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ENDORSEMENT MEMO FOR THE DIRECTOR OF U.S. FOREIGN ASSISTANCE
HENRIETTA FORE

FROM: AMBASSADOR JOHN F. TEFFT 

SUBJECT: Fiscal Year 2007 Performance Report for Georgia

As 2007 marks the 15th anniversary of USG assistance to Georgia, it is my pleasure to present the FY07 USAID Performance Report. The Report has been reviewed by all USG agencies under Chief of Mission authority through the Post interagency Assistance Coordination Committee. In addition, the indicators and monitoring approaches used by our USAID staff and partners have been reviewed in Data Quality Assessments on file at Post. I therefore endorse the validity of performance data and results presented in this report.

Operating Environment: As a close ally and strategic partner, Georgia is committed to fully implementing the reforms which began during the 2003 Rose Revolution. Notwithstanding the current political situation in the country, which will lead to earlier than anticipated presidential elections in 2008, the Government of Georgia (GOG) continues fast-paced reforms across almost every sector. USG assistance, as evidenced by the attached Report, is having a dramatic, positive impact.

This Report details the successful implementation of USG assistance in four priority objectives – Peace and Security, Governing Justly and Democratically, Economic Growth, and Investing In People. Within each objective there are notable accomplishments which Georgia and the USG have worked together to achieve, and which provide optimism that future assistance will continue to produce similar achievements.

Challenges, such as Russian economic and political sanctions, tensions arising from separatist regions, and institutional weaknesses, continue to present opportunities for USG engagement. Given the results to date and the challenges facing Georgia, a strong USG assistance program is crucial for Georgia to move toward sustainable partnership status with the US.

Significant Achievements Assisted with USG Support:

Peace and Security: Confidence building activities carried out in South Ossetia and Abkhazia focused on joint business skills training, economic linkages and professional exchanges. Training

for 1,320 individuals from 59 Georgian and 48 Ossetian villages built capacity and promoted commercial linkages. The USG also continued to support Abkhaz/Georgian reconciliation, sending 24 media and civil society professionals on joint study tours to the US and supporting joint health training for professionals from South Ossetia, Abkhazia, and Georgia. The USG also facilitated regional dialogue, involving Azerbaijan, Georgia, and Armenia, over shared water resources of the Kura-Aras river basin and strengthened the capacity of water management institutions and civil society.

The USG's cooperation with the GOG on anti-trafficking issues resulted in the 2007 Trafficking in Persons Report ranking Georgia as a Tier I country (up from Tier II last year). Assistance increased public awareness, provided free legal counsel, and established a second trafficking victims' shelter. Assistance also helped develop the National Referral Mechanism, the State Action Plan for 2007-2008 to fight human trade, and the victim rehabilitation and reintegration strategy.

Governing Justly and Democratically: Assistance provided to executive branch institutions increased their human and institutional capacity, resulting in more effective public services. A total of 470 public officials were trained in essential managerial skills and local organizations were positioned to provide key functional services to the GOG. Training in budgeting, service delivery, local economic development planning, and participatory decision-making was provided to 1,500 newly elected officials and individuals in all 65 municipalities.

Civil Society Organizations (CSOs) received 17 grants to improve public policy advocacy capacities and 47 people received US internships focused on Non-Governmental Organization (NGO) leadership. Furthermore, 20 regional CSOs, including media CSOs, received assistance and 41 people trained in strategic planning, program development and implementation, thereby increasing their sustainability. Weekly television talk shows promoting the issues of integration and tolerance were produced and a group of experts formed to assist the GOG to develop a National Integration Strategy and an Action Plan.

Major political parties were assisted to improve policy and message development, organizational capacity, and constituency links. Public opinion surveys and focus group discussions were conducted for use by political parties and the GOG in preparation for presidential and parliamentary elections. Assistance to the Parliament resulted in an important cross-party dialogue on reforms and improved oversight of the executive branch.

Judicial education and decision making was improved through training judges and lawyers in judicial independence and courtroom comportment, domestic violence, newly legislated civil and commercial codes, and jury trial. The USG supported legal education reform activities by establishing four legal clinics, promoting curriculum reform, and supporting clinical legal education, and legal ethics trainings. Gender equality was also promoted by raising awareness about domestic violence, family and labor law, and over 600 youth and law students trained in

street law. Measures against corruption were supported through aligning Georgian laws to the UN Convention against Corruption.

Investing in People: USG assistance achieved results in the most critical health areas: decreased cesarean sections from 47% in 2004 to 10% in 2007, and reduced rates of postpartum hemorrhage, the leading killer of women during delivery, to 3%; expanded DPT3 coverage 89% to 91.7%; increased contraceptive prevalence to 14,978 couple years of protection in 2007 from 7,000 in 2006; and increased case detection of tuberculosis (TB) to 91% surpassing the WHO target of 70%.

The preparation of a strategic plan attracted millions of dollars of financial support to the country for second line drugs to fight multi-drug resistant TB. As a result of USG efforts, family planning service provision by qualified personnel other than obstetrician/gynecologists at the primary care level was formally approved, greatly expanding access to family planning services. A country-wide concept on accreditation, permitting, and licensing of health care facilities and providers was adopted. National Health Account data was used to develop and adjust case-based reimbursement rates for hospital services. A drug demand reduction program was initiated with the International Orthodox Christian Charities (IOCC) and Georgian Orthodox Church (GOC) in September 2007.

As the leading donor for the education sector reforms, the USG provided high-level advisory services to the Ministry of Education. Support was provided for the decentralization of school management and local decision making by training 2,300 school boards, including parents, teachers, students, and principals. Universities, with USG assistance, are addressing critical accreditation and educational standards issues. Active student involvement in the governance of higher education institutions is leading to the transparent use of university resources, better faculty, and more relevant curricula for future employment.

Economic Growth: Promoting trade and investment opportunities remains a priority, especially in light of economic sanctions imposed by Russia. The USG supported marketing of Georgian agricultural products into new international and domestic markets, generating an additional \$10 million in sales. In total, during FY07 these interventions benefited over 20,000 rural households and 600 agribusinesses.

USG assistance supported the liberalization of the policy environment for micro- and small-sized enterprises and improved their access to financial and business support. Georgia rose from 37th to 18th place in the world on the Ease of Doing Business index, as measured in the World Bank Doing Business Survey.

The USG has contributed significantly to achieving the goal of broadening the tax base and developing a well-functioning tax agency. The results of USG assistance are best reflected by the increase in tax revenue as a percentage of GDP from 17.5 to 22.7% in CY06 over CY05. At

the request of the GOG, the USG supported the merger of the tax, customs, and financial police into the new State Revenue Service (SRS); provided capacity-building support to the SRS in the form of TA, training, and IT support; introduced e-filing of tax returns; and substantially streamlined appeals processes and business registration.

USG assistance to the energy sector promoted greater energy efficiency. Commercial energy distribution losses decreased from approximately 80 percent in FY03 to 10 percent in FY07. The enhanced performance facilitated the privatization of Georgia's largest electricity distribution utility, and the utility expanded energy services to 806,654 people.

Drafted: RWilson

Cleared: MPerry

LIST OF ACRONYMS

ABG	Association of Banks of Georgia
ARV	Anti-RetroViral Treatment
ASYCUDA	Automated SYstem for CUstoms DAta
A-TIP	Anti-Trafficking in Persons
BCNG	Business Consulting Network of Georgia
BOT	Board of Trustees
CCM	Country Coordinating Mechanism
CEC	Central Election Commission
CELD	Communities Empowered for Local Decision making
CIL	Coalition for Independent Living
CLE	Continuing Legal Education
COE	Code of Ethics
CPR	Contraceptive Prevalence
CRA	Civil Registry Agency
CS	Civil Society
CSO	Civil Society Organization
DCA	Development Credit Authority
DCOF	Disabled Children and Orphan Fund
DFID	UK Department for International Development
DOTS	Directly Observed Therapy Short Course
DPO	Disable Peoples' Organization
DPT	Diphtheria, Pertusys, Tetanus
ERC	Education Resource Center
EU	European Union
FDI	Foreign Direct Investment
FORECAST	Focus on Results: Enhanced Capacities across Sectors in Transition program
FP	Family Planning
GBA	Georgian Bar Association
GBTC	Georgian Banking Training Center
GDP	Gross Domestic Product
GESI	Georgia Energy Security Initiative
GFTAM	Global Fund for Tuberculosis, Aids & Malaria
GNIA	Georgian National Investment Agency
GOC	Georgian Orthodox Church
GOG	Government of Georgia
GTEP	Georgia Training for Employment Project
GTZ	Gesellschaft für Technische Zusammenarbeit
HEI	Higher Education Institutions
HICD	Human and Institutional Capacity Development
HR	Human Resources
HSOJ	High School of Justice
HWG	Healthy Women in Georgia program
IATP	Internet Access and Training Program
ICC	Interagency Coordination Council

ICT	Information and Communication Technology
IDU	Injecting Drug Users
IOCC	International Orthodox Christian Charities
IOM	International Organization for Migration
IT	Information Technology
IWRM	Integrated Water Resource Management
JOG	Judges of Georgia
KfW	Kreditanstalt für Wiederaufbau
LE	Legal Education
LED	Local Economic Development
MARPS	Most At Risk Populations
MCH	Maternal and Child Health
MDR	Multi-Drug Resistance
MDR-TB	Multi-Drug Resistance for Tuberculosis
MES	Ministry of Education and Science
MFA	Ministry of Foreign Affairs
MOCRI	Office of State Minister on Conflict Resolution Issues
MOE	Ministry of Energy
MOED	Ministry of Economic Development
MOF	Ministry of Finance
MP	Member of Parliament
MSEs	Micro- and Small-Sized Enterprises
MSM	Men who have Sex with Men
MSMEs	Micro-, Small- and Medium-Sized Enterprises
NCD	Non-Communicable Diseases
NEAC	National Education Accreditation Center
NGO	Non-Governmental Organization
NRM	National Referral Mechanism
NTP	National Tuberculosis Program
NWGD	National Working Group on Disability
OSCE	Organization of Security and Cooperation of Europe
PSA	Public Services Announcement
PSP	Parliamentary Strengthening Program
PWD	People with Disabilities
RH	Reproductive Health
SC	Supreme Court
SCWP	South Caucasus Water Program
SEOPD	Supporting Equal Opportunities for People with Disabilities
SHP	Small Hydro-power Plant
SMEs	Small- and Medium-Sized Enterprises
SOER	South Ossetia Economic Rehabilitation program
SPA	Small Project Assistance
SRS	State Revenue Service
START	Strategic Technical Assistance for Results with Training program
TA	Technical Assistance
TB	Tuberculosis

TIP	Trafficking in Persons
TOT	Training of Trainers
TSU	Tbilisi State University
TTCP	Tuberculosis Treatment and Control Program
UEDC	United Energy Distribution Company
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNICEF	United Nations Children's Fund
UNM	United National Movement
USAID	U.S. Agency for International Development
USG	U.S. Government
VAT	Value Added Tax
VE	Vocational Education
VEC	Vocational Education Center
VOT	Victim of Trafficking
WB	World Bank
WHO	World Health Organization
WTO	World Trade Organization

Georgia 2007 Performance Report

Operating Unit Performance Summary

As 2007 marks the 15th anniversary of USG assistance to Georgia, USAID is pleased to present the FY07 Performance Report. The Report represents the impressive efforts of staff and partners to implement activities which are aligned with USG objectives of transformational diplomacy and development.

This Report represents the successful implementation of USG assistance in four priority objectives through strategic activities carried out in collaboration with Post's USG Assistance Coordination Committee. Each objective contains notable accomplishments which Georgia and the USG have worked together to achieve, and which provide optimism that future assistance will continue to produce similar achievements.

Challenges, such as the Russian economic and political sanctions, including a ban on Georgian goods; tensions arising from separatist regions; and judiciary, parliamentary, executive branch, and electoral sector weaknesses; continue to present opportunities for USG engagement. Given the results to date and the challenges facing Georgia, a strong USG assistance program is crucial for Georgia to move toward sustainable partnership status with the US.

Significant Achievements Assisted with USG Support:

- Georgia rose from 37th to 18th place in the world on the Ease of Doing Business index, as measured in the World Bank Doing Business Survey.
- Georgia achieved a Tier I ranking in the 2007 Trafficking in Persons Report.
- Georgian agricultural products were introduced into new international and domestic markets, generating additional sales.
- Private investors purchased Georgian energy assets for \$132 million, including the United Energy Distribution Company for \$35 million, following the successful turnaround of the company by a USAID management contract.
- Confidence building activities carried out in South Ossetia and Abkhazia focused on joint business skills training, economic linkages, HIV/AIDS prevention, and professional exchanges.
- Newly elected officials in all 65 municipalities of Georgia were trained in budgeting, service delivery, economic development planning, and participatory decision-making.
- School management decentralization achieved through the election of 2,300 boards, competitive selection of principals, and training of 10,000 school administrators.
- 90% immunization coverage was achieved and Georgia assumed full responsibility for vaccine procurement.

All Mission activities are in full compliance with 22 CFR 216 requirements.

Program Area Performance \ 1 Peace & Security \ 1.5 Transnational Crime

The USG's long-term goal is to significantly curtail trafficking in persons (TIP) in Georgia, move the country from Tier II to Tier I, and sustain the Tier I status.

The USG's cooperation with the Government of Georgia (GOG) on anti-trafficking issues resulted in the partial achievement of this goal as the Department of State 2007 Trafficking in Persons Report ranked

Georgia as a Tier I country.

USG assistance in FY07 increased public awareness on TIP crime and its dangers through a wide range of activities, including Anti-TIP (A-TIP) radio spots, TV public services announcements, booklets with A-TIP messages, and meetings with different target groups. In addition, free legal assistance was provided to trafficking victims. Legal consultations were also offered to individuals who were looking for employment opportunities abroad and thus were at the danger of becoming TIP victims in the future. The second trafficking victims' shelter was established in the capital. The existing shelter in Batumi and the new shelter in Tbilisi provide assistance to TIP victims from the entire country. Although the USG provides financial assistance to manage the shelters, the GOG funding for their management and maintenance is gradually increasing and will cover 100% of expenses by October 2008.

USG assistance helped develop three key documents approved by the GoG: the National Referral Mechanisms, the State Action Plan for 2007-2008 to fight human trade, and the TIP victim rehabilitation and reintegration strategy. The strategy implementation by the GOG will start in FY08.

Finally, Georgia's geopolitical location places it at risk of continuous human trafficking, therefore the long-term goal of the GOG and USG assistance for FY08 is to sustain newly earned Tier I status.

Program Element Performance \ 1 Peace & Security \ 1.5 Transnational Crime \ 1.5.3 Trafficking-in-Persons and Migrant Smuggling

The success of the USG's anti-trafficking program is directly in line with USG's long term goal to move Georgia from Tier II to Tier I country. As a result of the USG's cooperation with the GOG during FY07, Georgia was upgraded to Tier I by the U.S. Department of State 2007 Trafficking in Persons Report. Future assistance will focus on maintaining this status.

The USG supported trainings for representatives of the Ombudsman's office, NGOs, judges and airport personnel (a total of 48 people). The training aimed to increase the knowledge of key professionals on anti-trafficking in persons (A-TIP) issues and ensure provision of adequate assistance to victims of trafficking (VOTs). An A-TIP awareness campaign included radio spots, messages on billboards and light boxes, and booklets.

The USG's No to TIP project and the GOG A-TIP Fund have jointly and successfully run the TIP victims' shelter in Batumi (on the border with Turkey), and legal aid hotlines for citizens operated in Tbilisi, Batumi, and Kutaisi. Lawyers conducted 120 legal consultations and represented TIP victims in 16 criminal and two civil cases.

In November 2006, the State Interagency Coordination Council (ICC) adopted the national referral mechanisms document (NRM), a product of the joint work of the GOG A-TIP Fund and the No to TIP project. NRM unites provisions related to granting VOT status to an individual and rules regarding the further referral of VOTs.

In January 2007, the President of Georgia signed the State Action Plan for 2007-2008 to fight human trade, developed collectively by the GOG A-TIP Fund, local NGOs, international organizations and relevant experts. The USG supported meetings of experts that led to the creation of the plan, which is based on three "P"s: Protection, Prevention, and Prosecution. Performance indicators were set for each intervention to

measure the effectiveness of their implementation.

In July 2007, the ICC approved the TIP victim rehabilitation and reintegration strategy, developed jointly by the GOG, No to TIP project, IOM, World Vision and other international and local organizations. This comprehensive document establishes the key directions of state activities aimed to ensure effective rehabilitation and reintegration of TIP victims into the society and encourages the active participation of NGOs, international organizations, social workers, and government in the reintegration process.

Element Indicator Narrative \ 1 Peace & Security \ 1.5 Transnational Crime \ 1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of People in host country trained on TIP related issues: Anti-Trafficking in Persons (A-TIP) trainings to groups from various professions reached a total of 45 people. Among the trainees were judges, airport personnel, members of A-TIP mobile groups, hotline workers, Batumi shelter staff, members of GOG A-TIP working group and representatives of local NGOs and the Ombudsman's Office. The number of people trained increased due to a request from the GOG authorities to include more officials in trainings.

Number of shelters/safe houses established for TIP victims: A new TIP victims' shelter was established in the capital city of Tbilisi. The shelter has the capacity to provide services to 10-15 people at one time.

Number of Public awareness campaigns about TIPs completed: throughout FY07, the implementing partner successfully carried out 13 types of public awareness campaigns that involved 119,493 people. Production of anti-trafficking booklets, postcards, posters, radio and video Public Services Announcements, together with A-TIP documentary film were the most successful means in spreading information about the dangers of TIP. The public awareness activities also involved visits to regions of Georgia, including schools and universities, by A-TIP professionals, during which they discussed A-TIP issues with wide audiences.

Program Area Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation

Peaceful resolution to the separatist conflicts in Abkhazia and South Ossetia is a key USG foreign policy objective in Georgia. These conflicts undercut national unity, social stability and economic growth. USG's assistance will bring GOG and de-facto authorities in Abkhazia and South Ossetia closer to conflict settlement.

The USG supports peaceful resolution of conflict in South Ossetia, in a manner that maintains Georgia's territorial integrity within its internationally recognized borders. The USG, together with other donor organizations, provided resources to the South Ossetia Economic Rehabilitation Program, implemented by OSCE. In FY07, the program achieved significant results in facilitating cross-regional trade, despite intermittent tensions escalated by volatile Georgian-Russian relations and sporadic military sparring. Eleven meetings of the Joint Commission and Steering Committee were held, which were instrumental in raising and eventually overcoming program implementation issues related to open access to project sites, joint South-Ossetian/Georgian participation in business-skills training events and infrastructure rehabilitation of water and electricity systems.

The USG-sponsored study tours in FY07 helped Georgian and Abkhaz participants to develop a better understanding of their roles and links between an unbiased media and effective civil advocacy in the promotion of peace and reconciliation in the region. In addition, the USG designed a new initiative to help

Georgia demonstrate the benefits of reintegration to the populations of the two breakaway regions. The program will support confidence building measures by promoting technical, cultural, social and economic linkages.

In FY07, the USG facilitated regional dialogue over shared water resources of the Kura-Aras river basin. Television shows, where government representatives from Armenia, Azerbaijan and Georgia discussed trans-boundary water issues, were produced and broadcasted. Common water monitoring and quality parameters were agreed by water monitoring agencies, and a Declaration of Intention was signed by three hydro-meteorological centers to enable joint monitoring and forecasting of water resources.

Program Element Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.2 Peace and Reconciliation Processes

Fostering cross-conflict zone commercial ties and organizing the conflicting parties around common business objectives is a powerful tool for advancing peace and reconciliation processes. USG funding in South Ossetia was utilized to provide joint business-skills training; facilitate business linkages; and initiate a dialogue on methods to address relevant licensing and registration issues that must be overcome to enable cross-regional trade and also introduce new services in South Ossetia, such as microfinance. In FY07, 1,320 individuals from 59 Georgian and 48 Ossetian villages received training. In addition to bringing people together and building human capacity, these events led to several commercial linkages. For example, apple nurseries and fish hatcheries located outside South Ossetia started to provide supplies to farms in the conflict zone.

The USG's contribution to the enhancement of regional cooperation among Georgia, Armenia and Azerbaijan in the management of shared water resources is also significant. At the institutional level, progress has been achieved primarily through mid-level technical agency working groups. At the civil-society level, fruitful results were born from the trilateral small grants program and public forum meetings. Media campaigns promoted a greater understanding of benefits of regional cooperation. The USG encouraged participation of women in trans-boundary water activities. More than 100 women were involved in the integrated water resource management (IWRM) workshops, media and gender leadership training and bio-monitoring task forces. In FY08, the program will continue to establish the critical building blocks of trans-boundary IWRM, and build trust among institutions responsible for tri-country water quality monitoring.

In order to contribute to improved relations between Georgia and Abkhazia, in FY07 the USG sponsored two mixed study tours to the US for media professionals and civil society activists. A total of 24 people received training to counteract entity-centric view points. The USG also assisted an NGO to produce an action plan for developing an economic model for the conflict zones, which addresses the problem of unemployment in the area. In FY08, the USG will launch a new program to engage the conflicting parties in confidence building measures by promoting technical, cultural and economic links among youths, independent media, civil society organizations, and public and private sectors.

Program Element Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.4 Program Support (Conflict)

In FY07, the USG carried out an assessment for continuing the development assistance interventions in South Ossetia and Abkhazia. The assessment made recommendations to continue to fund the economic

rehabilitation projects and provide training to support the physical rehabilitation of key facilities in South Ossetia; and to support improved economic opportunities, transnational health and social development and dialogue projects in Abkhazia. This assessment involved USG, Government of Georgia, de-facto officials, international donors and NGOs. In addition to detailed media intervention recommendations, the assessment highlighted the potential for successful activities currently taking place in other areas of Georgia to be expanded into the conflict zones. The assessment led to the design of a new USAID-funded initiative, which will be awarded early in FY08. Up to five awards are envisioned, each with a duration of two years or less, and the funding for individual awards is anticipated to be between \$200,000 and \$1,000,000. The program will engage the conflicting parties in confidence building measures, such as promoting technical, cultural, social and economic links among youths, independent media, civil society organizations, and public and private sectors.

In addition, the USG conducted a mid-term review of the South Caucasus Water Program (SCWP) to assess the Program's overall progress, verify the continued relevance of its strategic direction, and provide recommendations for the year-three work plan. This mid-term review identified that the SCWP made notable progress on several key aspects of trans-boundary water resources management. To address recommendations provided by the evaluation team, the program was substantially redesigned. SCWP now places a primary focus on implementing its exit strategy and developing sustainable, long-term partnerships between local institutions and the U.S. organizations. The program strengthened donor coordination efforts in three South Caucasus countries to enable other donors to build on the results of the USG program once it ends in 2008. SCWP identified a US-based Center of Excellence at the University of Maryland, and is facilitating partnerships between local institutions and the center to ensure sustainable joint monitoring of water resources.

Element Indicator Narrative \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.2 Peace and Reconciliation Processes

All FY07 targets were met/exceeded. Two indicators "number of reconciliation activities with the participation of two or more conflicting parties" and "number of people participating in reconciliation activities with the participation of two or more conflicting parties" represent aggregate results of two USG-funded initiatives, the South Caucasus Water Program (SCWP) and the South Ossetia Economic Rehabilitation initiative (SOER). All other indicators reflect the results of the SCWP program.

Fostering cross conflict zone commercial ties and organizing the conflicting parties around common business objectives is a powerful tool for advancing reconciliation processes. SOER supports reconciliation activities by providing businesses-skills training and fostering economic linkages between Georgians and Ossetians. In FY07, training was provided to 1,320 people; business linkages were fostered; and negotiations initiated related to establishment of microfinance operations within the zone of conflict.

SCWP supported skills development, media campaigns and cooperation on shared water resources among government institutions in South Caucasus, advancing the peace and security goal in Georgia, Armenia and Azerbaijan.

Element Indicator Narrative \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.4 Program Support (Conflict)

In FY07, the USG conducted an assessment in the breakaway regions of Abkhazia and South Ossetia with a
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focus on opportunities for the expansion of diverse sources of information for local residents, confidence building, and cooperative projects.

The FY08 target for the “Number of evaluations” represented the USG’s plan to conduct an end of project evaluation for the USAID-funded South Caucasus Water Program (SCWP). However, in FY07 the USG conducted a mid-term review of the SCWP, which assessed the overall progress and impact of the program, verified the continued relevance of its strategic direction, and provided recommendations for the year-three work plan. As the evaluation of this program was conducted in FY07, the FY08 target for the indicator has been reduced from 1 to 0.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights

The USG’s long-term goal is to establish the judiciary as an equal, independent branch of government and assure the long-term viability of Georgia’s rule of law reforms.

USG assistance has strengthened judicial education and improved judicial decision making. Trainings were offered throughout the year in judicial ethics, courtroom comportment, domestic violence, and jury trials. A total of 53 judges were trained. The USG supported activity partnered with GTZ and the High School of Justice (HSOJ) to conduct training of trainers (TOT) in interactive teaching methods for the HSOJ faculty of 16 judges. The USG supported improving judicial decision making by assisting in drafting a judicial bench book, and developing a comprehensive database on supreme court decisions. The Georgian Bar association (GBA) and the Judges of Georgia (JOG) were also advanced to organizations capable of promoting continued legal reform.

The USG supported legal education reform activities through establishing four legal clinics, curriculum reform, clinical legal education trainings, and legal ethics trainings. This will allow law students to receive quality legal education from their law faculties, which in turn will serve as the main building block for a more qualified judiciary and legal profession.

USG assistance promoted gender equality through raising awareness about domestic violence, family and labor laws. Over 600 youth and law students were trained in street law, including TOT. Measures against corruption were supported through aligning Georgian laws to the UN Convention against Corruption.

Enforcement of judgments and a case management system was improved at the enforcement department of the Ministry of Justice.

A new judicial administration and case management activity was awarded at the end of FY07. This activity will provide the equipment necessary for court administrative staff to process cases in a timely and efficient manner, thus improving the quality and timeliness of judicial decision making, public access, services, uses and understanding of the courts and their facilities.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.2 Judicial Independence

The USG’s long-term goal is to support the establishment of an efficient independent judiciary.

The USG assisted the judiciary to develop and adopt a comprehensive ethics code. Training modules on ethics will be developed during FY08, so the High School of Judges (HSOJ) can provide appropriate training to the newly appointed and sitting judges. The USG also supported Judges of Georgia (JOG), a local NGO, with its organizational development. The JOG was instrumental in the revision of the judicial ethics code, which illustrates why association building is a necessary component to assist in the judiciary remaining independent.

USG assistance contributed to increasing the capacity of the judiciary to render informed decisions. Jointly with the Supreme Court (SC), the Civil Law Judicial Bench Book was developed and will be published in FY08. Assistance was provided to local experts in compiling and preparing analyses of the 2005-2006 SC decisions in electronic format, so that a well organized collection of judicial decisions with commentary is available.

Further, a series of judicial trainings were implemented on media relations, judicial integrity, courtroom comportment, jury trials, and domestic violence. Participants included judges from the first instance courts, court of appeals, the Constitutional Court, SC, as well as magistrate judges. In cooperation with HSOJ and GTZ, a training of trainers was conducted for HSOJ faculty on interactive teaching methods and lesson planning.

The USG supported raising public trust in the judiciary and improved society's perception of judges by assisting in drafting a brochure, "Journalists' Guide to the Courts" in cooperation with the press center of the SC and GTZ, which helped media to understand the court system and certain details of court proceedings. The brochure assisted the media in providing more accurate reporting to the public.

Assistance was provided to the SC and the High Council of Justice (HCOJ) to ensure independence/effectiveness of the judiciary through technical assistance to the HCOJ with a computer program to conduct judicial qualification exams and the continued monitoring of the exams.

The enforcement of judgments and case management system in the enforcement department of the Ministry of Justice was improved as a result of the completion and installation of the writ management system, and staff trained on its proper use.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

The USG's long-term goal is to support the establishment of an effective, transparent, and accountable justice system.

USG assistance contributed to the Georgian Bar Association's (GBA) sustainability. Currently, GBA's own resources cover up to 50% of its costs. Contacts were established with the Bar Association of the State of Georgia and the Bar Association of Israel. Branches were opened in Batumi and Telavi. The GBA ethics commission processed complaints on a timely basis, and addressed public awareness on ethics.

Amendments to the code of ethics and disciplinary procedure were drafted. Trainings and TOT on ethics were conducted. The GBA created a continuing legal education (CLE) committee and CLE curriculum. An internship program was initiated and is managed by the CLE committee. Assistance to GBA will continue in FY08.

Legal education (LE) is strengthened by institutionalizing new teaching methods/ curriculum and increasing legal knowledge of graduating law students. New law faculties developed an elective legal ethics course. Clinical LE was supported in the Batumi Law Clinic, and Tbilisi, Batumi, and Kutaisi State Universities; and was incorporated into the curriculum, with students receiving academic credit. Accreditation standards were not yet developed, due to lack of political consensus, resolution of which is expected by 2008. Funding was provided to the winning Georgian team for the Willem C. Vis Moot Court Competition, for which the students also received academic credit and partial funding - for the Jessup Moot Court Competition international round.

High school students (640) participated in street law classes (135 - from regions); 56 law students received TOT (22 - from regions); the street law program was expanded to the Georgian Technical University and will expand to at least one orphanage; and a teachers' manual was developed to be published in FY08.

Gender equality and human rights protection was promoted through legal advocacy, training (for judges/lawyers), and public awareness-raising (human rights brochures). The local NGO partners provided free legal services on issues including domestic violence, family law, and labor law. The GOG was assisted in the implementation of the action plan on the law on domestic violence.

The GOG was supported to harmonize national legislation with the UN Convention against Corruption, and conduct public outreach on the anti-corruption strategy action plan.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.2 Judicial Independence

Number of Judges Trained: Targets for FY07 were exceeded by 28. Out of a total of 53, 28 were women. Judicial trainings promoted judicial independence and increased the capacity of judges to conduct fair and efficient trials: a) Judges were trained in Tbilisi and Batumi on judicial independence integrity and court comportment; and b) in cooperation with High School of Justice (HSOJ) and GTZ, a training of trainers (TOT) was conducted for 16 HSOJ faculty members (eight women and eight men) on interactive teaching methods and lesson planning.

Number of laws, regulations and procedures related to judicial independence supported with USG assistance: A new judicial ethics code and a judicial bench book were developed in 2007. Trainings offered in FY08 will be based on these.

Number of USG-assisted campaigns/programs to enhance public understanding, NGO support/media coverage of judicial understanding and accountability: The "Judicial Media Guide" was completed and sent to the publisher in September 2007. The guide includes topics such as definitions of legal terms, explanations of court process and laws regarding contacts of judges with the press while a trial is being conducted. In July 2007, a judge of the U.S. Court of Appeals for Second Circuit conducted two judicial trainings on judicial independence and courtroom comportment in Tbilisi and Batumi.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

Number of legal aid groups and law clinics: Exceeded the target by five due to work with more local institutions - the Center for Protection of Constitutional Rights, Kutaisi State University law clinic, Batumi

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State University law clinic, Georgian Young Lawyers Association, Tbilisi State University law clinic, Georgian Law Students Association, Georgian Bar Association, and Judges of Georgia.

To name a few examples, the Centre for Protection of Constitutional Rights provided legal aid to 1,590 (215 male; 1375 female) people in Tbilisi, Gori, and Telavi; and the Georgian Young Lawyers' Association provided legal aid to 1,791 (318 male; 1473 female) people in Tbilisi and Kutaisi. Law students provided free legal aid in civil and administrative law to citizens at Tbilisi, Kutaisi and Batumi State Universities.

All three indicators below fall under a new Judicial Administration and Management Reform project, which was awarded to DPK Consulting at the end of September 2007, and fall outside of FY07 reporting period:

- Number of justice sector personnel that received training;
- Number of USG-assisted courts with improved case management;
- Ratio of new case filings to case dispositions in courts assisted by USG in the area of case management.

Targets for these indicators were not achieved as DPK began mobilization in October 2007. This also resulted in adjusting upward FY08 target for the Ratio of new case filings to case dispositions in courts ...of case management.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance

In line with the USG's long-term goal to sustain Georgia's democratic transition through supporting public sector transparency and accountability at national and local levels, USG assistance contributed to ensuring needed balance between executive and legislative branches as well as strengthening the capacity of both.

In FY07 assistance to the Parliament resulted in initiating an important cross-party dialogue on reforms to the parliamentary rules of procedure which increased participation of political opposition in parliament deliberation and improved public outreach. An internship program enhanced the use of NGO and expert resources by the Parliament on legislative issues. The Parliament institutionalized the Speaker's Advisory Board, initiated with USG support. Trainings provided to parliamentary factions improved their capacity in parliamentary oversight of the executive branch.

Technical assistance (TA) and training to targeted governmental executive branch institutions increased their human and institutional capacity. One example is an improved civil registration system achieved by training 30 staff of the Civil Registry Agency (CRA) in customer service, team-work, and human resource (HR) management; and refurbishing/computerizing 14 CRA offices across Georgia. As a result, citizens enjoy simplified access to more effective services. In addition, two central ministries and the Government of Adjara developed their organizational development strategies, strengthened their HR and policy planning units, and adopted performance-based practices. A total of 470 public officials were trained in essential managerial skills. Local service provider organizations were supported to be able to provide services to the GOG in key functional areas in the future. Furthermore, targeted advisory services strengthened the GOG's national reform coordination and implementation capacity, and improved its communications, outreach and donor coordination.

USG assistance reached newly elected officials in all 65 municipalities across the country by providing TA and training in budgeting, service delivery, local economic development planning, and participatory decision-making to over 1,500 individuals including municipal staff, councilors, and citizens. Assistance also targeted public sector associations, academic institutions and central government agencies to promote

decentralization reform.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

Assistance to the Parliament of Georgia supports the USG's long-term goal to strengthen the Parliament as a balance to the executive branch power. Assistance supported the Parliament to begin an important cross-party dialogue on reforms to the parliamentary rules of procedure. This has facilitated the creation of a technical working group on the topic, which was later complemented by the formation of a political working group. A USG supported conference brought together members of the two working groups, where a consensus proposal on amendments to the rules of procedure was drafted. The USG will continue to support the reform process through FY08, aiming to increase opposition participation in the Parliament and to lengthen the time allotted for deliberation and public outreach. Some resistance to the reforms remains in the Parliament, but the Speaker has shown a willingness to support the process.

USG assistance trained prospective women leaders through the Future Women Leaders program, although many obstacles still remain for women to be elected to the Parliament. In FY08, the program will seek to promote the selection of women candidates among all factions.

Support provided for discussions on public service reform resulted in the responsible parliamentary committee unanimously agreeing to present draft legislation to the Parliament. This will be an important issue on the Fall legislative agenda, and USG assistance will continue to support consensus-building around these reforms in FY08.

Further, assistance has increased the Parliament's research capacity by providing qualified interns to parliamentary committees, factions and offices. In FY08, USG support will focus on maximizing the sustainability of this effort and increasing the transparency of parliamentary activities through the publication of a bi-weekly electronic newsletter. The program has increased the capacity of select parliamentary committees by facilitating three regional public hearings, attended by more than 300 citizens.

Consultations with parliamentary factions have resulted in an increased number of written questions tabled by MPs to the executive branch. This increase represents an improvement from a low base level, and support will continue to the Parliament's oversight efforts in FY08 through the inclusion of the government's parliamentary secretaries in various events.

Finally, the USG initiated Speaker's Advisory Board has transitioned to parliamentary management.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.2 Public Sector Executive Function

The USG's long-term goal is to develop executive branch capacity for leading a complex reform process and provide quality public services.

USG assistance supported the enhancement of transparency, accountability and capacity of targeted GOG institutions through improving human resource (HR) management, strategic planning, financial management, communications systems, information technologies, and managerial skills for mid and high-level managers. In 2007 the GOG abolished the civil service reform coordinating body, the Public Service

Bureau. Nevertheless, progress in FY07 has laid the foundation to develop performance-based management systems and better skilled staff within targeted institutions, and reduced the gap created by the GOG's lack of consensus on civil service reform. The target public institutions are now better positioned to respond to policy level reform.

An intranet system was installed in the Office of State Minister on Conflict Resolution Issues (MOCRI), which eased inter-office communications and was harmonized with MOCRI counterpart institutions such as Ministry of Foreign Affairs (MFA). A website for MOCRI was developed in three languages. Work process analysis and creation of job descriptions in two departments of the MFA are completed and are pending the Minister's approval.

Public administration management training has improved the managerial skills of 17 Government of Adjara senior officials. A mechanism for civil society organizations to better provide quality services to GOG institutions was developed.

Assistance supported the Civil Registry Agency (CRA) by creating an organizational development strategy; improving its financial management, and training 132 middle-level managers in office and HR management, customer service, team-work, relevant legislation; and refurbishing its 14 offices. The CRA's new procedures related to passport and ID issuance and the registration of civil acts has improved the quality of services and transparency. An evaluation of phase I of the CRA clarified that phase II should focus more on developing the legal framework for the civil registry system, and increasing public awareness.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

The USG's long-term goal is to achieve strong local governments as the foundation for a democratic, well-governed state that responds to the needs of its people.

Technical assistance (TA) and training was provided to municipal staff, council members, and citizens in budgeting, service delivery, local economic development (LED) planning, and participatory decision making. Key achievements of the training efforts include the high level of participation of municipalities and the concrete steps they have taken in implementing the new approaches to budget planning/execution, and service delivery. More than 77% of all municipalities have passed council resolutions to begin the program budgeting and service improvement processes and almost half have begun LED planning (57 have introduced and successfully applied program budgeting, and 52 have introduced performance indicators with specific targets in service improvement with involvement of citizens). In FY08, the assistance will focus on consolidating gains by providing more TA to municipalities to solidify their newly acquired skills and approaches.

In FY07 the USG provided organizational capacity assistance to six local NGOs, public sector associations, and academic institutions involved in local governance and decentralization. In FY08, USG assistance will target three such organizations in the interests of promoting a sustainable base for ongoing reform.

The GOG's commitment to decentralization has waned over the last year as evidenced, for example, by attempts to increase central government supervision over local government through centrally appointed governors, and continued control over local government finances. Therefore, in FY08 USG assistance will focus on implementing the existing legislation to further support decentralization reform.

The primary gender consideration of the program is the gender imbalance, with local government staff being predominantly male. This underlying issue is being addressed by supporting women's participation in all the training, plus a Georgian-language Master of Public Administration program that has trained 30 women in FY07 (53 total; 49% of the total trained). At the local level, 63% of all trained NGO staff are women. The training focused on the basics of municipal budgeting and service delivery so that women can increase their role in local decision making.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.6 Program Support (Governance)

During FY07, one final evaluation was conducted, focusing on the overall progress of phase I of the USG supported Civil Registry Reform activity, implemented by the Organization of Security and Cooperation in Europe (OSCE), and making recommendations concerning the directions for the phase II. Phase II will therefore focus on developing the legal framework for the civil registry system, increasing public awareness; and continue with digitalization, an improved IT system and network, and refurbishment of additional regional offices.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

Number of national legislators....attending training, or educational events: USG's Parliamentary Strengthening Program (PSP) provided members of Parliament (MPs) and staff with consultations/trainings, reaching 26 more participants than planned. Over half of the additional MPs and staffers were women.

Number of public forums in which national legislators and ...public interact: Public hearings and roundtable discussions on important pieces of reform legislation had a qualitative impact on the state of discourse surrounding draft laws. Public understanding of reforms has improved, and the opinions of experts and citizens have been increasingly incorporated into draft legislation. Parliamentary committees are playing a greater role in initiating/debating legislation. Following the roundtable discussion, the parliamentary rules and procedural issues committee unanimously voted for the draft public service code. This decision represents a rare instance of the Parliament taking the initiative on a piece of major reform legislation. Efforts to promote public consultation have resulted in a request to organize public hearings in Fall 2007 on the draft Constitution of Adjara.

Two parliamentary factions held independent public discussions modeled on roundtable events organized by PSP. The New Rights faction held a public discussion on the creation of a code of conduct for broadcasters and the Democratic Front organized a hearing on government expropriation of private property.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.2 Public Sector Executive Function

Number of reconstructed national governing institutions... that support democracy and government legitimacy: Four systemic functions targeted in FY07 within four partner national governing institutions (total of 16 functions), resulted in improved services: transparency, accountability, responsiveness to citizen needs and interests, and citizen participation. Interventions centered on improving institutional performance in human resource management, strategic planning, communications, and procurement of services from

local organizations: universities, private consulting firms, NGOs, and think tanks. Development of job descriptions for 22 positions at the Ministry of Foreign Affairs improved institutional accountability for performance. Collaboration with the Office of the State Minister for Conflict Resolution Issues to install an intranet system and develop a website improved its transparency. Assistance to the Civil Registry Agency (CRA) resulted in a three-year strategic plan; the refurbishment, computerization, and digitization of 14 offices; and enhanced capability to respond to citizen needs.

Number of personnel trained: The target was exceeded by 310 due to requested training for customs officers of the Revenue Agency, and the extension of phase I of the CRA program.

Number of executive operations supported: Advisory services were provided to the GOG in national reform coordination/implementation, communication and outreach, and donor coordination.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

Communities Empowered for Local Decision making (CELD) exceeded its FY07 targets due to the introduction of the new local government structure in January 2007.

Number of sub-national government...to improve their performance: As a result of extensive outreach as well as the progressive attitude of the new governments, the demand for immediate improvements in their performance exceeded expectations and affected targets for FY07.

Number of sub-national government...to increase their annual own-source revenues: Higher numbers achieved due to higher demand for trainings on budgeting, service improvement, legislation, property transfer, and public relations.

Number of individuals who received training...and/or decentralization: Was also exceeded due to high demand.

Number of local mechanisms supported ... for citizens to engage their sub-national government: Results were high since all activities emphasized the importance of citizen engagement through public hearings, surveys, and working groups.

CELD revised FY08 targets upward, some being still below the actual for FY07 because some attrition in the numbers of participating municipalities is expected as more advanced topics and on-the-spot consultations are offered.

Number of local NGOs ... supported: a new indicator was added due to new emphases on working with local NGOs as recommended by the mid-term evaluation, and intention to build local capacity for providing services to municipalities in the future.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.6 Program Support (Governance)

FY07 target for the number of evaluations was met – Civil Registry Project Final Evaluation of Phase I activity was conducted.

Local Government program assessment is planned to look at USG's ongoing activity and plan for the future interventions in this sector.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building

The USG's long-term goal is to strengthen political parties, restore balance to political system, and promote national integration of ethnic minorities.

USG assistance helped major political parties to enhance policy development and articulation through improved message development and links to society, and strengthen organizational capacity. A public opinion survey and focus groups were conducted for the use of both political parties and the government in preparation for the upcoming elections. An amendment to the Law on Public Organizations and Political Parties was adopted in 2007, which provides basis for political party financing.

USG assistance was also instrumental in facilitating coalition building efforts among fractionized and diverse political opposition parties. In late 2007 opposition parties united into a sizeable coalition and agreed to compete with the ruling United National Movement (UNM) in the upcoming 2008 elections.

With assistance from the USG, an elections working group was established under the auspices of the Parliament of Georgia, which serves as a forum to facilitate dialogue between UNM and the opposition in their effort to reach a compromise on election legislation (reduction of electoral threshold from 7% to 5%, and composition of the central election commission).

Near the end of FY07, the USG awarded a new election assistance activity designed to promote meaningful political competition and ensure an informed and active electorate in the run-up to the 2008 parliamentary and presidential elections.

USG assistance supported consensus-building processes and empowered people to effectively discuss, debate, and resolve a range of issues related to building a cohesive multi-ethnic nation through television talk shows promoting the issues of integration and tolerance, and trainings in diversity management for civil servants, civil society organizations, media representatives, and various ethnic groups. Training on diversity management was developed and conducted for 95 individuals.

A group of experts was formed and continues assistance provided to the GOG in the development of a National Integration Strategy and an Action Plan to be finalized in FY08.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.1 Consensus-Building Processes

Consistent with the USG's foreign policy objectives, the Government of Georgia (GOG) identified national integration as one of its key policy goals. The USG supported the GOG in the formation of a national integration strategy and an action plan through the establishment of a group of public and civil experts working on these documents. The strategy is based on countrywide consultations, including ethnic minority groups. The document will be submitted to the government for review in mid FY08.

With the USG's assistance a weekly TV talk show was launched on the Public Television system. Ten

programs were created, exposing people to the benefits of diversity and promoting mutual understanding and integration.

A small grants program was initiated and one grant issued to promote cooperation among female entrepreneurs in ethnically diverse regions and the capital, through internships and trainings.

The USG supported nine trainings in diversity management to civil servants, civil society organizations, media, ethnic Georgians, Azeris and Armenians. A total of 95 persons were trained, including 26 representatives of ethnic minorities.

A survey of attitudes, needs and expectations of minority groups as well as of the Georgian population nationwide on issues of ethnic diversity and integration was completed. This comprehensive study, conducted with Freedom House, is based on interviews with 2,400 people throughout the country and focus groups. The study provides information about social, economic, educational and cultural concerns of the minority population which will be used to develop the policy documents.

The USG supported activity cooperates with the office of State Minister on National Integration on policy development issues. It has assisted the GOG in the preparation of the first report to the Council of Europe on implementation of the convention on the protection of national minorities. However, coordination with the GOG has become a problem since the move of the President's Advisor on Integration Issues, the primary counterpart from the GOG, who has not been replaced. In response, the activity diversified the circle of GOG counterparts and established closer contacts with the State Minister's office.

Gender is a cross-cutting issue and is integrated in all program activities. 57.4% of training participants were women. The talk shows intensively incorporated gender issues. One talk show was devoted to minority women's issues.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

At the end of FY07 the USG awarded a new election assistance activity aimed at promoting meaningful political competition and fostering an informed and active electorate in the run-up to the 2008 parliamentary and presidential elections.

With upcoming parliamentary and presidential elections in 2008, the Central Election Commission (CEC), legislators, and political parties must strive to effectively address these issues. USG assistance will target the capacity strengthening of the CEC, contribute to improving voter lists, promote adequate voter turnout, voter education, and political competition through television debates and roundtable discussions, thus contributing to a more balanced representation of political interests.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

In accordance with the USG's long-term goal to restore balance to Georgia's political system and promote political pluralism, USG assistance in FY07 was provided to a wide range of political parties.

USG assistance provided training to senior decision-makers with political parties, mid-level managers, and

heads of divisions to improve their leadership skills and develop long-term strategies for institutional reform. Leaders of the parties learned party organization management and the role of the organization in the political processes between election campaign cycles.

The Amendment to the Law on Public Organizations and Political Parties was adopted in 2007. Georgia is now the only country in the post Soviet Union area, where the state provides public finance for political parties that meet set criteria.

USG assistance targeted major political parties on a consistent basis, providing consultations to aid in constructing a viable political organization, developing local networks, forming party strategy, using polling data, crafting messages, and implementing tactics to communicate messages to voters. Training on media-communications was also provided to public relations departments within political parties to assist them in message communication with media.

The USG assisted local NGOs and youth groups to develop regional networks, and improve leadership skills. The Youth & Women Party Building programs worked with political parties to establish new and strengthen existing youth affiliates to provide robust and broad based youth and women's organizations that serve to significantly strengthen political parties' appeal and access to young voters. The program worked with political party women's organizations to assist them in their development not only within their respective political parties but within the overall Georgian political landscape as well.

An innovative sustainability enhancement program was undertaken to strengthen organizations, such as educational institutions, think tanks, and NGOs that will provide necessary training after the USG phases out of political party development work in Georgia.

USG assistance continued to support public opinion surveys and focus group research to assist the government and political parties in knowing the sentiments and managing expectations of the Georgian electorate, especially in light of upcoming elections in 2008. Political parties will also use the information while developing party strategies.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.4 Program Support (Political Competition)

During FY07 two assessments were conducted, one focusing on the political party development efforts of the USG supported program (implemented by International Republican Institute), and defining the future directions for the follow-on activity. The follow-on activity will therefore focus on: 1) Improved policy development and articulation by political parties; 2) strengthened parties' organizational capacity and links to society; 3) expanded coalitions around major issues of concern for voters; 4) improved dialogue among political parties, and 5) strengthened capacity of Georgian educational institutions, think-tanks, and NGOs to provide training and advice to political parties, as identified by the assessment.

The second assessment focused on the needs for pre-elections support for Georgia's 2008 Presidential and Parliamentary Elections, and identified the major issues that should be considered in advance of the upcoming elections and priority areas for assistance related to the electoral process. The major recommendations of the assessment were: 1) encourage deliberation on policy issues; 2) promote active participation of civil society in the election campaign, e.g., facilitate debates organized in higher education institutions; and 3) promote free and fair elections, e.g., ensure clear separation between party and state.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.1 Consensus-Building Processes

Number of Consensus-Building Processes Assisted: Development and implementation of the national integration strategy represents an overarching consensus-building process which will continue in FY08. Media programming and small grants represent two additional consensus-building processes to be continued in FY08 (total of 3 as indicated under targets): (1) a group of civil and public experts continues its work on the development of a unified strategy and an action plan to accomplish the goal of national integration; (2) A new weekly minority television talk show is produced and broadcast by Public TV; (3) One pilot project is funded through the small grants program.

Number of Groups trained in Inclusive Consensus Building Techniques: Nine trainings (instead of eight) in diversity management were provided to civil servants, civil society organizations, media representatives, ethnic Georgians, Azeris, Armenians, and various other groups. In total, 95 persons were trained, including 26 representatives of ethnic minorities.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

Targets were set for FY08, since this is an election year for both the president and parliament.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

The Political Party Development program met and/or exceeded targets for FY07.

Number of individuals who receive...training: Five-day "Party Building School" workshops were conducted for political party leaders. 575 individuals representing eight political parties were trained on how to: construct a viable political organization, develop local networks, form party strategy, craft messages, and implement tactics to communicate those messages to the voters with the 2008 parliamentary and presidential elections in mind.

Number of political parties and political groupings...to articulate platform and policy agenda effectively: 32 individual and customized consultations were conducted on message development and party structure for the United National Movement, Conservative Party, Republican Party, Freedom Party, Georgia's Way, Industrialists, and National Democratic Party. Top party managers learned about the party-building process, including issues of party ideology, party management, the primary system, and party activities between elections. About 15 formal and informal consultations were conducted with youth branches of all major political parties. Focus groups to identify issues of concern for voters have been conducted in the regions of Georgia.

In FY07 seven political parties received USG assistance. Four were able to articulate platform and policy agendas effectively: the United National Movement, Republican Party, New Rights, and Conservatives Party.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society

To meet long-term USG goals, U.S. assistance helped improve relationships among the government, civil society organizations (CSOs), media and the public to safeguard democratic processes while reversing the decline of CSO impact since the Rose Revolution and the concomitant expansion of executive branch power. A total of 17 advocacy and watchdog grants were made to CSOs to improve public policy and administration, and 47 people were sent to the U.S. on short-term internships focused on NGO leadership and public diplomacy. Furthermore, 20 regional CSOs received assistance and 41 people were trained in strategic planning and program development and implementation, thereby enhancing prospects for the sustainability of targeted institutions. Assistance was also provided to media CSOs. The results of these efforts, to highlight a few, were: strengthened citizen oversight over national and local government budget processes and service delivery; issue-based regional cooperation among CSOs; an anti-HIV/AIDS campaign targeting 2,800 students across Georgia; initial confidence building efforts in the formulation of a model for economic development in the Abkhazia/Georgia conflict region; expansion of the regional victims' support network and public information campaigns to raise awareness of Georgia's newly passed law on domestic violence; improved public oversight of the healthcare sector to ensure more transparency in the hospital privatization process; increased transparency and efficiency in the privatization of state-owned agricultural lands through civic monitoring; open public internet access for citizens and related training for 6,000 people; the development of community radio stations in isolated ethnic minority areas to support national integration; and training of regional journalists during the pre-Presidential and Parliamentary election period to provide citizens with unbiased coverage of election issues. Based on the responsiveness of target beneficiaries in FY07, USG assistance will continue to focus on strengthening the capacity of civil society to spearhead the consolidation of democratic reforms with an increasing emphasis on vulnerable and marginalized groups and replication/expansion of public-private partnerships initiated in FY07 with Philip Morris, Pro-Credit Bank and two international foundations.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

The goal of USG assistance under this element is to establish a broad-based, effective civil society (CS) capable of countering growing executive branch influence, safeguarding democratic processes and facilitating socio-economic progress. USG interventions in FY07 contributed directly to this goal. A wide array of initiatives were undertaken to expand community mobilization, build CS capacity to advocate for reforms, advance government watchdog efforts, enhance education, increase corporate responsibility and promote public-private partnerships. Technical assistance, training and civic monitoring grants were provided in healthcare; hospital privatization; natural resources management; local governance and transparency; community-based tourism; and education reform. Highlights included: a grant to establish community radio stations; Peace Corps Volunteer support to community level training programs to modernize classroom teaching techniques and promote community participation in improving school environments; English instruction, health and life-skills development; and study tours that focused on NGO strengthening, business leadership and regional tourism. All study tour participants developed action plans. The preliminary findings of a recent evaluation indicate that to date 87% of the plans have been achieved or are in progress. Under the Community Connections Program public diplomacy goals are addressed through the establishment of links between American and Georgian regions and communities. As a result, during FY07, individuals/delegations from West Virginia, Massachusetts, Michigan and Nevada, who hosted the study tours, came to Georgia to further develop community relationships and explore business opportunities. Public-private partnerships were utilized under the Small Grants and South Caucasus Cooperation program to leverage USAID resources with private and public organizations, including \$223,000 from Philip Morris,

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DFID and the OSCE. In-kind government support also came from the Ministries of Education, Economic Development, and Environmental Protection as well as municipalities, including renovation of facilities and equipment. As a result of the achievements in FY07, assistance programs in FY08 will focus on broadening youth participation in grant making committees, civic monitoring, social work, regional tourism, community based education and health, corporate social investment, and sustainable strategic philanthropy.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

The USG's long-term goal is to provide wide internet access to citizens and improve their capacity to use the next generation of internet-enhanced technologies. This will improve civil society and media effectiveness through increased collaboration and exchange of information.

In FY07 the USG supported five community internet centers through its Internet Access and Training program (IATP), providing access to about 21,000 people in target areas. The assistance provided effective resources for communities, including civil society organizations and media, to access information and training. IATP held numerous training courses (for about 6,000 people) on computer skills and provided communities with unique opportunities to communicate directly with key policy makers in Georgia. Through online forums organized by IATP, citizens of Georgia directly communicated with government officials and were able to get answers about important issues of their interest, such as issues related to Georgia's territorial integrity, reforms in education sector, reforms in the defense field and Georgia's security policy, and rights protection. Last year alone, Georgian officials responded to approximately 60 questions during the forums. This contributed to increased transparency of the government.

USG assistance supported a distance learning course on tourism management and gave small local hotels an opportunity to create their web-pages both in Georgian and English. As a result, 65 web-pages were created and the number of customers of these hotels increased by 20%.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.3 Program Support (Civil Society)

Given the need to address the critical upcoming elections needs, funds were not budgeted for a new start in media. Therefore the media sector assessment was postponed.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

The number of civil society organizations (CSOs) using USG assistance to improve organizational capacity was exceeded primarily as a result of successful efforts by the Small Grants and South Caucasus Cooperation initiative which provides direct technical and material support under its competitive small grants program. For example, a grant to the Civic Initiative Center (co-funded with the Open Society Georgia Foundation) involved regional CSOs in a series of workshops and roundtable discussions on a CSO Code of Ethics (COEs). This assistance culminated in a Fair, where over 70 CSOs presented their accomplishments in developing a COEs to a wide audience. Furthermore, two policy grants, co-sponsored by DFID, were provided to CSOs to monitor commitments of Caucasus governments to implement the

European Neighborhood Policy which included vocational education and waste management. Given its success in FY07, Community Connections will expand its efforts during FY08 to recruit women from outside the capital (supplementing Peace Corps efforts), thereby adding more gender balance to activities that promote effective public-private partnerships, expand the spirit of volunteerism and enhance small and medium enterprise activity.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

Number of Media Civil Society Organizations and/or Support Institutions: The USG supported Internet Access and Training Program (IATP) has five regional internet access centers and seven independent internet centers (centers that have graduated from USG's funding) operating throughout the country. The centers provide open public internet access for citizens, civil society organizations, journalists, community groups and local government officials. The centers also conduct trainings in basic computer literacy, web design, and on-line forums. More than 21,000 residents of Georgia visited IATP access sites and about 6,000 people attended training courses during FY07. The IATP server in Tbilisi hosts 538 websites.

The target for FY08 was revised from six to five, putting more emphasis on sustainability of existing centers, and anticipating a reduction in budget for the program.

Program Area Performance \ 3 Investing in People \ 3.1 Health

The USG's health program remains a key policy priority and assistance tool to build strong US-Georgian cooperation and a stable society which is responsive to the needs of the poor, ethnic minorities, and the most marginalized segments of society. USG assistance achieved results in the most critical health areas: reduced preventable maternal and infant mortality by decreasing rates for cesarean sections from 47% in 2004 to 10% in 2007 and rates of postpartum hemorrhage, the leading killer of women during a delivery, from 9% to 3% in the pilot areas; achieved 91.7% of DPT3 coverage and ensured sustainability of the program through GOG funding and procurement of vaccines; doubled couple years of protection to 14,978 in 2007 from 7,000 in 2006; increased access to life saving health care for the poor; increased case detection of tuberculosis (TB) to 91%, surpassing the WHO case detection target of 70%; supported 100% adoption of directly observed therapy short course (DOTS); and provided outreach and testing to the most at risk populations (MARPS) for the growing HIV epidemic. The USG programs complemented the \$23.6 million Global Fund (GFTAM) grants for HIV through technical assistance (TA). Preparation of a strategic plan and successful application to the WHO Green light committee brought in millions of dollars of second line drugs to fight multidrug resistant TB. Health partnerships piloted the prevention of cardiovascular disease and stroke through blood pressure management. At the request of the Ministry, work continues with local experts on a strategy to guide the national implementation of clinical guidelines and protocols. As a result of combined efforts of USG's health reform and service delivery projects, family planning service provision by qualified personnel other than obstetricians and gynecologists at the primary care level was liberalized, expanding access to services. A concept on accreditation, permitting, and licensing was adopted. National Health Account data was used to develop and adjust case-based reimbursement rates for hospital services. A draft pharmaceutical policy and law have been developed. A July 2007 assessment of the health care policy environment pointed to the need to provide TA to the GOG as they carry out sector-wide reform focused on privatization to ensure patient safety and quality of care. A new activity was initiated to assist the GOG in the water sector reform to improve access to quality water services.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

The USG's long-term goal is to assist Georgia to contain the epidemic through HIV prevention, counseling and testing services, and reaching out to the key high risk groups.

USG assisted programs had a positive impact on Georgia's commitment and performance related to HIV/AIDS. USAID programs complemented and supported the \$23.6 million Global Fund for Tuberculosis, HIV/AIDS, and Malaria (GFTAM) grants for HIV through technical assistance. Georgia was among the first countries to offer free antiretroviral (ARV) treatment. Currently, all those eligible for treatment receive free ARV: 290 patients out of 593 registered with developed AIDS.

Georgia remained among the relatively low HIV/AIDS prevalence countries, although it continues to have high potential risk for an expanded epidemic. By September 2007, there were 1,406 HIV cases registered which represents a 300% increase in the number of registered cases over the past four years. The actual number of HIV/AIDS cases is believed to be about 4,000. Of critical importance in tracking the epidemic is the prevalence of HIV in the breakaway republic of Abkhazia which is almost four times the prevalence in the rest of the county. The USG plans to continue work in HIV prevention in this breakaway region of Georgia.

The significant achievement is the provision of outreach and testing to the most at risk populations (MARPS). USAID has offered clinical services for sexually transmitted infections to MARPS, and supported behavioral surveillance within these groups. While the evolving epidemic is mostly concentrated in male injecting drug users (IDUs) (60.7% of all cases) and their sexual partners, female sex workers and men who have sex with men (MSM) are the two other MARPS in the country.

FY07 performance has affected the program direction in FY08. An October 2007 infectious disease program assessment recommended that USAID work on NGO capacity building and new NGO incubation which is geared for high risk groups currently underserved, and more effectively target underserved populations (such as MSM) in Abkhazia. Activities addressing HIV/TB co-infection and community outreach will be initiated in early FY08, such as the Peace Corps design of a healthy lifestyle, abstinence, and be faithful curriculum.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

The USG's long-term goal is assist Georgia to establish a national multi-drug resistance Tuberculosis (MDR-TB) program. Key achievements include surpassing the WHO case detection target of 70% by achieving 91% and making a major effort to improve laboratory case detection. This, plus the 100% adoption of Directly Observed Therapy Short course (DOTS) has expanded access to care. The USG supports DOTS spots in three locations - Tbilisi, Poti, and Adjara region. The Tbilisi DOTS spots are currently serving 46% of all Tbilisi TB patients, with observation increased from 20% to 96%. However, TB continues to be a pressing public health threat for Georgia, with a treatment success rate of 65%, falling short of the target of 84%. Treatment default for new patients is high at 13%. The retreatment success rate is extremely low at 49%, with the default rate at 22%, which creates a serious danger of developing MDR-TB. MDR-TB is estimated at 6% in new cases and 28% in previously treated cases.

The USG supports improvement of the managerial and oversight capability of the National TB Program (NTP) and the Country Coordinating Mechanism decision-making authority. Preparation with USAID's assistance of a strategic plan and successful application to the WHO Green light committee attracted

millions of dollars of second line drugs to fight MDR-TB. The GOG provided financial and political support for TB with laboratories receiving top priority, but still 50% of TB funding comes from donors. GTZ funds drugs and the WHO TB drug facility makes concessionary drug purchases. Most GOG funds for TB are used for in-patient treatment and only 10% on outpatient care. The GOG's NTP lacks the technical and managerial capacity to battle TB without donor-financed technical assistance.

FY07 performance affected the direction program is taking in FY08. In October 2007, a USAID/Washington assessment of infectious disease program pointed to the need to strengthen the NTP to coordinate TB assistance and response, and most specifically to review protocols for default, infection control, and occupational safety standards; to strengthen support for TB patients and networks; and to include TB as an essential public health function in the newly reformed GOG health sector.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

A report published in 2007 found that between 2004 and 2005, Georgia saw a rise in adult mortality rates from 11 to 125 per 1,000 population. The premature death of men and women is an economic burden to Georgia. Modifiable lifestyle factors such as smoking, lack of physical activity, unhealthy diet, and alcohol consumption, along with uncontrolled high blood pressure affecting 57% of the population in Georgia, contributes to the heavy burden of chronic diseases. USG supported health partnership piloted the prevention of cardiovascular disease and stroke by controlling high blood pressure. During FY07 the program continued training health providers in appropriate medication, international protocols, better blood pressure measurement, and health promotion. The program expanded to four other districts and resulted in 68% of enrolled patients achieving desired blood pressure levels at a cost of \$8 per patient per year. The program demonstrated that a community based high blood pressure control approach is cost effective and can be reached by in-service training at the primary care level. The program also addressed management of other common chronic diseases such as bronchial asthma and cancer through the development and dissemination of evidence-based guidelines and staff trainings. A follow-on activity focusing on health service and insurance managers' capacity building will be initiated in FY08 and will contribute to efficient and equitable administration of the health facilities, and ultimately, to better management of non-communicable diseases.

A new activity started at the end of FY07 and focuses on improved emergency health services that ensures better, evidence-based management of injuries and non-communicable diseases.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

USG assistance made important contributions to saving women and newborn lives by reducing unnecessary, outdated medical procedures and increasing contraceptive prevalence to over 14,000 couple years of protection from 7,000 in 2006. The rates for cesarean sections declined from 47% in 2004 to 10% in 2007; rates of postpartum hemorrhage, the leading killer of women during a delivery, went down from 9% to 3%. The use of unnecessary drugs and routine episiotomies declined as companion deliveries became an accepted practice. 50% of the country's maternity hospitals now use modern delivery practices initiated and modeled by USAID. In 2007 these procedures account for 60% of the country's births handled by provider teams trained by the Healthy Women in Georgia (HWG) program. Reductions in newborn mortality were achieved due to the introduction of a cost effective (\$3.00 per newborn) warm chain to prevent hypothermia after delivery. As a result of combined efforts of USAID's health reform and service delivery projects, family planning service provision by qualified personnel other than obstetricians and gynecologists at the

primary care level was liberalized, expanding access to services. Licensing standards for maternity units were applied. Both projects advise the national reproductive health (RH) council led by the First Lady which reviews and updates maternal and child health (MCH) and RH policies and guidelines. The USAID's health reform (CoReform) project acts as the technical secretariat for this ministerial council and helped inform all decisions related to new MCH and RH laws and standards and core services the Government of Georgia (GOG) will offer to the public.

A July 2007 health care policy environment assessment reviewed the RH policy and reform agenda of the CoReform and an October 2007 internal management review of the HWG captured the range of project results. These studies pointed to the need to adopt a legacy strategy over the next two years to integrate new modules into the pre-service medical curriculum, develop a concrete plan for contraceptive security, and incorporate MCH into the GOG's subsidized health services package for the poor.

The immunization program achieved 91.7% of DPT3 coverage as opposed to the planned 85%. The GOG is procuring vaccines with state funding and has ensured sustainability of the program.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

The Healthy Women in Georgia (HWG) project, the centerpiece of the portfolio, has directly contributed to reductions in abortion of between 9-21% depending on the site by the promotion of family planning (FP). The distribution of free contraceptives in USAID sites has offered women a strong alternative to abortion. USAID applied a tested regional model of introducing family centered reproductive health (RH) care which involves simultaneous introduction of various delivery and communications channels with FP/RH offered at every level of care, reaching men and women at maternity centers through consultations and seven parents' schools, and medical campaigns and pharmacies, which reached 3.9 million consumers. Last year 600 pharmacists were trained to counsel and make referrals on FP methods. Youth were reached through 15 youth-friendly pharmacies. 922 medical professionals were reached through in-service training and continuous supervision. FP acceptance, greatly impeded during and immediately after the break-up of the Soviet Union, is just beginning to take off in Georgia. Modern contraceptive prevalence (CPR) has gone from 20% to 27% in five years. Over the last year alone, CPR increased by 3% in some regions which is 1% higher than the worldwide average for an annual increase in CPR.

At the policy level the USAID health reform (CoReform) project worked to change provider bias related to FP. Both projects advise the national RH council, which is led by the First Lady and reviews and updates RH policies and guidelines. The CoReform acts as the technical secretariat for this ministerial council and helped inform all decisions related to new RH laws and standards and the core services the GOG will offer to the public.

A July 2007 health care policy environment assessment reviewed the RH policy and reform agenda of the CoReform and an October 2007 internal management review of the HWG captured the range of project results. These studies pointed to the need to adopt a legacy strategy over the next two years to integrate new modules into the pre-service medical curriculum, develop a concrete plan for contraceptive security, and incorporate FP into the GOG's subsidized health services package for the poor. The GOG's radical health reform precludes it from purchasing contraceptives for the entire country. Assuring that the poor have access to high quality contraceptives is a key priority for the USG to be addressed during FY08.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.8 Water Supply and Sanitation

Safe drinking water is essential to ensuring environmental safety and human health. However, distributed water quality in Georgia is below average acceptable health standards. Technical and sanitary conditions at the water intakes of most water supply facilities across the country are inadequate. This is apparent from regular outbreaks of water-borne diseases. Service is also a problem, as most of the settlements of Georgia receive water with interruptions, resulting in daily contamination of distribution systems through groundwater inflow. These problems are strongly linked to the poor management and institutional capacity which currently exist in the sector. Lack of a well thought-out water sector policy, the legal foundation to support it, inadequate resources, and weak institutional capabilities to manage companies to deliver water consistently and treat discharged sewage are the main reasons for the persistent problems in the water and sanitation sector. Agencies which could be responsible for the development and implementation of the water supply and sanitation reform programs do not have adequate policy analysis nor development capacity.

In FY07, the USG conducted a Water Sector Assessment, which led to the design of a new USAID-funded program to address the aforementioned challenges faced by the sector. The program was awarded in late FY07, and will assist the Government of Georgia (GOG) Water Reform Commission in developing an Action Plan for its water utility sector reform. Assistance will be provided to build the capacity of the key decision makers in the sector and create a foundation of public support for the GOG's reform initiatives. In addition, the USG will provide technical assistance and commodity support to two water utility companies in the country to introduce and implement computerized hydrodynamic network modeling systems which will enable them to identify water network vulnerabilities. Recommended network improvements will reduce energy consumption and increase the reliability and quality of distributed water, thereby diminishing the likelihood of adverse health impacts associated with inadequate, contaminated water supplies.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

Number of individuals who received counseling and testing for HIV: 6,842 people were reached. The most at risk populations (MARPS) have very limited access to counseling and testing. Stigmatization creates further barriers to access of health services and provision of quality counseling and testing, that is confidential and anonymous, is of utmost importance for HIV prevention and detection. In FY08, the number will reach 7,000 individuals through free-of-charge services provision to MARPS in the project supported centers. In addition, a Mobile Laboratory will become operational increasing access to services for MARPS and the number of beneficiaries.

Number of individuals reached through community outreach... being faithful: Targets were not met, since the Peace Corps activity aiming at the outreach started in October 2007.

Number of registered TB patients...; and Number of individuals trained to provide clinical treatment for TB to HIV-infected...: Targets were not met, since the intervention design was dependent on the infectious disease program assessment results, which was conducted between June – October 2007. The intervention will begin in FY08.

An infectious disease program assessment looked at HIV and TB programs and recommended that USAID work on NGO capacity building; reach out to MARPS currently underserved; and strengthen capacity to manage TB/HIV co-infection.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

Number of people trained in DOTS: Along with DOTS training, the Tuberculosis Treatment and Control Program (TTCP) does extensive on-the-spot coaching of laboratory technicians, nurses, and doctors. TTCP trained fewer people than planned, since it was asked by the National Tuberculosis Program (NTP) and the Global Fund for Tuberculosis, HIV/AIDS and Malaria (GFTAM) to focus on extensive supportive supervision of medical personnel instead. This approach will assure greater sustainability and will continue in FY08. Currently, 140 people are being supervised by the activity.

Existence of a Multi-Drug Resistance for TB (MDR-TB)... at the national level: There are three quality criteria for the country: A policy supporting MDR-TB diagnosis and treatment; a functioning surveillance system; and at least one laboratory in the public sector performing culture and drug sensitivity testing. Each component is rated as 1=Yes and 0=No. TTCP met the target as planned and Georgia has a multi-functioning surveillance system and a laboratory in the public sector performing culture and drug sensitivity testing.

An infectious disease program assessment, conducted between June – October 2007, pointed to the need to strengthen the NTP to coordinate TB assistance/response, to review protocols for default, infection control, and occupational safety standards; to support TB patients and their networks; and to include TB as an essential public health function in the GOG health sector.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

Number of beneficiaries of USG-funded service-orientated programs to reduce non-communicable diseases: The target of 106,000 beneficiaries set for FY07 is inaccurate as it represents the cumulative number of people that were treated for non-communicable diseases (NCDs) since the program's inception in 1998. By the end of FY06, 66,000 beneficiaries were treated for NCDs. Therefore, the single year target for FY07 was 40,000 beneficiaries, the difference between the cumulative target (106,000) and the cumulative result in FY06 (66,000). The actual figure in FY07 has met and exceeded the disaggregated target for FY07. The target for FY08 was adjusted to reflect the Emergency Medical Services activity initiated at the end of FY07.

Number of people trained in strategic information management: This is the new indicator added due to the expansion of the activity which was initiated at the end of FY07, so the target is set for FY08. Health service manager and insurance manager training responds to the emerging human resource needs in these fields in light of the ongoing health reforms, as the system moves toward private provision and purchasing of health services. Modern and efficient management of the health services and insurance will significantly contribute to better access and higher quality health services, including those for non-communicable diseases and injuries.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

Number of women giving birth who receive Active Management ... and
Number of newborns receiving essential newborn care: FY08 targets were adjusted upward to account for new sites. The increase in number of sites resulted in surpassing the FY07 targets by 868 and 782 respectively.

Number of children ... DPT3: UNICEF's immunization program indicated the DPT3 vaccination rate

during the period 10/01/2006 - 08/30/2007. A shortfall is due to the exclusion of September 2007. The reported figure reflects a 91.7% of immunization rate vs the planned 85%. The FY07 target is expected to be exceeded once September data is included.

USAID's Senior Health Adviser joined the USAID/Caucasus health team to carry out an assessment of the health care policy environment, and defined priorities in the light of the new health reform program.

As a result, the USAID's health reform (CoReform) project was reshaped to respond to the fast-changing policy environment and to help the GOG anticipate and identify options to address the policy and regulatory needs created by the transition to privatized health service delivery and health financing system. A concept on accreditation, permitting and licensing, and designation of individuals responsible for implementation planning was adopted; National Health Account data was used to develop and adjust case-based reimbursement rates for hospital services; and a draft pharmaceutical policy and law was developed and submitted on request from the GOG.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

Number of service delivery points...: Approximately 194 primary health care ambulatories and medical facilities were added to the list of functioning family planning (FP) sites in targeted regions of Healthy Women in Georgia (HWG) project, bringing the total number to 335 and surpassing the target by 59. The HWG FP component now covers more than half Georgia's population and targets for FY08 have increased.

Couple years of protection: Achieved 14,978 in FY07, surpassing the target by 3,978.

Number of new approaches... introduced: In December 2006, the Georgia Reproductive Health Policy Framework was presented to the Parliamentary Committee on Health and Social Affairs by Ministry representatives. Both institutions have endorsed the contents of the policy. Although it has not yet been legalized as official policy, several key policy objectives have been reflected in the official plans guiding the current reforms. At the request of the Ministry, USAID's health reform (CoReform) project works with local experts on a strategy to guide the national implementation of clinical guidelines and protocols. Finalization of the strategy was targeted for FY07; as a result of organizational changes in the Ministry and delays in convening of the National Board for Guidelines and Protocols, achievement against this indicator has been postponed and is expected in FY08 in line with completion of the reorganization and reform process of the Ministry, which is planned for end of 2007.

Program Area Performance \ 3 Investing in People \ 3.2 Education

The USG's long-term goal is to deepen the ability of the Ministry of Education and Science (MES) to establish more efficient roles for public and private education. The GOG commitment to education was reflected in a steady, annual 12% increase of public expenditure in 2007 and 2008. With USG support, a national education strategy and action plan was put in place. This blueprint for education reforms was coupled with better management of finances, adoption of a national education accreditation plan for higher and basic education, and more grassroots involvement in decision-making. USG support led to great strides in improving transparency in higher and basic education. Last year a broad merit-based system across all levels of education was put in place. This included a unified national university entrance exam for students; selection and contracting of school principals; and election by communities of Boards of Trustees (BOTs)

composed of parents and teachers for school oversight.

Decentralized management of schools led by the new principals, trained by the ERCs in financial management and administration, resulted in greater transparency and accountability of local resources for schools. The collection of education data by ERCs yielded comparative data on school performance and indicated that rural schools still lag behind in terms of quality. The USG supported the development of a core curriculum for ERCs on education financial management and administration targeted towards principals and BOTs.

The USG supported local decision-making and increased professionalism of school administration by training 2,300 school BOTs and principals. BOTs played a key role in oversight of finances, which resulted in equitable distribution of school resources and revenues, redressing decades of inequality for schools in marginal communities.

USG assistance strengthened the National Education Accreditation Center and supported adoption of standards and the system for universities' accreditation, resulting in significantly reduced number of universities.

Universities, with USG support, are addressing the critical issues of consistent and equitable grading across faculties and institutions. Active student involvement in the governance of higher education institutions leads to the transparent use of university resources, a better faculty, and more relevant curricula to prepare students for their future employment.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

The USG's long-term goal is to improve the quality and access to basic education, particularly in rural areas. The immediate goal is to transform education management into a democratic and transparent system. Within the education reform framework the Ministry of Education and Science (MES) applied the Education Resource Center (ERC) concept nationwide, supporting the country's 2,300 schools. The simultaneous launch of the ERCs created, for the first time, a resource for newly elected school board of trustees (BOTs). In FY07, 65% of all ERCs became fully functional. All ERC staff was trained in strategic and operational planning, and in effective functioning of BOTs. A merit-based system of school director selection was applied. 30 ERCs were able to develop individual three-year strategic plans for communities and schools.

For the first time in Georgia, a performance monitoring system was piloted for 25% of ERCs. USG assistance supported the integration of this system with the national system of education monitoring and evaluation at the central ministry level.

USG technical assistance assembled a finance task force to consider the needs and content for training in school financial management, and the first manual in this area was developed, to serve a basis for related training for ERCs.

Another key education reform supported by the USG was the standards of school education quality accreditation. For the first time in Georgia, a strategy and system for general education accreditation was proposed. It is now being reviewed by the National Education Accreditation Center (NEAC).

The USG also supported critical training for MES key personnel (heads of departments in education reform

communication and public outreach by the central ministry to the public, and courses on research, monitoring and evaluation).

Special attention was given to the strategic data needed. Staff of all 69 ERCs was trained in school management data collection and the Education Management Information Systems, thereby creating a basis for improving school data and a technical competency of school leadership throughout Georgia.

In October 2007, a review of education sector reform in Georgia and progress under the General Education Decentralization and Accreditation (GEDA) project was carried out by USAID/Washington and identified the next steps to strengthen the GOG's education reform process, which will continue during FY08.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.2 Higher Education

The USG's long-term goal is to improve the quality of higher education in Georgia. Assistance supported the higher education accreditation process in Georgia, as a means for a major shift of university education to a modern, quality, tailored higher education system keyed to standards corresponding to the needs of the labor force.

USG support to higher education in FY07 was primarily directed to strengthening the organizational, technical and financial management capacity of the newly formed National Education Accreditation Center (NEAC), charged with university accreditation, resulting in state funding for a university. A direct product of USG technical assistance was the development, adoption, and application by the NAEC of both the standards and the system for accrediting universities. USG assistance organized over 100 stakeholders to work on these standards, and trained 65 members of the newly established quality assurance teams representing all universities. These teams will assure that universities comply with the new outcome-based standards. The five-year strategic plan of NAEC, developed with USG support, has become an important tool for directing and sustaining the accreditation reforms.

In 2007, institutionalization of criteria-based accreditation resulted in only 41 of the 227 existing universities receiving accreditation. It is generally believed that some of the nonaccredited institutions will strive to meet the standards, while many may close. This rationalization offers the opportunity for the universities that meet quality standards to have increased resources for their operations, which in turn will translate into better quality programs.

Element Indicator Narrative \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

Number of Parent-Teacher Association or similar 'school' governance structures supported: The target for 2008 was adjusted to the higher number, considering the higher number of the School Boards of Trustees (BOTs) elected successfully as compared to the original plan.

Number of administration and officials trained: The FY07 target was exceeded by 55 due to higher demand than anticipated.

Does your program support education systems/policy reform?: Actual performance was achieved through making the 69 Education Resource Centers (ERCs) in the country functional and providing support to 2,300 BOTs. 1,700 BOTs were trained by the ERCs in school management. The strategy for general education accreditation is ready and will be reviewed by the National Council of Accreditation. Standards for school

accreditation are in place.

A review of education sector reform in Georgia and progress under the General Education Decentralization and Accreditation (GEDA) project was conducted in October 2007; therefore it is outside the FY07 reporting period. This resulted in an adjustment of the FY08 target for assessment.

Element Indicator Narrative \ 3 Investing in People \ 3.2 Education \ 3.2.2 Higher Education

Number of host-country individuals trained ... involving higher education institutions: Actuals exceeded FY07 targets because of a greater number of institutions than planned requested training for members of their quality assurance teams, towards developing a self-assessment report of universities next year.

Number of USG-supported organizational improvements that strengthen the institutional capacity of host-country higher education institutions: Targets were met and included the development of a strategic plan for the National Education Accreditation Center (NEAC), which incorporated the Higher Education Institutions (HEIs) accreditation plans; and the training of 50 experts of the NEAC in university assessment and self-evaluation methodology.

A review of education sector reform in Georgia and progress under the General Education Decentralization and Accreditation (GEDA) project was conducted in October 2007; therefore it is outside the FY07 reporting period. This resulted in an adjustment of the FY08 target for assessment. The higher education component of the assessment was limited to accreditation of higher education, which was within the scope of the GEDA project.

Program Area Performance \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations

Injecting drug use is a social threat which is gaining considerable prominence in Georgia. The Government of Georgia (GOG) estimates that 200,000 Georgians, many of whom are under the age of 15, are using injecting drugs, placing them at risk for HIV/AIDS and other sexually transmitted infections and leading to social dysfunction. While USAID has been working on the AIDS epidemic since 2000, the first drug demand reduction program was signed with the International Orthodox Christian Charities (IOCC) and Georgian Orthodox Church (GOC) in late September 2007. The program targets in-school youth in Tbilisi and promotes healthy lifestyles and anti-drug messages. A mass media campaign tied to the in-school education will be launched in January 2008. These interventions will contribute to developing social support networks essential for addressing pressing issues especially, at the community level and strengthening social services.

Program Element Performance \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations \ 3.3.2 Social Services

The growing illicit drug use problem in Georgia is causing adverse impact on economic growth and social welfare, and is burdening the legal system. A clear correlation exists between drug-related crime and unemployment, with 90% of drug-related offenders in 2005 among the ranks of the unemployed. Between 2004 and 2005 there was a 6% increase in drug-related crimes in Georgia. Of the 1,890 persons convicted and punished in 2005 for illegal use of psychotropic drugs, 91% were first-time offenders. The USG activity is implemented in partnership with the Georgian Orthodox Church (GOC) Anti-Narcotics Drug

Addiction Center, the GOC youth initiative “Dzevali”, and Georgian media outlets.

The activity is aimed at youth, 11 to 21 years old. The aim is to identify risky behaviors and motivate youth to reject illicit drug use. This will be accomplished by enhancing social support networks through the training of clergy, teachers, youth leaders and parents, and by carrying out an age-appropriate drug abuse prevention national media campaign. Significant resources for the project will be leveraged through the GOC and Baltimore Substance Abuse Systems.

The grant supporting social service activities was signed in late September 2007, therefore, no targets were set for FY07 and no results are reported.

Program Area Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth

USG resources contributed to achieving the long-term goal of broadening the tax base and developing a well-functioning tax agency. The results of USG assistance in this program area are best reflected by the increase in tax revenue as a percentage of GDP from 17.5 to 22.7 percent in CY06 over CY05.

The USG and the Government of Georgia (GOG) made significant strides to improve fiscal policies and regulations, while developing the capacity of fiscal institutions to utilize modern information technology (IT) practices. At the request of the GOG, the USG supported the merger of the tax, customs, and financial police into the new State Revenue Service (SRS); provided capacity-building support to the SRS in the form of technical assistance, training, and IT support; introduced e-filing of tax returns; and substantially streamlined appeals processes and business registration. These interventions have served to improve the GOG’s fiscal management ability, increase voluntary tax compliance, streamline operational procedures, and enhance taxpayer services.

These measures are in alignment with the USG priority to support the development of mature fiscal institutions that promote free-market reforms and the GOG’s priority to create the sound fiscal administration necessary to manage the economy, properly budget and allocate funds, and generate the government revenues needed for economic and infrastructure development.

Program Element Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

The Government of Georgia’s (GOG) long-term goal is to increase voluntary tax compliance, improve operational procedures, and enhance tax-payer services to create the sound fiscal administration necessary to manage the economy, properly budget and allocate funds, and generate the government revenues needed for economic and infrastructure development. The USG helped the GOG work toward this goal through direct support to the new State Revenue Service (SRS) to build its capacity and improve information technology (IT) systems.

Operational and organizational advice was provided during the merger of tax, customs, and financial police into the new SRS; a study tour was arranged for senior officials; and coordination sessions were organized for the new management.

Significant strides were made toward electronic filing of tax returns. Improved regulations and a simplified value-added tax return form were introduced. E-filing of monthly tax returns will be implemented starting

November 2007. These measures will ease taxpayer compliance burdens and improve the State Revenue Service's control functions, contributing to the culture of voluntary compliance sought by the GOG.

The State Revenue Service was also given assistance to implement new VAT invoice processing software which will identify unregistered VAT taxpayers and document disparities between invoices filed by buyers and sellers for the same transaction. The website was upgraded to enable taxpayers to check their balances online and confirm their tax payments, which is estimated to save taxpayers approximately \$3 million a year.

The Entrepreneurs Registry is now available online. In FY08 the USG will continue to provide support to eliminate all regulations requiring paper copies to be submitted for common transactions, such as registering property, applying for a license or permit or opening a bank account.

The Ministry of Finance (MoF) has received support to issue tax rulings, eliminating ambiguities in the tax code, and implementing case management and tracking systems for statistical analysis and performance monitoring.

As a result, the MoF reports continued increases in both the number of registrations by taxpayers and the amount of revenue collected. Private sector compliance costs have decreased as the time to register an individual taxpayer and a business have been reduced from three days to one day, and from five days to three days, respectively.

Element Indicator Narrative \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

The USG successfully met its FY07 targets for the fiscal reform program element. A total of 12 key officials of the State Revenue Service were trained in implementing new procedures, which resulted in improved operational efficiency at this agency.

The indicator "number of key items of revenue policy work product prepared by the Fiscal Policy Unit" consists of large policy reforms, including e-filing of tax returns, tax collection from non-filers/non-payers, tax appeals, comments on the GOG's Revenue Service Amendments to the Tax Code, audit selection software and other policy reforms and activities geared toward improving taxpayer services and moving the country toward voluntary tax compliance. These interventions, once fully implemented, would further improve Georgia's ranking from 102 to 35 in the "Paying Taxes" category of the World Bank's Doing Business Survey.

USG-supported interventions, including the establishment of a new unified revenue service, adoption of effective fiscal policies and the introduction of streamlined tax appeals procedures and e-communication systems contributed to an increase in the share of tax collection, as a percentage of GDP, from 17.5 to 22.7 percent in CY06 over CY05.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

An improved trade and investment enabling environment and increased trade capacity of micro-, small- and medium-sized enterprises (MSMEs) are instrumental in increasing trade and investment volume, creating

jobs, and ensuring sustainable economic growth in Georgia. USG assistance in FY07 was in alignment with USG assistance priorities and the Government of Georgia (GOG) goals of implementing free-market reforms.

USG programs took a multi-pronged approach to trade facilitation, working with the GOG to improve the trade and investment enabling environment and establishing and strengthening business support organizations to increase the trade capacity of MSMEs. As a result of technical assistance and commodity support provided to the GOG's State Revenue Service, Border Police and the Georgian National Investment Agency (GNIA), trade turnover and foreign direct investment (FDI) both experienced dramatic increases - trade turnover increased by 40 percent and FDI inflows more than doubled in CY06 over CY05; the trend was sustained during 2007. With USG assistance, GNIA, the public agency responsible for the promotion and facilitation of investment, was restructured to more effectively target FDI, develop investor materials and modernize its online marketing.

Technical assistance and support to a countrywide network of business support organizations facilitated the adoption of international standards by MSMEs, improved their capacity to export, and increased their access to a wide spectrum of training programs and financial resources. By promoting the sustainability of business support organizations, USG assistance is building Georgia's institutional and human capacity in trade and investment, facilitating trade communication and technologies, and promoting compliance with international standards.

While Georgia leaped 19 places on the World Bank Ease of Doing Business Index, its ranking declined from 59 to 64 on the Trading Across Borders category. Although Georgia reduced the import and export costs (from \$1,370 to \$1,105 per container), significant reductions are needed in the time it takes to import and export goods. Strong progress on customs clearance procedures and a subsequent reduction in the customs clearance time will be achieved in FY08, once the USG-supported risk management and cargo selectivity programs are rolled out nationwide.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

USG resources in FY07 supported the Government of Georgia's (GOG) efforts to reduce customs clearance time and cost, and increase compliance with global trade conventions and standards. Progress made in this element contributes to the achievement of Georgia's long-term goal to become a production platform for other markets.

The USG partnered with the GOG to develop and implement seven legal and institutional actions geared towards improving the country's trade and investment enabling environment. Simplified procedures for border-crossings were established; an authorized economic operator program was developed; tax, customs and financial police were merged into a unified SRS; a customs risk management system was piloted; a new Customs Code that complies with WTO standards was enacted; a public-private sector task force to review customs regulations was created; and WTO valuations procedures were developed for large taxpayers.

Assistance was given to the SRS to pilot a customs risk management system, which resulted in the release of 85 percent of shipments without physical inspection, while also revealing an ongoing scam to undervalue shipments. The USG, in partnership with UNCTAD, procured and installed database management software enabling the GOG to implement a cargo selectivity program, introduce paperless customs declaration

processing, and increase compliance controls. In FY08, the USG will continue to support the roll out of the cargo selectivity program and expand the Gold List program designed to streamline customs processing for high value/volume goods.

Due to institutional reforms and personnel changes undertaken by the GOG during FY07, implementation of the USG-supported customs improvement program has been slower than expected. Part of the delay was caused by the merger of the tax, customs and financial police into a new revenue agency (SRS). In response to perceived obstacles, the USG developed a diagnostic system that addresses customs processing delays. In response, the GOG made assurances to accelerate the pace of the program.

The USG supported the opening of the new international airport terminal in Tbilisi, the capital of Georgia. Recommendations on passenger processing were provided to airport officials and customer service training was delivered to 103 customs officials and border police employees. In addition, 418 line officers responsible for implementing the Customs Code received training on customs procedures.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

In FY07, the USG enhanced the capacity and promoted the sustainability of a countrywide network of business support organizations, which seek to build the trade capacity of micro-, small- and medium-sized enterprises (MSMEs). Improving the trade and investment capacity of Georgian firms is the key to increasing trade volumes, reducing balance of payment deficits, creating jobs and ensuring sustainable economic growth.

The USG provided technical assistance to six business support organizations to increase their sustainability and ability to provide trainings to MSMEs in the areas of foreign trade facilitation, promotion and adoption of international standards and securing financing and investment. This technical assistance is targeted through the use of continuous evaluation of the skill needs of the business support organizations. The business support organizations, with USG support, delivered consultations to 1,162 businesses and provided targeted assistance to 41 MSMEs to improve their trade capacity and expand production. To facilitate the sharing of experiences and cross-use of consultants, the Business Consulting Network of Georgia (BCNG), a countrywide network of business support organizations, was established. In FY07, BCNG offices trained 121 individuals through eight training events on topics related to investment and trade capacity.

The USG supported the establishment of two business incubators for MSMEs: the incubator in the Kakheti region focuses on honey production; and the incubator in the Svaneti region, founded through a USG grant to the Women in Business Association, assists start-up MSMEs.

A USG-supported Business Comes to Parliament Forum demonstrated the benefits of the public-private partnership, facilitating a dialogue between the business community and the Government of Georgia. The Government's commitment to increasing the trade and investment capacity of MSMEs is reflected in reforms to streamline customs and taxation processes.

The efforts to strengthen business support organizations, business incubators and consulting networks, provide a multiplier effect to USG assistance since as these organizations achieve sustainable operations, they will continue to provide support to improve the trade and investment capacity of Georgian firms, which is the key to increasing incomes and ensuring economic growth. Therefore, in FY08 the USG will continue

to support business service organizations as they move toward sustainability.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

In FY07, at the request of the State Revenue Service (SRS), the USG initiated a public-private dialogue on trade and investment issues. A strong relationship was established with both the private sector and the Tax and Customs Division of the SRS, enabling the USG to facilitate 27 consultative processes with the private sector, highly exceeding the target of 14.

The USG partnered with the Government of Georgia (GOG) to support development and/or implementation of seven legal and institutional actions geared toward improving the country's trade and investment enabling environment

In FY07, 726 individuals were trained on trade and investment through 14 training events. In addition, two trade and investment environment diagnostics were conducted. The USG effectively demonstrated the benefits of trade diagnostics to the GOG, which led to the establishment of a governmental unit responsible for evaluating the impact of all new legislation on the private sector.

In FY08, UNCTAD will provide training to customs line officials in implementing the ASYCUDA World System. Therefore, the FY08 targets for the indicators that relate to trade and investment training events have been reduced. At the request of the GOG, USG programs in FY08 will deliver specialized training to targeted units. For example, training will be provided to IT personnel to improve management reporting, and to the SRS audit division to implement post-clearance audit procedures.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

In FY07, nine capacity-building service providers, instead of the targeted six, received USG assistance, including six business service organizations, the Georgian Banks Training Center (GBTC), the Guria Agribusiness Center and two business incubators. GBTC provides training to the bank and non-bank financial institutions which offer credit to local businesses engaged in trade. The USG provided training to six business service organizations in export promotion, the new Customs Code, and the Generalized System of Preferences. These organizations assisted 41 micro-, small- and medium-sized enterprises in export-related issues, providing a wide array of consultation on consumer targeting, productive investment decisions and other factors affecting trade.

The USG-supported Guria Agribusiness Center, a trade-related business association, and two business incubators in the Svaneti and Kakheti regions became self-sustainable in FY07, exceeding the target of trade-related business associations that are at least 50 percent self-funded. These organizations assisted farmers to expand their production and exports, facilitating job creation in the regions.

A total of eight separate USG-supported training events were held on topics related to investment capacity building and improving trade, benefiting 121 participants.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

A Strong financial sector contributes to the expansion of small- and medium-sized enterprises (SMEs), including agribusinesses, which have the potential to be a force for economic growth and job creation in Georgia. Therefore, development of the sector plays a critical part in accomplishing the USG's and Government of Georgia's (GOG) goal for economic growth and enhanced economic opportunity for all Georgians.

The USG took a multi-pronged approach to programming in the financial sector, contributing to improved access to financial services for an increased number of borrowers. The USG established the Georgian Banking Training Center and built the center's capacity to offer internationally recognized training to bank and non-bank financial institutions. In FY08, the center will provide training to Georgia's financial officers, thereby improving and deepening the services offered by financial institutions.

USG interventions in FY07 supported youth, men and women in rural and urban areas, the GOG and the private sector, including the business community and financial institutions. USG assistance substantially contributed to increasing commercial banks' loan portfolios, which experienced an unprecedented increase of 53 percent in 2006, followed by a 30 percent increase in 2007. During the same period, the total assets of microfinance institutions more than tripled. These statistics reflect not only the development of the financial sector, but also a rapid growth of micro- and small-sized enterprises with increased access to credit. Overall, the level of credit to the private sector increased from 14.7 to 19.4 percent of GDP in CY06 over CY05.

The DCA loan guarantee helped mobilize \$1.1 million in loans to qualified borrowers from the agricultural sector. This sector comprises nearly 18 percent of GDP, but receives only 2 percent of commercial bank loans. Another DCA portable guarantee of \$1.5 million enabled the Georgian microfinance institution to attract additional lending capital from international sources in order to provide more credit to the private sector.

In FY08, USG resources will substantially enhance the technical skills of the financial community, and serve to develop a wider range of financial services critically needed for the continued development of the economy and SMEs, thereby contributing to the achievement of GOG and USG objectives for the development of the sector.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

In FY07, the USG was successful in establishing a strong training institution, the Georgian Banking Training Center (GBTC), which provides high caliber training to both bank and non-bank financial institutions. The center will offer training in international standards to financial sector professionals, building upon and replicating the progress achieved by USG interventions in FY07. These trainings serve the USG long-term goal of increasing the capacity and willingness of financial institutions to provide a wide array of financial services, which is also in alignment with Government of Georgia (GOG) priorities. In FY08, GBTC will facilitate the development of a sound, well-functioning and equitable financial sector by building the capacity of financial institutions, particularly in the areas of microfinance and micro- and small-sized enterprise lending.

USG interventions promoted increased access to financial services for the private sector. In FY07, 126 loan officers, of which over 25 percent are women, were trained through a USG grant to the Association of Banks of Georgia. The USG-supported training increased loan officers' understanding of international standards and enhanced the ability of financial institutions to lend to small- and medium-sized enterprises and

agribusinesses.

A \$3 million DCA loan portfolio agreement with the Bank Republic helped extend commercial credit to small- and medium-sized enterprises working in agriculture. In FY07, 15 loans amounting to \$1.1 million were provided to qualified agribusinesses. The loan portfolio guarantee not only provided funding for the sector, but also encouraged the participating bank to enter into a new type of financing. In FY07, the Georgian microfinance institution, Constanta, successfully attracted additional lending capital from an international financial institution using a \$1.5 million DCA portable guarantee.

In FY08, the USG will continue to provide resources to substantially enhance the technical skills of the financial community and make a wide range of financial services fully accessible and affordable to the private sector.

Element Indicator Narrative \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

In FY07, 126 loan officers from various financial institutions were trained through a grant to the Association of Banks of Georgia (ABG). The training increased loan officers' understanding of international standards and enhanced the ability of financial institutions to lend to the private sector.

The FY07 target of 210 for the indicator "Number of financial sector professionals trained on international standards" represents the aggregate number of people trained by two USG-supported institutions: ABG; and the Georgian Banking Training Center (GBTC). Due to a delay in establishing the GBTC, an institution responsible for conducting over 40% of the projected training events, the FY07 target for this indicator has not been met.

The delay in establishing the GBTC was caused by the failed negotiations with the American Bankers Association, an organization that issues licenses and provides training materials to bank training institutions. Despite initial difficulties, the USG identified a new partner, the Hellenic Banking Association, which is currently developing a customized training curriculum for Georgia. GBTC will launch its first training session in October 2007, introducing additional courses every month. The entire curriculum will be introduced gradually during the initial year (now FY08), resulting in the lower number of people to be trained. Therefore, the FY08 target for this indicator has been revised from 540 to 250.

Program Area Performance \ 4 Economic Growth \ 4.4 Infrastructure

Energy and communications infrastructure are essential to the development of the Georgian economy. Georgia is a critical country for gas and oil transit from the Caspian sea to Europe. USG foreign policy priorities for Georgia include energy security, source diversification and stable supplies.

Three years after the Rose Revolution, the GOG's reform agenda has yet to be fully implemented. USG assistance to the Ministry of Energy (MOE) and a broad stakeholder dialogue on reform issues enabled the GOG to successfully oversee the restructuring of the electricity sector since 2004. Private investors were attracted to purchase and operate energy assets for the benefit of the country. A USG-funded management contract, and the subsequent improvements in commercial operation of Georgia's largest electricity distribution company, enabled the GOG to sell this vitally important asset to a Czech company Energo Pro. Energo-pro is already implementing power distribution reforms in Adjara. Advisory support to the MOE contributed to the GOG's success in attracting a corporation from Kazakhstan to purchase the Tbilisi gas

company. Overall, reforms have resulted in greater efficiency throughout the sector, and commercial distribution losses have decreased from 80 percent in FY03 to 10 percent in FY07.

Despite this progress, further work is needed to remove policy and regulatory barriers to attracting non-Georgian investors in the new hydro plants, which is critical to Georgia's energy security. In addition, due to high profit regimes established in the electricity and gas companies, incentives do not exist to further reduce commercial losses. To improve the investment environment and minimize its negative impacts on consumers (e.g., high tariffs that are detrimental to the growth of small businesses), the USG will support improved policy analysis skills and fora for decision-makers' consideration of independent policy views.

While Georgia is gradually starting to use energy more efficiently, the country statistic for electricity intensity is severe. Georgia's energy consumption as a percentage of GDP ratio of 0.1 is double the ratio of most of the countries in Central and Eastern Europe. Appropriate policies and technologies are needed to provide incentives to utilities and individual customers to use energy efficiently, particularly in the heating sector. In FY08, the USG will conduct a heating assessment and further promote Georgia's energy efficiency.

Program Element Performance \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

Georgia's energy security is a priority of US foreign policy. The USG supports the Government of Georgia (GOG) in providing modern energy services by improving power distribution and promoting investment in diversified energy sources.

Lack of payment, a major barrier to investment, was overcome as commercialization of Georgia's largest electricity distribution utility was completed. The USG's management team prepared the utility for privatization during major supply, consumer and policy disruptions. At FY07 end, 93 percent of electricity purchases were measured electronically, controlling electricity flow. Individually-metered customers rose from 10 to 25 percent, enhancing bill payment accountability. With strong GOG commitment, collections increased to 95 percent, leading to the improved service reliability. This positively impacted women's ability to use time-saving appliances and enabled increased economic productivity. Utility assets were sold in June 2007. The new owner hired the same management team to maintain the momentum of reforms, and also to improve operational efficiency of the second distribution company and five hydropower plants acquired by the owner.

The capacity of the electricity and gas regulator, which must balance investor and public needs, was improved through training via field support. Power sources were diversified by rehabilitating the capacity of two small hydro plants (SHPs) and providing technical assistance to additional nine SHP owners. The USG leveraged every dollar it directly invested in construction for five dollars from banks, owners, other donors and communities. In addition, three energy efficiency demonstration projects were implemented with 20 percent in-kind community labor, improving household budgets of concern to women. With strong commitment from the GOG to incorporate stakeholder input, particularly from SHP owners, power market rules were amended to require the purchase of all SHP production, thereby improving their commercial viability. FY08 will focus on creating sustainable organizations to support investment in SHPs.

Evaluation of the Ministry of Energy program guided the design of a new initiative, slated to begin in FY08. The program will increase access to policy analysis and management skills and engage policy-makers with

varied viewpoints in a dialogue to improve the regulatory environment for the energy sector.

Program Element Performance \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.4 Program Support (Infrastructure)

Georgia's poorly-managed water utility companies have posed serious challenges in the reform of the energy sector. Only 5 to 10 percent of water utility customers pay their bills, which proved particularly difficult during the reform of the USG-managed electricity utility company. The GOG began subsidizing water payments, allowing the electricity utility to improve performance, but placing a huge burden on Georgia's state budget. A USG-funded Water Sector Assessment in FY07 led to the design of a new USG initiative that will assist the GOG to develop a comprehensive water sector reform plan and model two water companies' networks. Technical assistance and training will be provided to improve sector performance by identifying targeted interventions for water utilities to reduce energy use.

In FY07, the USG conducted an evaluation to examine the impact of USG's advisory assistance to the Ministry of Energy. In addition, the Energy Policy Assessment was conducted as the need for the improved policy analysis, as well as education, was strikingly evident. The assessment identified critical gaps in energy policy capacity, and clarified the areas where USG should focus its efforts. The results were used to design the new Energy Policy and Management Initiative program to be procured and launched during FY08.

The impact of the USG-funded GESI program on Georgia's energy sector appears to have been extremely positive. USG will conduct an evaluation to determine the key factors which contributed to the success of the USG-funded management contract in the country's largest electricity utility company. This evaluation will inform future USG-funded programs on lessons learned from providing management assistance to state-owned companies.

A Heating Assessment will be conducted in FY08 to clarify the impact of the energy consumed for heating on Georgia's energy security, and identify important policy issues to be addressed by the GOG. A Regional Heating Assessment conducted by USAID/Washington identified that the percentage of energy consumed by the heating sector in Georgia is extraordinarily high.

Element Indicator Narrative \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

The major achievement during FY07 was the increased operational efficiency of the USG-managed electricity utility company, UEDC. Reduced outages at the UEDC increased access to modern energy services for 806,654 people. UEDC's collection rate rose from 71 to 96 percent in FY07, representing almost a \$115 million increase in annual collections of the delivered electricity. This enabled uninterrupted delivery of power. In FY07, construction of three small hydro plants (SHP)s was completed, and energy savings of 172 million Kw/h were realized. The USG trained 230 people in policy/regulatory practices, 2,453 in technical fields, and 323 in energy-related business management.

Targets were highly exceeded due to the inclusion of the Georgia Energy Security Initiative (GESI) results related to the UEDC. The initial submission of the FY07 Operational Plan did not include the GESI program as these results were to be achieved entirely with FY06 carryover.

In FY08, the direction of the USG program will shift to provide more support to develop the country's

policy analysis capacity, improve technical and business skills and complete SHP projects. Therefore, the related indicator targets have been increased. Correspondingly, the target for the indicator “energy saved” has been reduced. The USG anticipates the bankability of SHPs will improve in FY08; therefore, the USG will leverage less funds but provide more capacity building support to stimulate SHPs’ commercial viability.

Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture

Agricultural production constitutes about 18 percent of GDP but is a significant source of income for over half the nation’s population, and is therefore of particular importance in reducing rural poverty rates, which remain above 40 percent in many regions. However, low productivity, quality inconsistency and a diverse geographic production base pose a challenge to developing new products and markets, which has become an even higher USG and Government of Georgia priority following the Russian ban on Georgian agricultural products in 2006.

As the country continues to move towards greater integration with Europe, Georgia’s successes will be dependent upon its ability to meet the quality, health, and food safety standards required by these markets. Although the Ministry decided to delay implementation of a new food safety law that adheres to core international standards, officials remain committed to this objective. For these reasons, USG assistance focused both on assisting the Ministry of Agriculture to make strategic choices for the development of the sector, and on providing direct, firm level technical assistance to small- and medium-sized agribusinesses and communities. This resulted in a partnership with the Ministry of Agriculture to promote needed investment; the creation of model agribusinesses; facilitation of linkages between small-scale producers and processors/retailers; and rehabilitation of basic infrastructure such as irrigation channels and rural roads. In FY07, the USG facilitated the marketing of Georgian agricultural products into new international and domestic markets, generating additional \$10 million in sales. In total, during FY07 these interventions benefited over 20,000 rural households and 600 agribusinesses and associations.

In total, the sector has weathered the fallout from Russia’s ban on Georgian agricultural products fairly well. While total agricultural exports fell by 23 percent in 2006 and production declined by 29 percent, much of this drop was due to a poor harvest year. Early indications from the 2007 harvest and export sales data point to a fairly strong recovery. Meanwhile, rural poverty rates have actually declined some, and incomes for rural enterprises receiving USG assistance increased by an average of 400 percent.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

The Government of Georgia (GOG) demonstrates a continued commitment to improving Georgia’s agricultural environment in order to help the country to realize its agricultural potential. In FY07, USG resources supported the executive office and the National Service for Plant, Animal and Food Safety to develop a draft National Food and Agriculture Strategy and refine the draft National Law on Food Safety. However, shortly after the government changed the leadership within the Ministry, a decision was made to delay adoption of the new Food Safety law and to replace the comprehensive agriculture strategy with short-term action plans within a few key areas. The developed strategy, while not fully adopted, was utilized to form the basis for shorter-term action plans in priority areas, such as agri-processor development. This has led to the adoption of a “100 Georgian Businesses” program by the GOG, which is designed to support the creation of 100 new businesses over a one-year period. In addition, the strategy played an important role in helping the GOG to determine the core areas that the Ministry should address over the short-term, including

more aggressive marketing of Georgian products and reinvigorated efforts to promote investment opportunities in agriculture. This resulted in a joint USG/GOG program to support the participation of Georgian agribusinesses in leading international trade fairs. These efforts were especially important as Georgia worked to mitigate the impact of Russia's embargo on Georgian agricultural products, up to 80 percent of which were traditionally sold into Russian markets.

In FY08, the Ministry plans to resurrect the adoption of a Food Safety Law, utilizing the expertise of many of the 40 individuals trained with USG resources during FY07. In addition, future assistance will focus on building institution capacity within the public and private sector to provide the information and analysis for the continued development of the sector.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

Improvement in agricultural sector productivity directly contributes to increasing incomes of the rural population. This is particularly important for Georgia, a country where over 50 percent of the population derives some income from agricultural production and up to 40 percent of the rural population lives below the poverty line. Georgia is still working to overcome the impact of the Russian ban on Georgian agricultural products, up to 80 percent of which was traditionally sold in Russia. In addition, strong and competitive agribusinesses, oriented toward exports and import-substitution, can become a powerful tool in mitigating Georgia's rising trade deficit. Recognizing the importance of the sector, the government announced their intention to support the creation of 100 agribusinesses and is hoping to build upon many of the successes achieved with USG assistance.

During the reporting period, USG resources were used to build functional export-oriented value chains; introduce modern production, post harvest handling and packaging technologies; support the entry of agricultural products to alternative markets, and link small-scale local producers with local processors, distributors, and retailers. This includes the establishment of modern consolidation centers, processing plants, pack-houses, dairy processing plants, milk collection centers, dairy farms, irrigation systems, drying structures, and greenhouses. In partnership with the Ministry of Agriculture, agribusinesses were provided assistance to attend leading agricultural trade fairs in locations such as England, Poland, Germany, Ukraine, and the US. Small-scale farmers were organized and linked up with large buyers, thus facilitating their transition from "tailgate" to higher-value market chains. These interventions benefited 19,383 rural households, 236 producer organizations and business associations and 376 agribusinesses, and resulted in more than \$10 million in domestic and export sales. For the first time Georgian products are now being sold in markets in Germany and the UK, and directly to large supermarkets in the Ukraine.

In FY08, the USG will focus on increasing rural incomes and enabling a greater share of the population to benefit from Georgia's economic growth. Therefore, continued assistance will be provided to link more small-scale producers into agricultural value chains and disseminate information on market and business opportunities.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

The FY07 targets were set based upon previous requests from the Ministry of Agriculture to provide continued support in developing a National Food and Agriculture Strategy; implementing the Law on Food

Safety and Quality and drafting the related secondary legislation; and providing training in the newly-adopted legislation and regulations. However, changes in the management as well as in the strategic focus within the Ministry resulted in an 18 month delay in the implementation of the new Food Safety law. At the same time, the Ministry decided to replace a comprehensive agriculture strategy with short-term action plans within a few priority areas.

Because of these events, actual results for several indicators are significantly lower than targeted. Nevertheless, assistance provided to the executive office of the Ministry of Agriculture and the National Service for Plant, Animal and Food Safety was important in defining the Ministry's strategic direction and focus during the year. Indicators targets for FY08 have been reduced to reflect a nearly 40 percent decrease in element funding.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

All targets for FY07 were met or exceeded.

The USG achieved significant results under this element. USG resources transferred 76 new technologies to Georgian farmers, introduced improved technologies on 2,103 hectares of land, facilitated 61 public-private partnerships in targeted communities and provided agricultural productivity training to 1,046 individuals. These interventions benefited 19,383 rural households, 236 producer organizations and business associations and 376 agribusinesses. Through USG efforts, the value of international exports of targeted products, such as hazelnuts, mandarins, bay leaf, and herbs increased by 26 percent.

These results were achieved in part by the establishment of model local export agribusinesses that utilize modern production and packaging techniques. The USG facilitated the creation of three modern cheese production facilities that are now replacing imported cheese in the domestic market and linking numerous producers to large local processors, distributors, and retailers. USG assistance, in partnership with the Ministry of Agriculture, resulted in Georgian agribusinesses participating in leading agricultural fairs in locations such as England, Germany, Poland, and the U.S.

These results were especially important as Georgia worked to overcome the impact of the ban which Russia placed on Georgian agricultural products in early 2006. In total, more than \$10 million of export sales were facilitated during FY07.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

The USG supports Georgia's economic growth through assistance in free market reforms and workforce development. Georgia made great strides in free market reforms, including improving the business enabling environment, and promoting investment and private sector development. Six core commercial laws were improved and licensing and registration procedures further streamlined. Georgia improved its ranking on the World Bank Doing Business Survey indicators, rising overall from 37th to 18th place on the Ease of Doing Business index. 32 percent of the total agricultural land available for privatization was privatized.

The USG assisted the GOG to implement several legal changes. The Law on Securities Market and the Law on Entrepreneurs were amended to provide improved protection to minority investors. The draft laws on e-signature and secured financing, the draft construction code, two Presidential Decrees, and a draft Order of

the Ministry of Economic Development (MoED) on Construction were developed and will be implemented during FY08. Improvements were made to construction permitting and property registration as a result of direct technical assistance to the National Agency of Public Registry and the MoED.

The establishment of secure property systems and titled property that can be used as collateral improved the business enabling environment and increased access to credit. Mandatory notarization of property transactions was eliminated, reducing the time and cost of property transactions. An agricultural land privatization network was established and provided assistance to more than 4,900 businesses. A total of 310,102 secure titles were issued to immovable property of which 108,894 were for agricultural land. Three key legislative acts were drafted and enacted, streamlining land privatization process. Increased access to credit and investment, the establishment of a customer-oriented property registration system, and improvements in the legal framework for real estate have contributed to the development of effective land markets.

USG assistance resulted in new initiatives under workforce development. A vocational education program was developed to establish a modern, western style system. The USG also assisted an NGO to produce an action plan for developing an economic model for the conflict zones, which addresses the serious problem of unemployment in the area.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

USG efforts in establishing effective commercial legislation, rationalizing regulations and licensing procedures, creating functional property markets and streamlining land privatization contributed greatly to vast improvements in Georgia's ranking on several World Bank Doing Business Survey indicators. USG assistance aided Georgia to rise from 37th to 18th place in the World Bank's Doing Business Survey, and improve its ranking on Protecting Investors (from 135 to 33), Dealing with Licenses (from 42 to 11), Starting a Business (from 36 to 10) and Registering Property (from 16 to 11) indices.

To reach Georgia's long-term goal of eliminating legal barriers to doing business, the USG supported improved core commercial laws, streamlining of licensing and registration, and privatization of 32 percent of the state-owned farmland available for privatization.

The Law on Securities Market and the Law on Entrepreneurs were amended to protect minority shareholders. Business registration was simplified, reducing the time and expense to start a company. Draft laws on electronic signature and secured financing were prepared and a secure payment system for registry users was designed. The National Agency of Public Registry was assisted in designing a collateral registry. The automation of tax liens reduced the risk and administrative costs for commercial lending. The State Minister for Reforms Coordination and the Ministry of Economic Development received recommendations on leasing and mortgage finance. With USG support, a draft construction code was developed and approved by the Ministry of Economic Development, introducing a one-stop process, thereby reducing the time and cost to obtain a construction permit.

Effective and transparent procedures for implementing the law on privatization of agricultural land were introduced, public outreach campaigns on the land privatization program reached over a million people, and more than 3,900 free consultations on land issues were provided. The Ministry of Economic Development and the National Agency of Public Registry received capacity-building assistance and 50 municipalities

received training on managing the privatization process. Land privatization and property registration procedures were simplified and transaction time and costs reduced. By the end of FY07, the USG assisted the GOG to privatize over 90,000 hectares of agricultural land, including over 16,000 hectares of unused farmland.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development

USG assistance during FY07 continued to provide pivotal support to GOG reform efforts. In addition to individual long and short-term training programs in the U.S. and Central and Eastern Europe, the START program introduced human and institutional capacity development (HICD) methodologies, thus setting the stage for the new FORECAST activity. The primary beneficiaries of the HICD efforts were the Ministry of Education and Science (MES) and Tbilisi State University (TSU), Georgia's flagship higher education institute. Building on the successful vocational education (VE) intervention under START at the end of FY06 that introduced a modern western-style VE system and trained 70 instructors, directors and MES staff, START continued consultations with relevant stakeholders, culminating in the development of a USG-funded VE project in FY07 that will further support the GOG's embryonic VE reform program. The activity will focus on the development of two model VE centers (VECs), and the results will be replicated nationwide through the other nine VECs, recently put into operation by the MES. The system, when fully functional, is expected to produce an additional 3,300 certified skilled workers per annum. The TSU IT Resource Center activity provided catalytic support to develop capacities to undertake technology-based learning and research and establish IT accreditation standards, including: an assessment of TSU capabilities to manage an IT center and integrate IT into course work and research activities; procurement and installation of 75 computers, network equipment and peripherals; and training in Estonia and the US for staff. As a result, TSU is including in its strategic plan the integration of IT into all faculties, course work and administrative operations. The MES is working with TSU on the development of a national strategy for integrating IT into all universities nationwide. TSU has replicated this assistance and is in the process of establishing four more centers with its own resources. Strategic planning and organizational development assistance was also provided to TSU senior management. The results of this training were evidenced by TSU and MES collaboration to develop a national IT integration strategy. Furthermore, 24 Georgian and Abkhazian media and civil society representatives were sent to the US in mixed groups for training to counter entity-centric attitudes and contribute to peace and reconciliation in the region.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.4 Program Support (Private Sector)

During FY07, the USG completed an assessment of the Information Communication Technology (ICT) sector in Georgia at the request of the Government of Georgia (GOG). The assessment reviewed the current international connectivity, back-bone, and last mile cable network in Georgia; private sector development plans; regulatory regime; government initiatives; and government ICT network. The report was well received by both public and private sector representatives of the ICT committee that served as the counterpart for the assessment. Recommendations were made regarding the need for an ICT action plan, and illustrative goals were provided. A follow-up assessment will be conducted based upon requests from the GOG and private sector to assist in the development of an ICT action plan.

In addition, a Workforce Assessment was conducted in two phases to examine Georgia's labor markets. The purpose of phase one of the assessment was to evaluate the dynamics of labor supply and demand by

examining labor force development in Georgia, identifying general trends, and outlining labor market priorities and shortfalls. The second phase of the assessment focused on specific employment sectors in Georgia, such as tourism and construction, and identified the potentially most productive vocational education centers that could be supported by the USG. The assessment led to the design of a new USG-funded vocational education (VE) activity, which will commence in FY08 to support the GOG's embryonic VE reform program. The activity will focus on the development of two model VE centers, and the results will be replicated nationwide through the other nine centers, recently put into operation by the Ministry of Education. The system, when fully functional, is expected to produce an additional 3,300 certified skilled workers per annum.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

All FY07 targets were exceeded. USG assistance to the Government of Georgia (GOG) was instrumental in improving the country's business enabling environment, developing the capacity of 50 municipalities to simplify regulatory and administrative systems, introducing reform measures and establishing core commercial laws. As a result of USG assistance, Georgia improved its ranking on the World Bank's Ease of Doing Business index from 37 to 18.

USG support was given to establish core commercial laws, including the Law on Securities Market and the Law on Entrepreneurs which protect minority shareholders. The Law on Electronic Signature and the Law on Secured Financing have been drafted and are awaiting the GOG's approval. A draft construction code that removes regulatory burdens to obtain construction permits, and legislation that governs the import and registration of pharmaceuticals, have been developed, approved by the GOG, and are currently awaiting the Parliament's approval.

In FY07, the GOG's commitment and cost-share enabled the USG to assist 50 municipalities to manage the land privatization process, exceeding the target of 39. The USG will continue to work with these 50 communities in FY08. Therefore, the FY08 target for the indicator "number of municipalities receiving USG assistance with regulatory/administrative simplification" was increased from 39 to 50.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.4 Program Support (Private Sector)

In FY07, the USG conducted an Information and Communication Technology (ICT) assessment at the request of the Government of Georgia (GOG) to recommend methods to improve access to and quality of wireless and high-speed internet, and to evaluate the potential impact of wireless systems on accelerating the development of businesses, government, education, and research and development. Negotiations are currently underway with the GOG regarding a potential follow-on assessment to assist the GOG in the development of an ICT sector strategy.

In addition, in FY07 a Workforce Assessment was conducted to assess the dynamics of labor supply and demand in Georgia, outline the labor market priorities and shortfalls and examine the potential of developing a vocational education program in the areas of tourism and construction.

Program Area Performance \ 4 Economic Growth \ 4.7 Economic Opportunity

In a country where official unemployment is 15.3 percent and under-employment two to threefold greater, micro- and small-sized enterprises (MSE)s have the potential to be a powerful force for job creation. Supporting economic opportunity programs that increase the share of the economy for MSEs is one of the USG assistance priorities. The long-term goals are to liberalize the policy environment for MSEs and improve their access to financial, business and training services. The short-term goals are to implement policies that encourage lending to the sector and establish business service and training providers.

In FY07, the USG supported liberalization of the policy environment for micro- and small-sized enterprises and improved their access to financial, business and training services. The Government of Georgia was supported in developing laws and regulations that reduce regulatory burden on MSEs. Assistance was provided to the Parliament Budget and Finance Committee to develop the Law on Credit Bureaus, which will be enacted by Parliament in the winter of 2007. Support was given to streamline the Georgian National Bank's reporting requirements for microfinance institutions and commercial banks. Improved financial policies will contribute to increasing MSEs' access to credit, enhancing their economic opportunities and promoting an expansion of the sector, resulting in job creation, increased incomes and sustainable economic growth.

The USG, through direct technical assistance to the Business Consulting Network, supported the expansion of MSEs. Hands-on consultations in management consulting, financial reporting, taxation, business start-up and linkages, and getting credit were provided. Best practice models in agriculture were disseminated and support was given to those agribusinesses that expressed interest. Farmer-to-farmer linkages are being developed to continue this practice. In addition, linkages were created between rural producers and suppliers and regional centers.

Increased access to business development services, market information and business skills contributes to the creation and expansion of MSEs, which in the long-run will create jobs, increase income, reduce poverty and ultimately ensure Georgia's economic growth and global economic integration.

Program Element Performance \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.2 Policy Environment for Micro and Small Enterprises

USG resources in FY07 contributed to the removal of legislative and regulatory impediments to lending, increasing the flow of credit to micro- and small-sized enterprises (MSE)s. An improved policy environment for MSEs is an important component of free market reforms, as business expansion creates jobs, increases incomes and helps nations achieve sustainable economic growth and well-being of their populations.

A long-term goal of the USG is to remove legislative and regulatory impediments to MSEs. A short-term goal is to develop and implement legislation that increases the flow of credit to MSEs and provides incentives to financial institutions to lend to these businesses. In line with this short-term goal, FY07 resources assisted in the development of a legal framework conducive to improving access to credit. By the end of 2007, the Law on Credit Bureaus developed by USG advisors will be adopted, followed by the establishment of this institution in early 2008. A well-functioning credit information bureau responsible for providing reliable enterprise-level credit information to financial institutions will help reduce the risks and costs associated with commercial lending.

Also in line with FY07 goals, the National Bank of Georgia's reporting requirements for microfinance

institutions and commercial banks were substantially streamlined, improving the quality of information submitted by microfinance institutions and banks, thereby increasing their accountability.

USG assistance contributed to increasing commercial banks' loan portfolios, which experienced an unprecedented increase of 53 percent in 2006, followed by a 30 percent increase in 2007. During the same period, the total assets of microfinance institutions more than tripled. These statistics reflect not only the development of the financial sector, but also a rapid growth of MSEs with increased access to credit.

In FY08, USG resources will continue to assist the Government of Georgia to remove legislative and regulatory impediments to MSEs with further development and implementation of the Law on Leasing.

Program Element Performance \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.3 Strengthen Microenterprise Productivity

Productive microenterprises are important job creators in both urban and rural areas. The success and stability of Georgia's transitional market economy, increasingly oriented towards western standards and non-Russian interests, is critically dependant on enhancing the incomes and market share of micro-businesses.

USG resources strengthened business service organizations, which play a critical role in promoting entrepreneurship and providing business development services. Assistance was also provided to promote local economic development in the areas of tourism and agribusiness, in line with the Government of Georgia (GOG) priorities.

A total of 1,468 microenterprises received consultations in taxation, accounting, business planning, registration, and access to credit. This assistance led to the creation of 221 full-time jobs. In addition, 104 microenterprises obtained credit to finance their business operations, and rural communities were encouraged to try new services and test new markets. These interventions also promoted the role of women in business, benefiting 313 women-owned microenterprises.

An evaluation prioritizing value chains for different sectors in Georgia was used to target support strategically. Using this evaluation, best practice models in agriculture were disseminated and support was given to those agribusinesses that expressed interest in implementing the models. Georgian farmers are excellent at replicating and repeating past successes. When they are given support to implement new, successful models, these successes spread throughout the community. To ensure sustainability of these activities, support has been given to establish long-lasting links between the buyers in the principal cities of Georgia and the suppliers from rural communities.

USG efforts in FY07 supported GOG's long-term goal to improve the competitiveness and productivity of microenterprises, resulting in increased income and employment opportunities. It is now crucial to continue to solidify success at the local level so that micro- and small-sized enterprises receiving assistance can expand their enterprises to the next, sustainable, level.

In FY08, USG resources will continue to strengthen business service organizations as they strive for sustainability, build the capacity of entrepreneurs, improve dissemination of best practice models, and strengthen linkages between the rural producers/suppliers and the buyers in regional centers.

Program Element Performance \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.5 Program Support (Econ Opportunity)

During FY07, an evaluation of the USAID-funded SME Support Project was completed. A team of USAID sector professionals conducted site visits and interviews with project implementers, counterparts, and enterprises. Recommendations developed as a result of the evaluation led to narrowing the focus of the SME Support Project. Beginning in FY08, the project will concentrate on the development of tourism services in targeted locations in Georgia; enhanced services and suitability of the six business support organizations which have been created with project support; and the development of professional training programs in partnership with sustainable local training providers, such as the newly established Georgian Bank Training Center and the selected vocational education/community college institutions.

In FY08, USG plans to complete two sector assessments that will lead to the design of new USAID-funded initiatives in FY09. Sectors likely to be reviewed include the labor market and financial sector.

Element Indicator Narrative \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.2 Policy Environment for Micro and Small Enterprises

Policy improvements for laws and regulations affecting micro-, small- and medium-sized enterprises were proposed and two USG-supported legislative changes were adopted. Assistance was provided to the Parliament Budget and Finance Committee to develop the Law on Credit Bureaus, which will be enacted in the winter of 2007. The law calls for the establishment of a credit information bureau with the mandate to collect and maintain enterprise-level credit information. Once enacted, the law will reduce the risks and costs associated with commercial lending.

In FY07, with USG assistance the reporting requirements for microfinance institutions and commercial banks were streamlined and modernized, which reduced regulatory ambiguities, increased the accountability of lending institutions and improved the quality of information collected by the National Bank of Georgia.

The development of a Law on Leasing has been slower than expected due to multiple stakeholders involved in the legal drafting process. Since the law is currently under development, but is expected to be passed in FY08, the FY07 target for the indicator “number of proposed improvements in laws and regulations affecting the operations of micro-enterprises drafted with USG assistance” has not been met, but the FY08 target has been increased accordingly.

Element Indicator Narrative \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.3 Strengthen Microenterprise Productivity

All FY07 targets were exceeded. With USG support, 1468 microenterprises, including 297 businesses engaged in the tourism and agribusiness sectors, received consultations in taxation, accounting, business planning and company registration. As a result, 221 full-time jobs were created. Capacity-building training sessions were given to the USG-supported business support organizations of the Business Consulting Network to enhance and promote sustainability of business consulting and training. Topics included sales promotion, the new customs code and the European Union’s Generalized System of Preferences which grants 7,200 products duty-free access to EU countries. In agreement with the Public Registry, training of trainers sessions were provided to Business Consulting Network staff to enable them to function as land registry agents.

In addition, rural microenterprises were assisted with loan facilitation, business planning, participation in trade events, and facilitation of business-to-business linkages. As a result, 104 loans were facilitated by linking community-based microenterprises with microfinance and other credit institutions, resulting in increased incomes and jobs in targeted communities.

In FY08, attention will be focused less on direct financial assistance, and more on supporting and ensuring enterprise sustainability. For this reason, the target for the indicator “enterprises receiving finance from USG-assisted value chains” has been lowered from 111 to 80.

Element Indicator Narrative \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.5 Program Support (Econ Opportunity)

The FY07 target for the indicator “number of sector assessments” represented an assessment which USAID planned to conduct in FY07 to facilitate the development of competitive tourism services and infrastructure in at least six tourism destinations in Georgia, and also to examine the potential role for donor assistance in developing these sites and related services. However, the tourism assessment was not conducted by USAID as the United States Trade Development Agency decided to fund a similar study. As an alternative, USAID conducted an evaluation of USAID-funded SME Support Project to review the project’s accomplishments to date, and make recommendations, as needed, to improve performance.

In FY08, USG plans to complete two sector assessments that will lead to the design of new USAID-funded initiatives in FY09. Sectors likely to be reviewed include the labor market and financial sector.

Key Issue Performance \ Local Organization Capacity Development

Substantial progress was made in building local organization capacity:

- Strategic planning, financial management, HR, and IT capacities of the Government of Adjara, Civil Registry Agency and the Ministries of Foreign Affairs and Conflict Resolution were improved.
- The Georgian Bar Association became a professionally-run organization that promotes legal reforms.
- Trainings in diversity management strengthened the ability of local governments and NGOs to address issues of tolerance.
- The capacity of the Ministry of Education and 69 Resource Centers improved to provide quality education services to schools.
- The new Revenue Service was created, improving GOG’s fiscal management capacity.
- The capacities of the Ministry of Economic Development and the National Investment Agency were built to better attract investment.
- The Business consulting network was strengthened to provide services to enterprises.
- An indigenous organization advocating for land policy reforms became sustainable.
- Banks, consulting companies, hydro-power plants and GOG entities developed capacity in the area of renewable energy and natural resource management.
- The HIV training center became operational.
- The managerial and oversight capability of the National TB program improved to strengthen support to TB patients.
- Two NGOs were established by family medicine practitioners.
- Nursing care improved in ten hospitals.
- The Ministry of Health improved its capacity to manage immunization program.

Key Issue Performance \ Trafficking in Persons

The USG's cooperation with the GOG on anti-trafficking issues resulted in the Department of State 2007 Trafficking in Persons Report ranking Georgia as a Tier I country.

Assistance increased public awareness on TIP crime and its dangers through a wide range of activities, including Anti-TIP (A-TIP) radio spots, television public services announcements, booklets with A-TIP messages, and meetings with various target groups. Free legal assistance was provided to trafficking victims and to individuals at risk of becoming TIP victims. The second trafficking victims' shelter was established in the capital. The GOG funding for shelter management and maintenance will cover 100% of expenses by October 2008.

Three key documents were developed and approved by the GOG: the National Referral Mechanism; the State Action Plan for 2007-2008 to fight human trade; and the TIP victim rehabilitation and reintegration strategy.

Key Issue Performance \ Anti-Corruption

Anti-corruption issues cut across a number of USG activities:

- A merit-based system for selection of principals/education specialists was established at schools (2,300) and Education Resource Centers (69). A per capita financing and school financial planning systems are being institutionalized.
- University accreditation established the accountability for public resources, quality, and equity in higher education. The number of accredited universities was reduced from 200 to 47.
- The new procedures at the Civil Registry Agency for passport/ID issuance and registration of civil acts improved citizens' access to services.
- Four GOG institutions developed policies for procurement of training services and staff recruitment procedures.
- The new law on the Budgetary Process of Adjara encouraged public input.
- 168 citizen participation mechanisms were supported, 50 municipalities applied budgeting/service improvement approaches, through public meetings and reporting to the public.
- The GOG legislation was harmonized with the UN Convention against Corruption, and public outreach on the anti-corruption action plan was conducted.
- Enforcement of judgments and a case management system was improved at the Ministry of Justice. Assistance was provided to the High Council of Justice on conducting judicial qualification exams. The judicial ethics code was revised, Supreme Court decisions database developed, and the Supreme and Constitutional Courts assisted with public outreach.

Key Issue Performance \ Microenterprise

The USG promoted the development of microenterprises through the following interventions:

- The Business Consulting Network and trade-related associations were strengthened to provide training and consultations to micro-, small- and medium-sized enterprises. A total of 1,468 microenterprises received business development services in a variety of areas, including applying for credit, financial management, strategic and business planning, marketing, customs law, and business-to-business development.
- The Georgian National Bank was supported in streamlining reporting requirements for microfinance

institutions and banks, improving the access to credit for microenterprises.

- Municipalities were assisted to explore new business opportunities and propose innovative projects to improve the productivity/income of local entrepreneurs.
- Trade events were facilitated to increase microenterprise sales.
- Farmers were assisted in obtaining loans and building business linkages.
- Small farmers were supported in registering their businesses to implement renewable energy projects.
- The USG established or rehabilitated small hydro-power plants (SHP) that demonstrated commercial potential. SHP operators were trained in technical and business operations. Assistance was provided in project evaluation and development; attracting credit, and construction oversight. In addition, support was given to enterprises that needed energy for productive purposes by initiating a dialogue with SHPs.

Key Issue Performance \ Trade Capacity Building

USG interventions improved Georgia's trade capacity by increasing compliance with the customs regime, improving the trade and investment enabling environment and enhancing business skills of Georgian enterprises.

- As a result of USG's support to the State Revenue Service, the GOG streamlined business processes and registration, introduced electronic filing of tax returns, and implemented simplified VAT forms and VAT processing software.
- A risk management system for customs was piloted, streamlining import/export procedures for high volume/value goods; training was provided to enhance customs officials' knowledge of the new customs law.
- The Ministry of Economic Development and the National Investment Agency received capacity-building training in attracting foreign direct investment and developing investor materials.
- A total of 50 municipalities simplified their regulatory and administrative systems to manage privatization processes.
- On the national level, core commercial laws were implemented or proposed, including a Law on Securities Market, a Law on Entrepreneurs, a Law on Electronic Signature and a Law on Secured Financing.
- Private enterprises were trained on trade-related issues.
- Georgian companies participated in agricultural and handicraft exhibitions abroad to promote their products and build business linkages.
- Over \$10 million was facilitated for the sale of Georgian agricultural products into domestic and international markets.

Key Issue Performance \ Clean Energy

The USG supported the formation of the basic regulatory, technical, financial and operational building blocks for the increased generation and the efficient use of clean energy.

- In FY07, the USG provided assistance to the Government of Georgia in developing policies and regulations that promote energy efficiency principles and stimulate the development of clean, renewable energy sources.
- USG resources were directed toward the development of clean energy technologies, including hydro-power, solar and biogas systems.
- Technical assistance and training was provided to energy sector representatives, small hydro-power plant (SHP) owners, businesses, and commercial banks.
- A number of SHPs were rehabilitated, resulting in a three-megawatt increase in the generation capacity in

rural areas.

- Several renewable energy projects were implemented, replacing the use of fossil fuels, such as kerosene and diesel, with biogas systems.
- The USG's and World Bank's joint efforts to facilitate Georgia's first sale of carbon credits from run-of-river hydro-power facilities will become an incentive for attracting additional commercial investments in the country's clean energy systems.

Key Issue Performance \ Global Climate Change

In FY07, the USG continued to promote renewable energy and energy efficiency objectives which contribute to combating global climate change by reducing carbon dioxide emissions.

- USG assistance focused on the commercialization of Georgia's major electricity distribution company, increasing the company's operational efficiency, saving energy and reducing emissions.
- The USG assisted the GOG in developing policies that promote renewable energy and energy efficiency principles.
- Support was provided in planning the rehabilitation of large- and medium-sized hydro-power plants to reduce natural gas usage.
- With USG support, access to energy financing was improved, small hydro-power plants (SHP)s were rehabilitated, and opportunities to reduce energy usage in communities were identified.
- The generation capacity of the USG-supported SHPs increased by three megawatts, thereby displacing hydrocarbon fuels.
- A number of biogas digesters were installed in rural areas as a substitute for kerosene and wood.
- Public buildings were weatherized, and efficient windows and lighting installed.
- The USG contributed to the development of the first Clean Development Mechanism Agreement in Georgia through cooperation with the World Bank Carbon Fund, the Energy Efficiency Centre, and the GOG. It is estimated that 600,000 tons of avoided carbon dioxide emissions will be purchased by the Carbon Fund over ten years.

Key Issue Performance \ Applied Research

USG resources in FY07 supported scientific research to improve technologies in agriculture. In addition, the USG promoted research in the area of ethnic diversity and integration.

- The USG introduced new value-added products and biotechnology to generate improvements in crops, livestock, forests, and fisheries.
- New management practices were put into practice in agriculture, leading to sustainable productivity gains, reduced risks and income growth.
- Productivity-enhancing post-harvest technologies were disseminated to reduce the barriers that constrain producers, processors, and manufacturers.
- As a result of the research and the introduction of new crops, improved technologies and management practices were adopted on 1,100 additional hectares of agricultural land.
- A USG-supported country-wide study on issues of ethnic diversity and integration provided information about social, economic, cultural and educational concerns of minority population, and advised on attitudes of general population towards national minorities. The findings of the research will be utilized by the GOG in the process of development of the National Integration Strategy during FY08.

Key Issue Performance \ Dairy

The USG provided comprehensive assistance to Georgia's dairy sector. Interventions focused on demonstrating to Georgian farmers how to develop a complete, well-functioning and profitable dairy production value chain. As a result of USG assistance, dairy farmers report continued increases in their incomes, and locally-produced cheese has started to substitute imported cheese on the local markets.

The following results have been achieved in FY07:

- A total of 13 dairy farms were rehabilitated.
- Five milk collection centers were constructed.
- Four modern, medium-sized cheese processing plants were developed.
- Modern dairy equipment was introduced to Georgian farmers, allowing them to supply high-quality raw milk needed to produce competitive dairy products.

Key Issue Performance \ Community Mobilization/Participation

Civic participation and community mobilization were integrated in all sectors through trainings, community meetings, awareness campaigns, and stakeholder meetings. Mobilized civil society organizations (CSOs) collaborate with government, represent constituencies' issues of concern, and provide services in areas of their expertise.

- Training sessions were conducted in: participation in local government decision-making (100 individuals); competing for GOG contracts (13 CSOs); civic monitoring to promote transparency (52 CSOs/43 interns); conflict management/confidence building (24 CSOs); diversity management to address integration/tolerance issues (27 people); and school management (1,700 school board trustees).
- Ten CSOs were involved in public awareness campaigns for HIV/AIDS prevention, early detection of non-communicable diseases, TB control, and breast cancer walks. The HIV Prevention Task Force involves HIV infected people and community members.
- A database was created in Parliament to increase interaction with CSOs on legislative initiatives.
- The Civil Registry Agency and State Minister on Conflict Resolution conducted four stakeholder consultations with citizens on strategic and outreach plans.
- Government-stakeholder workshops resulted in increased awareness and participation for improvements in renewable energy and energy efficiency sectors. Ten communities were mobilized for project implementation and the development of natural resource management plans.

Key Issue Performance \ Public-Private Partnerships

In FY07, public-private partnerships were promoted through the following interventions:

- Policymakers were encouraged to set priorities for maintaining reform momentum with input from the business community.
- Businesses, NGOs and local governments were organized around common objectives, and Municipal Economic Development Boards, composed of local governments, businesses and communities, were created to develop and implement municipal strategies for local economic development.
- Partnerships were established with the GOG, banks, hydro-power plants and other donors to implement energy efficiency projects.
- The USG, the GOG, KfW and WB leveraged funds to improve operations of Georgia's largest electricity utility company, UEDC. The Ministry of Energy contributed \$12 million with additional funds expended by the UEDC itself for the purchase of communal metering equipment; the WB supplemented USG's funding

for the service territory perimeter metering; and KfW provided loans for urgent technical upgrades. These efforts dramatically reduced theft and power consumption, and improved collections by 20% within weeks of completion of the metering project.

- A successful public-private partnership was formed with a local pharmaceutical company which donated 25% of medications to the USG's chronic disease management program. The company also replicated the USG's blood pressure control models.

Key Issue Performance \ Water

USG resources addressed watershed resource management and water productivity issues in Georgia.

- The USG conducted watershed assessments in the areas where the USG-supported small hydro-power plants (SHPs) are located. Such assessments are instrumental in identifying potential problems, recommending mitigation measures and ensuring long-term sustainability of SHPs. In FY07, the USG supported the development of nine watershed assessments and three integrated resource management plans. These efforts served as roadmaps for the benefiting communities to mobilize their human and material resources toward sustainable management of watershed energy base. The communities defined problems, evaluated institutional capacities, prioritized opportunities and prepared and implemented systematic and site-specific action plans.
- The USG supported water productivity by promoting expansion of small, run-of-river and irrigation canal hydro-power stations. The USG also supported the formation of the basic regulatory, technical, financial and operational building blocks for the increased generation and the efficient use of clean energy. The FY07 assistance was directed toward the development of clean energy technologies by providing training to energy sector representatives and rehabilitating SHPs. Rehabilitation of SHPs resulted in a three-megawatt increase in the generation capacity in rural areas of Georgia.

Key Issue Performance \ Increasing gender equity

Gender equality was promoted through the following interventions:

- Political parties were supported to establish women's wings, and assist their development not only within their respective political parties but within the overall Georgian political landscape. Over 100 women activists were trained.
- Through assistance to the Parliament of Georgia, a group of 23 women leaders completed six training events designed to promote the selection of women candidates among all factions of the Parliament.
- Establishment of a Georgian language Master of Public Administration program was supported, which trained 30 women in FY07 (53 total; 49% of the total trained). At the local level, 63% of all trained NGO staff on local governance issues were women.
- Free legal assistance/advice was provided to over 1,500 women by partner local NGOs. Legal support was also provided to women who are victims of domestic violence.
- 5,000 copies of "Know Your Rights" brochures were distributed, and the GOG was assisted in the implementation of the action plan on the Law on Domestic Violence.
- Family Planning/Reproductive Health support reached men and women through consultations and seven parents' schools, which addressed gender equity by raising both parents' awareness about pregnancy, delivery, family planning, and shared responsibilities of parenthood.

Key Issue Performance \ Food Security

USG assistance played an important role in helping to determine the core areas that the Ministry of

Agriculture should address to ensure access to sufficient, safe and nutritious food for all citizens of Georgia. In FY07, USG resources supported the Executive Office and the National Service for Plant, Animal and Food Safety to develop the draft National Law on Food Safety. The draft law is in full compliance with international standards, and once implemented, will protect consumers and help Georgian producers meet the requirements of export markets. Although a change in government strategy delayed the enactment of the law, USG resources assisted the GOG to review implications related to delayed implementation, assess options for modifying the law, and develop a food safety training program for core staff. In FY08, the GOG plans to adopt and implement the Food Safety Law, utilizing the expertise of 40 individuals trained with USG resources in the area of food security during FY07.

Number of sector assessments

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-

1 chars

1.5.5 Program Support (Crime) narrative (no more than 1500 characters)

1.6 Conflict Mitigation and Reconciliation/1.6.2 Peace and Reconciliation Processes

Number of media stories disseminated with USG support to facilitate the advancement of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	5	16	5	10

1.6 Conflict Mitigation and Reconciliation/1.6.2 Peace and Reconciliation Processes

Number of people attending facilitated events that are geared toward strengthening understanding

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
19	30	32	30	

1.6 Conflict Mitigation and Reconciliation/1.6.2 Peace and Reconciliation Processes

Number of people participating in USG-assisted reconciliation activities conducted and completed

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
19	60	1,352	60	1,380

1.6 Conflict Mitigation and Reconciliation/1.6.2 Peace and Reconciliation Processes

Number of USG-assisted reconciliation activities conducted and completed with the participation of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	8	86	11	92

1.6 Conflict Mitigation and Reconciliation\1.6.2 Peace and Reconciliation Processes

Number of USG-supported facilitated events geared toward strengthening understanding among conflict-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	2	5	2	6

1233
chars

1.6.2 Peace and Reconciliation Processes narrative (no more than 1500 characters)

All FY07 targets were met/exceeded. Two indicators "number of reconciliation activities with the participation of two or more conflicting parties" and "number of people participating in reconciliation activities with the participation of two or more conflicting parties" represent aggregate results of two USG-funded initiatives, the South Caucasus Water Program (SCWP) and the South Ossetia Economic Rehabilitation initiative (SOER). All other indicators reflect the results of the SCWP program.

Fostering cross conflict zone commercial ties and organizing the conflicting parties around common business objectives is a powerful tool for advancing reconciliation processes. SOER supports reconciliation activities by providing businesses-skills training and fostering economic linkages between Georgians and Ossetians. In FY07, training was provided to 1,320 people; business linkages were fostered; and negotiations initiated related to establishment of microfinance operations within the zone of conflict.

SCWP supported skills development, media campaigns and cooperation on shared water resources among government institutions in South Caucasus, advancing the peace and security goal in Georgia.

1.6 Conflict Mitigation and Reconciliation\1.6.4 Program Support (Conflict)

Number of evaluations

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	impact				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	1	1	-	-	-	1	1	-

1.6 Conflict Mitigation and Reconciliation\1.6.4 Program Support (Conflict)

Number of sector assessments

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	conflict				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	-	-	-	-	-	-

791
chars

1.6.4 Program Support (Conflict) narrative (no more than 1500 characters)

In FY07, the USG conducted an assessment in the breakaway regions of Abkhazia and South Ossetia with a focus on opportunities for the expansion of diverse sources of information for local residents, confidence building, and cooperative projects.

The FY08 target for the "Number of evaluations" represented the USG's plan to conduct an end of project evaluation for the USAID-funded South Caucasus Water Program (SCWP). However, in FY07 the USG conducted a mid-term review of the SCWP, which assessed the overall progress and impact of the program, verified the continued relevance of its strategic direction, and provided recommendations for the year-three work plan. As the evaluation of this program was conducted in FY07, the FY08 target for the indicator has been reduced from 1 to 0.

2 Governing Justly & Democratically - Georgia

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of Judges Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
20	25	53	25		10	10	28	10		10	15	25	15	

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of laws, regulations and procedures related to judicial independence Supported with USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	2	2	1	

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of USG-assisted campaigns and programs to enhance public understanding, NGO support and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	2	2	

1381
chars

2.1.2 Judicial Independence narrative (no more than 1500 characters)

Number of Judges Trained: Targets for FY07 were exceeded by 28. Out of a total of 53, 28 were women. Judicial trainings promoted judicial independence and increased the capacity of judges to conduct fair and efficient trials: a) Judges were trained in Tbilisi and Batumi on judicial independence integrity and court comportment; and b) in cooperation with High School of Justice (HSOJ) and GTZ, a training of trainers (TOT) was conducted for 16 HSOJ faculty members (eight women and eight men) on interactive teaching methods and lesson planning.

Number of laws, regulations and procedures related to judicial independence supported with USG assistance: A new judicial ethics code and a judicial bench book were developed in 2007. Trainings offered in FY08 will be based on these.

Number of USG-assisted campaigns/programs to enhance public understanding, NGO support/media coverage of judicial understanding and accountability: The "Judicial Media Guide" was completed and sent to the publisher in September 2007. The guide includes topics such as definitions of legal terms, explanations of court process and laws regarding contacts of judges with the press while a trial independence and courtroom comportment in Tbilisi and Batumi.

Number of Justice Sector Personnel that Received USG Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10	30	-	40		5	15	-	20		5	15	-	20	

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Legal Aid Groups and Law Clinics Assisted by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	3	8	5	

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of USG-assisted Courts with Improved Case Management

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	18	-	46	

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Ratio of New Case Filings to Case Dispositions in Courts Assisted by USG in the Area of Case

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
50	20	-	13	20

1498

chars

2.1.3 Justice System narrative (no more than 1500 characters)

Number of legal aid groups and law clinics: Exceeded the target by five due to work with more local institutions - the Center for Protection of Constitutional Rights, Kutaisi State University law clinic, Batumi State University law clinic, Georgian Young Lawyers Association, Tbilisi State University law clinic, Georgian Law Students Association, Georgian Bar Association, and Judges of Georgia.

To name a few examples, the Centre for Protection of Constitutional Rights provided legal aid to 1,590 (215 male; 1375 female) people in Tbilisi, Gori, and Telavi; and the Georgian Young Lawyers' Association provided legal aid to 1,791 (318 male; 1473 female) people in Tbilisi and Kutaisi. Law students provided free legal aid in civil and administrative law to citizens at Tbilisi, Kutaisi and Batumi State Universities.

All three indicators below fall under a new Judicial Administration and Management Reform project, which was awarded to DPK Consulting at the end of September 2007, and fall outside of FY07 reporting period:

PK began mobilization in October 2007. This also resulted in adjusting upward FY08 target for the Ratio of new case filings to case dispositions in courts ...of case management.

2.2 Good Governance\2.2.1 Legislative Function and Processes**Number of National Legislators and National Legislative Staff Attending USG Sponsored training or educational Events**

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
150	145	171	205		61	45	60	55		-	-	111	-	150

2.2 Good Governance\2.2.1 Legislative Function and Processes**Number of Public Forums Resulting from USG Assistance in Which National Legislators and**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
8	6	6	8	

1501

chars

2.2.1 Legislative Function and Processes narrative (no more than 1500 characters)

Number of national legislators....attending training, or educational events: USG's Parliamentary Strengthening Program (PSP) provided members of Parliament (MPs) and staff with consultations/trainings, reaching 26 more participants than planned. Over half of the additional MPs and staffers were women.

Number of public forums in which national legislators and ...public interact: Public hearings and roundtable discussions on important pieces of reform legislation had a qualitative impact on the state of discourse surrounding draft laws. Public understanding of reforms has improved, and the opinions of experts and citizens have been increasingly incorporated into draft legislation. Parliamentary committees are playing a greater role in initiating/debating legislation. Following the roundtable discussion, the parliamentary rules and procedural issues committee unanimously voted for the draft public service code. This decision represents a rare instance of the Parliament taking the initiative on a piece of major reform legislation. Efforts to promote public consultation have resulted in a request to organize public hearings in Fall 2007 on the draft Constitution of Adjara. A faction held a public discussion on the creation of a code of conduct for broadcasters and the Democratic Front organized a hearing on government expropriation of private property.

Number of Executive Branch Personnel Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
233	160	602	340		-	93	208	200		-	67	394	140	

2.2 Good Governance\2.2.2 Public Sector Executive Function

Number of Executive Office Operations supported with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	3	3	3	

2.2 Good Governance\2.2.2 Public Sector Executive Function

Number of Reconstructed National Governing Institutions and Systems that Receive USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	20	20	25	

1486
chars

2.2.2 Public Sector Executive Function narrative (no more than 1500 characters)

Number of reconstructed national governing institutions... that support democracy and government legitimacy: Four systemic functions targeted in FY07 within four partner national governing institutions (total of 16 functions), resulted in improved services: transparency, accountability, responsiveness to citizen needs and interests, and citizen participation. Interventions centered on improving institutional performance in human resource management, strategic planning, communications, and procurement of services from local organizations: universities, private consulting firms, NGOs, and think tanks. Development of job descriptions for 22 positions at the Ministry of Foreign Affairs improved institutional accountability for performance. Collaboration with the Office of the State Minister for Conflict Resolution Issues to install an intranet system and develop a website improved its transparency. Assistance to the Civil Registry Agency (CRA) resulted in a three-year strategic plan; the refurbishment, computerization, and digitization of 14 offices; and enhanced capability to respond to citizen needs.

Number of personnel trained: The target was exceeded by 310 due to requested training for customs officers of the Revenue Agency, and the extension of phase I of the CRA program.

operations supported: Advisory services were provided to the GOG in national reform coordination/implementation, communication and outreach, and donor coordination.

Number of Individuals Who Received USG-Assisted Training, including management skills and Fiscal Management, to Strengthen Local Government and/or Decentralization.

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
700	500	1,533	400	600	200	150	320	100		-	-	1,213	-	-

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Local Mechanisms Supported with USG Assistance for Citizens to Engage their Sub-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
30	35	168	40	125

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Sub-national Government Entities receiving USG assistance to Improve their

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
14	14	52	20	45

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Sub-national Governments Receiving USG Assistance to Increase their Annual Own-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	13	10	

1479

2.2.3 Local Government and Decentralization narrative (no more than 1500 characters)

chars

Communities Empowered for Local Decision making (CELD) exceeded its FY07 targets due to the introduction of the new local government structure in January 2007.

Number of sub-national government...to improve their performance: As a result of extensive outreach as well as the progressive attitude of the new governments, the demand for immediate improvements in their performance exceeded expectations and affected targets for FY07.

Number of sub-national government...to increase their annual own-source revenues: Higher numbers achieved due to higher demand for trainings on budgeting, service improvement, legislation, property transfer, and public relations.

Number of individuals who received training...and/or decentralization: Was also exceeded due to high demand working with local NGOs as recommended by the mid-term evaluation, and intention to build local capacity for providing services to municipalities in the future.

2.2 Good Governance\2.2.6 Program Support (Governance)**Number of sector assessments**

					other					environmental				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	-	-	-	1	-	-	-	-	-	-	-	-	-	-

263

2.2.6 Program Support (Governance) narrative (no more than 1500 characters)

chars

FY07 target for the number of evaluations was met – Civil Registry Project Final Evaluation of Phase I activity was conducted.

Local Government program assessment is planned to look at USG's ongoing activity and plan for the future interventions in this sector.

2.3 Political Competition and Consensus-Building\2.3.1**Consensus-Building Processes****Number of Consensus-building Processes Assisted by USG**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3	3	3	

**2.3 Political Competition and Consensus-Building\2.3.1
Consensus-Building Processes**

Number of Groups Trained in Inclusive Consensus Building Techniques with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	8	9	8	

**1039
chars**

2.3.1 Consensus-Building Processes narrative (no more than 1500 characters)

Number of Consensus-Building Processes Assisted: Development and implementation of the national integration strategy represents an overarching consensus-building process which will continue in FY08. Media programming and small grants represent two additional consensus-building processes to be continued in FY08 (total of 3 as indicated under targets): (1) a group of civil and public experts continues its work on the development of a unified strategy and an action plan to accomplish the goal of national integration; (2) A new weekly minority television talk show is produced and broadcast by Public TV; (3) One pilot project is funded through the small grants program.

Number of Groups trained in Inclusive Consensus Building Techniques: Nine trainings (instead of eight) in diversity management were provided to civil servants, civil society organizations, media representatives, ethnic Georgians, Azeris, Armenians, and various other groups. In total, 95 persons were trained, including 26 representatives of ethnic minorities.

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Domestic Election Observers Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5,500	-	-	3,000		2,750	-	-	1,500		2,750	-	-	1,500	

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Election Officials Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
25	-	-	25		-	-	-	-		-	-	-	-	

2.3 Political Competition and Consensus-Building\2.3.2
Elections and Political Processes

**Number of Laws or Amendments to Ensure
Credible Elections Drafted with USG Technical**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4	-	-	4	

96 chars

2.3.2 Elections and Political Processes narrative (no more than 1500 characters)

Targets were set for FY08, since this is an election year for both the president and parliament.

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of Individuals who Receive USG-Assisted Political Party Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
900	500	575	700		-	-	-	-	-	-	-	-	-	-

2.3 Political Competition and Consensus-Building\2.3.3 Political
Parties

**Number of political parties and political groupings
receiving USG Assistance to articulate platform and**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4	4	4	5	

1486

2.3.3 Political Parties narrative (no more than 1500 characters)

chars

The Political Party Development program met and/or exceeded targets for FY07.

Number of individuals who receive...training: Five-day "Party Building School" workshops were conducted for political party leaders. 575 individuals representing eight political parties were trained on how to: construct a viable political organization, develop local networks, form party strategy, craft messages, and implement tactics to communicate those messages to the voters with the 2008 parliamentary and presidential elections in mind.

Number of political parties and political groupings...to articulate platform and policy agenda effectively: 32 individual and customized consultations were conducted on message development and party structure for the United National Movement, Conservative Party, Republican Party, Freedom Party, Georgia's Way, Industrialists, and National Democratic Party. Top party managers learned about the party-building process, including issues of party ideology, party management, the primary system, and party activities between elections. About 15 formal and informal consultations were conducted with assistance. Four were able to articulate platform and policy agendas effectively: the United National Movement, Republican Party, New Rights, and Conservatives Party.

2.4 Civil Society\2.4.1 Civic Participation**Number of Civil Society Organizations using USG Assistance to Improve Internal Organizational**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
407	43	52	43	

1245

2.4.1 Civic Participation narrative (no more than 1500 characters)

chars

The number of civil society organizations (CSOs) using USG assistance to improve organizational capacity was exceeded primarily as a result of successful efforts by the Small Grants and South Caucasus Cooperation initiative which provides direct technical and material support under its competitive small grants program. For example, a grant to the Civic Initiative Center (co-funded with the Open Society Georgia Foundation) involved regional CSOs in a series of workshops and roundtable discussions on a CSO Code of Ethics (COEs). This assistance culminated in a Fair, where over 70 CSOs presented their accomplishments in developing a COEs to a wide audience. Furthermore, two policy grants, co-sponsored by DFID, were provided to CSOs to monitor commitments of Caucasus governments to implement the European Neighborhood Policy which included vocational education and waste management. Given its success in FY07, Community Connections will expand its efforts during FY08 to recruit women from outside the capital (supplementing Peace Corps efforts), thereby adding more gender balance to activities that promote effective public-private partnerships, expand the spirit of volunteerism and enhance small and medium enterprise activity.

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information**Number of Media Civil Society Organizations and/or Support Institutions Assisted by USG**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	5	5	6	5

895

2.4.2 Media Freedom and Freedom of Information narrative (no more than 1500 characters)

chars

Number of Media Civil Society Organizations and/or Support Institutions: The USG supported Internet Access and Training Program (IATP) has five regional internet access centers and seven independent internet centers (centers that have graduated from USG's funding) operating throughout the country. The centers provide open public internet access for citizens, civil society organizations, journalists, community groups and local government officials. The centers also conduct trainings in basic computer literacy, web design, and on-line forums. More than 21,000 residents of Georgia visited IATP access sites and about 6,000 people attended training courses during FY07. The IATP server in Tbilisi hosts 538 websites.

The target for FY08 was revised from six to five, putting more emphasis on sustainability of existing centers, and anticipating a reduction in budget for the program.

3 Investing in People - Georgia

3.1 Health3.1.1 HIV/AIDS

Number of baseline or feasibility studies

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	-

3.1 Health3.1.1 HIV/AIDS

Number of evaluations

					process					results				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	1	-	-	-	-	-	-	-	-	-	-	-	-

3.1 Health3.1.1 HIV/AIDS

Number of individuals reached through community outreach that promotes HIV/AIDS prevention through other behavior change beyond abstinence and/or being faithful

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1,000	-	1,500	-	-	300	-	500	-	-	700	-	1,000	-

3.1 Health3.1.1 HIV/AIDS

Number of individuals trained to provide clinical treatment for TB to HIV-infected individuals

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	50	-	100	-

3.1 Health3.1.1 HIV/AIDS

Number of individuals who received counseling and testing for HIV and received their test results

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
17,000	6,800	6,842	7,000	-	-	-	2,688	-	3,000	-	-	3,342	-	4,000

1493 3.1.2 Tuberculosis narrative (no more than 1500 characters)

chars

Number of people trained in DOTS: Along with DOTS training, the Tuberculosis Treatment and Control Program (TTCP) does extensive on-the-spot coaching of laboratory technicians, nurses, and doctors. TTCP trained fewer people than planned, since it was asked by the National Tuberculosis Program (NTP) and the Global Fund for Tuberculosis, HIV/AIDS and Malaria (GFTAM) to focus on extensive supportive supervision of medical personnel instead. This approach will assure greater sustainability and will continue in FY08. Currently, 140 people are being supervised by the activity.

Existence of a Multi-Drug Resistance for TB (MDR-TB)... at the national level: There are three quality criteria for the country: A policy supporting MDR-TB diagnosis and treatment; a functioning surveillance system; and at least one laboratory in the public sector performing culture and drug sensitivity testing. Each component is rated as 1=Yes and 0=No. TTCP met the target as planned and Georgia has a mul functioning surveillance system and a laboratory in the public sector performing culture and drug sensitivity testing.

An infectious disease program assessment conducted between June – October 2007 pointed to the need to strengthen the NTP to coordinate TB assistance/response, to review protocols for default infecti n control, and occupational safety standards; to support TB patients and their networks; and to include TB as an essential public health function in the GOG health sector.

3.1 Health\3.1.5 Other Public Health Threats

Number of beneficiaries of USG-funded service-oriented programs to reduce non-communicable diseases

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
66,000	106,000	47,172	-	15,000	36,300	58,300	25,643	-	8,000	29,700	47,700	21,529	-	7,000

3.1 Health\3.1.5 Other Public Health Threats

Number of evaluations

					process					results					impact					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.1 Health\3.1.5 Other Public Health Threats

Number of sector assessments

					gender				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-	-	-	-	-	-

1396 3.1.5 Other Public Health Threats narrative (no more than 1500 characters)

chars

Number of beneficiaries of USG-funded service-orientated programs to reduce non-communicable diseases: The target of 106,000 beneficiaries set for FY07 is inaccurate as it represents the cumulative number of people that were treated for non-communicable diseases (NCDs) since the program's inception in 1998. By the end of FY06, 66,000 beneficiaries were treated for NCDs. Therefore, the single year target for FY07 was 40,000 beneficiaries, the difference between the cumulative target (106,000) and the cumulative result in FY06 (66,000). The actual figure in FY07 has met and exceeded the disaggregated target for FY07.

The target for FY08 was adjusted to reflect the Emergency Medical Services activity initiated at the end of FY07.

Number of people trained in strategic information management: This is the new indicator added due to the expansion of the activity which was initiated at the end of FY07, so the target is set for FY08. Heal service manager and insurance manager training responds to the emerging human resource needs in these fields in light of the ongoing health reforms, as the system moves toward private provision and purchasing of health services. Modern and efficient management of the health services and insurance will significantly contribute to better access and higher quality health services, including those for non-c ealth services, including those for non-communicable diseases and injuries.

3.1 Health\3.1.6 Maternal and Child Health

Number of children less than 12 months of age who received DPT3 from USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
40,495	41,860	40,191	43,225	

3.1 Health\3.1.6 Maternal and Child Health

Number of evaluations

					process					results					other					impact				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.1 Health\3.1.6 Maternal and Child Health

Number of improvements to laws, policies, regulations or guidelines related to improved

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	2	3	1	

3.1 Health\3.1.6 Maternal and Child Health

Number of newborns receiving essential newborn care through USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,163	3,500	4,282	1,500	9,100

3.1 Health\3.1.6 Maternal and Child Health

Number of sector assessments

					other					gender					environmental					conflict				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.1 Health\3.1.6 Maternal and Child Health

Number of women receiving Active Management of the Third Stage of Labor (AMSTL) through USG-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,542	4,000	4,868	2,000	9,000

chars

Number of women giving birth who receive Active Management ... and

Number of newborns receiving essential newborn care: FY08 targets were adjusted upward to account for new sites. The increase in number of sites resulted in surpassing the FY07 targets by 868 and 782 respectively.

Number of children ... DPT3: UNICEF's immunization program indicated the DPT3 vaccination rate during the period 10/01/2006 - 08/30/2007. A shortfall is due to the exclusion of September 2007. The reported figure reflects a 91.7% of immunization rate vs the planned 85%. The FY07 target is expected to be exceeded once September data is included.

USAID's Senior Health Adviser joined the USAID/Caucasus health team to carry out an assessment of the health care policy environment, and defined priorities in the light of the new health reform program.

used to develop and adjust case-based reimbursement rates for hospital services; and a draft pharmaceutical policy and law was developed and submitted on request from the GOG.

3.1 Health3.1.7 Family Planning and Reproductive Health

Couple years of protection (CYP) in USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4,000	11,000	14,978	5,000	25,000

3.1 Health3.1.7 Family Planning and Reproductive Health

Number of evaluations

					process					results					impact					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.1 Health3.1.7 Family Planning and Reproductive Health

Number of new approaches successfully introduced through USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	1	-	-	1

3.1 Health3.1.7 Family Planning and Reproductive Health

Number of policies or guidelines developed or changed with USG assistance to improve access to

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	-

3.1 Health3.1.7 Family Planning and Reproductive Health

Number of sector assessments

					environmental					conflict					gender					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of USG-assisted service delivery points providing FP counseling or services

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
150	276	335	114	390

1498 chars 3.1.7 Family Planning and Reproductive Health narrative (no more than 1500 characters)

Number of service delivery points...: Approximately 194 primary health care ambulatories and medical facilities were added to the list of functioning family planning (FP) sites in targeted regions of Healthy Women in Georgia (HWG) project, bringing the total number to 335 and surpassing the target by 59. The HWG FP component now covers more than half Georgia's population and targets for FY08 have increased.

Couple years of protection: Achieved 14,978 in FY07, surpassing the target by 3,978.

Number of new approaches... introduced: In December 2006, the Georgia Reproductive Health Policy Framework was presented to the Parliamentary Committee on Health and Social Affairs by Ministry representatives. Both institutions have endorsed the contents of the policy. Although it has not yet been legalized as official policy, several key policy objectives have been reflected in the official plans guiding the current reforms. At the request of the Ministry, USAID's health reform (CoReform) project works with local experts on a strategy to guide the national implementation of clinical guidelines and protocols. This indicator has been postponed and is expected in FY08 in line with completion of the reorganization and reform process of the Ministry, which is planned for end of 2007.

3.2 Education\3.2.1 Basic Education

Does your program support education systems/policy reform? If yes, please describe the

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	

3.2 Education\3.2.1 Basic Education

Number of administrators and officials trained

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of men					number of women				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
290	295	350	295		100	102	240	102	193	190	193	110	193	102

3.2 Education\3.2.1 Basic Education

Number of Parent-Teacher Association or similar 'school' governance structures supported

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1,000	1,700	1,200	1,500

3.2 Education\3.2.1 Basic Education

Number of sector assessments

					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	-	-	1	-	-	-	-	-

1127 chars **3.2.1 Basic Education narrative (no more than 1500 characters)**

Number of Parent-Teacher Association or similar 'school' governance structures supported: The target for 2008 was adjusted to the higher number, considering the higher number of the School Boards of Trustees (BOTs) elected successfully as compared to the original plan.

Number of administration and officials trained: The FY07 target was exceeded by 55 due to higher demand than anticipated.

Does your program support education systems/policy reform?: Actual performance was achieved through making the 69 Education Resource Centers (ERCs) in the country functional and providing support to 2,300 BOTs. 1,700 BOTs were trained by the ERCs in school management. The strategy for general education accreditation is ready and will be reviewed by the National Council of Accreditation. Standard for school accreditation are in place.

3.2 Education\3.2.2 Higher Education

Number of host-country individuals trained as a result of USG investments involving higher education institutions

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10	50	65	150		7	35	45	105		3	15	20	45	

3.2 Education\3.2.2 Higher Education

Number of sector assessments

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	-	-	1

3.2 Education\3.2.2 Higher Education

Number of USG-supported organizational improvements that strengthen the institutional

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	2	2	

1194 chars **3.2.2 Higher Education narrative (no more than 1500 characters)**

Number of host-country individuals trained ... involving higher education institutions: Actuals exceeded FY07 targets because of a greater number of institutions than planned requested training for members of their quality assurance teams, towards developing a self-assessment report of universities next year.

Number of USG-supported organizational improvements that strengthen the institutional capacity of host-country higher education institutions: Targets were met and included the development of a strategic plan for the National Education Accreditation Center (NEAC), which incorporated the Higher Education Institutions (HEIs) accreditation plans; and the training of 50 experts of the NEAC in university assessment and self-evaluation methodology.

A review of education sector reform in Georgia and progress under the General Education Decentralization and Accreditation (GEDA) project was conducted in October 2007; therefore it is outside the FY07 reporting period. This resulted in an adjustment of the FY08 target for assessment. The higher education component of the assessment was limited to accreditation of higher education, which was within th

4 Economic Growth - Georgia

4.1 Macroeconomic Foundation for Growth4.1.1 Fiscal policy

Number of key items of revenue policy work product prepared by the Fiscal Policy Unit

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	4	5	4	

4.1 Macroeconomic Foundation for Growth4.1.1 Fiscal policy

Number of key personnel in fiscal policy and fiscal administration trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
8	10	12	10		2	3	4	3		6	7	8	7	

1227 4.1.1 Fiscal policy narrative (no more than 1500 characters) chars

The USG successfully met its FY07 targets for the fiscal reform program element. A total of 12 key officials of the State Revenue Service were trained in implementing new procedures, which resulted in improved operational efficiency at this agency.

The indicator "number of key items of revenue policy work product prepared by the Fiscal Policy Unit" consists of large policy reforms, including e-filing of tax returns, tax collection from non-filers/non-payers, tax appeals, comments on the GOG's Revenue Service Amendments to the Tax Code, audit selection software and other policy reforms and activities geared toward improving taxpayer services and moving the country toward voluntary tax compliance. These interventions, once fully implemented, would further improve Georgia's ranking from 102 to 35 in the "Paying Taxes" category of the World Bank's Doing Business Survey.

USG-supported interventions including the establishment of a new unified revenue service, adoption of effective fiscal policies and the introduction of streamlined tax appeals procedures and e-communicati

4.2 Trade and Investment4.2.1 Trade and Investment Enabling Environment

Number of consultative processes with private sector as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
14	14	27	14	

4.2 Trade and Investment4.2.1 Trade and Investment Enabling Environment

Number of legal, regulatory, or institutional actions (not mentioned above) taken to improve

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	5	7	5	

Number of participants in trade and investment environment trainings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
525	575	726	600	100	105	115	210	120	20	420	460	516	480	80

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of Trade and Investment Environment diagnostics conducted

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	2	2	2	

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of USG supported training events held that related to improving the trade and investment

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
12	12	14	12	5

1469 chars 4.2.1 Trade and Investment Enabling Environment narrative (no more than 1500 characters)

In FY07, at the request of the State Revenue Service (SRS), the USG initiated a public-private dialogue on trade and investment issues. A strong relationship was established with both the private sector and the Tax and Customs Division of the SRS, enabling the USG to facilitate 27 consultative processes with the private sector, highly exceeding the target of 14.

The USG partnered with the Government of Georgia (GOG) to support development and/or implementation of seven legal and institutional actions geared toward improving the country's trade and investment enabling environment

In FY07, 726 individuals were trained on trade and investment through 14 training events. In addition, two trade and investment environment diagnostics were conducted. The USG effectively demonstrated the benefits of trade diagnostics to the GOG, which led to the establishment of a governmental unit responsible for evaluating the impact of all new legislation on the private sector.

ining will be provided to IT personnel to improve management reporting, and to the SRS audit division to implement post-clearance audit procedures.

4.2 Trade and Investment\4.2.2 Trade and Investment Capacity

Number of Capacity-Building Service Providers receiving USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
6	6	9	7	

4.2 Trade and Investment\4.2.2 Trade and Investment Capacity

Number of firms receiving capacity building assistance to export

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	12	41	35	

Number of participants in USG supported trade and investment capacity building trainings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
62	100	121	140		8	40	36	63		54	60	85	77	

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of trade-related business associations that are at least 50 percent self-funded as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	3	7	

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of USG supported training events on topics related to investment capacity building and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
6	8	8	14	

1333 4.2.2 Trade and Investment Capacity narrative (no more than 1500 characters)
chars

In FY07, nine capacity-building service providers, instead of the targeted six, received USG assistance, including six business service organizations, the Georgian Banks Training Center (GBTC), the Guria Agribusiness Center and two business incubators. GBTC provides training to the bank and non-bank financial institutions which offer credit to local businesses engaged in trade. The USG provided training six business service organizations in export promotion, the new Customs Code, and the Generalized System of Preferences. These organizations assisted 41 micro-, small- and medium-sized enterprises in export-related issues, providing a wide array of consultation on consumer targeting, productive investment decisions and other factors affecting trade.

The USG-supported Guria Agribusiness Center, a trade-related business association, and two business incubators in the Svaneti and Kakheti regions became self-sustainable in FY07, exceeding the target of trade-related business associations that are at least 50 percent self-funded. These organizations assisted farmers to expand their production and exports, facilitating job creation in the regions.

A total of eight separate USG-supported training events were held on topics related to investment capacity building and improving trade, benefiting 121 participant participants.

4.3 Financial Sector4.3.2 Financial Services

Number of financial sector professionals trained on international standards this year with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
207	210	126	540	250	59	73	32	189	88	148	137	94	351	162

chars

In FY07, 126 loan officers from various financial institutions were trained through a grant to the Association of Banks of Georgia (ABG). The training increased loan officers' understanding of international standards and enhanced the ability of financial institutions to lend to the private sector.

The FY07 target of 210 for the indicator "Number of financial sector professionals trained on international standards" represents the aggregate number of people trained by two USG-supported institutions: ABG; and the Georgian Banking Training Center (GBTC). Due to a delay in establishing the GBTC, an institution responsible for conducting over 40% of the projected training events, the FY07 target for this indicator has not been met.

The delay in establishing the GBTC was caused by the failed negotiations with the American Bankers Association, an organization that issues licenses and provides training materials to bank training institutions. Despite initial difficulties, the USG identified a new partner, the Hellenic Bankers Association, which is currently developing a customized training curriculum for Georgia. GBTC will launch its first training events in FY08, resulting in the lower number of people to be trained. Therefore, the FY08 target for this indicator has been revised from 540 to 250.

4.4 Infrastructure4.4.1 Modern Energy Services**Capacity constructed or rehabilitated as a result of USG assistance**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3	3	7	10

4.4 Infrastructure4.4.1 Modern Energy Services**Energy saved as a result of USG assistance**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	200,000	172,732,449	2,000,000	185,000

4.4 Infrastructure4.4.1 Modern Energy Services**Number of energy companies prepared and offered for privatization as a result of USG assistance**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	-	-	-	-

4.4 Infrastructure4.4.1 Modern Energy Services**Number of energy enterprises with improved business operations as a result of USG assistance**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	5	27	4	

4.4 Infrastructure4.4.1 Modern Energy Services**Number of people receiving USG supported training in energy related business management systems**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	35	323	35		-	17	137	17		-	18	186	18	

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in energy related policy and regulatory practices

					Number of women					Number of men					
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	
	12	124	230	130	155	5	39	72	45	55	7	85	158	85	100

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in technical energy fields

					Number of women					Number of men					
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	
	2	100	2,453	120	156	-	5	96	15	17	2	95	2,357	105	139

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people with increased access to modern energy services as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	
	30	13,000	806,654	25,000	84,000

4.4 Infrastructure4.4.1 Modern Energy Services

Total public and private dollars leveraged by USG for energy infrastructure projects

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	
	747,625	3,300,000	4,662,237	7,000,000	1,000,000

1499 chars 4.4.1 Modern Energy Services narrative (no more than 1500 characters)

The major achievement during FY07 was the increased operational efficiency of the USG-managed electricity utility company, UEDC. Reduced outages at the UEDC increased access to modern energy services for 806,654 people. UEDC's collection rate rose from 71 to 96 percent in FY07, representing almost a \$115 million increase in annual collections of the delivered electricity. This enabled uninterrupted delivery of power. In FY07, construction of three small hydro plants (SHP)s was completed, and energy savings of 172 million Kw/h were realized. The USG trained 230 people in policy/regulatory practices, 2,453 in technical fields, and 323 in energy-related business management.

Targets were highly exceeded due to the inclusion of the Georgia Energy Security Initiative (GESI) results related to the UEDC. The initial submission of the FY07 Operational Plan did not include the GESI program as these results were to be achieved entirely with FY06 carryover.

In FY08, the direction of the USG program will shift to provide more support to develop the country's policy analysis capacity, improve technical and business skills and complete SHP projects. Therefore, the bankability of SHPs will improve in FY08; therefore, the USG will leverage less funds but provide more capacity building support to stimulate SHPs' commercial viability.

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of individuals who have received USG supported long term agricultural enabling environment training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	20	-	30		-	11	-	17		-	9	-	13	

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of individuals who have received USG supported short-term agricultural enabling environment training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
119	505	40	120	100	65	280	18	66	45	54	225	22	54	55

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of institutions/organizations making significant improvements based on

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	1	1	1	1

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of institutions/organizations undergoing capacity/competency assessments as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
9	2	2	1	

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of policy reforms analyzed with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
11	9	2	5	3

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of policy reforms presented for legislation/decrees as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	7	-	4	2

1108 4.5.1 Agricultural Enabling Environment narrative (no more than 1500 characters)

chars

The FY07 targets were set based upon previous requests from the Ministry of Agriculture to provide continued support in developing a National Food and Agriculture Strategy; implementing the Law on Food Safety and Quality and drafting the related secondary legislation; and providing training in the newly-adopted legislation and regulations. However, changes in the management as well as in the strategic focus within the Ministry resulted in an 18 month delay in the implementation of the new Food Safety law. At the same time, the Ministry decided to replace a comprehensive agriculture strategy with short-term action plans within a few priority areas.

Because of these events, actual results for several indicators are significantly lower than targeted. Nevertheless, assistance provided to the executive office of the Ministry of Agriculture and the National Service for Plant, Animal and Food Safety was important in defining the Ministry's strategic direction and focus during the year. Indicators targets for FY08 have been reduced to reflect a nearly 40 percent decrease in element funding.

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of additional hectares under improved technologies or management practices as a result

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
600	1,300	2,103	1,350	

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of additional surveillance and/or control systems in place for agricultural threats (biological

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	-

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of agriculture-related firms benefiting directly from USG supported interventions

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
109	320	376	235	

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of individuals who have received USG supported short term agricultural sector productivity training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,159	850	1,046	1,000		540	212	223	250		1,619	638	823	750	

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of new technologies or management practices made available for transfer as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
22	8	76	10	

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of new technologies or management practices under research as a result of USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	7	76	2	

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of producers organizations, water users associations, trade and business associations, and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
394	225	236	220	

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of public-private partnerships formed as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
99	51	61	50	50

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of rural households benefiting directly from USG interventions

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
6,627	3,000	19,383	4,000	7,500

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Percent change in value of international exports of targeted agricultural commodities as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	20	26	20	

1483 chars 4.5.2 Agricultural Sector Productivity narrative (no more than 1500 characters)

All targets for FY07 were met or exceeded.

The USG achieved significant results under this element. USG resources transferred 76 new technologies to Georgian farmers, introduced improved technologies on 2,103 hectares of land, facilitated 61 public-private partnerships in targeted communities and provided agricultural productivity training to 1,046 individuals. These interventions benefited 19,383 rural households, 236 producer organizations and business associations and 376 agribusinesses. Through USG efforts, the value of international exports of targeted products, such as hazelnuts, mandarins, bay leaf, and herbs increased by 26 percent.

These results were achieved in part by the establishment of model local export agribusinesses that utilize modern production and packaging techniques. The USG facilitated the creation of three modern cheese production facilities that are now replacing imported cheese in the domestic market and linking numerous producers to large local processors, distributors, and retailers. USG assistance, in partnership with the Ministry of Agriculture, resulted in Georgian agribusinesses participating in leading agricultural fairs in locations such as England, Germany, Poland, and the U.S. in the wake of the ban which Russia placed on Georgian agricultural products in early 2006. In total, more than \$10 million of export sales were facilitated during FY07.

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of municipalities receiving USG assistance with regulatory/ administrative simplification

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
18	39	50	39	50

4.6 Private Sector Competitiveness4.6.1 Business Enabling Environment

Number of the 11 core commercial laws put into place with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3	4	4	

1392 chars 4.6.1 Business Enabling Environment narrative (no more than 1500 characters)

All FY07 targets were exceeded. USG assistance to the Government of Georgia (GOG) was instrumental in improving the country's business enabling environment, developing the capacity of 50 municipalities to simplify regulatory and administrative systems, introducing reform measures and establishing core commercial laws. As a result of USG assistance, Georgia improved its ranking on the World Banks' Ease of Doing Business index from 37 to 18.

USG support was given to establish core commercial laws, including the Law on Securities Market and the Law on Entrepreneurs which protect minority shareholders. The Law on Electronic Signature and the Law on Secured Financing have been drafted and are awaiting the GOG's approval. A draft construction code that removes regulatory burdens to obtain construction permits, and legislation that governs the import and registration of pharmaceuticals, have been developed, approved by the GOG, and are currently awaiting the Parliament's approval.

In FY07, the GOG's commitment and cost-share enabled the USG to assist 50 municipalities to manage the land privatization process, exceeding the target of 39. The USG will continue to work with this "regulatory/administrative simplification" was increased from 39 to 50.

4.6 Private Sector Competitiveness4.6.4 Program Support (Private Sector)

Number of sector assessments

					environmental					conflict					gender					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	2	-	1	-		-			-		-			-		-			-	1	2	-	1

827 chars 4.6.4 Program Support (Private Sector) narrative (no more than 1500 characters)

In FY07, the USG conducted an Information and Communication Technology (ICT) assessment at the request of the Government of Georgia (GOG) to recommend methods to improve access to and quality of wireless and high-speed internet, and to evaluate the potential impact of wireless systems on accelerating the development of businesses, government, education, and research and development. Negotiations are currently underway with the GOG regarding a potential follow-on assessment to assist the GOG in the development of an ICT sector strategy.

In addition, in FY07 a Workforce Assessment was conducted to assess the dynamics of labor supply and demand in Georgia, outline the labor market priorities and shortfalls and examine the potential of developing a vocational education program in the areas of tourism and construction.

4.7 Economic Opportunity4.7.2 Policy Environment for Micro and Small Enterprises

Number of proposed improvements in laws and regulations affecting the operations of micro

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	3	2	3	4

1333 chars 4.7.2 Policy Environment for Micro and Small Enterprises narrative (no more than 1500 characters)

Policy improvements for laws and regulations affecting micro-, small- and medium-sized enterprises were proposed and two USG-supported legislative changes were adopted. Assistance was provided to the Parliament Budget and Finance Committee to develop the Law on Credit Bureaus, which will be enacted in the winter of 2007. The law calls for the establishment of a credit information bureau with the mandate to collect and maintain enterprise-level credit information. Once enacted, the law will reduce the risks and costs associated with commercial lending.

In FY07, with USG assistance the reporting requirements for microfinance institutions and commercial banks were streamlined and modernized, which reduced regulatory ambiguities, increased the accountability of lending institutions and improved the quality of information collected by the National Bank of Georgia.

The development of a Law on Leasing has been slower than expected due to multiple stakeholders involved in the legal drafting process. Since the law is currently under development, but is expected to be passed in FY08 the FY07 target for the indicator "number of proposed improvements in laws and regulations affecting the operations of micro-enterprises drafted with USG assistance" has not been met but accordingly.

4.7 Economic Opportunity/4.7.3 Strengthen Microenterprise Productivity

Number of micro enterprises receiving business development services from USG assisted sources

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,198	1,190	1,468	1,416	

4.7 Economic Opportunity/4.7.3 Strengthen Microenterprise Productivity

Total number of micro enterprises receiving finance from participating firms in a USG assisted

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
89	100	104	111	80

1499 4.7.3 Strengthen Microenterprise Productivity narrative (no more than 1500 characters)

All FY07 targets were exceeded. With USG support, 1468 microenterprises, including 297 businesses engaged in the tourism and agribusiness sectors, received consultations in taxation, accounting, business planning and company registration. As a result, 221 full-time jobs were created. Capacity-building training sessions were given to the USG-supported business support organizations of the Business Consulting Network to enhance and promote sustainability of business consulting and training. Topics included sales promotion, the new customs code and the European Union's Generalized System of Preferences which grants 7,200 products duty-free access to EU countries. In agreement with the Public Registry, training of trainers sessions were provided to Business Consulting Network staff to enable them to function as land registry agents.

In addition, rural microenterprises were assisted with loan facilitation, business planning, participation in trade events, and facilitation of business-to-business linkages. As a result, 104 loans were facilitated linking community-based microenterprises with microfinance and other credit institutions, resulting in increased incomes and jobs in targeted communities.

ensuring enterprise sustainability. For this reason, the target for the indicator "enterprises receiving finance from USG-assisted value chains" has been lowered from 111 to 80.

4.7 Economic Opportunity/4.7.5 Program Support (Econ Opportunity)

Number of sector assessments

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	other					conflict					gender				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	-	-	2	-	1	-	-	2	-	-	-	-	-	-	-	-	-	-

907 4.7.5 Program Support (Econ Opportunity) narrative (no more than 1500 characters)

The FY07 target for the indicator "number of sector assessments" represented an assessment which USAID planned to conduct in FY07 to facilitate the development of competitive tourism services and infrastructure in at least six tourism destinations in Georgia, and also to examine the potential role for donor assistance in developing these sites and related services. However, the tourism assessment was not conducted by USAID as the United States Trade Development Agency decided to fund a similar study. As an alternative, USAID conducted an evaluation of USAID-funded SME Support Project to review the project's accomplishments to date, and make recommendations, as needed, to improve performance.

In FY08, USG plans to complete two sector assessments that will lead to the design of new USAID-funded initiatives in FY09. Sectors likely to be reviewed include the labor market and financial sector.

FY 2007 Performance Report - Custom Indicators

Program Element	Custom Indicator	2007 Actual	2008 Target
3.1.8 Water Supply and Sanitation	Number of key regulatory and policy changes chosen for Implementation by the GoG	0	2
3.1.8 Water Supply and Sanitation	Number of water utility company staff proficient in operating hydrodynamic models	0	4
4.6.3 Workforce Development	Number of persons participating in USG-funded workforce development programs	316	920
4.6.3 Workforce Development	Number of persons completing USG-funded workforce development programs	316	900
4.6.3 Workforce Development	Number of people gaining employment or more remunerative employment as a result of participation in USG-funded workforce development programs	0	250
4.6.3 Workforce Development	Number of workforce development initiatives created through USG asisted public-private partnerships	0	5
4.1.1 Fiscal policy	World Bank Doing Business Paying Taxes Index	102	35
4.2.1 Trade and Investment Enabling Environment	Trade Openness Index	60 percent	65 percent
4.4.1 Modern Energy Services	Percent of the delivered electricity which is collected by the end of the fiscal year, attributable to USG assistance	96 percent	N/A
4.4.4 Program Support (Infrastructure)	Number of sector assessments	2	1
4.4.4 Program Support (Infrastructure)	Number of evaluations	1	1
4.6.1 Business Enabling Environment	World Bank Doing Business Ease of Doing Business Index	18	16
4.7.5 Program Support (Econ Opportunity)	Number of evaluations	1	0
3.1.5 Other Public Health Threats	Number of people trained in Strategic infomration management	0	52
3.3.2 Social Services	Number of people benefiting from USG-supported social services	0	3,051
2.3.4 Program Support (Political Competition)	Number of sector assessments	2	0
2.4.1 Civic Participation	Number of participants trained in technical academic, leadership development and public diplomacy programs	88	88
2.4.3 Program Support (Civil Society)	Number of sector assessments	0	1
2.2.6 Program Support (Governance)	Number of Evaluations	1	1