

**STANDARD LETTER OF AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME AND
LEGAL ENTITY OF PUBLIC LAW (LEPL) TSAGERI MUNICIPALITY
TO CARRY OUT ACTIVITIES
WHEN UNDP PROVIDES SUPPORT SERVICES TO THE "FOSTERING REGIONAL AND LOCAL
DEVELOPMENT IN GEORGIA PHASE 2"**

Dear Sir/Madame,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") in Georgia and officials of Legal Entity of Public Law **Tsageri Municipality** in Georgia with respect to the realization of activities (specified in Attachment 2) by Tsageri municipality in the implementation of the UNDP support services to the project 00099175/00108051 Fostering Regional and Local Development in Georgia Phase 2 as specified in Attachment 1: Project Document, to which UNDP has been selected as a responsible party.
2. In accordance with the LOA signed between the government implementing partner and UNDP for support services and with the following terms and conditions, we confirm our acceptance of the activities to be provided by **Tsageri Municipality** towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as "Activities"). Close consultations will be held between Tsageri Municipality and UNDP on all aspects of the Activities.
3. **Tsageri Municipality** shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its Financial Regulations and Rules.
4. In carrying out the activities under this Letter, the personnel and sub-contractors of **Tsageri Municipality** shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of **Tsageri Municipality** or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by **Tsageri Municipality**, and its personnel as a result of their work pertaining to the Activities.
5. Any subcontractors, including NGOs under contract with **Tsageri municipality**, shall work under the supervision of the designated official of Tsageri Municipality. These subcontractors shall remain accountable to **Tsageri Municipality** for the manner in which assigned functions are discharged.
6. Upon signature of this Letter, UNDP will make payments to **Tsageri Municipality** according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.
7. **Tsageri Municipality** shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. **Tsageri Municipality** shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when **Tsageri Municipality** is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the Attachment 2. UNDP shall have no obligation to provide **Tsageri Municipality** with any funds or to make any reimbursement for expenses incurred by **Tsageri Municipality** in excess of the total budget as set forth in Attachment 3.
8. **Tsageri Municipality** shall submit a cumulative financial report each quarter (31 March, 30 June, 30 September and 31 December). The report will be submitted to UNDP through the Resident Representative within 10 working days following those dates. The format will follow the standard UNDP expenditure report [a model copy of which is provided as Attachment 4]. UNDP will include the financial report by **Tsageri Municipality** in the financial report for the project 00099175/00108051 Fostering Regional and Local Development in Georgia Phase 2.
9. **Tsageri Municipality** shall submit such progress reports relating to the Activities per Reporting Schedule in Annex 2, Section 8 and as may reasonably be required by the project manager in the exercise of his or her duties.
10. **Tsageri Municipality** shall furnish a final report within 1 month after the completion or termination of the Activities, including a list of non-expendable equipment purchased by **Tsageri Municipality** all relevant audited or

certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.

11. Equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed as agreed, in writing, between UNDP and **Tsageri Municipality**.

12. Any changes to the LOA between the government implementing partner and UNDP for support services which would affect the work being performed by **Tsageri Municipality** in accordance with Attachment 2 shall be recommended only after consultation between the parties.

13. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the LOA for support services and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the **Tsageri Municipality** and UNDP.

14. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of Activities according to Attachment 2, or until terminated in writing (with 30 days notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by **Tsageri Municipality** unless it receives written indication to the contrary from UNDP.

15. Any balance of funds that is undispersed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP.

16. Any amendment to this Letter shall be effected by mutual agreement, in writing,

17. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to Louisa Vinton, UNDP Resident Representative in Georgia.

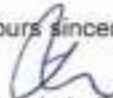
18. **Tsageri Municipality** shall keep the UNDP Resident Representative in Georgia fully informed of all actions undertaken by them in carrying out this Letter.

19. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.

20. Any dispute between the UNDP and **Tsageri Municipality** arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

21. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall thereby constitute the basis for your participation in the implementation of the project.

Yours sincerely,



Signed on behalf of UNDP
Louisa Vinton, UNDP Resident Representative in Georgia

Date 24/9/2015

Signed on behalf of Tsageri Municipality
Avtandil Ugrehelidze, Mayor

Date 21/09/2014



Attachment 1

PROJECT DOCUMENT

Insert cover page of UNDP project document and Results Resource Framework (RRF), which shows activities that are implemented by the LOA partner.

Annex 1 to CSA

UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT
GEORGIA¹



Project Title: Fostering Regional and Local Development in Georgia - Phase 2

Project Number:

Implementing Partner: Ministry of Regional Development and Infrastructure

Start Date: 15 Dec 2017 **End Date:** 30 Nov 2021 **PAC Meeting date:**

Brief Description

The overarching goal of the project is to build strong LSG institutions with greater competences and capacities to act as catalysts for stimulating regional/local economies, engage citizens into local policy making and design and implement people-centred initiatives benefiting women, men, youth, ethnic minorities, IDPs and other population groups. In that way, the project will build a sound foundation for advanced decentralization and good governance at the local level and pave the way for more sustainable and inclusive growth, reduction of poverty and inequalities, and better quality of life of citizens.

To achieve this goal, the project proposes the Local Economic Development (LED) approach to be applied as a central instrument throughout the project implementation cycle, since LED is a participatory, bottom-up approach, which emphasises the catalyst role of the public sector and ultimately aims to create sustainable economic development.

Consequently, the project activities are planned in a way to form constituent and complementary parts of the LED process contributing to the three project outcomes: 1) Georgia implements adequate policy and institutional frameworks to foster decentralization and enable local economic development (LED); 2) Government institutions at local level are strengthened to deliver quality services enabling the business environment and incentivizing local economic actors 3) Local stakeholders, particularly communities, are economically empowered and have improved access to related participation in decision-making processes.

The project will operate in four regions (Racha-Lechkhumi-Kvemo Svaneti, Samegrelo-Zemo Svaneti, Guria and Kvemo Kartli) reaching out to 900 186 people, among them 462 340 women, 176 187 youth (15-29 years), 210 610 ethnic minorities, 85 156 residents of mountainous areas and 60 090 IDPs.

In total, the project will directly benefit 10 590 citizens of Georgia, while the whole population of Georgia (3 720 400 citizens) will be indirect beneficiaries of project interventions.



In the end, the programme will contribute to attaining sustainable development goals, including: (1) no poverty, (5) gender equality, (8) decent work and economic growth, (10) reduced inequality, (11) sustainable cities and communities, (12) responsible production and consumption and (16) peace, justice and strong institutions

¹ The Project Document will be revised during the first Steering Committee meeting of the project taking into account the comments of SDC.

Contributing Outcome (UNDAF/CPD, RPD or GPD):

Total resources required:	USD 5,486,145	
	EUR 4,563,641	
Total resources allocated:		
	SDC	USD 3,531,060 EUR 2,937,842
	ADA	USD 1,802,885, EUR 1,500,000
	Government	USD 151,200 EUR 125,798
	In-Kind	USD 196,000 EUR 163,072
Unfunded:		

Agreed by (signatures):

Government	UNDP
	
Print Name:	Print Name:
Date:	Date:

Annex 3. Logframe/Results and Resources Framework¹

FOSTERING REGIONAL AND LOCAL DEVELOPMENT IN GEORGIA – Phase 2			
NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	CRITICAL ASSUMPTIONS/RISKS
<p>Goal: People in the regions of Racha-Lechkhumi - Kvemo Svaneti, Samegrelo-Zemo Svaneti, Guria and Kvemo Kartli benefit from stronger local self-government institutions for better economic development and employment generation</p>	<p># of people benefiting from new LED² initiatives (including policy measures) disaggregated by direct and indirect beneficiaries</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 900,186 persons³ <p>Amount of new investments (public and private) made in four regions as a result of project interventions (in total and per region)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 8 (2 per target region) <p>% of increase in the level of public satisfaction with the local self-governments in four project regions (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 73.2% (71.1% women, 74.2% youth (1.8-29))⁴ Guria: 77.3% Racha-Lechkhumi-Kvemo Svaneti: 85.7% Samegrelo-Zemo Svaneti: 74.7% Kvemo Kartli: 69.0% • Target Value: 77 % 	<p>Impact Assessment Study (Countrywide Study)</p> <p>Baseline Survey (Countrywide Survey)</p> <p>Citizen Satisfaction Survey (Countrywide Survey)</p> <p>State budget</p> <p>Secondary data sources (state department of statistics, Georgian national investment agency, line ministries etc.)</p> <p>Project monitoring and evaluation report</p> <p>Project progress reports</p>	<p>Democratic processes in the country are progressing</p> <p>Global and national economic situation does not deteriorate</p> <p>Commitment to decentralization, in particular to delegation of resources and competencies to the local level, does not fade</p> <p>The GoG continues to be committed to LED promotion</p> <p>The GoG continues to be committed to Gender Equality principles</p> <p>The GoG continues to allocate resources for LSG development</p> <p>Government and legislative watchdogs continue to guarantee accountability of civil service</p>

¹ The log frame will be revised during the first Steering Committee meeting of the project taking into account the comments of SDC

² LED is defined as a process through which local governments, the private sector and the communities form partnerships to effectively mobilize, manage and invest resources into economic ventures to stimulate development and growth of the locality (World Bank)

³ The Target Value number includes direct and indirect beneficiaries; the data on direct beneficiaries will be disaggregated by women and youth

⁴ Source: Survey on Citizens' Satisfaction with Public Services (2017). The baseline values were defined according to the data provided by ACT on June 28, 2018, disaggregated by four target regions, women and youth

<p>Outcome 1</p> <p>National institutions define and implement policy and institutional frameworks to foster decentralization and enable local economic development (LED)</p>	<p># of new gender sensitive norms, policies and political processes developed and adopted by National and Municipal governments in the fields of LED as a result of project interventions</p> <ul style="list-style-type: none"> • Baseline Values: 0 • Target Values: At least additional 2 (Decentralization Strategy, Package of Land transfer related legal amendments to LSGs) <p># of LED-related additional competences delegated to municipalities as a result of project interventions</p> <ul style="list-style-type: none"> • Baseline Values: 0 • Target Values: 4 (e.g. natural gas supply and water supply, social assistance, environmental protection)⁵ <p>% of increase in the share of municipal budget in consolidated GoG budget as a result of the improved fiscal transfer schemes and/or local tax income and private investments</p> <ul style="list-style-type: none"> • Baseline Values: 8.6%⁶ (share of municipal budget as a percentage of consolidated budget) • Target Values: 13% 	<p>Impact Assessment Study (Countrywide Study)</p> <p>Baseline survey (Countrywide Study)</p> <p>Citizen Satisfaction Survey (Countrywide Study)</p> <p>State budget</p> <p>Secondary data sources (state department of statistics, Georgian national investment agency, line ministries etc.)</p> <p>Project monitoring and evaluation report</p> <p>Project progress reports</p>	<p>The GoG is committed to implement Decentralization Strategy and action plan.</p> <p>Inter-agency Commission on Gender Equality, Violence against Women and Domestic Violence is operational and Gender Equality and women's empowerment NAPs are adopted by the GoG</p> <p>Relevant government institutions continue cooperation with the project and consider it as an important opportunity to strengthen their institutional capacity and advance LED agenda</p> <p>Institutional set-up (powers and competences of municipalities) is stable and development-oriented</p> <p>LSGs are ready to take over new roles and responsibilities</p>
<p>Outcome 2</p> <p>Municipalities and Community Centres are strengthened to deliver relevant services and incentives for the business</p>	<p># of municipalities with new gender sensitive and environmentally sustainable LED⁷ related measures incorporated in their Municipal Development Plans⁹/budgets and implemented</p> <ul style="list-style-type: none"> • Baseline Value: 0 municipalities • Target Value: 23 municipalities of 4 target regions 	<p>Impact Assessment Study (Countrywide Study)</p> <p>Baseline survey (Countrywide Study)</p> <p>Citizen Satisfaction Survey (Countrywide Study)</p>	<p>The sub-national authorities are acknowledging importance of introduction/ institutionalization of the Municipal Development Plans</p> <p>The sub-national authorities are committed and resourced to implement priority projects from Municipal Development Plans</p>

⁵ The Decentralization Strategy is currently being elaborated and is expected to be approved by the GoG in fall 2018. The document will define the main directions of decentralization and the competences to be transferred to LSGs.

⁶ Source: MoF (statistics provided to MRDI in 2016): 2017 Municipal budgets for targeted 23 municipalities was 1.120 billion GEL, representing 8.6% of consolidated GoG budget amounting to 13.003 billion GEL.

⁷ Where not explicitly referred to, the LED initiatives always refer to the Gender sensitive and environmentally sustainable initiatives

⁹ Municipal Development Documents (MDDs) upgraded with the focus on LED aspects

<p>environment and local economic actors⁷</p>	<p>% of implemented new gender sensitive and environmentally sustainable LED related measures from municipal development plans/budgets</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 20% <p># of municipalities with new gender sensitive and environmentally sustainable LED related measures planned and implemented</p> <ul style="list-style-type: none"> • Baseline Values: 0 • Target Values: 8 municipalities of 4 target regions <p>% of increase in municipal budget allocations for new LED initiatives in project target municipalities</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 20% <p>% of increase in central budget allocations for new LED initiatives in project target municipalities</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 20% <p>Number of new businesses /extended businesses in project regions (disaggregated by women/youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Values: at least 500 (at least 20% owned/run by women and/or youth) <p>Number of people employed by new businesses/extended businesses (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Values: at least 1,000 (at least 30% women and/or youth) 	<p>Secondary data sources (state department of statistics, Georgian national investment agency, line ministries etc.)</p> <p>Project monitoring and evaluation report</p> <p>Project progress reports</p>	<p>Municipalities recognize the importance of quality service delivery and are willing to improve services at the local level</p> <p>Private sector is committed to engage in LED initiatives</p> <p>Cultural norms and stereotypes do not impede women to engage in LED initiatives</p>
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⁷ Services provided at the local level include municipal services as well as those delivered by central agencies for the local population. The project will support improvement of both central and local government provided services which are delivered at the local level and essential for LED.

<p>Outcome 3</p> <p>Civil society organizations and local businesses are empowered to participate in inclusive LED planning and decision-making</p>	<p># and % of citizens participation in targeted local decision-making and/or budget planning in 23 municipalities (disaggregated by women/ youth) of target 4 regions</p> <ul style="list-style-type: none"> • Baseline Values: 4.9% citizens in four regions (5.2% women, 5.4% youth) (participation in decision-making about the community problems in the neighbourhood/district and/or in local budget planning)¹⁰ Guria: 2.0% Racha-Lechkhumi-Kvemo Svaneti: 5.3% Samegrelo-Zemo Svaneti: 5.0% Kvemo Kartli: 4.3% Target Values: 12% in project target municipalities <p># of business benefiting from new local economic initiatives (disaggregated by ownership by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Values: 0 • Target Values: 200 <p>Percentage of population who believe decision-making is inclusive and responsive (disaggregated by women/ youth/ethnic minorities/vulnerable groups) (Contributing to SDG GAI indicator 16.7.2: Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group)</p> <ul style="list-style-type: none"> • Baseline Values: to be defined • Target Values: to be defined¹¹ 	<p>Impact Assessment Study (Countrywide Study)</p> <p>Baseline survey (Countrywide Study)</p> <p>Citizen Satisfaction Survey (Countrywide Study)</p> <p>Secondary data sources (state department of statistics, Georgian national investment agency, line ministries etc.)</p> <p>Project monitoring and evaluation report</p> <p>Project progress reports</p>	<p>Citizens and CSOs are committed to engage in local policy making</p> <p>LSGs are willing to act proactively and engage citizens in local decision making</p> <p>Cultural norms and stereotypes do not impede women/youth/ ethnic minorities to engage in local decision making and budget planning</p> <p>Private sector is willing to engage in local policy making</p> <p>Citizen's input is translated into the local policies adapted to the needs and priorities of local population</p>
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¹⁰ Source: UNDP RLD 2017 Survey on Citizens' Satisfaction with Public Services in Georgia. The baseline values were defined based on the adjusted data provided by ACT on June 28, 2018 for four target regions, disaggregated by women and youth

¹¹ The baseline and target values will be defined after the Survey on Citizens' Satisfaction is administered in 2019, and the data is available per region (disaggregated by sex/ethnic origin etc).

<p>Output 1.1 LED related aspects of Decentralization strategy at the local level and action plan, (e.g. property transfer, inter-municipal cooperation, municipal service improvement etc.) implemented by municipalities and central government institutions (MRDI, MoED, MoF etc.)¹⁷</p>	<p>% of activities implemented from the action plan</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 40% <p>% of increase in local budget revenues as a result of the implemented activities</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 30% 	<p>MRDI and project documents Project progress reports</p> <p>MRDI and project documents Project progress reports</p>	<p>Central government institutions and municipalities are committed and resourced to implement Decentralization strategy and action plan</p> <p>Central government institutions and municipalities are committed and resourced to implement Mountainous Development Strategy and Action Plan</p> <p>Local civil servants are willing to participate in capacity development activities</p> <p>NALAG stays an active player in the area of decentralization and local economic development</p>
<p>Output 1.2 LED initiatives from the Mountainous Development Strategy and Action Plan (e.g. strengthening the potential of local enterprises and farms, creating conditions for their development and improving access to markets etc.) implemented by municipalities and central government institutions (MRDI, MoED, MoF etc.)</p>	<p>% of activities implemented from the action plan</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 30% <p>% of increase in local budget revenues collected from local businesses as a result of the implemented activities</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 12% 	<p>MRDI and project documents Project progress reports</p> <p>MRDI and project documents Project progress reports</p>	
<p>Output 1.3 National and local capacities strengthened to facilitate LED</p>	<p># of civil servants trained in LED related qualifications, such as attraction of investments; effective communication and negotiation skills; fund-raising; proposal writing; basics of business administration including business planning and spatial planning (disaggregated by national/local civil servants and M/W)</p>	<p>MRDI and project documents Project progress reports</p>	

¹⁷ The list of implementing partners is tentative. The institutions/agencies responsible for implementing LED related aspects will be identified by the action plan developed and approved by the GoG.

	<ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 300 (at least 200 local civil servants; at least 30 % M/W and youth of out of total) <p># of additional learning instruments (guidelines for staff development, new LED curricula for NTS, training modules on performance management system and addressing citizens inquiries, and gender and diversity in LED, spatial planning) introduced to support capacity development of local officials in LED</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 5 <p># of local civil servants participating in planning and implementation of new LED initiatives</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 200 	<p>MRDI and project documents Project progress reports</p> <p>MRDI and project documents Project progress reports</p>	
<p>Output 1.4 Package of policy initiatives to enhance LED enabling environment prepared and advocated by National Association of Local Authorities of Georgia as a result of consultations with member municipalities and adopted by GoG</p>	<p>Number of gender sensitive policy proposals supporting LED elaborated and advocated</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 4 <p>Number of advocacy activities including meetings, workshops, presentations and negotiations with relevant institutions, such as MRDI, MoED, MoF, Parliament of Georgia and other.</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: at least 20 <p>Number of policies (gender sensitive) adopted as a result of advocacy activities</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 2 	<p>NALAG and project documents Project progress reports</p> <p>NALAG and project documents Project progress reports</p> <p>NALAG and project documents Project progress reports</p>	

<p>Output 2.1 Municipal profiles (containing general statistics about the municipality, economic potential analysis, available services, resource and SWOT analysis etc.) and business support services (focal points and referral mechanisms to potential funds and credit opportunities) in place to attract potential investors and entrepreneurs</p>	<p># of municipalities with LED profiles¹³</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: at least 8 <p># of municipalities with land use and zoning documents</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 3 <p># of municipalities with focal points to provide guidance to potential investors promotion</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: at least 10 <p># of investors applying to focal point's services</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: at least 100 <p># of business projects initiated in target municipalities as a result of provided support services (disaggregated by ownership by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: at least 10 	<p>Municipalities and project documents Project progress reports</p> <p>Municipalities and project documents Project progress reports</p> <p>Municipalities and project documents Project progress reports</p> <p>Municipalities and project documents Project progress reports</p> <p>Municipalities and project documents Project progress reports</p> <p>Municipalities and project documents Project progress reports</p>	<p>Municipalities and private sector are willing to pool together and implement joint initiatives</p> <p>There is a peace and stability in the region</p> <p>Georgian, Armenian and Azerbaijani stakeholders are willing to form partnerships and facilitate cross border cooperation</p>
<p>Output 2.2 Municipalities and private sector implement pilot LED initiatives in the areas such as tourism, agriculture, trade facilitation etc.</p>	<p>Number of joint LED initiatives piloted</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: at least 4 (1 per region) 	<p>Municipalities and project documents Project progress reports</p>	
<p>Output 2.3 Local stakeholders (municipalities, local businesses, CSOs) facilitate Cross Border Cooperation</p>	<p>Number of LED forums (Georgia- Armenia and Georgia-Azerbaijan) organized</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 2 	<p>Municipalities and project documents Project progress reports</p>	

¹³ LED profiles will be used for marketing purposes of the municipalities. will be uploaded at municipality web-sites and linked with major national level web-sites related to LED, investments, SME/MSME development, such as MRDI, MoED, MoA and other.

				Municipalities and project documents Project progress reports	
Output 2.4 Performance Management Systems (PMS) complemented with the Best Practice Programme in place to foster better service delivery and share the knowledge ¹⁴	<p>Number of joint activities developed as a result of LED forum (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 4 <p>Number of services with performance management instruments</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 1 (e.g. street cleaning and waste collection) <p>Number of municipalities with established performance management systems</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 6 <p>Number of municipalities replicating the performance management system</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 11 <p>% of local businesses reporting improvements in their activities as a result of performance management system (disaggregated by ownership by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 40% 	<p>Municipalities and project documents</p> <p>Municipalities and project progress reports</p> <p>Municipalities and project documents</p> <p>Municipalities and project progress reports</p> <p>Municipalities and project documents</p> <p>Municipalities and project progress reports</p> <p>Municipalities, NALAG and project documents</p> <p>Project progress reports</p>			
Output 2.5	<p>Number of individuals applying to community centres (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 4,000 (1,000 a year) 	<p>PSDA and project documents</p> <p>Project progress reports</p> <p>PSDA and project documents</p> <p>Project progress reports</p>			

¹⁴ The project will elaborate and establish Performance Management System (PMS) to improve delivery of selected municipal services which is essential for local business and for the LED process as a whole, such as street cleaning and waste collection. The Decentralization Strategy at the local level will define the competences to be transferred to municipalities. Consequently, the project will identify the service areas to establish performance management system in accordance to the strategy

<p>2 Community centers in selected border areas in place and functioning¹⁵</p>	<p>Satisfaction rate of citizens using community centres' services established as a result of project intervention (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 60% 	<p>Citizen satisfaction survey</p>	
<p>Output 3.1 Local communities (Citizens, LSG, CSO, local business sector representatives, associations and institutions) are equipped with relevant knowledge and skills to engage in LED initiatives</p>	<p>% of population with understanding knowledge of their rights and roles to engage in LED in four regions (disaggregated by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value 0 • Target Value: 30% <p>Number of local Civil Society Organizations (CSOs)/businesses (mostly SMEs)/Business Associations with strengthened capacities in sustainable LED (disaggregated by ownership by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 20 <p>Number of Civil Society Organizations engaged in participatory planning of sustainable LED initiatives (disaggregated by led by women/ youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 25 <p>Number of businesses engaged in participatory planning of sustainable LED initiatives (disaggregated by ownership by women/youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 15 	<p>Project survey and project documents Citizen satisfaction survey Project progress reports</p> <p>Project survey and project documents Project progress reports</p> <p>Project survey and project documents Project progress reports</p> <p>Project survey and project documents Project progress reports</p>	<p>Local stakeholders (municipalities, CSOs, private sector) recognize the importance of citizen participation and are ready to initiate participatory activities</p> <p>Capacity development support provided to local stakeholders is translated into the action</p>

¹⁵ Establishment of 2 community centres is in line with the GoG's programme on expanding access to services into regions and establishing efficient one-stop-shop services nationwide. Community Centre is a Public Service Development Agency initiative, which is implemented with the financial assistance of the donor agencies. Community centres enable local population to get more than 200 public and private services without leaving their villages. Users of the community centres can enjoy services offered by the Public Service Development Agency, the National Archive of Georgia, the National Agency of Public Registry, Social Service Agency and Mekarizatori LLC. Centres also provide services of private companies - Magticom and Liberty Bank. Besides, Community Centres provide an important platform to foster civic engagement and people participation, especially for the ethnic minority population of the Kvemo Kartli region, through participatory social events tailored to different groups of the rural society, such as youth, women, ethnic minorities, people with disabilities etc.

<p>Output 3.2 Capacities of LSGs and Civil Advisory Councils strengthened to effectively apply citizen participation mechanisms</p>	<p>Number of sustainable LED initiatives implemented by LSGs as a result of advocacy measures of Civil Advisory Councils and Business Associations (BA)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 8 <p>Number of municipalities applying the guidelines to address citizen enquiries</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 5 	<p>Project survey and project documents Project progress reports</p> <p>Project survey and project documents Project progress reports</p>	
<p>Output 3.3 Civil Society Organizations (CSOs) design and lead participatory LED initiatives</p>	<p>Number of consultation meetings with advisory councils held in project target municipalities</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 50 <p>Number of sustainable LED initiatives implemented by CSOs through small grants scheme (disaggregated by initiatives led by or targeted at women/youth)</p> <ul style="list-style-type: none"> • Baseline Value: 0 • Target Value: 20 (at least 25% led by or targeted at women/youth) 	<p>Project survey and project documents Project progress reports</p> <p>Project survey and project documents Project progress reports</p>	

Attachment 2

DESCRIPTION OF ACTIVITIES

UNDP Project number and title: 0099175/00108051 Fostering Regional and Local Development in Georgia Phase 2 (FRLD 2)

Project title: "Fostering Tourism Development for LED"

1/ Background

Tsageri Municipality is situated in the northern part of western Georgia. It is bordered by Lentekhi municipality from the North, Martvili municipality- from the West, Tskhaltubo and Khoni municipalities - from the South and Ambrolauri municipality - from the East. The area of the municipality equals to 755,4 square kilometers, the height is 540 meters above the sea level. The town of Tsageri is the administrative center of the municipality. The distance between the capital city Tbilisi and Tsageri is 325 km, while Ambrolauri airport is at 55 km and Kutaisi airport is 95 km far from Tsageri. Tsageri, as other municipalities of the Racha-Lechkhumi-Kvemo Svaneti region, has been granted the Status of High Mountain Settlement in 2015, based on the Law on Development of High Mountainous Regions. Thus, Tsageri is facing the problems typical for other Mountain Municipalities in Georgia, such as decrease of population, migration, unemployment, etc.

The municipality possesses great potential for development of different types of tourism, which serves as an important factor for Local Economic Development (LED). Tsageri municipality is rich with historic-cultural heritage monuments, resorts, mineral waters (Lashichala, Dzuguri, and Akhalchala) and fabulous nature. The following locations are significant in terms of historic and religious tourism: the grave of Maximus the Confessor, Dekhviri Fortress, village Dogurashi, Khvamli Mount, Muris-Tsikhe fortresses complex, etc. Geographic location and special landscape of the municipality provide an opportunity for development of mountain, fishing, wild nature tourism.

From tourism perspective, an important development is the construction of Kutaisi-Tskaltubo-Tsageri-Lentekhi-Lasdili highway, which is in active phase. This new highway will shorten the route between Kutaisi-Mestia by 150 km and 2.5-3 hours, which means that more tourists are expected to pass through Tsageri municipality on their way to Mestia and back. To maintain increased number of tourists and visitors, the Tsageri municipality has to be ready to host them with properly functioning local infrastructure and create enabling environment for local population to engage in various sectors of the tourism industry (accommodations, food and beverage services, recreation and entertainment, transportation, and travel services).

Despite the above-mentioned, Tsageri is not yet discovered as an attractive tourism destination. Due to the lack of proper tourism infrastructure and services, the tourism sector is weakly developed in the municipality - Tourism Information Center does not operate, there are not sufficient signs placed describing routes to tourist attractions or information banners which would provide a comprehensive overview of the existing tourism objects in the municipality. Promotion materials (brochures, leaflets, tourist guides) are not available either to disseminate among the travel agencies, in the airports, railway stations and tourism spots as well as through various channels of the social media to attract visitors. Furthermore, there are no modern-standard cafes, restaurants and hotels in the municipality, which hinders provision of relevant services. Therefore, the number of tourists is small throughout the year and increasing during the summertime only.

Due to the lack of information and low visibility, it is very difficult for tourists visiting Georgia to identify Tsageri as a desirable destination and plan a trip there, while Tsageri offers numerous sightseeing locations, historic monuments, natural sights, religious places, wine cellars, unique grape species and wines, which is attractive for tourists and can contribute to transforming the municipality into one of the desirable tourist destinations.

Another challenge that the municipality faces is the lack of qualified employees in tourism management who would take specific measures aimed at increasing visibility of the municipality among the visitors, track

their number, establish the network of the local service providers in all sectors of tourism industry and provide useful information for respective service development, and make comprehensive information available about authentic experiences Tsageri municipality can offer.

Despite the fact that Non-entrepreneurial (Non-commercial) Legal Entity „Tourism Development and Monument Protection Center“ founded by the municipality in December 2014 to support tourism development, it fails to perform the assigned functions because of insufficient skills and qualifications of its employees. Another reason was that previous authorities didn't prioritize tourism development.

2/ Strategy

Tourism development was prioritized by the new leadership of Tsageri Local Self-Government who came into power in 2017. Since then, several attempts were made to address the problems prevailing in Tsageri municipality briefly outlined above. Around 50 mln GEL was invested in infrastructural projects by the central and local authorities in the recent years. To this effect, in 2017 with the funding secured from the Regional Projects Fund, the municipality started construction of a Tourism Information Center, which was completed in 2018. The total construction cost equaled to GEL 306,387 (three hundred and six thousand three hundred and ninety-seven Georgian Lari). The center however does not operate yet as it lacks appropriate inventory (computer sets, an air-conditioner, furniture, a monitor, etc.) and trained personnel as well as relevant information materials to operate efficiently.

It is also worth mentioning that Tsageri municipality considerably improved Local Self Government Index from 16% in 2017 to 41% in 2019, which demonstrates commitment and political will of the local authorities to foster good governance through citizen engagement, transparency and e-governance (source <http://www.lsgindex.org>).

To promote Tsageri with its tourism potential, cultural and natural heritages, the Local Self-Government plans to improve its visibility to attract visitors and increase demand on local products and services, thereby fostering entrepreneurial activities and supporting employment and local income generation.

For this purpose, within the proposed project the following activities will be carried out:

- Establishing of an effective and functional structural unit responsible for tourism development in the municipality
- Training of municipal staff and Tourism Information Center employees in tourism management
- Equipping the Tourism Information Center with additional inventory and providing services to visitors.
- Preparing and distributing information materials
- Producing a video promoting tourism potential of Tsageri
- Preparing a mobile tourist information stand showcasing local authentic culture and tourism potential
- Arranging road signs
- Organizing a public event for promoting Tsageri as a tourism destination

This project is in line with the following documents produced by the municipal and national authorities:

- Tsageri Municipal Development Documents (MDD) created with the support of UNDP within FRLD phase I.
- Strategy for Development of High Mountain Settlements of Georgia 2019-2023 and its Action Plan 2019-2020.

The project contributes to the following goal and objectives of the Strategy for Development of High Mountain Settlements 2019-2023:

Goal: Sustainable development of high mountainous settlements

Objective 1. Support to the development of tourism

Objective 3. Support Entrepreneurship

Contribution to the Action Plan 2019–2020 for the Strategy for Development of High Mountain Settlements is as follows:

Activity 1.1.1. Development of tourist infrastructure

Activity 1.1.2. Development of tourist services

Activity 1.3.2. Creation of opportunities and support of employment to improve entrepreneurial skills

Proposed activities will contribute towards achieving the following output and activities of 0099175/00108051 FRLD 2 project:

FRLD Output 1.2. LED initiatives from the Mountainous Development Strategy and Action Plan implemented by municipalities and central government institutions

FRLD Activity 1.2.1. Identify relevant LED activities with stakeholder engagement from the Strategy and Action Plan on Development of High Mountainous Regions of Georgia (e.g. municipalities, NALAG, MRDI, Tourism Agency, local youth and gender groups)

FRLD Activity 1.2.2. Provide support to partner agencies to implement selected LED activities e.g. municipalities, NALAG, MRDI, Tourism Agency etc.

3/ Results to be achieved by Tsageri Municipality

3.1/Objective and Outputs of the assignment.

Overall Objective

The overall objective of the project is to strengthen municipality's capacity in tourism development and raise awareness about Tsageri tourism potential for fostering LED. It is expected that the project will support Tsageri LSG to attract visitors and increase demand on local products and services, thus fostering entrepreneurial activities and supporting employment and local income generation.

Outputs of the LOA Project

Output 1: Structural unit at Tsageri Municipality empowered to support local tourism development

Local governments play an important role in fostering sustainable tourism development through development of the tourism infrastructure, creation of favorable environment and facilitation of local policy making to maximise the benefit from tourism industry for its communities. For this purpose, **empowerment of a structural unit** responsible for tourism development will support the implementation of sustainable tourism policy by the municipality and promote LED.

In addition, **employees of Tsageri Municipality** (including NNLE representatives) **and the Tourism Information Center will be trained** to increase their capacity in tourism management, so that they effectively handle the following tasks: tracking a number of incoming tourists, identifying tourist routes, promoting tourism objects, facilitating cooperation between local entrepreneurs and individuals employed in the tourism sector.

To support smooth operations of the Tourism Information Center, the project will ensure its equipment with appropriate inventory and creation of a comfortable area to host tourists and visitors, where detailed information on current tourist routes, cultural monuments, accommodation, local food and beverage, transportation and all related tourism services can be accessed. To support promotion and realization of local production, the Centre will also encompass a mini-exhibition corner, presenting the products and goods of local entrepreneurs.

Output 2: Tsageri tourism sights promoted

Increased recognition of Tsageri tourism potential will be supported by designing and distributing promotion materials (information leaflets and brochures). **Leaflets/brochures** will be prepared on major tourist

attractions and routes of the municipality in Georgian, English and Russian languages, and distributed in the airports, tourism agencies and at tourists' gathering locations as well as through social media and municipality's official communication channels. Moreover, a **video clip** promoting Tsageri tourism potential will be prepared and placed in the social network and on the municipality's official website, as well as displayed on a monitor in the Tourism Information Center. The video-clip will also be widely disseminated at local and international events, conferences and forums.

In addition to preparing and disseminating the brochures and a video-clip, a **tourist information stand** will be set up showcasing the must-see tourism objects in Tsageri Municipality. The tourist information stand will be placed in the Tourism Information Center hall and widely used at local and international exhibitions.

Small tourism infrastructure to be developed within the project encompasses **36 road signs** depicting the names and the distances to the tourism objects and cultural monuments in Tsageri municipality to support their accessibility.

Lastly, a **public event will be organized for promoting Tsageri as a tourism destination**. The event will aim at promoting Tsageri tourism potential on the one hand, and development of tourism as a sector catalyzing local economies, on the other. The event will envisage arrangement of mini commercial exhibition, where local entrepreneurs and farmers, owners of family hotels and other providers of tourism services will have a chance to present and sell their products. At the same time, the event will serve as an official opening ceremony for the Tourism Information Center.

As a result of the actions briefly described above, it is expected that the municipality's recognition will be increased among the tourists and visitors in the coming years, while the services and information to be provided by the Tourism Information Center make it easier to plan trips to the tourism objects and attractions. Once in the region, tourists can get the necessary information from the signs and banners to be arranged at the objects of cultural heritage. Convenience of accessing the needed information and planning the trips will expectedly increase the number of visitors in the municipality, which ultimately will contribute to fostering LED in Tsageri.

3.2/Beneficiaries

Briefly describe the main target groups of the LOA and indicate number of estimated direct and indirect beneficiaries, provide age and gender disaggregation of beneficiaries if applicable.

The main target group of the project is local population.

Direct beneficiaries of the project intervention are local government authorities of Tsageri Municipality, including representatives of NNLE Tourism Development and Tourism Information Center, local entrepreneurs and farmers, owners of family hotels and tourism service providers.

The project will ultimately benefit local population through job creation and income generation as a result of creation of new services (opening new accommodation facilities, food places, local markets, etc.), as well as approximately 15,000 tourists (national, international).

4/ Work to be performed by Tsageri Municipality

Output 1: Structural unit at Tsageri Municipality empowered to support local tourism development

Activity 1.1. Upgrading of the structural unit responsible for tourism development at Tsageri Municipality (fully financed by Tsageri Municipality)

An invited consultant will be hired for designing Tsageri tourism development plan, a concept on reorganization of Non-entrepreneurial, Non-commercial Legal Entity (NNLE) Tourism Development and Monuments Protection Center, under which the Tourism Information Center will operate. Also, the relevant legal provision will be prepared, describing directions of specific actions, objectives, functions and responsibilities of the Municipal NNLE and the Center, as well as the services the Tourism Information Center will provide.

The Municipal NNLE and Tourism Information Center will closely work with local economic actors and service providers, engage them in local tourism development initiatives, create a database of local service providers and establish a Local Tourism Development Network involving local actors interested in tourism. For this purpose, the Center will organize a working meeting with the local economic actors to facilitate development of various tourist services. Furthermore, the Center will play the key role in facilitating the demand-supply chain by collecting and providing information to the Local Self-Government and the Network members about the highly demanded services in the municipality. Together with the stakeholders, the Center shall also work on the minimum standards and the quality improvement of the provided services.

Activity 1.2. Training of municipal employees in tourism management (fully financed by Tsageri Municipality)

To contribute to the effective and sustainable tourism management at the local level, it is important to strengthen the municipal staff in tourism and related issues. Capable, competent and skilled staff is the key in this process. As tourism activities and related businesses are new for Tsageri municipality, it requires more involvement and commitment from the municipal staff. For this purpose, the training curricula for the municipal staff will be developed, potential trainers/experts identified, and training courses organized. Mayor's office of Tsageri municipality will start recruitment process of employees for the Information Center. All short-listed candidates will be invited to participate in the training. In total 20 participants, including municipal staff members and NNLE representatives, will benefit from the training.

Activity 1.3. Equipping the Tourism Information Center/Tourism NNLE with additional inventory

In order to address the visitors' needs and effectively serve the market, the role of the Information Center providing respective services in a comfortable space and enabling the visitors to plan the trip in the destination is crucial. Thus, it is important to equip the Tourism Information Center with appropriate inventory and amenities to make the visitors feel comfortable and receive the needed information. For this purpose, the following inventory will be purchased within the project: Computers, Monitor, Printers, Air-conditioners, Office-desks, Bookcases, Chairs and Benches.

Output 2: Tsageri tourism sights promoted

Activity 2.1. Designing and distributing information materials

Leaflets/Brochures to be prepared and distributed within the project will contain information about tourism routes in Tsageri municipality, travel time and distance from the center, means of transportation, accommodation options, practical information, cultural sites and tourism attractions. Leaflets/brochures will be distributed in the airports, tourism agencies and at tourists' gathering locations. Dissemination of brochures will contribute to increased visibility of Tsageri as a tourist destination in Georgia. For this purpose, consultants/designers will be recruited and contracted, the information will be compiled, text will be translated in English and Russian and leaflets/brochures will be designed. Total 1,000 brochures will be printed and distributed within the project.

Activity 2.2. Filming a video clip for promotion of tourism potential of Tsageri

A contractor company/service provider will be procured to produce a promotional video clip in compliance with respective standards. The video clip will be disseminated through the social network, the municipality webpage, as well as the monitor of the Tourism Information Center. The municipal officials will seek approval from the Georgian National Tourism Administration on using the video clip at local and international events.

Activity 2.3. Preparing a tourist information stand

Promotional stand is widely used at local and international tourism exhibitions. Thus, preparing such a stand will help Tsageri Municipality to participate in tourism exhibitions and promote visibility of local products among the targeted groups/potential visitors. The service provider will be identified for designing information stand with the appropriate concept to ensure that tourism potential of Tsageri municipality is promoted from its best perspective.

Activity 2.4. Arranging road signs to tourism attractions

The installment of road signs pointing towards the cultural objects/tourism attractions will start from the town center and their number will vary depending on the distance to such objects. Approximately 36 road markers will be installed for the key historical monuments and touristic objects. Tsageri municipality will prepare a detailed plan for signage placement, get permissions from relevant Government institutions, and recruit and contract consultants for designing and installing the road signs.

Activity 2.5. Organizing a public event for promoting Tsageri as a tourism destination

For establishing business linkages between local producers, farmers and tourism enterprises, a fair will be organized and the Tourism Information Center will be officially opened. A tour will be organized for guests to show main local attractions.

At the event, tourist agencies will be invited to promote Tsageri tourism potential. For this purpose, municipality perform the following tasks: identify and arrange the area, inform and invite local entrepreneurs and farmers, owners of family hotels and tourism service providers to present and sell their products, and invite officials from central Government, embassies and international organizations, as well as inbound travel agencies and National Tourism Administration.

5/ LOGFRAME

Expected outputs	Indicator	Baseline	Targets
		(Value, Year)	
FRLD Output 1.2. LED initiatives from the Mountainous Development Strategy and Action Plan implemented by municipalities and central government institutions	% of activities implemented from the action plan	Baseline Value 2018: 0	Target Value 2021: 30%
LOA Output 1: Structural unit at Tsageri Municipality empowered to support local tourism development	Indicator 1.1 Tourism Information Center is functional and fully staffed	Baseline 1.1: 0	Target 1.1: 1
	Indicator 1.2 % of municipal staff members (NNLE Tourism Development) and the Tourism Information Centre employees trained (sub targets for municipal servants and centre employees, disaggregated by women/men)	Baseline 1.2: 0	Target 1.2: 100%
	Indicator 1.3 # of events organized by the center # of event participants (disaggregated by women/men, age)	Baseline 1.3: 0	Target 1.3: At least 2 event 250 participants
	Indicator 1.4 # of municipal representatives (including NNLE and Tourism Info Center) engaged in implementation of this project	Baseline 1.4: 0	Target 1.4: 20

Expected outputs	Indicator	Baseline	Targets
		(Value, Year)	
LOA Output 2: Tsageri Tourism sights promoted	Indicator 2.1 # of information materials printed	Baseline 2.1: 0	Target 2.1: 1,000 brochures
	Indicator 2.2 # of video clip views (disaggregated by sources: the social networks/the municipal website)	Baseline 2.2: 0	Target 2.2: 30,000 views
	Indicator 2.3 # of road markers installed	Baseline 2.3: 60	Target 2.3: 96
	Indicator 2.4 # of local entrepreneurs and farmers participating in the fair (disaggregated by sex, age)	Baseline 2.4: 0	Target 2.4: 30
	Indicator 2.5 # local economic actors engaged in the local tourism development network (disaggregated by sex)	Baseline 2.5: 0	Target 2.5: 40

6/ Budget (GEL)

UNDP

Activities/sub-activities	Account	Unit	Unit rate	# of Units	TOTAL (GEL)	Source of Funding	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Output 1														
1.3.1/ IT and office equipment (5 Computers, 1 Monitor, 3 Printers, 1 Air-condition (powerful), 2 Air-conditioners (standard))	72805			12	18,500	UNDP	18,500							
1.3.2/ Furniture (2 Office desks, 2 Bookcases, 8 Chairs, 8 benches)	72220			20	4,950	UNDP	4,950							
Sub-total Output 1					23,450	UNDP	23,450							
Output 2														
2.1/ Preparing and Printing information materials (1000)	74210	Brochure	5.5	1000	5,500	UNDP				5,500				
2.2/ Filming a video clip	74205	Clip	16,000	1	16,000	UNDP	16,000							
2.3/ Tourist information stand (concept, design, preparation/construction)	74205	Stand	10,000	1	10,000	UNDP						10,000		
2.4/ Road signs to tourism attractions (36 signs design and installment)	74205	Sign	368	36	13,248	UNDP						13,248		
2.5/ Public event Preparing exhibition area for local entrepreneurs (banners, stalls, stands, etc.)	72120	Event	4,000	1	4,000	UNDP							4,000	
Sub-total Output 2					48,748		16,000			5,500		23,248	4,000	
Total UNDP					72,198	UNDP	39,450		0			32,748		0
Breakdown by quarters* UNDP							Q3 2019	Q4 2019			Q1 2020			Q2 2020

*Budget should be broken down by calendar quarters, since advances are transferred in the beginning of each calendar quarter.

Tsageri Municipal contribution

Activities	TOTAL (GEL)
Activity 1.1. Upgrading of the structural unit responsible for tourism development at Tsageri Municipality (Consultant/expert fee)	4,900
Activity 1.2. Training of municipal employees in tourism management (Trainer fee, Printing of training materials, Catering, trainer per-diem)	3,820
Activity 2.1. Designing and distributing information materials (translation, design)	2,200
Total Municipal budget	10,920

7/ Workplan of activities

The project duration is 8 months.

Description of Activity	2019-2020							
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
OUTPUT 1								
Activity 1.1. Upgrading of the structural unit responsible for tourism development at Tsageri Municipality								
Activity 1.2. Training of municipal employees in tourism management								
Activity 1.3. Equipping the Tourism Information Center with additional inventory								
OUTPUT 2								
Activity 2.1. Designing and distributing information materials								
Activity 2.2. Filming a video clip for promotion of tourism potential of Tsageri								
Activity 2.3. Preparing a tourist information stand								
Activity 2.4. Arranging road signs to tourism attractions								
Activity 2.5. Organizing a public event for promoting Tsageri as a tourism destination								

8/ Management

The project will be implemented by project team (5 persons) composed of the Tsageri municipality designated personnel (financially supported by the municipality):

- Project Manager** – will be responsible for the overall management of the project, implementation of all planned activities and achievement of all project outputs. In particular, Project Manager will be responsible for the following activities: daily management of the project, submission of the project progress reports and a final report in the UNDP's Narrative Report Format (please see Section B of Attachment 4 of the LOA) according to the reporting schedule provided below, sharing the project updates upon request by the FRLD 2 Project Manager.
- Financial Manager** – will ensure overall financial management of the project and manage all financial and accounting issues, including staff salaries and procurement, and compilation of necessary financial reports to be submitted to the municipality's management and the UNDP. Moreover, Financial Manager will be in charge of preparing financial reports as required by the UNDP.
- Procurement Manager** – will be responsible for all procurement related activities within the project ensuring compliance with the Georgian legislation
- IT Coordinator** – IT Coordinator will manage technical equipment procurement and implementation process for Tourism Information Center, monitor the NNLE's/Center's IT incidents and assists operators in handling IT related technical issues
- Legal Consultant** – will work on the legal issues in compliance with local government procedures and regulation.

Reporting Schedule

Report Type	Reporting Period	Report Submission Date
Interim Narrative Report	Start date – December 31, 2019	January 15, 2019
Final Narrative Report	Project Start Date-Project End Date	30 days following the project end date

9/ Visibility

Tsageri municipality will ensure full compliance with the visibility guidelines of all donor agencies (Swiss Agency for Development and Cooperation (SDC), Austrian Development Cooperation (ADC)) and UNDP and incorporate updates on the visibility actions in regular reporting.

At the opening ceremony of Tourism Information Center and at the events aimed at promoting Tsageri as tourism destination, signboards will be placed with donors' logos (design and text will be agreed with the UNDP).

10/ Gender mainstreaming

The project has been developed in consideration of gender equality principles. All the activities will be carried out in view of ensuring equal participation of both women and men and providing equal benefits to women and men as a result of the project. Sex-desegregated data will be collected and analyzed throughout the project life cycle to track participation of different gender representatives in various project activities.

11/ Sustainability

After the UNDP funded project is completed, Tsageri Municipality will take full responsibility for operation of the center. All related costs, as well as maintenance and depreciation expenses of the center, will be covered by the municipal budget. Municipality established partnership with the Georgian National Tourism Administration (GNTA), therefore it will become a beneficiary of various GNTA programs designed for tourism information centers.

Successful operation of the NNLE upgraded by the Municipality and the Tourism Information Center is expected to result in the growing number of visitors to the municipality, which in turn, will have a long-lasting benefit for local population. Increased number of visitors will create greater demand for accommodation and dining facilities, yielding more jobs and economic activities, creating space for public private partnerships and improved value chain, thus catalyzing LED. To meet the needs of increased number of tourists and consequent market demands, capacities of Tsageri municipal servants will be enhanced in tourism management.

12/ South-South cooperation (if applicable)

If the LOA contributes to South-South Cooperation, please explain how. (South-South Cooperation refers to the process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchange of knowledge, skills, resources and technical know-how, and through regional and interregional collective actions, including partnerships involving Governments, regional organizations, civil society, academia and the private sector, for the individual and/or mutual benefit within and across regions. South-South Cooperation is not a substitute for, but rather a complement to North-South Cooperation.)

N/A

13/ Risk log

Risks Associated with the outputs from the logframe:	Management responses for mitigation of risks	Risk owner
Prolonged procurement process	Effective planning mechanism will be put in place for timely completion of the procurement process	Tsageri Municipality
Lack of capacity and skills of the recruited personnel for Tourism Information Center	Municipality will arrange additional training courses for the Centre employees as per need	Tsageri Municipality

14/ Monitoring and Evaluation Matrix

Quality monitoring and timely evaluation of the activities is ensured through 'M&E Matrix' presented below:

Expected Outputs	Indicator	Baseline (Value, Year)	Targets	Means of Verification	How often/when	Responsible entity
LOA Output 1: Structural unit at Tsageri Municipality empowered to support local tourism development	Indicator 1.1 Tourism Information Center is functional and fully staffed	1.1: 0	1.1: 1	Project progress reports, legal provision on the unit/relevant documentation with the staff employed at the unit along with their functions, photos, media coverage, participant logs	Quarterly (as per predefined reporting schedule)	Tsageri municipality
	Indicator 1.2 % of municipal staff members (NNLE Tourism Development) and the Tourism Information Centre employees trained (sub targets for municipal servants and centre employees, disaggregated by women/men)	1.2: 0	1.2: 100%			
	Indicator 1.3 # of events organized by the center # of participants conducted by the center (disaggregated by women/men, age)	1.3: 0	1.3: At least 2 events; 250 participants			
	Indicator 1.4 # of municipal representatives (including NNLE and Tourism Info Center) engaged in implementation of this project	1.4: 0	1.4: 20			
LOA Output 2: Tsageri Tourism sights promoted	Indicator 2.1 # of info materials printed	2.1: 0	2.1: 1,000 brochures	Project progress reports, participant logs, visibility materials, media coverage, photos	Quarterly (as per predefined reporting schedule)	Tsageri municipality
	Indicator 2.2 # of video views (disaggregated by sources: social networks/ municipal website)	Baseline 2.2: 0	Target 2.2: 30,000 views	Project progress report, video clip, statistics of video viewers		
	Indicator 2.3 # of road markers installed	Baseline 2.3: 60	Target 2.3: 96	Project progress report, description of road markers, photos		
	Indicator 2.4 # of local entrepreneurs and farmers participating in the fair	Baseline 2.4: 0	Target 2.4: 30	Project progress report with the number of fair participants and description of production exhibited, participant logs, photos		
	Indicator 2.5 # of local economic actors engaged in the local tourism development network	Baseline 2.5: 0	Target 2.5: 40	Project progress report, participant logs, photos		

Attachment 3

Scheduled of Activities, Facilities and Payments (GEL)*

Year 2019-2020

EXPECTED CP OUTPUTS	PLANNED ACTIVITIES	Timeframe				Planned Budget		Schedule of payments by UNDP			
		Q3 2019	Q4 2019	Q1 2020	Q2 2020	Budget Description	Amount	Q3 2019	Q4 2019	Q1 2020	
Atlas output 00108051 and 00099175	Atlas activity 1 under both outputs	x	x	x	x	72805 IT equipment	18,500	18,500			
						72220 Furniture	4,950	4,950			
						74210 Printing and Publications	5,500			5,500	
						74205 Audio visual productions	39,248	16,000		23,248	
						72120 Business services	4,000			4,000	
						Total	72,198	39,450	0*	32,748	

* According to the Law of Georgia on Public Procurement when acquiring any goods or services, Municipality must have required funds available on its account when announcing the tender. Consequently, despite that procurement expenditures will be incurred in 4Q 2019, the entire amount for procurement should be transferred in Q3 2019 to allow the Municipality announcing the tender and therefore, no advance transfer is needed in 4Q 2019. Likewise, some activities are planned in 2Q 2020, but the entire advance will be transferred in 1Q 2020 to allow for procurement activities in 2nd quarter.

Note:

- No new advances will be approved/transferred before **at least 80%** of the previous advance and 100% of all earlier advances have been liquidated.
- Expenditures for personnel services may be limited to salary, allowances and other entitlements, including the reimbursement of income taxes due and travel costs on appointment to the project, duty travel within the programme country or region and repatriation costs.
- Adjustments within each of the sections may be made in consultation between UNDP and **Tsageri Municipality**. Such adjustments may be made if they are in keeping with the provisions of the Programme Support/Project Document and if they are found to be in the best interest of the project.
- In case **Tsageri Municipality** requires redistribution of funds among budget activities (components) and redistributed amounts are below 25% of budget activity (component) and/or transfer is done between budget lines of the activity(component) including cancellation and introduction of a budget line, **Tsageri Municipality** shall inform UNDP about redistribution during quarterly reporting. The 25% variation is calculated on both the original activity (component) budget where funds are taken from, and the original value of the budget activity (component), where the funds are to be added. The 25% variation should be cumulative in the lifetime of the agreement.
- In case redistributed amount exceeds 25% of budget activity (component), the budget is amended through formal amendment of the agreement.

Instruction for the Financial Report

Funding Authorization and Certificate of Expenditures (FACE) form is designed to request Direct Cash Transfers (DCT) and reflect expenditures accumulated by quarter.

Requests for the Direct Cash Transfer (DCT) should be prepared in line with the project or annual work plan, and must be signed by the implementing partner. The Cash transferred to the project are under the total responsibility of the implementing partner and must only be used for the activities and inputs stated in the annual work plan, and following UNDP's policies and procedures as referred to in the project document. The implementing partner/project must have a good system of accounting recording and appropriate filing of financial documentation on the project (in order to maintain records of all payments made with advances and original expenditure backup documentation). All these requirements and information will be reviewed at the project site during the project audit.

In order to receive the funds transferred by UNDP, the implementing partner for the project may open a bank account to be used only for receiving UNDP cash transfers and to make payments of the project. The bank account should be opened under the name of the project. This bank account should not be used for purposes other than receiving UNDP advances and making payments with these advances. This account must not have access to any credit nor be used for investments. If the project needs advances to make payments in local currency and non-local currency, then two bank accounts should be opened, or one bank account with two separate controls of currency.

At the finalization of the project, it is the responsibility of the implementing partner to close this/these account(s) and reimburse any remaining balances to UNDP.

The implementing partner must maintain strict control of such bank accounts, making bank reconciliations at least quarterly (monthly is advisable), and must keep on file all documentation related to account transactions. Any interest earned on the project bank account from the advances must be included by the implementing partner in the Funding Authorization and Certificate of Expenditures (FACE) and credited to the project, recording it as miscellaneous income. Bank statements must be filed by the project and a copy should be submitted to the country office with the FACEs.

Together with the signed FACE form, the project has to send a copy of the bank statement as up to the date of the end of the period reported, to enable the country office to compare bank balances with FACE balances (UNDP will not make reconciliation between bank statements and expenditures reported in the Financial Report or FACE. This is the responsibility of the implementing partner and correctness of this reconciliation will be determined by the audit exercise.). The following main instructions apply:

- The normal disbursement cycle for the FACE is quarterly. More frequent reporting is encouraged if agreed to by the UNDP country office and the implementing partner
- Advances shall only be made in non-local currency in those instances where all payments arising out of such will also be in the same non-local currency. If the project has received advances in more than one currency, a separate financial report or FACE must be submitted for each currency received;
- The approval of a request for cash transfer for a particular project is subject to the verification by the CO that at least 80% of the previous advance given and 100% of all earlier advances have been liquidated.

- The implementing partner must submit the corresponding FACEs every time the project needs more funds **and** at the end of each quarter, within the first **15 days** of the following quarter. The FACE must include detailed information on payment instructions (bank account where advances should be deposited).

The FACE supports several important functions:

- Request for funding authorization: The section "Requests / Authorizations" will be used by the implementing partner to enter the amount of funds to be disbursed for use in the new reporting period. The country office can accept, reject or modify the amount approved;
- Reporting of expenditures: The section "Reporting" will be used by the implementing partner to report to the country office the expenditures incurred in the reporting period. The country office can accept, reject or request an amendment to the expenditures reported;
- Certification of expenditures: The section "Certification" will be used by the designated official from the implementing partner to certify the accuracy of the data and information provided.

In the process of certification, the designated official attests to one or both of the following statements:

- That the funding request shown represents estimated planned expenditures as per the Annual Work Plan (AWP)/Budget and that itemized cost estimates have been attached and/or;
- That the actual expenditures for the reported period have been disbursed in accordance with the annual work plan and previously approved itemized cost estimates. Further, the designated official attests that the supporting accounting documentation will be made available, upon request, for a period of five years.

FACE: Overall Approach and Guiding Principles

The FACE is intended to use by partners for requesting funds and reporting expenditure. Not all sections of the form will be used at all times. For instance, for an initial disbursement, only the request section of the form will be completed. For a final payment upon AWP completion, only the reporting section will be used. The following guiding principles apply:

- No FACE will be processed without the appropriate signature from the designated implementing partner official;
- The FACE is aligned with the annual work plan/budget. The activities for which funds authorization is requested, or for which expenditure is reported, will be the activities specified in the annual work plan;
- The FACE is normally certified by the designated official who signs the annual work plan. In all other circumstances, the annual work plan will specify any other official authorized to certify the FACE. For instance, the designated official signing the annual work plan may be from the central Ministry of Health while the actual expenditures may be incurred by a regional health office. In such cases, the annual work plan should specify whether the central authority will process and sign a consolidated FACE or whether individual FACE forms will be processed by other authorized officials from the subordinate offices and implementing partners. The respective reporting relationship must be specified in the annual work plan;

- A request for funding included in the FACE must be accompanied with an itemized cost estimate of the activities to be funded according to UNDP guidelines.

FACE: Header Area

The header area of the FACE allows the implementing partner to report on the reason and purpose of the funding/ reporting request. This data is usually needed for correct coding in financial and management accounting systems. The specific data elements include:

- Name of the agency (UNDP);
- Date of the request;
- Type of request (direct cash transfer, direct payment, reimbursement);
- Country where the program takes place;
- project title and code;
- Responsible officer(s);
- Implementing partner;
- Currency of the request and disbursement.

FACE: Body of the Form

Activity Description: activity ID and Budget Items description as it appears in the annual work plan/budget.

Coding Column: The second column is ATLAS chart of accounts: Account, Fund, Donor. This data is required for UNDP's financial accounting system.

Reporting Area

The FACE is a dynamic form that must balance and reconcile from one reporting period to the next. The first column, column A, on the form repeats the last one, column G, from the previously submitted and authorized FACE form. Note that columns C, D, F and G are shaded. They are blank when the FACE is submitted to the country office. They are filled out by the country office prior to the financial processing of the form. All non-shaded columns are to be completed by the implementing partner.

Column A – Authorized Amount: Column A will be blank for the first request from an implementing partner. It should include the date of the most recent previous authorization.

Column B – Actual Expenditure: Column B reports the actual expenditures by the implementing partner for the period. The expenditures reported by the implementing partner are, at this point, still subject to review and approval by the country office. The designated official of the implementing partner is certifying that these expenditures are reported in accordance with the provisions of the annual work plan, country programme action plan and/or other related agreements with UNDP.

Column C – Expenditures Accepted by Agency: Column C is used by the country office to review and approve, reject or amend to expenditures reported by the implementing partner. If the amounts are accepted as reported, no further adjustments to this part of the FACE or communication with the implementing partner about these expenditure is required. However, if changes are made (e.g., to query or reject a reported expenditure), then the amount recorded by the country office in column C will differ from that reported in column B. In this case, the change needs to be communicated with the implementing partner.

Column D – Balance: Column D records the balance of funds authorized for use in the reporting period that remained unspent as of the date of the form. The term 'unspent' can also reflect expenditures which are either known or ongoing as of the date of the FACE, but which cannot be certified by the implementing partner due to timing or internal reporting delays. The outstanding balance of funds authorized by activity can be carried forward, reprogrammed or refunded, depending on the particular circumstances of the signed agreement.

Requests and Authorizations Area

Column E – New Request Period and Amount: Column E determines the period of the new request, which is normally contiguous to the last reporting period. The column contains the requests for the authorization to spend or receive funds, by activity and for that period. Each time a request for new or additional funds is submitted, it will be accompanied by an itemized list of expenditures in line with the annual work plan. This column can also reflect any balance for an activity in column D, which is requested for reprogramming. This will reduce the total amount of the new disbursement request accordingly.

Column F – Authorized Amount: Column F is used by the country office to establish the amount of new funds, by activity, to be disbursed for the new reporting period. This column is filled in by the country office. It can be used to accept, reject or modify the amounts requested in column E. Any credits for reprogramming will be reflected in this column for reconciliation of the amounts.

Column G – Outstanding Authorized Amount: Column G is the sum of columns D and F, and indicates the total outstanding authorized amount. For subsequent period reporting, the amount of this column will be carried forward to the column A of the new FACE form

Certification Area

The Certification Area is used by the designated official of the implementing partner to request funds and/or to certify expenditures. This area requires a date, the signature of the official and his/her title.

For Agency Use Only Area Approvals Box: The "For All Agencies" box in the lower left hand corner of the FACE form should be signed by the appropriate UNDP official. This indicates the review and approval of the request for funds and authorizes the recording of the reported expenditures. The official should sign, date and provide his/her title.

Bank accounts

In order to receive the funds advanced by UNDP, the IP/project may open a bank account to be used only for receiving UNDP advances and to make payments of the project. If local conditions permit, the bank account should be opened under the name of the project. Opening a separate bank account for the project will usually lower risk but may also place an additional administrative burden on the IP.

Alternatively, the IP may use an existing bank account under the IP's name, but this option may only be used with the agreement of UNDP's Project Manager. In making this decision, the Project Manager will consider the inherent risk involved, using the assurance mechanisms described in HACT.

b/ Narrative Report Format

Date: _____

Reporting period: _____

Recipient Institution: _____

The report (interim or final) shall explain the progress of the project against original objectives and describe implementation of the agreement according to the outputs envisaged in the Logframe. The level of detail shall match that of Annex 1: Description of Activities and the Logframe.

Proposed structure of interim and final reports:

Narrative interim report

- 1) Brief report on implemented activities and achieved results
- 2) Lessons learnt
- 3) Updated Results Matrix (see below).

Final report

- 1) Detailed report on achieved results
- 2) Report on implemented activities
- 3) Lessons learnt, risks and issues encountered
- 4) Results Matrix (see below)

RESULTS MATRIX

EXPECTED OUTPUTS	INDICATOR	BASELINE	PERFORMANC E TARGETS	PROGRESS TOWARDS TARGETS