# COMPLIANCE STATEMENT {MRDI SELF-ASSESSMENT REPORT}

**WITH CONDITIONS FOR THE 3RD INSTALMENT UNDER EU-FUNDED PROGRAM – SUPPORT TO REGIONAL DEVELOPMENT REFORM IN GEORGIA**

**Regional Policy and Sector Coordination**

MINISTRY OF REGIONAL DEVELOPMENT AND INFRASTRUCTURE OF GEORGIA (MRDI)

საქართველოს რეგიონული განვითარებისა და ინფრასტრუქტურის სამინისტრო

**2017**

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## A. General Conditions

| Policy Area | Compliance {Fully Compliant} |
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| **A.** Satisfactory progress in the implementation of Regional Development programme and continued credibility of that or any successor strategy<br><br>**Condition:**<br><br>**(i)** The Government prepares and publishes on its website a yearly report ("RDP Report") highlighting the main progress during 2016 regarding the implementation of the RDP 2015-2017, after consultation with key stakeholders.<br><br>**(ii)** The Governmental Commission on Regional Development (GCRD) meets at least twice a year to review progress and to ensure regular consultation with stakeholders.<br><br>**(iii)** The RDP measures for 2015-2017 are duly reflected and costed in the multiannual Basic Data and Directions Document (BDD) and in the annual budget law submitted to the Parliament for 2017.<br><br>**(iv)** An interim evaluation of RDP is completed and published by the end of the year.<br><br>**Source of Verification:**<br><br>(i)<br>- RDP 2015-2017<br>- Annual RDP Monitoring Report accepted by GCRD<br><br>(ii)<br>- GCRD reports and meeting minutes<br><br>(iii)<br>- Relevant budgetary documentation including the BDD, annual budget law<br><br>(iv)<br>- Interim RDP 2015-2017 Evaluation Report | **A**. As proved by all indicated sources of verification mentioned below RDP 2015-2017 has gained strong reputation as a tool for strengthening capacity of Georgian Administration to deal with modern regional development policy as well as a mean to include territorial objectives in the practice of programming, implementation and monitoring of Georgian public policies. Continued credibility of the programme can be observed trough delivering 100% of infrastructure/services/ facilities according to agreed plan and growing interest of GCRD, ministries, implementing agencies and other stakeholders in regional development issues. Discussions taken place on recommendations of interim evaluation, monitoring reports and other mentioned studies (like report on statistics) have led to formulation and acceptance by the Government (through GCRD or MRDI) of several important recommendations, which are bases for being prepared right now new RDP for the years 2018-2020. These include among others: more focus on territorial development issues in all public policies, more focus on results (instead of outputs), preparation of set of manuals, quantification of all targets and objectives, inclusion and expansion of activities in areas crucial from regional point of view including: innovation, SMEs support, human resources development, poverty, urban policy, functional area approach, higher education, other than roads transport infrastructure.<br><br>(**i**) RDP Six-monthly and RDP Annual Reports are prepared in full compliance with the *"Monitoring Plan for the Implementation of the RDP 2015-2017*", approved by the Governmental Commission on Regional Development (GCRD) in 2014. The Reports were also approved by the GCRD, in conformity with the procedures and deadlines set by the existing Monitoring Plan. The introductory parts of the report also state the raison d'etre of the RDP and its goal of and contribution to reducing regional disparity.<br>- ***Brief summary of financial progress:***<br>The implementation of the 2015-2017 RDP started at the beginning of 2015. Within the year 2016, which is second year of the implementation of the programme, the total expenditure amounted to 1.201 billion GEL – considerably more than in the previous year (1.101 billion GEL).<br>The actual expenditure for 2016 represents **97.7% of the original plan,** included in the State Budget for 2016, adopted by the Government in December 2015 or **98.8%** according to the amended State Budget in December 2016. Cumulative amount of expenditure under 2015-2017 RDP reached 2.232 bln GEL, which represents 65.8% of total expenditure (3.501 bln GEL) planned under RDP until the end of 2017.<br>- ***Brief summary of physical progress:***<br>The efforts made by Georgian administration to establish more physical indicators allowed for measuring physical progress, not only in terms of presenting simple outputs, but also in regard to what shall be expected by 2017 outputs.<br>For the measures in which targets have been set, general progress towards achievement of foreseen outputs at the end of the programming period (2017) can be assessed positively – after two years of realization of the RDP the performance rate in majority of measures is at least 65% (2/3 of total plans). However, in many priorities and measures the rate is already well above 100%, that is attributable to different factors; this in some cases gives concerns to the quality of planning and ability of setting physical indicators corresponding directly to the financial progress, and in other cases, may require clearer elaboration on respective reasons. |

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| | - ***Brief summary of specific results achieved:***<br>In 2016 the following results were reported:<br>Measure 1.1: decrease of travel time from 5 h 45 minutes to 5 h between Tbilisi and Batumi.<br>Measure 1.2: the share of landfills with modern management and improved environmental conditions increased from 23% in 2014 to 89%.<br>Measure 1.3: during two years of the RDP implementation the share of population with 24-hours supply of potable water increased from 5.9% in 2014 to 18.9% in 2016 in the regions outside Tbilisi, Rustavi, Mtskheta and Adjara.<br>Measure 1.4: thanks to preventive measures the coverage of the works on bank protection increased from 4.7 km in 2014 to 20 km in 2017(76.5% increase).<br>Measure 1.5: the total share of inventoried forest areas increased from 10.25% to 15.62%.<br>Measure 2.1: Concerning the Micro and Small Enterprise Development component, during 2 years 6,432 new jobs were created, which contributed to an increase of the share of the persons employed in the SMEs across the country from 0.44% in 2014 to 2.2% in 2016.<br>Measure 3.1: almost 38,000 ha of additional plots were irrigated and 12,000 ha of plots were equipped with a proper drainage system. It resulted in the increase of the share of ameliorated area to total area from 32% in 2014 to 40% in 2016. According to report of the Ministry of Agriculture, additional GEL 1 billion of investments are required to ameliorate the whole area.<br>Measure 3.2: the loan portfolio for agriculture sector increased from GEL 56.5 million in 2013 (the starting point of the project) to GEL 365.5 million at the end of 2016. However, there is no evidence that the portfolio grew only due to the implementation of the Programme.<br>Measure 3.3: during 2 years of implementation of the Programme the number of enterprises monitored against food safety amounted to 19,044 and the number of tests conducted for food safety and quality control was 7,464. As a result of these activities, the share of detected violations in food products dropped from 31% in 2014 to 8.6 % in 2016.<br>Measure 4.1: during 2015-2016, the National Tourism Administration spent GEL 48.2 million for creation of two information centres, delivered 30 trainings for 2470 participants, prepared 5 regional studies and organized 319 marketing events. This resulted in the growth of incoming tourists by 15% at the end of 2016 in comparison to 2014, the increase in foreign currency inflow and major fluctuations of exchange rate in the country.<br>Measure 5.2: the Ministry of Education and Science of Georgia spent GEL 22.8 million for equipping, renovation and staffing of 35 colleges. Consequently, the number of new students across the country increased from 9,900 in 2014 to 11,600 in 2016(14.6% increase).<br>Measure 5.4: the increase of number of trained teachers from 519 in 2015 to 2,754 in 2016.<br>Measure 5.5: the Measure was funded by donors and implemented by UNDP. During 2 years of the RDP implementation GEL 0.5 million were spent on trainings for public servants from LSGs, State Governors' Administrations and MRDI. On the basis of the number of public servants trained within this measure, the share of trained local public servants to all local public servants grew from 6.5% in 2014 to 32% in 2016.<br>Prior to submitting the Six-Monthly and Annual Reports to GCRD, the draft was disseminated to all relevant stakeholders: representatives of sub-national administrations/RCCs, CSOs, donors, private sector and the members of RDP inter-agency monitoring working group.<br>MRDI disseminated the RDP Monitoring Table Annexes and requested information from the implementing agencies by the letter of |

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| | January 27, 2017. They were contacted again on February 16, requesting missing or incomplete information. 1st draft report was sent for feedback on March 6.<br>Additional stakeholder consultation meeting was also conducted in March, 2017.<br>The respective Reports are officially published on the Government/MRDI website highlighting the main progress during 2016 on implementation of the RDP 2015-2017.<br>Attachments:<br>1. RDP for 2015-2017<br>2. Monitoring Plan for the Implementation of RDP 2015-2017<br>3. Six-monthly RDP Reports by Implementing Institutions<br>4. Six-monthly RDP Consolidated Report<br>5. Yearly RDP Reports by Implementing Institutions<br>6. Annual RDP Consolidated Report<br>7. Mid-Year and Annual Draft Report Dissemination Letters and a Consultation Meeting<br>8. Minutes of the Consultation Meeting - 23.03.2017<br>a. http://mrdi.gov.ge/ge/news<br>b. Attendance List<br>9. Publication web addresses: http://mrdi.gov.ge/en/news/regional-development-program-georgia-2015-2017-rdp<br><br>(**ii**) With due participation of the engaged line ministries and agencies, the Governmental Commission on Regional Development (GCRD) conducted respective meetings in 31 October of 2016 (GCRD Protocol #11) to discuss and review the progress of RDP 6 month report and eventually approved the report. During the meeting, information on elaboration of Semi-annual consolidated report on Regional Development Programme (RDP) 2015-2017 and related documentation was provided to the members of the Commission. The details related to the progress of all activities of report were presented. The meeting of the GCRD regarding review and approval of RDP Annual Monitoring Report of 2016 was conducted in 24th march of 2017 (Protocol #4), since according to the fiscal cycle the 2016 Annual Report was prepared during the first quarter of 2017. After disseminating to stakeholders and including their relevant feedback, GCRD approved the report and eventually it was officially published on MRDI website.<br>Regarding 2015, 6 month and annual reports, respective meetings of GCRD were conducted on 23rd of October 2015 (Protocol #14) and 8th of April of 216 (Protocol #5). Both reports were approved after consultations and discussions.<br>Attachments:<br>1. GCRD Protocol #5 (08/04/2016)<br>2. GCRD Protocol #11 (31.10.2016)<br>3. GCRD Protocol #4 (23.03.2017)<br><br>(**iii**) The RDP measures for 2015-2017 are properly reflected and costed in the multiannual Basic Data and Directions Document (BDD) and in the annual budget law submitted to the Parliament for 2017.<br>Attachments:<br>1. RDP Detailed Measure Sheets and RDP Monitoring Table http://mrdi.gov.ge/en/news/regional-development-program-georgia-2015-2017-rdp<br>2. BDD for 2015-2018 - http://mof.gov.ge/4542<br>BDD for 2016-2019<br>BDD for 2017-2020<br>3. 2016 State Budget Law - http://www.mof.ge/4913<br>4. 2016 State Budget Six-Monthly Execution Report - http://mof.gov.ge/4935;<br>5. 2016 State Budget Annual Execution Report - http://mof.gov.ge/4955<br>6. 2017 State Budget Law - http://www.mof.ge/5027 |

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| | (**iv**) After completing the task on RDP Mid-year Implementation Monitoring Report at October 31, 2016, the preparation process of the RDP Interim Evaluation Report was initiated and the preparation of the Evaluation was subsequently completed by EU TA Project Experts. After review and consultations with MRDI (meeting minutes dated 26.12.2016), the Interim RDP Evaluation Report was officially published at the end of the year on MRDI website.<br>Finalization of the fiscal year and information collected for the second (2016) RDP Annual Report, including through respective measure sheets filled by the implementing ministries and agencies in January - February 2017, exposed additional ground for complementary evidence and analysis for the modified version of the Interim Evaluation Report, in order to address better the relevance, efficiency, effectiveness and sustainability of the programme. The information received from Annual RDP Report 2016, gave possibility to assess trends (2015-2016) and measure effectiveness and efficiency of the programme, which has major importance for evaluation of implementation, therefore respective chapter have been added in the modified document (Chapter 3, Section 5 - Effectiveness and efficiency of implementation of the Programme, page - 32) Additional data made possible more informed recommendations (table of recommendations, page - 35, 36), more than that, respective financial figures of separate measures have been updated showing clearer picture of the implementation process as a result making ground for better quality evaluation findings (modified report: 8-32 pages versus December report: 22-25 pages).<br>The RDP Interim Evaluation Report – prepared through involvement of high quality expertise and a full scale regional analysis - has been deliberated and accepted subsequently by MRDI; both initial (by December 2016) and modified/final reports (by March 2017) were timely and fully completed and published on its website, - disseminated, presented and discussed with the relevant stakeholders (relevant presentation and minutes of the meeting with stakeholders on 23 of March is provided)<br>Interim Evaluation was meant to be external from the beginning, it was provided by the TA team in consultation with MRDI and as such can be considered as an External Evaluation. The way of preparation of evaluation, including evaluation questions starting from November 2016 was discussed duly several times between MRDI representatives and between TA Team Leader, Mr. Piotr Żuber. EUD was informed about the process. Information on the progress of preparation of evaluation was also given during the documented Project's Steering Committee held in MRDI on 21st of February. The evaluation was ultimately accepted by the MRDI and subsequently by EUD as an output of the TA project in First Progress Report on implementation (April 2017). As noted, the evaluation itself and its findings were presented to the public during the relevant consultation meeting (evidenced provided in the respective verification files). Interim RDP Evaluation Report was officially first published at the end of 2016 on MRDI website and following acceptance by MRDI and EUD of the Progress Report on Implementation of TA project in March 2017.<br>Attachments:<br>1. Interim RDP Evaluation Report http://mrdi.gov.ge/en/news/regional-development-program-georgia-2015-2017-rdp<br>2. Meeting minutes dated 26.12.2016 |

## B. Specific Conditions

| Policy Area #1 | Compliance {Fully Compliant} |
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| Condition #1 – Promotion of Regional Cohesion<br><br>Indicator(s)<br><br>(i) The RDP is implemented through the measures identified under each of the 5 priorities.<br><br>(ii) Progress on regional cohesion will be observed through: (1) the relevance of the RDP objectives and priorities, (2) infrastructure/facilities/support services made available to the population in each of the 5 priority areas (3) recommendations on future revision of the regional policy/priorities.<br><br>Source of Verification:<br><br>(i)<br>- Annual reports per priority area prepared by the line ministries<br>(ii)<br>- GoG yearly RDP report | **(i)** RDP is successfully applied and implemented through the Programme Measures under the 5 Priorities.<br>The RDP is implemented through the measures identified under each of the 5 priorities. In total 38 sub-measures are implemented under the priorities of RDP, more than that, different infrastructural projects are implemented through financial resources allocated from Regional Development Fund, for example: only in 2016, more than 500 infrastructural projects were funded and implemented from Regional Development Fund (RDF).<br>Attachments:<br>1. Six-monthly and Annual RDP Consolidated Reports http://mrdi.gov.ge/en/news/regional-development-program-georgia-2015-2017-rdp<br><br>**(ii)** Evident progress was achieved in the course of RDP objectives and priorities, implemented within the 38 sub-measures in 2016. In addition, more than 500 infrastructural projects were funded and implemented only from RDF. Total expenditures under all Measures of the RDP 2015-2017 amounted to GEL 1.2 billion in 2016 – considerably more than in the previous year (GEL 1.1 billion). The cumulative amount of expenditures for the first two years of the RDP reached GEL 2.2 billion, which represents 65.8% of the total expenditures (GEL 3.5 billion) planned under the RDP 2015-2017.<br>At the same time, certain recommendations have been provided aiming to conduct a profound analysis on regional policy. The progress of the Programme in terms of socio-economic results at this stage was naturally difficult to assess. Only limited observations can be drawn at the level of individual measures. Both, the RDP Annual Report and the Interim Evaluation do address relevance of the objectives and priorities and provide new findings for a future programming phase.<br>Analysis of the relevance of the RDP objectives and priorities in terms of progress on regional cohesion are addressed in the RDP Annual Report 2016 **(Section 2. Progress in achieving regional cohesion objectives as defined the RDP. Regional distribution of funds, pages 34-43).**<br>Services made available for the populations in regions are described and analyzed in detail through the RDP Annual Report 2016 (**Section 1. Summary of Physical Progress, pages 15-26) and the entire Annex 1.**<br>Distinct and separate analyses of the "policy recommendations" and "recommendations for specific RDP improvements together with related responsibilities and time schedules-indicator 2.1.iii" are provided in the RDP Annual Report 2016 (**Section 4. Recommendations concerning management, implementation and programming of RDP**, pages 46-52).<br>Attachments:<br>1. Six-monthly RDP Consolidated Report<br>2. Annual RDP Consolidated Report<br><br>**Additional Notes:**<br>Total expenditures under all Measures of the RDP 2015-2017 amounted to GEL 1.2 billion in 2016 –considerably more than in the previous year (GEL 1.1 billion). The cumulative amount of expenditures for the first two years of the RDP reached GEL 2.2 billion, which represents 65.8% of the total expenditures (GEL 3.5 billion) planned under the RDP 2015-2017.<br>***Significant results include, per Measure:***<br>1.1 Decrease of travel time from 5 h 45 minutes to 5 h between Tbilisi and Batumi.<br>1.2 The share of landfills with modern management and improved environmental conditions increased from 23% in 2014 to 89%.<br>1.3 During the first two years of RDP implementation the share of population with 24-hours supply of potable water increased from 5.9% in 2014 to 18.9% in 2016 in the regions outside Tbilisi, Rustavi, Mtskheta and Adjara.<br>1.4 The coverage of the works on bank protection increased from 4.7 km in 2014 to 20 km in 2016 (76.5% increase).<br>1.5 Total share of inventoried forest areas increased from 10.25% to 15.62 %. |

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| | 2.1 In Micro and Small Enterprise Development 6,432 new jobs were created, which contributed to an increase of the share of the persons employed in the SMEs across the country from 0.44% in 2014 to 2.2% in 2016.<br>3.1 Almost 38,000 ha of additional plots were irrigated and 12,000 of plots were equipped with a proper drainage system. It resulted in the increase of the share of ameliorated area to total area from 32% in 2014 to 40% in 2016.<br>3.3 The number of enterprises monitored against food safety was 19,044 and the number of tests conducted for food safety and quality control was 7,464. As a result of these activities, the share of detected violations in food products dropped from 31% in 2014 to 8.6 % in 2016.<br>4.1 During 2015-2016, the National Tourism Administration spent GEL 48.2 million for the creation of two information centres, delivered 30 trainings for 2,470 participants, prepared five regional studies and organized 319 marketing events. As a result, the number of incoming tourists increased with 15% at the end of 2016, in comparison to 2014.<br>5.2 The Ministry of Education and Science of Georgia spent GEL 22.8 million for equipping, renovating and staffing of 35 colleges. Consequently, the number of new students across the country increased from 9,900 in 2014 to 11,600 in 2016(14.6% increase).<br>5.4 Number of trained teachers increased from 519 in 2015 to 2,754 in 2016. |
| **Policy Area #2** | **Compliance {Fully Compliant}** |
| **Condition #1 – Strengthened Policy Framework at national and subnational level**<br><br>Indicator(s)<br><br>(i) Monitoring data on the implementation of the RDP is collected in accordance with the developed monitoring plan. GCRD semi-annual monitoring reports will include (1) the presentation of RDP specific results so far achieved, (2) regional policy related annual budget allocations as reflected in the programmes of line ministries involved in the RDP and (3) recommendations, if any, for specific RDP improvements together with related responsibilities and time schedules.<br><br>(ii) RCCs meet at least on a semi-annual basis to monitor the implementation and update their Regional Development Strategies and Action Plans based on previous year's findings.<br><br>(iii) RCCs contribute to identifying the key actions of their Regional Development Strategies and Action Plans to be implemented by Local Authorities in the framework of Municipal budgets.<br><br>Source of Verification:<br><br>(i) GCRD monitoring reports<br>(ii) RCCs meeting minutes<br><br>(iii) BDD and Local Governments Priority documents<br><br>Regional/ municipal website and/or local media | **(i)** Monitoring data on the implementation of the RDP is collected and the draft RDP Annual and 6 month Implementation Reports has been prepared by the Department of European Integration and Reforms Assistance/MRDI in line with the provisions set in the *Monitoring Plan* for the Implementation of 2015-2017 Regional Development Programme of Georgia (RDP), adopted by the Governmental Commission on Regional Development of Georgia (GCRD) on 26.12.2014. The preparation of the report has been supported by the EU funded TA project "Regional Development Policy Implementation in Georgia II". Since the start of the implementation of the RDP, four implementation reports have been prepared, approved and published - two 6 month reports and two annual reports.<br>Monitoring data for the semi-annual and annual reports were collected from the respective line ministries and other reporting/implementing institutions, including via individual measure sheets. The GCRD annual and semi-annual reports encompass the specific results achieved, annual budget allocations and recommendations for further improvement of the RDP monitoring process. The result indicators were updated that would ultimately bring special emphasis to the specific results within the RDP Annual Report.<br>Attachments:<br>1. Monitoring Plan for the Implementation of RDP 2015-2017<br>2. Six-monthly and Annual RDP Monitoring Reports http://mrdi.gov.ge/en/news/regional-development-program-georgia-2015-2017-rdp<br>3. GCRD Protocol #5 (08.04.2016)<br>4. GCRD Protocol #11 (31.10.2016)<br>5. GCRD Protocol #4 (23.03.2017)<br><br>**(ii) (iii)**<br>**Compliance for the Installment III (2016)**<br>***Context**: In 2013, Region-specific Development Strategies (RDSs) were prepared and approved by each Regional Consultative Council (RCC), whilst those were subsequently endorsed by the corresponding decrees of the Government of Georgia. In 2014, respective Action Plans were elaborated (based on the special Guidelines for Developing RDS Action Plans, adopted by the GCRD) and eventually adopted by the RCCs.*<br>*During 2014 on, RCC of each region reviewed their Regional Development Strategies (adopted by the GoG in 2013) and Action Plans (adopted by the RCCs in 2014) vis-a-vis the RDP. At the same time, the RCCs made due efforts to review whether the priorities of their RDSs and Action Plans were included in the respective local self-government's "Priority Documents". The respective observations and activities have been documented and communicated to the MRDI and GCRD.* |

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| | *Furthermore, the Guidelines for developing the Action Plans to the RDSs – adopted by the GCRD - covers the Appraisal Procedures for the Projects to be financed through Regional Development Fund (RDF).* ***One of the established key criteria for financing such projects are exactly their conformity with the RDS priorities, as well as co-financing (at least 5%) of the projects from Municipal budget.***<br>*RCC and its Working Groups consist of representatives of local authorities and as such the key action of the RDS and Action Plans are identified and implemented through the RDF and Municipal budgets.* ***The co-financing requirement of RDF actions also ensures Municipal budgets contribute to key actions.***<br><br>As for more specific compliance with the conditions in question in 2016, RCCs (and RCC Working Groups respectively) had been conducting regular meetings at periodic, as well as ad-hoc basis, reviewing the projects implementation covered by their RDSs and Action Plans, and compared to the previous year; attempts to timely react and reflect on identified obstacles and additional needs had been more intense. RCC (and RCC Working Groups respectively) meetings are documented reflecting on financial and physical implementation of projects, and including review of respective findings and updating of action plans based on these reviews.<br>The drafts of the RDP Implementation Semi-Annual and Annual Reports (as well as the Analysis on Regional Disparities and the Data Set) were disseminated to the RCCs, who were actively engaged with the analyses aiming to define the priority actions from the RDS and Action Plans to be implemented by the municipalities with the funding of local budgets. The draft reports were shared with the Governor Administrations and the municipalities in order to ensure synergy and avoid significant inconsistencies among the national, regional and local priorities.<br>The RCCs, their Working Groups contribute to identifying the key actions of their Regional Development Strategies and Action Plans to be implemented by Local Authorities in the framework of Municipal budgets through consulting and recommending on related aspects in the course of designing local Priority Documents and Regional Actions Plans hereby facilitating due coordination, maximum possible consistency and synergy between RDP and RDSs. After discussions in "Village Councils" thus facilitating bottom-up approach and citizen participation, only the municipal projects that match the priorities of the RDP & RDSs are subsequently and ultimately accommodated in the RDS Action Plans by RCCs according to the set procedures (GoG Decrees: #23, #1750, #594). At the same time RCC's Working Groups are heavily engaged in elaboration and identification of RDSs' priorities.<br>The evidences of RCC & RCC Working Groups' contribution in identifying key actions to be implemented by municipal budgets are provided.<br>Related texts for item SC 3.1 below for all instalments show further the respective progress and complex logic.<br>At the same time, the Development Strategies of two Georgian regions have been updated by RCCs based on the previous years findings (namely, the non-relevance of those strategies with the approved rules on preparing the Regional Developments Strategies Action Plans/GoG Decree #1750, 2015). The updated Strategies were approved subsequently in 2016, in particular: 1) Development Strategy of Imereti Region (for 2016-2021) was approved on 1st July of 2016 by GoG Decree №1287, and 2) Development Strategy of Mtskheta-Mtianeti Region (for 2016-2021) was approved on 1st July of 2016 by GoG Decree №1285.<br><u>Attachments:</u><br>1. RCCs meeting minutes<br>2. RCC Working Group Meetings<br>3. Updated Regional Action Plans<br>4. Updated Regional Developments Strategies of 2 Regions<br>5. GoG Decrees on Approving the Strategies of two Regions<br>6. Alignment of RDS objectives with RDP priorities<br>7. BDD<br>8. Local Government Priority Documents<br>9. Links to local media / web coverage on RCCs related activities |

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| | **Compliance for the Instalment I (2014)**<br>(*****previous compliances are also provided hereby for observing full context)<br>**SC 2.** (ii) (iii)<br>In 2013 Regional Development Strategies (RDSs) were prepared and approved by each Regional Consultative Council **(RCC**), whilst those were subsequently endorsed by the corresponding decrees of the Government of Georgia. In 2014 respective Action Plans were elaborated (based on the special Guidelines for Developing RDS **Action Plans,** adopted by the GCRD) and eventually adopted by the **RCCs**.<br>During 2014, RCC of each region reviewed their Regional Development Strategies (adopted by the GoG in 2013) and Action Plans (adopted by the RCCs in 2014) vis-a-vis the RDP. At the same time, the RCCs made due efforts to review whether the priorities of their RDSs and Action Plans were included in the respective local self-government's **"Priority Documents".** The respective observations and activities have been documented and communicated to the MRDI and GCRD.<br>Furthermore, the Guidelines for developing the RDS Action Plans by RCCs – adopted by the GCRD - covers the Appraisal Procedures for the Projects to be financed through Regional Development Fund ("Fund for Projects to be implemented in Regions of Georgia"/"FPIR"/RDF). One of the established key criteria for financing such projects are exactly their conformity with the priorities of the RDP and Region-specific Development Strategies.<br>Attachments:<br>1. Qvemo Qartli RCC's meeting Record for 10.10.2014<br>2. Shida Qartli RCC's meeting Record for 10.2014<br>3. Kakheti RCC's meeting Record for 10.2014<br>4. Imereti RCC's meeting Record for 16.10.2014<br>5. Samegrelo-Upper Svaneti RCC's meeting Record 29.10.2014<br>6. Guria RCC's meeting Record for 17.10.2014<br>7. Racha-Lechkhumi and Lower-Svaneti RCC's meeting Record 10.2014<br>8. Samtskhe-Javakheti RCC's meeting Record for 15.10.2014<br>9. Mckheta-Mtianeti RCC's meeting Record for 16.10.2014<br>10. Qvemo Qartli RCC Report<br>11. Shida-Qartli RCC Report<br>12. Kakheti RCC Report<br>13. Imereti RCC Report<br>14. Samegrelo-Upper Svaneti RCC Report<br>15. Guria RCC Report<br>16. Racha-Lechkhumi and Qvemo-Svaneti RCC Report<br>17. Mckheta-Mtianeti RCC Report<br>18. Samtskhe-Javakheti RCC Report<br>19. Links to local media / web coverage on RCCs' related activities<br><br>**Compliance for the Instalment II (2015)**<br>**SC 2.** (ii) (iii)<br>The Region-specific Development Strategies and their applicable Action Plans were updated in accordance with the respective findings. **RCC's** conducted set of due meetings and discussed the experience, progress achieved in 2015.<br>RCCs meeting minutes and Local Government Priority Documents have been published on regional/municipal websites.<br>Attachments:<br>1. RCCs meeting minutes<br>2. BDD for 2015-2018<br>3. Updated Regional Development Strategies (RDSs)<br>4. Updated Regional Action Plans<br>5. Alignment of RDS objectives with RDP priorities<br>6. Links to local media / web coverage on RCCs related activities. |
| **Policy Area #3** | **Compliance {Fully Compliant}** |
| **Condition #1 – Reinforced Financial and Management Control Systems**<br><br>**Indicator(s)** | **(i)**<br>***NOTE: Important consideration***<br>Project appraisal procedures were supposed to be applied to the RDF instrument as of the part of the RDP and not to the entire RDP from the beginning; MRDI discussed with the EUD (as well as the EU Verification Mission later) this major technical error (rdF vs rdP) in the text back in 2014 |

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| **(i)** RDF projects appraisal procedures and guidelines are being applied at state level and piloted at sub-national level<br><br>**(ii)** Annual actual expenditure under the regional development programme should be within 80% of the overall public/budgetary expenditure foreseen for the RDP in the year in question<br><br>**(iii)** At least 250 civil servants, at state and sub-national level, have attended the relevant training session on guidelines and procedures. Information sessions on the project appraisal guidelines and procedures for economic actors and CSOs are organized in Tbilisi and in the regions.<br><br>**Source of Verification:**<br><br>(i) Project appraisal procedures manuals and guidelines<br><br>(ii) Project appraisal reports<br><br>(iii) Relevant budgetary documentation<br><br>(iv) Relevant training centre's activity report<br><br>(v) Training sessions attendance lists | and onwards, and clear assurance and settlement was reached on that particular issue, - the reason why/how MRDI was persuaded not to solicit officially the initiation of the respective changes in the Financing Agreement project. Hence, this is also how the full compliance was observed for the condition during the first and second instalments; please, see further below:<br><br>**Compliance for the Installment III (2016)**<br>RDF project appraisal procedures and guidelines were revised, approved in August 20, 2015 with the Government Decree #1750 and applied at both, national and sub-national levels. Further amendments were introduced in November 25, 2015 by the Government Decree #594. The changes in the methodology template format caused major progress in document's effectiveness, applicability and transparency. It advances and provides for genuinely strict and objective criteria for project selection and assessing impacts by putting individual points through two tiers of filters, thus significantly reducing subjective and unjustified factors.<br>More than 500 projects were funded and implemented only from Regional Development Fund in 2016, which had been developed, in full compliance with the Government Decree, by RCC working groups, responsible for periodic updates of consolidated Regional Action Plans. Subsequently, the projects were approved by municipal councils and by RCCs. Only afterwards the Regional Action Plans were submitted to the GCRD for final approval.<br>At the same time, according to the aforementioned regulations, and the Government Decree #23 (Article 3.1), in the process of GCRD decision-making, the municipalities are eligible to receive funds from RDF only in case co-financing reaches at least 5% from municipal budget or any other source of financing that are allowed by the legislation of Georgia. In addition, the municipalities will be qualified for the Regional Development Fund allocations only in case respective projects are already reflected through the applicable Action Plan of a given region.<br>In addition, project appraisal procedures were piloted at the municipal level also for the projects that are funded not from the RDF instrument, but solely (100%) from their own Municipal budget.<br>Furthermore, with support of the EU technical assistance component, MRDI is planning to examine further improvement of the filters and criteria set out in the Government Decree. Under the pending EU Twining Project and Academic Research component, international best practices are to be identified and translated, whereas applicable, into more sophisticated procedures and guidelines.<br>In 2015, MRDI - with the support of UNDP - designed the special web system for project management, which shall ensure greater transparency, reliability and automatization of compliance procedures for project selection to be funded from RDF. After adding additional analytical tools, the software was completed in 2016.<br>Attachments:<br>1. Government Decree #1750.<br>2. Government Decree #23<br>3. Project appraisal reports for RDF projects with Municipal co-funding<br>4. RDF Project List - 2016<br>5. Project Description Forms<br>6. Project appraisal reports/description forms for projects with Municipal funding<br><br>**Additional Notes:**<br>• RDF project selection procedures, given their nature, cannot work in an isolated manner at central level, unless these are primarily applied at sub-national level (municipalities, then RCCs as set by the procedures), which in fact, prepare and submit afterwards such (pre)selected and partly co-financed projects to the central level/GCRD/GoG for its ultimate approval, as prescribed in detail by the adopted regulations. After new regulations were adopted, the full implementation followed and the selection process itself represents a bottom-up approach. Please see further below:<br>o "RDF project appraisal procedures and guidelines were revised and approved in **August 20, 2015 with the Government Decree #1750 and since then those are already fully applied** (rather than just piloted as |

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| | was stipulated by the condition) **both at national and sub-national levels.** Further amendments were introduced in November 25, 2015 by the Government Decree #594. The changes in the methodology template format caused major progress in document's effectiveness, applicability and transparency. It advances and provides for genuinely strict and objective criteria for project selection and assessing impacts by putting individual points through two tiers of filters, thus significantly reducing subjective and unjustified factors. More than 500 projects were funded and implemented from Regional Development Fund in 2016, which had been developed, with full application and compliance with the approved RDF project appraisal procedures and guidelines (respective Government Decree) by the RCC working groups, responsible for periodic updates of the consolidated Regional Action Plans. Subsequently, the **projects were approved by the municipal councils and by the RCCs. Only afterwards the Regional Action Plans were submitted to the GCRD for its final approval.** At the same time, according to the aforementioned regulations, and the Government Decree #23 (Article 3.1), in the process of GCRD decision-making, the **municipalities are eligible to receive funds from RDF only in case co-financing reaches at least 5% from municipal budget** or any other source of financing that are allowed by the legislation of Georgia. In addition, **municipalities are qualified for the RDF allocations only in case respective projects are already reflected through the applicable Action Plan of a given region**.<br>• Relevant evidences, including the samples of the projects selected by **RCCs** and (co)financed by **RDF** and **Municipalities** (by at least 5%), as well as the samples of the projects funded solely (100%) by **Municipal budgets** are provided.<br><br>**Compliance for the Instalment I (2014)**<br>(*****previous instalment compliances are also provided hereby given the above first note and for observing further a broader context)<br>**SC 3.1**<br>The basic procedures for appraisal of the projects - to be financed from regional development fund ("FPIR"/RDF) in the course of implementing region-specific development strategies – are covered by the Chapter 5 of the RDP. "Implementation of Region-specific Development Strategies - it is expected that to support the implementation of regional development strategies, substantial resources will be allocated from the "Fund of Projects to be implemented in Regions of Georgia"/FPIR (Regional Development Fund). It implies funding mostly for physical and technical infrastructure development projects. In pursuance with the established rule and taking into account the applicable criteria and procedures, the municipalities, following the review of the projects at the regional consultative councils, shall submit the respective projects to the Ministry of Regional Development and Infrastructure (for preliminary screening) before the Governmental Commission on Regional Development undertakes their subsequent appraisal and selection". (RDP, Chapter 5)<br>Furthermore, on September 5 2014 the GCRD has approved "Guidelines for Developing Action Plans to the Regional Development Strategies". The Guidelines cover in detail the appraisal rules and procedures for the projects to be funded from FPIR. It includes set of applicable criteria and two tiers of respective filters for ensuring objective, fair and transparent selection of the projects to be funded.<br>Hereby, this is to be noted that the newly adopted Guidelines complement provisions of the GoG Decree #23 (02/07/2013) on "Selection procedures and criteria of local self-government and regional projects to be financed from the Fund of the projects to be implemented in the regions of Georgia".<br>The adoption of the Guidelines was followed by the elaboration of the model "Project Description Form" and "Instructions for Filling RDS Action Plan".<br>Attachments:<br>1. "Guidelines for Developing Action Plans to the Regional Development Strategies" |

2. Record #16 of the GCRD meeting (05/09/2014) on approving "Guidelines for Developing Action Plans to the Regional Development Strategies"
3. Project Description (Summary) Form for applying to FPIR funding.
4. Instructions for filling RDS Action Plan
5. GoG Decree #23 (02/07/2013) on "Selection procedures and criteria of local self-government and regional projects to be financed from the Fund of the projects to be implemented in the regions of Georgia".

**Compliance for Instalment II (2015)**

**SC 3.1**

RDF project appraisal procedures and guidelines were revised, approved in August 20, 2015 with the Government Decree #1750 and applied at the RCC working group meetings, responsible for periodic updates of the consolidated Regional Action Plans. Further amendments were introduced in November 25, 2015 by the Government Decree #594. The changes in the methodology template format caused major progress in document's effectiveness, applicability and transparency. It advances and provides for genuinely strict and objective criteria for project selection and assessing impacts by putting individual points through two tiers of filters, thus significantly reducing subjective and unjustified factors.

At the same time, according to the aforementioned regulations, and the 2016 State Budget Law (Chapter VIII, Article 18, Paragraph 4), the municipalities will be eligible for the Regional Development Fund allocations only in case of their co-financing, and if respective projects are already reflected through the applicable Action Plan of a given region.

"In accordance with the Decree #23 on "Selection Procedures and Criteria for Local Self-Governmental and Regional Projects to be Financed from Regional Development Fund of Georgia, defined by the State Budget Law of Georgia", the funds will be allocated from the Regional Development Fund of Georgia only in case of co-financing by the Local Self-Government. The rule of co-financing for Local Self-Government is defined by the Government of Georgia." (2016 State Budget Law).

Attachments:

1. Government Decree #1750.
2. Government Decree #594 on adopting amendments in the Decree #23.
3. Project appraisal reports.

**(ii)** Funds for RDP Program Measures are envisaged through the 2016 State Budget Law of Georgia, and the BDD. Execution for the RDP measures in the first half of the year exceeded **40%**, which is 7% more compared to the first two quarters of

2015 fiscal year. As for execution for the entire fiscal year, the figure reached 98.8% based on the adjusted figures in December 2016 and 97% based on the State Budget Law adopted in 2015.

The RDP Annex 2 - "Guideline Form for Supporting the Monitoring of the Program" have been filled and finalized, as stipulated by the GoG Decree #1215. The finalized *Detailed Measure Sheets* specify respective Budget Codes for each program measure, supporting thus the effective monitoring process.

Attachments:

1. 2016 State Budget Law - http://www.mof.ge/4913
2. 2016 State Budget 6-Monthly Execution Report - http://mof.gov.ge/4955
3. 2016 State Budget Annual Execution Report - http://mof.gov.ge/4955
4. RDP Detailed Measure Sheets
5. RDP Monitoring Table
6. Six-monthly RDP Reports by Implementing Institutions
7. Annual RDP Reports by Implementing Institutions
8. 2017 State Budget Law - http://www.mof.ge/5027

(**iii**) As noted above (Policy Area 3, Condition 1.i), the new guidelines for RDF project selection were not only piloted but fully and consistently applied both at national and sub-national levels, from mid-**2015**. This entailed the necessity of conducting and expanding the major part of Trainings and Information

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| | Sessions already in 2015, which has been successfully accomplished, and demonstrated subsequently during the previous verification process for Instalment 2.<br>Therefore, **already in 2015, instead of the 50 civil servants at sub-national level (condition for Instalment 2), 218 civil servants for the local self-governments (subnational level)**, the MRDI and Governor's administrations (state level) attended the training on "Preparation of Strategies and Action Plans, determination of Priorities and Risk Assessment", organized by MRDI and CEGSTAR with active support of UNDP and GIZ. The main tasks for the trainees included the modified methods for developing quality project proposals in accordance with the newly approved project appraisal procedures and guidelines.<br>In addition, newly approved Decrees #1750 and #23 were introduced to the RCC working groups, representatives of the CSOs and the private sector in Tbilisi and regions. Their active participation was ensured during the Regional Action Plan preparation process. Respectively, major part of these expanded Information Sessions were conducted already in 2015 by 16 partner CSOs (from R-CSN, Regional Civil Society Network), with leading of CiDA (the NGO from Kvemo Kartli) through 55 meetings in the municipalities, where **1500 local citizens, including the representatives of the private sector, attended and discussed the Regional Action Plan projects of 2015-2017 and the criteria for their appraisal, which covered the projects for 2016 and 2017.** The respective events were also covered by local media.<br>In 2016, additional Trainings were organized by MRDI and CEGSTAR with active support of UNDP and GIZ on "elaboration of project proposals in accordance with new methodology and procedures", as a follow-up on previous year's training. The trainings were conducted in 9 regions of Georgia and **in total, 278 persons participated, of which 268 were civil servants and 10 different CSOs representatives.**<br>In addition, two supplementary Information Sessions were organized by MRDI with active support of UNDP in June, 2016 in Kobuleti and Tbilisi, as a follow-up on previous year's sessions, with participation of representatives of the regions and municipalities as well as 22 different CSO and private sector representatives.<br>The publicity of the respective events was also provided by the CEGSTAR.<br>Attachments:<br>1. Report of Vano Khukhunaishvili Center for Effective Governance System and Territorial Arrangement Reform (CEGSTAR)<br>2. Presentation on regional strategic planning; preparation of strategies and action plans; project appraisal procedures and guidelines.<br>3. Consolidated attendance lists for 218 (in 2015) and 278 (in 2016) participants<br>4. Agenda, list of participant organizations and presentations on the Kobuleti Information Session (08/06/2016)<br>5. Agenda, list of participant organizations and presentations on the Tbilisi Information Session (10/06/2016)<br>6. CiDA Final Report<br>7. List of partner CSOs in 2015<br>8. List of partner CSOs in 2016 |
| **Policy Area #4** | **Compliance {Fully Compliant}** |
| **Condition #1 – Improved Information Systems for regional policy formulation**<br><br>**Indicator(s)**<br><br>**(i)** A review of regional statistics is prepared and published drawing on both, the initial update of regional disparities and the interim evaluation of RDP implementation. The review includes recommendations for any necessary changes to the collection of socio-economic data in Georgia. | **(i)** An initial update of the regional disparities adopted in 2016 by the GCRD - aiming to establish a basis for the ongoing tracking of regional disparities in Georgia - relates to matters that are relevant to the Regional Development Programme (RDP) and shaped by the EU good practices. It may also be used: to further develop/refine aspects of the original analysis to better inform the implementation of the chosen measures, - as well as to prepare platform for further analysis and subsequent public intervention within the next programming assignment(s).<br>After completing 2015 and prior to ending 2016 financial years, the preparation process of the Report on Review of Regional Statistics had been initiated. Regional statistical data series were updated and the indicators further examined. The respective document was drafted, and then reviewed and published by MRDI. The report on review of regional statistics itself draws |

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| **Means of Verification:**<br><br>**(i)** Report on review of regional statistics | both, on the Interim RDP Evaluation Report as well as the updated Analysis of Regional Disparities which is well reflected in the description of the methodology used in the Report itself.<br>Whilst some specific items of the report appeared still in question, further discussions and consultations were conducted with GEOSTAT and other stakeholders. Complementary inputs and additional expertise were delivered and subsequently, the modified version of the Report was provided and also officially published on the MRDI website. The report is now the basis for preparation of new version of the Report on Disparities focusing on assessment of starting situation and trends in the area of regional development for preparation of RDP 2018-2020. This includes direct work with GEOSTAT on collections and analysis of proposed in the Report on Review of Regional Statistics set of regional development data.<br>Attachments:<br>1. Report on Review of Regional Statistics http://mrdi.gov.ge/en/news/regional-development-program-georgia-2015-2017-rdp<br><br>**Additional Notes:**<br>• Similar to the RDP Interim Evaluation Report, this report has been prepared by the TA team in consultation with MRDI and GEOSTAT as a product of the TA project. Information on how this was developed was also given to the EUD on different occasions including at abovementioned Steering Committee meetings in February and June. Formally, the report was discussed substantially between TA, MRDI and GEOSTAT representatives, accepted by MRDI, as well as by the EUD under the First Progress Report, whilst now it serves as a basis for completing the new Report on Regional Disparities.<br>• The purpose of the report is stated at the beginning of the report; the main purpose of the review is twofold: i) Identification of gaps in the statistical data sets used to-date (latest updated in March 2016); and ii) Provision of recommendations as to how the use of statistics can be enhanced for future analysis of territorial disparities and policy planning and programming exercise.<br>• The first updated "Statistical Data Series Document for assessing the implementation of the RDP/RD implementation", involving the GEOSTAT's immediate relevant inputs and contribution (and together with the initial update of the Regional Disparities) were reviewed and adopted by **GCRD** in 2016 (Protocol #5), aiming to advance a basis for the ongoing tracking of regional disparities in Georgia. Also, the RDP Implementation Report 2016 which was adopted by the GCRD along with its specific recommendations are in many ways identical to the ones given in the RDP Interim Evaluation Report prepared bit later, that in fact, set already ground for taking them into account by implementing ministries and agencies, as well as by the GEOSTAT – the member of the GCRD Working Group for RDP 2015-17 and RDP 2018-20. The new document – Review of Regional Statistics (RRS), which draws both on the Disparities Study and Interim Evaluation, reflects and accommodates also the agreed/approved by the GCRD information of the previous document - the first updated Statistical Data Series Document - to a substantial extent. The Review of Regional Statistics like the Interim Evaluation Report has been completed by the end of the 2016 and naturally, there was no room for GEOSTAT and MRDI to reflect further on other specific consequences in that year. From 2017, the respective presentation of the RRS document and review of its specific recommendations with the GEOSTAT as well as other stakeholders took place; at this stage, the GEOSTAT as a member of the GCRD Working Group for designing RDP 2018-2020 is expected to have further reflections and contributions in addressing the recommendations of the RRS document, primarily in the course of completing the updated Regional Disparities Study (diagnostic part of the RDP 2018-2020).<br>• Both, Analysis of Regional Disparities and the RDP Interim Evaluation Report are addressed through the entire Report on Review of Regional Statistics as a contextual background for the document:<br>- *Observations and Findings: "The existing, updated document on regional disparities (March 2016) does not provide sufficient trend analysis of the* |

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| | *statistics used. Except for data on population, GDP by region, volume of timber harvested, FDI's, number of persons receiving pension and social packages and the number of foreign visitors, there is virtually no analysis of trend for other statistics." (page 8)*<br>- *Conclusions: It is noted that already existing statistics are not fully utilised for the measurement of regional disparities and to inform regional planning and programming. Despite gaps contemplated in the previous paragraph the updated data series available at GEOSTAT appear to be sufficient for more meaningful regional development policy planning process for the years 2018-2020 (perhaps with the exception of integrated territorial planning) (page 11)*<br>- *Conclusions: "Lack of specific data series (or corresponding time intervals for the existing indices) hampers the utility of potential evaluation of the regional policies. Evaluation of the effects of the RDP 2015-2017 and effectiveness of the whole regional policy can only be done when the Programme is sufficiently advanced in implementation and statistical data at regional level is available at least for 3-4 subsequent years." (page 12)*<br>- *Recommendation 1. "GEOSTAT is recommended to start capturing specific statistical indicators which are essential for measuring and describing socio-economic disparities; disaggregation to local self-government unit is essential in the light of the potential introduction of NUTS-2 statistical regions in the future" (page 13)*<br>- *"Annex 1. Georgian data series related to analysis of regional disparities and the future evaluation of RDP. October 2015 (pages 18-24)".*<br>• Regarding how the "update on regional disparities" and "Interim Evaluation of the RDP" are taken into consideration while preparing the Report on Statistics, - it is also explained in detail in the text of the Report itself **(Chapter: 2. Context and Methodological Assumptions).** |

## * Fulfilment of the Recommendations of the 1-st EU Verification Mission Compliance {Fully Compliant}

In order to ensure full compliance for the second and third Variable Tranches, it was recommended:

**1**. Specific Condition **2.ii**: *to provide a table indicating where the identified priorities of the Regional Development Strategies fit within the five priorities of the RDP 2015-2017.*

**Compliance:** A specific table was developed in order to expose interrelations, linkages and synchronization level of the RDP priorities with the objectives and tasks of the Regional Development Strategies of 9 regions.
**Attachments**:

- Alignment of Regional Development Strategy objectives with RDP priorities.

**2**. Specific Condition **3.i**: *to further elaborate the **project appraisal method**, as well as the assessment procedures (in particular the roles and responsibilities of the parties involved at local, regional and central level.*

**Compliance:** RDF project appraisal procedures and guidelines were revised, approved in August 20, 2015 with the Government Decree #1750 and applied at the RCC working group meetings, responsible for periodic updates of the consolidated Regional Action Plans. Further amendments were introduced in November 25, 2015 by the Government Decree #594. The changes in the methodology template format caused major progress in document's effectiveness, applicability and transparency. It advances and provides for genuinely strict and objective criteria for project selection and assessing impacts by putting individual points through two tiers of filters, thus reducing further subjective and unjustified factors. The Decrees #1750 and #23 establish a systemic framework for the Regional Action Plan preparation process and defining competencies and functions of every stakeholders involved. (Note: at the same time, the pending Law on "Regional Policy and Development Planning" aims also to improve a fundamental basis for further upgrades/advancements within the complexity of the project appraisal methodology under the LEPL "Regional and Municipal Development Fund", creation of which is also foreseen in the law).
**Attachments**:

- Government Decree #1750.
- Government Decree #594 on adopting amendments in the Decree #23.
- Project appraisal reports.

**3**. Specific Condition **3.ii:** *to check the financial resources in the Measures Sheets, in order to ascertain that they are in line with the Budget Law 20152018, and as far as possible and applicable to break them down by region.*

**Compliance:** Implementing organizations of the RDP were requested to provide information by individual regions as far as possible and applicable. New tables were introduced in the RDP monitoring plan, envisaging output and financial indicators in order to collect all available data with a regional break down.
**Attachments**:

- RDP Monitoring Tables 7.1 and 8.1

**4**. Specific Condition **3.iii**: *to design and organize **formal training on the new project appraisal procedures,** also taken into account the recommendation to improve these procedures.*

**Compliance:** 278 civil servants for the local self-governments (sub-national level), Governor's administrations (state level) and representatives of the local CSOs participated in the training sessions on "Preparation of Strategies and Action Plans, determination of Priorities and Risk Assessment", organized by MRDI and CEGSTAR with active support of UNDP and GIZ in the Eastern and Western parts of Georgia. The main tasks for the trainees included the modified methods for developing quality project proposals in accordance with the newly approved project appraisal procedures and guidelines.
In addition, an information session in June, 2016 was organized in Tbilisi for the Governors, Heads of municipalities and the donors/CSOs, which have been the most active and influential actors at national level, focused on the issues of regional development and local self-government.
**Attachments**:

- Report of Vano Khukhunaishvili Center for Effective Governance System and Territorial Arrangement Reform (CEGSTAR);
- Training sessions' attendance lists.
- Presentation on regional strategic planning; preparation of strategies and action plans; project appraisal procedures and guidelines.
- Consolidated Attendance Lists for 278 civil servants (trainees)
- Agenda, report and presentation on the Tbilisi Information Session (10/06/2016).