

EXECUTIVE SUMMARY

This report reviews the contributions of the United Nations Development Programme (UNDP) to development results in Georgia from 2001 to the present. It examines the interventions of UNDP from a strategic perspective, assessing how it designed its programme to address the key development issues, the relevance of the programme and the role of UNDP within the development assistance to the country. The report goes on to assess the impact of the interventions of UNDP under its various thematic areas. Based on this analysis, the report lays out the findings and proposes recommendations for future programmes. This evaluation process, known as an Assessment of Development Results, was carried out by a group of three independent consultants contracted directly by the UNDP Evaluation Office (EO).

DEVELOPMENT CONTEXT

The transition from the Soviet system to market economy and democracy has not been an easy one for most of the countries of the ex-USSR. In the case of Georgia, it can be argued that that transition may have been particularly wrenching. In 1991, the country emerged from Soviet rule as a fractured nation. Secessionist movements in Abkhazia and South Ossetia sparked violent conflicts that resulted in some loss of territorial control, about 212,000 internally displaced people (IDPs), much destruction of physical capital, the disruption of important trade routes, and a pervasive perception of instability and risk.

A succession of governments under President Eduard Shevardnadze failed to implement the necessary reforms to put the economy on a sustained growth path. By the late 1990s, the country was faced with empty public coffers, an erratic provision of public services and

widespread corruption that discouraged private investments. In November 2003, following a set of elections widely perceived as tainted by fraud in favour of the party in power, massive popular demonstrations in Tbilisi and other cities led to the resignation of President Shevardnadze in the so-called Rose Revolution. New elections brought to power President Mikheil Saakashvili in January 2004 and a new majority in Parliament in March 2004.

The new government included many young, western-educated reformers with an ambitious pro-market development agenda who did not believe in an incremental approach but in bold steps. While the agenda for reforms designed at creating both market economy and a functioning bureaucracy was broad, the pace of implementation focused largely on areas related to public finance and economic activity and was nothing short of spectacular. The impact was immediately noticeable. With the elimination of the pervasive corruption and regained confidence in the prospects of the country, investors came back. Economic growth resumed and reached almost 10 percent in 2007.

This turnaround should not hide a number of lingering problems. Although the reforms have been impressive, they have largely involved the removal of bureaucratic and regulatory barriers that promoted corruption and inefficiency. A lot less has been done by way of building institutions that would allow the economy and society to function smoothly. As of early 2009, the Georgian constitution tended to give much more power to the executive branch than to the judiciary and the legislative branches, to the extent that many perceive a lack of balance of power necessary for a functioning modern democracy. Despite impressive growth, national income per capita in 2007

still remained at 70 percent of its level in 1990. Furthermore, the renewed economic growth has not been broadly distributed, leaving a large segment of the population behind and on subsistence levels.

In 2008, the country was seriously affected by a short but disastrous conflict with Russia over South Ossetia that resulted in significant economic damage and thousands of new IDPs at a time when the impact of the global crisis was starting to be felt.

FINDINGS: UNDP'S PROGRAMME RELEVANCE AND POSITIONING

In 2001, ambiguous policy direction and problems in implementation impeded a clear positioning for UNDP. In many ways, the second Country Cooperation Framework 2001-2004 reflected the lack of clear directions in the policy environment with the exception of the assistance to the elaboration of a poverty reduction strategy. The Economic Development and Poverty Reduction Paper (EDPRP), approved in 2003, was supposed to bring coherence to policy-making.

After the Rose Revolution, the preparation of the United Nations Development Assistance Framework (UNDAF) and Country Programme Document (CPD) for 2006-2010 in many ways assumed that the EDPRP would be the guiding strategy for the new political leadership. This assumption proved optimistic as the EDPRP rapidly lost relevance in policy-making. The new political leadership, however, had a very clear vision of a policy agenda primarily focused on economic and financial reforms aiming at boosting economic growth as a necessary and sufficient condition to address the issue of livelihoods in the country.

This policy stance left little opportunity for UNDP to provide sustained policy advice to the Government on issues squarely on its human development agenda. Accordingly, UNDP concentrated its activities on building the capacity of a number of important institutions.

Some of these may not have been at the centre of the Government reform agenda, but they were essential for the future development of the country.

Regarding assistance to the reform agenda, a mismatch existed between the very fast pace of reforms and evolving priorities within the Government and the project-based approach of UNDP assistance. To support the reforms as well as to maintain its relevance, UNDP designed new modalities that would be more flexible and more responsive on short notice to requests for technical assistance or policy advice. A number of experts provided through these modalities have had a significant impact on the direction and implementation of reforms.

With UNDP supporting key institutions and adopting a flexible modality of support, there is prospect for the organization to play a more central role in the policy debate, especially on poverty reduction. Such an opportunity emerged, for example, in 2008 when the Government showed an increased willingness to adopt active measures to fight unemployment. Whether UNDP has really succeeded in strengthening its role in this regard remains to be confirmed, even after the publication of the first National Human Development Report (NHDR) in 2008.

While not substituting for the Government, UNDP has filled a void by being quite active in donor coordination. With the Government not keen on donor coordination at the strategic level but only for large investment, UNDP has provided the necessary space for substantive exchanges between development partners and is being recognized for it.

FINDINGS: UNDP'S CONTRIBUTION TO DEVELOPMENT RESULTS

The programme addressed a number of needs that are important to sustain the country's transition to a democracy and a well-functioning market economy. The following constitute strong aspects of the programme:

- **A high degree of responsiveness** as demonstrated by the reaction to crisis as well as the implementation of new modalities of assistance that better fit Government's needs;
- **Assistance to the elaboration of a poverty reduction strategy** that has led to the establishment of EDPRP and brought consistency to Government's policy making, although EDPRP has lost its relevance later on under the new Government's policy direction after the Rose Revolution;
- **Support to human rights**, notably through the Public Defender's Office from its early years, contributing to building one of the most respected institutions in the country, strengthening and extending the protection of human rights in the country;
- Support to the elaboration of **a strategy and legal framework towards local governance**;
- **Support to elections** from 2003 onward and strengthening of the capacity of the national election system;
- Pilot testing of **Vocational Education and Training** that energized the efforts of the Government in that regard and the interest of development partners;
- Support for greater awareness on **gender** issues that led to improved legislation regarding women's rights;
- Successful introduction of ICT in key administration agencies to support **public administration reforms towards improved services**.

Other interventions had impacts that were either more localized or more likely to develop over time such as:

- Support for a number of **environmental projects** aiming either at biodiversity or conservation;
- Support to **Parliament and its subsidiary institutions** where the procedures set in place will bear full fruits once Parliament

members use them for discharging their democratic responsibilities;

- Support for **decentralization and regional development**.

Weaker aspects of the programme include the following areas:

- **The level of attention to MDGs and poverty reduction that UNDP succeeded to bring about**, which many observers perceived to be insufficient, leading them to wonder whether UNDP programme has not been overly reactive to the Government's policy agenda and requests of the day;
- The interventions on **sustainable and/or renewable energy** that so far have yielded very modest results;
- The **insufficient prevalence of programme elements aiming at confidence building and conflict prevention** given that ethnic and religious tensions are underlying risks to the unity and the development of the country and where UNDP has an expertise to address through various programme components;
- The **low profile of advocacy activities** on core values by UNDP, as perceived by some development partners and civil society actors;
- **A narrow view of capacity development** that were, in many cases, limited to providing technical support such as a provision of materiel, computer software and basic training, rather than attempting to trigger a process of endogenous changes in institutional culture that would contribute most to the progress towards the expected outcomes.

MAIN CONCLUSIONS

Since 2004, the Government of Georgia has engaged in a fast-paced reform agenda, centring on market liberalization and deregulation. UNDP has maintained a strong partnership with the Government, providing programmatic support and policy advice when requested and when it saw the opportunity.

This sometimes required a persistent approach in promoting the organization's human development agenda, such as on human rights, gender equality and sustainable development, or in addressing the plight of internally displaced persons, while the policy priorities of the Government was on rectifying structural problems of the past. Many of these efforts have gradually been bearing fruit.

Under the reform agenda, UNDP also needed to seek new ways to effectively address the issues of income and social disparities and vulnerability of a population facing the newly liberalized market and global competition. The initiative to introduce vocational training was a successful example of such an effort. The challenge persists, however, with poverty and unemployment rates still remaining high.

In order to keep pace with the fast-paced action-oriented reform, UNDP has introduced innovative response mechanisms in the forms of the Capacity Building Fund and On-Demand Consultancy Services. These mechanisms have been effective in serving Government needs and are very much appreciated by the beneficiary institutions. A number of these initiatives have provided support or impetus for policy and institutional reforms.

At the same time, such responsiveness of UNDP to the Government's immediate needs led to a perception by some observers that the organization has become a provider of technical consultancy rather than a promoter of human development. Fair or not, such a perception is unfortunate since it might negatively affect the fund-raising ability of UNDP in the country.

Some of the UNDP's downstream projects have provided valuable lessons. The sustainability of the impact of these initiatives depends on whether they are widely replicated or not. There are initiatives that are already replicated, such as the vocational training programme, and those which require further exploration of a successful formula, such as the regional development initiative.

UNDP has successfully provided capacity development support to a number of institutions, such as the Civil Registry Agency, Treasury, Electoral Commissions, Gender Equality Council and Public Defender's Office (PDO), when the institutions themselves led the effort. In some other cases, UNDP's capacity development effort turned out to be not very effective or to be premature, due to a variety of reasons.

In addition to its close relationship with the Government, UNDP has effectively used the partnerships with civil society organizations to promote the human development agenda and implement its projects. The agro-diversity project with ELKANA and electoral support with GYLA are good examples.

UNDP has had a measure of success in programmatic coordination among UN agencies. It has also provided opportunities for the community of donors and the Government to exchange views and gain greater awareness of respective programmes and initiatives.

As Georgia has become a middle-income country and is on the way to becoming a modernized European country, there is a legitimate concern about the future role of UNDP and the funding availability for its activities in the country.

UNDP Georgia still has an important role to play in the future of the country. The capacity and the functioning of its democratic institutions still vary from one institution to another. With a substantial portion of its population still not having been integrated into the liberalized market economy, poverty reduction should remain at the centre of UNDP's agenda. Vulnerabilities of the lives of those who were affected by open conflicts and those who could not take the challenges of open market competition raise human development concerns. Important environmental challenges, such as on forest and water, still remain. The country's vulnerability to natural and man-made disasters calls for a continued effort in raising the preparedness and the mitigation effort.

There is no doubt in the national ownership of development process in Georgia. While continuing to support the Government of Georgia in its reform process, UNDP should place at the centre of its policy advice, advocacy, capacity development and other programme activities the agenda to address the aforementioned human development challenges, and gain the recognition by all partners and stakeholders of the value that it brings to the country.

RECOMMENDATIONS

1. Given the small size of the country office's resource base and the uncertainty of future funding situation, UNDP should sharpen the role it plays in the country as a promoter of human development through its policy advice and programme activities, and be strategically selective on the areas of its interventions and support.
2. UNDP should take a more result-oriented programme approach than a project-based approach, and make clear with partners what it is aiming to achieve through its policy advice and programme activities. For a true result-oriented approach, UNDP should also consider delinking programmatic and organizational structures to make the most effective use of expertise available in the small office with a view to achieving results. In designing its programme, UNDP should carefully select indicators that are better aligned with the intended results to be achieved.
3. UNDP should also be selective in capacity development initiatives and aim to support institutions that would engage in an endogenous process of improvement and reform.
4. UNDP should continue to support the Government reform initiatives through its innovative Capacity Building Fund and On-Demand Consultancy Services. In doing so, it should try to focus on initiatives that, in its analysis, would help in making progress in human development rather than simply providing capacity supplement to the requesting agency.
5. UNDP should explore more proactive ways to promote policy debate, for example, by initiating a discussion forum to address human development issues, supported by its corporate expertise and experiences from its successful projects.
6. In view of potential risks posed by the multi-ethnic and multi-religious construct of the country, UNDP should consider introducing, as a cross-cutting issue, confidence-building dimension in a broader range of projects where possible and appropriate. The methods used in the FOSTER project or by the PDO's Tolerance Centre provide good examples in this regard.
7. In view of the status of Georgia as a middle-income country and the uncertainty in the future landscape of development assistance, UNDP Georgia should find opportunities to reflect on its value added to the country and articulate its *raison d'être* to outside partners.