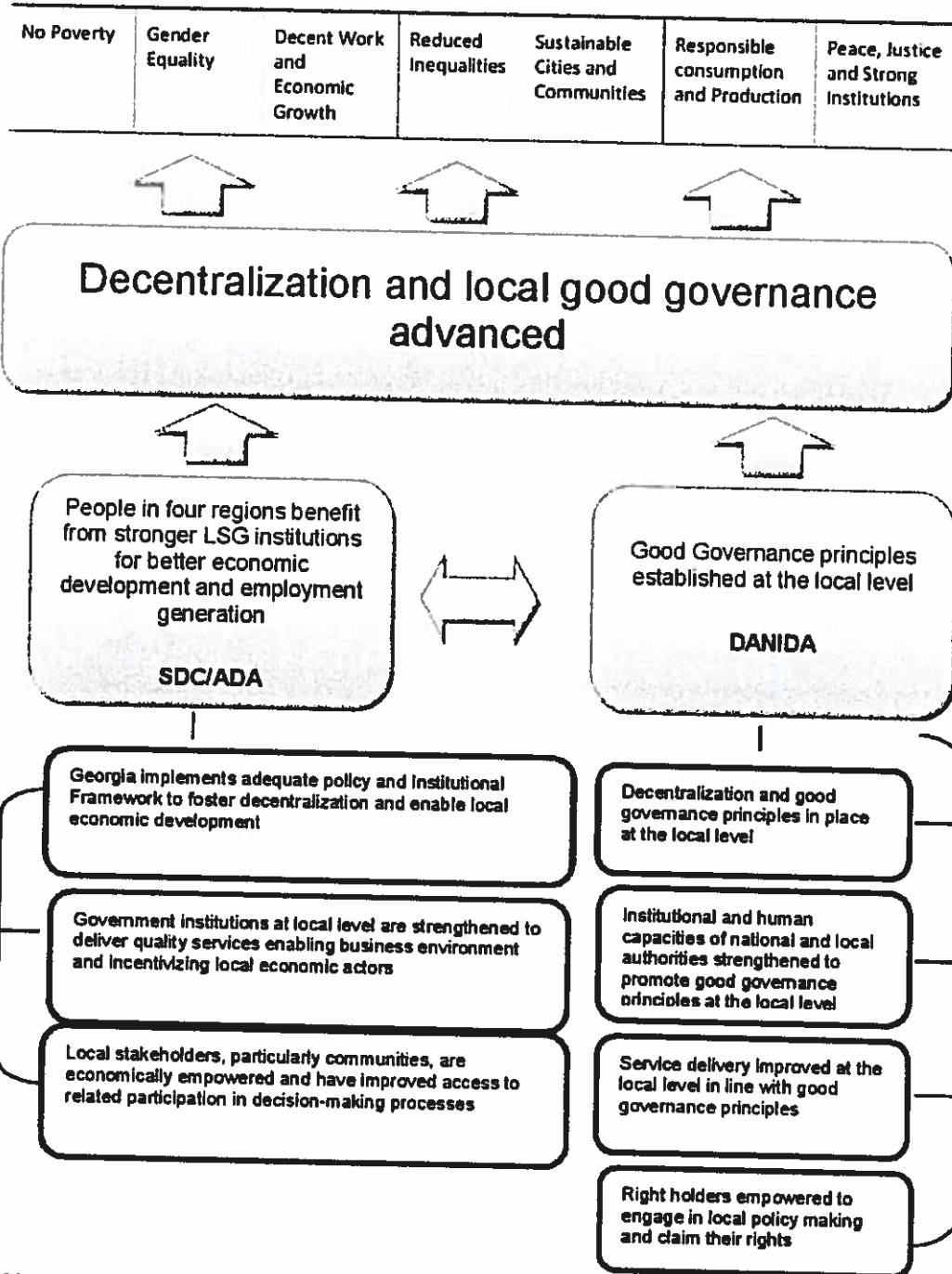


Diagram 1. Programmatic Response

For the extended organizational chart of this proposed programmatic approach see annex 1

b. Project Theory of Change

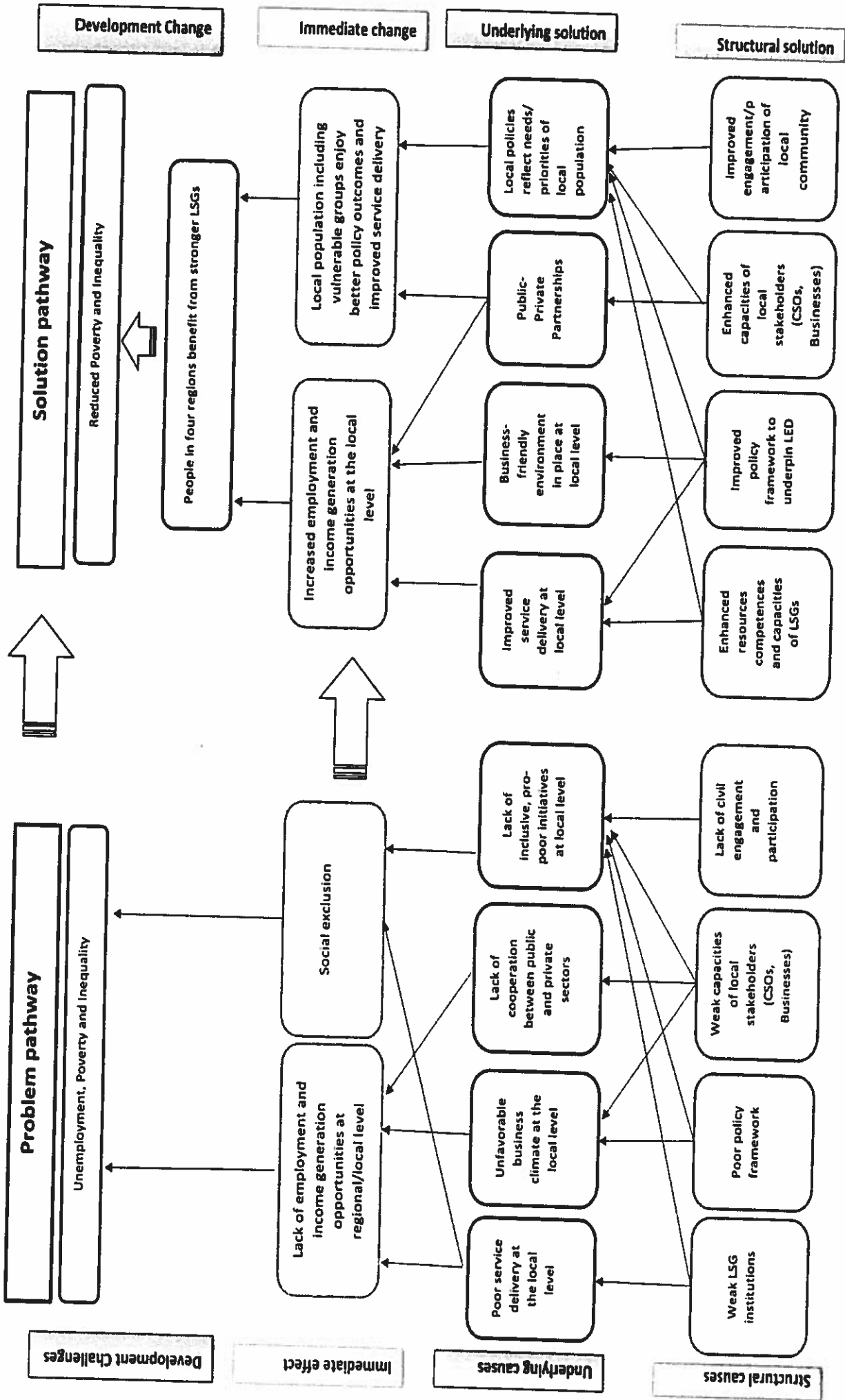
The proposed theory of change explains the rationale for project interventions funded by the Swiss (SDC) and Austrian (ADA) governments - "Fostering Regional and Local Development – Phase 2".

The interventions were designed in response to development challenges identified through the analysis of the regional/local context as well as the lessons learned from the project's first phase, which demonstrated that while important achievements have been made in terms of regional and local development, significant challenges still remain, particularly at the local level. Capacities of local stakeholders including municipalities, private sector, CSOs and local community groups are still limited. There is a lack of citizen participation and cooperation practices between LSGs and the private sector. Consequently, municipalities are not able to deliver proper services and create favourable business climate to attract investments and stimulate local economic development. Neither have they sufficient capacities to develop and implement inclusive, pro-poor initiatives adapted to the needs and priorities of local populations and particularly women, youth and vulnerable groups such as ethnic minorities, IDPs, persons with disabilities etc. This is further compounded by the limited capacities of local businesses, CSOs and citizens to initiate change from below and engage in local policy and decision-making. As a result, there are limited employment and income generation activities at regional/local level leading to unemployment, poverty, inequality and social exclusion. Overall, municipalities and local communities are in need for further empowerment to become active players, revitalize local economies and shape the future of the place they live in.

The given context indicates the need to refocus development assistance from central to local level, provide targeted assistance directly to localities as well as design and carry out tailor-made sub-national development policies together with local stakeholders (municipalities, business, CSOs, community groups). At the same time, it is also important to maintain and upgrade national policy framework and reinforce resources, competencies and capacities available to local stakeholders as a foundation for promoting bottom up regional/local development.

The diagram 2. below demonstrates the problem pathway and solution pathway on which the project's theory of change is based.

Diagram 1. Problem-Solution Pathway



In this context, the project proposes the Local Economic Development (LED)²⁹ approach to be applied as a central instrument throughout the project implementation cycle, to be incorporated across all outputs.

The LED approach emerges as one of the most appropriate solutions because of a number of considerations:

- First, LED is increasingly considered as the most people-centered and locality specific approach, owned and implemented by local stakeholders. In contrast to top-down development strategies led by central governments with little or no input from local actors, LED focuses on development from below, which makes it a community driven, bottom-up approach tailored to the needs and priorities of localities. Moreover, shaped by local communities, LED relies on local resources and capacities and thus envisages empowerment and further capacity development of the local stakeholders.
- Second, LED implies an inclusive, participatory approach to development. It implies that a wide range of local stakeholders work alongside regional and national governments as well as international organizations in an effort to realize a locality's full economic potential. Through this focus on participation, LED creates incentives and opportunities for partnerships between local private and public sector stakeholders as well as other societal and political groups.
- Third, in LED approach, the public sector (both central and local governments) plays a catalyst role through providing the right mix of local public goods and enable other actors, communities, private firms, workers and NGOs, to make their most productive contribution. There is a growing recognition of the catalyst role of the public sector in stimulating local economic growth.

Finally, the LED approach ultimately aims to create sustainable economic development. Through the involvement of a range of stakeholders, it aims to find solutions that will combine the goal of economic development and employment creation with the objective of poverty reduction and maintaining and increasing the quality of locally available jobs as well as contributing to reduced inequalities across the country as well as taking into account key environmental and climate change concerns and maintaining stability in ecosystems. Thus, LED represents a number of core values that are not necessarily found in other development approaches. It seeks to promote a truly inclusive policy process, valuing the opinions of a wide range of local stakeholders and promoting equality among them. Such inclusive processes are crucial for sustainable, pro-poor development and for the creation of decent employment opportunities.³⁰

Hence, the project activities are planned in a way to form constituent and complementary parts of the LED process contributing to the three project outcomes and desired development changes.

The first outcome is focused on enhancing the policy and institutional framework to underpin LED. This will be done through providing support to national and local government institutions and agencies in implementing major strategic documents as well as in adopting desired policy changes to create a more favourable legislative/policy framework for LED initiatives. At the same time, the project will ensure that the national and sub-national policies in the area of regional development and local self-governance are inclusive, gender sensitive and incorporate environmental sustainability as core principles.

The second outcome is focused on improving service delivery at the local level, creating business enabling environment and incentivizing local economic actors to engage in LED initiatives. For this reason, support will be provided to municipalities to take a catalyst role to steer the LED process and ensure proper delivery of services for citizens and businesses. This shall support municipalities to live up to their role of facilitating and promoting local economic activities.

²⁹ The purpose of the local economic development (LED) is to build up the economic capacity of the local area to improve its economic future and the quality of life for all. LED is a process through which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation

Local economic development: A primer. Developing and implementing local economic development strategies and action plans (World Bank, 2016) retrieved on Nov 6, 2017 from <https://www.slideshare.net/led4lgus/led-primer-12920762>

³⁰ World Bank-Netherlands Partnership Program (2005) *Evaluating and Disseminating Experiences in Local Economic Development (LED)* Local Economic Development as an alternative approach to economic development in Sub-Saharan Africa, 2005.

The third outcome puts emphasis on community engagement to ensure participatory policy making is in place and the needs of local community members are incorporated into LED initiatives. For this reason, support will be provided to local stakeholders including municipalities, business, CSOs, community groups and ordinary citizens to equip them with the right knowledge, skills and resources to engage in LED process.

The capacity development support will be streamlined into the activities under three interrelated outcomes. In that way, the project will reach out to all stakeholders (central government, municipalities, local business, CSOs and local communities) to engage them in the LED process and foster regional and local development with joint efforts.

The logic of the proposed interventions is based on the assumption that private sector needs to be enabled and incentivised, while strong and effective government institutions should act as catalysts and steer the processes as a whole. At the same time, sustainable and inclusive growth can only be achieved through active participation of local communities including women, men, youth, ethnic minorities, IDPs and others to ensure that their needs and priorities are reflected in local policies and economic initiatives.

The gender considerations have been mainstreamed throughout the project activities. The project will ensure that sex-desegregated data is collected during reporting and monitoring.

The project will also take a due consideration of the environmental protection through promoting sustainability principles as a foundation for local economic development.

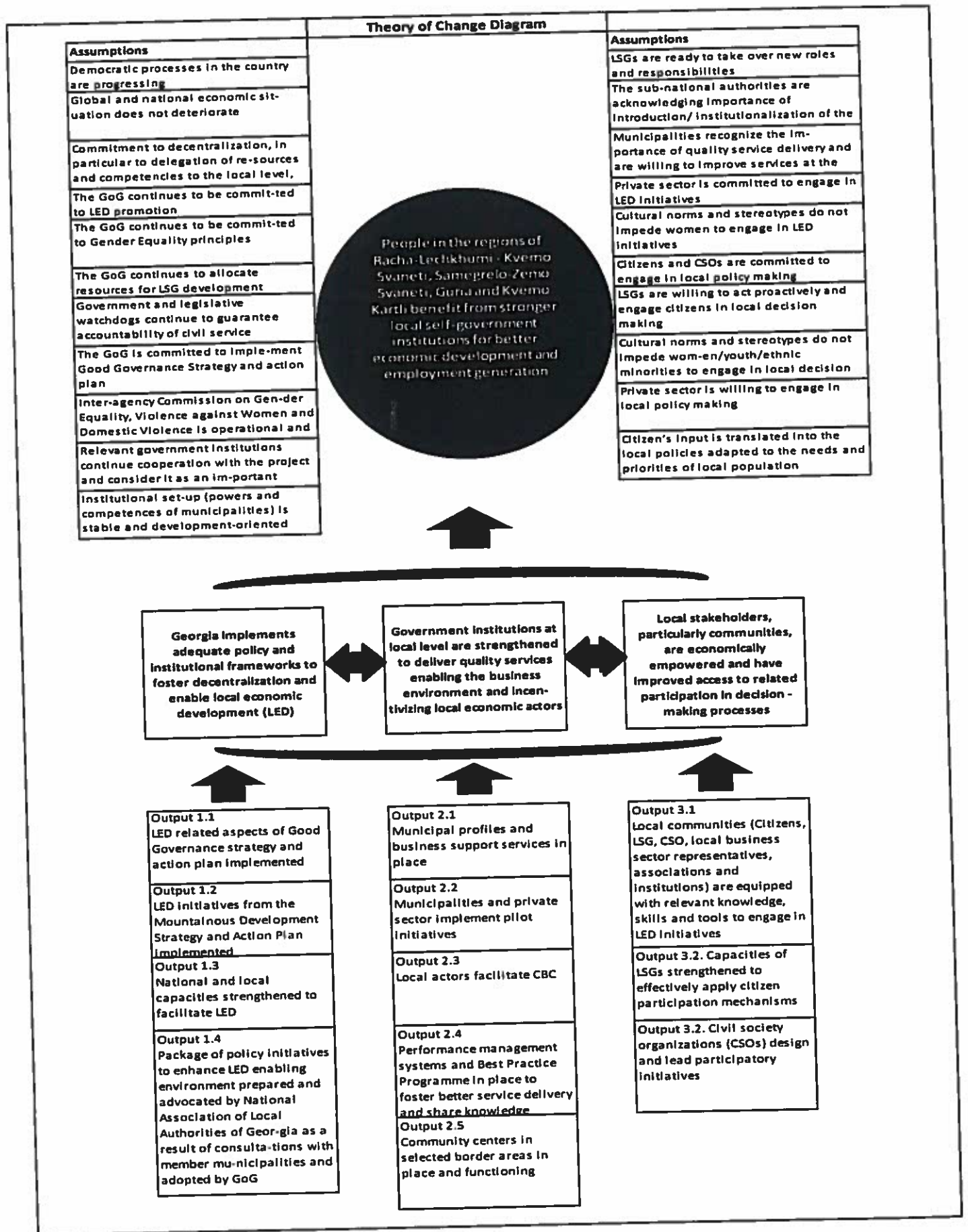


Diagram 2. Theory of Change

c. Target Groups and Regions

The proposed project will build its interventions on the foundation established during its first phase. For this reason, the project will operate in four regions (Racha-Lechkhumi-Kvemo-Svaneti, Samegrelo-Zemo Svaneti, Guria and Kvemo Kartli), which were originally selected as the target regions of the first phase and therefore has the most exposure to project interventions carried out during 2013-2017. As a result, the right pre-conditions for the activities planned within the following phase are already established. Namely, the Regional Development Strategies/action plans, Municipal Development Documents (MDD) and the enhanced capacity of the local civil servants are in place for further strengthening LSG institutions.

Moreover, by selecting these four regions, the project will be able to pay a special attention and target the more disadvantaged population groups, such as ethnic minorities, mountainous population, women, youth and socially vulnerable.

The table below provides the number of target groups per region.³¹

	General Population	Women	Youth (15-29 years)	Ethnic Minorities	People in mountainous areas	IDPs
Racha-Lechkhumi Kvemo Svaneti	32 089	16 505	3 957	86	31 824	734
Samegrelo-Zemo Svaneti	330 761	171 691	56 938	2 093	9 136	47 298
Guria	113 350	58 690	18 988	2 175	1 116	744
Kvemo Kartli	423 986	215 454	96 304	206 256	43 080	11 314
Total	900 186	462 340	176 187	210 610	85 156	60 090

Table 1. Population statistics in selected regions

Another rationale for selecting the target regions is based on the analysis of the donor landscape in the country. During project implementation period, regional/local development efforts in three regions (Shida Kartli, Samtskhe Javakheti and Kakheti) will be supported by GIZ, while the remaining two (Imereti and Mtskheta Mtianeti) will be covered by Danish support. In that way, all 9 regions of Georgia will enjoy equal access to international support. At the same time, all activities of the project will be synchronized with other initiatives and possibilities for scale-up will be sought. This will lay down the foundation for a comprehensive approach to regional/local development nationwide and ensure that no region is left behind.

³¹ The data is derived from the most recent general population census conducted in 2014 available at geostat.ge



Figure 1. Administrative map of Georgia

The 4 regions selected by the project are also different from one another and each carry special characteristics:

Racha-Lechkhumi-Kvemo-Svaneti region is located in the north-western part of Georgia on the southern slopes of the Central Caucasus. The region borders Samegrelo Zemo Svaneti region to the west, Imereti region to the south, Tskhinvali region to the east and Russian federation to the north. The total area of the region is 4600 sq.km, accounting for 6.5 % of the total territory of Georgia. The region is a high mountain settlement and is located at 400-4000 m above the sea. There are four municipalities in the region: Lentekhi, Tsageri, Ambrolauri and Oni.

The region of Racha-Lechkhumi-Kvemo-Svaneti is one of the most underdeveloped parts of Georgia, with the lowest population density of all regions of Georgia. As a result of uninterrupted migration, the region's population has declined significantly reaching as low as 32,089 people in 2017 compared to 49,100 people in 2006. Around 20% of the population lives in the cities and 80% in villages. The main challenges hindering the development of Racha are the lack of the reproductive aged population and weakly developed infrastructure resulting in an unpredictable business environment.³²

The Gross Value added per capita in the region is 2290.0 USD, unemployment rate - 10.8 %, number of people in employment - 335.9 thousand.

Samegrelo-Zemo Svaneti region is located in the western part of Georgia, on Kolkheti Lowland. In the west, the region shares borders with Black Sea, in the north-west – Autonomous Republic of Abkhazia, in the north – Russian Federation, and in the east – Imereti and Racha-Lechkhumi-Kvemo Svaneti regions. The total area of Samegrelo-Zemo Svaneti is 7 468 sq. km, accounting for 10.7% of the country's territory. High mountain settlements (over 1000 m) include 136 villages of Mestia Municipality and 1 village of Martvili Municipality.

Population of the region is 331 145 people. 98.6% of the population is ethnic Georgian. 40.3% of the population lives in the cities and towns and 59.7% lives in the villages. The region is characterized with complicated social situation and demographic problems. Since 90th, the region has been hosting a disproportionately large number of Internally Displaced People from the Abkhazia region, who are still struggling to enjoy basic living standards. Dynamics of both population migration and natural growth are negative.

³² Development strategy of Racha-Lechkhumi and Kvemo Svaneti for 2014-2021 years, MRDI; Market and Technical Feasibility Study for Racha Development Project, Georgia, 2016, Partnership Fund; Geostat.ge

The Gross Value added per capita in the region is 2659.1 USD, unemployment rate - 10.0 %, number of people in employment - 190.2 thousand.

Guria is situated in south-west part of Georgia, in Colchis valley. Guria is bound in the west by the Black Sea, in the South - by Adjara-Guria Ridge, river Choloki and Adjara Autonomous Republic, in the East - by Imereti region; and in the north - by the Samegrelo region. Guria covers a territory of 2,033 sq. km, which is 2.9% of the whole territory of the country.

The population of the region is 113 350 people. The region is composed of 3 municipalities (Ozurgeti, Lanchkhuti and Chokhatauri) with 189 settlements – 2 cities (Lanchkhuti and Ozurgeti), 5 towns (Laituri, Ureki, Nasakirali, Naruja, Chokhatauri) and 182 villages. 96% of the population is ethnic Georgians. More than 10 villages are attributed to the mountainous settlements. Population in Guria region suffers from multiple vulnerabilities, including poverty and underemployment, especially amongst young population.

The Gross Value added per capita in the region is 2,519.4 USD, unemployment rate – 4.1 %, number of people in employment - 219.6 thousand.

Kvemo Kartli region is located in the South-Eastern part of Georgia. The region borders Samtskhe-Javakheti to the west, Tbilisi, Shida Kartli and Mtskheta-Mtianeti to the north, Kakheti to the east, Republic of Azerbaijan to the south-east and Republic of Armenia to the south. Its area is 6436.2 sq. km, which is 9.23 % of the country's territory. There are seven municipalities in the region (Tsalka, Dmanisi, Tetrtskaro, Bolnisi, Marneuli, Gardabani, Rustavi) and one of them is a self-governing city of Rustavi. Mountainous settlements are Dmanisi municipality (above 1500 m), Tsalka municipality (above 1500 m) and Tetrtskaro municipality (above 1300 m) villages.

The population of Kvemo Kartli is 423,986 people and 42% lives in cities and the rest in villages. The population is mixed between Azerbaijanians (45.1%), Georgians (44.7%), Armenians (6.4%), Greeks, Russians, Ossetians, Ukrainians, Abkazians and Kurds.³³ The minority population in the region, while considered to be on par with the rest in terms of economic conditions, suffer from social exclusion and isolation. Language barriers still hinder people to enjoy fully social services (such as quality pre-school general and high education, health care) or to participate in the political life of the region and the country overall. Strong gender inequalities are particularly manifested in the region.

The Gross Value added per capita in the region is 2437.0 USD, unemployment rate - 8.6 %, number of people in employment - 191.7 thousand.

# of beneficiaries	Racha-Lechkhumi-Kvemo-Svaneti		Samegrelo-Zemo Svaneti		Guria		Kvemo Kartli		Central Level GoG beneficiaries		Georgia (Nationwide)	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Outcome 1	70	32,089	145	330,761	55	113,350	115	423,986	130	N/A	515	3,720,400
Outcome 2	185	32,089	260	330,761	170	113,350	4,430	423,986	15	N/A	5,060	900,186
Outcome 3	1,200	32,089	1,325	330,761	1,175	113,350	1,275	423,986	40	N/A	5,015	3,720,400
Total	1,455	32,089	1,730	330,761	1,400	113,350	5,820	423,986	185	N/A	10,590	3,720,400

Table 2. # of project beneficiaries per outcome

³³ Development strategy of Kvemo Kartli Region for 2014-2021, MRDI, *Kvemo Kartli Regional Youth Development Strategy 2015-2021*; Geostat.ge

Impact

People in the regions of Racha-Lechkhumi Kvemo Svaneti, Samegrelo-Zemo Svaneti, Guria and Kvemo Kartli benefit from stronger local self-government institutions for better economic development and employment generation

The project will contribute to attaining sustainable development goals: (1) no poverty, (5) gender equality, (8) decent work and economic growth, (10) reduced inequality, (11) sustainable cities and communities, (12) responsible production and consumption, and (16) peace, justice and strong institutions.

a. Expected Outcomes and Outputs³⁴

Outcome 1: Georgia implements adequate policy and institutional frameworks to foster decentralization and enable local economic development (LED)

The proposed project will take the stock of the achievements of the first phase and continue to facilitate further enhancement of policy and institutional framework to foster regional and local development and create a sound foundation for locally driven economic development initiatives. The project will support MRDI, Parliament, other line Ministries, and state institutions to strengthen and implement the LED related aspects of the national strategic documents in the area of regional and local development in Georgia, namely, the strategy/action plan on Good Governance at the Local Level in Georgia and the strategy/action on the Mountainous Development in Georgia. The project will ensure that gender considerations are mainstreamed into all national and sub-national policies.

Assistance will also be provided to national and local institutions to facilitate institutional and human capacity development at the local level. In an effort to further strengthen the National Association of Local Authorities (NALAG), both as an institution and as a representative voice for the LSGs, the project will provide targeted assistance to NALAG to initiate and conduct advocacy campaign aimed at improving LED related policy framework.

Output 1.1. LED related aspects of Good Governance strategy at the local level and action plan, implemented by municipalities and central government institutions (MRDI, MoED, MoF etc.)

The project will provide support to MRDI in implementing the activities/initiatives from the Good Governance strategy/ action plan, which are related to Local Economic Development (LED). This might include action plan activities on property transfer, inter-municipal cooperation, municipal service improvements etc. The activities will be identified in cooperation with national and local stakeholders. For this reason, public hearings and joint meetings with NALAG, CSOs, business associations and think-tanks will be organized. Special attention will be paid to gender sensitive activities aimed at empowering youth, women and vulnerable population groups, such as IDPs, ethnic minorities etc. Environmental considerations will also be taken into account

- Activity 1.1.1 Identify priority areas with stakeholder engagement from Good Governance Strategy at the Local Level (e.g. municipalities, NALAG, MRDI in consultation with local CSOs, businesses, youth and gender groups).
To ensure participatory and inclusive decision making, the project will organize extensive consultation process with the major stakeholders to identify priority areas for implementation. This will take place through special meetings, workshops and dedicated discussions.
- Activity 1.1.2 Provide support to municipalities and other counterparts to implement selected LED related activities (e.g. property transfer, land cadastre, service improvement etc.) from the Good Governance Strategy/action plan at the local level.

³⁴ Outcome/Output/Activity terminology used hereby follows SDC/ADA standards; Whereas in UNDP terminology the Outcomes should be interpreted as Outputs; Outputs should be interpreted as Activity results;

The project will support to implement at least 40% of activities of the action plan, which are related to LED. While selecting and supporting the implementation of the Good Governance Action Plan, it will be ensured, that project advocates and facilitates sustainable environmental protection principles as one of core principles of the LED. The strategy will establish a policy framework for decentralization and good governance at the local level, therefore, its implementation will benefit all 69 municipalities countrywide.³⁵

Output 1.2 LED initiatives from the Mountainous development strategy and action plan implemented by municipalities and central government institutions.

The project will provide support to the GoG in implementing LED related activities from the strategy/action plan on Mountainous Regions of Georgia. This might include the activities targeted at strengthening the potential of local enterprises and firms, creating conditions for their development, improving access to markets etc. Emphasis will be put on activities linked to the Municipal Development Documents as well as the ones aimed at empowering youth, women and vulnerable population groups.

- Activity 1.2.1 Identify relevant LED activities with stakeholder engagement from the Strategy and Action Plan on Development of High Mountainous Regions of Georgia (e.g. municipalities, NALAG, MRDI, Tourism Agency, local youth and gender groups)

To ensure participatory and inclusive decision making, the project will organize extensive consultation process with the major stakeholders to identify priority areas for implementation. This will take place through special meetings, workshops and dedicated discussions.

- Activity 1.2.2 Provide support to partner agencies (municipalities, NALAG, MRDI, Tourism Agency etc) to implement selected LED activities.

The project will support implementation of at least 30% of activities of the Strategy and Action Plan on Development of High Mountainous Regions of Georgia, which are related to LED. As above, the special attention will be paid to promoting environmentally sustainable and gender sensitive development. The strategy will establish a policy framework for mountainous area's development, therefore, its implementation will benefit 10 municipalities countrywide, i.e. all municipalities with mountainous settlements.

Output 1.3 National and local capacities strengthened to facilitate LED

The project will provide support to national and local institutions to create and upgrade capacity development systems for municipalities. This will include the National Training System as well as other mechanism for strengthening the capacities of the municipal leadership and local civil servants. In that way, the project will ensure there is an adequate institutional and human capacity at the local level to carry out economic initiatives and facilitate LED as a whole.

- Activity 1.3.1 Provide technical support to MRDI/CEGSTAR/Regional and municipal administrations to create capacity development systems for municipalities (e.g. develop and implement guidelines through expert support)

The systematic changes will benefit all municipalities countrywide.

- Activity 1.3.2 Assist CEGSTAR in upgrading the NTS with focus on LED (such as tailor-made courses on attraction of investments; effective communication and negotiation skills; fund-raising; proposal writing; basics of business administration including business planning, gender and diversity in LED, protection of environment and environmental sustainability in LED, and other)

The systematic changes introduced under this activity will benefit all municipalities countrywide.

³⁵ There are 69 municipalities in Georgia, however, 5 of them are located in the occupied territories of the country. Despite that, the policy changes will be applicable to all 69 municipalities.

- Activity 1.3.3 Strengthen human and institutional capacities of municipalities. This will include trainings, study tours, coaching etc. for local leadership and civil servants as well as technical assistance to municipalities

This activity will benefit all municipalities (23 in total) in 4 project target regions to strengthen their human and institutional capacities. Trainings will concentrate on topics as proposed in 1.3.2.

Output 1.4. Package of policy initiatives to enhance LED enabling environment prepared and advocated by National Association of Local Authorities of Georgia as a result of consultations with member municipalities and adopted by GoG

The project will provide institutional development support to NALAG and facilitate its advocacy and lobbying initiatives to enhance business friendly environment at the local level and address specific problems and issues hindering LED process. Based on extensive consultations with the member of LSG units, NALAG will propose specific policy or programmatic initiatives for the attention of legislative and executive authorities. The changes will be advocated through the Joint Policy Meetings, workshops and conferences with the members of the parliament and government representatives together with NALAG. The lobbying and advocacy activities will be supported by the accompanying public awareness campaign conducted through the social and traditional media outlets.

- Activity 1.4.1 Provide capacity development support to NALAG to identify gaps and obstacles in LED related legislation (e.g. the law on free trade and competition, the LSG code) and prepare an advocacy package

Before launching an advocacy campaign, the project will first provide support to NALAG in the form of trainings, coaching, study tours etc. to equip it with the right knowledge and skills on how to raise a policy issue and advocate for a change.

- Activity 1.4.2 Conduct baseline assessment and advocacy campaign with engagement of stakeholders (municipalities, CSOs, Business Associations etc.). The project will conduct the baseline assessment during the first 6 month of the project. The advocacy campaign will be facilitated through NALAG's leadership. it means that NALAG will be equipped with skills and knowledge to plan and lead advocacy campaign. Also, in support of this advocacy efforts intensive public awareness campaign will be conducted.

Once the NALAG is equipped with the relevant capacity, the project will facilitate the dialogue between stakeholders and support NALAG in leading the advocacy campaign.

The table demonstrates the number of beneficiary municipalities under outcome 1

Outcome 1	# of beneficiary municipalities
Output 1.1.	69 municipalities (all municipalities countrywide will benefit from relevant policy and normative changes as a result of implementing Good Governance Strategy/action plan)
Output 1.2.	10 municipalities (municipalities with mountainous settlement from 4 project target regions will benefit as a result of implementing Mountainous Development Strategy Strategy/action plan)
Output 1.3.	23 municipalities of the 4 project target regions will directly benefit from the capacity development support
Output 1.4.	69 municipalities (all municipalities countrywide will benefit from relevant policy and normative changes as a result of implementing Good Governance Strategy/action plan)

Outcome 2: Government institutions at local level are strengthened to deliver quality services enabling the business environment and incentivizing local economic actors.

Creating an enabling business environment and fostering partnerships between local private sector and municipalities are seen as essential mechanisms for stimulating local economies. Partnerships with private sector are increasingly being used by governments and public sector authorities throughout the world as a tool to deliver various services for their citizens and economize at a reduced cost. Similarly, cross-border cooperation is considered to be a necessary component for regional and local development as it contributes positively to the socio-economic development of the regions and solves specific problems related to border regions.

In Georgia, however, partnerships between the local public and private actors have not been practiced intensively and despite continued support of donor community, cross border cooperation is still at its infancy in the region. Also, poor service delivery and infrastructure at the local level, as well as limited local capacities, and other resources as places, prevent the potential investors and entrepreneurs to initiate new economic activities or extend existing ones.

Therefore, the project will provide support to municipalities to improve service provision, create business friendly environment for potential investors and entrepreneurs, and incentivize local economic actors to engage in joint initiatives and pilot schemes together with LSGs, which will lead to increased employment and income generation opportunities at the local level.

For this reason, targeted support will be provided to create municipal profiles and train local staff to serve as business advisors in the localities. In addition, support will be provided to central government institutions responsible for the provision of certain services at the local level. Namely, the project will support the Public Service Development Agency (PSDA) under the Ministry of Justice (MoJ) to build and operate community centres in selected municipalities.

In addition, the project will provide support to raise the standards of municipal service delivery, promote innovation and knowledge sharing among municipalities as well as build the trust and accountability with local community through introducing performance management systems complemented with the Best Practice Programme, a nationwide platform for knowledge sharing and information dissemination.

Output 2.1 Municipal profiles and business support services in place to attract potential investors and entrepreneurs

The project will provide support to develop municipal profiles for the potential investors. Municipal profiles will contain statistical, financial, and other information about the political, institutional, economic, environmental and social landscape at the local level, as well as the judicial and public service systems in municipalities including the land use, urban development, economic activities, taxation, local fees, local permits for use of natural resources, etc. This will serve as a useful source of information for the potential investors and entrepreneurs to analyse local context, identify new business opportunities or extend existing businesses.

The municipal profiles will be complemented by the business support services offered by the economic departments of municipalities to private sector representatives. For this reason, focal points/designated staff members will be trained to act as advisors and provide all necessary information on the potential business opportunities, which at the same time are environmentally sustainable in respective municipalities as well as refer entrepreneurs to funding sources and credit opportunities. Active synergies will be sought with the programmes implemented by Georgia government, especially operated by the Ministry of Economy and Sustainable Development, and Ministry of Agriculture. e.g. "Produce in Georgia"; "micro-credit product"; "cooperatives support programme"; etc.

All business support services, including the materials will be offered in Georgian as well as in minority languages to ensure that ethnic minorities benefit from offered services. Besides, special incentive schemes will be developed for women entrepreneurs and youth initiated start-ups.³⁶

- Activity 2.1.1 Facilitate the development of instruments (methodologies, guidelines, templates) for LED driven municipal profiles. All these instruments will be linked (incorporated) to NTS system as part of Activity 1.3.2
- Activity 2.1.2 Facilitate development of land use and zoning documents (upgraded spatial plans for selected municipalities). This activity will be implemented in close coordination with MDF and the GCF.³⁷ The methodology and guidelines to be linked with NTS system, as part of Activity 1.3.2.

The project will support 3 municipalities to prepare land use and zoning documents, taking into account sustainable use of natural resources.

- Activity 2.1.3 Provide on the job trainings to relevant municipal staff to update municipal profiles on a regular basis (statistical and financial data, information on the land use, natural resources, urban development, economic activities, taxation, local fees etc.)
The project will support 8 municipalities to develop LED driven municipal profiles, consequently, on the job trainings will be provided to the civil servants of 8 municipalities. In total, at least 16 civil servants will be trained (2 per municipality) to upgrade profiles. Statistical data will be sex-disaggregated whenever possible.
- Activity 2.1.4 Provide support to municipalities to identify staff members and strengthen their capacities to act as focal points, in line with Guiding Principles of the Organizational Set-up of Local Self-Government Institutions, produced by CSB under RLD Phase 1.
Focal points will be prepared for 10 municipalities, In total at least 20 civil servants will be trained (2 per municipality) as a focal point.

Output 2.2. Municipalities and private sector implement pilot LED initiatives in the areas such as tourism, agriculture, trade facilitation etc.

The project will provide support to municipalities to encourage private sector engagement in design and delivery of LED initiatives from the Municipal Development Documents (MDD) and subsequent action plans. For this reason, support will be provided to update the MDD preparation methodology with focus on sustainable and inclusive local economic development, reflective of needs of various societal groups, especially women, youth, and vulnerable. The methodology will also have environmental sustainability and energy efficiency principles mainstreamed.

Furthermore, the project will explore the opportunities of municipal-private sector partnership and design partnership modality in accordance with the Good Governance Strategy and MDDs. All relevant stakeholders: municipalities, NALAG, private sector, business associations, CSOs and community members, including target social groups (women, youth, ethnic minorities, IDPs), will be engaged in this process. Once the cooperation modality is defined and agreed, the project will support implementation of joint initiatives. Selection of the initiatives to support will involve the Donors, UNDP and MRDI as the key project partners and take into account their effect on empowerment of project target groups (youth, women, ethnic minorities and other vulnerable groups) as well as environmental considerations/sustainable management of natural resources.

³⁶ This activity will be synchronized with the activities of two other projects: 1) Second Regional and Municipal Investment Development Project (SRMIDP) implemented by the Municipal Development Fund with support of the World Bank and SDC which envisages capacity development support to municipalities to develop special plans; and 2) Scaling-up Multi-Hazard Early Warning System and the Use of Climate Information in Georgia implemented by UNDP with support of GCF. The project will ensure close cooperation with partner agencies during project implementation.

³⁷ This activity will be synchronized with the activities of two projects: 1) Second Regional and Municipal Investment Development Project (SRMIDP) implemented by the Municipal Development Fund with support of the World Bank and SDC which envisages capacity development support to municipalities to develop special plans; and 2) Scaling-up Multi-Hazard Early Warning System and the Use of Climate Information in Georgia implemented by UNDP with support of GCF. The project will ensure close cooperation with partner agencies during project implementation.

The implementation support may take different forms, such as direct procurement and donation of needed equipment by UNDP, small grants to the involved parties, or topping up financial support through established municipal programmes. The exact support mechanism will need to be defined individually and based on the specific requirements, but this will also be agreed in advance with all key project stakeholders, including Donors, MRDI and local authorities. All these partners will also be involved in monitoring of the activities.

Finally, the project will identify successful cases of partnerships between municipalities and private actors with a view to design and implement scale-up schemes to facilitate information dissemination and replication of successful practices nationwide.

- **Activity 2.2.1 Upgrade MDD methodology and existing MDDs developed under RLD Phase 1, with focus on LED through local community engagement.**
Taking into account the lessons learned during project's first phase, the project will upgrade methodology with the engagement of community members. The MDDs will serve as strategic development documents at the municipal level, identifying all respective development priorities for the locality, at the same time taking into consideration good governance, inclusion and environmental sustainability principles. MDD's will be sought to be risk informed as possible, incorporating hazard mapping and other assessments conducted through UNDP, SDC, and other development partners within the framework of relevant projects.
- **Activity 2.2.2 Explore the opportunities of municipal-private sector partnerships and design partnership modality (according to strategy of good governance).**
Despite the code of the local self-governance stipulates that municipalities and private sector may enter into partnership, the law does not provide any clarification on the modality of partnership. Therefore, the project will first facilitate the dialogue between major stakeholders in order to define the partnership modality
- **Activity 2.2.3 Support implementation of joint LED initiatives of public and private stakeholders**
Once the modality for implementing joint LED initiatives of public and private stakeholders is defined, the project will provide further needs-based support to operationalize the partnership and implement joint initiatives. It will be ensured, that the initiatives are in line of the principles of inclusion, good governance and environmental sustainability. This activity will take place in selected municipalities of the 4 project regions

Output 2.3. Local stakeholders (municipalities, local businesses, CSOs) facilitate Cross Border Cooperation

The project will support regional administrations and municipalities in selected border regions to organize LED forums and discuss the opportunities for cross-border initiatives. The LED forums will serve as an effective tool to incentivize cross border cooperation and dialogue among public, private and non-profit actors from both sides of the border. Separate LED forums will be organized for representatives of Georgia-Armenia and Georgia-Azerbaijan. The findings of the ongoing assessment of the Trade Opportunities in the South Caucasus will help to identify the regions as well as thematic areas with the most potential for cross-border cooperation. The project will also aim to provide a limited support to concrete cross-border cooperation initiatives, emerging as a result of LED forums, or other alternative means, especially to those empowering women, youth or other vulnerable groups, or fostering cross-border environmental cooperation.

- **Activity 2.3.1 Identify best practices of LED initiatives and prepare cases for discussion of cross border cooperation opportunities**
The project will conduct the research to identify successful LED initiatives to be discussed at the LED forums.
- **Activity 2.3.2 Organize LED forums (Georgia-Azerbaijan, Georgia- Armenia) with participation of municipalities and other relevant stakeholders including women and youth**

The LED forums will serve as a knowledge sharing platform for border municipalities to discuss successful LED cases and identify cooperation opportunities. The project support selected cross-border cooperation initiatives, emerging as a result of LED forums. All municipalities of Kvemo Kartli region (7 in total) will be engaged in LED forums.

- Activity 2.3.3 Support selected CBC initiatives coming as a result of LED forums;

The project will provide some cost-sharing for the selected initiative that will emerge from the LED forums; The criteria for selection of such initiatives will be carefully designed, taking into consideration its economic effectiveness and efficiency, combined with the environmental sustainability and inclusiveness principles.

Output 2.4. Performance management systems complemented with Best Practice Program in place to share the knowledge and foster better service delivery and share the knowledge

Performance management system will be elaborated and established for selected services (i.e. street cleaning, waste collection, etc.) provided by municipalities. Proper delivery of these municipal services is essential for local business and for the LED process as a whole.

Performance management system will include establishing systematic approach towards identifying, collecting and using performance information to monitor the achievement of targets and milestones in service provision. This will enable municipalities to measure their progress towards the achievement of the vision and objectives, identify problems at an early stage and take corrective action, judge how realistic programmes and projects are in practice and provide relevant adjustment of the strategic municipal plans from time to time. Besides, performance information will provide municipalities with the basis for comparing their own performance in specific services both with best practice and with performance of other municipalities. The project will pay particular attention to ensure gender responsive and socially inclusive service delivery is in place through supporting municipalities incorporating gender and social / vulnerability considerations into performance management systems. The standards and methodologies, introduced for the pilot services will serve as a basis for designing the similar system for other municipal competencies by the LSGs.

To facilitate nationwide knowledge sharing among municipalities as well as encourage municipalities to raise standards, the project will support NALAG to establish the Best Practices program, which will identify municipalities demonstrating best practices in key areas of their responsibilities and award them with the Best Practice status for a period of one year. Moreover, the Best Practices program will serve as a nationwide platform for knowledge sharing and a useful tool for scaling out successful practices. Through the program, the best performing municipality will be supported to share its good practice with the wider local government community through a series of activities including a national event where the winning LSG will present its best practice to wider public as well as individual dissemination tools such as open days, study visits, publicity materials, publications on web sites etc. By acknowledging and rewarding best performing LSGs and supporting them to act as centres of excellence from which other municipalities can learn, the project will facilitate information dissemination and knowledge sharing among municipalities that will ultimately lead to driving up standards even further.

- Activity 2.4.1 Develop methodologies for performance management in service area of street cleaning and waste collection
- Activity 2.4.2 Support establishment and operation of performance management systems in selected municipalities committed to improve service delivery in target areas of street cleaning and waste collection.

The project will support 6 municipalities to establish performance management systems. Additional 11 municipalities will also be assisted to replicate the system. In total, 17 municipalities will benefit from project support, however, all municipalities countrywide will have access to methodologies and guidelines for establishing performance management system.

- **Activity 2.4.3 Define criteria for best practices, collect data and identify best performing municipalities in target services.**
After establishing and operating performance management system for street cleaning and waste collection service, the project will collect the data to identify best performing municipalities.
- **Activity 2.4.4 Organize annual conferences on best practices of performance management systems**
The first national conference, where the winning municipalities will be awarded, will be held after one year of operating the performance management system.
- **Activity 2.4.5 Establish platform for information exchange and dissemination on all new methodologies and practices adopted and applied by municipalities.**
The platform will use a series of activities including a national event, open days, study visits, publicity materials, publications on web sites etc. to share the knowledge and information among the municipalities.

Output 2.5. Two Community centres in selected border areas in place and functioning

The project will facilitate establishment of 2 new community centres in border municipalities of the Kvemo Kartli region to facilitate improved service delivery at the local level as well as encourage cooperation among the regions and municipalities from both sides of the border and showcase successful initiatives. This is in line with the Georgian government programme on expanding access to services into regions and establishing efficient one-stop-shop services nationwide. Over 50 community centres are already operational across all over Georgia by the Government and further extension of the coverage is being sought. Of which 19 community centres currently operate or is under construction in 4 project target regions: 7 in Kvemo Kartli region, 2 in Racha-Lechkhumu Kvemo Svaneti, 5 in Samerelo Zemo Svaneti and 5 in Guria.

“One-stop-shop” principle embedded into the Community Centres’ concept serves as an important element to facilitate business registration and economic activities which will ultimately lead to fostering LED. Besides, Community Centres provide an important platform to foster civic engagement and people participation, especially for the ethnic minority population of the Kvemo Kartli region, through participatory social events tailored to different groups of the rural society, such as youth, women, ethnic minorities, people with disabilities etc. In that sense, it will also encourage cross border cooperation initiatives aimed at tightening cultural and educational ties with border regions. In line with the general approach, the project supported community centres will be operated by the Public Service Development Agency (PSDA) under the Ministry of Justice (MoJ) which is in charge of operating all community centres countrywide.

- **Activity 2.5.1 Support establishment of new community centres in border municipalities to provide services such as construction permission, certification on product origin, social assistance, pensions, ID and passport services, etc. in total over 200 public and private services to local inhabitants.**
2 community centres will be established with project support. Once established, the management of the centres will be fully taken over by the PSDA.
The project will ensure that PSDA establishes sex-desegregated database of citizens applying to community centres services.
- **Activity 2.5.2 Organize cross boarder knowledge sharing events for municipalities of Georgia, Armenia and Azerbaijan on service provision practices and innovations in the newly established community centres in cooperation with Public Service Development Agency.**

The table demonstrates the number of beneficiary municipalities under outcome 2

Outcome 2	# of beneficiary municipalities
Output 2.1.	8 municipalities (the project will support 8 municipalities to develop municipal profiles)
Output 2.2.	4 municipalities (the project will support 4 municipalities to implement joint initiatives with the private sector)
Output 2.3.	7 municipalities (all municipalities of Kvemo Kartli region will benefit from cross-border activities)
Output 2.4.	17 municipalities will benefit from establishing performance management system (project will support 6 municipalities to establish performance management systems as well as 11 municipalities to replicate the system)
Output 2.5.	2 municipalities (the project will support establishment of 2 community centres)

Outcome 3: Local stakeholders, particularly communities, are economically empowered and have improved access to relevant participation in decision-making processes.

It is widely recognized that good governance calls for enhanced participation and engagement of all citizens in decision making processes. Similarly, LED is defined as a process where public, private and non-profit sectors pool together to make joint initiatives. Besides the economic gains, involving local community in strategic planning and implementation of LED initiatives can build commitment to a broader vision for the municipality that goes beyond the short-term interests.

In Georgia, however, citizen participation is very limited as demonstrated by the survey on citizen satisfaction, which reveals that in 2017 only 6.5 % of population had an attempt to participate in decision-making process, either in local government budget planning or about some problems in the neighbourhood/district. This is even a lower level compared to 9.7% and 13.5 % in 2015 and 2013, respectively. While no significant gender differences are observed in this regard, youth participate even less than the rest. Moreover, various studies demonstrate that citizens have very limited knowledge and understanding of the LSG reform, participation tools and mechanism and are not aware of their own rights.

Despite the new LSG code provided more enhanced framework for citizen participation and introduced the new participation forms such as advisory councils and village assemblies, the level of participation has not increased over recent years. It is obvious that positive changes in legislative framework have not been translated into action yet. The reason of this is twofold. On the one hand, citizens are not aware of their rights and have limited capacities to initiate change and on the other hand LSGs also lack capacities to facilitate the dialogue and seek cooperation with population proactively.

Consequently, there is a need to strengthen the capacities of both right holders and duty bearers in order to stimulate the dialogue and participatory decision making.

Output 3.1. Local communities (Citizens, LSG, CSO, local business sector representatives, associations and institutions) are equipped with relevant knowledge and skills to engage in LED initiatives

To equip citizens with proper knowledge and understanding of their own rights, the project will conduct a public awareness campaign about the local self-governance reform, the roles and responsibilities of municipalities, environmentally sustainable LED initiatives and citizen participation tools and mechanisms. The campaign will use various channels of communication including the municipal websites, traditional and social media, regional TV programs and dissemination of information through different channels. The campaign will showcase successful examples of citizen participation implemented during the project first phase through the small

grants scheme. Special focus will be made to reach out to women, youth, ethnic minorities and vulnerable groups. All campaign materials will be developed in Georgian and minority languages (Armenian and Azeri) to ensure the messages reach ethnic minority groups. As possible, the materials will be adapted to the special needs of the population, such as printed in Brylee script or complemented with the sign-language interpretation.

Support will also be provided to enhance the capacity of the local community representatives: CSOs, civil advisory councils and business associations to equip them with the relevant knowledge and skills and facilitate their engagement in participatory planning of LED initiatives. The project will assist CSOs and business associations to strengthen their lobbying and advocacy capacities and initiate advocacy campaigns. Further, the project will facilitate implementation of local economic initiatives advocated by local actors.

- Activity 3.1.1 Conduct public awareness campaign to raise awareness of LED, LSG reform etc.

The campaign will have a nationwide coverage and will apply various means of communication including traditional and social media, print materials, public service announcements, education materials, videos etc. The detailed scope of work of the campaign will be agreed with donors prior to launching the campaign.

- Activity 3.1.2 Provide capacity development support to CSOs, civil advisory councils and Business Associations(BA) to engage in participatory planning of environmentally sustainable local economic initiatives

The support will be provided to organizations operating in 23 municipalities of project target regions.

- Activity 3.1.3 Facilitate engagement of CSOs, Civil Advisory Councils and business associations in participatory planning of sustainable LED initiatives

This support will be provided in project target municipalities (23 in total).

- 3.1.4 Facilitate implementation of local economic initiatives advocated by civil advisory councils and business associations.

Output 3.2. Capacities of LSGs and Civil Advisory Councils strengthened to effectively apply citizen participation mechanisms

Citizen participation is a two-way process. It needs readiness, underpinned by relevant capacities, of both citizens and LSG institutions. Therefore, the project will also support LSGs to enhance their capacities and readiness to effectively apply citizen participation tools and mechanism. This will include institutional support to municipalities to establish transparent information and accountability systems, to develop guidelines for handling citizens' enquiries etc. The local leadership and civil servants will be trained to raise their awareness of the importance of participatory decision making. Support will also be provided to facilitate cooperation between LSGs and advisory councils.

- Activity 3.2.1 Support municipalities to engage Civil Advisory Councils in planning and implementing LED initiatives

The support will be provided to 23 municipalities in 4 project target regions.

- Activity 3.2.2 Facilitate implementation of sustainable LED initiatives advocated by Civil Advisory Councils and business associations

The project expects at least 8 initiatives to be successfully advocated as a result of project support. Consequently, further support will be provided to implement these adopted initiatives.

- Activity 3.2.3 Support LSGs in creating and applying guidelines to effectively handle citizen enquiries. The methodology and guidelines to be linked with NTS system, as part of Activity 1.3.2

The project will support at least 5 municipalities to establish and apply the guidelines.

Output 3.3. Civil society organizations (CSOs) design and lead participatory LED initiatives

The project will support CSOs through financial grant schemes and capacity development assistance to provide them with relevant resources to come up with innovative ways of citizen participation in budget planning and programming, prioritizing and implementing environmentally sustainable and inclusive LED initiatives and municipal service provision. The project will design special interventions to mobilize and empower women/youth groups and NGOs working on gender equality/youth/social inclusion/environmental protection issues to engage them in designing and planning LED initiatives and local decision making. In doing so, the project will establish a special CSO small-grants board, composed of donors, UNDP, MRDI and CSO representatives. The board will develop the guidelines for allocating the resource, select the winning ideas and monitor progress of implementation. The grants will be awarded on a competitive basis through the call for application.

Decisions on awards of grants will be made by a Grant Selection Board (GSB). The Board will comprise representatives of the SDC, the ADA, the Ministry of Regional Development and Infrastructure (MRDI) and the UNDP as the Chair of the Board.

The details of the Call for Proposal will be discussed and agreed with donors prior to announcing the call.

- Activity 3.3.1 Support CSOs through small-grants schemes to implement participatory initiatives with focus on LED (with a special focus on initiatives targeting or led by women, youth and minorities)

The project anticipates that total of 20 small grants will be issued to CSOs. The select the grantee, a call for proposal will be announced.

The table demonstrates the number of beneficiary municipalities under outcome 3

Outcome 3	# of beneficiary municipalities
Output 3.1.	69 municipalities (all municipalities countrywide will benefit from the public awareness campaign with the nationwide coverage)
Output 3.2.	23 municipalities (project will support all municipalities of 4 target regions to engage civil advisory councils and business associations in decision-making, as well as 5 municipalities to establish the guidelines to address citizen enquiries)
Output 3.3.	23 municipalities (all municipalities of 4 project target regions)

b. Partnerships

The project will maintain close partnership with key National, Regional and Local stakeholders:

Ministry of Regional Development and Infrastructure will serve as the implementing partner of the project and the key driver when it comes to strengthening national and institutional framework for decentralization and local development;

Parliament of Georgia, including the Regional Policy and Self-Government committee will be engaged actively by the project with regards to improving strategic and legislative frameworks for the reform, as well as in strengthening their oversight capacity to keep the executive better accountable for implementation of the agreed reform priorities.

Sub-National Authorities in target regions and municipalities will serve as prime partners on the ground, in designing, implementing and monitoring the support actions.

Local Business and CSOs will also play an active role with an aim to facilitate introduction of the sustained partnership model across all local stakeholders that will continue throughout the implementation and beyond the project completion.

National Association of Local Authorities (NALAG) will be one of the main partners of the project and will be engaged throughout project implementation. It is anticipated, that engagement with NALAG will strengthen it as an institution, as well as provide a stronger forum for voices coming from the field.

Other state agencies, such as **CEGSTAR, PSDA and Civil Service Bureau** will be engaged in implementing specific activities of the project, such as provision of capacity development support to municipal leadership and local civil servants and establishing community centres in selected municipalities. The project will also cooperate with other state agencies engaged in the implementation of the Good Governance Strategy/Action plan at the local level and the Mountainous Development Strategy/Action Plan.

Inter-agency Commission on Gender Equality, Violence against Women and Domestic Violence is currently working on the National Action Plan on Gender Equality and women's empowerment. The project, together with the UN Joint Programme on Gender Equality, will cooperate with the commission to make sure that project activities are in line national gender equality policies.

Besides, the project will continue close cooperation with the **donor community** to ensure that the project activities are synchronized with other ongoing initiatives in the area of regional development and local self-governance as described in the table 2 below. The project will continue leading the **Strategic Partnership on Regional Development and Decentralization**, the effective donor self-coordination forum, gathering all important international partners, including EU, USAID, SDC, ADA, CoE, GIZ, WB and others. Opportunities to engage in other partnership will be looked for and taken as proactively as possible.

RLD2 will seek a very close cooperation with the upcoming **SDC-ADA-UN Women – Women's Economic Empowerment in the south Caucasus initiative** to ensure synchronization and complementarity of all activities. **Table 2: Respective Donor Funded Programmes**

UNDP projects	Complementarity with RLD Phase 2
DANIDA - Good Governance Principles at the local level	Project aims at advancement of decentralization and good governance at the local level. The project will work at the national and local level to primarily ensure greater decentralization embedded in the legislation, as well as stronger institutional capacities of local authorities through national training system. The project will also promote implementation of the civil service reform at local level with a view of reinforcing good governance principles of accountability, transparency and participation.
DFID - Public Administration Reform	Support to Civil Service Reform at national and local levels. The project assists development of a professional civil service recruited and trained to unified standards. Through introducing sound mechanisms, the civil service will be able to protect itself against malpractice and arbitrary decisions; civil servants will be afforded with uniform training and skills they need to do their job and opportunities to grow professionally.
EU ENPARD2 - supporting LAGs as part of the EU approach to rural development	Supporting rural development policy process in general, and specific actions in 8 pilot municipalities of Georgia (including Tetrtskaro in RLD2's target region of Kvemo Kartli)
UN Joint programme for Gender Equality funded by SIDA	Supporting local councillors and municipal staff in Samegrelo and Kakheti regions to introduce gender-sensitive decision-making, including strengthening

	local Gender Equality councils and designated focal points; gender budgeting; etc. Supporting local women's economic empowerment initiatives (incl. in Samegrelo region, that is also covered by RLD2's)
GCF-SDC-GoG-UNDP project on 'Scaling up multi-hazard early warning system and the use of climate information in Georgia'.	Supporting introduction of a nation-wide early warning system against climate-induced hazards through developing comprehensive hazard/risk mapping and forecasting capacities, public awareness, capacity development and community engagement at the local/municipal levels across entire Georgia. The intervention has a strong local capacity development element, as it will assist regional and municipal authorities to reduce climatic risks, develop and implement adaptation measures and increase resilience of its population and infrastructure.
Other Donors and Partners	Complementarity with RLD Phase 2
SDC-ADA-UN Women – Women's economic empowerment in the south Caucasus	This upcoming project aims at supporting women's economic empowerment in Georgia and across the South Caucasus. Clear complementarity with this project is obvious and RLD2 will seek a very close cooperation. UNDP and UN Women will be able to jointly propose exact scope of cooperation and coordination mechanisms as soon as this project is launched.
SDC- World Bank Regional and Municipal Infrastructure Development	Strengthening human and institutional capacities of municipalities across Georgia to improve decentralized delivery of basic infrastructure services.
GIZ - Programme for Good Local Governance in South Caucasus	Strengthening municipalities in the South Caucasus to fulfil their tasks in line with the principles of good local governance; modernizing their administration; improving linkages between municipal and regional development, financing and accountability and establishing joint learning on good local governance across borders. The project works in 3 non-RLD regions and have enjoyed extensive synergies, cooperation and coordination with RLD (to be continued throughout RLD2)
USAID - Good Governance Initiative	Improving Administrative and Financial Management of Public Institutions at All Levels; increasing civic engagement; strengthening policy development and law-making processes and institutional oversight of GoG.
Council of Europe - Strengthening Institutional Frameworks for Local Governance Programme, within the CoE/UE Programmatic Cooperation Framework	Support to the on-going process of reform of local government in Eastern Partnership countries; promotion of ethical behaviour by locally elected representatives in the region; and support to the improvement of financial and human resources management of local administrations based on European standards and benchmarking tools
EU ENPARD2 and ENPARD3 projects	These projects have multiple implementing partners, including UNDP, FAO, and 5 NGOs. The

	programme works at national policy level, as well as in 8 pilot municipalities to foster rural development initiatives. Besides the interlinkages between the rural development and local good governance at the policy level, Tetrtskaro municipality in Kvemo Kartli region is the only common municipality for ENPARD and RLD2.
EU Initiative for Eastern Partnership countries/ Mayors for Economic Growth	Project will support the local authorities (LAs) in the EaP countries to become active facilitators for economic growth and job creation in the region. The project will encourage and support LAs in EaP countries to design and implement Local Economic Development Plans (LEDPs) and strengthen the technical skills and capacities of LAs to implement local economic strategies in line with the principles of good governance and sound financial management. The project has nationwide coverage.
Council of Europe	Strengthening Institutional Frameworks for Local Governance Programme, within the CoE/UE Programmatic Cooperation Framework (2015-2017). The programme objectives include: support to the on-going process of reform of local government in Eastern Partnership countries; promotion of ethical behaviour by locally elected representatives in the region; and support to the improvement of financial and human resources management of local administrations based on European standards and benchmarking tools

VI. RISKS

See annex 2 - Risk Log

VII. STAKEHOLDER ENGAGEMENT

Project target groups/intended beneficiaries include state and local government institutions, CSOs, businesses, community groups and general population with a special focus on Women, Youth, Minorities and other vulnerable groups in project target regions:

- MRDI – the main body responsible for project implementation under the National Implementation Modality (see below the chapter on management arrangements); It is anticipated, that at least 25 individuals will benefit directly from project interventions.
- CEGSTAR – the LEPL under the MRDI, the key body responsible for the implementation of the National Training System for local civil servants; It is anticipated, that at least 10 individuals will benefit directly from project interventions.
- PSDA – the LEPL under the Ministry of Justice responsible for public service delivery at central and local level; in charge of community centres countrywide; It is anticipated, that at least 20 individuals will benefit directly from project interventions.
- CSB – the LEPL and the main body responsible for the implementation of the civil service reform; It is anticipated, that at least 10 individuals will benefit directly from project interventions.
- Municipalities – all municipalities countrywide will benefit from project interventions, for detailed information on beneficiary municipalities, please see the tables under each outcome

- NALAG - the key partner in policy advocacy and lobbying initiatives; It is anticipated, that at least 10 individuals will benefit directly from project interventions. CSOs, Business Associations and Businesses – organizations working in project target regions; number of individuals benefiting directly from project interventions will be defined at a later stage.
- Local population in project target regions - citizens in project target regions will be direct beneficiaries as they will benefit from stronger SLSGs, improved service delivery and LED. For the number of individuals please see the table under the section “Target groups and regions”
- Women, youth, ethnic minorities and vulnerable population groups – a number of project activities directly targets the most vulnerable and excluded populations. Besides, special considerations are incorporated in all project activities to ensure that these population groups are reached out. Such considerations include special small grant schemes for empowering women/youth/ethnic minorities, knowledge products and publicity materials produced in minority languages etc. For the number of individuals please see the table under the section “Target groups and regions”

Other potentially affected groups include general population of the country who will benefit indirectly from the policy changes and scale out schemes.

A more detailed stakeholders table is available as Annex 11 - Stakeholder Analysis.

VIII. KNOWLEDGE PRODUCTS

A number of knowledge products will be produced by the project. The project will ensure that all materials are developed in a gender sensitive way. The data presented in the publications will be disaggregated by sex, age, ethnic origin, IDP status etc. Special attention will be paid to make sure that gender-neutral language is applied to avoid bias toward a particular sex or social gender.

- Citizens’ satisfaction survey with public services in Georgia. In the second phase, the project will initiate another round of citizen satisfaction survey to assess the level of satisfaction with citizen satisfaction with a set of services provided by central and local governments. The findings of the studies conducted will serve as a useful base to identify priority intervention areas and plan activities accordingly.
- Methodologies and guidelines for developing LED driven municipal profiles
- Guidelines for municipal capacity development
- Guidelines for updating Municipal Development Documents (MDDs). During first phase, the project has developed methodology as well as supported 43 municipalities to develop MDDs Methodologies. The project will update the existing methodology to incorporate sustainable local economic development aspects into municipal planning
- Methodologies and guidelines for establishing performance management systems at the local level.
- Publications, video/print materials, educational leaflets and brochures. Within the public awareness campaign, the project will develop various materials with the purpose to raise public awareness of LSG reform, decentralization, municipal competences and LED initiatives.

IX. SUSTAINABILITY AND SCALING UP

The RLD’s intervention has been continuously supporting national and local government institutions in strengthening their policy-making and administration capacities. Each initiative has been implemented in a way that aims to maximize the sustainability of results.

Ensuring sustainability of the achieved results will remain at the heart of the new project and will be strongly emphasized over its entire duration. The project sustainability strategy will be based on the experience and lessons learned from the previous phase as well as the best practices from UNDP’s work in general.

The sustainability will be endured through a set of measures:

- **National ownership over project achievements:** It has been proved that ownership among stakeholders is vital for an initiative's sustainability. UNDP's key strategy has always been ensuring that the national and local counterparts are the genuine owners and drivers of different initiatives. Consequently, the project will actively engage partner and beneficiary organizations in planning and implementing all project activities to enhance the national and local authorities' (duty-bearers') ownership over the project interventions and thus pave the way for smooth transfer/up-scale of relevant project activities in the future.
- **Strengthened capacities of project stakeholders** is another measure to ensure project sustainability. With improved human and systemic changes adopted to strengthen institutional capacities the project stakeholders are in a position to embrace the change and carry on activities independently once the project is finalized. Therefore, capacity development support represents a core component of project interventions and targets all project stakeholders including national and local government institutions, CSOs, business associations and community members.
- **Institutionalization of changes.** The project will seek institutionalization of a number of changes to ensure sustainability of results. E.g. the project will provide technical and administrative support to MRDI/CEGSTAR/Municipalities to create capacity development systems for municipalities. This might include formal guidelines designed and adopted for municipal staff development. Also, technical assistance will be provided to municipalities to establish performance management systems for certain services. In addition, the project will support NALAG in advocating policy initiatives to enhance LED enabling environment. Adoption of policy initiatives and establishment of performance management and capacity development systems will serve as a sustainability mechanism for the project results. The systems designed and adopted during project implementation will stay in place beyond the project life cycle.

While the project will operate in four target regions, it will also replicate successful practices nationwide through the following mechanism:

- Knowledge sharing platform will be established within the best practices program that will serve as a tool for information dissemination and inter-municipal cooperation. Through the platform, the project will support best performing LSGs to act as centres of excellence from which other municipalities can learn. Various knowledge sharing activities, such as national event, open days, study visits will be arranged within the platform.
- Knowledge products developed by the project will be systematized and uploaded on the webpages of UNDP, MRDI, CEGSTAR and NALAG for the nationwide access.
- Advocacy with the national authorities to institutionalize the best practices and promote their introduction nation-wide.

Special attention will also be paid to identifying successful cases of partnerships between municipalities and private actors in implementing MDD and LED initiatives with a view to replicating successful practices nationwide.

X. PROJECT MANAGEMENT

a. Cost Efficiency and Effectiveness of Programmatic Approach

As explained in the "programmatic response" chapter, this proposal forms a part of a broader "Decentralization and local good governance" programme, consisting of 2 mutually reinforcing tracks/projects.

This proposal is concerned with the programmatic track/project aiming at building stronger LSG institutions and thus creating enabling environment for regional/local development to benefit local population including women, men, youth, ethnic minorities, IDPs and other vulnerable groups (funded by SDC/ADA). The other project will be focused on establishing good governance principles at the local level, including

decentralized governance, respecting principles of accountability, transparency and participation (funded by DANIDA). In that way two projects reinforce one another in pursuing advancement of decentralization and local good governance, which will pave the way for sustainable/inclusive growth and reduced poverty/inequality.

The following table represents the cash and in-kind contributions to the programme provided by the donors, GoG and UNDP.

Donor/Partner Contributions to the "Decentralization and Local Good Governance" Programme in Georgia						
Partner	Cash contribution (USD)	Cash contribution (Euro)	In Kind contribution (estimated in USD)	In Kind contribution (estimated in Euro)	Total (estimated USD)	Total (estimated Euro)
SDC	3,531,060	2,937,842			3,531,060	2,937,842
RLD Phase 2	3,531,060	2,973,843			3,531,060	2,937,843
ADA	1,802,885	1,500,000			1,802,885	1,500,000
RLD Phase 2	1,804,054	1,500,973			1,804,054	1,500,973
DANIDA	3,500,000	2,912,000			3,500,000	2,912,000
Good Governance at Local level	3,500,000	2,912,000				
GOG	151,200	125,798	49,000³⁸	40,768	200,200	166,566.40
RLD Phase 2	151,200	125,789	49,000			
UNDP			147,000³⁹	122,304	147,000	122,304
RLD Phase 2			147,000	122,304		
Total	8,985,145	7,475,641	196,000	163,072	9,181,145	7,638,712.24

Table 3. Total contributions to Decentralization and Local Good Governance Programme

b. Governance and Management Arrangements

The RLD2 project will be implemented in accordance with the National Implementation Modality (NIM), with UNDP support services; In the project, the Government of Georgia through MRDI, will take a lead in defining the key priorities and activities during the project implementation together with the UNDP, while

³⁸ Time and dedication from the MRDI staff: Deputy Minister USD 1,920 (10%); Head of Department on Relations with Regions and LSG (DRRLSG) and Head of Department of European Integration and Reforms Assistance (EIRA) USD 2,112 (10%); Deputy Head of DRRLSG and EIRA 1,632 (10%); Head and staff(3) of Center for Effective Governance System and Territorial Arrangement Reforms (CEGSTAR) USD 3,792; Totally USD 9,456 annually, i.e. USD 37,824 for 4 years of the project duration. In addition, one room for the office space with utilities will be provided at MRDI building, with the CIK of USD 2,760 annually, i.e. USD 11,040 for 4 years of the project duration. Thus, the total CIK from GOG for 4 years is approximately USD 49,000.

³⁹ Time and dedication from UNDP Resident Representative USD 6,909.16 (5%); Deputy Resident Representative USD 12,793.70 (10%); Assistant Resident Representative USD 10,225.00 (15%), annually and CO communication specialist with USD 6,817 (10%) annually. i.e. USD 146,983 for 4 years of the project duration.

UNDP will provide support for the execution of the project activities and provision of inputs. UNDP will remain in charge of managing all project funds and procuring goods and services necessary for project implementation.

The project will closely cooperate with the Municipalities, Regional Governments, Parliament, Civil Service Bureau, Public Service Development Agency, Local Self Government Associations, as well as local communities including Private and Civil Society sectors.

The project board will be established to oversee the overall strategic directions of the project representing supplier, executive and beneficiary. The Project Board will consist of the following permanent members: MRDI, ADA, SDC and UNDP. Other reform stakeholders (such as the relevant Parliamentary Committees, Civil Service Bureau, Public Service Development Agency, NALAG, regional and local authorities etc.) will be invited as needed based on the subject of the meeting. The strategic direction of the project as a whole will be reviewed and, if necessary, modified during the project board meetings after consultation with the donors. The Board will meet twice a year, following submission of the respective progress report, or more often if needed.

UNDP Democratic Governance Team Leader and respective Programme Associate will play the Project Assurance role. The Project Assurance team will act as an objective quality monitoring agent, will verify the project progress, its products' or outputs' quality.

UNDP will convey the administrative support services to the project implementation, implying undertaking administrative, financial, procurement and recruitment services according to its rules and regulations. UNDP will be responsible for the provision of all project inputs upon a formal request from the Project Manager.

Project personnel – The organigram below gives a view of the major operational positions in the project. The project management unit (PMU) will be established to coordinate and manage the project implementation. The following incumbencies will be established within the PMU:

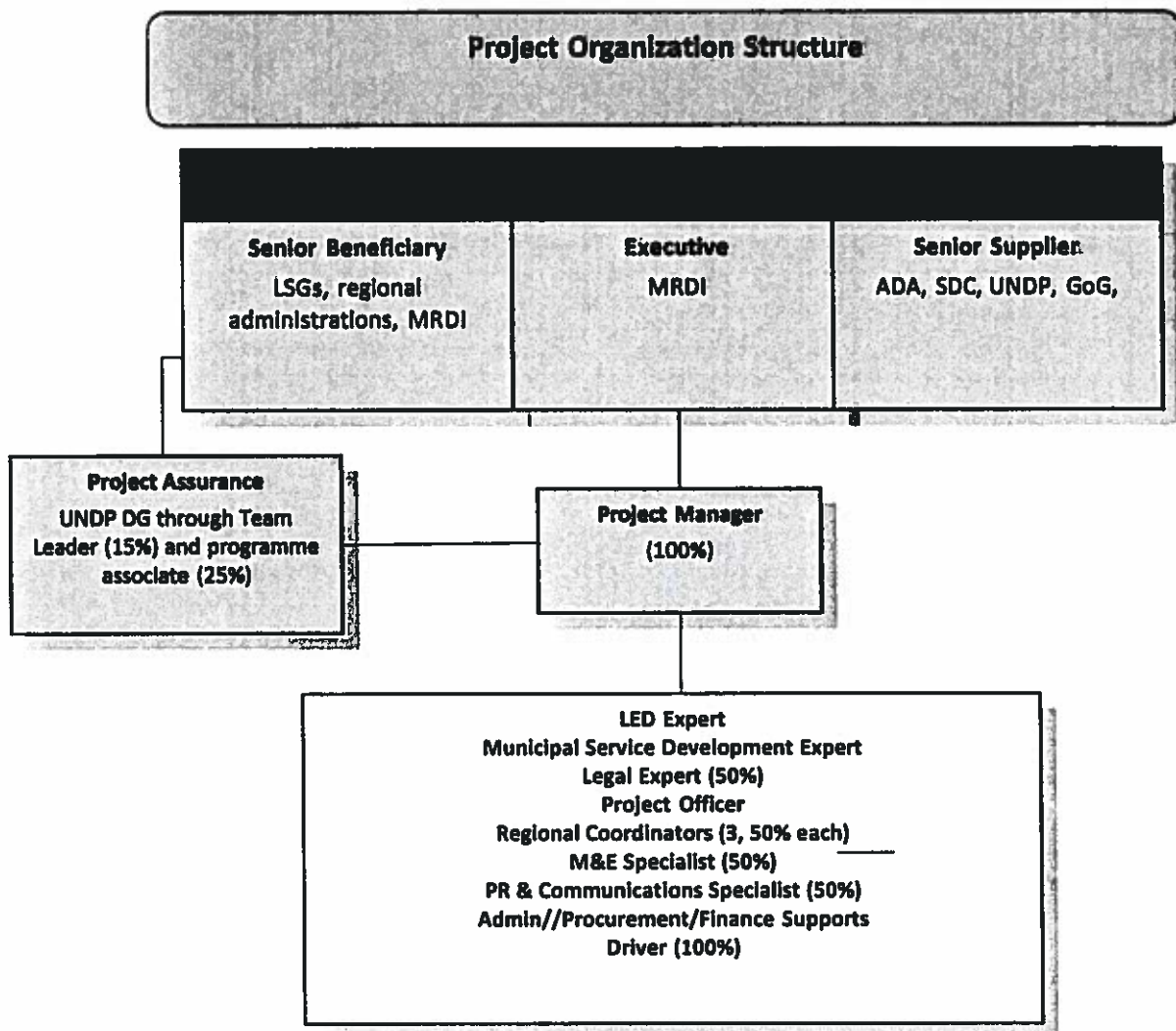


Figure 2. Project management organizational structure

The Democratic Governance Team Leader (ED TL): he/she will provide overall quality assurance, oversight and monitoring of the project to ensure that the project produces the results (outputs) specified in the project document and compliant with the required standard of quality and within the specified constraints of time and cost. The DG TL will provide liaison support with counterparts as needed, oversee reporting (both for the donors internal UNDP reporting), provide additional analysis of risks and mitigation measures, ensure coherence and promote cooperation between this project and other relevant UNDP projects. UNDP DG Team Leader will be charged through direct project costs for the time spent directly attributable to the implementation of the Project, not exceeding 15% of the working time.

The UNDP Programme Associate will provide quality assurance for financial matters and reporting and advice project personnel on financial, administrative and reporting procedures. The UNDP Programme Associate will be charged through direct project costs for the time spent directly attributable to the implementation of the Project, not exceeding 25% of the working time.

Project Manager: PM will be responsible for the overall substantive, administrative, financial and HR management of the project. S/he will manage the project on a day-to-day basis. His/her primary responsibility will be, jointly with the core team, to ensure that the project achieves results that are capable of delivering the outcomes and outputs described in this document. The Project Manager will be in charge of requesting funds to cover project-related expenses, and for keeping an adequate control system

for all financial and accounting records. The Project Manager will be reporting regularly to UNDP on the implementation of the project. He/she will be involved into the substantial project activities and provide the overall direction and guidance to the project staff in achievement of the project outputs. He/she will be establishing and maintaining partnerships with national and international stakeholders. The PM will hold accountable for the project activities towards the Project Board.

LED and Municipal Service Development Experts: The experts will be responsible for the implementation of activities under the outputs 1 and 2 of the project. They will report to the Project manager and will be responsible for monitoring and reporting on respective activities according to the M&E system and reporting procedures set under the project.

Legal Expert (50%): S/he will be responsible for overall legal guidance and support to the national and municipal stakeholders; ensuring smooth implementation of Good Governance at Local Level strategy outputs linked to LED, as well as developing rules and regulations in accordance with LSG Code and other sectoral legislation. The expert also identifies needs if relevant amendments are needed, provides support to the Parliamentary Committee on Regional Policy and Self-government and MRDI in policy and legal initiatives.

Project Officer: S/he will be primarily responsible for supporting LED related activities, organizing LED project board, selection, implementation and monitoring of LED projects. The project officer will also serve duties of a regional coordinator for Kvemo Kartli region.

Regional Coordinators (50%): 3 regional coordinators (in remote regions of Racha, Samegrelo and Guria) will be responsible for identifying, planning, implementing and monitoring of all activities taking place at local level under the project. They will coordinate with partner municipal leadership on daily basis to implement activities under the respective outputs of the project. Regional coordinators will represent the project at local level and participate in all project related affairs taking place in regions.

Monitoring & Evaluation (M&E) Specialist (50%): Ensures M&E systems are robust, provide timely and accurate information, and can serve as evidence for advocacy. S/he will train staff, partners and beneficiaries in participatory monitoring techniques and processes, ensure monitoring data is being submitted and process data into M&E reports. S/he will also ensure the processes are fully in compliance with UNDP regulations.

Communications Specialist (50%): Will ensure the communications strategy is developed, and will support project staff and target groups in their communication-related tasks. Ensure that the materials and statements produced by the project reinforce the goals and objectives developed in the communications strategy.

Project Assistant: Responsible for all aspects of administrative procedures

Finance Officer (50%): Responsible for all aspects of finance procedures. A number of international and local experts will be recruited on temporary contracts using competitive recruitment procedures, for provision of high level expertise in regional and local development, LED, capacity development support, citizen participation etc. support the project activities.

Driver will provide transportation support and assistance with logistics to the project.

XI. RESULTS FRAMEWORK

Please refer to annex 3

XII. MONITORING AND EVALUATION

Please refer to annex 4

XIII. WORK PLAN AND BUDGET

For the detailed work plan and budget, please refer to annex 9;

For the consolidated budget in USD and EUR, please refer to annex 10.

XIV. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on (date). All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

a. Risk Management

Government Entity (NIM)

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, 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. To this end, 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.
2. 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 the Implementing Partner's obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no 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/sc/committees/1267/aq_sanctions_list.shtml.
4. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
8. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
9. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.
10. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.
11. UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

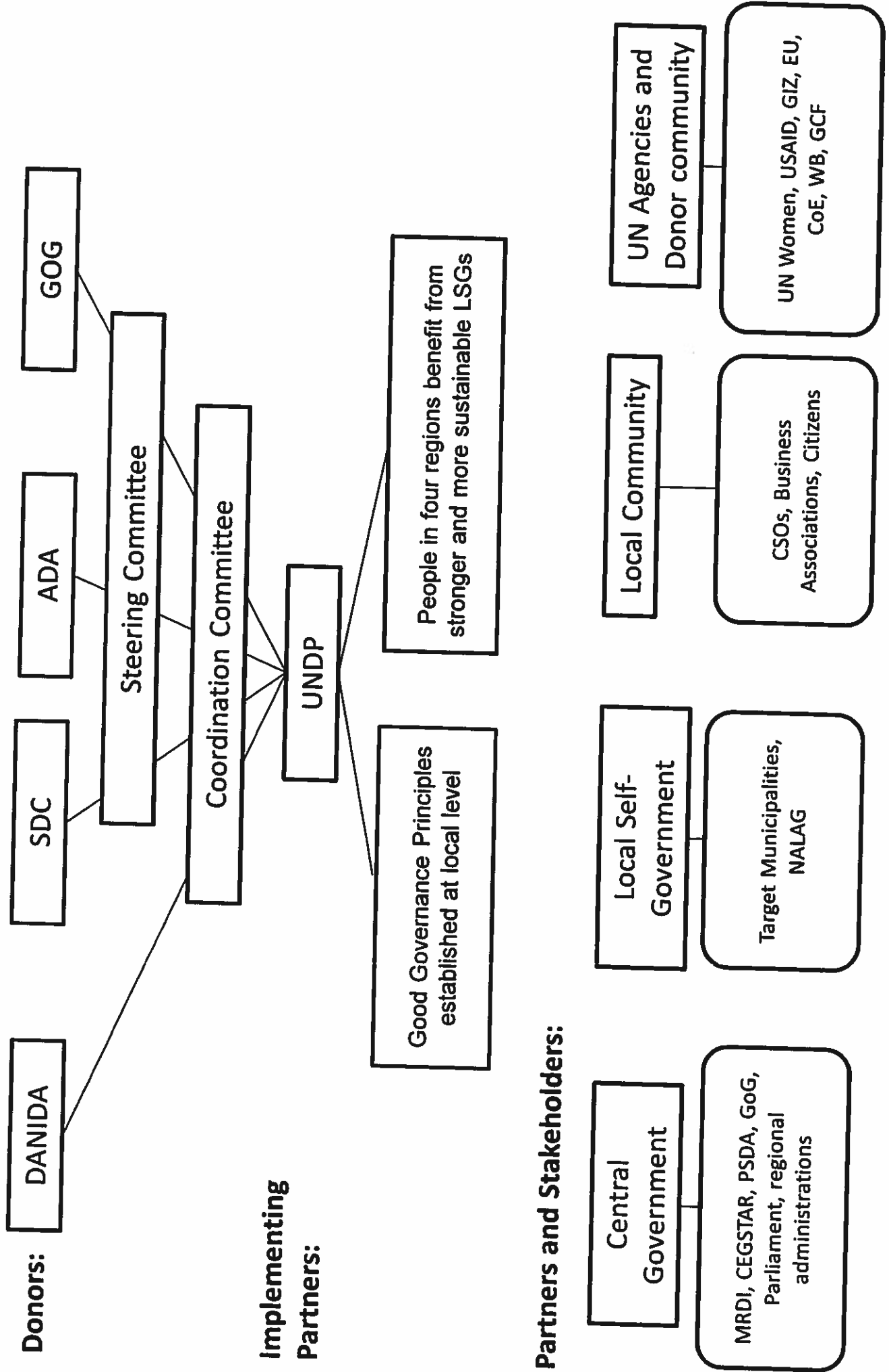
Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.
12. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
13. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
14. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that

all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

XV. ANNEXES

- 1a. Extended Organizational Chart
2. Risk Log
3. Results Framework
4. Monitoring and Evaluation Plan
5. Social and Environmental Screening (UNDP)
6. Environmental Integration Checklist (ADA)
7. Social Standards Assessment (ADA)
8. Checklist for gender equality mainstreaming and reporting (SDC)
9. Project work plan and detailed budget
10. Consolidated budget in USD and EUR.
11. Stakeholder's analysis

Annex 2. Extended Organizational Chart



Annex 3. Logframe/Results and Resources Framework¹

FOSTERING REGIONAL AND LOCAL DEVELOPMENT IN GEORGIA 2

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
<p>Goal: People in the regions of Racha-Lechkhumi - Kvemo Svaneti, Samegrelo-Zemo Svaneti, Guria and Kvemo Kartli benefit from stronger local self-government institutions for better economic development and employment generation.</p>	<p># of people benefiting from new LED² initiatives (including policy measures) disaggregated by direct and indirect beneficiaries</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 900, 749 persons³ <p>Amount of new investments (public and private) made in four regions as a result of project interventions (in total and per region)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: to be defined⁴ <p>% of increase in the level of public satisfaction with the local self-governments in four project regions (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 67% • Target Value: 77 % <p>% of decrease in the proportion of population in 4 project target regions living below the national poverty line (contributing to the SDG GA1⁵ indicator: 1.2.1. proportion of population, including children, living below the national poverty line, by location (urban/rural) and by sex, reduced by 20%)</p>	<p>Impact Assessment Study (Countrywide Study)</p> <p>Baseline Survey (Countrywide Survey)</p> <p>Citizen Satisfaction Survey (Countrywide Survey)</p> <p>State budget</p> <p>Secondary data sources (state department of statistics, Georgian national investment agency, line ministries etc.)</p> <p>Project monitoring and evaluation report</p> <p>Project progress reports</p>	<p>Democratic processes in the country are progressing</p> <p>Global and national economic situation does not deteriorate</p> <p>Commitment to decentralization, in particular to delegation of resources and competencies to the local level, does not fade</p> <p>The GoG continues to be committed to LED promotion</p> <p>The GoG continues to be committed to Gender Equality principles</p> <p>The GoG continues to allocate resources for LSG development</p> <p>Government and legislative watchdogs continue to guarantee accountability of civil service</p>

¹ The log frame will be revised during the first Steering Committee meeting of the project taking into account the comments of SDC

² LED is defined as a process through which local governments, the private sector and the communities form partnerships to effectively mobilize, manage and invest resources into economic ventures to stimulate development and growth of the locality (World Bank)

³ The Target Value number includes direct and indirect beneficiaries; the data on direct beneficiaries will be disaggregated by women and youth

⁴ The baseline and target values will be defined in six months after the project launch. The target values, which are already defined, are set for 4-year timeframe /the project life cycle.

⁵ SDG Georgia Adjusted Indicator

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
<p>Outcome 1</p> <p>Georgia implements adequate policy and institutional frameworks to foster decentralization and enable local economic development (LED)</p>	<ul style="list-style-type: none"> • Baseline Value: to be defined • Target Value: to be defined⁶ <p>% of decrease in unemployment rate in 4 project target regions (contributing to the SDG GAI 8.5.2 Unemployment rate - 9.5%.)</p> <ul style="list-style-type: none"> • Baseline Value: 10.8 % - Racha-Lechkhumi-Kvemo-Svaneti; 10.0 % - Samegrelo-Zemo Svaneti; 4.1 % - Guria; 8.6 % - Kvemo Kartli. • Target Value: 10.0 % - Racha-Lechkhumi-Kvemo-Svaneti; 9.0 % - Samegrelo-Zemo Svaneti; 3.6 % - Guria; 8.0 % - Kvemo Kartli. <p>% of increase in women's economic activity rate in 4 project target regions (contributing to the SDG GAI 5.4.1 Women's economic activity rate - 77%)</p> <ul style="list-style-type: none"> • Baseline Value: to be defined • Target Value: to be defined⁷ 		
<p>Outcome 1</p> <p>Georgia implements adequate policy and institutional frameworks to foster decentralization and enable local economic development (LED)</p>	<ul style="list-style-type: none"> • # of new gender sensitive norms, policies and political processes developed and adopted by National and Municipal governments in the fields of LED as a result of project interventions • Baseline Values: 0 • Target Values: At least additional 2 (Good Governance Strategy; Package of Land transfer related legal amendments to LSGs) <p># of LED-related additional competences delegated to municipalities as a result of project interventions</p> <ul style="list-style-type: none"> • Baseline Values: 0 • Target Values: 4 (e.g. natural gas supply and water supply, social assistance, environmental protection)⁸ 	<p>Impact Assessment Study (Countrywide Study)</p> <p>Baseline survey (Countrywide Study)</p> <p>Citizen Satisfaction Survey (Countrywide Study)</p> <p>State budget</p> <p>Secondary data sources (state department of statistics, Georgian national investment agency, line ministries etc.)</p>	<p>The GoG is committed to implement Good Governance Strategy and action plan.</p> <p>Inter-agency Commission on Gender Equality, Violence against Women and Domestic Violence is operational and Gender Equality and women's empowerment NAPs are adopted by the GoG</p> <p>Relevant government institutions continue cooperation with the project and consider it as an im-</p>

⁶ The baseline and target values will be defined after the baseline study is conducted and data obtained per region and disaggregated by sex. Current statistics does not provide sufficient information.

⁷ The baseline and target values will be defined after the baseline study is conducted and data obtained per region. Current statistics does not provide women economic activity rate per region, however, the aggregate rate is 57 % as of 2014.

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
	<p>% of increase in the share of municipal budget in consolidated GoG budget as a result of the improved fiscal transfer schemes and/or local tax income and private investments</p> <ul style="list-style-type: none"> • Baseline Values: 11.35% (share of municipal budget as a percentage of consolidated budget) • Target Values: 13 %0 	<p>Project monitoring and evaluation report</p> <p>Project progress reports</p>	<p>portant opportunity to strengthen their institutional capacity and advance LED agenda</p> <p>Institutional set-up (powers and competences of municipalities) is stable and development-oriented</p> <p>LSGs are ready to take over new roles and responsibilities</p>
<p>Outcome 2</p> <p>Government institutions at local level are strengthened to deliver quality services enabling the business environment and incentivizing local economic actors⁹</p>	<p># of municipalities with new gender sensitive and environmentally sustainable LED¹⁰ related measures incorporated in their Municipal Development Plans¹¹/budgets and implemented</p> <ul style="list-style-type: none"> • Baseline Value: 0 municipalities • Target Value: 23 municipalities of 4 target regions <p>% of implemented new gender sensitive and environmentally sustainable LED related measures from municipal development plans/budgets</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 20% <p># of municipalities with new gender sensitive and environmentally sustainable LED related measures planned and implemented</p> <ul style="list-style-type: none"> • Baseline Values: 0 • Target Values: 8 municipalities of 4 target regions <p>% of increase in municipal budget allocations for new LED initiatives in project target municipalities</p>	<p>Impact Assessment Study (Countrywide Study)</p> <p>Baseline survey (Countrywide Study)</p> <p>Citizen Satisfaction Survey (Countrywide Study)</p> <p>Secondary data sources (state department of statistics, Georgian national investment agency, line ministries etc.)</p> <p>Project monitoring and evaluation report</p> <p>Project progress reports</p>	<p>The sub-national authorities are acknowledging importance of introduction/ institutionalization of the Municipal Development Plans</p> <p>The sub-national authorities are committed and resourced to implement priority projects from Municipal Development Plans</p> <p>Municipalities recognize the importance of quality service delivery and are willing to improve services at the local level</p> <p>Private sector is committed to engage in LED initiatives</p> <p>Cultural norms and stereotypes do not impede women to engage</p>

⁸ The Good Governance Strategy at the local level is currently being elaborated and is expected to be approved by the GoG in beginning of 2018. The document will define the main directions of decentralization and the competences to be transferred to LSGs

⁹ Services provided at the local level include municipal services as well as those delivered by central agencies for the local population. The project will support improvement of both central and local government provided services which are delivered at the local level and essential for LED.

¹⁰ Where not explicitly referred to, the LED initiatives always refer to the Gender sensitive and environmentally sustainable initiatives

¹¹ Municipal Development Documents (MDDs) upgraded with the focus on LED aspects

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
	<ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 20 % <p>% of increase in central budget allocations for new LED initiatives in project target municipalities</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 20 % <p>Number of new businesses /extended businesses in project regions (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Values: at least 500 (at least 20% owned/run by women and/or youth) <p>Number of people employed by new businesses/extended businesses (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Values: at least 1000 (at least 30 % women and/or youth) 		<p>in LED initiatives</p>
<p>Outcome 3</p> <p>Local stakeholders, particularly communities, are economically empowered and have improved access to related participation in decision-making processes.</p>	<p># and % of citizens participation in targeted local decision-making and/or budget planning in 23 municipalities (disaggregated by women/ youth) of target 4 regions</p> <ul style="list-style-type: none"> • Baseline Values: 8 % (Participation in Municipality Council and Council Committee Sessions in all municipalities. Ref: UNDP RLD Survey on Citizens' Satisfaction with Public Services in Georgia (2016 data)) • Target Values: 12 % in project target municipalities <p># of business benefiting from new local economic initiatives (disaggregated by ownership by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Values: 0 • Target Values: 200 <p>Percentage of population who believe decision-making is inclusive and responsive (disaggregated by women/ youth/ethnic minorities/vulnerable groups) (Contributing to SDG GAI indicator 16.7.2: Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group)</p> <ul style="list-style-type: none"> • Baseline Values: to be defined 	<p>Impact Assessment Study (Countrywide Study)</p> <p>Baseline survey (Countrywide Study)</p> <p>Citizen Satisfaction Survey (Countrywide Study)</p> <p>Secondary data sources (state department of statistics, Georgian national investment agency, line ministries etc.)</p> <p>Project monitoring and evaluation report</p> <p>Project progress reports</p>	<p>Citizens and CSOs are committed to engage in local policy making</p> <p>LSGs are willing to act proactively and engage citizens in local decision making</p> <p>Cultural norms and stereotypes do not impede women/youth/ethnic minorities to engage in local decision making and budget planning</p> <p>Private sector is willing to engage in local policy making</p> <p>Citizen's input is translated into the local policies adapted to the needs and priorities of local population</p>

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
<p>Output 1.1 LED related aspects of Good Governance strategy at the local level and action plan, (e.g. property transfer, inter-municipal cooperation, municipal service improvement etc.) implemented by municipalities and central government institutions (MRDI, MoED, MoF etc.)¹³</p>	<ul style="list-style-type: none"> • Target Values: to be defined¹² • % of activities implemented from the action plan • Baseline Value: 0 • Target Value: 40 % • % of increase in local budget revenues as a result of the implemented activities • Baseline Value: 0 • Target Value: 30 % 	<p>MRDI and project documents Project progress reports</p> <p>MRDI and project documents Project progress reports</p>	<p>Central government institutions and municipalities are committed and resourced to implement Good Governance strategy and action plan</p> <p>Central government institutions and municipalities are committed and resourced to implement Mountainous Development Strategy and Action Plan</p> <p>Local civil servants are willing to participate in capacity development activities</p> <p>NALAG stays an active player in the area of decentralization and local economic development</p>
<p>Output 1.2 LED initiatives from the Mountainous Development Strategy and Action Plan (e.g. strengthening the potential of local enterprises and farms, creating conditions for their development and improving access to markets etc.) implemented by municipalities and cen-</p>	<ul style="list-style-type: none"> • % of activities implemented from the action plan • Baseline Value: 0 • Target Value: 30 % • % of increase in local budget revenues collected from local businesses as a result of the implemented activities • Baseline Value: 0 • Target Value: 12 % 	<p>MRDI and project documents Project progress reports</p> <p>MRDI and project documents Project progress reports</p>	

¹² The baseline and target values will be defined after the baseline study is conducted and data obtained per region and desegregated by sex/ethnic origin etc.

¹³ The list of implementing partners is tentative. The institutions/agencies responsible for implementing LED related aspects will be identified by the action plan developed and approved by the GoG.

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
<p>tral government institutions (MRDI, MoED, MoF etc.)</p> <p>Output 1.3</p> <p>National and local capacities strengthened to facilitate LED</p>	<p># of civil servants trained in LED related qualifications, such as attraction of investments; effective communication and negotiation skills; fund-raising; proposal writing; basics of business administration including business planning and spatial planning (disaggregated by national/local civil servants and M/W)</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 300 (at least 200 local civil servants; at least 30 % M/W and youth of out of total) <p># of additional learning instruments (guidelines for staff development, new LED curricula for NTS, training modules on performance management system and addressing citizens inquiries, and gender and diversity in LED, spatial planning) introduced to support capacity development of local officials in LED</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 5 <p># of local civil servants participating in planning and implementation of new LED initiatives</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 200 	<p>MRDI and project documents Project progress reports</p> <p>MRDI and project documents Project progress reports</p> <p>MRDI and project documents Project progress reports</p>	
<p>Output 1.4</p> <p>Package of policy initiatives to enhance LED enabling environment prepared and advocated by National Association of Local Authorities of Georgia as a result of consultations with member municipalities and adopted by GoG</p>	<p>Number of gender sensitive policy proposals supporting LED elaborated and advocated</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 4 <p>Number of advocacy activities including meetings, workshops, presentations and negotiations with relevant institutions, such as MRDI, MoED, MoF, Parliament of Georgia and other.</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: at least 20 <p>Number of policies (gender sensitive) adopted as a result of advocacy activities</p>	<p>NALAG and project documents Project progress reports</p> <p>NALAG and project documents Project progress reports</p> <p>NALAG and project documents</p>	

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
<p>Output 2.1</p> <p>Municipal profiles (containing general statistics about the municipality, economic potential analysis, available services, resource and SWOT analysis etc.) and business support services (focal points and referral mechanisms to potential funds and credit opportunities) in place to attract potential investors and entrepreneurs</p>	<ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 2 <p># of municipalities with LED profiles¹⁴</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: at least 8 <p># of municipalities with land use and zoning documents</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 3 (at least 4 i.e. one in each region) <p># of municipalities with focal points to provide guidance to potential investors promotion</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: at least 10 <p># of investors applying to focal point's services</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: at least 100 <p># of business projects initiated in target municipalities as a result of provided support services (disaggregated by ownership by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: at least 10 	<p>Project progress reports</p> <p>Municipalities and project documents</p> <p>Project progress reports</p> <p>Municipalities and project documents</p> <p>Project progress reports</p> <p>Municipalities and project documents</p> <p>Project progress reports</p> <p>Municipalities and project documents</p> <p>Project progress reports</p> <p>Municipalities and project documents</p> <p>Project progress reports</p>	<p>Municipalities and private sector are willing to pool together and implement joint initiatives</p> <p>There is a peace and stability in the region</p> <p>Georgian, Armenian and Azerbaijani stakeholders are willing to form partnerships and facilitate cross border cooperation</p>
<p>Output 2.2</p> <p>Municipalities and private sector implement pilot LED initiatives in the areas such as tourism, agriculture, trade facilitation etc.</p>	<p>Number of joint LED initiatives piloted</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: at least 4 (1 per region) 	<p>Municipalities and project documents</p> <p>Project progress reports</p>	
<p>Output 2.3</p> <p>Local stakeholders (municipalities, local businesses,</p>	<p>Number of LED forums (Georgia- Armenia and Georgia- Azerbaijan) organized</p> <ul style="list-style-type: none"> • Baseline Value 0 	<p>Municipalities and project documents</p> <p>Project progress reports</p>	

¹⁴ LED profiles will be used for marketing purposes of the municipalities, will be uploaded at municipality web-sites and linked with major national level web-sites related to LED, investments, SME/MSME development, such as MRD), MoED, MoA and other.

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
CSOs) facilitate Cross Border Cooperation	<ul style="list-style-type: none"> • Target Value: 2 Number of joint activities developed as a result of LED forum (disaggregated by women/ youth) <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 4 	Municipalities and project documents Project progress reports	
Output 2.4 Performance Management Systems(PMS) complemented with the Best Practice Programme in place to foster better service delivery and share the knowledge ¹⁵	Number of services with performance management instruments ⁹ <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 1 (e.g. street cleaning and waste collection) Number of municipalities with established performance management systems <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 6 Number of municipalities replicating the performance management system <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 11 % of local businesses reporting improvements in their activities as a result of performance management system (disaggregated by ownership by women/ youth) <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 40 % 	Municipalities and project documents Project progress reports Municipalities and project documents Project progress reports Municipalities and project documents Project progress reports Municipalities, NALAG and project documents Project progress reports	

¹⁵ The project will elaborate and establish Performance Management System(PMS) to improve delivery of selected municipal services which is essential for local business and for the LED process as a whole, such as street cleaning and waste collection. The Good Governance Strategy at the local level will define the competences to be transferred to municipalities. Consequently, the project will identify the service areas to establish performance management system in accordance to the strategy note 6 and & can be merged into one

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
<p>Output 2.5 2 Community centers in selected border areas in place and functioning¹⁶</p>	<p>Number of individuals applying to community centres (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 4000 (1000 a year) <p>Satisfaction rate of citizens using community centres' services established as a result of project intervention (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 60 % 	<p>PSDA and project documents Project progress reports</p> <p>PSDA and project documents Project progress reports Citizen satisfaction survey</p>	
<p>Output 3.1 Local communities (Citizens, LSG, CSO, local business sector representatives, associations and institutions) are equipped with relevant knowledge and skills to engage in LED initiatives</p>	<p>% of population with understanding knowledge of their rights and roles to engage in LED in four regions (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 30 % <p>Number of local Civil Society Organizations (CSOs)/businesses (mostly SMEs)/Business Associations with strengthened capacities in sustainable LED (disaggregated by ownership by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 20 <p>Number of Civil Society Organizations engaged in participatory planning of sustainable LED initiatives (disaggregated by led by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 25 	<p>Project survey and project documents Citizen satisfaction survey Project progress reports</p> <p>Project survey and project documents Project progress reports</p> <p>Project survey and project documents Project progress reports</p>	<p>Local stakeholders (municipalities, CSOs, private sector) recognize the importance of citizen participation and are ready to initiate participatory activities</p> <p>Capacity development support provided to local stakeholders is translated into the action</p>

¹⁶ Establishment of 2 community centres is in line with the GoG's programme on expanding access to services into regions and establishing efficient one-stop-shop services nationwide. Community Centre is a Public Service Development Agency initiative, which is implemented with the financial assistance of the donor agencies. Community centres enable local population to get more than 200 public and private services without leaving their villages. Users of the community centres can enjoy services offered by the Public Service Development Agency, the National Archive of Georgia, the National Agency of Public Registry, Social Service Agency and Mekanizatori LLC. Centres also provide services of private companies - Magticom and Liberty Bank. Besides, Community Centres provide an important platform to foster civic engagement and people participation, especially for the ethnic minority population of the Kvemo Kartli region, through participatory social events tailored to different groups of the rural society, such as youth, women, ethnic minorities, people with disabilities etc.

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
	<p>Number of businesses engaged in participatory planning of sustainable LED initiatives (disaggregated by ownership by women/youth)</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 15 	<p>documents Project progress reports</p>	
<p>Output 3.2 Capacities of LSGs and Civil Advisory Councils strengthened to effectively apply citizen participation mechanisms</p>	<p>Number of sustainable LED initiatives implemented by LSGs as a result of advocacy measures of Civil Advisory Councils and Business Associations (BA)</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 8 <p>Number of municipalities applying the guidelines to address citizen enquiries</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 5 	<p>Project survey and project documents Project progress reports</p> <p>Project survey and project documents Project progress reports</p>	
<p>Output 3.3 Civil Society Organizations (CSOs) design and lead participatory LED initiatives</p>	<p>Number of consultation meetings with advisory councils held in project target municipalities</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 50 <p>Number of sustainable LED initiatives implemented by CSOs through small grants scheme (disaggregated by initiatives led by or targeted at women/youth)</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 20 (at least 25 % led by or targeted at women/youth) 	<p>Project survey and project documents Project progress reports</p> <p>Project survey and project documents Project progress reports</p>	

MAJOR ACTIVITIES (Per Output)

List of activities for outcome 1:

- Activity 1.1.1 Identify priority areas with stakeholder engagement from Good Governance Strategy at Local Level (e.g. municipalities, NALAG, MRDI in consultation with local CSOs, businesses, youth and gender groups)
- Activity 1.1.2 Provide support to municipalities and other counterparts to implement selected LED related activities (e.g. property transfer, land cadastre, service improvement etc.) from the Good Governance Strategy
- Activity 1.2.1 Identify relevant LED activities with stakeholder engagement from the Strategy and Action Plan on Development of High Mountainous Regions of Georgia (e.g. municipalities, NALAG, MRDI, Tourism Agency, local youth and gender groups)
- Activity 1.2.2 Provide support to partner agencies to implement selected LED activities e.g. municipalities, NALAG, MRDI, Tourism Agency etc.
- Activity 1.3.1 Provide technical support to MRDI/CEGSTAR/Regional and municipal administrations to create capacity development system for municipalities (e.g. develop and implement guidelines through expert support, trainings, study tours)
- Activity 1.3.2 Assist CEGSTAR in upgrading the NTS with focus on LED (such as tailor -made courses on attraction of investments; effective communication and negotiation skills; fund-raising; proposal writing; basics of business administration including business planning, gender and diversity in LED and other; LED curricula, training modules on performance management system and addressing citizens inquiries and spatial planning)
- Activity 1.3.3 Strengthen human and institutional capacities of municipalities. This will include trainings, study tours, coaching etc. for local leadership and civil servants as well as technical assistance to LSGs.
- Activity 1.4.1 Provide capacity development support to NALAG to identify gaps and obstacles in LED related legislation (e.g. the law on free trade and competition, the LSG code) and to prepare an advocacy package
- Activity 1.4.2 Facilitate advocacy campaign through NALAG's leadership. It means that NALAG will be equipped with skills and knowledge to plan and lead advocacy campaign. Also, in support of this advocacy efforts intensive public awareness campaign will be conducted.

List of activities for outcome 2:

- Activity 2.1.1** Facilitate the development of instruments (methodologies, guidelines, templates) for LED driven municipal profiles. All these instruments will be linked (incorporated) to NTS system as part of Activity 1.3.2
- Activity 2.1.2** Facilitate development of land use and zoning documents (upgraded spatial plans for selected municipalities). This activity will be implemented in close coordination with MDF and the GCF¹⁷. The methodology and guidelines to be linked with NTS system, as part of Activity 1.3.2
- Activity 2.1.3** Provide on the job trainings to relevant municipal staff to update municipal profiles on a regular basis (statistical and financial data, information on the land use, natural resources, urban development, economic activities, taxation, local fees etc.)
- Activity 2.1.4** Provide support to municipalities to identify staff members and strengthen their capacities to act as focal points, in line with Guiding Principles of the Organizational Set-up of Local Self-Government Institutions, produced by CSB under RLD Phase 1.
- Activity 2.2.1** Upgrade MDD methodology and existing MDDs developed under RLD Phase 1, with focus on LED through local community engagement.
- Activity 2.2.2** Explore the opportunities of municipal-private sector partnerships and design partnership modality (according to strategy of good governance).
- Activity 2.2.3** Support implementation of joint LED initiatives of public and private stakeholders.
- Activity 2.3.1** Identify best practices of LED initiatives and prepare cases for discussion of cross border cooperation opportunities.
- Activity 2.3.2** Organize LED forums (Georgia-Azerbaijan, Georgia-Armenia) with participation of municipalities and other relevant stakeholders including women and youth.
- Activity 2.3.3** Support selected CBC initiatives coming as a result of LED forums
- Activity 2.4.1** Develop methodologies for performance management in service area of street cleaning and waste collection.
- Activity 2.4.2** Support establishment and operation of performance management systems in selected municipalities committed to improve service delivery in target areas of street cleaning and waste collection.
- Activity 2.4.3** Define criteria for best practices, collect data and identify best performing municipalities in target services.
- Activity 2.4.4** Organize annual conferences on best practices of performance management systems.
- Activity 2.4.5** Establish platform for information exchange and dissemination on all new methodologies and practices adopted and applied by municipalities.
- Activity 2.5.1** Support establishment of new Community Centres in border municipalities to provide services such as construction permission, certification on product origin, social assistance, pensions, ID and passport services, etc. in total over 200 public and private services to local inhabitants.
- Activity 2.5.2** Organize cross border knowledge sharing events for municipalities of Georgia, Armenia and Azerbaijan on service provision practices and innovations in the newly established Community Centres in cooperation with Public Service Development Agency.

¹⁷ This activity will be synchronized with the activities of two projects: 1) Second Regional and Municipal Investment Development Project (SRMIDP) implemented by the Municipal Development Fund with support of the World Bank and SDC which envisages capacity development support to municipalities to develop special plans; and 2) Scaling-up Multi-Hazard Early Warning System and the Use of Climate Information in Georgia implemented by UNDP with support of GCF. The project will ensure close cooperation with partner agencies during project implementation.

List of activities for outcome 3:

Activity 3.1.1 Conduct public awareness campaign to raise awareness of LED, LSG reform etc.

Activity 3.1.2 Provide capacity development support to CSOs, civil advisory councils and Business Associations(BA) to engage in participatory planning of environmentally sustainable local economic initiatives.

Activity 3.1.3 Facilitate engagement of CSOs, Civil Advisory Councils and business associations in participatory planning of sustainable LED initiatives.

Activity 3.1.4 Facilitate implementation of local economic initiatives advocated by civil advisory councils and business associations.

Activity 3.2.1 Support municipalities to engage Civil Advisory Councils in planning and implementing sustainable LED initiatives.

Activity 3.2.2 Facilitate implementation of sustainable LED initiatives advocated by Civil Advisory Councils and Business Associations.

Activity 3.2.3 Support LSGs in creating and applying guidelines to effectively handle citizen enquiries. The methodology and guidelines to be linked with NTS system, as part of Activity 1.3.2

Activity 3.3.1 Support CSOs through small-grants schemes¹⁸ to implement participatory initiatives with focus on LED (with a special focus on initiatives targeting or led by women, youth and ethnic minorities)

¹⁸ Small grants schemes will be established in the frame of the FLRD project with the project funds in amount of USD 680,000 and will serve as a tool to implement various LED initiatives defined through participatory planning. The awards of grants will be made on a competitive bases and decisions will be made by a Grant Selection Board (GSB) consisting of representatives of project donors (SDC and ADA), MRDI and UNDP

ANNEX 4. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Conduct Baseline Study	The main goal of the baseline study is to collect, analyse and provide information for the indicators as specified in the log-frame of the project	Once, at the beginning of the project	The data provided from the study will be used to populate information on indicators baselines in the results and resources framework	MRDI, Municipalities, CSOs	Cost: 20,000 USD Source: Project budget
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		No (made by UNDP and Project staff)
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken. The Donors shall be informed about any changes in UNDP's risk assessment within due time.		No (made by UNDP and Project staff)
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions and will be reflected in the project's progress reports.	MRDI, CEGSTAR, Service Development Agency (PSDA), municipalities, CSOs	No (made by UNDP and Project staff)
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance. The related recommendations and action taken by UNDP will be reflected in the project's progress reports.	Project Board Members	No (made by UNDP and Project staff)
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		No (made by UNDP and Project staff)
Project Reports	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing	Semi-annually, (i.e mid-year and annual, each			No (made by UNDP and Project staff)

	<p>the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.</p> <p>Progress reports shall include a description of project progress against the Project's intervention logic (outcome, outputs and indicators as per the Results Framework Matrix in Annex 3), the activities carried out, as well as information about the total number of beneficiaries reached by the end of the respective reporting period per outcome.</p> <p>Furthermore progress regarding the implementation of recommendations related to gender, environmental and social standards resulting from the donors' relevant appraisals shall be reported.</p> <p>The project final report shall include a description of the results achieved with reference to the project's impact, outcome(s) and expected outputs using the indicators included in the Results Framework and the impact of the activities carried out.</p> <p>UNDP shall refer to and enclose to the reports all deliverables and publications produced with funds of the Project.</p>	<p>year) and at the end of the project (final report)</p>	Project staff
<p>Project Review (Project Board)</p>	<p>The project board will hold regular project reviews to assess the performance of the project and approve the Annual Work Plans reflective of the board's strategic guidance. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss to how to disseminate project results and lessons learned with relevant audiences.</p>	<p>At least quarterly</p>	<p>Project Board Members</p>
	<p>Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.</p>	<p>No (made by UNDP and Project staff)</p>	

The Project Manager and the Project Team will closely monitor the implementation of all approved activities in order to assess the efficiency, effectiveness and impact of the supported initiatives, and to identify lessons learned.

It is planned to conduct an external Mid-Term and Final evaluations of the Project in order to assess progress towards achieving stated objectives. The Terms of Reference for each evaluation shall be shared with the donors for review prior to the commissioning of the evaluator(s).

Evaluation Plan

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-Term Evaluation (if advised by the project board)		Output 3.2: Functions, financing and capacity of sub-national level institutions enabled to deliver improved basic services and respond to priorities voiced by the public	UNDAF/CPD Outcome 1. By 2020, expectations of citizens of Georgia for voice, rule of law, public sector reforms, and accountability are met by stronger systems of democratic governance at all levels	December 2019	SDC, ADA, MRDI, municipalities	Cost: 20.000 USD Source: Project budget
Final Evaluation		Output 3.2: Functions, financing and capacity of sub-national level institutions enabled to deliver improved basic services and respond to priorities voiced by the public	UNDAF/CPD Outcome 1. By 2020, expectations of citizens of Georgia for voice, rule of law, public sector reforms, and accountability are met by stronger systems of democratic governance at all levels	December 2021	SDC, ADA, MRDI, municipalities	Cost: 20.000 USD Source: Project budget

Annex [5]. Social and Environmental Screening

Project Information

Project Information	
1. Project Title	Fostering Regional and Local Development in Georgia - Phase 2
2. Project Number	
3. Location (Global/Region/Country)	Georgia

Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?

Briefly describe in the space below how the Project mainstreams the human-rights based approach

The project will be guided by the human rights based approach. All project activities will be based and will apply Human rights principles such as: Equality and non-discrimination, participation and inclusion, accountability and rule of law. Regional and local development will be approached as a means for safeguarding the basic rights of rights-holders (women, men, youth and other vulnerable groups) and enabling proper satisfaction of their fundamental rights, needs and interests. Whilst, at the same time, it will provide the duty-bearers at central, regional and local level stronger capacities and opportunities to effectively fulfil their obligations and increase accountability.

Briefly describe in the space below how the Project is likely to improve gender equality and women's empowerment

Gender considerations will be mainstreamed throughout project activities. The project will pay special attention to ensure that the needs and priorities of women and girls are incorporated into the national policy framework as well as in local policies and initiatives. When providing support to MRDI and the GOG in implementing LED related activities from the Good Governance Strategy and the Mountain Development Strategy respectively, the project will make a special focus on initiatives aimed at empowering youth, women and other vulnerable population groups.

Similarly, when supporting joint initiatives of municipalities and local private sector particular attention will be paid to those activities specifically targeted at youth, women, ethnic minorities and other vulnerable groups.

The project will proactively seek an equal participation of women and men in local policy making. Special interventions will be designed to mobilize and empower women/youth groups and NGOs working on gender equality/youth issues to engage them in designing and planning LED initiatives.

Knowledge products produced within the project will go through the gender analysis to ensure gender neutral language is applied. Sex-segregated data collection will be in place for the purpose of monitoring and evaluation.

Briefly describe in the space below how the Project mainstreams environmental sustainability

Environmental sustainability is at the core of regional and local development. The proposed support will be implemented with the due consideration of the environmental impact having in mind institutional, policy and operational aspects. The policy institution will be provided with technical assistance on following good practice of implementing environmentally sustainable policy through incorporating these aspects into LED initiatives initiated by the project. Relevant trainings and capacity development measures will be implemented for the staff of implementing partners and stakeholder organizations. The proposed support will promote sustainable natural resources management and raise awareness of climate change aspects and mitigation strategies. UNDP and implementing partners will ensure compliancy of any equipment and other inputs procured with internationally recognized environmental standards.

Part B. Identifying and Managing Social and Environmental Risks

<p>QUESTION 2: What are the Potential Social and Environmental Risks? <small>Please Describe briefly potential social and environmental risks identified in Attachment 1 – Risk Screening Checklist based on any “Yes” responses). If no risks have been identified in Attachment 1, then note “No Risks Identified” and skip to Questions 3 and 5. If “Low Risk” Questions 3 and 4 are not required for Low Risk Projects.</small></p>	<p>QUESTION 3: What is the level of significance of the potential social and environmental risks? <small>Notes: Respond to Questions 4 and 5 below before proceeding to Question 6</small></p>	<p>QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?</p>		
<p>Risk Description</p>	<p>Impact and Probability (1-5)</p>	<p>Significance (Low, Moderate, High)</p>	<p>Comments</p>	<p>Description of assessment and management measures as reflected in the Project design. If ESIA or SESA is required note that the assessment should consider all potential impacts and risks.</p>
<p>Risk: No risks identified</p>	<p>I = P =</p>			
<p>QUESTION 4: What is the overall Project risk categorization?</p>				
<p>Select one (see SESP for guidance)</p>				
<p style="text-align: right;">Low Risk <input checked="" type="checkbox"/></p>				
<p style="text-align: right;">Moderate Risk <input type="checkbox"/></p>				
<p style="text-align: right;">High Risk <input type="checkbox"/></p>				
				<p>Comments</p>

QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?		Comments
Check all that apply		
<i>Principle 1: Human Rights</i>	<input type="checkbox"/>	
<i>Principle 2: Gender Equality and Women's Empowerment</i>	<input type="checkbox"/>	
<i>1. Biodiversity Conservation and Natural Resource Management</i>	<input type="checkbox"/>	
<i>2. Climate Change Mitigation and Adaptation</i>	<input type="checkbox"/>	
<i>3. Community Health, Safety and Working Conditions</i>	<input type="checkbox"/>	
<i>4. Cultural Heritage</i>	<input type="checkbox"/>	
<i>5. Displacement and Resettlement</i>	<input type="checkbox"/>	
<i>6. Indigenous Peoples</i>	<input type="checkbox"/>	
<i>7. Pollution Prevention and Resource Efficiency</i>	<input type="checkbox"/>	

Final Sign Off

<i>Signature</i>	<i>Date</i>	<i>Description</i>
QA Assessor		UNDP staff member responsible for the Project, typically a UNDP Programme Officer. Final signature confirms they have "checked" to ensure that the SESP is adequately conducted.
QA Approver		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have "cleared" the SESP prior to submittal to the PAC.
PAC Chair		UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist: Potential Social and Environmental Risks		Answer (Yes/No)
Principles 1: Human Rights		
1.	Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
2.	Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? ¹	No
3.	Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4.	Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5.	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6.	Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7.	Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8.	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Principle 2: Gender Equality and Women's Empowerment		
1.	Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2.	Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3.	Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4.	Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
1.1	Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?	No

¹ Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.

<i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>		
1.2	Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or Indigenous peoples or local communities?	No
1.3	Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: If restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	Would Project activities pose risks to endangered species?	No
1.5	Would the Project pose a risk of introducing invasive alien species?	No
1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No
1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	No
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11	Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area? <i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i>	No
Standard 2: Climate Change Mitigation and Adaptation		
2.1	Will the proposed Project result in significant ² greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
Standard 3: Community Health, Safety and Working Conditions		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or construction of...	

² In regards to CO₂, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]

3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage		
4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions? ³	No
5.4	Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as Indigenous peoples by the country in question)? <i>If the answer to the screening question 6.3 is "yes" the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i>	No

³ Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.

6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No
6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
Standard 7: Pollution Prevention and Resource Efficiency		
7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i>	No
7.4	Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5	Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No

Annex 6. Environmental Integration Checklist

What kind of projects does it apply to?

- > The checklist applies to discrete, area-based projects or programmes.
- > The checklist does **NOT** apply to:

- ❖ support to policy/strategy development and implementation, budget/sector finance support, core-contributions to international organisations – there are other instruments to assess the environmental impact in these cases
- ❖ projects/programmes in the field of ADA public relations, information and education in Austria, or technical consultancies to ADA for planning and programming.

When and by whom should the checklist be filled-in?

- > It should be completed as early as possible in the project cycle. It should be filled in by the applicant or partner organisation.

Project title: Fostering Regional and Local Development – Phase 2
Organization/Contact person: UNDP

1. Is the project/programme relevant for environmental scoping?

Is the project limited to one or a combination of several of the categories below, only?

	Yes	No	
Economic infrastructure and services			Information and communication technology, whereas no construction of facilities, manufacturing or large scale purchasing of equipment is involved
Education & Training	X		Primary education other than the construction of school infrastructure and facilities Scholarships, conferences, workshops, and related measures Audio/visual productions and trainings, publicity materials
Governance and civil society	X		Promotion of democracy, civil society and/or human rights/good governance Productions for the promotion of culture or cultural heritage
Health			Training of medical staff and/or community health workers Nutrition or HIV/AIDS awareness
Research			Research not concerning the subjects listed in chapter 4

> If 'Yes' to any of the categories, you don't need to fill in chapter 2 to 4

2. Is a profound environmental impact assessment required?

The project/programme or components thereof may have significant, numerous and complex, negative or positive environmental effects that need profound analysis. This is likely to be the case for the following categories. Check whether one of the categories applies.

	Yes	No
Agriculture		
Introduction of alien plant/animal species		
Reclamation/clearance/conversion of land for farming		
Intensive industrial agriculture and livestock production		
Irrigation and land drainage above micro-level		
Restructuring of rural landholdings		
Fisheries/aquaculture		
Introduction of new alien fish species		
Conversion of land/mangroves/coral reefs to aquaculture		
Industrial fishery and aquaculture		
Forestry		
Commercial forestry for timber		
Plantation afforestation/forestation		
Large-scale wood processing and treatment facilities		
Energy		
Hydro or thermal power plants and industrial facilities to produce electricity, steam, or hot water		
Electrification schemes, construction of electrical power transmission lines		
Water and sanitation		
Large scale watershed management, development of water catchments		
Large-scale water supply, sanitation schemes		
Installations of substantial size for irrigation, flood prevention, or reservoirs		
Wastewater treatment plants, sewage systems and sewage sludge disposal		
Industry and mining		
Any industrial installation related to the oil and gas, cement, metal, chemical, agro- and food, pulp and paper industry, and the pre-treatment of textiles and leather		
Any type of installations and activities related to quarries, mining and dredging		
Solid waste		
Incineration plants, recycling plants, chemical treatment or landfill of waste		
Transport, ports and harbours		
Construction of road, railway, airport, inland waterway, port, or telecommunication facilities including expansion or upgrading		
Dykes, moles and other coastal or maritime sea defence and anti-erosion works		

Urban development and settlement	Facilities and infrastructure related to settlement schemes and estates, commercial and industrial estates		
	Urban transport systems		
Tourism	Accommodation, infrastructure and amenity provision related to holiday villages, hotel complexes, camp sites		
	Facilities for beach use, theme parks, entertainment complexes		
	Ecological or cultural tourism in protected areas		
Trade and economic co-operation	Promotion of trade involving tropical hardwood, protected or endangered species, hazardous materials		
	Privatisation of industry or state service institutions		
Protected areas and conservation	Designation of protected areas, nature reserves, forest reserves, etc.		
	Development of management plans of protected areas or reserves		
Education	Construction of numerous or large education facilities		
Health	Construction of numerous or large health facilities		
	Activities dealing with significant amounts of chemicals, such as vaccination programs, large-scale medical drug storage etc.		

➤ *If 'Yes' to any of the categories, a profound analysis needs to be carried out. In consultation with ADA it will be decided how the further analysis is done.*

3. Are key aspects of environmental integration adequately considered?

The questions below will help to identify specific risks or opportunities for project/programme improvement, supplementary environmental integration work, and to determine possibly necessary monitoring and evaluation requirements. They will indicate whether the project/programme already appropriately considers crucial criteria with respect to environmental integration and where particular attention may be required for further planning and implementation.

Please answer the questions carefully and indicate where and how these issues are captured in the project document/project application.

<p>Answer:</p> <p>Is the project/programme situated in or nearby environmentally particularly degraded, vulnerable or valuable areas, (e.g. areas of extreme water deficiency, areas prone to bush or forest fires, high erosion risks, wetlands or flood plains, important water catchment or recharge areas, areas of high biodiversity, areas where natural resources are a particular source of conflict)? How was this considered in the project preparation?</p>
<p>Answer:</p> <p>Does the project/programme take into account the environmentally relevant national laws and regulations and is it in line with, national and local environmental goals, programmes and priorities?</p>
<p>Answer:</p> <p>Are the potentially positive contributions of the project/programme to environmentally sustainable development fully considered and actions in support of such contributions foreseen?</p>

<p>Answer:</p> <p>Was the local environmental situation critically examined and were potential negative environmental effects of the project/programme regarding the quality and availability of, or access to natural resources (such as water, soil, forest, flora, fauna, etc.) well considered? Which activities are planned to minimise potentially negative effects on the environment or to provide for restorative or compensatory measures? Does the project/programme follow the precautionary approach, (i.e. are measures to prevent environmental degradation considered even if environmental threats or damages appear uncertain)?</p>
<p>Answer:</p> <p>Does the project/programme take into account projected environmental and socioeconomic impacts caused or aggravated by the effects of climate change? Does it reduce the vulnerability of targeted populations and promote adaptation (capacities) to the impacts of climate change? Is the information on adaptation needs based on a climate vulnerability assessment?</p>
<p>Answer:</p> <p>Will the project activities cause significant additional Greenhouse Gas (GHG) emissions? Which measures are foreseen to reduce either existing or potential GHG emissions?</p>
<p>Answer:</p> <p>Do the project/programme partners and all other parties concerned dispose over adequate environmental know how and capacities? Are accompanying measures foreseen in order to promote environmental awareness and knowledge and to enable the partners/parties to pass on the knowledge they have acquired?</p>
<p>Answer:</p> <p>Is an examination of the environmental effects (and the feedback of the results of such an examination) planned during the implementation of the project/programme? Are the necessary indicators for monitoring positive/negative effects clearly defined?</p>
<p>Answer:</p> <p>Are the costs for measures related to environmental integration, including those for awareness raising and training, as well as for monitoring and evaluation, adequately provided for in the budget plan?</p>

Social Standards Assessment

Section I for Applicants: Self-assessment concerning social standards

When and by whom should the social assessment be filled-in?

The self-assessment has to be conducted by partners at the project/programme design or formulation stage. It has to be submitted as soon as possible, preferably at the stage of a draft project/programme document and at the latest together with the final version of the project/programme document. A thorough consideration of the following questions is required in order to ensure compliance with the ADA Environmental and Social Impact Management Manual. Partner organizations are requested to integrate all related information directly in the project document. In case of non-provision of relevant information and data please provide the reasons in the questionnaire below.

If a social assessment or other strategic social impact assessment is already carried out for the intervention (e.g. by a co-financing partner) or specific components, the summary of the results should be included.

Title of the project:		Applicant/Contact person:	
Question:			
Please include information in the following sections of the project document		YES/NO	
1. Identification/Formulation Phase			
1. Have the relevant national/regional framework and policies, (esp. social policies, human rights framework and/or action plans) been analysed and the related conclusions taken into account?		YES	
2.1 Relevant governmental and sector policies and sector policies		YES	
3.4 Data base for analyses and design		YES	
If not, pls. state why:			
2. Has information related to the target group(s) been included on the basis of vulnerability e.g. poor households, indigenous people, ethnic or religious minorities, children, youth, persons with disabilities, elderly, displaced persons, etc.?		YES	
3.1 Target group		YES	
If not, pls. state why:			
3. Have existing access and user rights (e.g. regarding land, natural resources, economic or social services etc.), possible diverging or conflicting interests and related power relations been taken into account?		YES	
3.2 Problem analysis and analysis of local potential, 3.3 Strategic approach		YES	
If not, pls. state why:			
4. Are any individuals or groups excluded from participation, influence, equal access and utilization in the respective sector/thematic area/intervention? If yes, pls. state how the exclusion of certain individuals or groups will be addressed.		No	
4.6 Risk assessment		No	
3.2 Problem analysis and analysis of local potential, 3.3 Strategic approach		No	
If not, please state why:			
6. Are there any risks and impacts to community health, safety and security which may arise from project related activities (such as constructions, use of equipment and technology, use of hazardous materials, exposure to water borne, water related and communicable diseases)? If yes, which safety and security measures are foreseen?		No	
7. Are existing labour standards and conditions (such as decent work, fair remuneration) considered?		Yes	
3.2 Problem analysis and analysis of local potential, 3.3 Strategic approach		Yes	

if not, pls. state why:		
8. In case the construction of buildings is foreseen, has universal design/barrier-free access been taken into account?	3.2 Problem analysis and analysis of local potential, 3.3 Strategic approach	N/A
9. Are land acquisition/restrictions on land use and/or natural resources or physical and/or economic displacement foreseen? If yes, pls. state which mitigation actions / targeted assistance is foreseen. Please provide also information concerning following topics: - respect and protection of all tenure rights, including informal and customary rights as well as common property; - free, effective, meaningful and informed participation of affected individuals and groups in decision-making processes; - the principle of free, prior and informed consent (FPIC); - fair, prompt and adequate compensation respectively other benefit-sharing mechanism; - non-discriminatory, effective, accessible, affordable, timely and transparent processes; - respective grievance and dispute mechanism.	3.2 Problem analysis and analysis of local potential, 3.3 Strategic approach	No
10. Is the project located in an area where cultural heritage is expected to be found or will activities affect cultural resources, knowledge or practices of local/indigenous communities? If yes, pls. state what measures are foreseen to protect cultural heritage, cultural resources, traditional knowledge or practices. Pls. provide also information concerning respective mitigation actions in case of negative impact.	3.2 Problem analysis and analysis of local potential, 3.3 Strategic approach	No
11. Are relevant accountability mechanisms and processes at project / program and/or national/ local levels established?	3.3 Strategic approach	Yes
if not, pls. state why:		
12. Were possible obstacles to ensure equal access to information for all persons and groups involved addressed?	3.3 Strategic approach	Yes
if not, pls. state why:		
13. Have indicators reflecting the principles (please see ADA Environmental and Social Impact Management Manual) - Equality and non-discrimination - Participation and inclusion - Transparency and accountability - Empowerment of marginalized groups been developed on (impact), outcome and output level?	4. Intervention logic and Annex No 1) Lograme matrix	Yes
if not, pls. state why:		
14. Are the costs for ensuring the respect of the above mentioned principles (see qu. 13) e.g. inclusion, participation of marginalized individuals and groups, accountability as well as for monitoring and assessment adequately considered within the project budget?	4. Intervention logic and Annex No 1) Lograme matrix, Annex No 3b) Detailed project budget	Yes
if not, pls. state why:		
II. Implementation Phase		
15. Has it been planned to monitor the above mentioned indicators (see qu. 13) on a regular basis? If yes, pls. state which mechanisms are in place to ensure that steering measures will be taken in case necessary?	5.1 Monitoring, steering and dissemination of information 5.2 Assessment and Evaluations 4.6 Risk assessment	Yes M&E plan is in place

¹ Relocation or loss of shelter.

² Loss of assets or access to assets leading to loss of income sources or other means of livelihood.

		If not, pls. state why:	
III. Evaluation/Review Phase			
16. Has it been foreseen to assess the integration and further promotion of the above mentioned principles (see qu. 13)?		5.2 Assessment and Evaluations	Yes
If not, pls. state why:			
IV. Social and/or Human Rights Competence and Capacity Development			
17. Do project/programme partners and all other relevant stakeholders have adequate knowledge on these principles and project/programme related topics? Are accompanying measures (such as the involvement of relevant experts) foreseen in order to promote the above mentioned principles (qu. 13), create awareness and provide knowledge to enable partners/parties to apply and pass on the knowledge they have acquired for the implementation and for monitoring the project? Are these costs included in the budget?		6.2 Organizational structure, processes and management capacities Annex No 3b) Detailed project budget	Yes
If not, pls. state why:			
18. In case security personnel is employed for protection of project/programme personnel and property, are adequate arrangements and mechanism in place (i.e. inquiries, training, monitoring, sanctions) to ensure appropriate conduct towards workers and affected communities?		4.6 Risk assessment	Yes
If not, please state why:			

Section II: ADA internal social assessment

The ADA internal social assessment consists of

1. suggestions concerning more in-depth assessment to be carried out before approval - In case required. This could be necessary specifically in case questions 4, 6, 9 or 10 are answered with YES. In these cases, consultation with the relevant thematic adviser(s) in HQ is strongly recommended.
 2. specific comments and recommendations for implementation, monitoring and follow-up.
- It will be completed by the responsible sector/program officer as soon as possible during the internal approval process, at the latest before signing of the contract. Consultation with the relevant ADA social advisors should take place according to the delegation of work as agreed upon in the annual work plan (Arbeitsfeldprogramm). Once all required information has been provided (SECTION I and SECTION II) all relevant information will be entered by the social advisor³ directly into the ADA internal document management system (section recommendations for monitoring and follow-up).

1. Suggestions concerning more in-depth assessment to be carried out before approval:

2. Specific comments and recommendations regarding implementation, monitoring and follow-up:

³ Until the adaptation of the new IT-system, this step will be done by the contract manager (based on the notes of the social advisors).

Annex 8. Project Work Plan and Detailed Budget (USD)

Fostering Regional and Local Development in Georgia, Phase 2

Impact: People in the regions of Racha-Lechkhumi - Kvemo Svaneti, Samegrelo-Zemo Svaneti, Guria and Kvemo Kartli benefit from stronger local self-government institutions for better economic development and employment generation

EXPECTED OUTCOMES/OUTPUTS	PLANNED OUTPUTS/ACTIVITIES	BUDGET DESCRIPTION	IN USD			
			Total Budget	o.w. SDC	o.w. ADA	o.w. GOG
Outcome 1: Georgia implements adequate policy and institutional frameworks to foster decentralization and enable local economic development (LED).	<i>Output 1.1</i> <i>LED related aspects of Good Governance strategy and action plan, (e.g. property transfer, inter-municipal cooperation, municipal service improvement etc.) implemented by municipalities and central government institutions (MRDI, MoED, MoF etc.)</i>		220'000	150'000	50'000	20'000
	Activity 1.1.1 Identify priority areas with stakeholder engagement from Good Governance Strategy at Local Level (e.g. municipalities, NALAG, MRDI in consultation with local CSOs, businesses, youth and gender groups)	72100 Contractual Services Companies Organizing the participatory workshops/meetings of stakeholders;	50'000	37'500	12'500	
	Activity 1.1.2 Provide support to municipalities and other counterparts to implement selected LED related activities (e.g. property transfer, land cadastre, service improvement etc.) from the Good Governance Strategy	72100 Contractual Services Companies Contracting organization to provide the legal and advocacy support;	170'000	112'500	37'500	20'000
	<i>Output 1.2</i> <i>LED initiatives from the Mountainous Development Strategy and Action Plan, (e.g. strengthening the potential of local enterprises and farms, creating conditions for their development and improving access to markets etc.) implemented by municipalities and central government institutions (MRDI, MoED, MoF etc.)</i>		220'000	150'000	50'000	20'000
	Activity 1.2.1 Identify relevant LED activities with stakeholder engagement from the Strategy and Action Plan on Development of High Mountainous Regions of Georgia (e.g. municipalities, NALAG, MRDI, Tourism Agency, local youth and gender groups)	72100 Contractual Services Companies Organizing the participatory workshops/meetings of stakeholders;	75'000	56'250	18'750	
	Activity 1.2.2 Provide support to partner agencies to implement selected LED activities e.g. municipalities, NALAG, MRDI, Tourism Agency etc.	72100 Contractual Services Companies Contracting companies to provide support in implementation of LED related initiatives from the Strategy;	145'000	93'750	31'250	20'000
	<i>Output 1.3</i> <i>National and local capacities strengthened to facilitate LED</i>		350'000	200'000	150'000	-
	Activity 1.3.1 Provide technical support to MRDI/CEGSTAR/Regional and municipal administrations to create capacity development system for municipalities (e.g. develop and implement guidelines through expert support, trainings, study tours)	71300 International/Local Consultants Recruitment of International/Local consultants to provide the expert support for capacity development system development	60'000	34'286	25'714	

<p>Outcome 2: Government institutions at local level are strengthened to deliver quality services enabling the business environment and incentivizing local economic actors.</p>	<p>Activity 1.3.2 Assist CEGSTAR in upgrading the NTS with focus on LED (such as tailor-made courses on attraction of investments; effective communication and negotiation skills; fund-raising; proposal writing; basics of business administration including business planning, gender and diversity in LED and other; LED curricula, training modules on performance management system and addressing citizens inquiries and spatial planning)</p> <p>Activity 1.3.3 Strengthen human and institutional capacities of municipalities. This will include trainings, study tours, coaching etc. for local leadership and civil servants as well as technical assistance to LSGs</p> <p>Output 1.4 <i>Package of policy initiatives to enhance LED enabling environment prepared and advocated by National Association of Local Authorities of Georgia as a result of consultations with member municipalities and adopted by GoG</i></p> <p>Activity 1.4.1 Provide capacity development support to NALAG to identify gaps and obstacles in LED related legislation (e.g. the law on free trade and competition, the LSG code) and to prepare an advocacy package</p> <p>Activity 1.4.2 Facilitate advocacy campaign through NALAG's leadership. It means that NALAG will be equipped with skills and knowledge to plan and lead advocacy campaign. Also, in support of this advocacy efforts intensive public awareness campaign will be conducted.</p>	<p>72100 Contractual Services Companies LOA to CEGSTAR and/or other relevant training institutions to develop LED curriculum under NTS</p> <p>72100 Contractual Services Companies LOA to CEGSTAR and/or other relevant training institutions to provide LED related training and coaching to different stakeholders;</p> <p>71600 Travel International visits of municipality/MRD/ other stakeholders</p> <p>72100 Contractual Services Companies Contracting organization to provide the legal support</p> <p>72100 Contractual Services Companies Contracting organization to provide advocacy support</p>	<p>80'000</p> <p>210'000</p> <p>80'000</p> <p>40'000</p> <p>40'000</p>	<p>45714</p> <p>120'000</p> <p>50'000</p> <p>25'000</p> <p>25'000</p>	<p>347286</p> <p>90'000</p> <p>30'000</p> <p>15'000</p> <p>15'000</p>	<p></p> <p></p> <p></p> <p></p> <p></p>
<p>SUB TOTAL (outcome/output)</p>						
<p>Outcome 2: Government institutions at local level are strengthened to deliver quality services enabling the business environment and incentivizing local economic actors.</p>	<p>Output 2.1 <i>Municipal profiles (containing general statistics about the municipality, economic potential analysis, available services, resource and SWOT analysis etc.) and business support services (focal points and referral mechanisms to potential funds and credit opportunities) in place to attract potential investors and entrepreneurs</i></p> <p>Activity 2.1.1 Facilitate the development of instruments (methodologies, guidelines, templates) for LED driven municipal profiles. All these instruments will be linked (incorporated) to NTS system as part of Activity 1.3.2</p> <p>Activity 2.1.2 Facilitate development of land use and zoning documents (upgraded spatial plans for selected municipalities). This activity will be implemented in close coordination with MDF and the GCF. The methodology and guidelines to be linked with NTS system, as part of Activity 1.3.2</p>	<p>71300 Local Consultants Recruitment of local consultants to provide the expert support;</p> <p>72100 Contractual Services Companies Contracting the companies to provide expert support in development of land use and zoning documents</p>	<p>870'000</p> <p>698'000</p> <p>50'000</p> <p>548'000</p>	<p>550'000</p> <p>489'500</p> <p>36'500</p> <p>378'000</p>	<p>280'000</p> <p>188'500</p> <p>13'500</p> <p>150'000</p>	<p>40'000</p> <p>20'000</p> <p></p> <p>20'000</p>

<p>Activity 2.1.3 on the job trainings to relevant municipal staff to update municipal profiles on a regular basis (statistical and financial data, information on the land use, natural resources, urban development, economic activities, taxation, local fees etc.)</p>	<p>72100 Contractual Services Companies Contracting the companies to provide expert support to provide on job training in updating Municipal profiles</p>	40'000	30'000	10'000	
<p>Activity 2.1.4 support to municipalities to identify staff members and strengthen their capacities to act as focal points, in line with Guiding Principles of the Organizational Set-up of Local Self-Government Institutions, produced by CSB under RLD Phase I.</p>	<p>71300 International/Local Consultants Recruitment of International/Local consultants to provide the expert support for identified municipal focal points; 71600 Travel International visits of municipality/MRD/other stakeholders</p>	60'000	45'000	15'000	
<p>Output 2.2 Municipalities and private sector implement pilot LED initiatives in the areas such as tourism, agriculture, trade facilitation etc.</p>	<p>390'002</p>	250'000	100'002	40'000	
<p>Activity 2.2.1 Upgrade MDD methodology and existing MDDs developed under RLD Phase I, with focus on LED through local community engagement</p>	<p>71300 Local Consultants Recruitment of local consultants to updated MDD methodology and provide training with focus on LED; 74200 Audio/Visual & Print Prod. Costs 74500 Miscellaneous Expenses Organizing the participatory workshops/meetings of stakeholders;</p>	150'002	107'142	42'860	
<p>Activity 2.2.2 opportunities of municipal-private sector partnerships and design partnership modality (according to strategy of good governance).</p>	<p>71300 Local Consultants Recruitment of local consultant to provide expert support with municipal-private sector partnership modality.</p>	30'000	21'429	8'571	
<p>Activity 2.2.3 implementation of joint LED initiatives of public and private stakeholders</p>	<p>72100 Contractual Services Companies Contracting the companies to provide support with implementation of joint initiatives on LED</p>	210'000	121'429	48'571	40'000
<p>Output 2.3 Local stakeholders (municipalities, local businesses, CSOs) facilitate Cross Border Cooperation</p>		120'000	45'000	75'000	
<p>Activity 2.3.1 Identify best practices of LED initiatives and prepare cases for discussion of cross border cooperation opportunities</p>	<p>71300 Local Consultants Recruitment of local consultant for identification of best practices;</p>	10'000	5'000	5'000	
<p>Activity 2.3.2 Organize LED forums (Georgia-Azerbaijan, Georgia-Armenia) with participation of municipalities and other relevant stakeholders including women and youth.</p>	<p>72100 Contractual Services Companies Organizing LED forums with stakeholders; 4200 Audio/Visual & Print Prod. Costs Printing costs for LED forums; 71600 Travel International travel for Azerbaijan and Armenia reps</p>	40'000	20'000	20'000	
<p>Activity 2.3.3 Support selected CBC initiatives coming as a result of LED forums</p>	<p>72100 Contractual Services Support selected grant projects</p>	70'000	20'000	50'000	

<p>Output 2.4 <i>Performance Management Systems(PMS) complemented with the Best Practice Programme in place to foster better service delivery and share the knowledge</i></p>	<p>340'000</p>	<p>200'000</p>	<p>100'000</p>	<p>40'000</p>
<p>Activity 2.4.1 Develop methodologies for performance management in service area of street cleaning and waste collection.</p>	<p>75'000</p>	<p>50'000</p>	<p>25'000</p>	<p>40'000</p>
<p>Activity 2.4.2 Support establishment and operation of performance management systems in selected municipalities committed to improve service delivery in target areas of street cleaning and waste collection.</p>	<p>180'000</p>	<p>93'300</p>	<p>46'700</p>	<p></p>
<p>Activity 2.4.3 Define criteria for best practices, collect data and identify best performing municipalities in target services.</p>	<p>35'000</p>	<p>23'300</p>	<p>11'700</p>	<p></p>
<p>Activity 2.4.4 Organize annual conferences on best practices of performance management systems.</p>	<p>40'000</p>	<p>26'700</p>	<p>13'300</p>	<p></p>
<p>Activity 2.4.5 Establish platform for information exchange and dissemination on all new methodologies and practices adopted and applied by municipalities.</p>	<p>10'000</p>	<p>6'700</p>	<p>3'300</p>	<p></p>
<p>Output 2.5 <i>2 Community centers in selected border areas in place and functioning</i></p>	<p>400'000</p>	<p>300'000</p>	<p>100'000</p>	<p></p>
<p>Activity 2.5.1 Support establishment of new Community Centres in border municipalities to provide services such as construction permission, certification on product origin, social assistance, pensions, ID and passport services, etc. in total over 200 public and private services to local inhabitants.</p>	<p>380'000</p>	<p>285'000</p>	<p>95'000</p>	<p></p>
<p>Activity 2.5.2 Organize cross border knowledge sharing events for municipalities of Georgia, Armenia and Azerbaijan on service provision practices and innovations in the newly established Community Centers in cooperation with Public Service Development Agency.</p>	<p>20'000</p>	<p>15'000</p>	<p>5'000</p>	<p></p>
<p>SUB TOTAL (outcome/output2)</p>	<p>1'948'002</p>	<p>1'284'500</p>	<p>563'862</p>	<p>100'000</p>

Outcome 3: Local stakeholders, particularly communities, are economically empowered and have improved access to related participation in decision-making processes.	<p>Output 3.1 <i>Local communities (Citizens, LSG, CSO, local business sector representatives, associations and institutions) are equipped with relevant knowledge and skills to engage in LED initiatives</i></p> <p>Activity 3.1.1 Conduct public awareness campaign to raise awareness of LED, LSG reform etc.</p> <p>Activity 3.1.2 Provide capacity development support to CSOs, civil advisory councils and Business Associations (BA) to engage in participatory planning of environmentally sustainable local economic initiatives</p> <p>Activity 3.1.3 Facilitate engagement of CSOs, Civil Advisory Councils and business associations in participatory planning of sustainable LED initiatives.</p> <p>Activity 3.1.4 Facilitate implementation of local economic initiatives advocated by civil advisory councils and business associations</p> <p>Output 3.2 <i>Capacities of LSGs and Civil Advisory Councils strengthened to effectively apply citizen participation mechanisms</i></p> <p>Activity 3.2.1 Support municipalities to engage Civil Advisory Councils in planning and implementing sustainable LED initiatives</p> <p>Activity 3.2.2 Facilitate implementation of sustainable LED initiatives advocated by Civil Advisory Councils and Business Associations.</p> <p>Output 3.3 <i>Civil Society Organizations (CSOs) design and lead participatory LED initiatives</i></p> <p>Activity 3.3.1 Support CSOs through small-grants schemes to implement participatory initiatives with focus on LED (with a special focus on initiatives targeting or led by women, youth and ethnic minorities).</p> <p>SUB-TOTAL (outcome/output3)</p>	<p>349'930</p> <p>50'000</p> <p>50'000</p> <p>50'000</p> <p>199'930</p> <p>140'000</p> <p>40'000</p> <p>100'000</p> <p>679'918</p> <p>679'918</p> <p>1'169'848</p>	<p>283'900</p> <p>37'500</p> <p>37'500</p> <p>37'500</p> <p>171'400</p> <p>45'000</p> <p>15'000</p> <p>30'000</p> <p>403'000</p> <p>403'000</p> <p>731'900</p>	<p>66'030</p> <p>12'500</p> <p>12'500</p> <p>12'500</p> <p>28'530</p> <p>95'000</p> <p>25'000</p> <p>70'000</p> <p>276'918</p> <p>276'918</p> <p>437'948</p>	
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Project Management, Monitoring and Evaluation		1'090'988	703'100	387'888
Personnel costs *	71400 Contractual Services Individual	900'000	585'400	314'600
Transport costs	73410 Maintenance & Operation of Transport Equipment	2'808	19'000	4'808
Logistic and operational costs	72100 / 72200 / 72400 / 73100 / 73400 Operational Costs	108'880	59'600	49'280
Consulting services	72100 Contractual Services Companies	-	-	-
Investments	72100 Contractual Services Companies	-	-	-
Evaluation	72100 Contractual Services Companies	40'000	25'000	15'000
Documentation and public relations	72510 Publications	11'200	7'000	4'200
General measures of organizational development	74105 Management & Reporting Services	-	-	-
Miscellaneous/Contingency	74500 Miscellaneous Expenses	7'100	7'100	-
TOTAL Direct Cost	TOTAL Direct Cost	5'078'838	3'269'500	1'669'338
GMS (Overhead, 8% of the net budget)	GMS	406'307	261'560	134'747
TOTAL	TOTAL	5'485'145	3'531'060	1'804'085

NOTE: *Cost of Personnel is provided according to the submitted Organigram; salaries of proposed personnel is not covered by any other project and/or donor, neither from the GMS
The budget will be harmonized with the logframe and ProDoc revised during the first Steering Committee meeting of the project taking into account the comments of SDC

Annex 3. Consolidated Budget

Forestry Regional and Local Development - Phase 2

Output/Activity	Budget Item Description					Total Phase 2 (USD)
	Y1	Y2	Y3	Y4	Total SDC	

Output/Activity	Budget Item Description					Total Phase 2 (USD)	
	Y1	Y2	Y3	Y4	Total SDC		
Output 1.1	37,500	37,500	37,500	37,500	150,000	150,000	
Output 1.2	37,500	37,500	37,500	37,500	150,000	150,000	
Output 1.3	70,000	70,000	70,000	70,000	280,000	280,000	
Output 1.4	12,300	17,500	17,500	17,500	65,300	65,300	
Total Outcome 1							870,000

Outcome 2: Government institutions at local level are strengthened to deliver quality services enabling the business environment and local economic actors.

Output 2.1	122,375	171,325	171,325	171,325	685,350	685,350	
Output 2.2	62,500	87,500	100,000	100,000	350,000	350,000	
Output 2.3	112,500	157,500	157,500	157,500	585,000	585,000	
Output 2.4	50,000	70,000	80,000	200,000	400,000	400,000	
Output 2.5	150,000	150,000	150,000	150,000	600,000	600,000	
Total Outcome 2							1,968,700

Outcome 3: Local stakeholders, particularly community committees, are economically empowered and have improved access to related participation in decision-making processes.

Output 3.1	65,000	91,000	91,000	91,000	358,000	358,000	
Output 3.2	112,500	157,500	157,500	157,500	585,000	585,000	
Output 3.3	7,500	180,000	200,000	15,500	403,000	403,000	
Total Outcome 3							1,146,000

Project Management & M&E	Personnel costs	Transport costs	Logistic and operational costs	Consulting services	Investments	Evaluation	Documentation and public relations	General measures of organizational development	Miscellaneous/Contingency	Total Net	General Administration Fee 8%	Gross TOTAL
900,000	146,350	146,350	146,350	146,350	146,350	47,500	47,500	47,500	18,440	18,440	80,000	1,000,000
23,808	16,720	16,720	16,720	16,720	16,720	18,440	18,440	18,440	18,440	18,440	75,000	1,075,000
1,088,808	163,070	163,070	163,070	163,070	163,070	65,940	65,940	65,940	36,880	36,880	155,000	1,238,860

NOTE: Cost of Personnel is provided according to the submitted Organogram; salaries of proposed personnel is not covered by any other project and/or donor, neither from the GMS.

NOTE: Proposed yearly breakdown of the budget is tentative and is subject of revision upon approval from donors.

**ANNEX 10. STAKEHOLDER ANALYSIS
FOSTERING REGIONAL AND LOCAL DEVELOPMENT IN GEORGIA- PHASE 2**

The following table provides the overview of the roles of the most relevant stakeholders and opportunities of their participation in the project:

Stakeholder	Role in selected domain of intervention (current status)	Opportunities for change and /or collaboration (visioning for future)	Actions of the project to strengthen capacity of stakeholder
Ministry of Regional Development and Infrastructure of Georgia (MRDI)	The MRDI is the key governmental agency, which is responsible for the regional and local development in Georgia. The Ministry is also mandated to support capacity development of regional and local authorities.	The MRDI has been the main partner of the project during the first phase. It has also been actively involved in planning activities of the second phase and has expressed full commitment to the goal and objectives of the RLD 2. The project will continue close cooperation with the ministry and will ensure it is fully engaged in implementation process. MRDI is highly interested in establishing capacity development support systems for national and local civil servants and local leadership.	The project will provide capacity development support to strengthen MRDI's policy formulation and implementation capacities that will enable it to more effectively lead the regional and local development processes. Specific support will be provided under outputs 1.1. and 1.2. to implement LED related initiatives from the Good Governance Strategy/action plan and Mountainous Development Strategy/action plan, respectively. In addition, the project will support MRDI to create and upgrade capacity development systems for municipalities.
Other line Ministries and state institutions	Selected line ministries (i.e. Economy, Education, Environment, Agriculture, Youth, etc) and national institutions will be engaged in regional/local development through implementation of the Mountainous Development Strategy/action plan.	The project will ensure intensive coordination and cooperation among respective line ministries and state agencies involved in the implementation of the Mountainous Development Strategy/action plan. The MRDI will provide a competent facilitation to ensure the involvement and buy-in of all relevant ministries and state agencies. The representatives from the ministries/agencies will be invited to all relevant events organized in the framework of the project.	The project will provide support to respective line ministries and state agencies involved in implementation of the LED initiatives from the Mountainous Development Strategy/action plan under output 1.2

<p>LEPL Vano Khukhunaishvili Centre for Effective Governance System and Territorial Arrangement Reform (CEGSTAR)</p>	<p>CEGSTAR is a legal entity of public law under the MRDI, which is mandated to provide analytical and expert support to the Ministry in different areas related to the local self-government reform and regional development. Over recent years, the centre has been mainly responsible for establishing and facilitating the National Training System for the local civil servants.</p> <p>CEGSTAR was established with support of UNDP as a think tank promoting the decentralization efforts of the government in 2006. Later on in 2009, CEGSTAR has become an entity under the MRDI.</p>	<p>CEGSTAR has been the project's key partner during the first phase. In June 2017, the MRDI announced that apart from facilitating the NTS, the centre will also play an active role to provide technical/administrative support to LSG reform and regional/local development. Therefore, the project will ensure the centre is engaged in capacity development activities as well as in implementing policy and strategic documents.</p>	<p>Under the output 1.3. the project will support national institutions including the CEGSTAR to create and upgrade capacity development systems for municipalities to facilitate LED. This will include the National Training System as well as other strategies and guidelines for strengthening the capacities of the municipal leadership and local civil servants. Besides, the support will be provided to strengthen the capacity of the centre to be engaged in regional/local development planning and LSG reform.</p>
<p>LEPL Public Service Development Agency (PSDA)</p>	<p>The LEPL PSDA under the Ministry of Justice is the main state institution to support development of public services. This implies assisting public entities to improve their services and create new ones. Among other projects, PSDA is responsible for construction and operation of the community centres, which will provide various state and private services to local population within their settlements. The centres also allocate spaces for community meetings.</p>	<p>One of the priorities areas of the GoG is establishing and operating new community centres to expand the access to services in regions and create efficient one-stop-shop services nationwide. Over 50 community centres are already operational across all over Georgia by the Government and further extension of the coverage is being sought.</p>	<p>The project will facilitate establishment of 2 new community centres in border municipalities of the Kvemo Kartli region to facilitate improved service delivery at the local level as well as encourage cooperation among the regions and municipalities from both sides of the border and showcase successful initiatives. Once the centres are established, the PSDA will take over their full operation.</p>
<p>Legislature</p>	<p>Parliamentary Committee of Regional Policy and Self-Government and other relevant Committees are mandated to improve the legal framework for regional and local development.</p> <p>Also, the Gender Equality Council (GEC) at the parliament is mandated to over-</p>	<p>The respective Committees shall participate closely in all respective project activities. In addition, capacities of the Committees shall be strengthened to provide improvement of the regional and local development related legislation. The members and staff of the relevant Parliamentary Committees have</p>	<p>The project will engage the Regional Policy and Self-Government committee and other relevant committees in the activities related to LED related legislative framework. Support will be provided to strengthen their oversight capacity to keep the executive better accountable for implementation</p>

	<p>see implementation of the NAP on Gender equality, which is also relevant to the project actions.</p>	<p>been actively taking advantage of the technical and expert support provided by UNDP. Thus, it is expected that the close cooperation will be continued during the second phase. Representatives of the Parliament will be invited to all relevant events organized in the framework of the project. The GEC will need to be involved in so far as to ensure that all proposed amendments are gender-sensitive</p>	<p>of the agreed reform priorities. Capacity development assistance to GEC is being provided through UNDP's project on Gender Equality (funded by SIDA), at the same time, the RLD project provide technical and expert support to engage GEC in regional/local development reform.</p>
Civil Service Bureau (CSB)	<p>CSB is responsible for planning and implementing the civil service reform covering both national and sub-national levels. One of the main directions of the reform is the establishment of professional development system for civil servants.</p>	<p>CSB is in charge of implementing the law on civil service which entered into force on July 1, 2017. The law envisages creating of the professional development system for civil servants (at national and local levels). Therefore, the project will ensure CSB is engaged in all activities related to capacity development of local leadership and civil servants.</p>	<p>Along with the MRDI and CEGSTAR, the project will support CSB to create and upgrade capacity development systems for municipalities envisaged under the output 1.3.</p>
Governors	<p>Governors are representatives of the central government in the regions. They are responsible for leading the regional development planning process as well as implementing the Regional Development Plans</p>	<p>The project has already established close cooperation with governors of all project regions. This will be continued throughout the second phase. Governors will be invited to all relevant events organized in the framework of the project.</p>	<p>Governors will be a part of the project's capacity development support to central government in the area of regional and local development. Further needs-based support will be provided to improve their regional development planning and implementation capacities.</p>
Local Self-Governments (LSGs)	<p>Local authorities are the key actors and primary beneficiaries of the project. LSGs are responsible for designing and implementing municipal development documents, delivering public services at the local level within their competences and thus creating enabling environment for local development.</p>	<p>The project will continue close partnerships with all municipalities in target regions. Other municipalities will also be engaged through the scale up schemes and knowledge-sharing platform to replicate successful initiatives countrywide.</p>	<p>The project will provide an intensive capacity development support to LSGs. The output 1.3. specifically aims to create and upgrade capacity development systems for municipalities to facilitate LED This will include the National Training System as well as other strategies and guidelines for strengthening the capacities of the municipal leadership and local civil servants. In that way, the project will ensure there is an</p>

			<p><i>adequate institutional and human capacity at the local level to carry out economic initiatives and facilitate LED as a whole.</i></p> <p><i>Similarly, output 3.2 aims at strengthening the capacities of LSGs to effectively apply citizen participation mechanisms.</i></p> <p><i>Besides, capacity development support will be streamlined in other activities. E.g. along with creating municipal profiles, the project will provide capacity developed staff members to act as business advisors.</i></p>
<p>National Association of Local Authorities in Georgia (NALAG)</p>	<p><i>NALAG is mainly responsible for articulating and lobbying the interests of LSGs vis-à-vis the central government and other stakeholders. It also aims to promote capacity development of municipal leadership and civil servants.</i></p>	<p><i>The project has established successful partnership with NALAG during the first phase. NALAG has been engaged in the development of the Good Governance Strategy and action plan as well as conducted advocacy campaign with project support. During the second phase, cooperation with and support to NALAG will be intensified. NALAG will be engaged in advocacy and lobbying initiatives as well as in implementing Good Governance strategy/action plan. Representatives of NALAG will be invited to all relevant events organized in the framework of the project.</i></p>	<p><i>Under the output 1.4. the project will provide institutional development support to strengthen NALAG's advocacy and lobbying capacities and initiate change for creating more business-friendly environment at the local level. Also, output 2.4. envisages the establishment of the Best Practices program with NALAG's leadership to identify best performing municipalities and create a knowledge sharing platform.</i></p> <p><i>NALAG will be invited in all activities and events organized within the project and will act as an advisor when implementing LED related initiatives from the national strategies/action plans.</i></p>
<p>CSOs, community organizations</p>	<p><i>Participation of the CSOs and community organizations will play a crucial role in driving the change from below which is an essential principle of the LED approach.</i></p>	<p><i>CSOs shall become active participants of the project activities to initiate bottom up changes. CSOs will be engaged in all project activities related to policy formulation and implementation at the local level. CSO Representatives will be invited to all relevant events organized in the framework of</i></p>	<p><i>Under output 3.1. the project will provide support to enhance the capacity of the local community representatives: CSOs, civil advisory councils and business associations to equip them with the relevant knowledge and skills and facilitate their engagement in participatory planning of LED initiatives. The project will assist CSOs and business</i></p>

		the project.	<p>associations to strengthen their lobbying and advocacy capacities and initiate advocacy campaigns.</p> <p>Output 3.3. aims to support CSOs through the financial grants schemes and capacity development assistance to provide them with relevant resource to come up with innovative ways of citizen participation in budget planning and programming, prioritizing and implementing sustainable LED initiatives and municipal service provision.</p>
Private Sector	<p>Private sector will play a crucial role in the LED process which is a major instrument proposed by the project.</p>	<p>Project will facilitate engagement of the private sector in local economic initiatives. First, the project will explore the opportunities of municipal-private sector partnership and design partnership modality in accordance with the Good Governance Strategy and with engagement of all relevant stakeholders. Once the cooperation modality is defined and agreed, the project will support partnerships between municipalities and private sector to implement joint initiatives.</p>	<p>The project will provide support to encourage private sector engagement in design and delivery of LED initiatives from the Municipal Development Documents (MDD) and subsequent action plans.</p>
International Donors	<p>Several international donors are implementing different initiatives to promote the regional and local development in Georgia</p>	<p>Active coordination and partnership among the international donors shall be provided to ensure harmonized and effective planning and implementation of the regional and local development efforts. UNDP has been facilitating effective donor coordination since 2010. Thus, it is expected that the donors will enthusiastically support further advancement of their strategic partnership in future</p>	<p>The project will continue close cooperation with donor community to ensure that the project activities are synchronized with other ongoing initiatives in the area of regional development and local self-governance. The project will continue leading the Strategic Partnership on Regional Development and Decentralization, the effective donor self-coordination forum, gathering all important international partners, including DANIDA, EU, USAID, SDC, ADA, CoE, GIZ, WB and others. Opportunities to engage in other partners will be looked for and taken as proactively as possible.</p>

<p>Local community including women, men, youth, ethnic minorities, IDPs, residents of mountainous areas and other vulnerable population groups</p>	<p>Citizens in project target regions including women, men, youth, ethnic minorities, IDPs and other vulnerable population groups will be direct beneficiaries of the project as they are the primary targets who will benefit from stronger LSGs institutions. Thus, citizens' awareness and involvement is crucially important for the success of the regional and local development efforts</p>	<p>Local population groups will be engaged throughout the project implementation through awareness raising campaign, capacity development support and small grants schemes.</p>	<p>The project will coordinate its activities with other ongoing projects including SDC-ADA-UN Women – Women's economic empowerment in the south Caucasus; SDC- World Bank Regional and Municipal Infrastructure Development etc.</p>
<p>Local community including women, men, youth, ethnic minorities, IDPs, residents of mountainous areas and other vulnerable population groups</p>	<p>Citizens in project target regions including women, men, youth, ethnic minorities, IDPs and other vulnerable population groups will be direct beneficiaries of the project as they are the primary targets who will benefit from stronger LSGs institutions. Thus, citizens' awareness and involvement is crucially important for the success of the regional and local development efforts</p>	<p>Local population groups will be engaged throughout the project implementation through awareness raising campaign, capacity development support and small grants schemes.</p>	<p>A number of project activities directly target local populations with a special focus on most vulnerable and excluded populations such as women, youth, ethnic minorities, IDPs, residents of mountainous areas etc.</p> <p>Output 3.1. of the project will aim to equip citizens with proper knowledge and understanding of their own rights through public awareness campaign about the local self-governance reform, the roles and responsibilities of municipalities, LED initiatives and citizen participation tools and mechanisms.</p> <p>Besides, special considerations are incorporated in all project activities to ensure that these population groups are reached out. Such considerations include special small grant schemes for empowering women/youth/ethnic minorities, knowledge products and publicity materials produced in minority languages etc.</p>