

USAID/Georgia
Operational Plan

FY 2006

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Please Note:

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Program Performance Summary FY 2005: I. Economic Reform Assistance

Economic Growth and Energy

A. Country Situation

Since 2004, the GoG has brought about significant improvements in macroeconomic indicators. GDP per capita rose from \$876 in 2003 to \$1,135 in 2004, and to an estimated annualized \$1,300 in the first half of 2005, higher than expected. The GoG's anti-corruption drive, improved tax administration, and reinvigorated privatization have all contributed to strong fiscal performance, with an impressive increase in revenues. The ratio of tax revenue to GDP saw a significant increase, from 13.9% in 2003 to about 18.5% in 2004, and increasing yet again to about 19.4% in the first half of 2005. Privatization proceeds and tax receipts increased the government's ability to finance needed public investment and social sector expenditures. For the first time in years, budgets for both health and education have been increased by sizable amounts for 2006. Georgia's commitment to reform elicited strong international support, including a restructuring of its debt to the Paris Club, and large inflows of bilateral and multilateral loans and grants.

In energy, the GoG understands it is vital for people and businesses to have reliable access to gas and electricity, not only to stimulate economic growth, but also to raise the standard of living and provide for improved access to health and social services. President Saakashvili has repeatedly declared energy to be a top GoG priority. The GoG is committed to privatizing most of its energy infrastructure. With this in mind, there is a clear need for these assets to become financially viable under a favorable commercial environment to attract needed investment.

B. U.S. Assistance Priorities

Sustained economic growth, energy sector reform, and job creation remain the United States' major priorities. While macro-economic indicators are positive, real GDP is still far below 1989 levels - worse than most former Soviet republics. About 52% of the population resides below the poverty line and 25% live in extreme poverty. The agricultural sector largely consists of subsistence agriculture. While the GoG has made substantial improvements in the business climate, significant challenges remain. Restructuring reforms in critical areas such as tax, customs, licensing, and transport need to continue. Procedures for enacted laws and regulations need to be developed, streamlined, and made more transparent. Medium- and long-term finance, especially for small and medium enterprises (SMEs), is limited and a major constraint to growth.

In energy, U.S. assistance will help Georgia to emerge from the energy crisis that has brewed for 15 years. The U.S. is working in concert with other donors and international financial institutions to address crucial gaps in economic performance including dilapidated energy infrastructure and weak energy sector governance. Efforts will also focus on improving prospects for the transparent privatization of one of the largest state-owned energy assets, the United Energy Distribution Company (UEDC). Such privatizations are of importance to the Georgia's economic reform and the energy sector where the United States plays the most significant role among donors at affecting realistic and positive change. In this context, a priority is to build the capacity of the energy ministry to plan and govern critical issues. A U.S. priority is also to address one of poverty's root causes of poverty by working with communities to develop energy systems to rapidly restore power and gas services to rural populations.

The U.S. aims to help to address these constraints as their removal is considered vital to continued economic growth, expanding investment, and sorely needed job creation.

C. Program Performance

In 2005, the GoG's greatest accomplishments were sustained increases in tax revenues, reforms favorably affecting the business environment, development of an energy strategy to attract investments, and the reinvigorated privatization process. The United States was involved in supporting all these efforts.

The U.S. provided direct assistance to the Ministry of Finance. This contributed to a 53% increase in overall tax revenues in 2004, and a 26% increase in revenues over the first half of 2005 compared to 2004's same period. These results highlight the significant improvements in tax and customs administration, and greater government discipline in fighting corruption and tax evasion.

Unprecedented progress was achieved in policy areas affecting the private sector. U.S.-funded advisors worked closely with GoG to develop key legislation necessary to improve the business environment. A simplified tax code, enacted in late 2004, eliminated 12 of 21 taxes. A new law on licensing cut from 909 to 159 the number of activities subject to licensing. Laws were enacted dealing with parties' protection in credit transactions, and legalization of microfinance lending practices to micro-enterprises. Through U.S. efforts, the time needed to register property fell by 75% and related costs by 70%. Largely due to these accomplishments, a recent World Bank study ranked Georgia as the runner-up reformer among 155 countries.

Another notable accomplishment included: enactment of a new bill, developed with the help of U.S. advisors, to support the additional privatization of all state-owned arable land (close to 890,000 acres) to consolidate fragmented land into more economically viable plots and increase use of land as collateral. U.S.-funded projects also facilitated production, processing, and sales of value-added agricultural products, generating almost \$7 million in export sales. With U.S. support, 18 agribusiness associations with over 1,800 members were organized, five new agricultural product lines and nine new technologies introduced, and leasing transactions commenced at two newly-created leasing companies.

In the energy sector, the United States helped to prepare and execute a strategy that permitted the ministry to aggressively seek needed resources and plan to program over \$600 million to be invested through 2008. Aid has been directed at helping the GoG to attract potential investments in a broad array of critical energy projects ranging from large-scale generation and transmission to the sale of the UEDC. A revised policy and amendments to the electricity and gas laws were developed to address problems of markets and commercial operations, weak regulation, and non-payment for energy usage among segments of the GoG. The laws are expected to be submitted to parliament in FY 2006. Capacity building assistance has been and will continue to be provided to the Ministry of Energy through FY 2008. The target is to permit the GoG to broaden its planning capacity across the sector, attract further strategic investments, and mold the energy system to better conform to international standards.

UEDC, under U.S.-funded management since 2003, commercialized its operations and more than tripled its collections to almost 70% since then. Instituting management changes and undertaking investments in metering and billing systems provided 100% control over operations and significant increases in financial operations. As a result, there was an increase in customer payment rates alongside a reduction in energy usage. UEDC now has the ability to provide power upon demand to all paying customers, a feat it may achieve this winter. Anti-corruption measures by UEDC included taking legal action against theft. As a result, the company is now poised to collect an amount approaching \$500,000 from offenders.

II. Democratic Reform Assistance

A. Country Situation

Two years after the Rose Revolution, there can be little doubt of the Saakashvili administration's commitment to governance reform. The Government of Georgia (GoG) reduced the number of ministries from 28 to 13, adopted legislation establishing a civil service council, and instituted reforms to the procedural rules for the parliament. The GoG undertook a major structural reform of the courts, initiated civil registration reform, and drafted a comprehensive package of decentralization legislation. However, despite remarkable progress, a democratic deficit persists.

Since 2004, constitutional amendments increased the relative degree of power in the hands of the executive and the presidency. Judicial independence has come into question and the disruption caused by the rapid turnover of high level government officials continues. Public administration reform, while well intentioned, remains somewhat adrift, with individual ministries and entities pursuing uncoordinated efforts. Challenges persist concerning parliament's oversight of the executive and the dominance of the governing party. And occasional violence in the breakaway regions has highlighted Georgia's conflict vulnerability.

B. U.S. Assistance Priorities

To sustain momentum and assure the long-term viability of Georgia's democratic transition, U.S.

assistance priorities address corruption and improvement of public sector transparency and accountability at both the national and local levels; advancing the rule of law; fostering broader public participation in political life; and, promoting national integration and confidence building.

C. Program Performance

Program performance met or exceeded expectations, with progress made toward almost all U.S. assistance priorities. While programming in national integration and confidence building was missing, new activities in 2006 will address this gap. Coordination with other donors, including the European Union, World Bank, and GtZ was effective.

U.S. assistance trained the staff of the President's and Prime Minister's offices in communications and outreach, provided IT equipment, and identified recommendations to improve inter-ministerial coordination. The program also launched Phase I of the Civil Registry Reform effort. Working in parliament, U.S. assistance trained 150 members on faction management and constituency outreach and 380 staff members on legislative drafting. Roundtables on eight legislative drafts were organized and involved more than 1,400 citizens and 60 MPs. In parliament, U.S. support helped create a Speaker's advisory board, a gender equity council, and an internship program.

The assistance promoted passage of the property transfer law, and development of six other draft laws to increase the autonomy of local government. The program supported more than 20 municipalities across Georgia to strengthen their management capacity, and over 600 citizens attended public hearings prior to the passage of program budgets in 14 cities.

U.S. assistance also helped key Georgian stakeholders to develop a framework for judicial reform, conduct judicial qualification examinations, and increase public awareness of corruption and pressure on judges. U.S. aid helped to create pilot, state-run legal aid bureaus, provided anti-trafficking legal aid to victims, and launched an anti-TIP public awareness campaign.

In addition, help was provided to four of the strongest opposition political parties formed an alliance to install a primary system to field a unified candidate against the governing party's candidates in last fall's bi-elections. The program also provided reliable opinion poll survey data to all major political parties. As well, under the youth and women component, assistance was given to two leading Georgian youth NGOs to train domestic election observers for by-elections.

Supporting independent media, the program emphasized the development of an enhanced advertisement market, provided management training and business support for 23 TV stations and 20 newspapers, and supported the organizational development of three major industry associations. In the area of civil society development, U.S. assistance enabled eight coalitions comprised of 37 civil society organizations to pursue successful issue-based advocacy campaigns in education, water and sanitation, elections, and human rights protection.

III. Social Reform and Humanitarian Assistance

A. Country Situation

A high mortality rate of children under the age of five, low public expenditures on education and health, and declining secondary school enrollments reflect major problems in the health and social sectors. As well, increased job opportunities and incomes, particularly in the rural areas, are needed to sustain economic growth.

B. U.S. Assistance Priorities

During 2004 and 2005, the health ministry, working with its development partners, including the United States, developed integrated health and social sector policies. Although progress was made, major challenges remain. The health and social sector institutions and systems are weak and deteriorated. Although GoG spending in these sectors is to receive a healthy boost in 2006, budgets are still too low to provide adequate health and social services. While health sector priorities have been identified by ministry, a clear reform strategy is still needed. Specific priorities include: reduction in the transmission and impact of HIV/AIDS, and prevention and control of infectious diseases of major importance; and,

expansion and improvement in access to health services and in maternal and child health, and family planning to include healthy reproductive behavior. In education, the education ministry is reforming the basic, vocational, and higher education systems. This responds to labor market needs, and brings education quality and relevance to youth. In addition, U.S. assistance also aims to mobilize communities, and improve job and business opportunities in rural areas. Youth are targeted.

C. Program Performance

Some important results were achieved in 2005. In summary, U.S. assistance contributed to about an increase to 47% in the Contraceptive Prevalence Rate. In contrast, the 1999 rate was 40.5%. Strides were also made to introduce, adapt, and implement international approaches to control infectious diseases; and, improve mother and child health, e.g., reproductive health/family planning (RH/FP) services, and health support systems. The health ministry created a national health accounts (NHA) system to serve as the basis for policy development, and establish an organizational and policy framework for reproductive health and infectious diseases. Supported by data analyses from the U.S.-assisted NHA, the GoG decided to both increase and improve health care allocations in 2006. In the social sector, the United States improved the quality and increased access to education services, and became a partner with the education ministry in carrying out a common set of goals for sector reform. Assistance such as infrastructure improvement as well as micro-enterprise training also helped to empower people at the grassroots level to improve rural livelihoods, advance stability, and promote tolerance. The non-USAID share of contributions to community initiatives reached 35%.

With access to better data, the health ministry also determined that, for the principal measure for immunization coverage - diphtheria, pertusis and tetanus, there was a small rate increase to 80.9% from 2004 to 2005. Also, in 2005 vaccine wastage dropped by 10%.

Georgia is a low prevalence HIV/AIDS country and, therefore, assistance focused on surveillance and prevention. To help bring about Sexually Transmitted Infection (STI)/HIV behavior change, the United States helped carried out outreach and peer-led efforts that directly benefited 12,668 high-risk individuals. Survey results in 2005 indicated that the use of shared injecting equipment decreased significantly from about 79% in 2002 to just below 43% in 2005. Concurrently, prostitutes' use of condoms increased from 86.7% to 94.4%.

With regard to infectious diseases, the United States continued as a key GoG partner for routine and supplemental immunizations. When combined with close donor coordination, this resulted in adequate vaccine supplies, and strengthened institutional and human capacity. The immunization coverage rate was sustained at 80.9% in 2005. As a result, there was a decline in vaccine preventable diseases and Georgia remained polio-free. The GoG significantly increased vaccine co-financing to 40% in 2005 from 20% in 2002. U.S. assistance in tuberculosis control resulted in a 2005 jump in treatment success rate to 71% from 60% two years earlier.

The education ministry achieved the passage of a general and higher education law. A new nationwide admissions examination system was tested and implemented.

U.S. aid built a cadre of trained citizens, and mobilized communities to implement projects to create jobs. In sum, 193 communities were mobilized and 194,000 Georgians benefited.

FY 2006 Program**SO: 114-0131 Accelerated Development and Growth of Private Enterprises to Create Jobs****Expand & Improve Access To Economic & Social Infrastructure**

Expand & Improve Access to Economic & Social Infrastructure (\$316,455 FSA carryover). USAID will support the state-owned railway in the implementation of its restructuring strategy, designed to move the company towards commercially-oriented, economically efficient railway operations. Principal contractors and grantees: Booz Allen Hamilton.

Improve Economic Policy and the Business Environment

Improve Economic Policy and the Business Environment (\$3,760,000 FSA; \$80,600 FSA prior year recoveries). USAID will work with the GoG to enact market-oriented economic policies; facilitate public-private dialogue; introduce an improved legislative framework for business; improve revenue administration through the Ministry of Finance to sustain high levels; prepare and implement a national food and agriculture strategy; and support implementation of food safety legislation. Prime partners: Chemonics International; ACDI/VOCA.

Improve Private Sector Competitiveness

Improve Private Sector Competitiveness (\$1,660,000 FSA). USAID will support SMEs with strengthened commercial and financial infrastructure, effective private sector advocacy, and improved business skills. Fifteen business associations will be strengthened to provide SMEs with business-related services; and five associations will develop self-certification programs for processes and products. Youth and minorities will develop income-generating business skills. Principal contractors and grantees: International Executive Service Corps (IESC).

Increase Agricultural Sector Productivity

Increase Agricultural Sector Productivity (\$3,260,000 FSA). USAID will continue to assist with the productivity and marketability of Georgian products. Other efforts include: successful market chains to generate over \$5 million in export sales in FY 2006; eight consolidation centers to improve marketing; and seven companies to establish internationally required Hazard Analysis and Critical Control Point (HACCP) and/or International Organization for Standardization (ISO) quality management systems. Principal contractors and grantees: ACDI/VOCA and IESC.

Protect and Increase the Assets and Livelihoods of the Poor

Protect and Increase the Assets and Livelihoods of the Poor (\$2,200,000 FSA) Income/employment generation needs will be met by assisting communities to protect and enhance productive assets, reestablish livelihoods and diversify assets and sources of income. Principal contractors and grantees: CHF (Community, Habitat, and Finance) International.

Strengthen The Financial Services Sector & Increase Access to Capital

Strengthen the Financial Services Sector & Increase Access to Capital (\$1,320,000 FSA, \$317,913 FSA carryover). Under a new phase of land privatization, USAID will work with the GoG to privatize all state-owned arable land (total of 889,580 acres) into large, economically viable parcels, promote the development of real estate markets, and increase access to credit through the use of land as collateral. USAID anticipates using the Development Credit Authority (DCA) to mobilize at least \$6 million in credit

for micro-, small-, and medium-enterprises. Financial institutions will be provided training in credit risk management and commercial finance. Principal contractors and grantees: Association for the Protection of Landowners Rights (APLR); IESC.

FY 2007 Program

SO: 114-0131 Accelerated Development and Growth of Private Enterprises to Create Jobs

Improve Economic Policy and the Business Environment

Improve Economic Policy and the Business Environment (\$2,500,000 FSA). Assistance will continue to be provided to targeted economic governance ministries. Establishment of one-stop shops will be supported to offer a broad array of business-related services at centralized locations. To increase efficiency and transparency in tax administration, assistance will be provided to develop fully-automated online tax filing systems. Principal contractors and grantees: Chemonics International.

Improve Private Sector Competitiveness

Improve Private Sector Competitiveness (\$2,000,000). Assistance will continue to be provided to business associations to implement self-certification programs and develop advocacy skills; and for entrepreneurship training programs. Institutional grants will increase the competitiveness of more than 50 Georgian SMEs. Principal contractors and grantees: IESC.

Increase Agricultural Sector Productivity

Increase Agricultural Sector Productivity (\$2,500,000 FSA). USAID will further develop distribution channels, markets, and the competitiveness of Georgian products while generating sales, investments, and jobs. Agricultural policy reform will also be supported. Principal contractor: ACDI/VOCA.

Protect and Increase the Assets and Livelihoods of the Poor

Protect and Increase the Assets and Livelihoods of the Poor (\$2,000,000 FSA). Communities will continue to receive assistance targeted at income generation and job creation through initiation of approximately 280 multi- and single investment projects. It is projected that these investments will create at least 1,000 jobs. Principal grantee: CHF International.

Strengthen The Financial Services Sector & Increase Access to Capital

Strengthen the Financial Services Sector & Increase Access to Capital (\$1,167,000 FSA). USAID expects to support the creation of SME lending committees within an association of Georgian banks to provide extensive consultations to lenders and potential borrowers. DCA guarantees may be offered to commercial banks to expand credit to SMEs operating in rural areas. Privatization of agricultural land will be completed. Principal contractors and grantees: IESC; APLR.

FY 2006 Program

SO: 114-0151 A Foundation for a More Sustainable Energy System

Expand & Improve Access To Economic & Social Infrastructure

Expand & Improve Access to Economic & Social Infrastructure (\$5,550,000 FSA, \$150,000 FSA carryover). USAID will provide technical assistance and training to the GoG to improve the supply and distribution of energy resources. The commercialization of defunct energy assets will improve the sector's financial state, thereby promoting and ensuring greater energy sector viability. This component covers

two ongoing activities: a USAID-funded, electricity distribution company management contract; and, rural energy systems rehabilitation. By improving the technical and financial operations of these state-owned energy assets and advising the GoG on approaches to privatization, USAID will assist the GoG to achieve one of the principal aims of its energy sector reform, direct strategic investment through asset privatization. Through its management contract with the GoG, USAID will continue efforts to improve the commercial performance of the state-owned United Energy Distribution Company (UEDC), thereby rendering it more efficient, more profitable, and more attractive to investors. With USAID help, the utility's collections rate will increase to over 70% on an annual basis. This will be achieved through the continued extension of a modern billing and collections system, and GoG- and German loan-funded metering of over 180,000 users of power in 15 cities. Efforts to stimulate economic vitality in 10 rural communities will be underpinned by energy infrastructure rehabilitation or access to new energy services. The community-based and private owner-operators of these rural energy systems will be trained to efficiently manage and obtain profits from their operations through USAID provision of technical assistance. Principal contractors and grantees: PA Government Services, Inc.; Winrock Int'l, CORE Int'l.

Improve Sustainable Management Of Natural Resources & Biodiversity

Improve Sustainable Management of Natural Resources & Biodiversity (\$1,240,000 FSA). USAID supports community-level energy and environmental planning to assist in the design, implementation, and monitoring of energy systems. These systems promote environmental stewardship and sustainable natural resource management. Previously successful USAID pilot efforts linked sustainable natural resource management with the restoration of small-scale hydropower systems and, the development of alternative and renewable energy systems. This same approach will be incorporated into resource management plans for 10 rural communities. To promote regional water coordination among Georgia, Armenia, and Azerbaijan, USAID will help to address critical regional water coordination issues such as water quality. The aim is to promote regional coordination and stability. Training and assessment assistance will be provided to the Georgian Ministry of Environment to improve its management capacity. Principal contractors and grantees: PA Consulting, Winrock International, U.S. Department of Interior.

Strengthen Public Sector Executive Function

Strengthen Public Sector Executive Function (\$2,350,000 FSA, \$213,523 FSA carryover). To carry out the various energy sector reforms facing the GoG and to help manage the colossal investment underway in the energy sector, USAID will expand its technical assistance to the MOE and Ministry of Economic Development. These efforts will help the GoG to attain the ambitious goals established in the USAID-assisted GoG Energy Strategic Action Plan, now under implementation. Alongside its primary continuing effort to assist the GoG to achieve a stable and secure energy future, an equally important new tenet of USAID assistance will be to help establish the basis for critical, strategic investments and plans to support regional energy trading. In particular, aid on policy, and human and institutional development, planning, privatization, investment potential, public relations, and legal and regulatory issues will be extended to the GoG. Principal contractors and grantees: CORE Int'l; To be determined (TBD).

FY 2007 Program

SO: 114-0151 A Foundation for a More Sustainable Energy System

Expand & Improve Access To Economic & Social Infrastructure

Expand & Improve Access to Economic & Social Infrastructure (\$2,350,000 FSA). USAID will provide TA and training to expand rural energy access to an additional 15 communities. Efforts will help community-based or private organizations to acquire energy systems, and develop and implement business operation and maintenance plans to improve rural access to energy and achieve greater economic growth. Principal contractors and grantees: Winrock International.

Improve Sustainable Management Of Natural Resources & Biodiversity

Improve Sustainable Management of Natural Resources & Biodiversity (\$1,350,000 FSA). Resource planning efforts in the 25 communities impacted by the USAID-assisted rural energy activity will continue to promote sustainable rural energy production in concert with watershed conservation, reforestation, and fuel wood substitution to reduce pressure on forests. USAID will continue to promote regional water coordination among the three South Caucasus countries through its Regional Water Management initiative. Principal contractors and grantees: Winrock International; PA Consulting.

Strengthen Public Sector Executive Function

Strengthen Public Sector Executive Function (\$3,100,000 FSA). USAID plans to continue to target advisory support/training to the GoG in strategic electricity, gas, and fuel planning. Efforts will inculcate gains made to date, thereby ensuring the long-term sector viability of utility reform. Assistance will focus on energy policy and institutional reform, regional energy planning and trading, legal and regulatory issues, and public awareness. Principal contractors and grantees: TBD.

FY 2006 Program

SO: 114-0231 More Effective, Responsive, and Accountable Local Governance

Mitigate Conflict and Support Peace

Mitigate Conflict and Support Peace (\$470,000 FSA, \$500,000 FSA carryover). An increased sense of national unity with a focus on isolated areas will be promoted, as will human rights. Efforts will include, inter alia, a national strategy and action plan to promote integration and tolerance. For Abkhazia and South Ossetia, democracy, confidence and peace building efforts will be supported, including support to civil society and independent media. Principal contractors and grantees: To be determined.

Reduce Trafficking In Persons

Reduce Trafficking In Persons (TIP) (\$250,000 FSA). Support will help implement the GoG Anti-Trafficking Action Plan, and an anti-trafficking law to improve victims' protection. TIP awareness will be enhanced through the media and non-governmental organizations will be mobilized to fight human trafficking. Principal contractors and grantees: Georgian Young Lawyers Association.

Strengthen Democratic Political Parties

Strengthen Democratic Political Parties (\$700,000 FSA). USAID will continue its key role in conducting political party strengthening, and support youth and women's programs to encourage greater political participation. Support will be provided for country-wide polling to help political parties respond to needs of constituents, get-out-the-vote campaigns and voter education. Principal contractors and grantees: International Republican Institute.

Strengthen Public Sector Executive Function

Strengthen Public Sector Executive Function (\$3,600,000 FSA carryover). To increase the executive branch's efficiency, effectiveness, and accountability, USAID will respond to specific GoG requests for assistance to help with targeted reforms, improve inter-ministerial coordination, and enhance effectiveness of a civil service bureau as well as the Adjara government. Incentives will encourage increased collaboration among think tanks, civil society organizations, and public institutions in policy analysis. Working with the Ministry of Justice (MOJ), USAID will support the second phase of civil registry reform. Assistance will be provided to the Ministry of Education and Science to introduce international

graduate admission standards. Principal contractors and grantees: Organization for Security and Cooperation in Europe (OSCE), American Councils for International Education (ACCELS), TBD.

Strengthen the Justice Sector

Strengthen the Justice Sector (\$1,950,000 FSA). Rule of law efforts will focus on the judiciary to increase independence. USAID will also assist the Georgian Supreme Court and assist the MOJ to reform the procedures on the enforcement of civil judgments. Assistance will be provided for the organizational development of a new bar association. USAID will support legal education reform. Principal contractors and grantees: American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI), TBD.

Strengthen the Legislative Function/Legal Framework

Strengthen the Legislative Function/Legal Framework (\$900,000 FSA, \$466,289 FSA carryover). Assistance to the parliament will focus on key policy issues, strengthened committee operations to allow for broad public input and oversight and outreach capacity to promote executive branch accountability. Women's participation in politics, both within and outside parliament will be promoted. Principal contractors and grantees: National Democratic Institute (NDI).

Support Democratic Local Government & Decentralization

Support Democratic Local Government & Decentralization (\$2,850,000 FSA). Assistance will continue to promote the reform of decentralization legislation. The 20 largest municipalities will be supported in the implementation of newly adopted laws. Capacity building will be provided to a national association of local officials. Principal contractors and grantees: Urban Institute.

FY 2007 Program

SO: 114-0231 More Effective, Responsive, and Accountable Local Governance

Mitigate Conflict and Support Peace

Mitigate Conflict and Support Peace (\$433,000 FSA). Tolerance and understanding will be promoted. Support will target peace building for "frozen" conflicts. Principal contractors and grantees: TBD.

Reduce Trafficking In Persons

Reduce Trafficking In Persons (\$200,000 FSA). USAID will build public awareness and seek passage of an anti-trafficking law. Principal contractors or grantees: Georgian Young Lawyers Association.

Strengthen Democratic Political Parties

Strengthen Democratic Political Parties (\$600,000 FSA). Assistance will continue for political party development and involvement of youth and women. Principal contractors and grantees: TBD.

Strengthen Public Sector Executive Function

Strengthen Public Sector Executive Function (\$2,000,000 FSA). Help will continue to promote accountable and good governance, and reduce opportunities for corruption as the result of capacity building and reforms of key GoG units. Principal contractors and grantees: OSCE, TBD.

Strengthen the Justice Sector

Strengthen the Justice Sector (\$1,100,000 FSA). Judicial independence and improvement of judges' and lawyers' professionalism will be aided. Principal contractors and grantees: TBD.

Strengthen the Legislative Function/Legal Framework

Strengthen the Legislative Function/Legal Framework (\$600,000 FSA). Assistance will be provided to Parliament to improve the legislative process and executive oversight. Principal contractors and grantees: TBD.

Support Democratic Local Government & Decentralization

Support Democratic Local Government & Decentralization (\$1,300,000 FSA). Local government efforts will expand in 30 Georgian municipalities. The focus will be on capacity building for newly elected local officials. Principal contractors and grantees: Urban Institute.

FY 2006 Program

SO: 114-0340 Increased Use of Social and Health Services and Changed Behavior

Achieve Equitable Access to Quality Basic Education

Achieve Equitable Access to Quality Basic Education (\$2,630,000 FSA). Efforts focus on the Ministry of Education and Science's (MES) education reforms. Assistance targets youth through extra-curricular activities linked to MES priorities. Youth will build relations with peers from other regions including Abkhazia. With USAID-provided technical assistance on decentralization and accreditation, secondary school enrollment will increase, and general and higher education will be more effective and relevant. Principal contractors and grantees: Academy for Educational Development (AED), Catholic Relief Services (CRS).

Expand & Improve Access To Economic & Social Infrastructure

Expand & Improve Access to Economic & Social Infrastructure (\$1,950,000 FSA, \$2,000,000 CSH carryover). USAID will improve the GoG's health care financing system, support reproductive health and family planning (RH/FP) policy development, strengthen national level health institutions, and encourage a national policy on National Health Accounts (NHA). Health partnerships will continue to develop model primary health care systems in two regions. Principal contractors and grantees: Abt Associates, American International Health Alliance (AIHA).

Improve Maternal Health & Nutrition

Improve Maternal Health & Nutrition (\$1,000,000 FSA). USAID will improve women's health by upgrading clinical skills and medical knowledge of doctors and nurses, specifically in antenatal care, safe delivery, and RH/FP. For the first time, primary care doctors and nurses will provide FP and counseling services. USAID and GoG will support free contraceptive distribution to the most vulnerable women at 44 locations. About 90,000 women will benefit from access to quality FP services and supplies. Principal contractors and grantees: John Snow Incorporated.

Prevent & Control Infectious Diseases Of Major Importance

Prevent & Control Infectious Diseases of Major Importance (\$1,050,000 FSA, \$372,275 FSA carryover). Technical assistance, vaccines, and disposable syringes will support the national immunization program, and its health information management and Vaccine Preventable Disease (VPD) surveillance systems. The Directly Observed Therapy Short-Course (DOTS) tuberculosis program in Tbilisi and Poti, with the highest number of cases, will begin. Principal contractors and grantees: Medical Service Corporation International, Abt Associates, and UN Children's Fund (UNICEF).

Reduce Transmission & Impact Of HIV/AIDS

Reduce Transmission & Impact of HIV/AIDS (\$1,500,000 FSA). The growing threat of a HIV/AIDS epidemic triggered the decision by USAID to expand efforts beyond Tbilisi and Batumi to two additional areas, including the breakaway region of Abkhazia. In FY 2006, 7,000 individuals will benefit from access to information and voluntary counseling and testing (VCT) for HIV, and sexually transmitted infection (STI) testing and treatment services through clinics serving high-risk groups. Principal contractors and grantees: Save the Children.

FY 2007 Program

SO: 114-0340 Increased Use of Social and Health Services and Changed Behavior

Achieve Equitable Access to Quality Basic Education

Achieve Equitable Access to Quality Basic Education (\$4,200,000 FSA). Support for Georgia's educational reforms will continue. Activities will expand to South Ossetia. Prime contractors and grantees: Academy for Education Development (AED).

Expand & Improve Access To Economic & Social Infrastructure

Expand & Improve Access to Economic & Social Infrastructure (\$1,400,000 FSA). USAID will integrate within broader health system reforms strategies to improve RH/FP services, and rationalize secondary health care by expanding community-based health financing schemes, and identifying and strengthening public-private health partnerships. Principal contractors and grantees: Abt Associates.

Improve Maternal Health & Nutrition

Improve Maternal Health and Nutrition (\$1,100,000 FSA). USAID will expand to 12 new districts to provide quality FP services and counseling, develop evidence-based safe delivery and family-friendly maternity hospitals, strengthen social marketing of contraceptives, and build public-private partnerships and a GoG contraceptive distribution and logistics system. Principal contractors and grantees: John Snow Incorporated.

Prevent & Control Infectious Diseases Of Major Importance

Prevent & Control Infectious Diseases of Major Importance (\$1,203,000 FSA). TB efforts will expand to Adjara, and begin work on multi-drug resistant TB. Support will continue for sustained immunization coverage and further health information system development. Principal contractors and grantees: Medical Service Corporation International (MSCI), UNICEF, Abt Associates.

Reduce Transmission & Impact Of HIV/AIDS

Reduce Transmission & Impact of HIV/AIDS (\$1,100,000 FSA). The HIV/AIDS program will expand and

diversify to other vulnerable regions and locations beyond the Global Fund to Fight AIDS, Tuberculosis, and Malaria initiative's framework. Principal contractors and grantees: Save the Children.

FY 2006 Program

SO: 114-0420 Program Support, Training, and Small Grants

Program Support

Program Support (\$3,010,000 FSA, \$979,502 FSA carryover; \$348,292 FSA prior year recoveries). Through U.S. local community organizations, Georgian entrepreneurs and professionals will be hosted and receive three- to five-week training programs tailored to their professional and business interests. In FY 2006, seven business and professional groups totaling approximately 70 participants will visit the United States in this grass-roots exchange program. Priority themes will be selected in coordination with the U.S. Embassy and tailored to support business and professional development. Themes include, but are not limited to, support to small- and medium-sized businesses, NGO strengthening, and development of the arts and crafts industry. Principal contractors and grantees: World Learning (prime) and Project Harmony (sub). This component also includes USAID program support staff salaries, benefits and training; assessments, evaluations and audits; and administrative expenses, such as office rent, utilities, and maintenance.

Strengthen Civil Society

Strengthen Civil Society (\$2,270,000 FSA). The Eurasia Foundation (EF) will continue activities that will include, for example, public monitoring of tax code implementation, public and private measures to fight corruption, media oversight of the government, and enhancement of public-private dialogue of issues of national significance. Emphasis will be placed on the integration of youth into the country's social, economic, and political structures. Support to civil service and governmental reforms will target specific ministries, e.g., Justice, Education, Health, expected to have the largest impact. Grants will also be awarded to public policy institutions and NGOs to help target assistance to ethnic minorities in Kvemo Kartli and Samtskhe-Javakheti. The South Caucasus Cooperation Program (SCCP) will continue to build bonds and expand contacts among professional associations and NGOs in Georgia, Azerbaijan, and Armenia. To increase public participation in policy formulation and implementation, SCCP will convene regional fora to address topics such as reform of media legislation and higher education, and simplification of business start-up procedures. In addition, SCCP will award grants to increase civil society participation in cross-border water resource management and policy development. Principal contractors and grantees: Eurasia Foundation.

USAID will also extend the impact of the Peace Corps' presence through small grants, overseen by volunteers, which will assist local communities and organizations. The focus is on low-cost, grassroots sustainable development efforts, including the protection of human health and the environment, and the integration of women into the economic and social development of their communities. Principal agency: Peace Corps.

Strengthen Public Sector Executive Function

Strengthen Public Sector Executive Function (\$1,500,000 FSA). The participant training program contributes to the human capacity and institutional development needed to continue progress on a range of major GoG reforms. Private sector and various civil society participants will also be supported where self-financing is not possible and the training results are expected to have a favorable impact on development. USAID will ensure that training is applied in the workplace through the facilitation of in-country, post-training events. Returned participants will be encouraged to multiply the training results by sharing experiences with co-workers and others. USAID will implement training where there are critical skill and knowledge deficiencies or performance gaps among local partners. Principal contractors and grantees: World Learning.

FY 2007 Program**SO: 114-0420 Program Support, Training, and Small Grants****Program Support**

Program Support (\$2,088,000 FSA). Through local community host organizations in the United States, Georgians from all levels of society will continue to be provided multi-week training programs. Principal contractors and grantees: Academy for Educational Development (prime) and Project Harmony (sub). USAID also will provide needed evaluative, personnel, logistical, and administrative support for the program.

Strengthen Civil Society

Strengthen Civil Society (\$1,991,000 FSA). USAID will continue support for EF's in-country and regional programs. These principally support local communities and NGOs. Each annual operating plan will be based on past performance and progress. USAID will consider support to a Georgian NGO to subsume EF's responsibilities upon its eventual phase-out. Such support, if approved, will be provided under another program. In addition, USAID will continue small grant support to Peace Corps' volunteers in local communities. These will support low-cost, small-scale efforts to favorably impact on, inter alia, economic and agricultural development, the protection of human health and the environment, and an enhanced societal and economic role for women. Principal contractors and grantees: Eurasia Foundation and Peace Corps.

Strengthen Public Sector Executive Function

Strengthen Public Sector Executive Function (\$1,500,000 FSA). To assist with further human capacity and institutional development efforts to advance the GoG's reform agenda, USAID will continue to provide for targeted short- and long-term training.

Results Framework

114-0131 Accelerated Development and Growth of Private Enterprises to Create Jobs

Program Title: Increased Economic Growth

114-01311: Improved policy and operating environment

114-01312: Increased access to financial services

114-01313: Increased market-driven sales

114-0151 A Foundation for a More Sustainable Energy System

Program Title: Energy and Environment

114-01511: Improved commercial performance of energy sector entities

114-01512: Reliable energy supplies increased

114-01513: Increased efficiency in the energy sector

114-0231 More Effective, Responsive, and Accountable Local Governance

Program Title: Good Local Governance

114-02311: Non state media represents citizen concerns on key issues

114-02312: Citizens' legal rights better protected

114-02313: Improved capacity of local communities to engage

114-02314: Increased public sector transparency and accountability

114-0340 Increased Use of Social and Health Services and Changed Behavior

Program Title: Social and Health Services

114-0341: Communities empowered to meet basic needs

114-0342: Increased knowledge of health-promoting practices

114-0343: Improved quality of health services

114-0344: More effective health support systems

114-0420 Program Support, Training, and Small Grants

Program Title: Program Support