



Delivering Progress

2019

ANNUAL REPORT

A WINDOW INTO PMCG'S WORLD



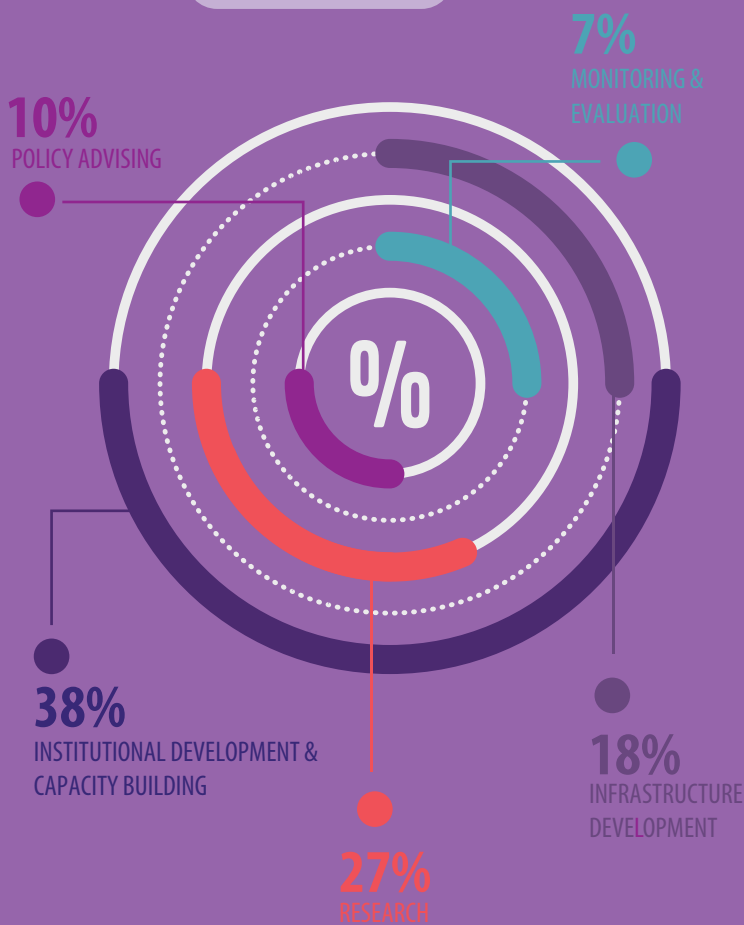
**COUNTRIES
IN WHICH
WE HAVE
WORKED:**



DELIVERING PROGRESS FOR A BETTER FUTURE



PORTFOLIO



SALES

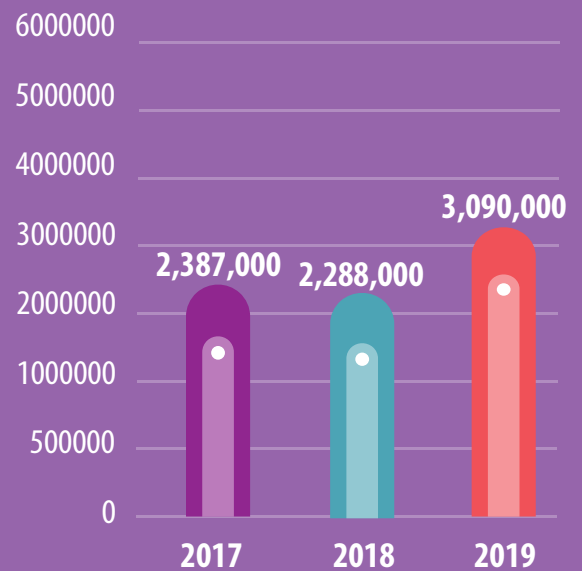


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Chairman's Letter



Dear friends,

When looking back at the past year, among several highlights, what stands out for me is the people who joined us and contributed their unique knowledge and diverse experience. Their work, of course, supplements that of long-standing staff, as well as the management and partners of PMCG all of whom have steered our clients toward progress through continuous learning, experience sharing, and working on self-development.

People will always be the primary focus of PMCG, which builds partnerships through shared values such as liberty, integrity, professionalism, and progress. At the same time, our partners and clients share the same values and, together, we strive to contribute to delivering progress to countries in transition. This people-driven approach has enabled PMCG to become uniquely placed to provide services that offer our clients an invaluable synergy of practical knowledge and real experience of implementing reforms, leading them to impressive and tangible results. In this regard, it was a tremendous honor for the company to be named as a "Responsible Employer" in Georgia's Responsible Business Awards 2018 (known as Meliora). This category recognizes companies whose policies, programs and management systems demonstrate the great extent to which they respect and value their employees. This contest was part of the Georgian Civil Society Sustainability Initiative project, funded by the European Union and the Federal Ministry of Economic Cooperation and Development of Germany.

The year of 2019 was quite special, particularly as we intensified our work in Ukraine. Our partners will be aware that in 2018 we established permanent repre-

sentation in Ukraine, enabling us to become more deeply involved in numerous projects in that country, and to support its advances in economic development, democracy and good governance through policy, structural and administrative reforms.

Among other activities, we are working under the European Delegation to Ukraine project - Mid-term evaluation of the project ref. ENI/2017/368-814 Communicating Europe in Ukraine (CEIU), as part of the consortium led by B&S Europe. The objective here is to assess CEIU, a project aimed at supporting Ukraine's reform process through the development and delivery of a positive and impactful communication approach based on the EU's support for Ukraine. The evaluation focuses on analyzing achievements of CEIU. In particular, the performance of the project, its enabling factors and issues hampering proper delivery of results were all reviewed in order to adjust its design accordingly. Its final results will support the EU Delegation to Ukraine, the Government of Ukraine and relevant line ministries, as well as other stakeholders to plan future activities and interventions more effectively.

According to recent global trends, SME development as well as sustainable infrastructure are becoming increasingly prominent issues, and both are well-represented in our portfolio.

In this regard, the Asian Development Bank's (ADB) Urban Services Improvement Investment Program is highly relevant. Together with Temelsu International Engineering Services Inc (a Turkish engineering consulting company) and Hill International (an American construction consulting firm) we cooperate with

Chairman's Letter

the United Water Supply Company of Georgia to provide support in construction supervision, rehabilitation and renovation works regarding the water supply and sewage systems in four towns of Georgia. As a result of this project, about 200,000 residents across these towns will benefit from having modern and improved water supply systems.

We are also pleased to observe a positive trend in the demand for research-based policy development and, pertinently, the significant progress made by PMC Research (an independent subsidiary of PMCG). During 2019, we implemented 17 projects and conducted a number of valuable studies, including value chain analyses (VCAs), policy papers, and periodic analytical publications aiming to contribute to the development of the public and private sectors.

Throughout 2019, PMC Research worked with the Government of Georgia (GoG) and the Public Service Development Agency of Georgia to conduct analysis on trends in labor migration. Given that the GoG has relatively limited mechanisms when it comes to obtaining statistical data on labor migration coordinated by private employment agencies (such agencies are the leading intermediaries for Georgians pursuing employment opportunities abroad). Obtaining and using consistent data is imperative for evidence-based policymaking and this was something on which the collaboration placed great emphasis. Accordingly, we analyzed the work of employment agencies from multiple perspectives under the project Labor Migration from Georgia and Private Employment Agencies in Georgia. The study provided highly useful data for the State Commission on Migration Issues and the Migration Division of the Ministry of Internally Displaced Persons from Occupied Territories, Labor, Health and Social Affairs, enabling their identification of gaps in the policy framework, and equipping them to develop effective tools to more adequately protect the rights of labor migrants.

At the same time, we are continuing to work on our own development and we continue to refine our internal procedures and quality assurance standards. Without constantly evolving, it would be impossible to accomplish our mission and to keep delivering substantial progress to our clients.

Due to COVID-19, the year of 2020 promises to be one of the most challenging years in the world's modern history. Nevertheless, we believe that with the cooperative efforts of governments, international development institutions and the private sector, we can and will respond effectively. It looks set to be an enormously difficult period but it is also perhaps a good time to re-evaluate our approaches and to make these more durable and resistant.

Finally, we would like to once again thank our partners, clients, consultants, and team members, for whose enduring trust and crucial contributions we are exceptionally grateful. Together, we will overcome pressing challenges and strive towards yet more development and expansion.



MEET PMCG'S BOARD

We are proud of our illustrious advisory board that unites decades of experience from top international development institutions, including the World Bank and the US State Department. The board's purposes include supporting PMCG's strategic development and innovation, exploring new business ideas, facilitating sustainable growth, providing strategic direction, and guiding quality improvement.

ALEKSI ALEKSISHVILI,
Chairman and CEO

Mr. Aleksi Aleksishvili, Chairman and CEO at Policy and Management Consulting Group (PMCG), has clocked up 20 years of working experience in public finance and economic development policy, notably serving as a high-level government official and government adviser responsible for economic development policy, budget and financial policy, tax and customs policy reform, business climate improvement and enhancing the "doing business" environment.



ZAZA BROLADZE,
Non-Executive Director
and Partner

Mr. Zaza Broladze (PMP) boasts around two decades of impressive experience in top management positions and has worked with international organizations and government institutions. In 2008, he joined PMCG as a Public Sector Consulting Director and in 2012 he became Deputy CEO and Partner, coordinating policy advising, capacity building and institutional development projects at PMCG.



TAMAR JAPARIDZE,
Executive Director

Dr. Japaridze, Executive Director at PMCG, is responsible for strategic management, daily operations management, financial management, and project implementation. Her duties also include fundraising and ensuring compliance with international standards and requirements, in addition to the preparation of technical and financial business proposals to be submitted to local and international companies.



SHIGEO KATSU,
Non-Executive Director

Mr. Shigeo Katsu brings three decades of experience working with the World Bank and the Asian Development Bank, where he has accumulated vast knowledge and experience of Europe and Central Asia in the fields of infrastructure, trade, and transitional economies. He is currently the President of the Nazarbayev University in Astana, the flagship academic institution of Kazakhstan.



DR. ZVIAD KHAREBAVA,
Director, Business Sector and
Infrastructure Development

Dr. Zviad Kharebava, Business Sector Consulting Director at PMCG, plays a crucial role in expanding the company's business sector portfolio. He joined the company in 2013 and has since attracted valuable partners to PMCG through supporting key clients in infrastructure, hydro power and agriculture projects by providing plans for business development, fundraising and investment.



DR. GIORGI KHISHTOVANI,
Director, Research

Dr. Giorgi Khishtovani, Director of Research, has been making a notable impact in public, private and non-governmental sectors in Georgia and abroad for a decade. He manages research and analyses, quality control, fundraising and strategic planning at PMC Research.



DAVID LEZHAVA,
Director, Public Policy

Mr. David Lezhava, Public Policy Sector Director at PMCG, and has 20 years of professional working experience in the fields of public finance and economic development, regional development, social policy, and energy policy. As Public Policy Sector Director, he is responsible for managing PMCG's public policy project portfolio, fundraising and collaboration with partners, clients and international development organizations, as well as for the development and implementation of the company's strategy.



LASHA MESKHIA,
Director, Business Development

Mr. Lasha Meskhia, Business Development Director at PMCG, is responsible for project management, developing strategic plans, action plans, and business expansion strategies, as well as identifying new markets and product opportunities. He also focuses on product development, managing company representatives at various locations and working to improve the management processes and procedures of the company.



KENNETH S. YALOWITZ,
Non-Executive Director

Diplomat Kenneth S. Yalowitz has had an outstanding career and possesses an invaluable understanding of countries in transition. He served as a US diplomat for 36 years before leading the Dickey Center for International Understanding at Dartmouth College from 2003 to 2011. He currently works as Director of the Conflict Resolution M.A. Program at Georgetown University (Washington, D.C.). Mr. Yalowitz is a Global Fellow at the Woodrow Wilson Center in Washington, D.C. and a member of the Council on Foreign Relations.



POLICY ADVISING

Delivering Progress to Countries in Transition



At PMCG, we believe that liberty and a free market economy provides a formidable basis for strong economic policy and development.

This appreciation of the role of liberty in transforming societies comes from first-hand experience. We have played, and continue to play, a part in economic reforms, moving countries from an inefficient, centralized economy loaded with heavy regulations toward a flexible, growing, transparent and more progressive society.

Our team's valuable experience of policy reform and securing economic progress, combined with the expertise of our consultants and partners, as well as an encyclopedic comprehension of international best practices, equips us to assist communities and governments to establish stronger economies, to alter attitudes and to stimulate progress both regionally and nationally.

We are proud that PMCG's team have led, and participated in, Georgia's most impactful reforms in governance, fiscal, PFM, and other economic development sectors. Due to these transformations, the country has achieved significant improvement in terms of revenue mobilization (from 11.6% in 2003 to 29.4% of GDP in 2007), and was named as the world's leading reformer country by the World Bank. At the same time, Georgia has delivered outstanding reforms in public administration and anticorruption.

In the last 12 years, a total of 23 nations across the globe have progressed as a result of our expertise. Specifically, our team has steered governments and communities toward economic reforms through a suitable legal framework and institutional performance.

PMCG, across a wide spectrum of nations, has contributed to establishing stronger policy and reforms that have given people the necessary environment in which to improve their lives. This contribution has ranged from revenue generation in Africa to enhancing fiscal efficiency and regulatory frameworks in Europe and Central Asia.

Many governments have, with our support, created more comfortable environments in which to do business. The work PMCG carries out brings tangible change, as repeatedly evidenced by international rankings, such as the World Bank's Doing Business Report.

The success we have achieved has been driven by our dedication to blending our knowledge and international best practices, combined with local expertise of every nation in which we work. PMCG cooperates with the highest caliber of regional experts to arrive at viable and sustainable solutions suitable for the local environment. Such a complex approach means that the policies we put together are carefully designed and ideally suited to face the obstacles and opportunities present in the relevant communities.



ALBANIA

Collaboration between different branches of government is one of the most important factors in the successful introduction of reforms. In 2019, we, in a consortium led by B&S Europe, started working with the Government of Albania, under the European Commission (EC) Framework Contract SIEA 2018 - LOT 3 project entitled *Support to the Reform of Subordinated Institutions and Agencies*.

The project team is supporting the Government of Albania and the Office of the Prime Minister and Deputy Prime Minister of Albania as the main beneficiary, in the **design, steering, implementation and monitoring of the reform of subordinated agencies and institutions of the Albanian state administration**.

At the same time, the collaboration is focused on **strengthening sector-specific analysis, and legal drafting and implementation of reform** based on an in-depth understanding of the distinctive features of the relevant sectors. Training

and coaching of top- and middle-level managers in the sectors being reformed is also covered by the project.

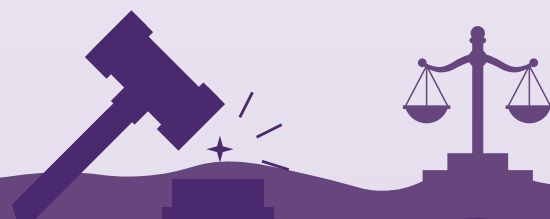


CENTRAL ASIA

Since 2016, we have been working under the USAID *Competitive Trade and Jobs* (CTJ) Activity in Central Asia, in association with DAI International. This project covers Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan and aims to increase the competitiveness of Central Asian economies in order to increase exports in horticulture and to improve transport and logistics sectors that operate regionally, to reduce the time and cost of trading across borders and to create or maintain jobs. Our role is to improve **border management and customs policies in order to move goods more efficiently and less expensively at and beyond borders**.

In addition to the high costs and time required to trade because of the currently weak transport and logistics situation, exporters/importers across the region have cited a lack of information and harmonization of customs procedures, including an excessive burden of documentation, as a root cause for delays and high costs.

Accordingly, our work is focused on developing a trade facilitation action plan to: reduce the time and cost of crossing borders along key transport corridors; identify and prioritize non-tariff barriers to trade along corridors; facilitate dialogue between governments and private sector trade and business associations relating to border issues that hinder trade, and develop a private sector dialogue mechanism with government entities that determine regulations or other requirements specified by trade agreements; facilitate the creation or further enhancement of national trade facilitation and transport bodies; develop an action plan to address constraints with host governments and the private sector; and analyze gaps in the development of a national single window in coordination with other donors, and implementing activities in which USAID would have a comparative advantage.





AZERBAIJAN

We worked with the Government of Azerbaijan under the European Commission project entitled *Support to the State Committee for Family, Women and Children Affairs (SCFWC) of the Republic of Azerbaijan in Assessment of Functioning of Monitoring Groups on Gender-based Violence and Violence Against Children and Preparation for a Future Twinning Project*, as part of a consortium led by B&S Europe to strengthen the legal protection and support given to women and children, who have been and/or currently are victims of domestic violence.

The Law on Combatting Domestic Violence was adopted in Azerbaijan in 2010, however further efforts were subsequently needed to ensure its effective implementation. With this in mind, we assisted the SCFWC in the assessment of the functioning of monitoring groups on gender-based violence and violence against children, while we also cooperated in drafting a twinning fiche necessary for launching an institutional twinning project.

Realistic, specific and coherent policy-related actions aimed at further reinforcing the quality of legal protection and awareness of victims of domestic violence were also developed.



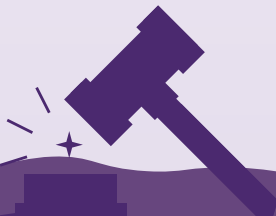
GEORGIA

Since 2015, PMCG, under the USAID Good Governance Initiative program, led by Tetra Tech ARD has been working with the Government of Georgia (GoG) to enhance the transparency, accountability and effectiveness of the Government. In order to reach its objectives, we are collaborating with public institutions to boost their capacity, which is necessary to fulfill and enforce reforms. Throughout 2019, we worked with different ministries and municipalities on some of the following topics: decentralization; providing better service delivery to citizens; investment catalogues; performance evaluation systems; budget monitoring; and quality management systems. At the same time, our collaboration is focused on facilitating engagement between public and private sectors and civil society, which is imperative for effective and efficient governance.



We also work with the GoG to improve the economy, by focusing our efforts on developing a business-enabling environment, and enhancing water resource management and energy trading policy, under the USAID Governing for Growth in Georgia (G4G) program, led by Deloitte. More specifically, we are contributing to the development of platforms that are essential for encouraging the exchange of information, experience, and opinion. We are also helping: to facilitate dialogue, which aims achieve more efficient policy formulation at national, subnational and municipal levels; to support public institutions to enhance their capacity by providing technical assistance, focused on improving the business environment and raising Georgia's economic competitiveness by working on system improvement in tax and customs; and to collaborate with the private sector and civil society organizations to advocate for reforms.

Such a complex approach ensures that all key stakeholders, namely public and private institutions and civil society, are better informed, which is one of the most important factors contributing to effective reform implementation, and should ultimately result in a more transparent and accountable government.



INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING

Improving Efficiency and Enhancing Performance



We strongly believe that effective results depend on people, good systems and strong analysis. We know that institutions need to be efficient and competitive if they are going to survive and if they are going to give their clients the level of service they need.

We are dedicated to supporting public and private institutions to transform inefficient bureaucracies into modern, capable and transparent structures. Often, that means moving institutions away from futile centralized governance to an adept and competitive structure, to efficiently enforce legislation and improve service delivery.

We perceive organizations as adaptive systems, and we use systematic approaches to help them identify and analyze existing performance gaps. That means we go far beyond just training and coaching; we analyze organizational, process and individual performance levels to address identified gaps and to assist in the implementation of performance solutions packages.

We work in several areas using a variety of tools, including human and institutional capacity development (HICD), performance assessment and management, change management, human resource management, and public outreach and strategic communications to effectively address the barriers that hinder development in public and private

sectors. We also reinforce and maintain the competences and capabilities necessary for institutions to achieve their short-, medium-, and long-term objectives.

As part of our organizational capacity enhancement programs, PMCG ensures that newly established or reconfigured systems and outputs are suitably aligned with the external environment and expectations of beneficiary institutions.

Significantly, the USAID Good Governance Initiative, led by Tetra Tech ARD, praised our staff and consultants, noting our important role in establishing reforms in all branches of government.

"PMCG has been a reliable and trusted partner for the five-year Good Governance Initiative (GGI) project in Georgia. PMCG's staff and local consultants have provided timely and critical input, supporting the Government of Georgia's governance reform process in all branches of government with high-quality analytical services, based on their excellent local knowledge and experience. We look forward to continuing our working relationship with PMCG over the remaining years of the GGI program," said David B. Smith, the then CGI Chief of Party, Tetra Tech ARD.



EASTERN PARTNERSHIP COUNTRIES

The European Commission initiative entitled *Mayors for Economic Growth* unites Eastern Partnership countries, namely Moldova, Ukraine, Belarus, Georgia, Armenia, and Azerbaijan, to support local authorities to become active facilitators of economic growth and job creation.

In order to boost sustainability, the project engages with various stakeholders such as local authority associations, business associations, small- and medium-sized enterprises and educational institutions.

“Our aim is to support active mayors in becoming facilitators of economic development and job creation. The initiative supports them to identify the major areas for improvement, to assist in creation of economic development plans, and to enhance skills and competences. On the other hand, the initiative contains a grant component to support the authors of the best development plans in implementation processes,” explained Zviad Archuadze, PMCG’s Consultant and Country Coordinator for Georgia and Azerbaijan.

At this stage, 331 City Halls from Eastern Partnership countries have joined the initiative. The comprehensive capacity building program has been converted into an online tool: an e-learning training system has been developed, which is

fully functional and available in the local languages of the M4EG countries. A total of 188 local economic development plans (LEDPs) have been submitted.

Grant agreements amounting to a combined total of 9 million Euros have already been signed for the implementation of 16 competitively-selected pioneer projects that started in 2018, which are focused on investing into local comparative advantages to stimulate the business environment, and in physical (hard) and soft infrastructure to improve the business environment, and to attracting external investments and increasing local access to finance.



LIBERIA

How a country manages its revenue mobilization plays an important role in its overall economic development. With this in mind, we are working with the government institutions of Liberia, particularly the Ministry of Finance and Development Planning (MFDP) and the Liberia Revenue Authority (LRA) to improve domestic revenue mobilization in the country.

In order to reach the overall goal, PMCG under the United States Agency for International Development (USAID) *Revenue Generation for Governance Growth* (RG3) project, led by DAI International, assists the MFDP and the LRA to create a policy environment that is predictable, transparent, and fair, which should lead to improved revenue mobilization and improve the efficiency, integrity, and transparency of revenue administration.

The project involves collaboration with the Liberian government, private sector, and civil society to strengthen dialogue between all parties. Moreover, to increase engagement and awareness regarding taxes and benefits of building a tax-paying culture and to increase taxpayers’ trust in their Government.

The project team has already developed a reform roadmap, covering essential steps and a list of products to be excised while advice has also been given on effective tax collection. In 2016, when the project was launched, excise tax contributed only 3.8% of the total tax revenue and about 0.7% of GDP, which is relatively low by international standards. With appropriate control mechanisms, excise tax can generate up to 3% of a country’s GDP. Thus, after consultations, excise stamp reform was identified as a vital reform.

The implementation of such reform will allow the Liberian government to raise additional revenue to develop Liberia, and to regulate the market fairly. It will also identify goods for which excise duty has not been paid and goods for which a guarantee should be provided to ensure that buyers received the promised quality and quantity. The reform will also help to strengthen the administration of other taxes.





TAJIKISTAN

We worked with the Government of Tajikistan under the World Bank *Public Finance Management Modernization Project II*, which is designed to improve the effectiveness and transparency of public financial management (PFM).

We have analyzed the current situation and proposed improvements to the legislative framework and methodology in the preparation of policy planning documents. Furthermore, a quality control system was also introduced to establish a **unified policy planning methodology** in which the list of documents, hierarchy and interactions shall be determined, and to ensure a coherent connection between policy planning and legislation, as well as **clear communication between policy planning and the budgeting process**. At the same time, we have trained more than 60 public officials in strategic planning.

“As part of this project, we developed a strategic planning methodology and templates for sectoral strategies. Besides the methodological support, it is important to increase the capacity and the knowledge required to perform functions of strategic planning. Therefore, we designed a training module for key staff of relevant ministries and agencies involved in the design of sectorial development strategies,” explained Zaza Broladze, Team Leader of the project.

“I would like to note that during the workshops we gained a lot of useful and practical information, and examined the mechanisms for strategic planning as well as the procedures for the preparation of sectoral working groups on strategy formation and government programs. As a result, I have studied the methods of analysis necessary for my everyday professional activities,” said one participant of the training.

Overall, the project is intended to strengthen strategic planning and policy coordination, and to ensure better integration of strategic decisions and current policies in Tajikistan.



GEORGIA



Decentralization of the local self-governments is one of the main priorities in Georgia. We, under the World Bank project entitled *Strengthening the Institutional Capacity of Georgian Local Self-Governments in Spatial Planning, Asset Management and Capital Investment Plans*, which is led by Ecorys Netherlands B.V., entails collaboration with the municipalities of

Georgia to support effective implementation of the decentralization reform.

Cooperation is focused on analyzing existing processes for capital investment planning and asset management systems. Emphasis is being placed on assessing gaps where self-governments need support with trainings. A guidebook about methods for preparing the asset management information system and capital investment plans has been developed.

Overall, **1810 staff members of various municipalities were trained in the preparation of workable priority investment plans across 156 conducted trainings.**

“I’ve applied the knowledge acquired during the training, especially while implementing asset assessment procedure. Attained information is also very useful for implementing **asset management planning procedure**,” said representative of Chokhatauri Municipality.





GEORGIA



We believe that the establishment of women's empowerment principles (WEPs) is vital, especially when it comes to sectors such as transportation. Under the European Bank for Reconstruction and Development (EBRD) Gender Advisory Services Programme Georgia – *Tbilisi Bus Project*, we are able to contribute to the promotion of equal-opportunity access to employment and relevant skills training for both women and men.

The project continues at a time when, Georgia has the lowest level of female employment in transport in the South Caucasus region. In order to improve this situation, a team of international and local consultants has analyzed the human resources practices and policies, and assessed labor, gender, health and safety conditions at the Tbilisi Transportation Company (TTC).

The TTC now has gender-proof job descriptions that make vacancies more attractive to women, thereby enhancing the gender balance. Awareness has been increased company-wide about the TTC's equal opportunities policy, as well as the need for grievance procedures to address discrimination and harassment in the workplace. Opportunities for maternity/paternity leave have also been put in place for both women and men in the company, while an equal opportunities strategy has also been developed.

In 2017, there was only one female bus driver in the TTC, while by the end of the project this number had increased to twenty-one. After completion of the project, TTC had received more applications from women, interested in becoming bus drivers.

Promoting a better gender balance will not only result in increased economic independence for women, but it may also lead to an improvement in the work-life balance of transport workers. As pointed out in the Women's Employment in Urban Public Transport – WISE study, a better gender balance contributes to the general improvement of working conditions for both men and women with positive effects on wellbeing at work, a more balanced culture and ultimately boosting productivity in the company.



As a result of the collaboration, the TTC has transformed into a company that is branding equal opportunities and setting standards in terms of best practices across the region. An important spin-off effect of the project is that Georgia now has a school for bus drivers, which was not the case before the project started. The experience of the TTC has shown that equal opportunities brings a lot of benefits and may even inspire other transport companies to follow its example.



MONITORING AND EVALUATION

Providing Insight for Tangible Results



For a decade we have been helping governments, donor organizations and companies to assess the impacts they are making, to detect the challenges they face in their operations and to identify and grasp opportunities for improvement.

When seeking to improve overall results, to achieve tangible success and to have an impact on reform or institutional changes, monitoring and evaluation tools are extremely essential. Such tools enable the assessment of the relevance, efficiency and effectiveness of a given project or program. When it comes to monitoring and evaluation, we focus on the following three main areas: program monitoring; performance and impact evaluation; and data quality review.

Our monitoring and evaluation is oriented toward impact measuring and serves as a guide for project implementation and management, providing stakeholders with information on the progress being made toward the achievement of objectives as well as highlighting any disparities between targets and actual achievements. This valuable

method identifies where a program is heading, how it will get there, and whether its resources are being used in the most cost-effective manner.

Using project evaluation, we identify what is positively and/or negatively influencing target groups, individual households, institutions and the overall environment. This allows us to better understand the extent to which project goals have been achieved and what impacts the project results have had in general and on the target group in particular.

Strong knowledge and understanding of economic growth policy and good governance helps us to adequately evaluate the situation and improve results.



AZERBAIJAN

We are certain that improving access to, and the delivery of, judicial services plays an important role in a country's overall development.

We have been working with the Ministry of Justice of the Republic of Azerbaijan under the World Bank Azerbaijan: *Judicial Services and Smart Infrastructure Project, Sector Expenditure and Efficiency Review* (SEER) project to prepare a Sector Expenditure and Efficiency Review (SEER).

The document is intended to **inform dialogue between justice entities and other relevant entities**, with a focus on analyzing the performance of Azerbaijan's judicial sector. It suggests actions to improve the efficiency of justice-related public expenditure and related public activities. In addition, it analyzes **how the country develops, manages, spends and reports on its justice budget to provide justice-related services, and establishing the likely cost of key reforms**.

The SEER also involves analyzing human capital-related management issues to identify institutional strengths and flaws, and suggests short- and medium-term recommendations to **strengthen the management of financial, human, physical and IT resources** in this sector.

As a result of this collaboration, the Ministry of Justice of the Republic of Azerbaijan obtained an updated Justice at a Glance Scorecard, presenting performance data for Azerbaijan's judicial sector. Meanwhile, the SEER provides additional tools for the Ministry to more effectively and efficiently manage its resources as well as to ensure more transparent and effective dialogue with all stakeholders.



EAST JERUSALEM

We are implementing the EU framework project entitled *EU East Jerusalem Programme Evaluation*, under a consortium led by B&S Europe, which is focused on the assessment of the achievements and overall quality of the EU East Jerusalem Program in the context of the EU's evolving cooperation policy with an increasing emphasis on results-oriented approaches and the contribution towards the fulfillment of the UN's Sustainable Development Goals (SDGs). The evaluation entails a search for evidence of why, whether or how the EU's intervention has led to satisfactory results, and also seeks to identify the factors enhancing or hindering progress in this regard.

The evaluation covers the **assessment of the past performance of 29 completed and ongoing projects** (2013-2018) under the EU program in East Jerusalem, with a focus on its intermediate results (measured against expected objectives), and the reasons underpinning the varying results achieved. The evaluation also includes key lessons learned, conclusions and recommendations aimed at improving current and future actions.

Finally, the evaluation will serve as a main tool in future programming and formulation. The main users of this evaluation are the East Jerusalem program's stakeholders, including the EU.





GEORGIA

We have worked on the USAID *Mid-term Performance Evaluation of the Waste Management in Targeted Regions (WMTR)* project, which was led by Mendez England & Associates.

The WMTR project was designed to assist the Government of Georgia (GoG) to **modernize the country's waste management sector and support sustainable development**. The project consisted of two phases: phase I, conducted in 2014-2017, aimed to reduce pollution, improve sanitation and health, and facilitate the collection, separation, and production of recycled products as well as to develop waste management systems and enhance the capacity of the local government to establish and sustainably manage waste



facilities and services in two target regions (Kakheti and the Autonomous Republic of Adjara); and phase II, which started in 2017, aiming to modernize the country's waste management sector and support sustainable development and inclusive economic growth, ensuring responsible management of natural endowments, and minimizing adverse impacts from waste on human health and natural resources. The project also aimed to mainstream innovative approaches, apply new technologies, and streamline strong partnerships to achieve, sustain and extend the set objectives and solve development challenges.

The monitoring and evaluation project aimed to evaluate the WMTR project in relation to the set objectives and to examine the progress it had made throughout phase II, with the findings and lessons learned in phase I of the program also taken into account.

As a result of the evaluation, the **strengths and weaknesses of the project were assessed and recommendations were prepared for USAID to help with the improvement of further work**. The evaluation and recommendations could also contribute to the future planning of USAID activities, including improvements in ongoing interventions in the following areas: implementation of an integrated waste management system; private sector-led recycling; tariff policy and illegal dumping penalties.



TUNISIA

Media play a vital role in the development of countries and the societies therein, making it crucial that media organizations around the world are properly supported. We, as part of a consortium led by B&S Europe, are implementing an EU framework project in Tunisia entitled *Mid-Term and Final Evaluation of the Tunisia Media Sector Support Program*.

In order to address the evaluation questions, the project team works analyzes existing program documentation, national policies, the EU's strategic framework and related projects funded by the EU or other donors. Moreover, the emphasis is placed on observing the impact of various implemented projects on the various targeted beneficiaries.

The evaluation and lessons learned are important with respect to future actions of the Government of Tunisia, the Delegation of the EU to Tunisia, and the various partners of the program.





WORLDWIDE

In 2019, PMCG, as part of a consortium led by B&S Europe, was awarded a new project under the EU Framework Contract Lot 3 entitled *Mid-term Evaluation of the Framework Partnership Agreements (FPAs) and Their Corresponding Specific Grant Agreement*, which is aimed at advancing collaboration between the EC and civil society organizations (CSOs) worldwide.

The project foresees the conducting of a mid-term evaluation of the Framework Partnership Agreements (FPAs) signed between the EC and CSOs, and corresponding grant agreements (since 2015, a total of 49 such grants have been signed). The EC has developed FPAs with CSOs and associations of local authorities across Africa, Asia, Latin America and Europe. These partnerships cover a wide array of fields of intervention such as anti-corruption, gender, accountability, human rights, political and social inclusion or economic

empowerment, decentralization, good and inclusive local governance, and decentralized cooperation.

The main objective of the evaluation is to **analyze the quality and the results of relevant FPA actions so far and to present the findings to EU delegations, member organizations and other interested stakeholders as part of an evolving cooperation policy with an emphasis on results-oriented approaches.**

The policy is also intended to strengthen representative, membership-based and actor-based regional and global CSO networks and associations' capacities in delivering vital components of development at global and regional levels.



INFRASTRUCTURE DEVELOPMENT

Adapting Global Experience to Fix Local Challenges



Having in place infrastructure that is both modern and operates smoothly is crucial for countries making the transition towards becoming a developed economy. Such infrastructure creates significant added value and is essential in the realization of economic development.

Hydro power, oil and gas all do more than light up and heat households, they fuel the operations of companies and factories around the world. Vital infrastructure, including roads, railways and other means of transportation, help to deliver raw materials, products and services to regional and world markets.

From waste management to electricity grids, and from logistical hubs to water supply, PMCG's specialists assist clients by providing technical assistance, feasibility studies and detailed designs necessary to build the appropriate infrastructure for sustainable growth.

Our work with governments at all levels, from municipalities to ministries, is focused on helping them to transform the management of state enterprises and municipal enterprises, and providing them with the tools needed to develop and create modern organizations that serve the needs of the public.

Infrastructure development is a relatively new area of interest in PMCG's portfolio but we are already working on the development of water and wastewater infrastructure, highways, and solid waste landfills among other facilities.

We believe that the only way to create new jobs, reduce poverty and facilitate economic growth, is to establish proper and reliable infrastructure.



REGIONAL INFRASTRUCTURE DEVELOPMENT

PMCG cooperates keenly with international development institutions to contribute to regional infrastructure development, which we believe is one of the most essential contributors to a country's overall economic development.



We work with Temelsu and Hill International – an American construction consulting firm – as part of the Asian Development Bank (ADB) *Urban Services Improvement Investment Program*, which envisions supervision of construction/rehabilitation works on water and sewerage systems as well as wastewater treatment plants.

The project team works together with the United Water Supply Company of Georgia (UWSCG) to provide support in construction supervision, rehabilitation and renovation works on the water supply and sewage systems in four towns of Georgia.

About 200,000 residents across the three towns will benefit from having modern and improved water supply systems by the end of the project.



INTRODUCING SOLID WASTE MANAGEMENT STANDARDS

Since 2016, we, together with HPC AG – an international engineering company - have been working on an EBRD project in Georgia entitled *Kvemo Kartli Solid Waste Management Project – Project Implementation Support Services* designed to assist the Solid Waste Management Company of Georgia to assess, design and build a solid waste management facility.

The landfill will serve about 300,000 inhabitants across five municipalities of Georgia: Marneuli, Bolnisi, Dmanisi, Tetrtskaro, and Tsalka.

The project team will also supervise the construction process, with the aim of ensuring punctual and effective construction of a new sanitary landfill. We are engaged in the following work: elaborating a detailed design for the landfill and all of the necessary auxiliary infrastructure; developing technical requirements; and obtaining approval from the local authorities. Moreover, we are also helping to prepare the necessary tender documents and support the local government during the procurement process, as well as during the implementation of the contract and construction process.

PMCG has also introduced financial management systems and provided necessary trainings for personnel and the

municipalities to ensure their effective implementation. In addition, we have created systems for timely disbursement in accordance with the EBRD's Disbursement Handbook. Moreover, we are working on an environmental impact assessment study.

Parallel to this, we work with the Municipal Services Development Agency (MSDA), under the UNDP project entitled *Development of Performance Management Systems for Street Cleaning and Waste Management Services in 23 Municipalities of Georgia*.

This collaboration is focused on developing a performance management system (PMS) for these municipalities to assist local authorities to better plan, manage, assess and improve service provision, including the cleaning of streets and other public areas, and municipal waste management.

In order to achieve its objectives, the project team is working on a baseline study. The team will also support the MSDA in the process of PMS introduction, including running pilot PMSs in eight municipalities, its replication in 15 municipalities and the assessment of the impact of PMSs on municipal service delivery. Thereafter, we will assist the MSDA to promote PMSs nationwide.





DAM INFRASTRUCTURE

We are collaborating with state-owned company Georgian Amelioration, under the World Bank project entitled *Independent Dam Safety Assessment and Design & Author's Supervision of Dams Safety Activities for Algeti & Sioni Dam*, as part of the consortium led by Temelsu.

The project entails the inspection of the condition of Algeti and Sioni dams, which feed Kvemo Samgori and Tbilisi-Kumisi irrigation systems, to evaluate their appurtenances and performance history, and to prepare dam safety assessment reports in accordance with World Bank policies.

In pursuit of the project objectives, we are implementing **dam safety measures, procuring equipment recommended in the assessment, installing an automated dam monitoring system, and establishing an early warning system and associated preparedness plan.** This collaboration also includes capacity assessment of local authorities and training of operational and management staff in dam safety.

Finally, the project seeks to provide recommendations for remedial and safety-related measures necessary to upgrade these dams to an acceptable standard of safety.



ENVIRONMENTALLY-FRIENDLY COMMUNAL INFRASTRUCTURE

We are working with the United Water Supply Company of Georgia (UWSCG) to introduce environmentally-friendly communal infrastructure in the Mtskheta-Mtianeti region of Georgia, under the KfW Development Bank project entitled *Elaboration of Concept and Feasibility Studies for Communal Infrastructure for Environmental and Tourism Improvement*, led by P2M Berlin – a German engineering company - together with IDOM – a multinational consulting, engineering and architecture company.



PMCG is undertaking **feasibility studies into communal infrastructure to improve both the environment and tourism prospects for this region**, with a focus on the following areas: elaborating basic data on the existing physical communal infrastructure as well as designing parameters for a future system (drinking water supply, sanitation infrastructure, and other communal infrastructure such as storm water management as required); analyzing the legal framework for water supply and sanitation; developing an economic concept on how to finance the necessary investment; and conducting an environmental and social impact assessment (ESIA) to identify potentially negative and positive environmental and social impacts of the project. In addition, we are carefully elaborating a strategic environmental assessment report.

By the end of the collaboration, it is expected that Mtskheta-Mtianeti region will have established an infrastructure development concept and a land-use plan.





STRENGTHENING BIODIVERSITY

We have been working with the Ministry of Environmental Protection and Agriculture of Georgia (MEPA) under the UNDP project entitled *Support to the Ministry of Environmental Protection and Agriculture for Improvement of State Funding for Biodiversity*, which is aimed at developing its capacity to achieve consistently increased budget allocations for the biodiversity agenda.

“Our cooperation was very successful. PMCG provided high-quality consultancy and dealt with very challenging tasks in a professional manner. Together, we supported the MEPA’s efforts to convince the Ministry of Finance to substantially increase government funding for biodiversity,” said Tornike Phulariani, Biodiversity Finance Initiative (BioFin) National Coordinator in Georgia.

One of many results to derive from the project was the increase of the state budget allocation for biodiversity by 300,000 GEL in 2019.

“The increased funding will help to enhance compliance with applicable international standards and requirements, which will eventually translate into a richer biodiversity,” said Mikheil Kukava, Senior Public Financial Management Consultant at PMCG.

As part of the collaboration, we have also identified priority areas in biodiversity to be funded from the government budget, and outlined specific actions to address the main issues in these priority areas. We have prepared a medium-term biodiversity vision and action plan for the government funding of biodiversity conservation and have developed a guideline to ensure the effectiveness of the budgeting process.

Finally, we conducted trainings in budget advocacy for representatives of the MEPA, the Scientific-Research Center of Agriculture, the National Environmental Agency, the Environmental Information and Education Centre, and the State Sub-Agency Department of Environmental Supervision in order to educate them on techniques to ensure suitable preparation of future budgets. The trainings covered theoretical and practical elements in the process of preparing an executive budget proposal.



CORPORATE DEVELOPMENT AND MANAGEMENT CONSULTING

Facilitating High-performance and Profitability



Companies routinely turn to PMCG for sound advice on raising capital investment as well as market expansion and development. We help executives to make optimal decisions by using our experience and networking to support companies to overcome challenges and grasp opportunities.

PMCG's flexibility is one of its great strengths. While we often work closely with large corporations, we also keenly assist small and medium-sized enterprises (SMEs), which we consider key drivers of economic development. From international standards certification to corporate expansion, our consultants provide expert advice across a wide variety of areas, including business development, financial advice and investment, mergers & acquisitions, and market penetration.

Our specialists have hands-on experience in their areas of expertise, which allows PMCG to provide custom-made solutions based on a given client's needs.

We provide SMEs with invaluable insights as they navigate through the challenges and opportunities presented by the Deep and Comprehensive Free Trade Agreement (DCFTA) in the EU's Eastern Neighborhood (Georgia, Moldova, and Ukraine).



INNOVATION MATCHING GRANTS

Development of the digital economy is one of the top priorities for Georgia. In this context, the Government of Georgia created the Georgian Innovation and Technology Agency (GITA), the aim of which is to form an ecosystem that stimulates the development of innovation and high-tech production.

In 2019, we, together with the Baltic Innovation Agency (BIA), have started working with the GITA under the World Bank Group project entitled *Consultancy Services for Evaluation of Project Proposals* under Innovation Matching Grants program.

Along with the BIA, we manage the grant evaluation process and, in order to support the GITA's implement Innovation Matching Grants (IMG) effectively, we have elaborated the evaluation methodology that is used by the IMG investment committee to evaluate grant applications.

At this stage, seven projects have been shortlisted for grants, of which four have already been contracted and implementation of the projects has started with a combined budget for project implementation of 2,599 million GEL.

"Small and medium-sized enterprises (SMEs) play a key role in the economic growth of Georgia and we believe that the financial support, provided by this program, will ensure their further enhancement and development that, in the medium- and long-term, should have a positive impact on overall economic development," said Mikheil Skhiereli, Project Manager at PMCG.



IMPROVING COMMERCIAL STANDING

The Tbilisi Transport Company (TTC) is one of the largest companies operating in Georgia in the field of transportation. We are collaborating with the TTC under the European Bank for Reconstruction and Development (EBRD) project entitled *Tbilisi Bus Project - Corporate Development and Stakeholder Participation Programmes*, led by Mott MacDonald CZ - a global engineering, management and development consulting company.

We are working with the TTC in to improve its commercial standing, level of service and environmental/social performance by supporting the identification, implementation and establishment of the corporate, financial, operational and environmental/social management standards required to



adhere to the relevant covenants including those in the EBRD's financing documents. Moreover, our collaboration seeks to develop a medium-term-focused corporate development program (CDP) and to improve the TTC's corporate planning capacity to assist the ongoing transition towards becoming a self-sustaining entity with commercially sustainable operations, as well as implementing the Environmental and Social Action Plan (ESAP) developed for the TTC by the EBRD.

Throughout 2019, we have conducted on-the-job trainings for the TTC's staff in environmental health and safety management (EHS), human resource management, and public relations. At the same time, we are assisting the TTC to implement a stakeholder participation program aimed at enhancing public ownership by encouraging the use of public transport, increasing public participation in the provision of public transport services, and raising public awareness about issues related to project implementation.

The project seeks to enhance the TTC institutionally, and should ensure that it obtains a medium-term CDP and boosts its corporate planning capacity, all of which should have a positive impact on the TTC in becoming a self-sustaining entity engaged in commercially sustainable operations.





ACCELERATING GROWTH OF AGRICULTURAL ENTERPRISES

We are working with SMEs operating in the agricultural sector to support them to accelerate their sustainable growth to enable them to create a substantial number of jobs.

The collaboration takes place under the *USAID Agriculture Program*, which is a five-year activity and entails close cooperation with sectoral/business and cross-cutting associations in the implementation of a wide range of programmatic interventions to ensure access to more beneficiaries and to achieve broader impacts.

We have already collaborated with **16 business associations operating in agriculture in Georgia, assessing their respective capacities and identifying major gaps to be addressed.** Accordingly, the program is envisaged to provide

tailored training, consulting services and grants for nearly 4000 member organizations and farmers of various associations.



ENHANCING TOURISM DEVELOPMENT

We cooperate devotedly with various stakeholders operating in the field of tourism. As an example, in 2017 the World Bank launched a project - *Tourism Marketing, Promotion, Online Coverage and Destination Management for Kakheti and Imereti Regions in Georgia* - led by Ecorys Poland, aiming to support the promotion of Georgia as a tourism destination.



The project team conducted a **country image study and developed a marketing, branding and promotional strategy, and an action plan for Georgia as a whole and for Kakheti and Imereti regions specifically.**

Online marketing campaigns in targeted markets such as Poland, Germany and Israel were designed to raise awareness about Georgia on the international tourism market. **As a result of the campaigns, a total of 770,789 people from the targeted countries were reached.**

As part of the campaign, two VR videos were produced about the main tourist attractions in Kakheti and Imereti regions. Meanwhile, destination management offices (DMOs) were also created in these two regions after which 3-year action plans were developed for the DMOs, and corresponding on-the-job trainings were conducted for the staff.



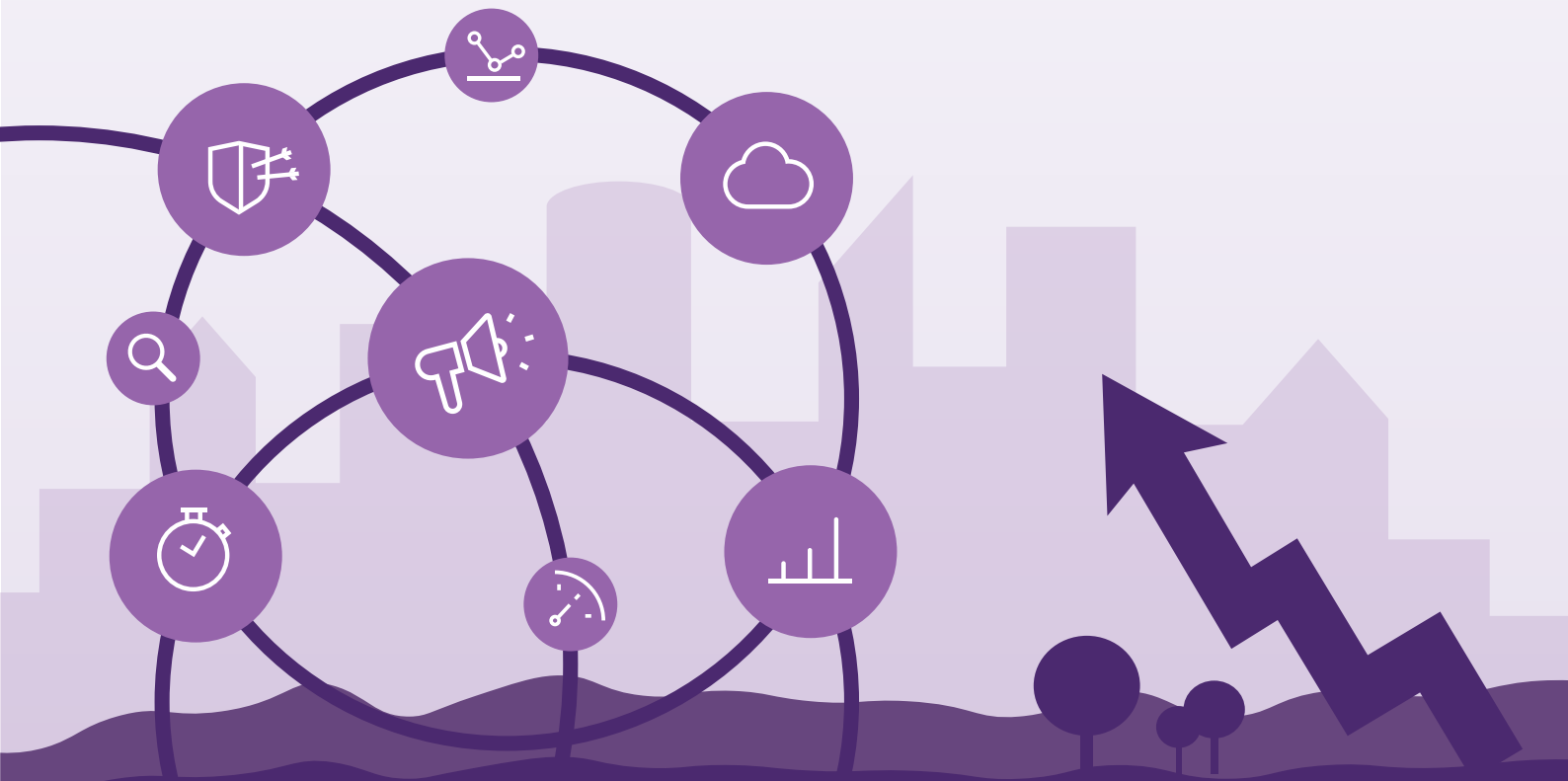
SUPPORTING SMES

In the early stages of development in transitional countries, SMEs commonly meet a key challenge: access to finance. To support SMEs to surmount this obstacle, the EBRD launched a project in Georgia led by DAI International (a global consulting company) entitled *Trade Ready*, which aimed to expand and strengthen the capacity of small businesses to access finance. At the same time, the project focused on stimulating the Georgian banking sector to offer new finance and trade tools to SMEs.

We assisted private banks to enhance their ability to deliver tailored products to businesses. Simultaneously, we worked with SMEs to promote and strengthen their ability to access appropriate finance products and services, by conducting training on various aspects of international trade and development, including strategic planning, and the importance of conducting research on the demand and competition, as well as the standards required in the target markets for the products they seek to export.

“The trainings were focused on addressing the challenges faced by many Georgian companies and we strongly believe that these will significantly contribute to the integration of SMEs into international trade flows,” said Salome Napetvaridze, Project Manager at PMCG.

The Trade Passport – a special diagnostic tool - was introduced whereby SMEs are given the opportunity to register, fill-out special questionnaires and acquire short-term assessments of their enterprise, revealing their strengths and weaknesses as well as their readiness for trade. More than 20 SMEs have already taken part. Meanwhile, a number of individual consultations have been conducted for selected enterprises and about 30 local SMEs have already been consulted, with a focus on finance and particularly trade finance.



PMC RESEARCH

Using Policy Research to Promote Economic Liberty and Prosperity



Research-based policymaking is a fundamental part of a legal and regulatory framework that promotes long-term, sustainable development. Open and results-oriented public discussion is also an invaluable component of good governance, as evidence-based policy contributes to well-informed decisions through which the best available option(s) are selected for policy development and implementation. At the same time, profound studies provide valuable information for businesses and financial institutions to support them to make savvy and effective decisions.

With this in mind, we decided to create an independent subsidiary – PMC Research - in 2010.

PMC Research is an award-winning think tank that aims to facilitate economic and social development by analyzing the most challenging policy areas in Eurasia, including public policy, international trade and investment, SME development, labor market and migration, education and social policy, and democracy and civil society.

By combining our methodological and policy expertise, we elaborate research-based policy options that are focused on transparency, economic development, freedom, and prosperity.

We conduct comprehensive research and provide policy recommendations to central and local governments. Our work is supported by various international and government institutions, including the United States Agency for International Development (USAID), the United Nations Development Programme (UNDP), the European Commission (EC), the Open Society Foundation (OSF), the International Visegrad Fund, the Emerging Markets Forum, the Konrad Adenauer Foundation, the Savings Banks Foundation for International Cooperation (SBFIC), the State Commission on Migration Issues of Georgia, the Ministry of Foreign Affairs of the Czech Republic, the Ministry of Foreign Affairs of Estonia, and the Ministry of Foreign Affairs of Poland.

Based on quantitative and qualitative data analyses, the Center

publishes a variety of research outputs, including policy papers and policy briefs as well as the following periodic publications: the monthly newsletter Economic Outlook and Indicators which analyzes various facets of Georgia's socioeconomic development; the monthly bulletin entitled Monthly Tourism Update; the quarterly document Georgian Economic Climate in cooperation with the ifo Institute for Economic Research (Germany); and the semiannual publication Black Sea Bulletin in cooperation with the Institute for Economic Research and Policy Consulting (Ukraine).

Dialogue is, naturally, a crucial part in the process of introducing new initiatives, programs and reforms. Therefore, together with our partners, we have developed a platform from which to stimulate constructive and systematic policy debate that establishes cooperation practices among different political and social groups. Through this approach, during the nine years of PMC Research's existence so far we have organized more than 60 public debates, bringing together a wide range of stakeholders oriented toward finding ways to arrive at optimal decisions with respect to policy planning, design and implementation.

In addition, the Center is constantly making efforts to expand its international network. In 2019, PMC Research became a member of the Trans European Policy Studies Association (TEPSA), which unites some of the leading European research institutes working on European affairs. Furthermore, PMC Research joined the CAREC Think Tanks Network, deepening its collaboration with the leading think tanks of the CAREC member countries.

We also firmly believe it is important in our work to promote and support young researchers who have bold and innovative ideas. Cooperating with our partners, we have managed to identify a number of talented early-career researchers and have given them the chance to study and discuss key challenges facing society today.



ANALYZING TRENDS OF LABOR MIGRATION

Private employment agencies are the leading mediators for Georgian migrants seeking employment abroad. However, the Government of Georgia (GoG) has very limited mechanisms when it comes to obtaining statistical data on labor migration facilitated by these agencies, and, more broadly, to monitor their activities.

Reliable research data are crucial for evidence-based policy-making. Accordingly, in 2019, we started working with the GoG and the Public Service Development Agency of Georgia to address this issue. Specifically, we have been working on applied research entitled "Labor Migration from Georgia and Private Employment Agencies in Georgia," aimed at examining the work of employment agencies in Georgia from multi-

ple perspectives. The study has provided important data for the State Commission on Migration Issues and the Migration Division of the Ministry of Internally Displaced Persons from Occupied Territories, Labor, Health and Social Affairs in their identification of gaps in the policy framework and in designing effective measures to better protect labor migrants' rights.

The research has revealed characteristics of labor migration facilitated by employment agencies in Georgia and has ultimately produced recommendations for the better protection of citizens' rights in the migration process as well as better alignment of the labor migration process with the developmental needs of Georgia.



SUPPORTING RURAL COMMUNITIES TO ADDRESS POVERTY AND UNEMPLOYMENT



In the high mountainous region of Upper Svaneti in Georgia, locals face many challenges in their daily lives. In 2018, the European Union (EU) launched a project - *Support to the Development of Livelihoods in Disadvantaged Rural Regions of Georgia – Mestia/Samegrelo - Upper Svaneti Region* - through which we, together with Care Austria and the Austrian Development Agency (ADA), started working to promote rural development in Mestia municipality.

In order to address challenges associated with poverty and unemployment, the project team implements the **EU-LEADER/Community-Led Local Development (CLLD) methodology** to bring together local government officials, farmers,

CSOs, youth groups, business owners and other active community members, and to unite them under a local action group (LAG) – a platform for identifying challenges and encouraging locals to play a key role in the development of Mestia.

At the time of writing, the LAG united 115 people from 17 communities of Mestia Municipality. At this stage, the LAG is well-formed institutionally and the main local needs and areas with potential for further development have already been identified. In 2019, we conducted 5 capacity-building trainings for the LAG members, covering some of the following topics: communications, research methods, advocacy, local government competencies, and organizational development.

LAG members have developed the Local Development Strategy (LDS) of Mestia Municipality for 2020-2024 and we have supported and assisted them in various directions including gender and diversity and environmental protection, while providing them with key inputs to align the LDS with national policies.

We have also worked with the LAG to establish a grant scheme to fund priority action set by the LDS, and strengthened the capacity of its executive board to coordinate, monitor and manage the implementation of the strategy.





LEVERAGING SME FINANCE

Small- and medium-sized enterprises (SMEs) play a crucial role in economic development, especially in transitional countries, thus making it vitally important to understand their needs and how best to support their further development.

With this in mind, we worked on the research “Leveraging SME Finance through Value Chains in Georgia” supported by the Asian Development Bank (ADB), the Asian Development Bank Institute (ADBI) and the CAREC Institute (CI).

The research was focused on studying the challenges facing SMEs in Georgia in terms of access to finance. Once the research had been conducted, the paper was designed to analyze several key aspects, especially the cultural, procedural, institutional and regulatory incentives and disincentives encountered by SMEs seeking to access finance. It also looked at the reasons behind such access being hindered or blocked, and assessed the level of financial knowledge and skills among SME managers in Georgia.

Based on the study's results, we elaborated policy recommendations to promote greater access to finance for SMEs and trade finance in Georgia, especially in agri-business, taking into account the best global practices, with the ultimate aim of increasing the financial expertise of SME managers.

The paper was included in the working papers of the ADBI and the CI, and was published as a separate chapter in a book jointly published by the ADB and the CI.

“SMEs can access more finance through involvement in value chains. Development of formal relationships, such as contract farming, could help to increase SMEs' involvement in value chains and thus improve their access to finance,” outlined Giorgi Khishtovani, Director at PMC Research, during the presentation of the research in Astana, Kazakhstan.



ANALYZING THE IMPACT OF THE BELT AND ROAD INITIATIVE (BRI) IN THE SOUTH CAUCASUS

We contributed to the “Country Note on the Belt and Road Initiative in the South Caucasus” under the Emerging Markets Forum project on the BRI.

The study in which we partook aimed to analyze the impact of the BRI on the countries of the South Caucasus (SC) and to ascertain how these countries individually, and through regional cooperative efforts, can maximize the benefits of the Initiative and manage its potential risks.

More specifically, the research examined aspects related to: the integration of BRI investments with national plans of governments and regional plans of organizations; and the involvement of regional organizations in planning, implementing and monitoring BRI programs. Moreover, it covered how international organizations can ensure maximum benefits (at minimum cost/risk) from the BRI.

We have subsequently presented study recommendations in Switzerland, at the Eurasia Emerging Markets Forum, which was co-hosted by the Swiss National Bank.

“It was very interesting and fruitful to exchange perspectives on the BRI with my colleagues from Tajikistan, the Kyrgyz Republic, Uzbekistan and Kazakhstan regarding the benefits and challenges of the Belt and Road Initiative (BRI) for the Central Asia and Caucasus (CASC) region,” said Giorgi Khishtovani, Director at PMC Research.

Our analysis was included in a book entitled China's Belt and Road Initiative: Potential Transformation of Central Asia and the South Caucasus, published by the Emerging Markets Forum. The chapter entitled The Belt and Road Initiative in the South Caucasus covers topics such as: infrastructure connectivity; trade facilitation between China and the region; financial integration; policy coordination; future outcomes and potential impacts and risks along the BRI; and recommendations.





ANALYZING PRIVATE SECTOR TRENDS AND GAPS IN THE EMPLOYMENT MARKET

We believe that research-based policymaking is crucial for effective and sustainable development. Thus, we were pleased to launch an applied research project - "The regional market assessment in Georgia using components of Smart Specialization" - aiming to assess the private sector in Tbilisi and five target municipalities within Kvemo Kartli and Samegrelo-Zemo Svaneti regions.

The study was conducted under the GIZ project - *Economic Participation of Internally Displaced Persons and Vulnerable Local Population in the South Caucasus (EPIC)* - in partnership with Action Against Hunger, a global humanitarian organization.

The main goal of the project was to enhance assessment by providing information on **business trends and gaps in the labor market, as well as on opportunities for synergies and linkages in order to identify the most concentrated and competitive sectors of the targeted regions.**

More specifically, we analyzed the current size of the market and key business sectors in the regions and identified new businesses to have been established therein. Moreover, we

examined the main constraints affecting businesses and identified gaps in the labor market in terms of human resources, skills, knowledge and experience.

Overall, the research outcomes should support different groups of society to improve their access to employment, as well as boosting their entrepreneurial and educational opportunities.



ASSESSING CHANGES IN THE BUSINESS ENVIRONMENT

With the aim of analyzing the business climate in Georgia, in 2019, we, together with the ifo Institute for Economic Research (one of the leading economic research institutes in Europe) and the Business Association of Georgia (BAG), have started working on the BAG Index and the BAG Investment Survey.

The quarterly BAG Index, Employment Barometer, and the biannually published BAG Investment Survey aims to assess the business environment in Georgia, as well as to outline future expectations of the private sector and to evaluate their planned responses to the changing environment.

"When we started thinking about developing the BAG Index, we thought that learning from the experience of the ifo Institute, which has been preparing this kind of index for many years in Germany, would be vital. The BAG Index measures sectoral levels, namely construction, trade, manufacturing, and service. One of the main components of the BAG Index is ascertaining how association members assess the changing business environment," said Giorgi Khishtovani, Director at PMC Research, who added that "the index will cover the largest Georgian companies and their assessment will be critically important in identifying the major challenges facing the Georgian economy."





CONTRIBUTING TO ENHANCING HUMAN CAPITAL

Georgia was listed as an “Early Adopter” in the World Bank’s *Human Capital Index (HCI)*, which focuses on investment in the human capital of future generations.

We were honored to become part of the initiative and to support the Government of Georgia (GoG) as an “Early Adopter.” The main goal of the collaboration was to assist the GoG to develop a vision of how to increase demand for a higher quality and quantity of investments in people. Furthermore, it is also intended to strengthen Georgia’s human capital strategies and investments to achieve rapid improvements in outcomes, and to enhance the measurement of human capital.

In this process, we analyzed the current situation, which included the identification and annotation of relevant policies across the following HCI component areas: child

survival, stunting, adult mortality, years of schooling, and harmonized education outcomes; government and development partner interventions related to HCI areas; existing service delivery platforms, including institutional arrangements and particularly front-line delivery; public expenditure data on human capital investments and donor assistance; and social accountability mechanisms related to social services, including public perception surveys, public awareness campaigns, and grievance redress mechanisms.

The documents subsequently developed should serve as the basis on which to develop actionable policies and programs, and to ramp up innovative and results-oriented financing options for human capital investments in Georgia.



CORPORATE SOCIAL RESPONSIBILITY

Empowering Progress



As well as supporting governments and communities by delivering simple, comprehensive and progressive services, we go the extra mile by using our experience and expertise to empower youth, thereby ensuring progress for generations to come.

We know that providing young people with developmental support is key to securing an effective and sustainable future for the country. Moreover, we are certain that the youth play a crucial role in steering national progress, especially in developing countries. Accordingly, we are determined to continue empowering young people by assisting them to obtain high-quality education.

With this in mind, we launched our scholarship program in 2015 and since then we have continuously financed students to complete their studies in master's programs at top-tier universities.

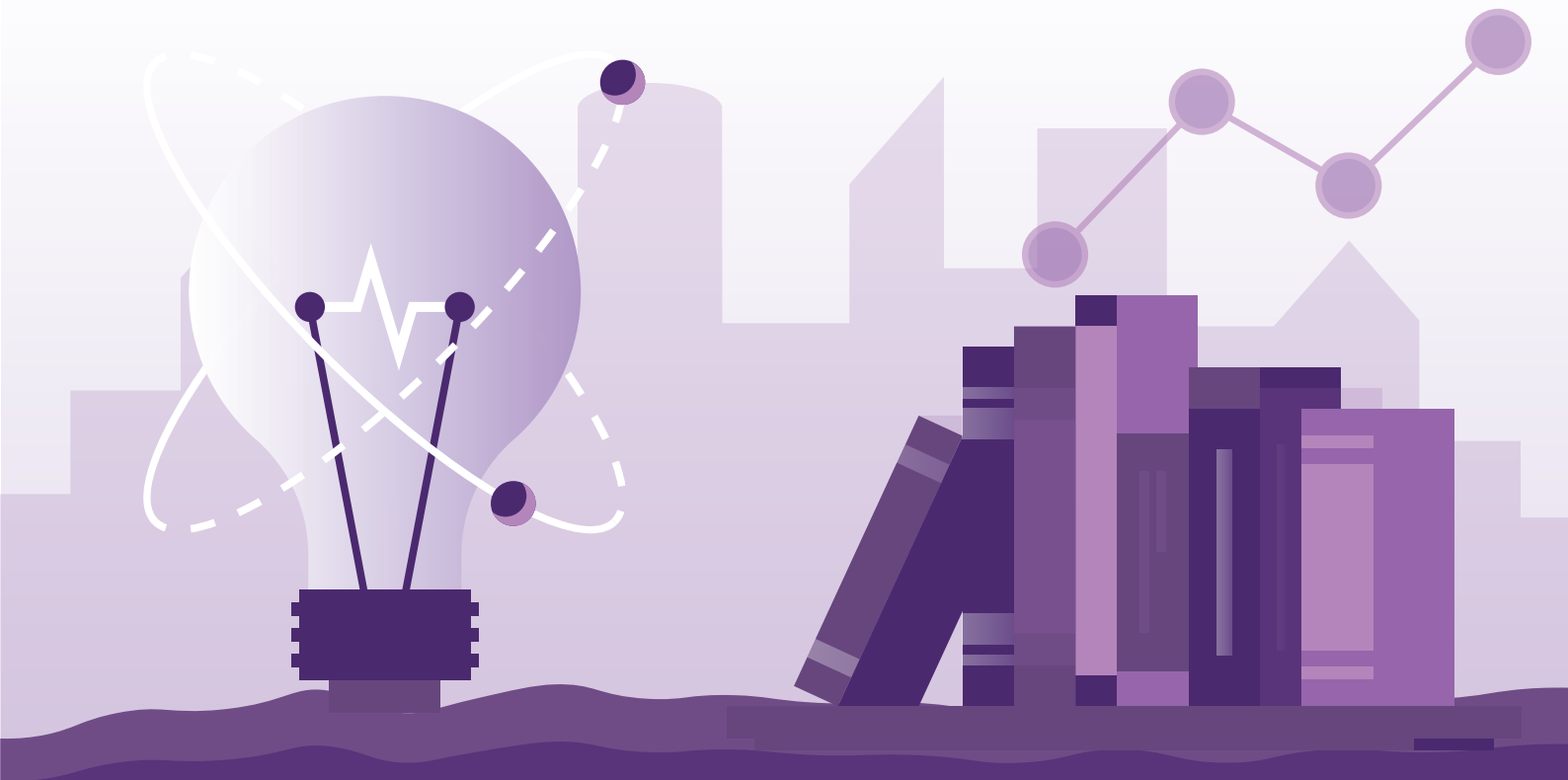


"We strongly believe that the progress of the country depends on well-educated and highly motivated young people and we are glad that by investing in a stable and progressive future we make a small contribution," explained David Lezhava, Public Policy Sector Director at PMCG.

Furthermore, the most fundamental component of our CSR efforts entails enhancing the company's working conditions year on year. As our staff are clearly essential to the company's success, their professional growth given top priority.

We respect and value our employees, not only by ensuring equal opportunities to all but also by boosting their career prospects.

In 2017, we have launched the Employee Personal Develop-



ment Program within which every team member prepares an individual plan based on their own personal development needs on a yearly basis. At the beginning of the year, these plans are gathered and a comprehensive annual training plan is developed for the whole team. Meanwhile, the achievements of this particular program have gained widespread recognition and PMCG was honored to be named a “Responsible Employer” in Georgia’s Responsible Business Awards 2018 (known as Meliora).

“We are happy that our Employee Development Program was acknowledged among other deserving initiatives. As for the consulting company itself, it’s more important for us to have educated professionals on board, as they are major assets for us. We believe that the only way to gather such people is to create an environment where everyone has an equal opportunity to develop and grow,” said Marika Gogoladze, Human Resources Manager at PMCG.

In addition, we continue to provide direct care, public advocacy, family support services and training to under-18s through a partnership with First Step Georgia, which is an organization focused on enhancing the quality of life for children with special needs. By providing financial support to them, we play a small but meaningful role in protecting their rights and equal status in the community.

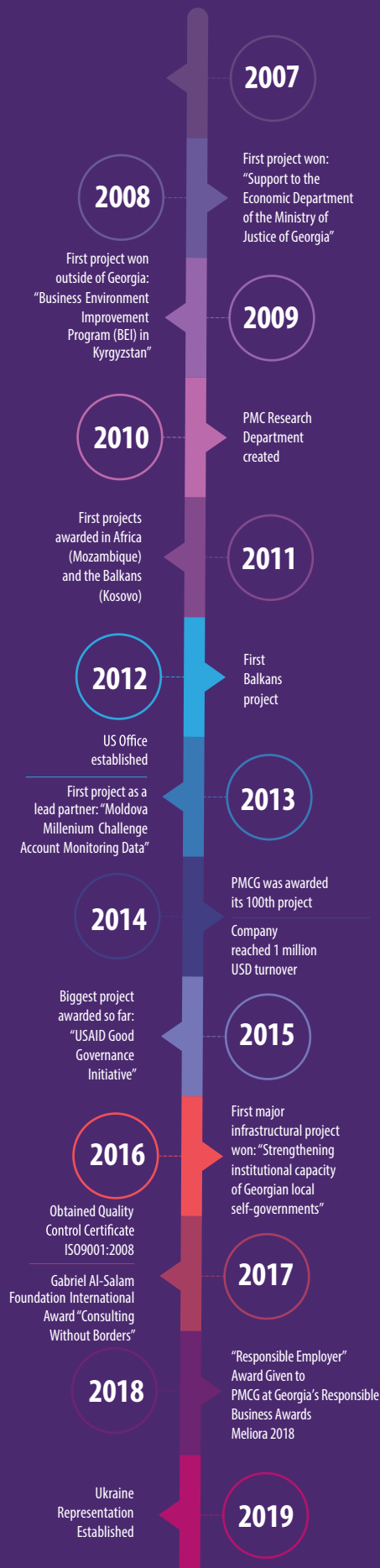
We have also affirmed our commitment to CSR by becoming a member of the United Nations Global Compact, the world’s

largest corporate sustainability initiative. By joining this network, we confirmed that our strategies and operations align with universal principles on labor, human rights, anti-corruption and the environment.

“It’s a great honor to become a part of this initiative and to contribute in making the world more sustainable and transparent. We believe that being responsible is the only way for companies to operate in the modern world. At the same time, this is a source of motivation for our team to take action to advance societal goals and reach tangible results,” explained Tamar Japaridze, Executive Director at PMCG.



PMCG'S MILESTONES





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