



USAID
FROM THE AMERICAN PEOPLE

HICD PLUS
HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT

USAID/GEORGIA HUMAN AND INSTITUTIONAL CAPACITY DEVELOPMENT (HICD) PLUS PROJECT

**ANNUAL REPORT #4
SEPTEMBER 19, 2014 – SEPTEMBER 18, 2015**

Contract No. AID-114-C-11-00002

September 2015

This report was produced for review by the United States Agency for International Development. It was prepared by Chemonics International. The views represented herein do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENTS

EXECUTIVE SUMMARY	5
SECTION I: PROJECT BACKGROUND.....	7
SECTION II: HICD INTERVENTIONS.....	9
Georgian State Electrosystem (GSE).....	9
Georgian Oil and Gas Corporation (GOGC)	12
SECTION III: TECHNICAL ASSISTANCE AND SECTOR ASSESSMENTS	14
Technical Assistance to the Academy of the Ministry of Finance (Finance Academy).....	14
Technical Assistance to the National Agency of State Property (NASP).....	15
Technical Assistance to the Georgian Revenue Service (GRS).....	16
Technical Assistance to the National Center for Disease Control (NCDC).....	16
Technical Assistance to the Ministry of Culture and Monument Protection (MOC).....	17
Technical Assistance to the Office of the State Minister for Reconciliation and Civic Equality (SMR).....	18
Technical Assistance to the Ministry of Education and Science (MOES).....	19
Technical Assistance to the Tbilisi Municipality: Developing Homeowners Associations (HOAs).....	20
SECTION IV: PARTICIPANT PROCESSING SERVICES	21
SECTION V: MONITORING, EVALUATION, AND GRADUATION.....	22
Performance Monitoring Plan (PMP)	22
Performance Monitoring and Evaluation System (PMES)	22
Return on Investment (ROI) Study	22
SECTION VI: SPECIAL FOCUS ON LOCAL CAPACITY BUILDING	24
Building Implementation Capacity	24
Indefinite Quantity Subcontract Procurement.....	24
Subcontractor Evaluations	24
SECTION VII: LESSONS LEARNED AND RECOMMENDATIONS.....	25
Educating the Community about HICD and the HICD PLUS Project	25
Navigating Elections and Maintaining Buy-in	25
Continuous Follow-up and Engagement	25
ANNEX A: RESULTS REPORTING TABLE.....	27
ANNEX B: FINANCIAL TABLE.....	30

ACRONYMS

APS	Annual Program Statement
CSO	Civil Society Organization
DCFS	Georgian NGO – Disabled Child, Family, Society
EPI	USAID Economic Prosperity Initiative Project
EV	Exchange Visitors
GLA	Georgian Logistics Association
GMA	Georgian Microfinance Association (formerly Association of Development and Support of Microfinance Organizations of Georgia, MISO)
GOG	Government of Georgia
GOGC	Georgian Oil and Gas Corporation
GSE	Georgian State Electrosystem
HICD	Human and Institutional Capacity Development
HICD PLUS	USAID/Georgia Human and Institutional Capacity Development PLUS Project
HOA	Homeowners Association
IFRS	International Financial Reporting Standards
IQS	Indefinite Quantity Subcontract
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MOC	Ministry of Culture and Monument Protection of Georgia
MOEP	Ministry of Environment Protection of Georgia
MOES	Ministry of Education and Science of Georgia
MOF	Ministry of Finance of Georgia
NASP	National Agency for State Property
NGO	Non-governmental Organization
OP	Operational Plan
PMES	Performance Monitoring and Evaluation System
PMP	Performance Monitoring Plan
PPS	Participant Processing Services
ROI	Return on Investment
RS	Georgian Revenue Service
SMR	Office of the State Minister for Reconciliation and Civic Equality (formerly Office of the State Minister for Reintegration)
TOT	Training of Trainers
US	United States
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

This is the fourth and the last annual report for the USAID/Georgia Human and Institutional Capacity Development (HICD) PLUS project, covering the period from September 19, 2014 to September 18, 2015. Implemented by Chemonics International, the purpose of the HICD PLUS project is to improve the performance of Georgian institutions that play a strategic role in the implementation of the Government of Georgia's reform program and USAID's development objectives. The four-year project began on September 19, 2011.

HICD PLUS implemented a steady portfolio of activities this year and continued to meet or exceed every indicator in the project's performance monitoring plan. For instance, for indicator "*# of persons completing USG-funded workforce development programs*" we have trained 525 individuals against a life-of-project target of 77. Our participant processing unit provided support to 170 exchange visitor's exceeding the target of 160. In addition, the participant processing services continue to maintain a 100 percent satisfaction rate amongst the exchange visitors processed. Finally, we have supported 16 public/government institutions with HICD or technical assistance, exceeding our life-of-project target of 14.

This year the project completed two large HICD programs with the Georgian State Electrosystem (GSE), which was HICD PLUS's largest activity, and the Georgian Oil and Gas Corporation (GOGC).

In addition, the project completed several technical assistance activities, including programs for the National Center for

Main Accomplishments from Year 4

- Completed an HICD program for the Georgian State Electrosystem (GSE), including the updated Operational Plan developed by our consultants
- Completed the HICD program for the Georgian Oil and Gas Corporation (GOGC), including the development of 24 optimized business processes, position descriptions, position based pay grade system, and HR elements;
- Completed a technical assistance program for the National Agency for State Property (NASP), including the development and detailed description of all business processes, job descriptions, internal communication tools, customer relations recommendations, and an HR strategy;
- Completed a technical assistance program for the National Center for Disease Control (NCDC), including assistance to update the financial management system and develop new logistics system design;
- Completed a multi-component activity for the Ministry of Culture and Monument Protection (MOC) by providing final deliverables including decision making criteria for grant applications and a package of job descriptions;
- Completed support to the Academy of the Ministry of Finance (Finance Academy), including assistance to establish a web based library management system, followed by a tailored training for library staff;
- Completed support for the Office of State Minister for Reconciliation and Civic Equality (SMR);
- Completed training program for the Georgian Revenue Service (RS);
- Launched and completed a new technical assistance program for the Ministry of Education and Science (MOES);
- Completed technical assistance program for the Tbilisi Municipality to support their efforts in the development of efficient Homeowners Associations (HOAs);
- Processed 170 exchange visitors to-date; continued 100 percent satisfaction rate;
- Completed a Return on Investment (ROI) study for GSE;
- Conducted the project closeout event and reception for USAID and its implementing partners, HICD PLUS partner institutions, and subcontractors;
- Finalized and published the project's final report.

Disease Control (NCDC), the Office of the State Minister for Reconciliation and Civic Equality (SMR), the Georgian Revenue Service, the National Agency for State Property (NASP), Ministry of Culture and Monument Protection (MOC), the Finance Academy, the Ministry of Education and Science (MOES), and the Tbilisi Municipality.

The project completed a Return on Investment (ROI) study for GSE, demonstrating an 86 percent ROI for the HICD PLUS program for GSE.

Finally, the project published the HICD PLUS Final Report and held the project's closeout event and reception.

The report below describes the primary activities from the project's fourth year and discusses lessons learned and recommendations. A Results Reporting Table and Financial Report are located in the Annexes A and B, respectively.

SECTION I: PROJECT BACKGROUND

The USAID/Georgia Human and Institutional Capacity Development (HICD) PLUS project complements USAID/Georgia's assistance efforts in the democracy and governance, economic growth, energy and environment, and health and education sectors by developing the individual skills and institutional capacity of public and private organizations that play a strategic role in the Government of Georgia's (GOG) reform program and the Mission's development objectives. HICD PLUS also provides participant processing services to all of USAID's programs in Georgia.

HICD PLUS does not replace the Mission's existing technical assistance activities. On the contrary, it complements existing technical knowledge with organizational development expertise and provides advisory services in the areas of skills enhancement and systemic improvements to select organizations, while also developing the capacity of Georgian CSOs and private sector institutions to provide training, organization, and management services.

The intended result of the project is a demonstrable, evidence-based improvement of the institutional capacity of the select partner institutions, leading to an increased level of their efficient, effective, and sustainable performance.

HICD PLUS draws on both international and local service providers to achieve these results. Primarily, the project partners with local service providers to deliver HICD interventions and other services, thereby continuing to build and improve local expertise in the field of organizational development.

The project has four components:

- **HICD Interventions:** HICD is a USAID model of structured and integrated processes designed to identify fundamental causes of performance gaps in host country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems. These are large, holistic activities that seek to improve the overall performance of the institution.
- **Technical Assistance and Sector Assessments:** Technical assistance and sector assessments are limited in scope and look at a specific section/role of the partner institution rather than the institution in its entirety, which is what the HICD interventions would do. Sector assessments and technical assistance may or may not be followed by further interventions, subject to Mission review and approval. Technical assistance activities are often used when a partner institution is not yet ready to absorb an HICD intervention or when such an intervention is not necessary. Sector assessments may be an assessment or research of a specific technical sector, such as the banking sector or health care sector.

- **Participant Processing Services:** The project provides participant processing services for USAID programs in Georgia, including services related to language testing, medical certification, health insurance enrollment, security risk inquiry, and visa processing as per ADS 252 and 253. This is a demand-driven service and is performed in response to requests from other implementing partners. Participants traveling to the U.S. are termed “Exchange Visitors.”
- **Monitoring, Evaluation, and Graduation:** HICD PLUS has developed a web-based Performance Monitoring and Evaluation System (PMES) for use by each partner institution that receives an HICD intervention. The PMES helps partner institutions measure the impact of the HICD interventions and promote continuous change management. In addition, HICD PLUS also uses a project performance monitoring plan (PMP) to enable the project to measure the efficiency and effectiveness of each investment.

SECTION II: HICD INTERVENTIONS

Georgian State Electrosystem (GSE)

Year 4 HICD Partner Organizations

- Georgian State Electrosystem
- Georgian Oil and Gas Corporation

HICD PLUS implemented an HICD program for the Georgian State Electrosystem (GSE). GSE is a profit-making institution wholly-owned by the Government of Georgia (GOG). Its main functions include ensuring electric power transmission for the whole of Georgia and electric power dispatching. GSE plays a critical role in the energy sector of Georgia – it is responsible for delivering safe, affordable, reliable, and environmentally sound electricity for the whole country. It is also linked to GOG’s social and economic development goals to establish Georgia as a regional hub for electricity transmission and sales, and to improve the international trade balance by exporting excess hydropower.

HICD PLUS began working with GSE in June 2012 with an institutional performance assessment that produced 14 performance improvement recommendations in four main areas: (i) performance planning and management approach, (ii) maintenance of stock with a focus on efficiency, (iii) reconfigured processes, and (iv) workforce readiness. Following a series of discussions, responsibility for implementing the recommendations was divided between HICD PLUS, GSE, and the USAID Hydropower Investment Promotion Project (HIPP). HICD PLUS encompassed six recommendations grouped into four components:

Component 1	<ul style="list-style-type: none"> • Implement a performance planning and management approach • Introduce an organizational approach to project management
Component 2	<ul style="list-style-type: none"> • Facilitate the development of an internal audit function in compliance with international standards
Component 3	<ul style="list-style-type: none"> • Enhance skills of GSE personnel in procurements, pre-procurement research, developing tender documentation/specifications, and improve the procurement planning system within the company
Component 4	<ul style="list-style-type: none"> • Establish a performance center within GSE to facilitate development of in-house capacities • Develop a performance-based grade/pay schedule for technical staff

To date, HICD PLUS has fully implemented all components of the program.

Component I

Component I focuses on improving GSE’s performance planning and management strategies and introducing an organizational approach to project management. Key deliverables from this component include:

- A comprehensive list of strategic objectives (completed in 2013);
- A new strategic plan for GSE (completed in 2013);

- New key performance indicators (completed in 2014);
- A three-pronged project management training program (completed in 2013);
- A working operational plan (completed in April 2015);
- Reconfigured processes (completed in July 2014);
- Reconfigured corporate operational procedures (completed in July 2014).

HICD PLUS developed the 2013-2017 Operational Plan (OP) in March 2014, which was subsequently approved by the GSE Management Board. The OP outlines 20 operational objectives linked to each of the six strategic objectives, and details the activities, projects, or initiatives through which GSE will implement its strategic plan. Since the initial development of the OP, some significant changes took place at GSE that directly affected several elements of the OP. USAID approved GSE's request to update several elements of the OP to reflect changes that have taken place since March 2014. The program commenced on November 17, 2014. On March 23, subcontractor PMCG submitted the final, updated OP. The project then shared the OP with GSE for their final review. On April 28, GSE's board approved the OP, thus completing this component.

Component II

The purpose of this component is to improve the performance of GSE's internal audit department (IAD). A well-functioning IAD has the potential to facilitate improvements in operations and system performance and through a modern internal audit approach, it can act as a tool for GSE senior management in providing assurance and recommendations on improving governance, risk management, and control effectiveness across the organization.

HICD PLUS hired an international audit expert, Mr. Shawn Reynolds, to improve the work of GSE's IAD. Mr. Reynolds spent three weeks on-site in May 2014, during which time he reviewed GSE's existing internal audit materials (audit manual, audit results, etc.) and interviewed and worked with IAD members. GSE has a satisfactory internal audit manual, so much of Mr. Reynolds' initial work focused on determining the extent to which IAD's actual operations reflect the policies and procedures articulated in the manual. He also assessed IAD's compliance with international standards.

At the end of his assignment, Mr. Reynolds had determined that much of the framework for the IAD's effective operation in accordance with international standards is in place, or within reach. The recommendations he provided will assist IAD in moving towards international standards. The majority of recommendations focus on helping the IAD formalize its procedures, documentation, and decision-making processes, ensuring a clear paper trail of all of its work.

Mr. Reynolds also developed a number of new performance indicators the department can use to monitor and evaluate its work. The HICD PLUS project submitted the final report to GSE in June 2014.

Component III

This component focuses on improving procurement capacities within GSE. The first phase included a customized training for 24 GSE procurement and contracts staff in International Commercial Terms (Incoterms). The Incoterms rules are internationally-recognized standards and are used worldwide in international and domestic contracts for the sale of goods.

The second phase of this component involved bringing an international procurement expert to Georgia to help GSE comply with international procurement standards. HICD PLUS contracted Mr. Veaceslav Sochin, an international procurement consultant with extensive experience with Georgian procurement legislation, as well as international standards and best practices. Mr. Sochin worked closely with GSE's procurement department to understand their current operating procedures and also reviewed existing documentation to identify potential problems and missing forms and clauses. Mr. Sochin then redesigned GSE's Procurement Manual and developed all necessary forms and templates. Mr. Sochin trained GSE's procurement staff in: (i) correctly completing the procurement forms contained in the Procurement Manual and (ii) developing technical specifications. Better technical specifications will enable the procurement department to be more effective in procuring necessary goods in reasonable time and at a reasonable cost. Mr. Sochin also provided GSE with recommendations on procedural changes which will make certain procurement stages more timely and efficient.

From January 12 to 24, 2015 Mr. Sochin assisted GSE's International Projects and Reporting Department to improve its capacity to undertake procurements under projects financed by International Financial Institutions (IFIs). At the end of his assignment, Mr. Sochin submitted a final report for the Technical Assistance, which outlines findings and recommendations on the work of GSE's international Projects and Reporting Department. On April 14, the HICD PLUS project submitted the revised final report to USAID, incorporating all earlier comments and recommendations provided by the Mission. This component is now complete.

Component IV

This two-phase component focused on improving GSE's work force readiness. The first phase consisted of two parts: (i) delivering a Training of Trainers (TOT) course to GSE's staff to build their capacity to design and deliver effective trainings, and (ii) improving GSE's training needs assessment system. HICD PLUS delivered TOT to nine GSE training staff in November 2013 and pre- and post-tests demonstrated a 130 percent increase in participants' knowledge. In addition, HICD PLUS gave GSE specific recommendations on how to improve their training needs assessment system.

The second phase involved Dr. Jerry Cox and Mr. Jack Williams, international workforce development experts from Leedy & Biggs National Training Group, working with GSE to help develop effective internship, new hire, and distance learning capabilities and also

a wage/pay scale for technical staff. HICD PLUS submitted the recommendations – together with the new templates and checklists – to GSE in March 2014.

Georgian Oil and Gas Corporation (GOGC)

HICD PLUS completed an HICD program for the Georgian Oil and Gas Corporation (GOGC). GOGC was established in 2006 to advance the National Energy Champion business model by supporting Georgia’s energy security and participating in international energy projects. GOGC focuses primarily on the exploration and production of oil and gas resources as well as their transportation and sale. GOGC coordinates the secure operation of the existing oil and gas transportation infrastructure and also oversees the design of new oil and gas pipelines, their construction, and further development.

HICD PLUS conducted an institutional performance assessment in May 2013 and produced four priority recommendations for GOGC: (i) re-engineer and integrate core processes, (ii) implement an automated work flow and document management system, (iii) develop and implement a personnel development system, and (iv) develop and implement a performance management system. Of these, the following were approved by USAID and completed by HICD PLUS during this reporting period:

Reengineer and Integrate Core Processes

A number of serious challenges prevented GOGC’s operations from running efficiently. Non-integrated business processes were the first and most critical among them. The lack of integration created barriers for smooth workflow, leading to an unnecessary increase in work and doubling of efforts. HICD PLUS hired TBSC Consulting to optimize GOGC’s core business processes.

In total, the project concluded optimization of 24 processes. Each of the optimized processes were reviewed and adopted by respective technical directors. The TBSC consultants provided all of the necessary coaching and support to GOGC line managers to successfully implement changes.

Develop and Implement a Personnel Development System

This component focused on developing a Personnel Development System for GOGC to ensure GOGC has the staff capacity to fulfill its mission currently and in the future.

TBSC consultants developed position descriptions for GOGC staff as well as a position based pay grade system, which altered GOGC’s former pay/grading structure and established a more fair and flexible system. The consultants also conducted an audit of human resource (HR) policies and in-depth interviews with line managers, resulting in 14 main recommendations on how to improve existing HR practices. These recommendations covered corporate and HR management strategies, issues of managerial accountability, staffing plan, system of incentives, succession plan, and setting KPIs.

Finally, HICD PLUS consultants coached GOGC's HR team to implement and adopt the changes in the organization's HR practices.

SECTION III: TECHNICAL ASSISTANCE AND SECTOR ASSESSMENTS

Technical Assistance to the Academy of the Ministry of Finance (Finance Academy)

HICD PLUS completed a technical assistance program at the Academy of the Ministry of Finance (Finance Academy) during this reporting period. The Finance Academy is a legal entity of public law with a mission to provide the highest standard of business training for all segments of Georgian society. Its core competency is to deliver trainings in finance, budgeting, accounting, audit, tax, marketing, and project management. As part of the Ministry of Finance of Georgia (MOF), the main priority of the Academy is to ensure the professional development of MOF employees and support ongoing MOF reform efforts. In addition, the Academy actively cooperates with other government agencies and supports development through staff trainings. The Academy is equipped with modern auditoriums, a conference hall, a library, computers, and language centers.

Year 4 Technical Assistance Recipients

- Academy of the Ministry of Finance (Finance Academy);
- National Agency of State Property;
- Georgian Revenue Service;
- National Center for Disease Control;
- Ministry of Culture and Monument Protection;
- Office of the State Minister for Reconciliation and Civic Equality;
- Ministry of Education and Science;
- Tbilisi Municipality

The Academy's library is well-stocked with books and materials and is popular among training participants. However, the Academy did not have a library management system (LMS) to allow users to search the collection and check out books and materials, which impeded usage. The Academy also wanted to develop closer cooperation with other educational institutions in Tbilisi and enable students from those institutions to use books from the Finance Academy. However, the absence of an LMS precluded this. The Academy needed to create an automated library management system to properly manage the collection, connect it to other institutions, increase usage, and minimize the misplacement of books. An LMS would support the Academy's educational mission and activities and provide a valuable service to its training participants.

In June 2014, HICD PLUS hired a local consultant to conduct a short-term needs assessment of the Academy, perform market research on library management options available in Georgia, and prepare recommendations to improve the library's functionality and performance. Based on this assessment, the consultant recommended the web based library management system, Evergreen.

In October 2014, HICD PLUS hired a local company, Innovative Systems Management (IMS), to set up and customize Evergreen in the Finance Academy and train the personnel to administer and manage this software.

The Academy designated three employees to manage the library system and enter existing books into the online catalog. The librarians barcoded and cataloged nearly 5,000

physical books. IMS delivered a training session on the circulation and holds module to library personnel. The Academy now has a fully functional, automated library management system, which is connected to other institutions. The system is expected to increase library usage and minimize the misplacement of books. It is also expected to support the Academy's educational mission and activities and provide more efficient service to its clients.

Technical Assistance to the National Agency of State Property (NASP)

HICD PLUS implemented a technical assistance program for the National Agency for State Property (NASP). NASP is a legal entity of public law under the Ministry of Economy and Sustainable Development that was formed in September 2012. Its main responsibilities include managing state-owned assets (including land and movable assets), managing state-owned enterprises (more than 400), and privatizing state property.

As a recently formed governmental institution, NASP's leadership is embarking on a series of institutional reforms to transform into a modern, service-oriented organization. The NASP organizational structure and operating procedures are not optimized and, as a result, the pace of work is typically slow and customers are often dissatisfied. NASP recognizes this challenge, and is eager to improve their performance. NASP's leadership, together with the USAID Economic Prosperity Initiative (EPI) project, asked HICD PLUS to provide support to NASP in their institutional capacity-building activities.

The program launched on March 31, 2014, implemented by a team from the Policy and Management Consulting Group (PMCG). Most of the work focused on the business process reengineering component. The consultants met with the top, middle, and low-level managers to develop process descriptions for all three business areas (enterprise management, property management, and property disposal). The team has described and developed optimized business flows and standard operating procedures (including detailed flowcharts and narratives) for 100 percent of NASP's business processes and sub-processes.

Recognizing that making changes to some business processes will require corresponding legislative changes, HICD PLUS recruited a Georgian legal drafting expert in July 2014. The consultant worked closely with the business process reengineering team and NASP's leadership to identify the necessary changes and wrote four legislative drafts to tackle the issues hindering optimized agency performance. The legislative drafts were reviewed and accepted by NASP's leadership.

Under the NASP technical assistance program, PMCG consultants completed the following deliverables: optimized business processes and detailed descriptions/instructions for all business processes, job descriptions, internal communication tools, a customer relations recommendations document, a HR strategy document, a knowledge sharing institutional system report, and a list of key performance indicators (KPIs). NASP reviewed and accepted the deliverables on December 29, 2014. The consultants also trained NASP leadership in change management.

PMCG submitted the program final report on January 12, 2015. The report outlines all activities undertaken under the NASP technical assistance program. The program ended in January 2015.

Technical Assistance to the Georgian Revenue Service (GRS)

The Georgian Revenue Service (RS) is a legal entity of public law of the Ministry of Finance of Georgia. RS supports business in Georgia by forming a fair, simple, and reliable tax administration system. The mission of RS is to establish a transparent tax system and provide competent services and consultation to taxpayers.

RS has recently embarked on a comprehensive project to reform their audit department. RS officially announced that effective January 1, 2015, alternative audits will be discontinued and audit services will be performed by designated Revenue Service auditors. This change will require RS to attract and retain high level professionals to achieve the highest standards tax auditing. The success of the reform largely depends on trainings and the professional development of the existing auditors and new hires. To ensure the efficient coverage and collection of legitimate tax revenue, RS requested HICD PLUS support in training the existing and newly recruited auditors.

To implement this activity, in October 2014, HICD PLUS contracted local training specialist Ms. Naira Kharkheli.

The eight month program has trained 100 existing and 58 newly recruited auditors in the following modules:

- Financial accounting in connection with Georgian Business Taxation (GBT);
- Main issues of business taxation;
- International Financial Reporting Standards (IFRS);
- Differences between IFRS and GBT

The training program finished in June 2015.

Technical Assistance to the National Center for Disease Control (NCDC)

This year, HICD PLUS completed a technical assistance program for the National Center for Disease Control (NCDC). NCDC is a legal entity of public law (LEPL) operating under the umbrella of the Ministry of Labor, Health, and Social Affairs of Georgia (MOLHSA). It is the leading player in the protection and improvement of the health of Georgia's population through scientific, evidence-based prevention of diseases and preparation for and response to threats to public health. NCDC manages a large network of laboratories, including: the R. Lugar Center for Public Health Research, three Zonal Diagnostic Laboratories, and seven Laboratory Sentinel Stations spread throughout Georgia. The Lugar Center also hosts the World Health Organization (WHO) accredited national reference labs (Polio, Influenza, Measles/Rubella), labs connected to WHO

(Invasive Meningitis, Rotaviruses, Salmonella, Diphtheria, Malaria), and international networks with the potential to become WHO collaborative centers in the future.

As the leading institution responsible for public health and public administration reform, NCDC aims at initiating a thorough functional analysis to begin institutional structural reorganization and capacity development. To meet its comprehensive obligations and extensive portfolio, NCDC required technical support to fortify institutional capacity. NCDC requested USAID support through the HICD PLUS project in two areas:

1. Strengthen and update the logistics system
2. Strengthen and update the financial management system

Logistics Systems

In October 2014 the international and local logistics experts, contracted by HICD PLUS, conducted several meetings at NCDC in Tbilisi and visited the regional NCDC network in Batumi, Zugdidi, Kutaisi, and Gori. The logistics experts then presented their preliminary findings and recommendations to NCDC's leadership. Additionally, the experts conducted a training module for the NCDC staff to ensure they could plan, manage, and administer NCDC's logistics system.

The international consultant submitted a draft report of the assessment of NCDC's supply chain on November 26, 2014. The report discusses the proposed logistics system design, including a new structure, staffing changes, and new procedures. The final versions of these deliverables were approved by NCDC in mid-April 2015.

Finance Systems

In November 2014, HICD PLUS and its subcontractor GEC Corporation began working on improving and updating NCDC's financial system. GEC consultants led a functional analysis of the NCDC's Finance and Economic Department and conducted an assessment of the existing accounting system. Based on the findings, GEC developed a set of recommendations for an upgraded system and produced a functional analysis report. The consultants also developed the financial manual, cost sharing methodology, results-based management system, and a list of KPIs to monitor NCDC's performance in financial management. At the end of the program, GEC trained 21 staff from the Finance and Economic Department on implementing proposed changes and communicating the change internally.

Technical Assistance to the Ministry of Culture and Monument Protection (MOC)

This year, HICD PLUS completed a technical assistance program to the Ministry of Culture and Monument Protection of Georgia (MOC) this year.

MOC was established in 2010 as a result of the GOG restructuring the former Ministry of Culture, Monuments Protection, and Sports and splitting it into two separate agencies. MOC's main functions include: promoting Georgian culture internally and worldwide,

protecting monuments, supporting various cultural events, popularizing Georgian art, music, and dance, supporting cultural educational programs, and implementing other cultural strategic objectives of the GOG.

The Ministry requested HICD PLUS's support in the following areas:

1. Improving the Ministry's public relations activities;
2. Improving the processing of applications for funding;
3. Formalizing and optimizing the Ministry's internal operations.

A team of consultants from HICD PLUS subcontractor TBSC started their work with the Ministry in June 2014. HICD PLUS assistance was subsequently suspended due to a change in leadership within MOC. In July 2014, the new minister was appointed and the HICD PLUS intervention was re-established. The project presented the technical assistance program to the new minister and management team, who requested an amendment the scope of work, due to the Ministry's new priorities. The request was approved by USAID, and under an amended scope of work, TBSC produced the following deliverables:

1. An organizational assessment that recommends structural changes to improve performance, as needed;
2. Application processing procedures;
3. Application standards and service level agreements;
4. Monitoring and evaluation mechanism for funded applications;
5. Package of job descriptions;
6. Recommendations to improve the effectiveness of PR;
7. Alternative organizational designs; Advantages and disadvantages of each alternative design with MOC;
8. Follow-up activities needed to facilitate a final decision by the Minister; One-step-down design (to the units within departments).

As a result of the program, the Ministry received a well-structured process of grant application procedures, which enabled it to process applications and make timely decisions on whether or not to fund an upcoming project. The PR department received written recommendations on how to conduct effective PR campaigns and manage the department's day-to-day operations effectively. A package of job descriptions was developed for all the newly developed positions and presented to the appointed personnel. All the business processes were documented, with an optimal timeline for each activity. The Ministry accepted all deliverables in February 2015.

Technical Assistance to the Office of the State Minister for Reconciliation and Civic Equality (SMR)

In January 2014, the State Minister for Reconciliation and Civic Equality of Georgia (SMR) approached USAID with a request to recruit an international expert to assist SMR in policy development and evaluation through analysis and expert policy advice. HICD

PLUS contracted Dr. Marian Staszewski, a Polish diplomat with extensive first-hand experience with the issues related to disputed territories.

In June 2014, Dr. Staszewski conducted his first trip to Tbilisi. He met with various stakeholders including diplomats and the heads of international donor organizations involved in conflict resolution issues. The meetings from this first visit created the basis for the first discussion paper Dr. Staszewski produced in July 2014. Dr. Staszewski conducted his second trip to Tbilisi in November 2014, and third - in March 2015

In May 2015, Mr. Staszewski completed the second discussion paper requested by SMR: *International Guarantees for Future Peace Settlements/accords in Abkhazia and South Ossetia, combined with Relevant Guarantees for Georgia as a state* and submitted it to SMR, along with the final report and a *Food for Thought* document outlining lessons learned and future considerations.

Dr. Staszewski's assignment finished in May 2015.

Technical Assistance to the Ministry of Education and Science (MOES)

The Ministry of Education and Science's (MOES) main functions include: establishing modern and innovative educational and scientific environment, advocating for freedom of choice, fair competition, equal opportunities, civil integrity, and respect for cultural identity; and implementing other strategic objectives of the GOG in the education and science fields.

In 2013, the Ministry began providing schools with textbooks. Textbooks are provided through a competitive bidding process, which consists of several stages, including: selection of textbook companies and authors, negotiation, contracting, and distribution of textbooks. MOES wanted to improve their current system of textbook provision. The Ministry requested HICD PLUS assistance in the following areas:

1. Enhancing guidelines, evaluation criteria, and evaluation processes;
2. Setting clear legal terms of title to intellectual property;
3. Supporting strategic approaches to the textbook provision process.

HICD PLUS launched a technical assistance program for the Ministry of Education and Science (MOES) on May 8, 2015. The project recruited two short-term consultants (international and local) for this activity. The international and local textbook consultants regularly met with the MOES' leadership and reviewed the team's proposal for a reformed and improved textbook provision in Georgia. The textbook consultants submitted the following deliverables:

1. Criteria for Author/Publisher Selection to provide a Raw Manuscript;
2. Experts Selection Process;
3. Detailed Guidelines for Textbook Selection Process;

4. A sample outline and content of a contract with publishers/authors, including the conditions for copyright, publishing, and distribution of selected books;
5. Model of a textbook selection data management system;
6. Proposed Timeline and matching Bidding Procedures for new Textbooks;
7. Guidelines for textbook development and editing.

HICD PLUS reviewed the above deliverables and submitted the reports to MOES. MOES reviewed and approved the deliverables on August 6, 2015.

Technical Assistance to the Tbilisi Municipality: Developing Homeowners Associations (HOAs)

In early 2015, the Tbilisi Municipality approached USAID with a request to support their efforts in the development of efficient Homeowners Associations (HOAs) in Tbilisi.

Specifically, the Municipality representatives requested assistance with:

- a) International expertise, best practices, and recommendations on HOA structure as well as revisions to the relevant legislation, and
- b) Training of trainers (TOT) for approximately 500 trainers hired by the Municipality to conduct informational and training activities for HOAs.

In May 2015, HICD PLUS contracted Jaroslava Zapletalova, an international consultant from Slovakia, specifically recommended by the Municipality for the first component of the program. Ms. Zapletalova worked with the Municipality, mainly with the Saburtalo District, and accomplished the following tasks:

- Analyzed specific gaps and needs of HOAs in Tbilisi;
- Provided recommendations on efficient HOA structure;
- Analyzed and where necessary provided recommendations to the relevant legislation;
- Provided recommendations on the bylaw of HOA members.
- Provided recommendations for the training curriculum for Component II of this program.

In mid-June 2015, Ms. Zapletalova submitted the final report which was then accepted by USAID and the Municipality.

The TOT component was planned to begin in early-June of 2015, however, due to the flood in Tbilisi, the Municipality first requested HICD PLUS to postpone and then to cancel this activity.

SECTION IV: PARTICIPANT PROCESSING SERVICES

HICD PLUS provides Participant Processing Services (PPS) to all USAID implementing partners in Georgia. These services include language testing, medical certification, health insurance enrollment, security risk inquiry, J-1 visa processing, pre-departure orientation, and participant data reporting.

100% Customer Satisfaction

The project continues to enjoy a 100% satisfaction rate (based on surveys that Exchange Visitors complete) after processing 170 Exchange Visitors to date.

HICD PLUS processed 36 exchange visitors (EVs) traveling to the United States this year, on behalf of five USAID implementing partners.

From the beginning of the project, HICD PLUS started the practice of holding in-person pre-departure orientation sessions for every EV before they leave. HICD PLUS held eight orientation sessions in Year 4. During these sessions, project staff provide the EVs with their passports, valid J-1 visas, DS 2019 forms, invitation letters, health and accident coverage insurance IDs, and related documents.

SECTION V: MONITORING, EVALUATION, AND GRADUATION

Performance Monitoring Plan (PMP)

The project's performance monitoring plan uses a combination of output and outcome indicators to track the efficiency and effectiveness of project interventions and includes a Results Framework and Indicator Reference Sheets. Please see the Results Reporting Table in Annex A for the status of each indicator.

Performance Monitoring and Evaluation System (PMES)

In early 2012, HICD PLUS completed the development of a performance monitoring and evaluation system (PMES). The PMES is a custom-designed, web-based system that enables the project's partner institutions to regularly and easily monitor their institutional performance by tracking change over time of key indicators. Indicators are selected by the partner institution and are useful metrics by which the institution can measure their performance. The system is based on open-source technology, which enables partner institutions to have complete ownership and prevents them from having to pay licensing fees.

HICD PLUS worked closely with each HICD partner to institutionalize the PMES into their daily operations. The PMES is considered institutionalized if the partner institution meets the criteria set forth in the assessment tool that is completed at the end of an HICD intervention. The assessment tool is a five-item instrument completed by the M&E specialist which captures how recipients are using the PMES as a management tool, and measures the frequency and accuracy of data entry, data analysis, and evidence of revised procedures or practices resulting from analyzed data.

The project's monitoring and evaluation (M&E) specialist worked with HICD partners GSE, and GMA¹, on M&E issues. This involved working with the microfinance association to answer their M&E related questions, and working with GSE to finalize their KPIs and operational indicators and to enter them into the PMES.

HICD PLUS also worked closely with GSE to help institutionalize the PMES.

Return on Investment (ROI) Study

The GSE Impact Study covers all four components of the GSE HICD program. This year, the M&E specialist concluded the evaluation planning stage of the study: reviewed objectives, developed evaluation plans for four components of the program, and identified baseline data for the impact measures. The M&E specialist completed the data collection stage of the study in November 2014: 12 thorough, in-person interviews were

¹ During year 2 of the program, the project's M&E Specialist worked with GMA to institutionalize their PMES.

conducted with the managers of the Performance Planning and Management Component (component 1), Internal Audit Department (component 2), Procurement Department (component 3), and Training Department (component 4). The M&E specialist designed and distributed the questionnaires for all four components under the study and received 47 completed questionnaires. The M&E specialist then analyzed the data on four levels of the ROI study (Reaction, Learning, Application, and Impact) and evaluated the costs of the GSE HICD program. On November 28, 2014, the M&E specialist shared the preliminary findings with the GSE team, and completed and shared the report with the Return on Investment (ROI) Institute on March 6, 2015 to obtain approval of the methodology employed in the study. The ROI Institute approved the report on April 17, 2015, and GSE approved the report at the end of the same month. On June 1, 2015, HICD PLUS shared the report with USAID.

SECTION VI: SPECIAL FOCUS ON LOCAL CAPACITY BUILDING

USAID's strategy for high-impact development, USAID Forward, calls for implementers to invest in country-owned models of inclusive development and build sustainable capacity in the countries where USAID works. Through this strategy, USAID places a renewed emphasis on local capacity building so that U.S. assistance strengthens the actors and institutions responsible for transforming their countries. The HICD PLUS project is committed to USAID's goal of strengthening local capacity and incorporates this vision into the project in several innovative ways.

Building Implementation Capacity

One of the main ways HICD PLUS supported building local capacity is by engaging Georgian service providers to design and deliver the majority of the assistance HICD PLUS provides to our Georgian partners. This happens under the close supervision, mentorship, and coaching of HICD PLUS. The project also frequently paired Georgian subcontractors with international experts to further their learning. This process was helping to develop Georgian business service providers, and ensures that there is a broad and capable base of expertise to provide capacity-building services into the future.

Indefinite Quantity Subcontract Procurement

Most of the project's procurement happened through an Indefinite Quantity Subcontract (IQS) – an umbrella contract that enabled HICD PLUS to issue solicitations to a pre-approved list of eligible organizations and quickly make subcontract awards. HICD PLUS's first IQS began in December 2011, and included five approved consortia composed of 28 Georgian organizations. The project issued 10 subcontracts during the two-year period. In December 2013, HICD PLUS issued a second IQS to seven consortia composed of 25 organizations, including consulting companies, research centers, think tanks, NGOs, associations, ICT firms, and an educational institute. The project has completed four programs through the second IQS mechanism.

Subcontractor Evaluations

HICD PLUS took its role to develop the capacity of Georgian service providers seriously by taking extra steps to provide feedback and learning opportunities. For example, HICD PLUS provides written debriefs to Georgian service providers when their proposals to HICD PLUS are unsuccessful. These debriefs – modeled on the debriefs USAID provides to its implementing partners – provided clear feedback to the organization on their proposal's strengths and weaknesses, thus enabling them to gain a better understanding of donor perspectives and expectations.

SECTION VII: LESSONS LEARNED AND RECOMMENDATIONS

HICD PLUS has not faced any significant challenges during its implementation including the last year of the project. At the same time, the project noticed several issues that were a factor in project implementation and took steps to address them.

Educating the Community about HICD and the HICD PLUS Project

Knowledge of the HICD model is not widespread within USAID, implementing partners in Georgia, or Georgian partners and stakeholders. Initial requests for project support often emphasized stand-alone training as opposed to more holistic performance improvement activities. Moreover, the design of the HICD PLUS project was somewhat unique, in that the project performed several different types of activities for partners across the technical spectrum. Given these two realities, HICD PLUS encountered some challenges in clearly explaining what the project does and how it can support USAID/Georgia's activities.

The project has found that the best way to overcome this confusion is through direct communication and dialogue with stakeholders. Holding meetings with stakeholders enabled HICD PLUS staff to discuss HICD with proposed partner institutions and helped facilitate the conceptualization and nomination of viable and appropriate activities. These meetings also helped educate stakeholders about the distinction between training and institutional performance improvement.

Navigating Elections and Maintaining Buy-in

The October 1, 2012 Parliamentary elections led to a new Government in Georgia and to leadership and staffing changes across the GOG, including in several of HICD PLUS's partner institutions. HICD PLUS quickly met with new staff, explained the activities that were underway, and secured their support. In nearly every situation, project activities continued unaffected and the new leadership expressed full support for project work.

Staffing changes are a constant reality in any transitional country, particularly in the politically appointed leadership ranks of government institutions. Frequent and earnest communication is crucial to building and maintaining support, as is ensuring that any capacity building program reflects the partner organization's institutional goals. True capacity building is not something that can be done *to* an organization. To be successful and sustainable, it must be done *with* them.

Continuous Follow-up and Engagement

Making meaningful performance improvements in an organization takes time. While some actions (such as automating a previously manual process) can yield quick results, institutional-level changes are often not seen until weeks, months, or even years later, as the changes put in place filter throughout the organization. Organizations also often need

continuous support as they implement changes and deal with the inevitable issues that arise.

Both of these realities mean that partner organizations need engagement after the conclusion of HICD PLUS's formal projects with them. For instance, the design of several HICD PLUS activities was such that we delivered action plans or recommendations to our partner organization, and the impetus was upon the partner organization to implement them. When this was the case, the project continued to stay engaged with the organization to ensure that the solutions proposed were working, and to provide technical assistance when necessary. In this way, HICD PLUS helped to ensure USAID's investment in sustainable solutions. This engagement was also necessary to capture the impact when solutions produce measurable performance improvements after the end of project implementation.

ANNEX A: RESULTS REPORTING TABLE

Performance Indicator Name	Baseline	Year	Program Year 1 2011-2012				Program Year 2 2012-2013				Program Year 3 2013-2014				Program Year 4 2014-2015			Notes
		Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 &4	
Components 1 & 2: HICD Interventions, Technical Assistance, and Sector Assessments																		
1.1.1: # of civil society (other) organizations using USG assistance to improve internal organizational capacity	0	Target	12				15				18				20			Numbers for Years 1 & 2 include participants from 16 CSOs in the Leading through HICD (LTHICD) program. Each CSO is counted only once. An additional 12 project counterparts are included: GMA, GARB, GISS, GRASS, ISET, GEA, GLA, DCFS, Article 42, WIC, Life Chance, and ICCN.
		Actual	n/a	11	19	19	22	22	23	23	28	28	28	28	28	28	28	
1.1.2: # of persons completing USG-funded workforce development programs	0	Target	42				64				72				77			Year 1: 59 participants in the Leading through HICD program. Year 2: two participants of the Private Equity and Venture Capital Training for the Partnership Fund, 152 participants from MOLHSA, 48 participants of the project management training for GSE, and 60 interview panel members from MOEP. Year 3: 10 participants of the TOT program from MOEP, 4 participants of the advanced project management training from GSE, 15 participants of the capacity building program for DCFS, 28 participants of the capacity building program for the four APS Grantees, 12 participants of the U.S. study tour on the education of children with hearing and vision issues, 24 participants of the Incoterms training for GSE; 10 participants of the Incoterms training for GOGC, Year 4: 98 auditors from the GRS, 3 librarians from the Finance
		Actual	n/a	43	54	59	213	213	261	321	378	390	414	424	477	477	525	

																		Academy.	
1.1.3: # of public/government institutions receiving HICD or TA assistance	0	Target	4				8				12				14				Results to-date include GSE, SMR, MRA, MOLHSA, NCEQE, Legal Issues Committee under the Parliament of Georgia, MOEP, GOGC, NASP, MOES, MOC, Finance Academy, MOF, GRS, NCDC, and Tbilisi Municipality.
		Actual	n/a	1	3	4	5	8	8	8	9	9	12	14	15	15	16		
1.1.4: % of HICD partner institutions meeting HICD PLUS's graduation criteria	0	Target	n/a				100%				100%				100%				This indicator measures the % of partner institutions that receive an HICD intervention and that successfully meet the pre-defined criteria to terminate the HICD assistance. The interventions with GMA, GSE, and GOGC are completed and the institutions met graduation criteria.
		Actual	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%	n/a	n/a	n/a	n/a	n/a	n/a	100%		
2.1.1: % of local service providers completing the HICD PLUS training program	0	Target	80%				n/a				n/a				n/a				This is not a life of project indicator. The score is calculated one time (Q4) of Year 1
		Actual	n/a	n/a	n/a	83%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
2.1.2: Change in capacity of local service providers	n/a	Target	10%				n/a				n/a				n/a				The average % change in capacity is based on Modules 1 through 10 of the LTHICD.
		Actual				20%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
2.2.1: % of HICD recipients that have institutionalized the PMES	0	Target	n/a				100%				100%				100%				The PMES is considered institutionalized if the partner institution meets the criteria set in the assessment tool that is completed at the end of the HICD intervention. We offered and established the project-provided PMES for two HICD assistance recipients - GMA and GSE. Both institutions met the
		Actual	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%	n/a	n/a	n/a	n/a	n/a	n/a	100%		

																		graduation criteria (see HICD Partner "Completion"/Impact of Engagement). The third HICD recipient, GOGC (see HICD Partner "Completion"/Budget Allocation) could not receive PMES due to programing time constraints.	
Component 3: Participant Processing Services																			
3.1.1 # of persons processed through PPS	0	Target	40				80				120				160				To-date: 88 male, 82 female.
		Actual	n/a	20	n/a	26	46	61	68	78	90	123	133	134	134	145	170		
3.1.2 Satisfaction with PPS services	0%	Target	80%				80%				80%				80%				
		Actual	n/a	100%	n/a	100%	100%	100%	n/a	100%	n/a	100%	100%	n/a	n/a	100%	100%		

Note: Annual targets and actuals are cumulative

**U.S. Agency for International Development
Caucasus Mission
11 George Balanchine Street
0131 Tbilisi, Georgia
Tel: (995-32) 254-40-00**