



**U.S. Agency for International Development
USAID/Georgia**

**Request for Categorical Exclusion
Human and Institutional Capacity Development (HICD) Program**

A. PROGRAM AND ACTIVITY DATA

PROJECT NAME: Human and Institutional Capacity Development (HICD) PLUS

ASSISTANCE OBJECTIVE: Governing Justly and Democratically objective

PROGRAM AREA: Good Governance

COUNTRY: Georgia/Caucasus/E&E

ORIGINATING OFFICE: Program and Project Support Office

DATE: 01/05/2011

IEE AMENDMENT: Yes No N/A

DCN OF ORIGINAL IEE:

PURPOSE OF AMENDMENT:

IMPLEMENTATION START: 2011

IMPLEMENTATION END: 2015

LOP AMOUNT: \$6,050,000

AMENDMENT FUNDING AMOUNT:

CONTRACT/AWARD # IF KNOWN:

Environmental Media and/or Human Health Potentially Impacted (check all that apply):
None Air Water Land Biodiversity Human health Other

Environmental Action Recommended:

Categorical Exclusion:	<input checked="" type="checkbox"/>	Positive Determination:	<input type="checkbox"/>
Negative Determination:	<input type="checkbox"/>	Deferral:	<input type="checkbox"/>
Neg. Deter. with Conditions:	<input type="checkbox"/>	Exemption:	<input type="checkbox"/>

B. BACKGROUND AND ACTIVITY DESCRIPTION

Background

Despite the conflict in 2008 and the subsequent temporary economic downturn, the Government of Georgia (GOG) has continued to reform at a fast pace. There have been impressive gains in the improvement of the business enabling environment, social service delivery and energy security, in part through the provision of significant and sustained donor assistance. However, while progress has been made, challenges remain in the fields of judicial independence, government transparency, access to quality and affordable health care, poverty, and the unresolved separatist conflicts. To be able to address these challenges the country needs capable, well-staffed and well-structured organizations. In addition to the technical knowledge and experience in respective fields of expertise, they need to have efficiently functioning organizational structures and work processes, modern financial management, human resources (HR) and management information systems, communication strategies, etc. – i.e. all the characteristics of efficient and sustainable organizations. In this respect, local entities, whether they be in the public, private or non-governmental sectors, face a number of performance gaps, such as weak leadership, lack of strategic vision, bureaucratic procedural impediments, poor HR and financial management systems, poor delegation of authority, inadequate managerial skills, lack of motivation, inadequate physical environment and tools, poor communications and weak feedback between staff and supervisors. These administrative limitations impede effective implementation of the reform process. On a positive note, the GOG's continued commitment to reform provides an excellent entry point for U.S. assistance in the afore-mentioned areas. The above gaps need to be addressed in a systematic, systemic and planned manner to ensure that improvements in individual and institutional performance pave the way for a successful implementation of the GOG's reform program and the achievement of USAID's assistance objectives (AOs).

A continuing significant barrier to the effective implementation of reform in Georgia, which is evident throughout the public, civil and private sectors, is the weakness of local entities to effectively function in a merit-based, free market environment. The historical context of Georgia's economic and social system (the Soviet legacy) – that the current reform program is designed to address – is inconsistent with modern management practices in a competitive environment, and will take considerable time to overcome. Attitudes and practices change slowly. An obvious gap remains between the strategic aspirations of public institutions and their modus operandi. Many of these entities still rely on counter-productive management systems and out-dated, paper-based and cumbersome work processes. This program will aim to continue using a structured, holistic approach to integrate knowledge, skills and attitude training enhancements with other systemic technical assistance interventions to ameliorate barriers to the effective implementation of the reforms. To accomplish this, public and quasi-public entities, as well as CSOs will need to strengthen their institutional capacity in a range of areas such as strategic planning and implementation, management, technical capacity and institutional structures.

Country and Environmental Information

Georgia is situated along the Black Sea and borders the neighboring countries of Azerbaijan, Armenia, Turkey and Russia. The physical terrain of Georgia is mountainous. The population of Georgia is 4.4 million. The capital city is Tbilisi with a population of 1.5 million people. Natural resources include iron ore, hydroelectric power generation, manganese deposits and forestry. The coastal climate is suitable for the growth for tea and citrus fruits. Industries include winemaking, steel, textiles, wood products and machinery. The Republic of Georgia is still recovering from one of the worst collapses suffered by any post-communist country. Chronic unemployment remains one of the greatest obstacles to improving living standards. With an estimated 35% of the Georgian population living at or below the poverty line, the Georgian government finds itself unable to address the social safety needs of the population adequately.

The Georgian-Russian conflict resulted in the damage to or further delay in rehabilitation of already poor infrastructure which existed in the region. This deprived local businesses and the population the opportunity for economic growth and prosperity, which could enhance security and stability.

Environmental Legislative Framework

National Environmental Action Plan (NEAP, 2000) and National Biodiversity Strategy and Action Plan (NBSAP, 2005) are the main national level policy documents related to biodiversity conservation. Both of these documents are outdated and not used in practice in Georgia. The MoE began the process of preparing a new NEAP and NBSAP in 2009.

Georgia is a party to the major international treaties concerning biodiversity and natural resources. These include: Convention on Biological Diversity 1994, United Nations Framework Convention on Climate Change 1994, Convention on International Trade in Endangered Species of Wild Fauna and Flora 1996, Convention on Wetlands of International Importance especially as Waterfowl Habitat 1997, Convention on the Conservation of Migratory Species of Wild Animals 2000, Agreement on the Conservation of Bats in Europe 2002, and a number of others. The most relevant to biodiversity conservation include: Convention on the Conservation of European Wildlife and Natural Habitats (2009), Cartagena Protocol on Biosafety to the Convention on Biological Diversity (2009); and the Protocol to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and other.

Georgia has a significant number of laws, presidential orders and government acts on environmental protection. Some examples include:

- The Law on Environmental Protection (1999 and updated)
- Law on Environmental Impact Permit (1991 and updated)
- Law on Ecological Expertise (2007)
- Law on Protected Areas
- Forestry code (under the process of updating)
- Water law (under the development)

The Law on Ecological Expertise of 2007 remains the framework for environmental impact assessments (EIAs) that apply to new projects that may have adverse impacts on the environment. EIAs are part of the state ecological expertise (SEE) authority. Citizens and public organizations have access to EIAs and can express their views according to Aarhus and Esposo conventions.

ACTIVITY DISCRIPTION

Program Objective

The objective of the HICD PLUS program is to complement the implementation of USAID/Georgia's assistance efforts in democracy and governance, economic growth, energy and environment, and health and education sectors through the development of individual skills and institutional capacity of select public entities, CSOs and other private organizations that play a strategic role in the implementation of the GOG's reform program and the mission's AOs.

Main components and illustrative interventions:

HICD PLUS will provide the following services:

1. HICD Interventions - Structured, integrated, systematic and systemic interventions comprising a full package of HICD (Human and Institutional Capacity Development) assistance from a holistic

performance assessment (PAI) to a set of performance solutions interventions (PSI) and performance monitoring and evaluation systems (PMES). The choice of PSIs will be informed by the recommendations of PAIs and based on MOUs signed between the implementing partner and the partner organizations. PAIs will examine environmental, organization, and individual factors affecting the ability of the partner institution to meet its organizational goals. PAIs will highlight the root causes of performance gaps between desired and actual institutional behaviors. These root causes will be viewed in the framework of the universally accepted human performance factors: information; resources; incentives; knowledge/skills; capacity; and motives. Using this framework, targeted and appropriate PSIs will then be selected to address the identified gaps. PMES will enable the partner institution to regularly self-monitor performance in critical areas that are leading indicators of the organization's overall performance success. PMES will also allow the implementing partner to periodically follow up with partner institutions after HICD program end and verify the progress or lack thereof.

A PSI package can include a range of activities such as a) providing training interventions in the identified areas (e.g. HR, financial management, strategic planning, etc.); b) assistance in developing the organizational vision, strategic and action plans; c) assistance in developing organizational restructuring plans; d) assistance in improving management and operational efficiencies and work processes in the identified areas (e.g. establishing clear roles and responsibilities and mechanisms for an efficient delegation of authority); e) developing communications strategies; f) assistance in developing performance monitoring and evaluation systems; g) organizing workshops and conferences; h) facilitating sector-specific stakeholder consultations; i) funding short-term training, participation in conferences and study tours in the U.S. or a third country (they can be custom designed, as well as off-the-shelf to meet the needs of the partner organization by improving their employees' knowledge, skills and attitudes); and, j) small-scale commodities purchasing with the mission's approval.

These interventions will aim to improve the partner institution's performance enabling them to become effective providers of quality (public or private) services to their clients and customers. Some of the expected results helping to achieve this aim include the following: improved management efficiencies, enhanced strategic planning skills, reduced bureaucracy, increased revenues/profitability (if applicable) and streamlined and rationalized work processes. They will also be strategic in that they will help partner organizations develop long-term plans and coordinate institutional development activities in support of GOG reform efforts and USAID's AOs. Integrated organizational development interventions will constitute the core of the program portfolio.

2. Performance-related (PA) or Sectoral Assessments (SA) – These would be limited in scope looking at a specific section/role of the organization rather than the organization in its entirety, which is what the HICD interventions would do. They might or might not be followed by further interventions subject to the mission review and approval. In cases where assessment results can be used by the host country government and international community, a limited number of sectorial assessments can be implemented with the Mission Director's approval.

3. Technical Assistance Interventions (TAI) – A limited number of TAIs will also be implemented through the program in exceptional circumstances (since they would normally be funded through the mainstream HICD projects). It is expected that the mission would use to TAIs through HICD PLUS to respond to *ad hoc* requests from its main strategic GOG partners. In the past, such TAIs were implemented at the request of the State Ministry for Reintegration, the Constitutional Commission, the Ministry of Economic and Sustainable Development and the Ministry of IDPs from the Occupied Territories, Accommodation and Refugees.

4. Small Grants – these will be made available for the partner (beneficiary) and alumni organizations will have already availed of the HICD PLUS program services and that are prepared to develop

proposals for follow-on activities utilizing the new knowledge acquired. Each project will cost up to \$20,000.

5. Participant Processing Services for USAID-funded training program participants for all USAID partners. These are currently provided by FORECAST. The services will include: verifying candidates' qualification against the pre-determined selection criteria; contacting participants to fill out forms needed for data entry in TraiNet/VCS; assisting USAID partners in installation and maintenance of TraiNet/VCS; J-1 Visa processing – administering all procedures related to obtaining J-1 visa for USAID-funded programs; 3rd country visa processing; medical examination and insurance enrollment; language testing; processing of waivers (if/when applicable); participant tracking and reporting through combined use of TraiNet and VCS systems on quarterly basis including USAID's all implementing partners.

EVALUATION OF ACTIVITY WITH RESPECT TO ENVIRONMENTAL IMPACT POTENTIAL

Table 1 Illustrative activities under Program Component One, Community level economic development planning, Potential Environmental Impacts and Recommended Environmental Determination and Mitigation Measures/Conditions			
Illustrative Activities	Potential Impacts	22 CFR 216 Environmental Determination	Mitigation Measures/Conditions
<p><u>1. HICD interventions</u> - Systematic, structured and integrated interventions designed to identify root causes of performance gaps in host country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of performance improvement through the establishment of performance monitoring systems.</p>	<p>No adverse impacts are likely</p>	<p>Categorical exclusion is recommended pursuant to 22 CFR 216.2(c)(2)(i), education, technical assistance or training programs except to the extent such programs include activities directly affecting the environment</p>	
<p><u>2. Performance-related (PA) or Sectoral Assessments</u> - These would be limited in scope looking at a specific section/role of the organization rather than the organization in its entirety, which is what the HICD interventions would do. They might or might not be followed by further interventions subject to the mission review and approval. A limited number of sectoral assessments will be conducted as required by the Mission.</p>	<p>No adverse impacts are likely</p>	<p>Categorical exclusion is recommended pursuant to 22 CFR 216.2(c)(2)(iii), analyses, studies, academic or research workshops and meetings.</p>	
<p><u>3. Technical Assistance Interventions (TAI)</u> - A limited number of TAIs will also be implemented through the program in exceptional circumstances (since they would normally be funded through the mainstream HICD projects). It is expected that the mission would use to TAIs through the program to respond to ad hoc requests from its main strategic Government of Georgia partners (these will not involve any renovation or rehabilitation activities).</p>	<p>No adverse impacts are likely</p>	<p>Categorical exclusion is recommended pursuant to 22 CFR 216.2(c)(2)(i), education, technical assistance or training programs except to the extent such programs include activities directly affecting the environment</p>	

Table 1 Illustrative activities under Program Component One, Community level economic development planning, Potential Environmental Impacts and Recommended Environmental Determination and Mitigation Measures/Conditions			
Illustrative Activities	Potential Impacts	22 CFR 216 Environmental Determination	Mitigation Measures/Conditions
4. <u>Small Grants</u> - these will be made available for the alumni partner organizations that will have already availed of the HICD assistance and that are prepared to develop proposals for follow-on activities utilizing the new knowledge acquired. Each project will cost up to \$20,000 (these will not involve any renovation or rehabilitation activities).	No adverse impacts are likely	Categorical exclusion is recommended pursuant to 22 CFR 216.2(c)(2)(i), education, technical assistance or training programs except to the extent such programs include activities directly affecting the environment	
5. <u>Participant Processing</u>	No adverse impacts are likely	Categorical exclusion is recommended pursuant to 22 CFR 216.2(c)(2)(i), education, technical assistance or training programs except to the extent such programs include activities directly affecting the environment	

RECOMMENDED ENVIRONMENTAL ACTIONS AND PROPOSED MITIGATION MEASURES

Categorical Exclusions

The following activities were determined to meet the criteria for categorical exclusions:

- A categorical exclusion is recommended pursuant to 22 CFR 216.2(c)(2)(i), education, technical assistance or training programs for activities 1, 3, 4, and 5. A categorical exclusion is recommended pursuant to 22 CFR 216.2(c)(2)(iii) for activity 2 to conduct sector specific assessments and analysis of proposed organization.

F. MANDATORY INCLUSION OF ENVIRONMENTAL COMPLIANCE REQUIREMENTS IN SOLICITATIONS, AWARDS, BUDGETS AND WORKPLANS

Appropriate environmental compliance language shall be included in solicitations and awards for this activity with an appropriate level of funding and staffing to satisfy the environmental compliance requirements set forth in this IEE. Environmental mitigation and monitoring requirements shall also be included in solicitations and awards.

LIMITATIONS OF THE IEE:

1. Sanitation and sewage activities having the potential for adverse impact on the natural or physical environment;
2. Construction, renovation or refurbishment.
3. Support to extractive industries (e.g. mining and quarrying).
4. Support for activities that promote timber harvesting;
5. Assistance for the information dissemination or procurement (including payment in kind, donations, guarantees of credit) or use (including handling, transport, fuel for transport, storage, mixing, loading, application, clean up of spray equipment, and disposal) of pesticides or activities involving procurement, transport, use, storage, or disposal of toxic materials. Pesticides cover all insecticides, fungicides, rodenticides, etc. covered under FIFRA – ‘Federal Insecticide, Fungicide, and Rodenticide Act’.
6. Potential activity components dealing with privatization of industrial facilities or infrastructure with heavily polluted property. In such cases, an amendment to the IEE will be required to conduct Environmental Liability Assessment (ELA) as part of the privatization process.
7. Procurement or use of genetically modified organisms (GMOs).
8. Project preparation, project feasibility studies, and infrastructure investments for projects that may have a potentially significant impact on the environment.
9. DCA or GDA programs.

Any of the above actions would require an amendment to the IEE approved by the E&E Bureau Environmental Officer (EE/BEO).

MONITORING:

USAID/Georgia will closely monitor the work of the implementing partner to ensure that any arising environmental concerns are addressed in a timely manner. This will be assured through USAID approval of activity designs, on-going monitoring of the project activities, review of the general

contractor's environmental reports and assessments, and site visits. The COTR will closely monitor implementation of all activities to ensure compliance with this IEE. Deviations from the requirements set forth in this document should be reported to the Mission Environmental Officer to initiate corrective action. Deviations will be reported to the BEO. ER Checklists will be sent to the BEO for informational purposes.

REVISIONS:

Pursuant to 22 CFR 216.3(a)(9), if new information becomes available which indicates that activities to be funded by the project might be "major" and the Project's effect "significant," this Categorical Exclusion will be reviewed and revised and submitted to the E&E/BEO and, if appropriate, an environmental assessment will be prepared.

Clearance:

Drafter, PPS Office: *D. Schuch* Date: *1/5/2011*
David Dzebisashvili

PPS Office Director: *by M. Eden* Date: *1/4/2011*
Nick Higgins

Mission Environmental Officer (MEO): *M. Ubilava* Date: *1/06/2011*
Mariam Ubilava

Program Office: *by M. Eden* Date: *1/06/2011*
Nick Higgins

Regional Legal Advisor (RLA): *P. Young* Date: *1-18-11*
Peter Young

Deputy Mission Director: *J. Parker* Date: *1/21/2011*
Joakim Parker

Mission Director: *J. M. Conly* Date: *1/21/11*
Jonathan M. Conly

Bureau Environmental Officer (BEO): *Barbara Britton* Date: *1/21/11*
Barbara Britton.