



**USAID**  
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**Hydropower Investment  
Promotion Project (HIPP)**

# END OF MISSION REPORT

June 6 – 25

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USAID HYDROPOWER INVESTMENT PROMOTION PROJECT  
(HIPP)

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DELOITTE CONSULTING LLP

IN COLLABORATION WITH BLACK & VEATCH AND PIERCE  
ATWOOD ATTORNEYS LLC.

USAID/CAUCASUS OFFICE OF ENERGY AND ENVIRONMENT

## **DISCLAIMER:**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## Key Activities Undertaken During the Mission

### 1. Institutional Capacity Building / Training Needs Assessment

**Background.** A primary objective of this assignment was to initiate development of an institutional capacity building workplan, including a training needs assessment (TNA) for counterparts within the Ministry of Energy (MOE). To the extent that the MOE is already engaged with counterparts from other Georgian agencies, including Investment in Georgia (the Georgian Investment Promotion Agency), Ministry of Environment and others, in promoting and developing hydropower investment in Georgia, the TNA should attempt to incorporate these counterparts as well.

#### **Specific Actions and Outcomes.**

Meetings with counterparts. I met with key counterparts on multiple occasions, primarily Ms. Elene Ghubianuri, Acting Head of the Investment Projects Department within the MOE. These meetings included further explanation of Georgia HIPP to counterparts, further clarity on the responsibilities of the MOE in investment facilitation, details on the MOU process and the current status of multiple HPP investment projects, and a discussion on institutional capacity building challenges and opportunities.

Development and distribution of TNA questionnaire, followed up by interviews. I prepared a detailed questionnaire on perceived institutional development opportunities and individual training needs and with the support of MOE leadership, distributed the questionnaire to all relevant MOE personnel, nine in total. By the end of the assignment, completed questionnaires were received from five persons. I followed up the questionnaire with informative one-on-one meetings, capturing information that was not conveyed in the written questionnaires. *Questionnaire included as attachment to this report.*

Preparation of activity table. Based on these discussions, I prepared an activity table indicating the activities that fall within the competency of the MOE for investment facilitation. This table identifies the subtasks, frequency, responsible parties, use of technology and other information illustrating how the MOE conducts its activities. This table will support the identification of opportunities for capacity building, the development of job descriptions, template and tools development and other areas of potential support for the project. This table will be shared with counterparts and guide follow-up discussions toward the completion of Institutional Capacity Development Plan and TNA. *Draft Investment Facilitation Activity Table included as attachment to this report.*

Preliminary outline and early draft of Institutional Capacity Development Plan and TNA. I have prepared an outline and working draft for this report, which will be completed during my follow-up assignment. Preliminary recommendations for possible areas of capacity development and training support, each to be elaborated and further vetted within the Georgia HIPP team, USAID and counterparts, include:

- Preparation of job descriptions for key positions responsible for investment facilitation (*job description for Head of Investment Projects Department included as attachment to this report*);

- Identification and preparation of internal standardized procedures and protocols for aspects of investment facilitation process, and use of templated materials to promote efficiency
- Improved statistical analysis capabilities to examine tendering process, MOU negotiations, investor performance against MOUs; will support improved planning, process improvement, and provision of quality information to government upon request
- Development of regular performance monitoring, feedback and coaching process for employees
- Specific capacity building/training opportunities
  - Development of greater understanding of developer perspectives on investment decision-making process.
  - Lifecycle approach to investment facilitation, placing equal emphasis on facilitating successful investment projects (hydropower stations) as signing MOUs.
  - Mentoring/coaching for designated investment liaison professionals – this position or skillset, which is tasked to be the point of contact for investors, is the key position for investment team.

### **Next steps.**

The key next step is the completion of the institutional capacity building report, including the TNA. This will be done during my follow-up visit to the field, presently scheduled for the 2<sup>nd</sup> half of September. Requisite activities during that assignment include:

- Conduct additional meetings/interviews with MOE staff
- Review the Investment Facilitation Activity Table with counterparts
- Develop detailed job descriptions for key roles within MOE investment facilitation
- Discuss with counterparts preliminary recommendations on institutional capacity development and draft training plan

## **2. International Financial Institution Roundtable**

**Background.** A 2<sup>nd</sup> key objective for this assignment was the delivery for key counterparts of a Roundtable Workshop targeting the active participation of International Financial Institutions (IFIs) actively interested to invest in Georgia. Working in close collaboration with the Chief of Party, I planned and implemented this initial roundtable and workshop. The objective of this initial roundtable was to share information with MOE counterparts on the requirements of IFIs to participate in hydropower generation projects and to present relevant IFI experiences through case studies. The primary audience was the investment professionals within the Ministry of Energy, as well as Invest in Georgia, the investment promotion agency of the country.

### **Specific Actions and Outcomes.**

Development of IFI Roundtable Agenda, Speakers and Presentations. The Advisor contacted multiple IFIs to determine their interest and availability to participate in the

event – most of the IFI representatives were aware of the Project through the Chief of Party and earlier meetings/discussions on specific topics of interest. Specific IFIs that were contacted included:

- European Bank for Reconstruction and Development (EBRD)
- Asian Development Bank (ADB)
- European Investment Bank (EIB)
- KfW
- International Financial Corporation (IFC)
- World Bank
- US Export / Import Bank (ExIm Bank)
- US Trade Development Agency (USTDA)

Unfortunately, due to a number of conflicts, many of the invited IFIs were not able to attend; however, the participation of the IFC, ADB and the submission of a presentation by KfW were more than sufficient to enable a quality discussion.

In addition to the presentations by IFIs, four advisors from Georgia HIPP, myself included, delivered presentations on key topics relevant to IFI investment participation and international experience. *The USAID-approved agenda is attached as an appendix to this report, together with copies of the presentations delivered.*

Roster of Attendees. Based on earlier meetings within the Ministry of Energy, we were able to get substantial participation from the key persons within the MOE, including Deputy Minister Valishvili, who together with USAID opened up the Roundtable. We expected two representatives from Invest in Georgia who confirmed their participation, but at the last minute they did not show. Nonetheless, we had quality representation from the MOE and its full participation. *The original roster of attendees, with indications of final participation, is attached as an appendix to this report.*

Roundtable Discussions. The Roundtable itself had excellent presentations and lively discussions among members of the audience and speakers. Key takeaways from the Roundtable included:

- The active participation and keen interest of Deputy Minister Valishvili. She engaged in multiple discussions with speakers on their specific international experience and its applicability to Georgia. *Her participation was a strong sign to her Team within the MOE of her support to this Project and its objectives.*
- The IFC representative, Martin Sobek, provided a highly appreciated presentation that was the subject of intense discussion afterward. While he presented his experiences from Albania, he was able to discuss multiple projects undertaken by the IFC, both successful and not, and was sufficiently familiar with the local market circumstances to keep things highly relevant for the audience.
- The discussion on the Turkish Market as an export market for Georgia was very well done and was clearly of keen interest to the audience. Many questions were raised about the practical opportunities and challenges for export to Turkey, benefiting the entire audience.

The Roundtable served as an important first event that brought the entire HIPP Project into discussions with counterparts within the MOE, including both formal and

informal. These confidence-building events are critical to the development of healthy, trusting working relationships among the team members. Based on my follow-up discussions with MOE professionals, they were very appreciative of the materials and the event, and look forward to similar events in the future.

## **Next Steps.**

It is important that we build on this event to organize and implement larger, more strategic roundtables and workshops in the nearest future. We are planning a follow-up Roundtable with the more significant participation of key IFIs active in Georgia, as well key counterparts within multiple Georgian Government entities, to discuss how we can improve and develop the hydropower investment climate in Georgia. With adequate lead time, we should be able to get the full participation of IFIs resident in Georgia, as well as the participation of US-sponsored and other IFIs that cover the country. This next planned roundtable will likely take place over a 2-3 day period, including direct one-on-one meetings with the Project, and the facilitation of similar meetings between IFIs, the MOE and private investors as appropriate.

## **3. USG-Supported Financial Institution Support**

**Background.** A 3<sup>rd</sup> key objective for this initial assignment was to initiate discussions with USG-supported financial institutions and develop and initiate a course of action to effectively engage these institutions and encourage their direct and indirect support for hydropower generational projects in Georgia. We were able to successfully do that as a result of this initial assignment.

### **Specific Actions and Outcomes.**

USG-supported IFI research. I prepared an informative table of USG-supported IFIs, and researched through the Internet and other sources the specific terms and conditions and investment parameters that would indicate their potential interest to support hydropower generation investment projects in Georgia. Four specific USG-supported IFIs were targeted, including:

- Overseas Private Insurance Corporation (OPIC)
- ExIm Bank
- USTDA
- Development Credit Authority (DCA)

This research, which included information on hydropower projects done by these IFIs and their investment experience in Georgia and the region, was also converted into a presentation delivered at the IFI Roundtable discussed earlier. *The table is included as an annex to this report.*

Discussions with USTDA. I exchanged several emails and later telephone calls with representatives from USTDA, covering Europe/Eurasia and the Caucuses region. While initially thinking that there would be only limited interest by USTDA in support of US-based investors and exporters, it became clear that there is sufficient interest on behalf of USTDA to investigate more specific opportunities for USTDA to support investment and the specific goals and objectives of the Georgia HIPP Project.

## **Next Steps.**

There is significant opportunity for follow-up with US-supported IFIs that may be interested to support US commercial activities and interests in Georgia. Key next steps include:

- *Follow-up meeting in USTDA headquarters with USTDA Georgia country representatives to discuss whether and how USTDA may support the goals and objectives of this project;* namely, we are interested to learn which US-based companies may be interested and qualified to sell goods and services relevant to hydropower generation projects.
- *Similar meetings with OPIC, ExIm Bank and DCA representatives.* We need to understand the diverse financial products that each of these IFIs, primarily OPIC and ExIm Bank, has that may be reasonably applicable to Georgia HIPP activities. OPIC has multiple financing products that may be of interest, including political risk insurance and direct and indirect investment finance arms, that are active in Georgia and could have strong applicability to HIPP initiatives. ExIm Bank has established special terms and conditions for financing related to environmentally progressive investments, such as those likely to be undertaken for Georgia HIPP. To successfully engage each of these entities, the Project needs to meet with representatives in the US, explain the Project, and jointly work through proposals and solutions that will result in still higher activity levels for these key IFIs in Georgia's energy sector.
- *As a final step, the Project needs to initiate development of rosters of investors/suppliers that could be interested to invest in or sell to hydropower developers in Georgia.* Primary rosters to be developed as a priority include:
  - US-based manufacturers or service providers relevant to small/medium size run of river hydropower projects in Georgia;
  - US-based hydropower project developers which may become interested to invest in and develop quality hydropower generation opportunities throughout Georgia.

The above-referenced work can and in most cases should be done offsite from Deloitte Consulting offices based in the Washington DC area, which are conveniently located near the headquarters of most US-supported IFIs and sharing a time zone. Additional Web-based searches and telephone calls to build rosters can also more effectively be undertaken from the Washington DC area.

## **List of Attachments (included separately)**

- 1. TNA Questionnaire**
- 2. Investment Facilitation Activity Table for MOE (draft)**
- 3. Job Description for Head of Investment Projects Department, MOE (draft)**
- 4. Agenda for Georgia HIPP-sponsored International Financial Institution (IFI) Roundtable**
- 5. Roster of Attendees, IFI Roundtable (actual)**
- 6. Copies of Presentations delivered at IFI Roundtable**
- 7. USG-Supported IFI Table**

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