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Sida Decentralised Evaluation

Pierre Walther
Nino Parthaladze

Evaluation of ISET Policy Institute Promoting Georgia's Development through Independent Policy Analysis, Trainings and Civil Society Engagement

Final Report

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**Final Report
March 2019**

**Pierre Walther
Nino Parthaladze**

Authors: Pierre Walther and Nino Parthaladze

The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: SE-105 25 Stockholm, Sweden. Office: Valhallavägen 199, Stockholm

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

E-mail: info@sida.se. Homepage: <http://www.sida.se>

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Abbreviations and Acronyms

APRC	Agricultural Policy Research Center
ADB	Asian Development Bank
BA	Bachelor of Arts
BAG	Business Association of Georgia
BEM	Budget Execution Monitor
BCI	Business Confidence Index
CCI	Consumer Confidence Index
CIS	Commonwealth of Independent States
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DCID	Duke Centre for International Development
EEPRC	Energy and Environment Policy Research Center
EERC	Economics Education and Research Consortium
ESPRC	Education and Social Policy Research Center
EQ	Evaluation Question
ENPARD	European Neighbourhood Programme for Agriculture and Rural Development
ET	Evaluation Team
EU	European Union
G4G	Governing for Growth in Georgia (USAID funded project)
GAFRD	Georgian Alliance for rural development
GB	Governing Board
GDP	Gross Domestic Product
GEL	Georgian Lari
GeosStat	Georgian National Statistical Office
GFA	Georgian Farmers Association
GFSIS	Georgian Foundation for Strategic and International Studies
GGF	Good Governance Fund
GNERC	Georgian National Energy and Water Supply Regulatory Commission
GIZ	German International Cooperation
GTA	Georgian Tourism Administration
HRBA	Human Rights Based Approaches
HEKS	Hilfswerk der Evangelischen Kirchen Schweiz
ICMPD	International Centre for Migration Policy Development
IFC	International Faculty Committee
IMF	International Monetary Fund
ISSET	International School of Economics at Tbilisi State University
ISSET-PI	ISSET Policy Institute

ABBREVIATIONS AND ACRONYMS

ISWD	Industry-led Skills and Workforce Development
M4P	Market for People
MA	Master of Arts
MEPA	Ministry of Environment Protection and Agriculture
MoESD	Ministry of Economy and Sustainable Development
MoF	Ministry of Finance
MoJ	Ministry of Justice
MOU	Memorandum of Understanding
MPRC	Macro-economic Policy Research Center
MTDS	Mid-Term Debt management Strategy
NBG	National Bank of Georgia
NDI	National Democratic Institute
NGO	Non-Governmental Organisation
ODI	Overseas Development Institute
OGSM	Objectives Goals Strategies Measures
PEC	Policy Expert Committee
PEER	Partnership for Economics, Education and Research
PhD	Doctor of Philosophy
PMCG	Policy and Management Consulting Group
PPD	Public Private Dialogue
PRC	Policy Research Center
PSD	Private Sector Development
PSDRC	Private Sector Development Research Center
PwC	PricewaterhouseCoopers
RED	Research, Education Development Fun
REM	Real Estate Market
RIA	Regulatory Impact Assessment
SCMI	State Commission on Migration Issues
SDC	Swiss Agency for Development and Cooperation
SEK	Swedish Krona
Sida	Swedish International Development Agency
SWOC	Strengths, Weaknesses, Opportunities, Constraints
TI	Transparency International
TL	Team Leader
ToC	Theory of Change
ToR	Terms of Reference
TSU	Tbilisi State University
TTF	Think Tank Fund
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Program
UNEG	United Nations Evaluation Group
US	United States
USAID	United States Agency for International Development

ABBREVIATIONS AND ACRONYMS

USD	United States' Dollars
VET	Vocational Education and Training
WB	World Bank

Preface

In November 2018, the Embassy of Sweden in Tbilisi contracted NIRAS Sweden AB, to conduct the evaluation of the Sida-supported Evaluation of ISET Policy Institute of ISET Policy Institute Promoting Georgia's development through Independent Policy Analysis, Trainings and Civil Society Engagement, implemented by ISET Policy Institute. The objective of the project is to: 1) Provide policy analysis, knowledge and ideas in priority areas 2) Develop the capacity within the government of Georgia to design and implement policies consistent with its 2020 strategy 3) Educate the public and work with businesses and civil society groups to facilitate a participatory process of policy formulation and debate 4) Ensure the intellectual and financial sustainability of ISET-PI as the leading economic policy think-tank and key civil society actor in Georgia.

The evaluation took place from November 2018 to February 2019. It included a country visit to Georgia to perform stakeholder interviews and an analysis of the relevant key documentation provided by ISET Policy Institute. The evaluation team consisted of the following experts:

- Dr. Pierre Walther (Team Leader) and;
- Ms. Nino Partskhaladze (National Evaluator)

Emelie Pellby managed the process at NIRAS Sweden. Ted Kliet provided the quality assurance.

The team wants to thank the ISET Policy Institute in Tbilisi for the excellent support received during the whole evaluation process. All findings and recommendations represent the view of the evaluation team and need, therefore, approval by the concerned parties.

Executive Summary

Introduction

The ISET Policy Institute (ISET-PI) is an initiative of the International School of Economics at Tbilisi State University (ISET) which was founded in 2011 by the Partnership for Economics, Education and Research (PEER), a US-based NGO, and the Tbilisi State University (TSU). ISET-PI is registered in Georgia as an NGO, managed by the Governing Board (GB) of ISET.

The Swedish International Development Agency (Sida) supports ISET-PI with a core grant for institutional development of USD 2,974,242, for the period December 2014 till September 2019. The main goal is to establish ISET-PI as an economic policy institute in the South Caucasus.

The project document which ISET submitted to Sida, includes the following objectives¹: (a) to provide policy analysis, knowledge and ideas to support in priority areas; (b) to develop capacity within the Government of Georgia; (c) to educate the public and work with businesses and civil society groups; and (d) to ensure intellectual and financial sustainability of ISET-PI as the leading economic policy and key civil society actor in Georgia.

The Sida support will end in September 2019, and it was agreed that the results of the grant would be evaluated. The evaluation was conducted between November 2018 and January 2019 and consisted of document review, an online survey among ISET-PI partners, and a field visit during which interviews with a wide range of respondents including staff of ISET-PI, ISET and government institutions as well as other institutional stakeholders of ISET-PI were undertaken. The evaluation team (ET) consisted of the following experts: Dr. Pierre Walther (team leader) and Nino Parthaladze (national expert).

General

From an institutional point of view, the model of PEER, ISET and ISET-PI is an effective and sustainable approach in the context of Georgia. PEER manages the contracts of senior staff and guarantees a certain autonomy of ISET from the TSU. The

¹ Formulations slightly shortened

Memorandum of Understanding (MOU) between PEER and the TSU which forms the basis for ISET, was recently renewed and runs until 2028.

From an organisational point of view, ISET-PI is a project of ISET, clearly defined in the organogram, but registered as an NGO in Georgia. The registration is needed to execute mandates in policy research and to participate in tenders. In practice, however, ISET-PI is a unit of ISET and fully managed by ISET. This includes the auditing of the accounts of the NGO.

Looking into the future, the GB has quite ambitious goals. It wants to move ISET from a donor-dependency to an independent and self-sustained institute, with outreach into the region of South Caucasus. Student numbers of ISET's ongoing Master (MA) and the newly established Bachelor (BA) programme are expected to grow substantially in the forthcoming years. A new director of ISET is expected to join in March 2019.

The motivations for establishing ISET-PI were quite diverse. On the one hand, ISET-PI should become a pillar of income generation for ISET. On the other hand, ISET-PI should offer a career to senior staff who did not qualify for a tenure position at ISET. Others expected that ISET-PI would become a resource for the consultancy sector in the South Caucasus or should help to enhance economic training at ISET. In the eyes of the ET, the first mentioned (income generation) was the main force driving the establishment and operations of ISET-PI.

With the help of the Sida grant, ISET-PI grew from three to 24 collaborators. Each of the staff members is assigned to one of the five policy research centres (PRCs). This growth is impressive but was also possible only because Sida funded around 43% of the budget of ISET-PI and the staff costs.

In the eyes of the ET, the Sida funds, and in particular the income generated by ISET-PI, were not used to the extent possible for the development of ISET-PI as a policy think tank, working in the public interest. The focus was rapidly on income generation. The Sida grant led to income, and this was partly used for cross-subsidizing the academic activities in ISET. There were cases in which it distorted the consultancy market in Georgia, as it offered consultancy services for very low prices, and as it did not have to include all costs in its tariff calculations.

Relevance

ISET is a highly respected and relevant school, with a strong identity in being the champion in providing Western standard economic thinking and analysis to the South Caucasus. The vision to complement the academic research with a policy think tank, translating results of economic research into public debates and supporting policy makers, is relevant. This can also generate some income.

The vision materialised to some extent as ISET-PI appears in all categories of the Global Think Tank Index produced at the Lauder Institute of the University of Pennsylvania. This is an achievement.

However, and in the eyes of the ET, it did not materialise entirely (see discussion below). The ET identified the following reasons: (a) the project document submitted to Sida in 2014 was formulated too broadly, quite ambitious, without any clear underlying strategy, assessed for example in a feasibility study; (b) the temptation for ISET to use ISET-PI mainly as fundraising programme was too high and drove ISET-PI rapidly into consultancies; (c) consequently, senior staff was over-burdened with work and different tasks; (d) since 2016, the pressure to generate funds was further increased by introducing fundraising targets for each Policy Research Centre (PRC); (e) lack of a clear leadership and vision to develop ISET-PI into a think tank, in the public interest.

ISET-PI works in very relevant topics. And the know-how offered by ISET-PI staff and in its studies is largely highly relevant. Partners of ISET-PI acknowledge mainly the economic competence of the staff, and ISET could further strengthen this by developing more deliberately synergies between its academic wing and ISET-PI. This must not necessarily be in-house competence.

The Theory of Change (ToC) which remains implicit, is certainly relevant, but also based on critical assumptions. ISET-PI has the potential to promote development in the South Caucasus through independent policy analysis, training, and civil society engagement. The ISET strategy (2016) – Objectives, Goals, Strategies, Measurements (OGSM) - is a solid management instrument. It could be complemented with narrative elements, to strengthen communication.

Effectiveness

Since December 2014, ISET-PI carried out 60 projects, many of them quite relevant. Most of the deliverables of ISET-PI were produced within the framework of externally funded projects. In terms of funding, there was a mix of small (e.g. often co-funded by Government) and larger projects (e.g. funded by international donors). Offering services below market prices was an issue. Approximately 50 percent of the projects had a financial volume of more than USD 10,000.

With regards to objective 1 in the project document (to provide policy analysis), the annual reports provided by ISET-PI give a very positive picture which could be largely verified. The results of the analysis of a randomly selected sample of 10 projects leads to more modest conclusions. Attribution of policy results to ISET-PI is often difficult, and often ISET-PI was more a consultant providing special expertise (economics) to policy dialogues carried out by others.

Results in objective 2 (develop the capacity in the Government) are less than promised in the project document. For example, there are relatively few trainings. The main achievements are related to activities undertaken by the academic wing of ISET, and less to ISET-PI. The list of ISET alumni with 317 members is impressive. ISET is penetrating many relevant ministries and agencies in Georgia, and this network is a great resource, also for ISET-PI.

Regarding objective 3 (educate the public), ISET collaborates with media partners, and produces many relevant blogs. From a communication point of view, the approach is, however, quite traditional and the visibility of ISET-PI remains low compared to what it could be. Good examples are found in projects in which specific funds for communication were available. The Sida grant would have been an excellent opportunity to invest in more appropriate communication formats (e.g. videos, standard formats for policy briefs).

There is little convincing evidence that the intellectual and financial sustainability of ISET-PI is ensured (objective 4). Till now, Sida cross-subsidised considerably the academic wing of ISET. Services were often under-priced. Soon, a new director will join ISET, and this may affect the role of ISET-PI in ISET. ISET might be in a position to fund activities of ISET-PI. Whether this will happen, will depend on the GB. To expect that ISET-PI will generate substantial revenues for ISET, is optimistic.

Impacts

Together with partners like Care, Oxfam, the German Economic Team or Deloitte, ISET-PI has been pioneering new concepts and policy shifts such as market-based approaches in agricultural policy, value chain analysis, pre-school education, or debt management. Regulatory Impact Analysis (RIA), depending on the situation supported by external experts, had also significant impacts. However, evidence does not suggest that policy impacts can be attributed directly to ISET-PI.

ISET-PI internally, there are ambiguities between being present in many sectors (to generate revenue and adapt to market forces), seeking excellency in economic research, and achieving policy impact. More know-how and capacity (interdisciplinary team, communication expertise), and a strategic approach to alliance building and lobbying would be needed to make a significant difference in terms of policy impact.

In Georgia, there are significant limitations to evidence-based policy making. Examples are: frequent changes in the Government; the Government is not very receptive to evidence-based arguments or advice; policy making is frequently linked to larger investment projects in which donors or international consultant teams are in the lead (e.g. reform in the water sector; investment in the energy sector).

ISET-PI's efforts to regularly calculate and publish indices make sense. A more ambitious project would have been to elaborate a model of the economy of Georgia. This was discussed in the Policy Expert Committee (PEC) but never materialised. A close collaboration or an MOU with the GeoStat, the statistical service of Georgia, could help to position ISET-PI as a think tank.

Governance, Management, Efficiency

The new president of the GB, advisor to the Minister of Economy and Sustainable Development of Georgia, who joined in 2016, brought significant innovations to the management of ISET, and this affected also ISET-PI. The main instrument is OGSM

(objectives, goals, strategies, measurements). Salaries of PCR heads will be calculated on the basis of whether they meet performance targets, also in fundraising.

The former Director (then called: President) of ISET was the main promoter behind ISET-PI. He left in summer 2018. Thus, the president also acts as ad-interim director of ISET, and quite some decision-making power has been shifted from the GB to the Executive Board. In March 2019, a new director, a former manager of the World Bank in Turkey with Georgian nationality, will join ISET.

Given that ISET-PI is relatively small and acts in a challenging environment for fundraising, the ET questions whether it is a wise decision to define performance indicators in fund-raising at the level PRC. Rather, they should be defined, at least partly, at the level of ISET-PI, to encourage that senior staff collaborates as a team and has incentives to carry out research. With the present system, there is a risk that the team of ISET-PI drifts apart.

Presently, the duties and responsibilities of PCR heads are far too widespread. They should be champions in fundraising, manage a team, participate in joint activities and innovations, supervise master thesis, make research, and team at the faculty of ISET. This is not realistic.

ISET-PI lacks a service centre which supports the PRC heads, specialists and researchers. Such a centre could also be established at the level of ISET. Important tasks are: development of the network of partners (with MOUs), strategic communication, management of the know-how pool, and support in administrative matters.

The fact that ISET-PI is an NGO, by Georgian law obliged to have a separate bank account, but that it is managed entirely by the Director of ISET, seems to be a feasible set-up. This seems to work in practice.

ISET counts on two very experienced Deputy-Directors who joined recently and have a strong background from the private and business sectors. They are in the process of revising the recruitment policy. Gender is taken seriously.

Sustainability

The main promoter of ISET-PI, the former President of ISET, has left ISET and established his own consultancy firm, directly competing ISET-PI. This is not ideal. On the other hand, it forces ISET-PI to become more innovative and to position itself clearly as a think tank, committed to research, and to public interests.

Regarding viability of the business model of PEER/ISET, including ISET-PI, the ET heard the presentation of the President of the GB (a) that ISET is able to grow substantially in the forthcoming years, and (b) that this will allow to finance the whole set-up, including ISET-PI. The President expressed the clear intention to make ISET to a large extent independent of donor financing.

At the level of ISET (MOU between PEER and TSU), quite some progress has been made to ensure sustainability. It is likely that ISET will be provided the status of an independent international school, what would give it more freedom in the management of the faculty and of students.

The Sida grant which covered 32% of the total income of ISET, will come to an end in September 2019. The GB is preparing for this potential phase of austerity which could last for several years. Impacts on ISET-PI remain rather unclear. The potential to survive with consultancies is questionable. The feasibility of ideas presented by the team of ISET-PI to the ET needs further discussions. ISET needs clear leadership to guide ISET-PI into the future.

To develop the full potential for growth and impact, will require some time, under the leadership of the new Director, and capitalizing on the experiences gained so far. A realistic deadline for consolidation is December 2020.

Recommendations

Key recommendations to Sida are:

1. Grant agreements, with a potential to distort the consulting market, should be better planned. This could include a feasibility study, and clear milestones to be achieved (e.g. products, services).
2. Sida should consider extension of the present project phase till December 2020, also to give the new Director resources to position and consolidate ISET-PI in a sustainable way.
3. ISET should present to Sida a proposal and budget of what it wants to achieve in this extension phase, taking the findings and recommendations of this evaluation into account. Priorities are: (a) strengthening of the profile of a think tank working in the public interests; (b) investments into positioning ISET-PI as a think tank.

Key recommendations to ISET/ISET/PI are:

1. ISET should capitalise on the experiences made so far, also considering the results of this evaluation as an external input, and/or inviting partners and stakeholders. The capitalisation should lead to a clear branding of where ISET-PI wants to make a difference in the future.
2. ISET-PI should position itself as a high-quality economic think tank, being rather a resource than a competitor of consulting firms. Staying in a regular dialogue with international specialists and local partners, it should be a hub for innovations.
3. ISET-PI should act more as one team, not structured into separate PRCs. Each senior consultant can have his/her specialisation, but the approach and the philosophy should be the same. Fundraising targets should be set for the whole team and not for each PRC.
4. To achieve this, ISET-PI needs a coordinator and also pooling of some activities. The coordinator could be the first address for administrative tasks and play a role in elaborating a system for quality control and developing the network of partners.

5. What is definitively needed is a stronger communication team. ISET-PI needs to develop new communication channels (e.g. videos), and convincing templates for its products (e.g. policy briefs). Translation of major outputs into Georgian language is needed to reach the target audience.

1 Introduction

1.1 BACKGROUND

1.1.1 General

The International School of Economics at Tbilisi State University (ISET) was established in 2005 in response to a letter from the Georgian Prime Minister to the President of the World Bank, asking for support to establish capacity to train young economists in the South Caucasus in modern economics, and to conduct economic research in the region. It is a programme, based on a Memorandum of Understanding (MOU) between the Partnership for Economics, Education and Research (PEER) and the Tbilisi State University (TSU), and located in the Faculty of Economics at TSU.

The Partnership for Economics, Education and Research (PEER) is a US-based NGO, founded in 2006 to provide ISET with governance and fundraising. It is linked to the Economics Education and Research Consortium (EERC) which was established in 1995 to strengthen economic education and research in the Commonwealth of Independent States (CIS) countries of the former Soviet Republics.

The ISET Policy Institute (ISET-PI) started as an initiative of ISET. It was founded in 2011 by PEER, with the financial support of the Think Tank Fund (TTF) of the Open Society Foundation. To be viable, it had to be registered in Georgia as an NGO. ISET-PI is managed by the Governing Board (GB) of ISET.

1.1.2 The Sida project

Sida supports ISET-PI till September 2019 with a core grant for institutional development. The basis was a proposal elaborated by ISET-PI, and funding started in December 2014. The main objective is to establish ISET-PI as the top economic policy think tank in the South Caucasus, by forming four specialised policy research centres (PRC): in macro-economics (MPRC), education and social policy (ESPRC), private sector development (PSDRC), energy and environment (EEPRC). The model for the four new PRC was the agricultural policy research centre (APRC) which had been established earlier with a grant of USAID.

For Sida, the overall rationale for supporting ISET² and ISET-PI is to strengthen Georgia's fledgling democracy and to contribute to the quality and balance of decision-making in key areas of economic policy. The support contributes mainly to Result Area 1 (economic integration with the EU, development of a market economy), and to a lesser extent to Result Area 2 (strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law) of the Swedish cooperation strategy for the region³.

Beside ISET-PI, Sida supports other civil society organisations (CSO) and think tanks in Georgia. They all work in a similar direction and could, theoretically, complement each other. Examples are: The Georgian Foundation for Strategic and International Studies (GFSIS), Transparency International (TI) Georgia, the National Democratic Institute (NDI), Orbeliani, or Clean-up Georgia.

1.2 THE EVALUATION

1.2.1 Subject and scope of the evaluation

Subject and scope of the evaluation are described in the Terms of Reference (ToR), presented in [Annex 1](#). Subject and scope of the evaluation were more clearly defined in the inception phase of this evaluation. Specifically, the evaluation should:

1. Help the Embassy of Sweden and its partner PEER to assess progress of this ongoing project to learn from what works well and what challenges remain.
2. Assist and provide recommendations to ISET and ISET-PI based on findings with regards to: the future viability of ISET-PI; re-activeness of ISET-PI to policy market demand; organisation of central focus areas (PRC); effectiveness in terms of intended policy impacts.

The evaluation focused not only on activities directly or indirectly supported by Sida in ISET-PI, but also on the viability of the initiative in the context of PEER and ISET. For Sida and its partners, the evaluation should serve as a tool to reflect on ISET-PI's policy impacts and provide lessons learnt about the sustainability of the set-up and the results achieved.

1.2.2 Evaluation Team (ET) and implementation

The evaluation team (ET) consisted of: Dr. Pierre Walther (team leader), and Nino Parthaladze (national expert). The two experts complemented each other. The final report was elaborated jointly and in mutual agreement.

² Before 2014, Sida was supporting ISET directly. With the adoption of the results strategy for Sweden's reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020, it was no longer possible to fund directly a training and education institute.

³ See Annex 5 for the organisational structure of ISET-PI, its vision, and main objectives. Further information is provided in Section 1.3 and Section 2.1.

The evaluation was implemented in a very short time period, between late November 2018 and end of January 2019. It comprised a mission to Georgia (17 to 21 December 2018), an online survey, and many interviews with stakeholders and partners of ISET and ISET-PI.

The programme of the evaluation, the list of persons met, and the list of documents reviewed are presented in the [Annexes 2, 3 and 4](#). A summary of data, provided by ISET to the ET is presented in [Annex 5](#).

1.3 THE EVALUATION SUBJECT

The subject of the evaluation is described in the project document, named “ISET Policy Institute – Promoting Georgia’s development through independent policy analysis, trainings and civil society engagement” (December 2014 to September 2019), financed by Sida with an amount of USD 2,974,242.

The key objectives are listed in the project document:

1. Provide policy analysis, knowledge and ideas to promote reforms in priority areas
2. Develop the capacity within the government of Georgia to design and implement policies, consistent with its 2020 strategy
3. Educate the public and work with businesses and civil society groups to facilitate a participator process of policy formulation and debate
4. Ensure intellectual and financial sustainability of ISET-PI as the leading economic policy think tank and key civil society actor in Georgia.

ISET-PI is managed by ISET and its Governing Board (GB). Due to the institutional complexity (PEER, TSU, ISET as a programme, ISET-PI as an NGO), particularly objective 4 required an analysis of the wider institutional context: ISET-PI had to be understood in the context of ISET, also in terms of financing, sustainability of the organisational set-up, or interactions between the academic wing in ISET and ISET-PI.

Financially, the Sida grant is a substantial contribution to ISET. From the start of the project till June 2018, Sida covered 32% of the revenues of ISET. According to the financial figures presented in [Annex 4](#), the grant was used for the following activity lines: salaries of senior policy staff (29%), scholarships (21%), junior researchers (19%), senior management (18%), and administrative expenses (13%). The latter two (31%) can be regarded as an overhead to ISET management.

1.4 APPROACH AND METHODOLOGY

1.4.1 Evaluation Approach

The budget and the short time available for this evaluation, did not allow for a profound analysis and comprehensive description of all achievements of ISET-PI. Rather, the ET presents a general description, nevertheless a suitable basis for justifying findings and recommendations.

This approach stays in accordance with the expectations of the Swedish Embassy in Georgia. It does not expect a description of what it already knows from annual reports, but rather an independent assessment, with clear findings and recommendations. This approach is also shared by the management of ISET. Ideally, the evaluation should be summative as well as formative, contributing to the learning on how to consolidate ISET-PI in the context.

In the discussion with the partners, it was decided that the ET had to cover all five PRCs with the equal amount of input. With the resources available, the ET was able to present (a) a general, based on reports and interviews held with staff and partners, and (b) to analyse a small sample of randomly selected projects in more detail (two for each policy centre).

The Log Frame of the Sida-funded projects lists 30 outcomes. ISET did not present a consolidated report on targets and achievements over the whole project phase. Nevertheless, the information provided was sufficient for a summative description and analysis.

1.4.2 How to measure policy influence

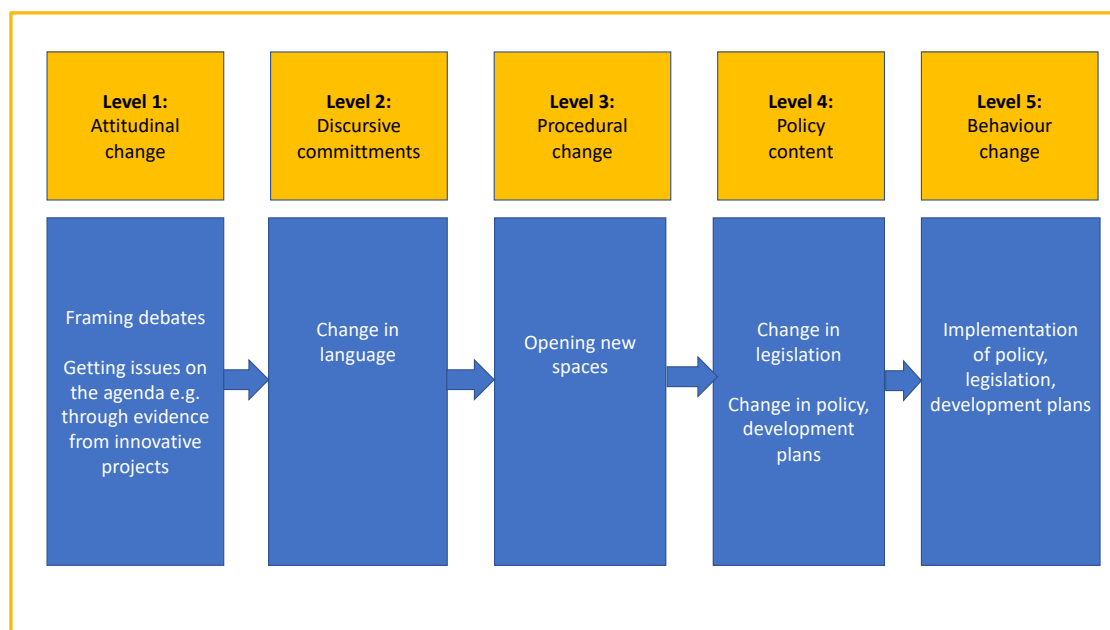


Figure 1: Concept to guide evaluation of policy influencing

For the measuring of policy influence, the ET applied the model which is presented in [Figure 1](#). The model has been elaborated at the basis of inputs from various sources such as the Overseas Development Institute or the United Nations Evaluation Group (UNEG)⁴.

⁴ Jones, N. with Villar, E. (2008), Keck, M. and Sikkink, K. (1998), ODI, 2001, UNEG, 2013, amended.

The model was helpful for the description and analysis of the effects achieved by the interventions of ISET-PI (e.g. studies, trainings, policy briefs, dialogues). It also helped to identify the main obstacles for the success of the project. The ET used the model to conceptualise policy impacts achieved by ISET-PI in the PRCs (see [Annex 8](#)) and in a randomly selected sample of projects (see [Annex 9](#)).

1.4.3 Methods applied

The ET applied a number of methods, and results were triangulated to consolidate evidence for the evaluation.

Document reviews

The management of ISET provided the ET with reports and documentation such as annual reports, audit reports, or internal documents such as minutes of meetings and process descriptions (see [Annex 4](#)). A consolidated Theory of Change (ToC) was not available.

Qualitative evaluation techniques were used to analyse this information. For example, the ET analysed the institutional set-up or examples of good practices of similar think tanks in the region, as benchmarks for comparisons.

Data analysis

Management of ISET-PI presented quantitative data. Financial data was presented in the annual reports, and it was translated into a consolidated form by the ET. Data on projects were visible on the website of ISET-PI. The ET used descriptive statistics. The ET also compiled some data from the documents (see [Annex 5](#)).

Since 2016, ISET defines and measures targets and achievements quarterly measured in a new management tool, called Objectives, Goals, Strategies, Measurements (OGSM). The ET found this data accurate for measuring progress in implementation of ISET-PI.

Interviews with Management (PEER, ISET, ISET-PI)

The evaluation team interviewed 20 informants directly involved and responsible for the programme or the institutional set-up (see [Annex 3](#)). The interviews were face-to-face or by Skype. They were semi-structured, using the list of evaluation questions, listed in the inception report, as a basis.

Interviews with partners of ISET-PI and other resource persons

On the basis of a list of 115 key partners of ISET-PI, provided by ISET, the ET selected 20 persons for an interview. Examples were: Senior management in the Government, collaboration partners of ISET-PI, and alumni of ISET. The list of interviewed persons is presented in [Annex 3](#).

Self-assessment

In the first meeting with senior staff of ISET and ISET-PI, the ET asked the participants to answer to three questions in written form, during the meeting. This included a rating of the sustainability of the set-up of ISET-PI. The questions and results of this exercise are presented in [Annex 6](#).

Rapid On-line Survey with partners of ISET-PI

ISSET provided the ET with email addresses of 115 persons which ISET-PI considers as key partners. Many of them are alumni of ISET. The ET addressed all of them with an online questionnaire. The results are presented in [Annex 7](#). The response rate was quite low (20%) though the survey was open for 25 days, and reminders were sent out.

Reports on most significant policy impacts

Each PCR elaborated a short report on the most significant policy impacts achieved in the project period. The information was classified according to the level of policy impacts, presented in [Figure 1](#). The ET randomly verified some of this information in its interviews. The result is presented in [Annex 8](#).

Systematic analysis of a sample of projects

The ET selected randomly a sample of 10 projects, two for each of the PRCs. The main goal was to make a detailed analysis of the effectiveness of ISET-PI, also in terms of its contribution to the results presented on the website of ISET-PI. Interviews with beneficiaries and partners (e.g. in the Government) contributed to the analysis. The results are presented in [Annex 9](#).

1.5 COMMENTS ON THE IMPLEMENTATION

ISSET's response to this evaluation was highly professional, throughout the whole process (planning, implementation, comments). This was highly appreciated by the ET as the evaluation had to be implemented in a short time window.

1.5.1 Availability of data

ISSET responded quickly and professionally to all the requests for data of the ET. Therefore, data was very good with the exception of a consolidated report on the achievements in terms of the indicators defined in the project document. ISET could not deliver this report, but this was not a major problem as OGSM data filled the gap after 2016⁵.

1.5.2 Representativeness of the project sample

The sample of the 10 projects included in the detailed analysis, is representative. It was selected randomly, and it represents roughly 16% of the total of all the projects carried out by ISET-PI in the project period. In the eyes of the ET, the mix of projects in the sample is quite good (small and large projects; projects for Government and private sector projects).

⁵ See description above.

1.5.3 Limitations

The ET identifies the following limitations:

1. The time available for the evaluation was short (around two months). This had an impact on the number of persons (institutional and other partners of ISET-PI) which could be interviewed face-to-face in Tbilisi.
2. The fact that the interviews and the online questionnaire had to be carried out over the Christmas period, stretched over several weeks, was another limitation. The ET learned in the inception phase that a considerable number of staff to be interviewed was on holiday leave from 20 December 2018 to 7 January 2019. This could also have been a reason for the quite low response to the online questionnaire.

2 Findings

2.1 RELEVANCE

2.1.1 General

ISET is a highly respected institution with a strong identity in being the champion in providing Western standard economic thinking and analysis to the South Caucasus. As such it is highly relevant. Partners interviewed consider it the best school in economics in the South Caucasus.

To complement ISET with a policy institute, translating economic research into policy advice or public debates, was a good decision. The following arguments for establishing ISET-PI are very valid: (a) to act as a think tank for the South Caucasus region⁶ and also a resource for the consulting sector; (b) to enhance ISET training and qualification of students with practical experiences in research in applied economics; (c) to provide ISET students with first practical experiences and job opportunities; (d) to add to the reputation of ISET⁷.

Unfortunately, and this became soon the strongest argument, the decision was also guided by the hope that ISET-PI would generate substantial income for ISET. This drove ISET-PI rapidly into consultancy, providing specific services for clients, hereby competing with consultancy firms. In addition, ISET-PI should provide to ISET staff who did not qualify in the Academic Committee for a tenure position at ISET, options to continue their career at ISET. This was also a motivation.

Income generation through consultancies became relatively soon a key driver of ISET-PI. The ambiguity between consultancy (services) and think tank (economic excellency in the public interest) was never resolved. In the eyes of the ET, this was a mistake and narrowed the scope of ISET-PI. Consulting was not the main competence of ISET-PI staff. And there was no need to have another consultancy firm in the market.

ISET-PI established five Policy Research Centres (PRC). They all work in areas highly relevant for the development of the South Caucasus region. Each PRC is

⁶ This description is based on results of interviews held with founders.

⁷ One of the models guiding the design of ISET-PI was apparently the Duke Centre for International Development (DCID)⁷ which is linked to the Duke University. ISET is, of course, much smaller than DCID. But some of the founders of ISET-PI had this experience from the US.

headed by a researcher with a PhD. Thematic scopes are: agricultural economics (APRC), macro-economics (MPRC), private sector development (PSDRC), education and social development (ESPRC⁸), and environment and energy (EEPRC).

2.1.2 What are the implicit or explicit Theory of Change (ToC) and strategy of ISET PI, and how well is it defined and accepted in the organisation?

This evaluation question relates to two separate issues: (a) What is the underlying theory of change (ToC) which justifies a donor like Sida to invest in a policy like ISET-PI? (b) How well has ISET defined its strategy for the development think tank of ISET-PI (vision, objectives, strategies, activities)?

Theory of change (ToC) as rationale for Sida support

The theory underlying Sida's long-term partnership with ISET⁹ is the belief that Western standard economic research and education contributes to the development of the countries in the South Caucasus, including the integration into the European Union. This can be considered an implicit ToC, guiding Sida's interventions in ISET-PI.

In the eyes of the ET, this "ToC" is certainly highly relevant and valid. However, and this needs to be taken into account, it is based on a number of assumptions which the ET identifies as quite critical for the success of ISET-PI¹⁰. They are:

1. Georgia's political context is and will remain conducive to an open discussion of policy issues and debates on options.
2. Collaboration platforms are in place for sharing and utilizing data and analytical products elaborated by the think tank.
3. There are policy consulting opportunities, also with the needed financial resources.
4. Government workers are willing to cooperate with ISET-PI or to participate in capacity building events.
5. TSU is supportive of ISET.

The assumptions have to be monitored and can be challenged. But it was certainly justified for Sida to take the risk to invest into this think tank. High-quality economic research can contribute to financial sustainability and stability of the countries in the South-Caucasus. It can help to avoid investment mistakes, and this is highly relevant in transition countries. ISET-PI can make a difference if it is visible and succeeds to create a demand for applied economic research and its studies.

ISET strategy for ISET-PI

Since 2016, ISET has a new institutional strategy, and this is presented in the form of a table with Objectives, Goals, Strategies, and Measures (OGSM). It contains five

⁸ Sometimes also called SPRC.

⁹ Including the present project.

¹⁰ See also discussion in section 2.2.3.

goals, with related indicators. It have been elaborated 2016 in a participatory process with the staff of ISET and is by now well accepted in the organisation.

ISET-PI is the key contributor to goal number 5 in this strategy (rigorous and influential policy analysis). This goal has the following indicators: maintain high quality and high impact visibility on core economic issues; achieve measurable impact on policy decisions; each PRC at ISET-PI contributes to ISET's economic reputation.

This strategy document, with related processes, has started to replace the result framework, presented in the Sida project document (2014). Content-wise, the OGSM is oriented mainly towards process indicators (e.g. revenue generated, online visibility). The strategy gives unfortunately little orientation on contents on what ISET-PI is supposed to do.

The project document presented to Sida (2014) was here more detailed. Three of the four objectives are development objectives: to provide policy analysis, knowledge and ideas for promoting reforms (objective 1); to develop the capacity within the Government of Georgia to design and implement policies (objective 2); and to educate different stakeholder groups in Georgia, to facilitate participatory processes of policy formulation and debates (objective 3). The description of how to achieve these objectives (products, services) remained, however, quite vague.

ISET-PI was established as a think tank, working in the public interest. Thus, it would have been important to elaborate a catalogue of products and services in a participatory process with the stakeholders potentially benefitting from the think tank (e.g. Government, , NGOs, private sector), and to describe them precisely. In this regard, the planning for the Sida grant was relatively superficial¹¹.

2.1.3 How well does ISET-PI adapt to challenges in the policy environment and to demands in the policy market?

Government does not always express clearly and pro-actively its needs and demands regarding policy studies. Often studies are linked to or even financed by investment programmes (e.g. gas, water), the EU integration or donor programmes. Policies, laws and regulations are formulated around the large investment programmes. Donors providing support to the investments, tend to finance also the studies.

In this sense, the market for policy consulting is developing, and the ET identified the following particular challenges:

1. There is not enough data available; and this limits the potential for evidence-based policy consulting.
2. Policy makers have little capacity and tend to outsource tasks, but mostly if there is donor funding.

¹¹ E.g. no baseline study to identify needs; little consultation with partners; no specific description of products and services in the LogFrame; too ambitious goals.

3. There is low awareness and understanding in the general public for the reforms needed.
4. Georgia faces typical problems of a transition country, including lack of expertise in environmental management, utilities management, urban and rural development, establishing agricultural cooperatives, etc.

ISSET-PI has not been very pro-active to clearly position itself as a public think tank, with a clear institutional policy¹². The ISET alumni organisation (317 members) would have been a perfect resource for ISET-PI to effectively connect to challenges in the policy environment and demands on the policy market. ISET-PI has excellent relationships with these ISET alumni. But till now, there was no systematic approach for tapping this resource¹³ for the development of ISET-PI.

How ISET-PI connects to the market?

The Policy Expert Committee (PEC)¹⁴ regularly discussed priorities and gave advice to ISET-PI at the strategic level. However, since it met only once or twice per year, its advice was not always put adequately into action¹⁵. In reality, the development of the products and services of ISET-PI was mainly driven by demand and opportunities for paid consultancies and grants.

The Policy Committee, which replaced the PEC in summer 2018 in the new organisational structure, reports to the Executive Board and meets four times per year. This can have a positive effect on setting direction to ISET-PI and connecting it to the policy market.

Because of the Sida core funding, ISET-PI could engage in activities which were not paid by consultancies. Examples were: the calculation of indices like Consumer Confidence Index (CCI), Macroeconomic Review, or AgriReview. In total, there are 11 such products and services, and 9 of them were started already before the start of the present Sida grant (December 2014). ISET-PI has a particular strength here, as it can build on the involvement of students, in the collection of data.

The ET sees room that ISET-PI acts even more pro-actively. For example: (a) formulate together with Government stakeholders (alumni) concept notes for studies or projects, and (b) discuss them with potentially interested donors. ISET-PI can draw on the vast network of ISET alumni, many of them working in key positions in Government and public enterprises. To attract donors, it needs even more strong leadership, visibility and a top reputation.¹⁶

¹² E.g. where to engage, and where not.

¹³ E.g. regular conferences; market places for ideas; establishment of a sounding board.

¹⁴ Today, and under the new organisational structure: Policy Committee

¹⁵ E.g. there were many discussions on the need to develop a model of the economy of Georgia. This did not materialise.

¹⁶ Similar to think tanks and CSOs like Transparency International (TI) Georgia.

ISET-PI connected well to the market of regulatory impact assessments (RIA) which are mandatory in Georgia. ISET-PI was involved in a number of important RIAs: e.g. water sector reform; pension reform¹⁷. ISET-PI succeeded to be partner in consortia or to carry out such studies, and sometimes it was sub-contractor of larger companies. These mandates were also well-paid.

To be competitive in this market, top know-how and a certain level of specialisation is required. A good example is the RIA for water management. The main partner, the water division in the Ministry of Environment faces tremendous challenges¹⁸. Funds for studies are provided by donors, in this case the USAID-funded G4G programme which is managed by Deloitte, a global company.

ISET-PI qualified for the RIA study. To be competitive, it had to sub-contract experts with know-how in the water sector. The study was well received. However, it published under the Deloitte logo what limited the visibility of ISET-PI. Deloitte was also the key actor in the policy dialogue with the Government. Ideally, ISET-PI would be in the driver seat for follow-up studies.

Consultancies in the energy sector (gas, electricity, oil) require a similarly high level of technical expertise and sector experience. The regulator, the Georgian National Energy and Water Supply Regulatory Commission (GNERC), relies on experts with trustworthy and international expertise such as Deloitte or the German Economic Team. ISET-PI is a national partner with specific economic know-how in a consortium or as sub-contractor¹⁹. It may also be a partner for carrying out general economic studies or leading public debates on relevant issues in the sector.

Conclusions

To be a relevant actor in the policy market, ISET-PI needs (a) a clear profile and policy as an economic think tank, working in the public interest, and (b) development of its know-how. In the eyes of the ET, the Sida contribution has not been adequately used to develop such competencies. ISET-PI missed here opportunities. Examples: more synergies with ISET; development of a visual language (e.g. info graphics; short video clips; a simple template for policy papers), to better communicate and to be more visible; to develop economic models for Georgia.

The Partners interviewed expressed that policy research such as evaluations, capitalisation of international experience, indices, modelling are effective entry points for a think tank like ISET-PI. In all interviews, counterparts particularly in the Government sector expressed the need for training. A good example is environmental economics, an area highly relevant for the further development of Georgia.

¹⁷ In total 8 RIA.

¹⁸ E.g. definition of a fee (water abstraction) and tariff strategy; implementation of river basin water management.

¹⁹ Most studies have been carried out by the German Economic Team which worked closely with ISET-PI in some projects and received financing from the German International Cooperation (GIZ).

With their multiple tasks (acquisition of funds; scientific papers; management of policy research units; thematic challenges), the core team of ISET-PI runs at its limits. As the range of the themes covered by each of the PRCs is quite broad, it is difficult to maintain detailed know-how. Thematic priorities are defined mainly when there are opportunities for mandates. This means: reactive, and not proactive. More rigid internal priority setting could be adequate.

The alumni could be used more deliberately as key channel for outreach to the policy market. Often, collaboration of ISET-PI is quite informal, also in the form of unpaid services²⁰. A positive example is the UNDP initiative on big data, which will start with a conference in February 2019. ISET-PI is on the list of potential partners. To qualify as a partner of this UNDP initiative, would require an institutional decision to invest and to clearly position ISET-PI in this area.

ISET-PI sometimes offered its services against unrealistically low tariffs. This was possible because the grant money was available and ISET-PI did not have to calculate prices at full cost. ISET-PI was hereby distorting the consultancy market.

2.2 EFFECTIVENESS

2.2.1 General

ISET-PI is a project of ISET, and ISET is doubtless an important partner for the development of economic competence in Georgia. 30 students made a PhD, and some were accepted at top-ranked universities such as CalTec, PenState or Duke what is a clear success, also for the future of the region.

ISET-PI is not independent, but managed at the level of ISET (GB, the Director, and the Executive Board). In the past years, this was a clear limitation for the development of ISET-PI as the Sida grant was used also to some extent for cross-subsidizing ISET and not exclusively for developing ISET-PI into a strong think tank²¹. This limited the effectiveness of the Sida grant.

Despite this limitation, ISET-PI developed successfully in terms of growth, activities and projects carried out. During the project period, it grew from three to 24 collaborators. Growth came relatively easily as ISET-PI could rely on the Swedish grant and did not have to calculate full costs in all of its services. ISET-PI carried out 60 projects, most of them had external funding. From July 2015 to June 2018, they generated more than USD 1,300,000 (24% of the ISET revenues)²².

On the negative side, the ET clearly argues that much more could have been done to develop ISET-PI into an effective policy think tank. It notes:

1. Little has been invested in standardisation of communication material such as policy briefs or graphics.

²⁰ E.g. example of Georgia Tourism Administration: e.g. review of proposals; drafting of inputs.

²¹ For a more profound discussion: see section 2.4.

²² In addition, ISET-PI attracted other donors like USAID, CARE, ENPARD. They contributed with USD 693,735 (13% of the ISET revenues) in the same period.

2. Apart from the indices, there were no investments into elaborating key instruments such as economic models which would give ISET-PI either a strong position as a partner in consortia (providing services for clients), or a unique position as think tank, working for the public interest.
3. There was also consolidated approach in ISET-PI to training (e.g. regular courses, didactic approach).
4. ISET-PI has not yet an organisational culture of a think tank, to make it clearly recognisable and visible in the landscape (e.g. with an annual conference).
5. Little has been done to achieve an outreach into the region, not only in Georgia but also of the South Caucasus.

2.2.2 To what extent has the project achieved and contributed to the results which were defined in the project document (targets, achievements)?

The project document submitted to Sida was ambitious. The structure was logical and professional, but the promises made were quite high, not always based on a proper assessment (e.g. feasibility, market study) and with an insufficient understanding of how policy influencing functions (approaches, methods)²³.

The main reference for the analysis presented below is the result framework (Sida project document). The framework contains many indicators. Examples of output indicators are: number of meetings held, number of policy briefs published, number of projects completed, or number of MOUs signed. As the summary of results at the basis of such indicators would be quite meaningless, the ET proposed an alternative description (see [Annex 6](#)).

ISET provided some data on the progress of implementation (see [Annex 5](#)). The ET asked the PRCs to compile information on most significant policy outcomes and impacts achieved (see [Annex 8](#)). These were significant inputs into the analysis presented below.

Objective 1: Provide policy analysis.

The project document identified five thematic priorities (one for each PRC) and some specific areas for research and analysis. Under macroeconomic stability, for example, these areas included the analysis of budget structure, prices and interest rates, external balance and employment.

Looking at targets and achievements, effectiveness was high in terms of producing impressive numbers of outputs. Evidence is presented in [Table 1](#) and [Figure 2](#). The least number of outputs were delivered by the Energy and Environment Policy Research Center (EEPRC) and the highest by the Agricultural Policy Research Center (APRC). An average of 13 outputs were produced each month by ISET-PI which is a good result, also compared to other think tanks in Georgia²⁴. When considering the

²³ Scientists tend to believe that it is sufficient to present analysis and evidence. This is a quite outdated approach.

²⁴ See evaluations or other Sida projects, listed in Annex 4.

number of staff employed by the PRCs, it becomes evident that ESPRC produced the highest number of outputs (see [Figure 2](#)).

PRCs	Regular Indexes	Research Reports	Policy Briefs	Blogs	Σ / Outputs per month
APRC	168	12	15	59	254 / 5.3
MPRC	70	5	4	58	137 / 2.9
ESPRC	40	6	0	71	117 / 2.4
PSDRC	31	3	3	36	73 / 1.5
EEPRC	17	2	8	32	59 / 1.2
All PRCs	326	28	30	256	640 / 13.3

Table 1. Numbers of research/analysis products delivered during the years of 2015-2018 by PRCs and product type.

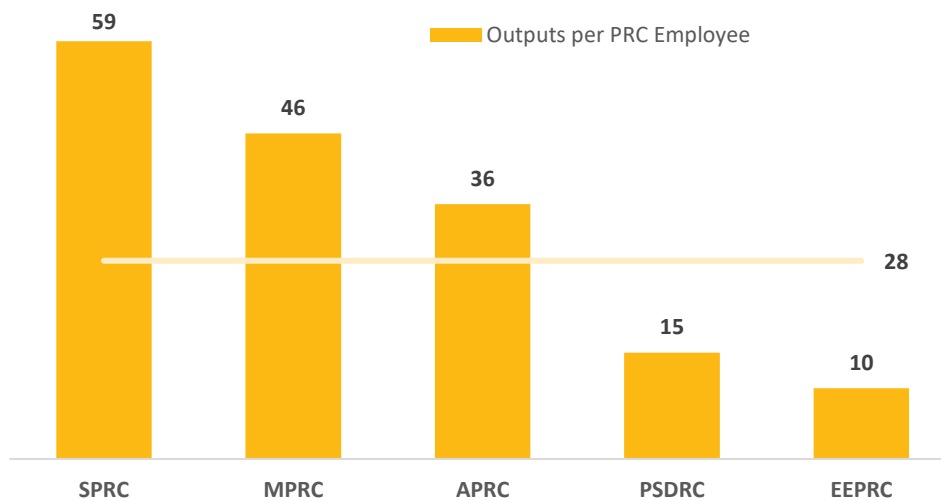


Figure 2. Number of research/analysis outputs per employee²⁵.

The selection of research topics is mostly driven by the demand from the donor community and are closely tied to the availability of donor funding. For example, Budget Execution Monitor (BEM)²⁶ which started in 2015 was discontinued after the staff member responsible for its production moved from MPRC to APRC, the area where the highest proportion of donor funding was available. The majority of papers

²⁵ APRC has 7 staff members, EEPRC 6, PSDRC 5, MPRC 3, and SPRC 2.

²⁶ Furthermore, with regards to the above BEM “Index” it is unclear what was the reason for its production – Ministry of Finance and IMF they were both producing already this type of analysis, but with different methodologies.

were produced due to the interest of the donor community or firms²⁷ which may not have necessarily been the priority for the country/research.

With respect to the size of the projects, they varied largely (see [Annex 5](#)). 46% of the projects were small projects of < USD 10,000, and they were paid mainly by Government or local partners in local currency. Larger projects were mainly funded by international donors in international currency.

The quality of the outputs was assessed in 10 randomly selected projects (see [Annex 9](#)). The ET found that the outputs were of good quality, with exceptions: (a) in the assessment of economic impacts of foreign students, the main conclusions of the study were not well elaborated; (b) the lessons learnt from the spatial planning in Telavi are not summarised in a policy brief.

ISET-PI summarised the most significant policy results in a table (see [Annex 8](#)). The list is quite impressive and will be discussed in more detail in the following section²⁸. Quite a number of the studies or policy briefs cited or presented on the ISET-PI website, were experts outside ISET-PI²⁹. ISET-PI is in several cases not even mentioned or listed with a logo on the reports which are presented on the website. Attribution to ISET-PI is, in general, difficult.

Objective 2: Develop the capacity in the Government

ISET-PI stays in a regular and frequent dialogue with a few Government Agencies. Examples are the Ministry of Agriculture, the Ministry of Economy, or the National Bank of Georgia. In most of them, there are ISET alumni as anchor points. The Ministry of Environment regards ISET-PI as a partner in questions related to environmental economics.

Trainings³⁰ covered important topics such as: value chain analysis for social enterprises; cost-benefit analysis for Government professionals; integrating eco-system services into Local Development Planning; or leadership. Some of them were co-financed by European Union, or by the Business Association of Georgia (BAG). Course evaluations are excellent, and participants were from a mix of Government, private sector, and NGOs³¹.

Looking at the register of the trainings, published at the ISET-PI website, the number of trainings has significantly decreased since December 2014, compared to earlier. While in the 4-year-period 2011 to 2014, there were 14 trainings, all of them with a budget and involving payments of the participants, there were only 6 trainings

²⁷ E.g. market studies.

²⁸ See Section 2.3.

²⁹ See Annex 9.

³⁰ Objective 2.1. in the project document.

³¹ Average of around 15 participants for each of the trainings.

carried out since December 2014, all of them free of charge. In addition, several rounds on trainings were carried out on RIA.

This is related to the fact that training activities are often no longer stand-alone trainings but provided to public sector institutions, including Parliament) as part of more complex service provision programs, and often outside the premises of ISET-PI. Examples are: the Ministry of Environmental Protection and Agriculture (MEPA), the Ministry of Economy and Sustainable Development (MoESD), the Ministry of Justice (MoJ), or the Parliament budgetary committee.

The most important resource of ISET to link to Government is the ISET alumni organisation. In fact, many of the interviewed persons were alumni of ISET. Around a third of the ISET students, nationals as well as internationals, have internships in the Government or the National Bank of Georgia³².

In its interviews with partners of ISET-PI, the ET found that there is almost an overload of training opportunities for Government staff. Maybe, new training formats are needed: short orientations, with key information. ISET-PI has not yet developed adequate formats.

Objective 3: Educate the public

Given the vast needs and the promises made in the project document, results are overall quite modest. Publications and other information on the website of ISET-PI are often not available in Georgian language, and ISET-PI has not invested sufficiently in adequate methods such as videos, info graphics, and other communication means. There is no convincing communication strategy.

Exceptions are found in projects in which specific funds were available for communication. An example is ENEPARD, in which ISET-PI collaborated with partners such as CARE or Oxfam for the strengthening of agricultural cooperatives. ISET-PI was at the forefront and interacted also directly with agricultural cooperatives in the field. Capitalizing on the effectiveness of approaches applied in this project would be important to strengthen ISET-PI's profile as a think tank.

Blogs are read by an estimated 300 to 3000 persons³³. The number of blogs has decreased. Until 2017 eight blogs used to be produced per month, while currently there are just weekly publications. It also seems that the blogs are geared towards English speaking readers with literacy in economics³⁴, most of them alumni of ISET and partners of ISET-PI. Many blogs were not produced with the agreed regularity.

Collaboration with media partner on a regular basis, is a good approach. Blogs are published in two elite periodicals³⁵. Georgian media outlets pick up on a few blogs, if

³² Summer 2018: 10 out of 32 ISET students.

³³ Showing the range; a broad estimate; depending on the content of the blogs.

³⁴ E.g. scholars, business representatives.

³⁵ Financial Times, and Georgia Today; both in English.

they are on the political radar already. This helps to reach higher share of the general public.

Discussions are limited on ISET-PI website where the blogs are uploaded. In some cases, ISET-PI staff members provide comments.

As seen in [Annex 7](#), regular publications or the 11 indices or products published by ISET-PI are not sufficiently known or used, even among the partners of ISET-PI. Nine of the 11 products and indices were introduced before December 2014 (start of the Sida grant). The exceptions are: Macro-economic Review, and ReforMeter.

Objective 4: Ensure intellectual and financial sustainability of ISET-PI

Regarding management, ISET-PI has made significant progress in the past two years. Transparency has been increased by a new financial monitoring system. Self-evaluation tools are applied regularly. OGSM has substantially increased accountability and is an excellent tool for management³⁶.

Looking at the structure of expenditures, the ET notes that ISET-PI transferred since December 2014 substantial amounts from the Sida grant to ISET, mainly for salaries of ISET management or for administrative costs. This was agreed in the project document. The income, however, should have been invested in the strengthening of ISET-PI, to ensure its intellectual (e.g. methods, tools, instruments, staff members' capacity building) and financial sustainability as a think tank.

ISET-PI presents figures on the development of its income³⁷. These are promising. Certainly, the financial sustainability of ISET-PI will depend on the following factors: (a) success of the growth strategy with a new BA programme in the academic field (student tuition); (b) Commitment of ISET management to further develop and strengthen ISET-PI.

2.2.3 What were key factors (positive, negative) having an influence on the effectiveness of ISET-PI?

The effectiveness of a policy centre such as ISET-PI is closely related to leadership and quality of the team, not only in professional terms. Communication is a key factor. And storytelling is the key to good and effective communication and branding of an organisation like ISET-PI.

The former President of ISET (including ISET-PI) was an excellent communicator and networker. He was involved in many of the contacts of the PRCs with partners or the public. This also led to significant collaborations and projects. On the negative side, it blocked some of the energies in ISET-PI. And too much energy went into executing projects (consultancies) instead of the development of core competences and positioning of ISET-PI as a think tank.

³⁶ See discussion in Section 2.4.

³⁷ See discussion in Section 2.4., and figure in [Annex 5](#), showing ISET revenue and costs

The ET identified the following factors which had a positive effect on the effectiveness of ISET-PI:

1. Research capacity in economics
2. Synergies with ISET, including the reputation and the potential to use students for data collection
3. Quality of the staff, including a good mix of international and national expertise
4. The network of alumni of ISET, acting also as a door opener for ISET-PI
5. Access to research funding are be important to have some capacity to do research
6. Partnerships with strong organisations such as CARE or the German Economic Team which complement the know-how of ISET-PI
7. Methodology and a well-structured approach (study; training; piloting)

The following factors presently limit the effectiveness of ISET-PI as a think tank:

1. Lack of recognition of value of applied economics in ISET
2. Institutional pressure of ISET on ISET-PI and its staff, to make revenue for ISET
3. Revenue of ISET-PI is not reinvested in ISET-PI
4. Lack of a strategy and approach to communication
5. Overload of senior staff with work
6. Tendering is extremely time consuming
7. Frequent changes in Government limits effectiveness of any organisation providing policy advice
8. Lack of entrepreneurial skills: e.g. not always delivering in time (consultancy culture)
9. Opportunities for developing synergies with the academic wing, are relatively limited as there are only two tenure positions.

2.2.4 How effectively is ISET-PI collaborating with partners?

This question needs to be addressed at four levels: (a) collaboration of ISET-PI with the academic wing of ISET; (b) collaboration with Government and other policy-making bodies; (c) alliance building to achieve policy impacts; (d) collaboration with partners in executing projects.

In general, and due to the need to generate revenues, ISET-PI was quite passive and not setting the agenda in its collaboration with partner organisations. Collaboration is not strategic and rather occasional (see [Annex 7](#)). Though this makes sense for a consulting firm which has to respond to the market, it is not the way how a think tank should operate.

Collaboration with the academic wing of ISET

In 2018, ISET-PI staff was involved in 19 (61%) out of 31 MA theses accomplished at ISET as advisors or coaches. The topics covered quite a number of relevant issues for Georgia, also linked to projects of ISET-PI. ISET-PI can profit from student resources in its projects³⁸.

The ISET alumni database contains 317 persons and represents a network on which it is possible to capitalise. The large majority (>85%) are from Georgia. They represent many different policy sectors and are a key resource for ISET-PI.

Collaboration with Government and other policy-making bodies

ISET forwarded to the ET a list of partners with whom it stays in regular contact. The list is quite impressive (115) and covers all policy research areas. The ET invited all these partners to participate in the online questionnaire (see [Annex 7](#)), and some of them were interviewed by the ET.

The response rate to the online questionnaire was surprisingly low. This was partly related to fact that the survey was carried out over the Christmas break³⁹. However, and considering that most respondents reported to be only loosely related to ISET-PI, the ET also sees this as evidence that ISET-PI lacks a systematic approach for the management of its network. Most of the partners are alumni of ISET. The network is key for the success of ISET-PI.

In 2013, ISET-PI started to sign MOUs with partners such as Ministry of Economy (MoE), Ministry of Finance (MoF), TBC Bank, the State Procurement Agency, or private law firms. The MOU with one of the main partners, the Ministry of Economy, specifies e.g. that ISET-PI is ready to organise discussions around ongoing projects, hold public discussions and lectures, facilitate the recruitment of students with high academic performance for internships in the partner organisation, or participate in public discussions planned by the partners. Most MOUs have been signed in 2016 and provide a basis for an effective collaboration⁴⁰.

MOUs can be door openers. The MOU with Ministry of Economy and Sustainable Development, for example, allows staff of ISET to participate in brainstorming sessions with Ministries, or to be part of Task Forces⁴¹. Looking at this potential, ISET-PI has been relatively passive in signing such MOUs. MOUs with other ministries would also be important; e.g. the Ministry of Environment and Energy.

Alliance building to achieve policy impacts

International organisations approached ISET-PI because of its economic know-how and capacity to collect data and do applied research⁴². Here, ISET-PI is partly a sub-contractor but also a partner to achieve policy impact. The leader in the policy dialogue is normally another, larger organisation.

³⁸ E.g. data collection.

³⁹ However, the link was open for more than three weeks.

⁴⁰ See Annex 4.

⁴¹ E.g. the Task Force for the analysis of the effects of exchange rate fluctuations (2015).

⁴² E.g. HEKS approach APRC to collaborate in three studies; for CARE, APRC is an important partner.

For example, APRC is an important partner in the Georgian Alliance for rural development (GAFRD) which is successful in lobbying. Its main competence is research in agricultural economics. It has also a close collaboration with the Georgia Farmer Association (GFA) which has a strong voice in Parliament. The ET did not find similar arrangements in the other PRC of ISET-PI. APRC is the oldest PRC and is well integrated as think tank in alliance building for policy change. Its services are normally reimbursed by the partners.

Collaboration with lobbying organisations such as Transparency International (TI) which are also funded by Sida, is not yet developed. The ET sees here a potential, to plan interventions and to avoid duplication of efforts.

Collaboration with partners in consulting

Regarding tenders, ISET-PI has gained some recognition⁴³, also as a partner for international firms or organisations. It could also be an important resource and partner for the local consultancy sector. However, the fact that ISET-PI executes consultancies makes it rather a competitor than a partner. The relationship of ISET-PI to the consulting sector remains unfortunately ambiguous.

Another entry point are contacts with ISET alumni. Contacts can lead to some services which are, often, not paid. For example, ISET-PI reviews texts and presentations for the Georgian Tourism Association (GTA), on a collegial basis⁴⁴. In a next step, such services lead to paid mandates.

2.3 IMPACT

2.3.1 General

ISET-PI is well accepted by decision-makers, and the quality of economic research done as well as the capacity for launching public debates on policy issues are well recognised (see [Annex 7](#)). Many see it as attractive that ISET-PI is part of the Tbilisi State University (TSU) and, hereby, committed to values of the research community.

Within ISET-PI, there is, more implicitly than explicitly, a conflict of interest between (a) being present in many sectors (to generate revenue and adapt to market forces), (b) seeking excellency in economic research, and (c) achieving policy impact. Policy consulting would require not only technical expertise but also a methodology and capacity in facilitating policy consulting processes⁴⁵. It would require a logical approach: e.g. study, followed by piloting, lobbying, and testing. This is not developed.

To measure policy impacts, the ET applied the model presented in [Figure 1](#)⁴⁶. The ET asked the PCRs to compile information on most significant policy outcomes and

⁴³ Though the success rate is rather low; see section 2.5.

⁴⁴ As seen in Annex 7, collaboration is often on an informal basis.

⁴⁵ E.g. a clear visibility; techniques such as info graphics; presence in the Parliament; lobbying.

⁴⁶ See section 1.4.

impacts achieved with regard to these levels (see [Annex 8](#)). It also analysed a sample of projects to get more information on how ISET-PI contributed to the reported policy impacts (see [Annex 9](#)).

In a country like Georgia, there are significant limitations to evidence-based policy making. Examples are: frequent changes in the Government; the Government is not very receptive to evidence-based arguments or advice; policy making is frequently linked to large investment projects in which donors or international consultant teams are in the lead (e.g. reform in the water sector; investment in the energy sector). ISET-PI is aware of these limitations.

2.3.2 Is ISET-PI delivering against its intended policy impacts?

Looking at [Annex 8](#), the list of achieved policy impacts is quite impressive, and they are visible in each PRC. Using the model of [Figure 1](#), they relate to the following levels: attitudinal changes (26 reported cases), discursive commitments (16), procedural changes (11), policy content (13), and behaviour change (12). The partners of ISET-PI also assess the organisation quite positively (see [Annex 7](#)).

The ET weighted⁴⁷ the reports presented by the PCR. Though the result must be interpreted with care⁴⁸, the following conclusions are plausible:

1. APRC, PSDRC, EEPRC were quite successful.
2. MPRC can report less policy impacts, but played a significant role, also through regularly publishing blogs and indices.
3. ESPRC was probably the least successful PRC, and this could also be related to the fact that they were less staffed.

Together with partners like Care, Oxfam, the German Economic Team or Deloitte, ISET-PI was pioneering new concepts and policy shifts such as market-based approaches in agricultural policy, agricultural cooperatives, value chain analysis, pre-school education, or debt management.

Regulatory Impact Analysis (RIA), carried out with a pool of external experts had a significant impact. Since 2015, ISET-PI participated in 8 RIAs in the areas of agriculture, environment, private sector development and social policy. In many cases the Government considered RIA findings and amended draft laws. Examples are: irrigation tariff-setting methodology; pension reform, rethinking the assumptions for calculating benefits.

Evidence does not suggest that policy impacts can be attributed always directly to ISET-PI. Particularly in consultancies, ISET-PI was mainly engaged in an expert role, or it carried out studies as sub-contractor⁴⁹. Achievements in APRC are often related

⁴⁷ Level 1 impacts were multiplied by 1, level 2 impacts by 2, etc.

⁴⁸ The PRC responded somehow differently to the request of the ET.

⁴⁹ A good example is the Telavi spatial plan which is presented in Annex 9.

to the lobbying of the network of organisations. And even with combined efforts, lobbying is not always successful and requires a lot of time⁵⁰.

ISET-PI's efforts to regularly calculate and publish indices makes sense and adds to the reputation of ISET-PI as a think tank. A more ambitious project would have been to elaborate a model of the economy of Georgia. This was discussed in the Policy Committee (PEC) but never materialised. A close collaboration or at least an MOU with GeoStat, the statistical service of Georgia, would have been important to position ISET-PI as a think tank.

A positive example of ISET-PI acting as a think tank, is the ReforMeter project⁵¹ of PSDRC. It contributed to the discussions around policy issues and opened new spaces for possible procedural changes. This project facilitated the identification of challenges in the implementation of Georgia's reform agenda and discussed solutions. Moreover, it received comparatively high media exposure.

While in such examples the attribution to ISET-PI is simple, attribution is definitively more an issue in some of the consultancy projects (see [Annex 9](#)). This is also related to systematic factors such as:

1. Partner Agencies, particularly the ones in the lead, will be in the driver seat in the policy dialogue.
2. PRCs are staffed with a few experts and do not have the capacity to lead larger processes intellectually and with capacity (e.g. secretary).
3. To achieve policy impact requires time and patience. Due to pressure for fundraising, ISET-PI opts often more for short-term effects. It does not have a systematic approach for planning and monitoring the policy processes in which it is involved.

2.3.3 What are other direct or indirect, negative or positive impacts which can be attributed to ISET-PI?

Most of the positive impacts are related to ISET-PI's positive role in the development of ISET, not only in terms of financial sustainability, but also in terms of enriching training of young economists with practical case studies, and by giving these students or young graduates' opportunities for internships. Students of ISET easily find a jobs.

There is certainly potential for further enhancing this impact on training. Flagship projects of ISET-PI could be translated into business cases which, then, are discussed in student's group work sessions in ISET courses, using the Harvard Business School methodology for case-based learning⁵². The ET sees here a great potential, for the reputation of ISET as a business school.

On the negative side, the ET identifies the following impacts:

⁵⁰ Unfortunately, ISET-PI and CARE could not convince the EU to adopt all of the new approaches (e.g. revolving funds for agricultural cooperatives).

⁵¹ At least three PRCs collaborate on this project as it assesses reforms in social, agricultural and private sector development areas.

⁵² <https://hbr.org/store/case-studies>.

1. The Sida grant distorted to some extent the consultancy market in Georgia. This could have been avoided by better planning of the grant (clear targets, planning of the services of the think tank together with partners).
2. Substitution of Government services: e.g. collection of data about real estate prices should be the task of the national statistical service GeoStat. The dialogue with GeoStat should have been more intense, to clarify roles of GeoStat and ISET-PI in the collection and provision of such information.

The involvement of a think tank like ISET-PI in measuring indexes is important when government-produced statistical data cannot be trusted due to some “conflict of interest” (e.g. measuring corruption, democracy, measuring public perceptions/attitudes towards reforms). Where Government can and should collect data for urban/rural planning or for other purposes, it should be in the lead.

2.3.4 What are options to maximise the future development potential of ISET-PI, in order to maximise its effectiveness and impact on policy?

ISET-PI can profit from ISET’s ambition to grow, also into the South Caucasus region. At present, there is still a focus on Georgia. Regarding admissions in 2018, 71% of the master students came from Georgia, 25% from other South Caucasus countries, and 4% from other countries. A similar distribution is found in the ISET alumni organisation which has presently 314 members.

Building alliances with strong CSO partners such as CARE is certainly a good approach. Examples:

1. Piloting of the market information systems with CARE is a very good example how to develop synergies. The research capacity of ISET-PI clearly complements the conceptual capacity and outreach of CARE.
2. ISET-PI has a certain capacity to organise policy discussion platforms, mainly in Tbilisi. Hereby, it complements NGOs like CARE or HEKS which are strong in the field.

Presently, a lot of energy is lost in participating in tenders and with consultancies⁵³. ISET-PI has not been very pro-active as a think tank. Pro-activity could mean the following:

1. Jointly with alumni, working in the public sector: elaborate concept notes for studies which add value to policy making processes.
2. Approach donors with these concept notes, to organise financing of the study.
3. Communicate the study results in the form of policy briefs, info graphics, videos, or events⁵⁴.

⁵³ A broad estimate, based on annual reports, suggests that ISET-PI is successful in 15% of the tenders in which it participates. This is a very low success rate.

⁵⁴ Visual language, to position itself.

Investments into establishing a learning culture and developing methods would be required to consolidate ISET-PI as a think tank. Staff of ISET-PI need room to publish and to learn in sabbaticals abroad. Training for communication - info graphics, messaging to different audiences, templates (policy briefs need recommendations) – is needed to develop a common language.

2.4 GOVERNANCE, MANAGEMENT, EFFICIENCY

2.4.1 General

The present institutional set-up – PEER as a US-based NGO; ISET as a project of PEER and the TSU; ISET-PI as an NGO registered in Georgia but to 100% managed by ISET - is complex but promises the optimal level of functionality. PEER accumulates, safeguards and manages the financial resources earned by, or contributed to, ISET and ISET-PI. Furthermore, it provides governance for ISET and ISET-PI, and it also procures goods and services and hires expatriate and local staff to serve ISET and ISET-PI's needs. The rector of TSU acts as an ex-officio voting member in the GB.

ISET is a programme, based on an MOU between PEER and TSU. It is presently located in the Faculty of Economics. According to plans, it will soon be an autonomous school of TSU. This will provide it with autonomy in terms of management of students and faculty.

The new head of the GB, advisor to the Minister of Economy and Sustainable Development of Georgia, who joined in 2016, brought significant innovations to the management of ISET, and this affected also ISET-PI. Examples are: (a) The main instrument is OGSM (objectives, goals, strategies, measurements); (b) salaries of PCR heads will be soon calculated at the basis of whether they meet performance targets, also in fundraising⁵⁵; (c) reorganisation in Summer 2018.

ISET needs to restate that ISET-PI is a think tank, working in the public interest. This requires not only a coordinator at ISET-PI but also a strong leadership in ISET, effectively linking the academic profile of ISET with the activities in ISET-PI. Soon, the new director of ISET will join. She will replace the former director of ISET, the main architect of ISET-PI.

2.4.2 Is ISET PI governance and management in line with best practice?

Governance and management are found professional and meeting best practice standards. This is due to the fact that ISET-PI benefits from administrative services provided from ISET, such as financial, Human Resource Management (HR and others. In general, the model allows for a remarkable cross-fertilisation between the academic and policy arms of the institution.

⁵⁵ Two pilots are running.

Upon his arrival in 2016, the new head of the GB has contributed with significant innovations (OGSM, reorganisation in summer 2018). Annual meetings of the GB and other committees are managed efficiently. The present management team has experiences from the private sector, what adds to professionalization and efficiency.

The ET presents its analysis and specific comments at the following levels: (a) overall governance; (b) organogram and management of ISET; (c) organisation and management of ISET-PI.

Overall governance

The overall set-up is solid. What remains to be confusing is that ISET-PI is – and has to be - registered as an NGO in Georgia, with a separate bank account in GEL, and with a financial year running from January to December. The director of ISET manages this account. Audit reports are the normal audits of PEER and ISET (in USD), July to June.

Organigram and management of ISET

The organigram which was introduced recently in summer 2018, is presented in [Annex 5](#). As before, business and affairs of ISET are managed by the Governing Board (GB), supported by an Executive Committee which meets more frequently.

Till recently, the highlight was the joint annual meeting of the GB, together with the annual meeting of the International Faculty Committee (IFC), and the Policy Expert Committee (PEC). Meetings tended to have a highly structured agenda and are well prepared. In the GB, the focus is on development of ISET, and ISET-PI is a relatively small point on the agenda. Looking at the meeting in summer 2018, out of 30 points in the documentation, only two were related to ISET-PI⁵⁶.

The PEC met only once or twice per year and made the following contributions: suggesting projects; review of performance in ISET-PI; recruitment of staff. Since it met only once per year, follow-up on its recommendations was difficult to make and not very effective.

In summer 2018, the set-up was re-organised (see [Annex 5](#))⁵⁷. Reasons were the expected growth of ISET with a BA programme, and the impression that there should be more decision-making by actors located directly in Tbilisi. As an effect of this re-organisation, the GB meets only once per year, and more tasks are delegated to the Executive Board which is headed by the president of the GB. Strategic issues having also an impact on ISET-PI are discussed mainly in the Academic Board which reports to the GB. Two committees – Academic Committee, Policy Committee – meet four times per year and report to the Executive Board. Till now, they focused less on strategic than on operational issues. The new organigram, however, seems to work well.

⁵⁶ See Lit: Board book of meetings 2-4 July 2018.

⁵⁷ Lines of commands were strengthened, and not all felt comfortable with the new organisational culture. For example, the director left in summer 2018, also for other reasons.

Integration of ISET-PI into ISET is fully achieved at the level of day-to-day management, using OGSM with quarterly reviews of performance. OGSM is a well-accepted tool in ISET. Targets are defined at the level of ISET. ISET-PI is responsible for 8 of the 45 measures, and these are related to the following two (out of five) objectives: (a) Sustainability: at least 70% of operational costs covered with a three-year horizon; (b) Rigorous and influential policy analysis.

The ET identifies many strong points in this management instrument (OSGM). Examples are:

1. Clear assignment of roles and responsibilities
2. Focus on process indicators rather than contents
3. GB is the main board, and ISET-PI is represented in it

Organisation and management of ISET-PI

ISET-PI is registered by the National Agency for Public Registry (NAPR) as an independent NGO, but the NGO is not used as a platform for management, but fully integrated in ISET. There are weekly meetings of the heads of the five Policy Research Centres (PRC). Till recently, there has been an appointed coordinator of ISET-PI what gave ISET-PI a face.

Particularly since 2016, when OGSM was introduced, ISET-PI is not managed as a whole, but fragmented in five PRCs. The expectation is that setting targets for each PRC leads to dynamics in terms of fundraising. Given the relatively small size of ISET-PI (24 collaborators), the profile of the staff, and the little revenue generated at the moment, expectation is, in the eyes of the ET, rather optimistic. Duties and responsibilities of PCR heads are far too wide-spread, and this is a clear limitation to make this management model work.

Staff of ISET-PI sees a need to strengthen the common interests, ISET-PI as a whole (see [Annex 6](#)). A service centre, established at ISET-PI, and supporting the PRC heads and highly paid researchers in administrative work, could make a difference⁵⁸. Important tasks would be: development of the network of partners (with MOUs), strategic communication, management of the know-how pool, and support in administrative matters.

Particularly disputed are the targets for fundraising. They are not only defined for each PRC, having a direct impact on the salaries of the PRC heads, but also for ISET-PI as a whole⁵⁹. The minutes in the PEC show how much ISET-PI staff is under pressure for fundraising, mainly related to the performance targets for each of the PCR.

Discussions circle around points like:

1. Severe disagreements about whether the present system divides the five policy research centres (PRC) and that they operate in competition
2. There are disputes how to strengthen joint services such as communication
3. How to reimburse costs of activities which are in common interest of all PRCs

⁵⁸ Such a center could also be established at the level of ISET.

⁵⁹ Each PRC covers expenses and pays its share in ISET overheads, such that in total PI covers 30% of total operating expenditures.

4. How to split costs in projects in which several PRCs are involved
5. How to maintain equilibrium if one of the PRC heads leaves
6. How to manage human resource development.

Many of these discussions could be avoided if ISET-PI would act more as a team. For the following reasons, it would make sense to reconsider whether the splitting in five PRCs makes sense:

1. The team and the present income of ISET-PI are far too small to allow for running separate PRCs.
2. The hope that the income of ISET-PI can be boosted by putting the PRCs into competition is not justified.
3. To be a think tank, ISET-PI needs to operate as a whole, sharing resources, and developing jointly a strategy with priorities for applied economic research, exploring the market and reflecting on its role as a think tank.
4. Need for an overall approach to develop know-how and competence in ISET-PI. If ISET-PI wants to be a think tank for policy analysis and applied economic research, this cannot be delegated to researchers not having an international profile⁶⁰.

Once the commitment is clearly to ISET-PI as a team, simple instruments can make a difference to strengthen the team. Examples are:

1. Define mission and policies (which mandates to accept, and which not) clearly;
2. Introduce simple business indicators, at the level of ISET-PI or for each PRC; such as: (a) percentage of paid working hours against unpaid hours; (b) average tariff per working hour achieved in paid mandates; (c) financial figure for reserve of paid work for the next 6 months;
3. Introduce simple instruments such as a list of on-going projects, each of them with a number; list of acquisition projects; updated after each meeting.

Quality control and innovation management are tasks of the newly established Policy Committee (PC). This is not convincing as the policy committee, reporting the Executive Board, meets only quarterly. It would be more effective to work with quality circles and to leave this task to the coordinator of ISET-PI.

2.4.3 Does ISET PI follow a staff hiring practice which is best practice and transparent?

ISET employs in total 50 senior staff⁶¹. They work in ISET administration (20), in the ISET MA faculty (10), or as researchers for ISET-PI (19). Five persons of the ISET faculty act as head of PRCs at ISET-PI. Positions are published, and selection of senior staff (e.g. PRC heads) is done at the basis of criteria.

⁶⁰ This is possible in a consultancy firm.

⁶¹ Not including security.

Looking only at ISET-PI, core staff consists of five PRC heads, 19 full time researchers, grant officers, and a bi-lateral associate expert from Sweden, financed by Sida. What is presently missing is a coordinator of ISET-PI who would also be spokesman of ISET-PI in ISET management (Executive Board).

Staff management is made by management of ISET what guarantees professionalism. PRC heads are contracted directly by PEER and paid in USD. Researchers who are assigned to the PRCs, are paid in GEL and have local contracts. Presently, they can be contracted directly by the heads of the PRC (profit centres).

Managing staff by PRCs does, in the eyes of the PRC, not make a lot of sense as the PRCs are and will remain small. In the eyes of the ET, it would be more adequate to develop and implement a staff and know-how development strategy at the level of ISET-PI and not for each PRC. Contracting by PEER or ISET makes sense.

Recently, ISET introduced changes in the contracts of the PRC heads (now: Practice Leaders), and this led to discussions which are still ongoing. The ET observes the following:

1. Positively, the duration of the contracts has been extended. ISET now issues five-year contracts.
2. The duties of PRC heads are far too large. They include: management of a team; planning; monitoring of policy changes in a sector; delivering policy research and training; communication in events; liaising with Government and donors; teaching.
3. Duties are widespread, but incentives in terms of remuneration are placed mainly on fundraising. The salary is split into a base remuneration and extra compensations (bonuses) of up to 160% of the base remuneration for the success in raising net revenue⁶².
4. PCR heads qualified to teach in one of ISET's academic programmes, can receive an additional annual teaching contract⁶³. Additional contracts with small amounts⁶⁴ are possible for supervising theses. This further increases the workload of these professionals.
5. ISET-PI reserves the right to terminate the contracts with one month's notice if funding of ISET is inadequate, which is a clear risk for the staff.

In the eyes of the ET, PRC heads and researchers should primarily be required to work on delivering analytical products, including the identification of research topics, conducting research, producing messages to various audiences for communicating the findings, and even writing some parts for project proposals when asked. They should not be responsible for administrative matters such as human and financial resource management, or donor reporting. These tasks can also be assumed by a service centre at ISET-PI (see above).

⁶² Another extra 12% for achieving OGSM targets.

⁶³ USD 3000 per course, what is significantly lower than today.

⁶⁴ USD 200 per thesis.

2.4.4 Does ISET-PI address gender in an adequate way?

Given that all of senior management in ISET (Director, Deputy-Directors) and 80% of the PRC heads in ISET-PI are women, ISET is certainly open to employ women in leading positions. Boards and Committees, however, remain to be largely male dominated. The ISET faculty is quite mixed.

At the level of the studies, the ET did not find that ISET-PI has any specific competence in gender or a gender plan. Exceptions are the papers on the pension reform or on migration in which gender aspects were addressed or gender-disaggregated data used. Training or organising a conference on gender in economic analysis, with particular reference to the context of Georgia, could make a difference.

2.5 SUSTAINABILITY

2.5.1 General

Whether the Sida investments into the establishment of ISET-PI will be sustainable, will largely depend on the development of ISET, not only financially but also regarding institutional development of ISET, strategy and management priorities. ISET-PI is part of the present strategy. But this can also change, for example if ISET-PI is not able to cover its operational costs in the future, or if the new director has other priorities.

In the past four years, the Sida grant covered 32% of the revenue of ISET⁶⁵, and it will come to an end in September 2019. The GB is preparing for a potential phase of austerity which could last for several years. Impacts on ISET-PI remain rather unclear and could include the cutting of staff if fundraising targets are not met. The feasibility of the ideas presented by the ISET-PI team to the ET (see [Annex 6](#)) remains questionable.

At the level of ISET (MOU between PEER and TSU), significant progress has been made to ensure sustainability. ISET is likely to receive the status of an independent school, at the same level as a faculty. This would give more freedom in management of students and the faculty.

ISET is an economic school, small in size, but with a high reputation. It is under permanent pressure to defend this reputation. In the eyes of the ET, the Academic Board has not yet sufficiently discussed and clarified what role applied economics, the core competence of ISET-PI, can play in this relatively small economic school in the future. Problem-solving research is different from pure academic research. It needs a different approach⁶⁶ and recognition in ISET.

⁶⁵ Average over the past three years.

⁶⁶ E.g. trans- and interdisciplinary approaches.

Regarding the reputation of ISET, the next hurdle will now have to be taken with the transition to the new director, a Georgian national, having worked for the World Bank, but not with a scientific economic background. The main promoter of ISET-PI, the former director of ISET, recently left ISET and established his own consulting firm⁶⁷. On the website of this consulting group, four projects of ISET-PI are listed⁶⁸. He also lists experts who were formerly experts in ISET-PI or members of the PEC. The positive effect of this is that ISET-PI has to sharpen more clearly its profile as a think tank.

2.5.2 What is the future viability of the PEER/ISET business model, and when and how will it reach sustainability?

The ET heard the clear message from the head of the GB that ISET does not want to depend on donors and wants to become an organisation which stands financially on its own feet. He is confident that ISET can become independent of donors, also because it has a growth perspective in the academic wing what will give the whole set-up financial more sustainability and allow to cross-finance some of the activities of ISET-PI.

According to this business model, ISET will grow with a new Bachelor (BA) programme. At present, there are around 70 Master (MA) students per year, and each of them pays around USD 2,000⁶⁹ on tuition fees. The goal is to grow to a level of 600 students⁷⁰. The head of the GB is convinced that this is realistic and that costs of this growth can be managed. It is also expected that ISET-PI will continue to generate revenues for ISET.

Whether ISET-PI will be able to operate as a think tank without core funding and to substantially contribute to ISET financing is questioned by the ET. Its arguments are:

1. In 2017/2018, ISET-PI generated income of only USD 386,903 through projects. This corresponded to an average of only USD 16,000 per team member, all of them qualified researchers. This is by dimensions lower than in a consultancy firm.
2. The present revenues (except the Sida grant) of ISET-PI hardly cover the direct costs of ISET-PI.

⁶⁷ www.tbilinomics.com.

⁶⁸ Four projects: e.g. Improving Quality and Equity in Preschool Education; piloting work-based learning (WBL) in Georgian TVET system; reforming the Georgian VET system; entrepreneurship education in Georgian VET system.

⁶⁹ Average over the past three years was USD 1,974.

⁷⁰ This could lead to USD 1,200,000 of income from tuition fees, but also significantly higher costs, e.g. for teaching and the facility.

3. Stability in financial planning is not yet reached. Looking at the financial year 2017/2018, the actual direct costs of ISET-PI were 32% above the budgeted direct costs.
4. ISET-PI's capacity for fundraising has also to be assessed in realistic terms. According to the annual reports, the success rate with regards to tenders is in the order of 10% what is very low and shows the harsh environment. This calls for smart strategies⁷¹.
5. Annual report 2017/2018 listed 10 pending proposals out of which none was successful till December 2018. The Annual Report 2016/2017 listed 16 projects which were not funded, including projects in core competencies of ISET-PI such as RIA. Out of the 7 projects which were submitted, only one was successful⁷².
6. Home-made problems⁷³: The ET found criticism of important business partners (Deloitte, UNDP) that ISET-PI is sometimes not meeting deadlines or does not submit invoices in time what causes delays in administration. In one case, they were not happy with the organisation of the mandate.

Thanks to the Sida grant and other benefits⁷⁴, consultancy rates did not had to be calculated at full-cost. The ET studied proposals of ISET-PI submitted in tenders. Daily rates of qualified researchers ranged from USD 60 (junior) to USD 270 (PRC heads)⁷⁵ what is low compared to think tanks in the private sector. A senior researcher, who was the main collaborator in various RIAs, was offered for a daily rate of USD 71 to clients for highly specialised tasks⁷⁶. This is a clear dumping of consultancy prices.

2.5.3 Where is the potential for growth and impact in order to make a difference within ISET PIs current capabilities and strengths?

Applied economics is important in the context of Georgia, and a think tank linked to ISET and indirectly to the TSU makes sense. Ideally, ISET-PI would become a hub for Georgian intellectuals and economists who can make a difference in the country. To play a role in the future, ISET-PI has to reflect on the original mission of its mission as a think tank.

An extension of the present phase till December 2020 would provide the new ISET director with the opportunity to sharpen the profile of ISET-PI as a think tank. If

⁷¹ E.g. formulate concept notes in close collaboration with public administration, and trying to organise a donor for the funding of project described in the concept note.

⁷² GIZ funded RIA on biodiversity.

⁷³ Typical for unexperienced consultancies.

⁷⁴ E.g. free office space and infrastructure.

⁷⁵ Officially, it is USD 375, but in the budget it is lower.

⁷⁶ Studies in the energy sector.

ISET-PI capitalises on its experiences, it can formulate an attractive profile for the think tank, together with an institutional policy where to engage and where not⁷⁷. Partners need to be consulted, and here, ISET-PI can count on the resource of the network of ISET alumni.

The ET identifies the following areas where competencies have been⁷⁸ (or could be) developed, in the public interest:

1. Capitalisation of experiences, meta-evaluation, evaluation, to accumulate sector knowledge, including benchmarking with international experience; to support policy making
2. Development of economic models
3. RIA, as a form of ex-ante evaluations
4. Calculation of solid indices, eventually in partnership with GeoStat
5. Communication
6. Open Source information and software

ISET-PI can become a hub of international experts, committed to the idea of an economic think tank. It will be important to put more emphasis on strengthening institutional partnerships through signing MOUs with relevant Ministries and Government agencies.

ISET-PI could develop a culture in which it formulates pro-actively and in collaboration with alumni and partners from Government, concept notes which are subsequently used as a basis for seeking funding. International donors such as Sida could establish a fund in ISET, through which such studies would be co-financed, provided that Government partners co-finance to an equal share.

2.5.4 What adjustments and improvements should be considered?

The ET strongly recommends to re-think the value added by splitting the relatively small team of ISET-PI into five PRCs, with incentives at the individual level (PRC heads). Rather, ISET should strengthen ISET-PI as a team, specialised in applied economics, and being rewarded for what it achieves as a team.

Furthermore, ISET should also clarify the vision and for ISET-PI as a think tank and strengthen the integration of ISET-PI in ISET. This needs a discussion of the role of applied research in the context of ISET.

International experience with think tanks suggests that linking internationally with other think tanks or collaborating with freelance experts is a good way to strengthen think tanks and to make them sustainable. Currently, ISET-PI still works in relative isolation⁷⁹.

⁷⁷ This center served for many as a model of a think tank, when ISET-PI was established.

⁷⁸ ISET-PI can already count on successes, particularly with regard to points 1, 3 and 4.

⁷⁹ There are, of course, exceptions: e.g. collaboration with the German Economic Team from Berlin.

3 Conclusions and Recommendations

3.1 MAIN CONCLUSIONS

3.1.1 General

Through consultancies and collaborations with important partners, ISET-PI succeeded to show a list of significant achievements in terms of policy impacts (see [Annex 8](#)). The analysis of a sample of these projects suggests that not all of these achievements can be attributed exclusively to ISET-PI (see [Annex 9](#)). ISET-PI was successful when it collaborated with strong partners.

However, and with regard to the overall vision, the ET has the impression that (a) ISET promised too much in its project proposal to Sida which was accepted as project document, and (b) that the main goal, to establish and to consolidate ISET-PI as a viable think tank working in the public interest and with an outreach into the South Caucasus is not achieved. Main reasons were: (a) the project document submitted to Sida in 2014 was formulated too broadly, quite ambitious, without any clear underlying strategy, assessed for example in a feasibility study; (b) the temptation for ISET to use ISET-PI mainly as fundraising programme for ISET, not reinvesting income of ISET-PI into the development of a viable think-tank, was too high and drove ISET-PI into consultancies; (c) consequently, senior staff was over-burdened with work and different tasks; (d) since 2016, the pressure to generate funds and to split ISET-PI into profit centres (PRC) was further increased; (e) lack of a clear leadership and vision to develop ISET-PI into a think tank, in the public interest.

ISET is an important economic school, and its reputation as an academic institution is its main asset. Thus, research done at ISET-PI but also activities in terms of policy consulting must meet similarly high standards. At present, there is not a convincing “package” of policy consulting as ISET-PI developed too much demand-driven into consultancy work. It did not yet position itself as a think tank working in the public interest in the landscape of the South Caucasus.

The need for an economic think tank is high. And ISET-PI succeeded to work mostly in relevant topics. Partners of ISET-PI acknowledge mainly the economic competence of ISET’s staff, and ISET could be further strengthen this by developing more deliberately synergies between the academic wing and ISET-PI. This must not necessarily be in-house competence.

ISET-PI faces the turbulences which are typical in consultancy sector. Till now, it could rely on a comfortable financial bolster provided by the Sida grant. The ET questions whether ISET-PI can survive as a think tank in the policy consulting market in the future without core funding or subsidies from the academic wing of ISET. Without core funding, quality or human resources are likely to be lost relatively quickly.

Because of the significant work load of these consultancies and the tendency to split the already small team in independent PRCs, ISET-PI did not yet succeed to define its core portfolio where it wants to make a difference as a think tank, working in the public interest.

In the eyes of the ET, a significant step can be made if ISET-PI capitalises now on its rich experiences and becomes more pro-active. This would imply that the core team is given room to act more towards the common, not bound to meet fundraising targets.

3.1.2 Main achievements

ISET-PI is on its way to become a public think tank. Here, it can build on the following main achievements:

1. ISET-PI has positioned itself with relevant and highly professional studies and contributions in relevant topics. This presents material on which ISET-PI can capitalise and define a portfolio of relevant topics in which ISET-PI wants to seek excellency as a think tank.
2. Examples are: RIA; policy-oriented evaluation; data collection; environmental economics.
3. The Indices and blogs which are regularly published provide a good basis for positioning itself as a think tank.
4. Organisation of public debates.
5. A few MOUs.
6. Good examples of making use of ISET alumni for networking.

3.1.3 Main areas for improvement

Regarding the positioning ISET-PI as a think tank, the ET identified the following challenges to be addressed:

1. Lack of a clear institutional priority setting and related planning and communication, involving not only ISET-PI but also ISET.
2. Lack of an approach to policy consulting, which becomes the lead culture of ISET-PI and makes it visible (including communication).
3. More innovation in communication and standardisation of communication products needed.
4. Reverse the splitting of the already small team (ISET-PI) in separate, even smaller PCR.
5. Overload of ISET-PI staff is a limitation to be sufficiently present in the Ministries.
6. ISET-PI is not in the list of the think tanks to be invited to Government tenders
7. Human resource management, to keep ISET-PI an attractive place
8. A more stringent approach of signing MOUs with relevant partners from the Government
9. Networking with international know-how
10. More regular dialogue with ISET alumni
11. Flagships, such as a model of the economy of Georgia, an annual conference on a relevant topic

3.2 RECOMMENDATIONS

3.2.1 Recommendations to Sida

1. Grant agreements, with a potential to distort the consulting market, should be better planned. This could include a feasibility study, and clear milestones to be achieved (e.g. products, services).
2. Sida should consider extension of the present project phase till December 2020, also to give the new Director resources to position and consolidate ISET-PI in a sustainable way.
3. ISET should present to Sida a proposal and budget of what it wants to achieve in this extension phase, taking the findings and recommendations of this evaluation into account. Priorities are: (a) strengthening of the profile of a think tank working in the public interests; (b) investments into positioning ISET-PI as a think tank.
4. Regarding further support, Sida should study the option of establishing a fund for policy-related studies in ISET. The idea would be that studies are co-financed with the explicit requirement that Government partners co-finance an equal share.

3.2.2 Recommendations to ISET/ISET-PI⁸⁰

1. ISET should capitalise on the experiences gained so far, also considering the results of this evaluation as an external input, and/or inviting partners and stakeholders. The capitalisation should lead to a clear branding of where ISET-PI wants to make a difference in the future.
2. ISET-PI should position itself as a think tank focusing on applied research in economics and economics policies, being rather a resource than a competitor of consulting firms. Staying in a regular dialogue with international specialists and local partners, it should be a hub for innovations.
3. The model of ISET (academic, policy research) allows for a remarkable cross-fertilisation between the academic and policy arms of the institution. ISET should place even more emphasis on developing strong synergies between its academic programs and ISET-PI (knowledge exchange, involvement of students, providing employment opportunity for excellent students).
4. ISET-PI should act more as one team, not structured into separate PRCs. Each senior consultant can have his/her specialisation, but the approach and the philosophy should be the same. Fundraising targets should be set, at least partly, for the whole team and not, individually, for each PRC.

⁸⁰ Interestingly, the recommendations largely overlap with the analysis which the team of ISET-PI presented to the ET: see Annex 6.

5. To achieve this, ISET-PI needs a coordinator and also pooling of some activities. The coordinator could be the first address for administrative tasks and play a role in elaborating a system for quality control and developing the network of partners.
6. What is definitively needed is a stronger communication team. ISET-PI needs to develop new communication channels (e.g. videos), and convincing templates for its products (e.g. policy briefs). Translation of major outputs to Georgian language is needed to reach the target audience.
7. Pooling international and local expertise, models and special data, capacity for meta-evaluation and benchmarking with international experiences, or capacity for communication and public debates, could be a unique selling point for ISET-PI. Pricing of services should be to market prices.
8. To achieve this goal, ISET-PI should place more emphasis on branding of its policy institute: communication; convincing format for policy briefs; development of templates; indices; models; MOUs with partners; up-to-date communication tools such as video clips or info graphics
9. A think tank needs donors. Therefore, ISET needs to look for donors for ISET-PI.

Annex 1 - Terms of Reference (ToR)

Terms of Reference for the Evaluation of ISET Policy Institute-Promoting Georgia's development through Independent Policy analysis, Trainings and Civil Society engagement

Date: 2018.10.16

1. Evaluation object and scope

The project to be evaluated is ISET Policy Institute (PI): Promoting Georgia's development through Independent Policy analysis, Trainings and Civil Society engagement" which is funded by Sweden through the Embassy of Sweden in Tbilisi. Partnership for Economic Education and Research Inc (PEER), is responsible for implementation of the project. The activity period of the project is from 1 December 2014-30 September 2019 and the total amount of the project is 24 473 000 SEK, out of which the other donors funding is 4 473 000 SEK and the Swedish support amounts to 20 000 000 SEK. All the allocated funds have been disbursed and 15 000 000 SEK spent, thus the remaining operation budget for 2018 is 5 000 000 SEK.

Sweden's cooperation with Georgia is governed by Results strategy for Sweden's reform co-operation with Eastern Europe, The Western Balkans and Turkey 2014-2020. This project is well aligned with the Strategy and contributes to the Result Area 1) Increased economic integration with the EU and a functioning market economy, namely to the following result: "Partner countries better fulfil the EU requirements for entering into and applying association agreements, including deep and comprehensive free trade areas (AAs/DCFTAs). The project also contributes to the other Strategy results, namely "Eastern Europe: A more efficient public management with the administrative capacity to implement reforms for EU integration" and "To bring partner countries closer to meeting EU regulations and international agreements on the environment, climate and energy".

The project's overall aim is strengthening Georgia's fledgling democracy and contributing to the quality and balance of decision-making in key areas of economic policy: macroeconomic and financial stability; private sector development and social inclusion; development of Georgia's energy resources and protection of the environment; promotion of agricultural development and structural change (away from agriculture) through sound labor market, health and education policies. The Swedish support has four strategic objectives: 1) Provide policy analysis, knowledge and ideas in priority areas 2) Develop the capacity within the government of

Georgia to design and implement policies consistent with its 2020 strategy 3) Educate the public and work with businesses and civil society groups to facilitate a participatory process of policy formulation and debate 4) Ensure the intellectual and financial sustainability of ISET-PI as the leading economic policy think-tank and key civil society actor in Georgia.

Georgia faces challenges related to the ongoing process of EU integration, which has been accelerated after the signing of the Association Agreement and Deep and Comprehensive Free Trade Agreement in June 2014. The process of EU integration poses new challenges to Georgia's public sector. New capacities will have to be acquired across all areas of governance including international trade, agricultural policy, energy and environment in order to facilitate the process of harmonising with EU regulations and taking full advantage of Georgia's access to the EU market. Georgian policymakers should be able to learn from the experience of other transition countries that dealt with similar issues in the recent past. ISET Policy Institute as an independent economic think-tank in Georgia seeks through the proposed intervention to strengthen Georgia's fledgling democracy and contribute to the quality and balance of decision-making in key areas of the economy. For further information, the project proposal, results matrix including budget is attached as Annex D.

Thus the overall objective of this evaluation is to assess the results achieved by ISET PI with the Swedish support and focusing under each objectives the following: 1) to frame and summarise lessons learned, 2) evaluate the outcome of PI work on government policies and assess impact, 3) determine how successful the established outreach activities are in delivering this objective vis-à-vis different target groups. 4) to help identify critical path for delivering this objective.

The scope of the evaluation and the intervention logic or theory of change of the project shall be further elaborated by the evaluator in the inception report.

2. Evaluation rationale

Swedish support to ISET PI started in December 2014 and will come to an end in September 2019. With the Swedish funding phasing out, the evaluation will serve as a tool to reflect on the ISET PI's policy impact and provide lessons learnt for institutional sustainability.

The evaluation rationale is the following: evaluate the project performance of the ISET PI as think tank organisation and determine future improvement opportunities, as the Swedish support is coming to an end in 2019.

3. Evaluation purpose: Intended use and intended users

The purpose or intended use of the evaluation is to:

1. Help the Embassy of Sweden and its partner PEER to assess progress of an on-going project to learn from what works well and what challenges remain.
2. Assist and recommend to ISET PI based on findings the following:

- Future viability of ISET-PI as an institution (is the business model being implemented now viable and when/how will it reach its sustainability?)
- How reactive is ISET PI to the policy market demand and able and proactive to adapt to the challenges of the policy environment
- Recommend re-organise centre focus areas? And/or expand to new areas [fields of practice, products, services, partners, define the market size and opportunities] and geographies – where is the potential for growth and impact in order to make a difference within ISET PI’s current capabilities and strength.
- Is ISET PI delivering against its intended policy impact? If not, what can be improved? (Is ISET PI centre head hiring process effective, is ISET PI expected profile for centre heads in line with best practice?)

The primary intended users of the evaluation are:

- PEER Governing Board and Senior Management
- ISET PI (Policy Institute Manager and Centres Heads)
- Embassy of Sweden in Tbilisi

The evaluation is to be designed, conducted and reported to meet the needs of the intended users and tenderers shall elaborate in the tender how this will be ensured during the evaluation process. Other stakeholders that should be kept informed about the evaluation could be determined by PEER GB.

During the inception phase, the evaluator and the users will agree on who will be responsible for keeping the various stakeholders informed about the evaluation.

4. Evaluation criteria and questions

The objective/objectives of this evaluation is to assess the results achieved by ISET PI with the Swedish support and focusing under each objectives the following: 1) to frame and summarise lessons learned, 2) evaluate the outcome of PI work on government policies and assess impact, 3) determine how successful the established outreach activities are in delivering this objective vis-à-vis different target groups. 4) to help identify critical path for delivering this objective.

The evaluation will assess the PEER/ISET PI organisational sustainability and recommend if further funding to PEER/ISET PI has to be provided.

Specifically, the objectives of the evaluations is to:

- Evaluate the PEER/ISET PI project funded by Sweden and formulate recommendations on how to improve for it further organisational development.

The evaluation questions are:

Effectiveness

- To what extent has the project contributed to intended outcomes? (compare project’s indicators against set targets) If so, why? If not, why not?

Impact

- What is the overall impact of the project/programme in terms of direct or indirect, negative and positive results?
- What can be recommended to maximise the future development potential of ISET PI, in order to maximise its impact on policy?

Sustainability

- Is the current PEER/ISET business model ensuring long term institutional sustainability? What adjustments/improvements should be considered?

Questions are expected to be developed in the tender by the tenderer and further developed during the inception phase of the evaluation.

5. Evaluation approach and methods for data collection and analysis

It is expected that the evaluator describes and justifies an appropriate evaluation approach/methodology and methods for data collection in the tender. The evaluation design, methodology and methods for data collection and analysis are expected to be fully developed and presented in the inception report. A clear distinction is to be made between evaluation approach/methodology and methods.

The Embassy of Sweden's approach to evaluation is utilisation-focused, which means the evaluator should facilitate the *entire evaluation process* with careful consideration of how everything that is done will affect the use of the evaluation. It is therefore expected that the evaluators, in their tender, present i) how intended users are to participate in and contribute to the evaluation process and ii) methodology and methods for data collection that create space for reflection, discussion and learning between the intended users of the evaluation.

Evaluators should take into consideration appropriate measures for collecting data in cases where sensitive or confidential issues are addressed, and avoid presenting information that may be harmful to some stakeholder groups.

6. Organisation of evaluation management

This evaluation is commissioned by the Embassy of Sweden in Tbilisi. The intended user(s) are the Embassy of Sweden and PEER/ISET PI. The intended users of the evaluation form a steering group, which has contributed to and agreed on the ToR for this evaluation. The steering group is a decision making body. It will approve the inception report and the final report of the evaluation. The steering group will participate in the start-up meeting of the evaluation, as well as in the debriefing/validation workshop where preliminary findings and conclusions are discussed.

7. Evaluation quality

All Sida's evaluations shall conform to OECD/DAC's Quality Standards for Development Evaluation⁸¹. The evaluators shall use the Sida OECD/DAC Glossary of Key Terms in Evaluation⁸². The evaluators shall specify how quality assurance will be handled by them during the evaluation process.

8. Time schedule and deliverables

It is expected that a time and work plan is presented in the tender and further detailed in the inception report. The evaluation shall be carried out from November 19, 2018 and February 11, 2019. The timing of any field visits, surveys and interviews need to be settled by the evaluator in dialogue with the main stakeholders during the inception phase not exceeding more than 20 days.

The table below lists key deliverables for the evaluation process. Deadlines for final inception report and final report must be kept in the tender, but alternative deadlines for other deliverables may be suggested by the consultant and negotiated during the inception phase.

Deliverables	Participants	Deadlines
1. Start-up meeting via VC	Evaluation Team Embassy of Sweden	November 19, 2018
2. Draft inception report		Tentative November 30, 2018
3. Inception meeting Via VC	Evaluation team Embassy of Sweden ISET PI	Tentative December 3, 2018
4. Comments from intended users to evaluators		Tentative December 10, 2018
5. Final inception report		December 14, 2018

⁸¹ DAC Quality Standards for development Evaluation, OECD, 2010.

⁸² Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014.

6. Debriefing/Field Visit in Tbilisi	Evaluation Team Embassy of Sweden ISET PI ISET clients	December 17-21, 2018
7. Draft evaluation report		Tentative January 18, 2019
8. Comments from intended users to evaluators		Tentative January 31, 2019
9. Final evaluation report		February 11, 2019

The inception report will form the basis for the continued evaluation process and shall be approved by Sida before the evaluation proceeds to implementation. The inception report should be written in English and cover evaluability issues and interpretations of evaluation questions, present the evaluation approach/methodology, methods for data collection and analysis as well as the full evaluation design. A clear distinction between the evaluation approach/methodology and methods for data collection shall be made. A specific time and work plan, including number of hours/working days for each team member, for the remainder of the evaluation should be presented. The time plan shall allow space for reflection and learning between the intended users of the evaluation.

The final report shall be written in English and be professionally proof read. The final report should have clear structure and follow the report format in the Sida Decentralised Evaluation Report Template for decentralised evaluations (see Annex C). The executive summary should be maximum 3 pages. The evaluation approach/methodology and methods for data collection used shall be clearly described and explained in detail and a clear distinction between the two shall be made. All limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. Findings shall flow logically from the data, showing a clear line of evidence to support the conclusions. Conclusions should be substantiated by findings and analysis. Recommendations and lessons learned should flow logically from conclusions. Recommendations should be specific, directed to relevant stakeholders and categorised as a short-term, medium-term and long-term. The report should be no more than a maximum of 35 pages is recommended, excluding annexes (including Terms of Reference and Inception Report). The evaluator shall adhere to the Sida OECD/DAC Glossary of Key Terms in Evaluation⁸³.

The evaluator shall, upon approval of the final report, insert the report into the Sida Decentralised Evaluation Report for decentralised evaluations and submit it to Nordic Morning (in pdf-format) for publication and release in the Sida publication data base. The order is placed by

⁸³ Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014

sending the approved report to sida@nordicmorning.com, always with a copy to the Sida Programme Officer as well as Sida's Chief Evaluator's Team (evaluation@sida.se). Write "Sida decentralised evaluations" in the email subject field and include the name of the consulting company as well as the full evaluation title in the email. For invoicing purposes, the evaluator needs to include the invoice reference "ZZ610601S," type of allocation "sakanslag" and type of order "digital publicering/publikationsdatabas.

9. Evaluation Team Qualification

In addition to the qualifications already stated in the framework agreement for evaluation services, the evaluation team shall include the following competencies:

Knowledge and experience of development economics and/or public policy/administration

Understanding of how think tanks and policy institutes operate in a developing context (non-western European context) as well as in a developed countries.

Knowledge of academic-based think tanks and its business

Knowledge of policy making at government level

A CV for each team member shall be included in the call-off response. It should contain a full description of relevant qualifications and professional work experience.

It is important that the competencies of the individual team members are complimentary. It is highly recommended that local consultants are included in the team if appropriate.

The evaluators must be independent from the evaluation object and evaluated activities, and have no stake in the outcome of the evaluation.

10. Resources

The maximum budget amount available for the evaluation is 400 000 SEK.

The contact person at Swedish Embassy is Khatuna Zaldastanishvili, Program Officer. The contact person should be consulted if any problems arise during the evaluation process.

Relevant Sida documentation will be provided by the Embassy, namely by the responsible Program Officer. Relevant documentation should be prepared well in advance. (annual progress report of 2017).

Contact details to intended users such as ISET PI, will be provided by the responsible Program Officer at the Embassy.

The evaluator will be required to arrange the logistics, including the visits to ISET PI and its research centres including any necessary security arrangements.

11. Annexes

Annex A: List of key documentation

Results strategy for Sweden's reform cooperation with Eastern Europe, The Western Balkans and Turkey 2014-2020

Project Document "ISET Policy Institute (ISET PI): Promoting Georgia's development through Independent Policy analysis, Trainings and Civil Society engagement".

Progress reports: July 2017-June 2018, July 2016-June 2017, July 2015-June 2016, January 2015-June 2015.

Annex B: Data sheet on the evaluation object

Information on the evaluation object (i.e. project or programme)	
Title of the evaluation object	ISET PI- Promoting Georgia's development through Independent Policy analysis, Trainings and Civil Society engagement
ID no. in PLANIt	5511000301
Dox no./Archive case no.	UF2015/01384/Tbil
Activity period (if applicable)	December 1, 2014 - September 30, 2019
Agreed budget (if applicable)	20 MSEK
Main sector	Market Development
Name and type of implementing organisation	PEER/ISET PI -NGO
Aid type	Project Type
Swedish strategy	Results strategy for Sweden's reform cooperation with Eastern Europe, The Western Balkans and Turkey 2014-2020

Information on the evaluation assignment	
Commissioning unit/Swedish Embassy	Embassy of Sweden in Tbilisi
Contact person at unit/Swedish Embassy	Khatuna Zaldastanishvili
Timing of evaluation (mid-term, end-of-programme, ex-post or other)	November 19, 2018 – February 11, 2019
ID no. in PLANIt (if other than above).	5511000301

Annex C: Decentralised evaluation report template

Annex D : Project/Programme document

Annex 2 – Programme of Evaluation

Date	Programme
19 Nov 2018	Kick-off meeting for the evaluation (video conferencing)
4 Dec 2018	Submission of the draft inception report
6 Dec 2018	Inception meeting (video conferencing)
10 Dec 2018	Comments of intended users to inception report
12 Dec 2018	Submission of final inception report
14 Dec 2018	Approval of final inception report
16 Dec 2018	Arrival of TL at Tbilisi
17 Dec 2018	Briefing at Sida Management of ISET-PI presents the organisation and the programme to the mission in a PPT presentation Technical discussions at ISET-PI
18 Dec 2018	Technical discussions at ISET-PI continued Meetings with partners of ISET-PI (ET splits in groups)
19 Dec 2018	Partner meetings, continued
20 Dec 2018	Partner meetings, continued Meeting with Management ISET
21 Dec 2018	Partner meetings continued Preparation of a PPT for the debriefing at the Swedish Embassy Debriefing at the Swedish Embassy in Tbilisi
22 Dec 2018	TL flies back to Zurich
26 Dec 2018 to 7 Jan 2019	Skype meetings and study of material
31 Jan 2019	Submission of draft evaluation report
5 Feb 2019	Comments from intended users to evaluators
11 Feb 2019	Submission of the final evaluation report

Annex 3 - List of Persons Interviewed

Sida

Lien, Molly, Head of Cooperation
Zaldastanishvili, Khatuna, Programme Manager

PEER

Southworth, Roy, Chairman

ISET, including committees

Aleksishvili, Member of the Policy Committee
Beenstock, Michael, Professor, visiting faculty, Member of the Policy Committee
Berdzenishvili, Nana, Deputy Director of Operations
Hibbert, Tina, Deputy Director of Finances and Staff
Levy, Daniel, Professor, visiting faculty, Member of the Academic Committee
Paulsen, Jean-Frédéric, Chairman of the Governing Board of ISET, Senior Advisor to the Minister of Economy of Georgia
Tchaidze, Robert, Policy Committee

ISET-PI

Babych, Yaroslava, Head of MEPRC, resident faculty of ISET
Deisadze, Salome, Researcher
Kochlamazishvili, Irakli, Dpty. Head of APRC
Mamardashvili, Phatima, Head of APRC, assistant professor, resident faculty ISET
Manukyan, Laura, Researcher
Maridashvili, Tamta, Head of ESPRC
Pignatti, Norberto, Head of EEPRC, resident faculty of ISET
Skhirtladze, Sophiko, Head of PSDRC, resident faculty of ISET

Partners of PSD

Addie, Jason, Forset, Co-founder and head of technology
Kobakhidze, Sergi, PWC, Director for Tax and Legal
Maghnaradze, Vladimer, TBC Bank, Head of collateral management department
Sokolovski, Irakli, MG Law office, Legal Council, MG Law Office

Partners of EEPRC

Bakhtadze, Mariam, Deloitte, Coordinator G4G
Gachechiladze, Zviad, GNERC, Dpty. Director of Natural Gas Department
Galdava, Irakli, GNERC, Director Natural Gas Department
Kasrelishvili, Vakhtang, Co-Founder, Director RED Fund

Makarova, Mariam, Ministry of Environmental Protection and Agriculture, head water division

Sumdadze, Nikoloz, GNERC, Dpty. Director Electricity Department

Zachmann, Georg, German Economic Team

Partners of APRC

Ghlonti, Georg, Director of Care Georgia

Gogoberidze, Alexander, Deputy Team Leader, MOL I Kakheti Project

Kvariani, Levan, ACDA, Expert

Tkhlashidze, Elene, MOL I, Business Enabling Environment Coordinator

Topuridze, Nana, Regional director HEKS South Caucasus

Zambakhidze, Nino, Chairwoman of the Georgian Farmer's Association

Partners of ESPRC

Kikdividze, Tamar, ICMPD, Project Manager

Partners of MPRC

Mosiashvili, Nino, Former Research Associate at MPRC

Partners of PSDRC

Bregadze, Giorgi, GNTA, Head of Research and Planning

Chakvetadze, Nataliya, Reserve Fund of the President, Advisor

Gigava, Mariam, NBG, Head of Financial Education Division

Tserodze, Irina, Ministry of Education and Science, Head of Vocational Education Development Department

Others

Labadze, Lasha, former ISET-PI manager

Livney, Eric, former Chairman of Governing Board of ISET (till 2016)

Annex 4 - List of Documents

Documents about the Sida funded Programme in ISET-PI

- (1) ISET-PI, 2014: Project proposal to Sida “Promoting Georgia’s development through independent policy analysis, training and civil society engagement.
- (2) ISET-PI, 2015 ff.: Annual work plans and budgets to Sida, covering all ISET-PI activities
- (3) ISET-PI, 2015 ff.: Progress reports for the Sida-funded project ISET-PI
- (4) ISET-PI, 2017: Progress report at the basis of the Logical Framework Matrix
- (5) Sida, 2014: Grant agreement
- (6) Sida, 20xx Amendment to the grant agreement
- (7) Sida, 2018: Minutes of the Sida Annual Meeting with ISET

ISET/ISET-PI Documents

- (8) ISET, 2013 ff.: MOUs with partner organisations such as the Ministry of Economy, Ministry of Finance, or TBC bank
- (9) ISET, 2015 ff: Technical proposals for different projects (e.g. RIA)
- (10) ISET, 2018: List of topics of master thesis at ISET 2018
- (11) ISET, 2018: ISET Faculty and researcher activity reports
- (12) ISET, 2018: Information on the Organisation (PPT, description of functions)
- (13) ISET, 2018: Database on ISET alumni
- (14) ISET, 2018: staff list

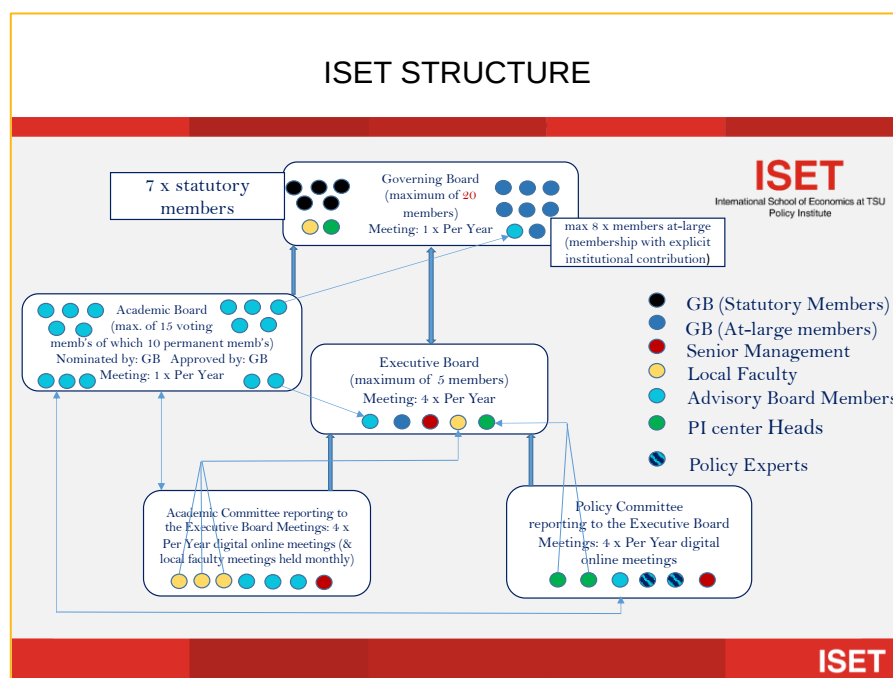
ISET-PI Scientific publications and project reports

- (15) All published on the website www.iset-pi.ge

Others

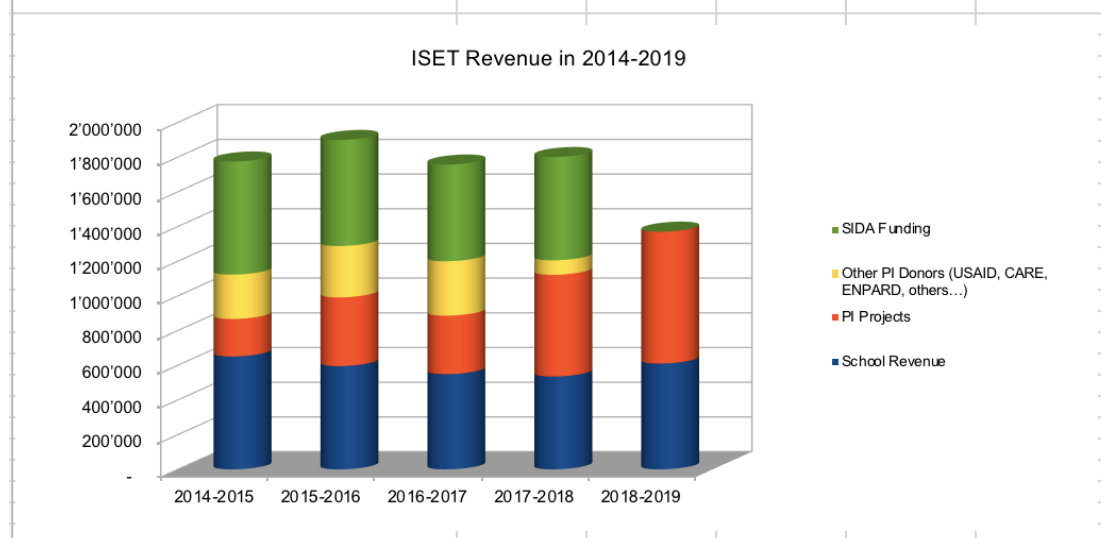
- (16) Bennet, 2017 ff.: Audit reports of the Sida project
- (17) Mendizabal, Enrique, 2018: On Think Tanks – Core Funding unexpected (negatives). Article on the website: <https://onthinktanks.org>
- (18) PEER, 2014: Bylaws of the Partnership for Economics Education and Research (PEER), revised October 2013

Annex 5 – Information about ISET-PI

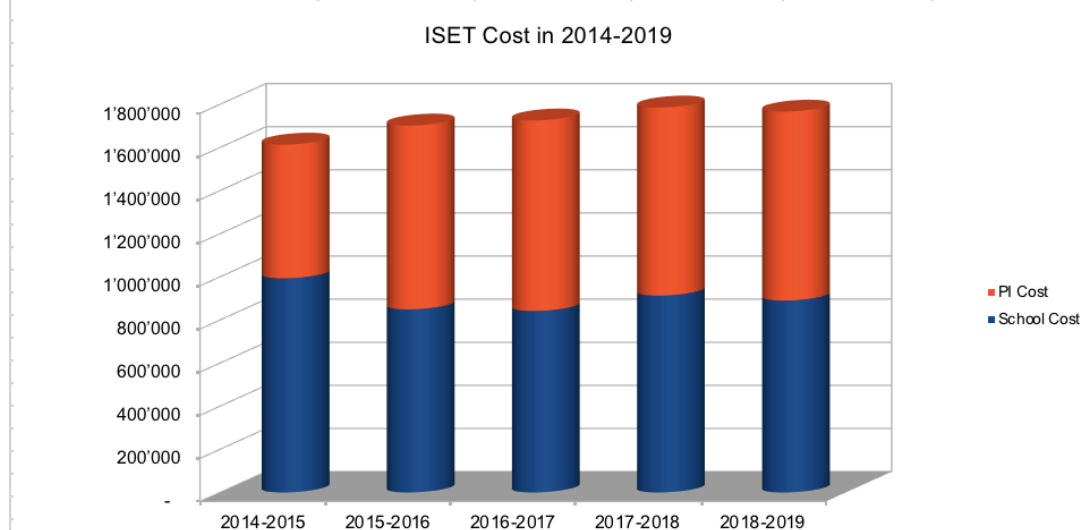


ISET Revenue and Costs July 2014 till June 2018

ISET Revenue	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
School Revenue	650'682	595'028	548'791	534'869	609'800
PI Projects	216'312	396'378	337'179	586'873	760'277
Other PI Donors (USAID, CARE, ENPARD, others...)	255'964	296'288	313'995	83'452	-
SIDA Funding	651'482	611'117	557'219	595'212	-
Total for the year	1'774'440	1'898'811	1'757'184	1'800'406	1'370'077



ISET Cost	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
School Cost	992'919	849'073	841'543	912'649	889'854
PI Cost	620'568	852'889	884'067	872'877	876'868
Total for the year	1'613'487	1'701'962	1'725'610	1'785'525	1'766'722

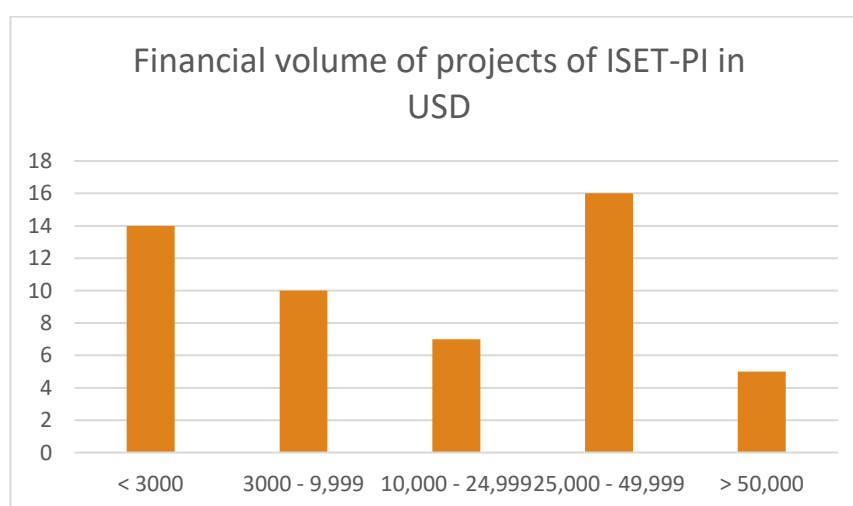


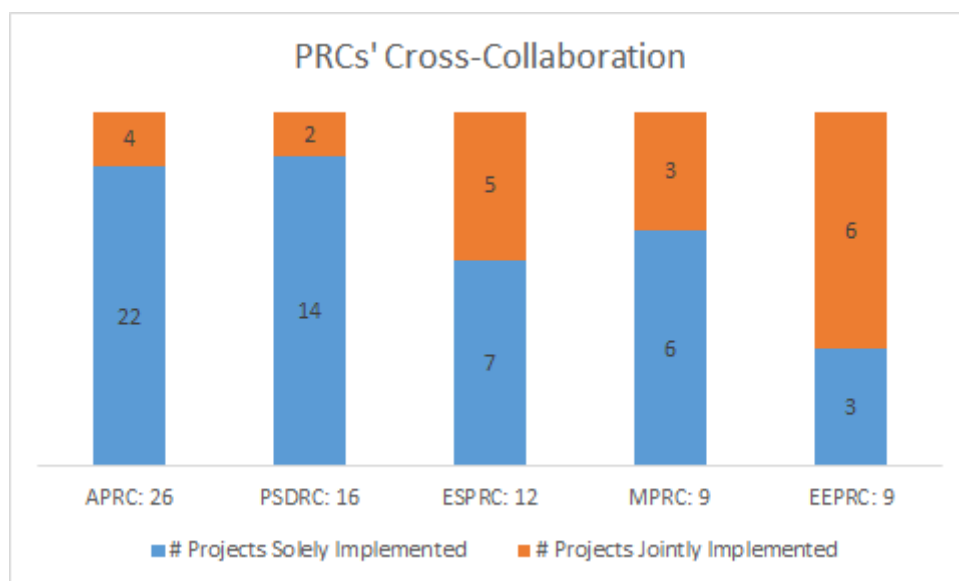
How the Sida grant was spent⁸⁴

	2015	2015/16	2016/17	2017/18	Budget 2018/19	Grand Total	%
Senior policy staff ⁸⁵	82,500	143,562	148,500	182,486	149,125	706,173	29%
Scholarships	50,000	100,000	100,000	125,000	125,000	500,000	21%
Senior management ⁸⁶	65,600	126,200	105,630	84,041	54,600	436,071	18%
Junior researchers	45,078	95,341	97,533	109,844	122,610	470,405	19%
Administrative ⁸⁷	52,501	61,880	65,542	57,818	64,640	302,381	13%
Total	295,679	526,983	517,205	559,188	515,975	2,415,030	100%

Balance of the Sida grant

	2015	2015/16	2016/17	2017/18	Budget 2018/19	Total	%
Amount received from Sida	651,482	611,117	557,219	595,212	0	2,415,030	100%
Actual expenditures	295,678	526,983	517,205	559,186	515,975	2,415,030	100%
Variance (savings)	355,803	84,134	40,014	36,026	0	0	0

Financial volume of PI projects which were started after December 2014⁸⁸⁸⁴ Source: annual reports to Sida⁸⁵ APRC not funded by Sida⁸⁶ Director, Deputy-Directors of ISET; ISET-PI academic and executive Directors⁸⁷ Administrative costs: financial management, administrative management, PEER corporate costs, office expenses, equipment and renovation⁸⁸ Source: project register on website of ISET-PI



Total financial volume of projects started after December 2014

Policy Research Center	Total Contract Amount (USD)	
APRC		566,000
PSDRC		408,000
ESPRC		174,000
MPRC		171,000
EEPRC		56,000
Joint Projects (8)		391,000
Total:		1,766,000

Annex 6 – Results Self-Assessment

The key staff of ISET-PI, present at the first meeting, was asked to answer the following questions:

1. Rating of the institutional/organisational sustainability of ISET-PI on a scale from 1 (very low) to 10 (very high)
2. What would you need to see to allow you to give a higher rating?
3. What is likely to happen when the Sida funding will end in September 2019?

Six persons participated (vice director ISET, heads of five PRC).

Here extracts of the answers

Question 1

Average: 6

Range: from 5 to 7

Question 2

Need for core funding and fund raising on the international market, also to be less dependent on consultancies (4)

Pro-actively develop the market and simulate the demand for higher quality products and services (4)

Develop products such as models (3)

Branding, visibility, communication, “aggressive communication” (2)

Move away from the consultancy model (2)

Strengthen position as a university-based think tank through more academic research, with a proactive research agenda (2)

Establish a peer-review system that will include international experts, to maintain high-quality and visibility (2)

Invest in human capital development (2)

OGSM helps us to become better.

There needs to be a strong back-support office, assisting ISET-PI in the development of new partnerships and projects.

More time needed for academic research

More innovation

More synergies between academic wing and ISET-PI

Better fundraising strategy

Common vision

Question 3

Look for additional opportunities for core funding (3)

Cut costs, e.g. reconsider our bonus policies, lower base salaries eventually compromising on quality (3)

Together with ISET, we have already a realistic plan till the new BA programme is strong enough to contribute financially (2)

Focus on revenue generating projects (2)

Cut some regular activities such as indices (2)

Risk that intellectual capacity is lost

Campaign to become a partner to large international companies that execute large donor-funded projects

Develop permanent training and capacity building programmes

Annex 7 – Results Online Survey

Your affiliation and history with ISET?

ANSWER CHOICES	RESPONSES	
I graduated from ISET	0.00%	0
I took courses at ISET	4.00%	1
I am a former faculty/staff member at ISET	4.00%	1
No affiliation or history	92.00%	23
TOTAL		25

When was your latest collaboration with ISET-PI?

ANSWER CHOICES	RESPONSES	
2018	72.00%	18
2017	16.00%	4
2016	4.00%	1
2015	0.00%	0
Before 2015	0.00%	0
I have not had any collaboration with ISET-PI	8.00%	2
Before 2015 (please specify)	0.00%	0
TOTAL		25

Type of the organisation you represented and was partner of ISET-PI when you last collaborated

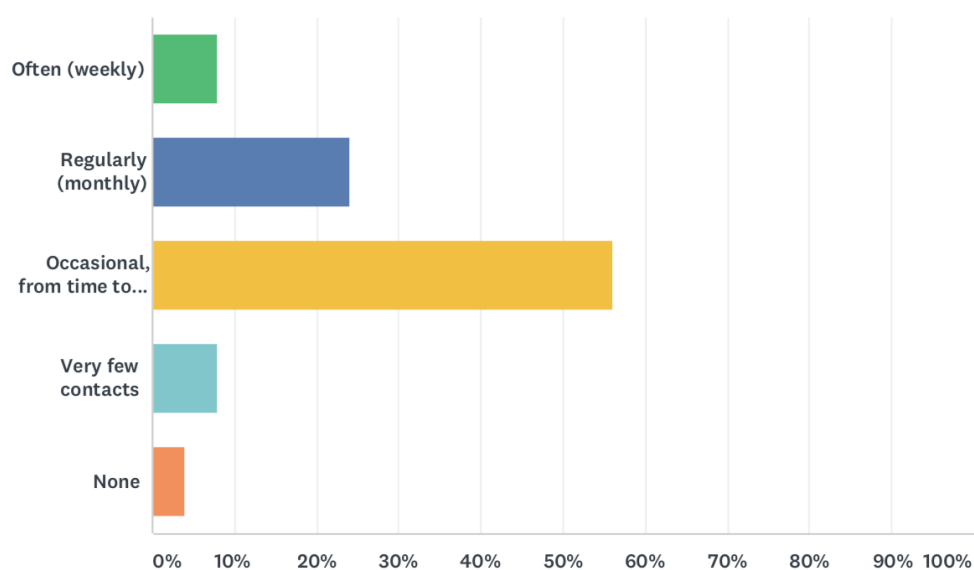
ANSWER CHOICES	RESPONSES	
Government of Georgia (e.g. Ministry, President's apparatus, Legal Entity of Public Law (LEPL), etc.)	12.00%	3
Parliament	4.00%	1
Multilateral or bilateral donor agency (e.g. UN, development bank, EU or donor country)	20.00%	5
International NGO	12.00%	3
National NGO	28.00%	7
Private sector (including chamber of Commerce, private research firm)	12.00%	3
Academic research or training institute	8.00%	2
Consultant/Expert of ISET-PI	0.00%	0
Individual	0.00%	0
Other (please specify)	4.00%	1

Gender

ANSWER CHOICES	RESPONSES	
Female	32.00%	8
Male	68.00%	17
TOTAL		25

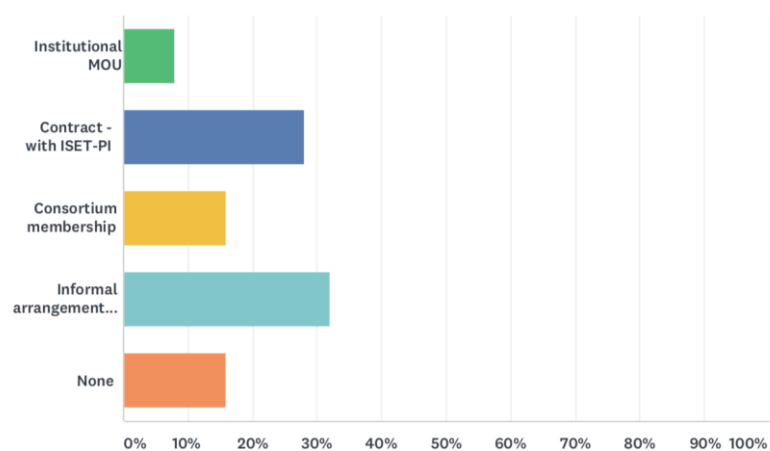
Q4 What was the intensity of your collaboration?

Answered: 25 Skipped: 0



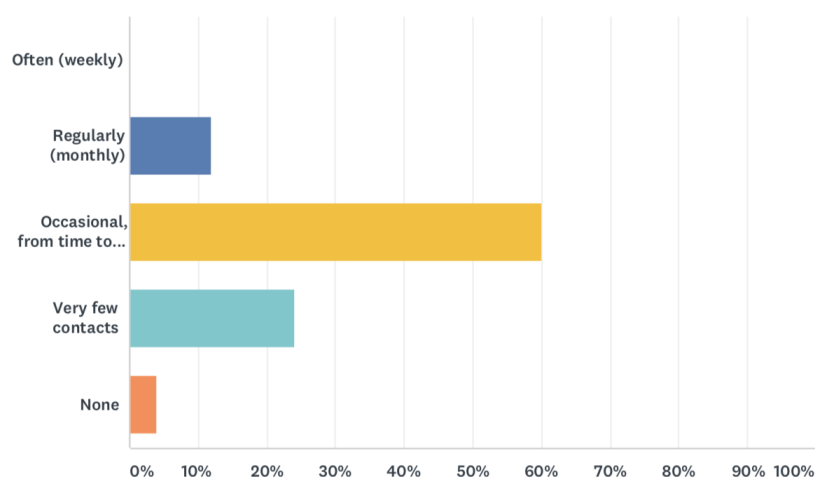
Q5 What is/was the basis of your collaboration with ISET-PI at the time of your latest collaboration?

Answered: 25 Skipped: 0



Q6 What is the present intensity of your collaboration with ISET-PI?

Answered: 25 Skipped: 0



Have you used any of the following ISET-PI indices or products in your field of work? (tick all boxes that apply)

ANSWER CHOICES	RESPONSES	
Business Confidence Index (BCI)	20.00%	5
Consumer Confidence Index (CCI)	16.00%	4
Khachapuri Index	20.00%	5
AgrilIndex	12.00%	3
GDP Forecast	20.00%	5
Macroeconomic Review	48.00%	12
AgriReview	28.00%	7
Electricity Market Review	16.00%	4
REMLab (Real Estate Market Laboratory)	4.00%	1
Reformeter	40.00%	10
Pension Calculator	20.00%	5
None of the above	32.00%	8
Total Respondents: 25		

Take your most successful project or collaboration with ISET-PI since 2015: To what changes led the results of the project or collaboration?

	TO A LARGE EXTENT	TO SOME EXTENT	TO A LITTLE EXTENT	NOT AT ALL	NO ANSWER	TOTAL	WEIGHTED AVERAGE
The result framed debates and helped to get issues on the agenda of policy makers.	26.09% 6	43.48% 10	0.00% 0	8.70% 2	21.74% 5	23	2.57
Policy makers changed language or started to use the arguments.	13.04% 3	30.43% 7	13.04% 3	13.04% 3	30.43% 7	23	3.17
The results led to opening new spaces for debates	17.39% 4	43.48% 10	17.39% 4	0.00% 0	21.74% 5	23	2.65
The results led to changes in official policies, development plans or in legislation.	21.74% 5	17.39% 4	26.09% 6	13.04% 3	21.74% 5	23	2.96
The results led to the implementation of policies, legislation and development plans (behavior change).	26.09% 6	13.04% 3	34.78% 8	8.70% 2	17.39% 4	23	2.78

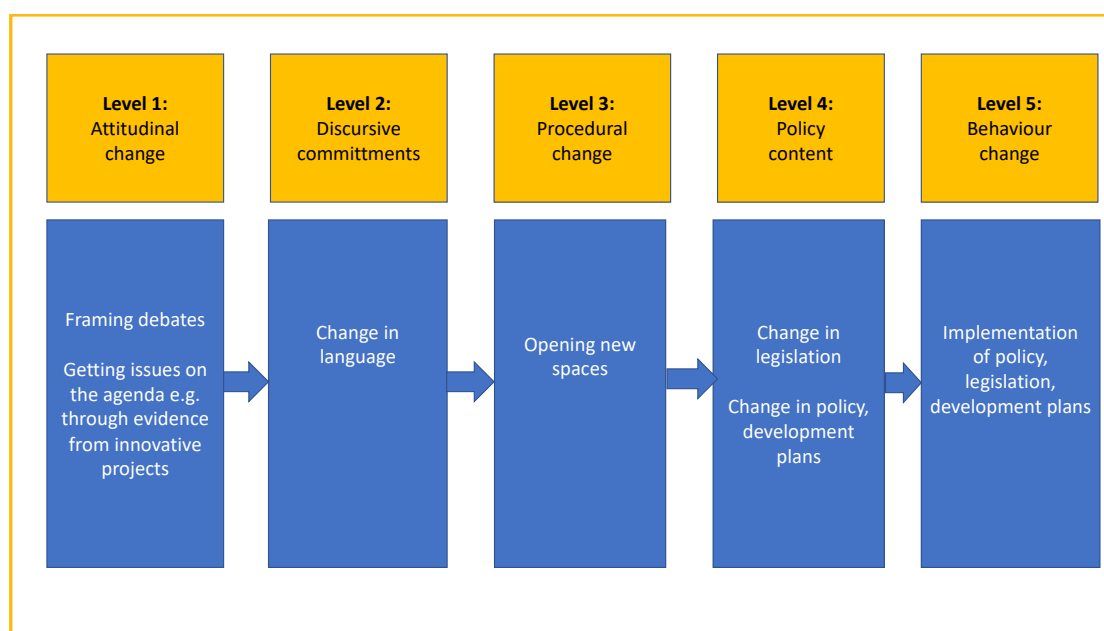
Your opinion about ISET-PI

	AGREE	PARTIALLY AGREE	DISAGREE	NO ANSWER	TOTAL	WEIGHTED AVERAGE
Being part of the International School of Economics at Tbilisi State University (ISET) makes ISET-PI attractive as think tank	56.52% 13	26.09% 6	4.35% 1	13.04% 3	23	1.74
ISET-PI is well accepted by decision makers in Georgia	73.91% 17	13.04% 3	8.70% 2	4.35% 1	23	1.43
Without ISET-PI, debates in Georgia would be different	39.13% 9	47.83% 11	4.35% 1	8.70% 2	23	1.83
ISET-PI does adapt well to challenges in the policy environment	60.87% 14	13.04% 3	8.70% 2	17.39% 4	23	1.83
ISET-PI collaborates effectively with its partners in Government	56.52% 13	26.09% 6	0.00% 0	17.39% 4	23	1.78
The quality of the work done by ISET-PI is excellent	52.17% 12	34.78% 8	8.70% 2	4.35% 1	23	1.65
ISET-PI is innovative	63.64% 14	22.73% 5	4.55% 1	9.09% 2	22	1.59
The team of ISET-PI is excellent	52.17% 12	34.78% 8	8.70% 2	4.35% 1	23	1.65
ISET-PI suffers from frequent changes in the team	13.04% 3	30.43% 7	17.39% 4	39.13% 9	23	2.83
ISET-PI is similar to a consulting firm	30.43% 7	30.43% 7	26.09% 6	13.04% 3	23	2.22
ISET-PI invests sufficiently in training	22.73% 5	13.64% 3	4.55% 1	59.09% 13	22	3.00
Management of ISET-PI is able to ensure transparency	30.43% 7	17.39% 4	8.70% 2	43.48% 10	23	2.65
ISET-PI depends on (or is close to) foreign donors	17.39% 4	30.43% 7	0.00% 0	52.17% 12	23	2.87
ISET-PI provides opportunities for public debates	60.87% 14	21.74% 5	4.35% 1	13.04% 3	23	1.70
The policy institute is a recognized think-tank	69.57% 16	13.04% 3	4.35% 1	13.04% 3	23	1.61

With regard to policy influence, and irrespective of their funding and practice area (e.g. economics, foreign policy), order the following organisations according to their effectiveness on influencing policy in Georgia

(numbering the most important one with 1, ff.)

Annex 8 – Most significant policy impacts of ISET-PI



The ET asked each Policy Research Centre (PCR) to list the most important results in terms of policy impacts (see figure above). The result is presented in the five tables on the following pages in this Annex.

The ET made only small editorial changes.

APRC

Project	Level 1: Attitudinal change	Level 2: Discursive commitments	Level 3: Procedural change	Level 4: Policy content	Level 5: Behaviour change
Analysing agricultural land registration reform of Georgia	Highlighting the importance of issues related to non-registered agricultural land for policy planning and general development of Georgian agriculture. The policy paper and the dialogue resulted in getting this issue on the policy agenda.				
Analysing challenges in the implementation of technical regulation on dairy products.	The project launched the debate on the labelling of dairy products and the importance of consumer's informed decisions.	Dairy product producers, the State and consumers were brought together and discussed each party's role in the enforcement of technical regulation on dairy products.			
Studies in the framework of market opportunities for livestock improvement (MOLI) project.	MOLI brought into the spotlight the market system approach (M4P). The studies led to the identification of options for project continuation and up-scaling.				
RIA of the draft law on biodiversity				Based on our study, the MEPA reformulated specific objectives of the draft law.	

Public discussions (e.g. forums, blogs, and roundtables)			The events contributed to the involvement of new actors in the process of supporting access to finance for specific group of farms (e.g. cooperatives)		
Cooperation for Rural Prosperity in Georgia (ENPARD)	Lead in the M&E working group, charged with tracking the development of the newly established agricultural cooperatives in Georgia	Together with others: strong lobbying against a number of issues: e.g. imposing the new size restrictions on already registered cooperatives; state support to service cooperatives (processing, marketing) rather than primary production cooperatives; development of trout sector	The State is working on the aquaculture development strategy and is consulting with us when needed. The EU opened a call for proposals for trout sector development, referring to our value chain study and outcomes of forums.	Development of proposals for amendments to the Law on Agricultural Cooperatives which were adopted (spring 2015). Our tea value chain analysis and study was the basis for developing the related state program implemented by APMA.	The State did not impose size restrictions, supports service cooperatives (our lobbying efforts).
RIA on Crop Insurance Reform				The State followed the recommendations of the study. The subsidy level for premium is not adapted on an annual basis, and the crop insurance program was linked to the land registration.	The State followed the recommendations.
Assessment of Agricultural Card programme		The study showed that spending state funds on subsidising agricultural cards was inefficient state intervention.			The State programme was phased out.

Tangerine value chain in Adjara region of Georgia				The study served as the guideline for policy planning related to the tangerine sector, a main driver of agriculture in Adjara region.	
RIA on wind-breaks draft law		MEPA started to meet marginalised groups and to think about incentive mechanisms for these groups.	The MEPA now understands the importance of considering marginalised groups at early stages of law-making processes.		
Berry value chain analysis		The study showed that requirements of the current state support programme for berry producers were not in line with small farmer's needs.			The state followed our recommendations and decreased the minimum requirement of the land size.

EEPRC

Project	Level 1: Attitudinal change	Level 2: Discursive commitments	Level 3: Procedural change	Level 4: Policy content	Level 5: Behaviour change
Integrating Ecosystem Services into Local Development Planning	Strengthening the capacity of municipalities to understand the concepts of biodiversity and ecosystem services and how to incorporate them in local development planning.				

Keynote speeches, panels and presentations on RIA, cost-benefit analysis etc.	Keynote speech at the Parliament of Georgia, how to make RIA more valuable and effective; presentations at EU funded events; key expert in community of practice events on RIA, with participation of professionals from Georgia and Armenia		Issues about RIA largely discussed in media, with increasing pressures for change and transparency; high interest of policy makers		
Policy report on the state of higher education and research in Georgia	Comprehensive review of the situation and challenges.	World Bank uses the document to design its new initiatives in the field of higher education in Georgia.			
RIA on Water Management		The concept of Total Economic Value (TEV) of environmental services became accepted in political discourse.			
Policy report on Economic Instruments for Water Management			The report helped to re-frame the discussion: about environmental taxes and environmental subsidies; about the value of water and potential gains from using economic instruments in water management. New possible instruments such as pollution permits were discussed.		

RIA on Pension Reform (together with MPRC, PSDRC)				MoESD was pushed to change several characteristics of the reform (e.g. how to index the basic pension)	The recommendations of the study were implemented,
RIA on Crop Insurance Reform (together with APRC)				The State followed the recommendations of the study. The subsidy level for premium is not adapted on an annual basis, and the crop insurance program was linked to the land registration.	The recommendations were implemented.
RIA on Irrigation Tariffs				The study suggested to postpone the updating of water tariffs. The suggestion was accepted and the tariffs were not increased, despite political pressure from the Georgian Amelioration Company.	The recommendations were implemented.

ESPRC

Project	Level 1: Attitudinal change	Level 2: Discursive commitments	Level 3: Procedural change	Level 4: Policy content	Level 5: Behaviour change
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Support of Entrepreneurial Education.	The study suggested ways to the Ministry of Education and Science (MES) and donor organisations in which Georgian VET institutions can improve entrepreneurship education, identify talented and interested future entrepreneurs, and create an environment where the students will be able to test their skills and knowledge.		We recommended to engage students in running mini-companies. However, the law on Legal Entities of Public Law was not explicit that VET institutions could engage in entrepreneurial activities. We advised modification of the law.	The follow-up of the MES was that they took the recommendation into account and made the necessary changes to the law in 2018.	One of the recommendations was to revise the main teaching materials, more precisely, to include real-life examples of Georgian entrepreneurs in the book. As a follow-up, the book was revised.
Strengthening Entrepreneurial Training in Formal TVET System	Within the scope of this project (1) we created and piloted improved course materials: developed and delivered original case studies of Georgian start-up companies and young entrepreneurs; (2) strengthened VET teachers' capacity: teachers of the entrepreneurship module got trained in business case development and teaching (learning by doing);		Currently, ES-PRC is in negotiations with the MES and National Center for Educational Quality Enhancement (EQE) to revise the module of entrepreneurship for the purpose of introducing case-based teaching in the VET system.		

Costing study of Implementation of National Standards in Accordance to the Law on Early and Pre-school Education and Care in Georgia	The aim of the study and therefore our role was to make calculations of existing and required funds to support the implementation of national pre-school standards.		Results of the study were presented to the Parliament on the 17 th of December, 2018. They are supposed to be taken into account during the planning and implementation of the reform.		
Study on Georgian students' performance in the program for international student assessment (PISA) and trends in international mathematics and science study (TIMSS): a synthesis of findings and policy recommendations	The findings of the study were presented to the Georgian Parliament Committee of Science, Education and Culture at their request, as well as to other stakeholders including international organisations, policymakers and others.	Findings of the study convinced stakeholders that the impact of Georgia's initial education reforms are fizzling out. Thus, unless further reform measures are introduced in the near future, Georgia's education system may enter a period of stagnation.			

MPRC

Project	Level 1: Attitudinal change	Level 2: Discursive commitments	Level 3: Procedural change	Level 4: Policy content	Level 5: Behavior change

Costing study of Implementation of National Standards in Accordance to the Law on Early and Pre-school Education and Care in Georgia	Our role was to make calculations of existing and required funds to support the implementation of national preschool standards.		Results of the study were presented to the Parliament on the 17 th of December, 2018. Results are supposed to be taken into account during the planning and implementation of the reform.		
Financial inclusion, Financial Literacy and Financial Education in Georgia.	The paper systematised the evidence and made a compelling comparative study case showing that financial sector in Georgia, while overall sound, is held back by lack of youth participation (compared to the EECA region), low regional and rural participation. The results of the study were presented at the Banking Forum organised by the Financial (newspaper publication) with participation of members of the Parliament, financial and banking sector representatives.				

- Comparing Retail Interest Rates on Credit Products in ECA Region and Comparing Credit Quality in Bank vs Non-Bank Sector in Georgia, 2018	MPRC conducted a unique cross-country study comparing interest rates for a set of retail products in Georgia and select transition economies. Prior to this study the media and some policy makers were espousing the view that the cost of credit in retail banking sector in Georgia is much higher than in the comparable group of countries. Our study managed to show that the reality is more nuanced, and while the lending rates are indeed high, the deposit rates are also significantly higher than in other countries, leaving the profit margins that are comparable to the ones found in the rest of the region.				
Priority Investment Sectors in Georgia, June 2016, link to the project page. (MPRC and PSDR)				The report was done at the request of the Ministry of the Economy. The report informed MoESD's plans to attract foreign investment based on the potential opportunities presented by the identified sectors.	
Georgia: Strengthening Domestic Resource Mobilisation (with ISET-PI researchers' participation), ADB report, 2015. (MPRC)				The aim of this project was developing a medium-term debt management strategy (MTDS) and looking into institutional arrangements, debt monitoring and forecasting practices, analytical capacity in external and domestic borrowing, etc. The report contributed to the Asian Development Bank's (ADB) Technical Assistance program on Strengthening Domestic Resource Mobilisation in Georgia, to achieve more inclusive growth in Georgia during 2014-2016. The report provided recommendations for: (i) actions / steps in developing and designing a medium-term debt management strategy (MTDS); (ii) dissemination of the MTDS; (iii) implementation of the MTDS; and (iv) suggested MTDS document structure.	

- High Interest Rate Spread in Georgia, analytical paper, 2013 (produced as part of the Financial Soundness Indicators for Investment Climate Analysis project with ADB).	The report, done as part of the Investment Climate Analysis project, investigated the main factors behind high interest rate spread (difference between lending and deposit rates) in Georgia prior to 2013. One of the initial hypotheses which was part of the discussion in the policy-making circles, was that foreign bank participation could have had an impact on the interest rate spread (with risk-averse foreign banks cherry-picking the safest companies for lending and limiting access to credit to others). However, as the report managed to show, this was not the case in Georgia. Other factors, such as high perceived country risk, were responsible for the high interest rate spread.			
Good Jobs for Inclusive Growth, GJIG study, (research reports done for ADB)	This project was part of a broader 8-country study (Central and West Asian Countries) done for the Asian Development Bank. It provided policy suggestions to promote sustainable and inclusive growth by creating well-paid, secure jobs in the group of developing countries in Central and West Asia.			

Study on Trade Facilitation in the South Caucasus (MPRC with PSDRC)			ISET-PI was contracted by United Nations Development Programme (UNDP) to carry out The South Caucasus Trade Study. The study identified a number of areas for concrete follow-up. It informed the Phase II of the regional project to support the implementation of concrete activities and initiatives.		
Blogs, articles in the press and in the social media Among them:	The blog articles helped bring to the fore of public debate certain issues that were previously part of the wider (including policy) discourse. Examples: Fear of Floating in the South Caucasus, May 2017 In Debt and Broke in Georgia, June 2017 How to Prevent the Tobacco Law from Going Up in Smokes? March 2017				Some of the articles (in particular “The New Labor Migration Law”) helped bring the legislative change. The draft law on labor migration which would have hurt the businesses and the labor market in Georgia was not adopted.

PSDRC

Project	Level 1: Attitudinal change	Level 2: Discursive commitments	Level 3: Procedural change	Level 4: Policy content	Level 5: Behavior change of policy, legislation, development plans
Georgian Reform Progress Tracking System/ReforMeter	ReforMeter Public-Private Dialogues bring together people from different sectors of the society to discuss progress made on the five reforms the Georgian Government is currently implementing. The ReforMeter team shares evidence on progress made by the government and on its outcomes and identifies key issues to be discussed and analysed during the meetings. Many interesting debates have been held during the last 12 PPD sessions we have organised.	Public discussions are always attended by public sector representatives who are responsible for implementing the reforms. They have unique chance to hear how the reforms are affecting stakeholders and what potential bottlenecks to be dealt with are. If not yet resolved commitments are being made to consider the issue more thoroughly, to hold additional meetings with stakeholders, etc.		Many issues have been raised and discussed during these meetings; we do not explicitly track how/if these have been reflected in the legislation or development plans which could be attributed to merely our platform, but the ReforMeter dialogues do contribute to making the government of Georgia more accountable and transparent in its decision-making.	The project has helped change the policy-making process in the country. Government representatives find it increasingly helpful to voice their initiatives with the PPD attendees before the initiative becomes a law.

Policy Analysis of the Ongoing Economic Reforms: Pension Calculator	Pension calculator based on the Regulatory Impact Assessment provided an excellent tool for general public to predict their own retirement savings in case the pension reform was implemented and to provide objective assessment and judgment on the government initiative.	Pension calculator was used in parliamentary discussions of the Draft Law on the Pension Reform, the policy-makers were forced to justify the assumptions they had made in doing the calculations of the benefits due to the pension reform which differed from our calculations.			
Policy Analysis of the Ongoing Economic Reforms: Analysing agricultural land registration reform of Georgia	Highlighting the importance of issues related to not-registered agricultural land for policy planning and general development of Georgian agriculture. The policy paper and the dialogue organised in the framework of this project resulted in getting the issues on policy agenda again.				
Policy Analysis of the Ongoing Economic Reforms: Piloting Work-Based Learning in Georgian TVET system (Center: ESPRC)	The study provided analysis of existing work-based learning programs in Georgia.				

Policy Analysis of the On-going Economic Reforms: Effectiveness of Financial Literacy Program at Schools. The Case Study of Schoolbank in Georgia	The study reported on the effectiveness of SchoolBank program implemented by the National Bank of Georgia. It identified factors that help increase financial literacy as well as bottlenecks in implementation. Round-table discussion with participation of the National Bank Governor was held to discuss the findings and come up with better policy design.	Findings of the study convinced stakeholders of the importance of financial literacy from the early ages. The study highlighted importance of informal education as well, e.g. having a bank deposit from early ages is correlated with higher financial literacy and better financial decisions. National Bank of Georgia encouraged commercial banks to diversify products targeted at youth and students	National Bank of Georgia went ahead with its plan to expand coverage of the Schoolbank program in the Georgian schools	The study encouraged the National Bank of Georgia to expand the program and include financial institutions in its financial literacy initiatives	
Regulatory Impact Assessment (RIA) of the Draft Law of Georgia on Insolvency Proceedings	The assessment identified groups of stakeholders e.g. consumers, individual entrepreneurs who will not be covered by the proposed legislation; however no regulatory framework exists that allows natural persons, e.g. honest entrepreneurs to be discharged of the liabilities in due time.	Ministry of Justice has committed to consider immediately issue of natural person bankruptcy and create regulatory framework that governs relationship between creditors and natural persons.		Our analysis identified number of gaps in the law that could have impacted effective implementation of the draft law. These concerns have been communicated with the draft authors and changes have been made to reflect our concerns.	

Regulatory Impact Assessment (RIA) of the Draft Law of Georgia on Entrepreneurs	The study concluded that some of the provisions stated in the Draft Law could be discarded without compromising effectiveness of the Draft Law while significantly minimising costs, especially for smaller-sized firms. These recommendations were shared with large group of shareholders attending the report presentation.	Commitments were made to further consider our recommendations before the Draft is approved.			
Financial Literacy Research in Georgia	In 2016 ISET Policy Institute in collaboration with TBC Bank and TNS conducted a study which showed alarmingly low state of financial literacy in the country. The study also analysed saving behavior of the Georgians. TBC Bank and ISET Policy Institute used the study to advocate for policies that contribute to building financial education.				This study along with other initiatives has prompted National Bank of Georgia to proactively deal with low financial literacy in the country. Number of significant policy initiatives have been developed and implemented since then.

Study on Trade Facilitation in the South Caucasus	The study analyses and provides recommendations on how integration of the South Caucasus countries into international markets, and the strengthening of bilateral relations of Armenia and Azerbaijan with Georgia, could contribute to the countries' sustainable development, helping to stimulate inclusive growth, overcome poverty and protect the environment.	The study provides number of recommendations and project ideas to be supported by UNDP and SDC. Based on this report individual country trade facilitation/investment profiles will be developed that will guide work of these organisations in the South Caucasus with respect to trade facilitation.			
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Annex 9 – Analysis of a sample of projects

Assessment of Enterprise Performance of Agricultural Cooperatives

Thematic Area	APRC
Period	June 2017 to August 2017
Volume USD	4500 USD
Role of ISET-PI	Sub-contracted by ENPARD and EVOLUXER S.L.
Type of the project	Consultancy
Donor	ENPARD, EVOLUXER

Description (Planning, Implementation)

With the new legislation, 1600 new agricultural cooperatives were formed. The EU provided funding for capacity building to 250. The work was granted to four consortia.

ISET-PI was in one consortium with CARE. It had been approached by Care to participate in this consortium.

More important was that ISET-PI was responsible for monitoring and meta-evaluation of experiences of all four consortia. This was a key function. The work was completed in January 2018.

In this particular project, APRC assessed the agricultural cooperatives operational and managerial performance, identified strengths and weakness of the programme, and provided recommendations for further improvement.

APRC carried out a series of interviews with cooperatives and stakeholders as well as background desk research. The latter included interim and final evaluation reports of the training of agricultural cooperatives.

Effectiveness, impact on policy

Meta-evaluation had a direct impact. The studies of ISET-PI lead directly to the design and implementation of training programmes. Topics were e.g. accounting.

Today, an estimated 125 of these agricultural cooperatives are still viable. This is about 8% of the original number (1600), and 50% of the ones having received some input from the EU). This is a very good result.

Already new approaches in the pipeline such as market information systems. Here, the research capacity of ISET-PI is needed.

Other points

Monitoring, evaluation and policy research for all the consortia is a niche from which ISET-PI can benefit.

Despite strong lobby group, not succeeded to convince the EU to adopt some of the new approaches (e.g. revolving funds).

Services of APRC were priced extremely low for such a study.

Livestock Farm-Enterprise Models in Kakheti Region

Thematic Area	APRC
Period	June 2016 to September 2016
Volume USD	17,000 USD
Role of ISET-PI	APRC sub-contracted for a study; policy dialogue was led by MOLI (HEKS)
Type of the project	Consultancy
Donor	MOLI (HEKS)

Description (Planning, Implementation)

APRC conducted research on livestock farm-enterprise models in the project area of the project “Market Opportunities for Livelihood improvement (MOLI), implemented by the Swiss-based NGO HEKS and funded by the Swiss Agency for Development and Cooperation (SDC).

The study involved intensive field work. It lead to an assessment of different alternatives.

HEKS presented the results of the study at a business forum in Kakheti. APRC was invited as expert.

Effectiveness, impact on policy

The study helped the local farmer community to decide on next steps.

Other points

The study was of high professional quality.

Policy dialogue was conducted by the MOLI project office which is working already for many years in the Kakheti area.

MOLI appreciated that APRC was able to initiate also some discussions in Tbilisi, and this complemented the initiatives taken in the field.

Regulatory Impact Assessment (RIA) on the Law of Water Resource Management

Thematic Area	EEPRC
Period	January 2017 to June 2017
Volume USD	36,607 USD
Role of ISET-PI	Responsible for the study, carried out for the G4G programme of USAID, administered by Deloitte
Type of the project	Consultancy
Donor	USAID, G4g fund, managed by Deloitte
Partner	Freelance Consultants

Description (Planning, Implementation)

The RIA was carried out as a study, funded by the USAID fund Governing for Growth (G4G), managed by Deloitte. ISET-PI was the only party submitting an offer for the study. The proposal was found competitive, and ISET-PI was mandated with the study.

ISET-PI sub-contracted a number of water specialists as it did not have the in-house competence.

The RIA was published under the logo of USAID/Deloitte, without mentioning the role of ISET-PI. All public meetings were organised by Deloitte. The final report (RIA) is presented on the ISET-PI website.

Effectiveness, impact on policy

Reform of the water sector is a large programme, involving many stakeholders. As the EU water directive is a target to be achieved, stakeholders from the EU play a major role in the process (e.g. consortia from France, Austria).

In these processes, ISET-PI is playing a role as sub-contractor or consultant for specific economic questions. The policy dialogue, however, is led and structured by other actors, including large consulting firms like Deloitte.

The RIA has been submitted to the Government, and a draft law will be presented to the Parliament. The recommendations of the RIA are considered. This will eventually also lead to a new institutional set-up in the water sector.

Other points

Ministry was satisfied with the work and would like to have ISET-PI as local expertise (economy) involved in the water sector. The hope is, of course, that ISET-PI will also bring funds for the studies.

RIAs are an effective instrument to become involved in policy planning and assessment.

ISSET-PI will be involved in follow-up studies on economic instruments in water management.

Consulting the Team working on Spatial Development Plan of Telavi

Thematic Area	EEPRC
Period	March 2018 to May 2018
Volume USD	3000 USD
Role of ISSET-PI	Consulting to RED
Type of the project	Consultancy
Donor	RED

Description (Planning, Implementation)

A team of architects and urban planners from a private company, but linked to the Research Education Development (RED) Fund, was mandated to carry out the spatial development plan of the city of Telavi.

This was quite a comprehensive mandate and included the master plan as well as detailed planning. The overall budget was in the order of USD 120,000.

According to the architects and urban planners, a lot of this mandate was also executed pro bono, as the group pioneered some of the approaches in urban planning and wanted to use this project as a demonstration project.

The database for Telavi was weak. Therefore, EEPRC was approached to assist with a consultancy. The main task was to perform a socio-economic analysis of Telavi Municipality.

Effectiveness, impact on policy

The study allowed to identify key areas for further economic development in the town and the surrounding municipality.

The policy dialogue was led by RED.

Other points

RED considered EEPRC an attractive partner as it could also involve ISSET students for data collection activities.

Georgian Reform Progress Tracking System (RTS)

Thematic Area	PSDRC
Period	2015-2018

Volume USD	142,000
Role of ISET-PI	Sophiko Skhirtladze, Eric Livny et al.
Type of the project	Project implementation
Donor Agency	USAID Governing for Growth (G4G) program
Partner	Foreset (responsible for development and branding webpage)

Description (Planning, Implementation)

In September 2015 ISET-PI was awarded a contract from USAID G4G program to implement the project. The project was designed by USAID with the overall objective to generate analysis of reform progress to support policy making and public-private dialogue (PPD).

The contracted organisation – ISET-PI was required to design, develop and sustain the RTS in the long term.

Little over a year was spent by the project team on the development of methodologies, creation of a web-based platform and of other tools. So far 12 assessments have been conducted, two assessments each year for each of the following five reforms:

1. Agricultural Development
2. Vocational Education and Training (VET) Reform
3. SME/ Innovation Development
4. Capital Market Development
5. Pension Reform

Effectiveness, impact on policy:

The project succeeded in facilitating public private dialogue, promoting informed debate around policy decisions and reforms implementation. Civil society, business representatives were able to raise their concerns and receive answers to their questions.

The project contributed to making the government of Georgia more accountable and transparent in its decision-making. The meetings from the government side were attended by relevant Ministries' department heads and Deputy Ministers.

Even though most of the identified challenges during PPD meetings were already known to government representatives (they are documented in other studies/reports), the added value of the project was that problematic issues were raised once again, if not for the first time, and public sector representatives had a chance to hear, address stakeholders' concerns, and ask for their opinion with regards to certain issues. Additionally, an added value for government representatives was the realisation of the importance of paying higher attention to public awareness raising around reforms and their implementation.

Joint meetings around the discussions of reforms progress went live through ISET-PI's Facebook page, and these meetings also received media attention. This in turn would have contributed to the increase in the awareness of general population about the ongoing reforms and their outcomes.

Other points

The project is listed under PSDRC thematic area on ISET-PI website, even though it is cross-sectoral and all policy centres contributed to the project implementation.

The depth of the analysis of economic effects given on Reformeter webpage (https://reformeter.iset-pi.ge/en/economic_effects) can be improved by explaining the graphs, exploring relationships between different indicators, etc.

Most importantly, ISET-PI may consider storytelling with data in order to make it easier for general public to see the results and effects of reforms⁸⁹. Actually, the main audience for Reformeter project is a general public.

Furthermore, the methodology part in the “About” section of the Reformeter webpage needs to be better explained: stakeholders assessment part is better explained under the “Reforms” section. Perhaps it would be better to have a separate, consolidated section on Methodology.

For more transparent process in reforms assessment, it would be desirable to upload self-assessment questionnaires that were sent to government agencies. Further on the methodology part, in a few key informants’ point of view, the assessment methodology required more guidance and perhaps the revision, for allowing more in-depth analysis.

The project financing ended but ISET-PI continued with its operation and is considering of adding one more – tourism sector for the assessment of reforms. The assessment frequency may be decreased though to once a year, as six months period is too short to observe noticeable changes.

For ensuring the continuous operation of the project ISET-PI considers asking private sector for financing within the Corporate Social Responsibility. Thus, TBC capital is likely to finance the assessment of reforms on capital market development.

It would be highly advisable to sustain this project in the long term as it makes government accountable and provides good platform for discussions.

Strengthening Domestic Resource Mobilisation

Thematic Area	MPRC
Period	Feb-Jun 2015
Volume USD	4,800
Role of ISET-PI	Nino Mosiashvili
Type of the project	Consulting
Donor Agency	Asian Development Bank (ADB)

⁸⁹ Also, more efforts need to be made for increasing the traffic to the website.

Partner	ADB's International Consultant Robert Andreoli Jr. (team-leader)
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Description (Planning, Implementation)

ISSET-PI's research fellow Nino Mosiashvili applied to the consulting opportunity to work with the ADB's international consultant on the assignment. The task was to develop a medium-term debt management strategy for the Public Debt and External Finance Department of the Ministry of Finance of Georgia.

ISSET-PI's researchers provided certain inputs to the strategy's development: looked into public debt institutional arrangements, debt monitoring and forecasting practices, analytical capacity in external and domestic borrowing, etc.

Effectiveness, impact on policy

The strategy that was elaborated with the involvement of ISSET-PI's researchers contained useful recommendations which were considered by the government.

Other points

The report does not provide any credit to ISSET-PI and/or to its researchers. The title page mentions that the report is prepared by Robert Andreoli Jr.

Priority Investment Sectors

Thematic Area	MPRC
Period	Feb-Jul 2016
Volume USD	55,000
Role of ISSET-PI	Eric Livny, Yasya Babych, Sophiko Skhirtladze, Giorgi Mzhavanadze
Type of the project	Consulting
Donors	British Government's Good Governance Fund (GGF)
Partner	PricewaterhouseCoopers (PwC), PMCG

Description (Planning, Implementation)

A consortium of three organisations applied to the expression of interest of GGF for aiding the government in the identification of priority investment sectors in the context of the newly signed DCFTA agreement with the EU.

Project partners worked on the methodology development, data collection/analysis and on writing the analytical report.

Effectiveness, impact on policy

Six priority sectors were identified by consortium members: 1) agriculture, 2) food processing, 3) transportation and logistics, 4) creative industries, 5) pharmaceuticals and 6) start-ups.

Two and a half months after the production of the analytical report, then Prime Minister of Georgia – Irakli Garibashvili named the following priority investment sectors⁹⁰ at the investment forum that he hosted in New York: 1) banking, 2) transport and logistics, 3) energy sector, 4) manufacturing and processing of agricultural products, 5) tourism. It can be seen that only half of the suggested sectors were considered by the government at that point of time; the government has been emphasising the same sectors for priority investments since then, though it increased attention to the other suggested areas.

Assessment of Economic Impact of Immigrant Students in Georgia

Thematic Area	ESPRC
Period	Nov-Dec 2016
Volume USD	2,800
Role of ISET-PI	Giorgi Papava, Laura Manukyan
Type of the project	Project implementation
Donor	International Centre for Migration Policy Development (IC-MPD)

Description (Planning, Implementation)

ISET-PI was approached by the State Commission on Migration Issues⁹¹ (SCMI) for carrying out a survey of foreign students in Georgia. This project was financed within the framework of the EU-funded ENIGMMA project implemented by the ICMPD.

For the study's implementation ISET-PI collaborated closely with SCMI on the methodology development, surveyed 277 foreign students (plus conducted a few in-depth interviews), and produced analytical report.

Effectiveness, impact on policy

The study showed that foreign students leave a positive impact on Georgian economy and that the economic benefits would expand if the universities increase the quality of

⁹⁰ Source: Georgia reveals its investment potential to world business leaders. 30 September, 2015
<http://agenda.ge/en/news/2015/2161>

⁹¹ This commission includes 11 agencies.

teaching and provide opportunities to foreign students for gaining practical experience in Georgia. The study findings were presented to various governmental and non-governmental stakeholders and it increased the awareness of policy makers in this regards.

Other Points

It would have been more useful to give the original report on the ISET-PI website with properly explained methodology, full study findings, and a questionnaire in the annex. The study link given on ISET-PI's website is not actually the original study report submitted to the donor, but rather a summary of two studies conducted on the subject matter.

Strengthening Entrepreneurial training in formal TVET System

Thematic Area	ESPRC
Period	Apr 2017 – Jan 2018
Volume USD	22,300
Role of ISET-PI	Florian Biermann, Maya Grigolia, Irakli (Rati) Kochlamazashvili, Tamta Maridashvili
Type of the project	Project implementation
Donor	ISWD project of the Millennium Challenge Account (MCA) Georgia

Description (Planning, Implementation)

Prior to this project ISET-PI collaborated with the Ministry of Education and Sciences of Georgia on the identification of bottlenecks in the Georgian TVET system, and one of the recommendations from that study was to improve the delivery of entrepreneurial training by TVET institutions. As a follow-up on the identified gap, ISET-PI, at the request of the Ministry, applied for the small grants financing from MCA.

Within the project, ISET-PI a) created course materials based on eight original case studies of Georgian start-up companies and young entrepreneurs⁹²; b) engaged selected entrepreneurs as guest lecturers at colleges; c) trained 25 VET entrepreneurship teachers in case-based teaching⁹³.

⁹² When selecting cases, special attention was paid to a gender balance

⁹³ ISET-PI news on teachers training: <http://iset-pi.ge/index.php/en/news-social-policy/2070-iset-hosts-workshop-named-business-case-based-teaching>

Effectiveness, impact on policy

The project addressed a dire need for having quality course materials with Georgian-based teaching case studies. ISET-PI produced an excellent publication and related videos which are available online through the ISET-PI's website.

The purpose was to integrate these products into the TVET teaching in professional colleges which did not happen yet: the number of hours for teaching entrepreneurship at VET colleges was reduced and the decision was made to have one consolidated and improved handbook. The integration of the materials produced by the project into a broader course material/handbook for VET colleges is still under discussion.

Currently, the produced materials are used by ISET-PI's faculty and students in teaching/learning the entrepreneurship courses.

Policy Analysis of the ongoing Economic Reforms

Thematic Area	PSDRC
Period	Dec 2017 – Apr 2018
Volume USD	9,600
Role of ISET-PI	Norberto Pignatti, Irakli Barbakadze, Davit Keshelava, Tamta Maridashvili, Eric Livny, Irakli Kochlamazashvili, Nino Kakulia
Type of the project	Research
Donor	President's Reserve Fund

Description (Planning, Implementation)

The donor was approached to complement the mission of ReforMeter by providing in-depth analysis of government reform efforts through policy briefs or other analytical products.

In total, three analytical products were delivered under this financing, and only one of them - the Pension Calculator falls under the EEPRC mandate. The other two delivered products were: 2) the analysis of agricultural land registration reform of Georgia and 3) The Analysis of the Effectiveness of Financial Literacy Program at Schools⁹⁴.

As a follow-up on implemented projects, ISET-PI conducted the discussion of the results among relevant stakeholders.

⁹⁴ ISET-PI's role in the latter project was to make statistical data analysis of schoolchildren's pre- and post-tests and to produce analytical report. The tests themselves were developed by the pilot project's commissioning agency – National Bank of Georgia.

Effectiveness, impact on policy

Under the Pension Calculator the ISET-PI team, based on the conducted Regulatory Impact Assessment, designed a simple online tool for general public for predicting their own retirement savings.

According to ISET-PI's staff members, the Pension Calculator was used in parliamentary discussions of the Draft Law on the Pension Reform. Pension Calculator of ISET-PI made policy makers review their assumptions as their calculation results differed from the ones of ISET-PI.



Evaluation of ISET Policy Institute Promoting Georgia's Development through Independent Policy Analysis, Trainings and Civil Society Engagement

This report, which has been commissioned by Sida / the Embassy of Sweden in Georgia, presents an evaluation of ISET Policy Institute-Promoting Georgia's development through Independent Policy analysis, Trainings and Civil Society engagement. The evaluation concludes that from an institutional point of view, the model of PEER, ISET and ISET-PI is an effective and sustainable approach in the context of Georgia. Looking into the future, the Governing Board of ISET is looking to reduce its' donor-dependency and turn ISET into an independent and self-sustained institute, with an outreach across the region of South Caucasus. Creating financial sustainability therefore constitute a major question that will need to be resolved since the Sida grant, which has covered 32% of the total income of ISET, is coming to an end in September 2019.

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: SE-105 25 Stockholm, Sweden. Office: Valhallavägen 199, Stockholm

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

E-mail: info@sida.se. Homepage: <http://www.sida.se>

