

## Georgia

**The Development Challenge:** A flawed parliamentary election resulted in mass demonstrations and the resignation of President Shevardnadze in November 2003 - without bloodshed, and installation of an interim government. A new presidential election was held on January 4, 2004. Parliamentary elections will be held on March 28, 2004. USAID's strategy (FY 2004-2008) has focused on working more at local government and community levels, but USAID hopes to engage increasingly with the new Government of Georgia (GOG). The new leadership may create a favorable environment to resurrect reform proposals and USAID programs will support reform efforts of the new government. A major challenge will be ensuring political stability, economic growth and security. There will likely be a thorough reassessment of U.S. bilateral assistance. The government has formulated its immediate priorities and goals and is seeking donor support. As these goals are consistent with U.S. foreign policy interests, USAID will respond positively in areas where assistance will generate maximum impact. This approach will support Georgia's development as a stable, democratic country, increasingly integrated into the global economy, and a key U.S. national interest at this crossroads linking Russia, Iran, and Turkey.

The peaceful transition of power was a very positive development. However, much work lies ahead. Georgia's business and political environment continues to be challenging. Corruption is rife, legislation is poorly enforced, and the industrial sector is beset by frequent power outages. In addition, special interests exert a marked influence over the government, and powerful vested interests continue to block reform efforts. Furthermore, Georgia's territorial fragmentation deters foreign investment. Political stability has been negatively affected by the unresolved territorial conflicts with Abkhazia and South Ossetia that displaced 250,000 persons. Relations with Russia have been strained. These factors have adversely affected the living conditions of the population. Today, 61% of Georgians live below the poverty line. The quality of basic social services such as health and education continues to decline. The energy sector is paralyzed by embezzlement, technical inefficiency, a low rate of collection, payment arrears, and heavy dependence on external sources of energy.

Strong economic growth of 8.6% in the first half of 2003 reflects construction work being carried out on the Baku-Tbilisi-Ceyhan oil pipeline. Growth is expected to remain at 8% in 2003, and rise to 10% in 2004. Despite the temporary boost to the economy from pipeline construction activity, the prospects for sustained, broad-based growth remain poor as investment is deterred by predatory tax enforcement, lack of adequate legal protection, pervasive corruption, arbitrary application of regulations, and unreliable energy management. The country's foreign debt has stayed roughly constant, at just under 55% of GDP, owing to the weakness of fiscal performance and to high trade and current account deficits. Fiscal performance still remains one of Georgia's most intractable problems, with tax revenues remaining among the lowest in the region.

**The USAID Program:** The Program covers six strategic objectives for which USAID is requesting FY 2004 and FY 2005 funds. These six objectives concentrate on: economic growth (agriculture, banking and financial sector reforms, and private sector development); energy sector reform; democracy and governance (promoting electoral reform, efficient and responsive local governance, civil society, and independent media); social development and health; human resources development; and special initiatives; e.g., anti-corruption and anti-trafficking. FY 2004 funds will be used to implement the current programs in agriculture, micro-finance, banking sector reforms, energy sector reforms, strengthening electoral processes, improving local government management, rule of law, community development, health and human resources development. Most of these programs have cross-sectoral implications. USAID also will use FY 2004 funds to start new activities in energy security, local government management, agricultural business development, and micro-finance. Increased programmatic emphasis will be put on anti-corruption activities, support for the 2004 parliamentary and presidential elections, anti-trafficking, and community development in potential conflict areas. Specific activities to be funded by FY 2004 and FY 2005 appropriations are described in more detail in the following Program Data Sheets.

**Other Program Elements:** Other programs funded by the Department of State and via FSA transfers to other USG agencies complement USAID's Georgia strategy. These programs include activities in public diplomacy, border security, rule of law, banking sector reforms, as well as tax and fiscal reforms.

**Other Donors:** Other donors in Georgia are the World Bank, the International Monetary Fund, the Government of Germany, the United Nations Development Programme, the European Bank for Reconstruction and Development (EBRD), and the European Union (EU). While donor coordination remains uneven, it has been satisfactory in the following general areas: poverty reduction/economic growth initiative, free and fair elections, banking sector reform, energy security, and health care reform. The World Bank supports projects in energy (including electricity and oil transportation), municipal infrastructure, and institution building. These programs complement several elements of USAID's programs. Similarly, EBRD programs in banking, small- and medium-sized enterprises, micro-finance, and the energy sector complement USAID activities in these areas. EU activities support institutional, legal, and administrative reform, food security, health care, border guards, and transport infrastructure. UNDP programs complement USAID activities supporting poverty reduction, democracy, and capacity-building of government institutions.











## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Good Local Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	114-0231
<b>Proposed FY 2004 Obligation:</b>	\$7,510,000 FSA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$10,000,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** Activities under this objective emphasize local decision-making in the regions outside Tbilisi to respond to citizens' needs and priorities for services. Activities fall into four areas: 1) more efficient and responsive local governance; 2) citizen participation; 3) independent media development; and 4) rule of law and anti-corruption.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Citizens Engaged in Local Decision-Making (CELD) (\$2,000,000 FSA). CELD will focus on local governments themselves, through outreach to constituents, service delivery through a small grants program, and training to improve municipal budgeting skills that maximize the impact of limited resources available to local governments. The program will focus on building an informed citizenry that will be able to hold government officials accountable for providing needed community services. Technical assistance will be provided for training local government officials and community leaders in local resources mobilization, and preparing and managing budgets and service delivery. Principal contractor: to be determined.

Citizen Participation and Media Development (\$2,300,000 FSA). This program will help leading Georgian NGOs establish a firm constituency base, achieve financial sustainability, develop more effective lobbying techniques to advocate for citizen interests, and actively address legal issues affecting the NGO Sector. The program will also encourage students to participate as members of their neighborhood through volunteer actions, community service, and joint initiatives with area schools. This program will expand to 40 schools this year through school-to-school mentoring. A "Media Innovations" program improves journalistic skills, fosters management skills that will help media outlets emerge as profit-making businesses, and strengthens the legal and regulatory framework to safeguard free speech and ensure access to public information. Principal grantees: Save the Children (prime), International Research and Exchanges Board (prime), International Foundation for Election Systems (sub).

Rule of Law and Anti-Corruption (\$2,600,000 FSA). USAID will support implementation of the Administrative Code and its Freedom of Information (FOI) clause to assist in controlling administrative agency abuses and limiting opportunities for corruption. USAID will work to control corruption at the local government level by linking its efforts with other democracy and governance programs. The program will work to increase citizen awareness and involvement in public hearings, and support an independent judiciary and greater professionalism among judges and lawyers. Principal grantees: Institutional Reform and the Informal Sector Center at the University of Maryland, and the American Bar Association's Central European and Eurasian Law Initiative.

Parliamentary Strengthening (\$900,000 FSA prior year recoveries).

Program Development and Support (\$610,000 FSA). USAID will utilize these funds to support program-funded staff and to cover other costs related to program design and development.

**FY 2005 Program:**

Parliamentary Strengthening (\$1,200,000 FSA, \$900,000 FSA prior-year recoveries). USAID will provide technical assistance to improve the operations of parliament and its members, including capacity building. Principal contractor: to be determined.

Youth in Politics and Media Innovation (\$1,600,000 FSA). Incremental funding to increase the role of youth in political development of Georgia and to enhance the professionalism and financial independence of the media. Principle contractor: to be determined.

Citizens Engaged in Local Decision-Making (\$2,500,000 FSA). Incremental funding to implement the second year of this program. Principal contractor: to be determined.

Youth Development Program and Citizen Participation and Media (\$1,550,000 FSA). Two new activities will be launched. Principal contractor: to be determined.

Rule of Law and Anticorruption (\$2,500,000 FSA). A new program will be launched to provide assistance to the judiciary, to improve civil society's anti-corruption efforts and to strengthen laws and institutions that promote good governance. Principal contractor: to be determined.

Program Development and Support (\$650,000 FSA). USAID will utilize these funds to support program-funded staff and to cover costs related to program design and development. Principal contractor: to be determined.

**Performance and Results:** After two years, the Local Government Reform Initiative-funded activities have demonstrated significant achievements in the five pilot cities. In these cities, water supply, trash collection and other services are now provided on a regular, sustainable basis. Parks have been renovated; street flooding has been successfully eliminated; and citizens have repaired their own buildings.

More than 26 NGOs have formed a Legislative Monitoring Group (LMG) that works to improve the legal framework and tracks and defeats legislative initiatives designed to adversely affect Georgian NGOs. The LMG has helped quash draft laws that would have taxed donor grants and NGO income, levied customs duties on imported humanitarian goods, held NGOs responsible for statements made by members not authorized to speak on their behalf, and complicated their registration and reporting requirements.

The piloted local media ratings system, financed primarily by Georgian media sources, will expand to the national level and is predicted to increase advertising revenue from \$3 million annually to almost \$20 million by FY 2008. Such a growth in advertising revenues should enable the broadcast media to become financially independent. Media Innovations helped establish the Georgian National Association of Broadcasters that unites 44 television, radio, and cable outlets; it also supports the Free Press print media association.

After four years, Georgia's Rule of Law program is beginning to make an impact. More than two-thirds of Georgian judges received training on the Administrative Code and its Freedom of Information (FOI) provision. Information obtained in FOI suits has been used to pressure local governments to amend budget expenditures and conduct budget operations in a transparent manner.

Other successful rule of law efforts included an international, award-winning series of public service announcements titled "Know Your Rights," the closing of military pretrial detention centers that were in violation of international standards, the administration of Georgia's first bar exam, the creation of a corps of judges devoted to improving judicial integrity, the establishment of a hotline for the public to report suspected judicial abuses and corruption, the formation of a coalition of NGOs to work on anti-corruption issues, and a coalition to work on women's rights issues. USAID supported its Georgian partners in efforts to stop a bill that would have drastically impinged on freedom of the press.





## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Special Initiatives and Cross-Cutting Issues
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	114-0410
<b>Proposed FY 2004 Obligation:</b>	\$6,000,000 FSA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$5,100,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** This multi-faceted Strategic Objective emphasizes three Special Initiatives (elections assistance, anti-trafficking, and anti-corruption) and three Cross-Cutting Issues (conflict prevention, regional water management, and youth as a resource). The three Special Initiatives respond to concerns that are relatively short-term, politically sensitive, or experimental. The three Cross-Cutting Issues are development challenges shared throughout USAID's Georgia program.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Elections Assistance Special Initiative (\$2,200,000 FSA). This Special Initiative designed with Georgia's Presidential and Parliamentary elections in mind will support the costs for providing elections related training, election observers (domestic and international), exit polling services and post election training for the newly elected parliament members. The inputs provided during FY 2004 will inform Georgians on voter registration process, how to administer and manage the elections, and how to adjudicate electoral complaints. Principal grantees: NDI, IRI and IFES.

Anti-Trafficking Special Initiative (\$300,000 FSA). USAID will provide technical assistance for assessments and problem analyses; training for implementing partners and GOG agencies; and certain local costs for counseling services and establishing shelters. The three-pronged, five-year program intends to prevent trafficking in persons through (a) providing outreach and improved economic opportunities for vulnerable groups, (b) improving victims' access to crisis centers, shelters and other medical and psychological counseling, and (c) strengthening the capacity of GOG enforcement agencies to prosecute traffickers. Principal contractor/grantee: to be determined.

Anti-Corruption Special Initiative (\$200,000 FSA). This five-year experimental anti-corruption program weaves together all the anti-corruption activities planned to be carried out under the four Strategic Objectives (SOs) with additional SO level funding, leading to a more systematic approach to the problem contributing to synergies among the SO level efforts. Specific activities to be funded under this initiative are: (a) workshops to train implementing partners in the Europe & Eurasia Bureau's anti-corruption strategy known as TAPEE (Transparency, Accountability, Prevention, Enforcement, and Education), (b) identification of those corrupt behaviors most damaging to Georgia's transition that are within USAID's manageable interest, and (c) in-depth diagnoses of corruption in specific sectors in collaboration with USG Department of Justice advisors and Customs advisors. Principal contractor/grantee: to be determined.

Conflict Prevention Cross-Cutting Issue (\$1,500,000 FSA). USAID will provide technical assistance and training to implementing partners in conflict prevention approaches. The approach to conflict prevention will help stabilize the poorest and neglected outlying regions of Georgia with programs to be funded by that will support community-based small-scale public works, job creation, micro-credit facilities, counseling services for victims of violent conflict, and minority language public service announcements. Prime Contractor/Grantee: to be determined.

Regional Water Management Cross-Cutting Issue (\$300,000 FSA). USAID provides technical assistance, training and equipment for river flow monitoring. In case of drought, power shortages, or trans-border ecological issues the collegial relationships established among the three Caucasus countries are expected to contribute to the peaceful resolution of differences. Principal contractor/grantee: Development Alternatives, Inc., USA.

Youth as a Resource Cross-Cutting Issue (\$1,500,000 FSA). USAID will provide technical assistance, training and limited local cost support for implementing this program. The values, attitudes, and prejudices of Georgia's youth have been formed by a dozen year's of gradual de-modernization, unbridled corruption, and spiraling economic depression. This new activity intends to help youth prepare for the job market and participate more positively in the broader society through civic education. Principal contractor/grantee: To be determined.

**FY 2005 Program:**

Anti-Trafficking Special Initiative (\$500,000 FSA). The FY 2005 program will continue and build on the activities started in FY 2004. The recently passed anti-trafficking in persons law should be well into implementation by this time. Principal contractor: to be determined.

Anti-Corruption Special Initiative (\$600,000 FSA). Specific activities will be undertaken based on a review of FY 2004 program. Some of the activities proposed for the FY 2004 program may spill over into FY 2005. Principal contractor: to be determined.

Regional Water Management (\$500,000 FSA) - Conflict Prevention Cross-Cutting Issue (\$1,700,000 FSA). Ongoing exchanges will continue. Principal contractor: same as above.

Youth as a Resource Cross-Cutting Issue (\$1,800,000 FSA). Youth programs initiated in FY 2004 will be continued. Principal contractor: to be determined.

**Performance and Results:** Only one of the three Special Initiatives and one of the three Cross-Cutting Issues identified in this Strategic Objective 4.1 have more than a year of implementation. The other four are totally new and have yet to finalize their performance indicators or measurements of progress.

Elections Assistance Special Initiative: Georgian NGOs, politicians, and common citizens were sufficiently informed and committed to conducting free and fair Parliamentary elections they were able to argue convincingly before the Supreme Court for the annulment of the November 2003 elections. The President who was implicated in condoning and fostering fraudulent elections resigned from office under political pressure. While these sudden changes of political fortune are disruptive in the short run, USAID elections assistance is closely associated with this favorable result known as the bloodless "Rose Revolution," which bodes well for Georgia's long-term social and legal development.

Regional Water Management Cross-Cutting Issue: During FY 2003, technical and information exchanges have continued, but without any major breakthrough in regional relations.

## Data Sheet

<b>USAID Mission:</b>	Georgia
<b>Program Title:</b>	Cross-Cutting Programs
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	114-0420
<b>Proposed FY 2004 Obligation:</b>	\$3,680,000 FSA
<b>Prior Year Unobligated:</b>	\$4,735,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$7,100,000 FSA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** Cross-cutting programs under this objective support the needs and complement the implementation of five strategic objectives. Activities under this objective include: training (short-term and academic) and post-training support; institutional human resource assessment and analysis; public information; program development and support; and a small grants program to undertake innovative activities through indigenous NGOs and institutions and promote regional cooperation among the three Caucasus countries.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Participant Training (\$1,200,000 FSA, \$1,000,000 FSA carryover). The participant training program supports all five strategic objectives and is intended to improve the performance of Georgians in their professional and work settings. USAID will identify skill and knowledge deficiencies or performance gaps of Georgian partner organizations that need to be addressed through training. USAID will also ensure that training is applied in participant workplaces and is effectively utilized as evidenced by improved quality of program implementation. USAID participant training programs encourage alumni to share experiences and provide positive reinforcement to one another. USAID also supports capacity-development of local training providers through proposal writing and management workshops. Principal contractor: World Learning, Inc. USA.

Eurasia Foundation Georgia (EFG) Small Grants Program (\$1,730,000 FSA). In order to increase tourism revenues to Georgia, EFG plans to fund the establishment of a promotional agency that will market the Georgian tourism industry. This agency will be a public-private partnership that will market Georgia as a desirable destination with diverse natural, cultural, and heritage attractions. EFG also plans to carry out a case-writing competition to support preparation of case studies and tutorials based on Georgian business and management practices for use as teaching tools in business education programs in Georgia. In FY 2004, EFG is planning to facilitate youth integration into society by supporting the development of student activities and peer education. EFG will support the establishment of academic and professional exchanges for university faculties, and will fund student internships in the fields of journalism, law, environment, and social sciences. Special attention will be paid to the involvement of students from minority groups. Support for enhanced academic performance and development of students will result in their increased professionalism and better integration into society as well as the development of a more active citizenry.

In order to reduce corruption and increase the transparency of local governance EFG supports the strengthening of the public's role in government decision-making in Georgia's regions. EFG will expand the FY 2002 NGO Watchdog Initiative by building on the success of current grantee projects.

The South Caucasus Cooperation Program (SCCP) continues to build bonds among professional associations and NGOs in the three Caucasus countries. In FY 2004, SCCP will facilitate regional dialogue and information exchange by developing cross-border collaboration among independent media.

In addition, SCCP will support development of financial sector industries and tourism industries in the South Caucasus countries. Principal grantee: Eurasia Foundation.

Public Education and Outreach (\$500,000 FSA). This program will support activities designed to increase awareness and understanding of the general population, the press, and public officials about the benefits of economic and democratic reforms that USAID programs support. As a result of such activities, representatives of the Government of Georgia (GOG) in Tbilisi and the regions, and the public, will have a better understanding of the programs' contribution to the economic and social growth of Georgia.

Program development and support (\$250,000 FSA, \$1,632,868 FSA carryover, \$2,101,808 FSA prior year recoveries). USAID will utilize these funds to support program-funded staff and other costs related to program design and development.

**FY 2005 Program:**

Participant training (\$2,300,000 FSA). The participant training program will support training across the program areas. Specific training needs will be determined based on USAID's new strategic plan that will be implemented in FY 2005. Principal contractor: same as above.

Eurasia Foundation small grants program and SCCP (\$1,800,000 FSA). FY 2005 resources requested will continue to support activities identified in annual operating plans for EF Georgia and SCCP. Annual operating plans will be based on evaluation of past performance and progress toward planned results. The programs will fall within EF Georgia's mandate and USAID's strategic objectives.

Public Education and Outreach (\$1,500,000 FSA). This program will continue to advance the public understanding and awareness of major economic and democratic reforms undertaken by the GOG with the assistance of USAID implementers.

Program Development and Support (\$1,500,000 FSA). USAID will utilize these funds to support program-funded staff and other costs related to program design, development and evaluation.

**Performance and Results:** In FY 2003, USAID's Strategic Technical Assistance for Results with Training (START) program implemented 38 training events in three locations: 23 in-country, 10 in third-countries and five in the US. In addition to these training events, four follow-on programs and institutional analyses of two organizations that USAID helped to establish were conducted through the START program. A total of 1,758 participants were trained in the areas of humanitarian assistance, social transition, economic growth, democracy and governance, and energy and environment. Women accounted for 42% of all trainees. Action plans demonstrated participants' commitment to implementing new ideas and sharing knowledge. The capacity of selected local training providers was also strengthened.

In FY 2003, the Eurasia Foundation, awarded 46 grants to Georgian NGOs through open and targeted competitions. The Eurasia Foundation Small Grants Program supported the following: establishment of Local Government Information Centers and their network; school-based NGOs to improve transparency in the educational sector and increase public participation in decision-making at the school level; promotion of business education by strengthening the capacity of two leading business schools in Georgia; and parliamentary elections coverage through grants to independent television stations, radio stations, and newspapers.

SCCP supported the Public Policy Institute Development Initiative through competitions on adoption and implementation of European and international conventions and standards. Eight grants were awarded to facilitate regulation of Trans-boundary Environmental Resources. Three environmental information centers were opened in border towns of Armenia, Azerbaijan and Georgia. Other SCCP grants funded a regional cluster meeting on Cultural Policy and Management, the First South Caucasus Border Town Mayors Forum held in Tbilisi, and the preparation of emergency preparedness plans and training for 12 municipal services in Tbilisi, Baku and Yerevan.