

EUROPEAN UNION

DELEGATION TO GEORGIA

The Head of Delegation

Tbilisi, 29 March 2016

JE/es Ares(2016)1527059

Mr. David Bakradze
State Minister for European and
Euro-Atlantic Integration of Georgia

SUBJECT: Annual Action Programme 2015: Financing Agreement "European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase II (ENPARD Georgia II)" (ENI/2015/037-836)

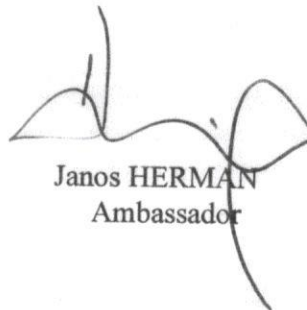
Dear Minister,

Dear David

Enclosed, please find two originals of the Addendum to Financing Agreement for European Neighbourhood Programme for Agriculture and Rural Development (ENPARD Georgia) signed by Mr. Lawrence Meredith, Director of DG NEAR C, for your countersignature.

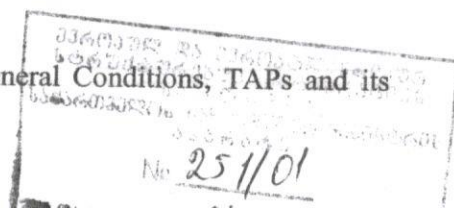
I would be grateful if you could return one countersigned original (including Annexes) to me.

Sincerely,



Janos HERMAN
Ambassador

Enc(s): Financing Agreement (Special Conditions, General Conditions, TAPs and its Annexes), two originals



FINANCING AGREEMENT SECTOR REFORM CONTRACT

SPECIAL CONDITIONS

The European Commission, hereinafter referred to as "**the Commission**", acting on behalf of the European Union, hereinafter referred to as "**the EU**",

of the one part, and

Georgia, hereinafter referred to as "**the Beneficiary**", represented by the State Ministry for European and Euro-Atlantic Integration,

of the other part,

have agreed as follows:

Article 1 - Nature of the action

- 1.1. The EU agrees to finance and the Beneficiary agrees to accept the financing of the following budget support action:

Title: European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase II (ENPARD Georgia II)

CRIS decision number: ENI/2015/037-836

This action is financed from the EU Budget under the following basic act: European Neighbourhood Instrument.

- 1.2. The total estimated cost of this action is EUR 55 500 000 and the maximum EU contribution to this action is set at EUR 50 000 000.

This budget support action is composed of:

(a) a budget support component with a maximum EU contribution of EUR 27 000 000

(b) a complementary support component with a total estimated cost of EUR 28 500 000 and a maximum EU contribution of EUR 23 000 000.

- 1.3. The Beneficiary shall not co-finance the action.

Article 2 – Execution period

- 2.1. The execution period of this Financing Agreement as defined in Article 15 of Annex II (General Conditions) shall commence on the entry into force of this Financing Agreement and end 84 months after this date.
- 2.2. The duration of the operational implementation phase is fixed at 60 months.
- 2.3. The duration of the closure phase is fixed at 24 months.

Article 3 – Addresses

All communications concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to this action as identified in Article 1.1 of these Special Conditions and shall be sent to the following addresses:

a) for the Commission

EU Delegation to Georgia 38 Nino Chkheidze Street; 0102 Tbilisi, Georgia; email: delegation-georgia@eeas.europa.eu

b) for the Beneficiary

Minister of Agriculture, Government of Georgia; 6 Marshall Gelovani Avenue; 0159 Tbilisi, Georgia; email: infomoa@moa.gov.ge

Article 4 – OLAF contact point

The contact point of the Beneficiary having the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate OLAF's operational activities shall be: Lasha Todria, General Auditor, State Audit Office of Georgia.

Article 5 – Annexes

- 5.1. This Financing Agreement is composed of:
 - (a) these Special Conditions;
 - (b) Annex I: Technical and Administrative Provisions, detailing the objectives, expected results, activities, description of the budget-implementation tasks entrusted and budget of this Action;
 - (c) Annex II: General Conditions;
 - (d) Annex III: Reporting Template - not applicable to and not included in this Financing Agreement;
 - (e) Annex IV: Management Declaration Template - not applicable to and not included in this Financing Agreement.

- 5.2. In the event of a conflict between, on the one hand, the provisions of the Annexes and, on the other hand, the provisions of these Special Conditions, the latter shall take precedence. In the event of a conflict between, on the one hand, the provisions of Annex I (Technical and Administrative Provisions) and, on the other hand, the provisions of Annex II (General Conditions), the latter shall take precedence.

Article 6 – Provisions derogating from or supplementing Annex II (General Conditions)

6.1 The foreign exchange transfers will be accounted for under the value date of the notification of credit to the Treasury account from the Central Bank. The exchange rate will be the average rate of the interbank foreign currency market on the value date of the notification of credit.

Article 7 – Entry into force

This Financing Agreement shall enter into force on the date on which it is signed by the last party.

Done in two original copies, one copy being handed to the Commission and one copy to the Beneficiary.

For the Beneficiary:

David Bakradze

State Minister on European and Euro-Atlantic
Integration

National Co-ordinator of EU Assistance
Programmes

For the Commission:

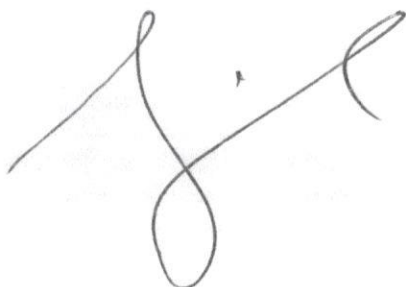
Lawrence Meredith

Director Neighbourhood East

Directorate-General for Neighbourhood
and Enlargement Negotiations

Signature 11.03.2016

Date



Signature 11/3/16

Date



ANNEX I TO FINANCING AGREEMENT NO ENI/2015/037-836

TECHNICAL AND ADMINISTRATIVE PROVISIONS

1. Title/basic act/ CRIS number	European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase II (ENPARD Georgia II) CRIS number: ENI/2015/037-836 financed under European Neighbourhood Instrument			
2. Zone benefiting from the action/location	Georgia The action shall be carried out at the following location: country wide			
3. Programming document	Single Support Framework for EU support to Georgia 2014-2017			
4. Sector of concentration/ thematic area	Agriculture and rural development			
5. Amounts concerned	Total estimated cost: EUR 55,500,000 Total amount of EU budget contribution EUR 50,000,000, of which EUR 27,000,000 for budget support and EUR 23,000,000 for complementary support. This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 5,500,000.			
6. Aid modality(ies) and implementation modality(ies)	Budget Support Direct management – budget support: sector reform contract; grants – calls for proposals; grants – direct award; procurement of services.			
7. DAC code(s)	311- Agriculture: 31120 - Agricultural development 430 - Other multi-sector: 43040 - Rural development			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	Food security and sustainable agriculture Environment and climate change			

SUMMARY

The deterioration of agriculture is a root cause of rural poverty in Georgia, and the sector has become a top strategic priority for Georgia, increasing from 0,8% share of the national budget in 2012 to 2,9% in 2014, and the trend is due to continue in the future.

The EU-Georgia Association Agreement (AA) will have direct implications for the sector, including gradual approximation to EU 'acquis' to maximise the benefits from the Deep and Comprehensive Free Trade Area (DCFTA).

The recently updated Strategy for Agriculture Development in Georgia 2015-2020 (SADG) defines the priorities for the reform of the sector, to which ENPARD II will assist by expanding existing support by the EU towards eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance in Georgia. ENPARD II aims at promoting agriculture and rural development policies and reforms, and to improve the delivery of related services to help address basic needs of the rural population in Georgia, in line with the objectives of the programming document, the Single Support Framework for EU Support to Georgia (SSF 2014-2017).

Building on the existing support from ENPARD, the second phase of the programme will integrate support to agriculture, food safety, sanitary and phyto sanitary and rural development. The expected outcome will be to improve employment and living conditions in poor rural areas of Georgia, with subsequent impacts on poverty alleviation and growth. Specific measures will build resilience and improve food security and nutrition through diversification of rural activities and income sources, particularly for women and girls and the most vulnerable groups including conflict-affected people and ethnic minorities.

The programme will contribute to biodiversity and climate change objectives through measures promoting biodiversity conservation and climate change mitigation and adaptation practices in rural areas.

1. DESCRIPTION

1.1 Objectives/results

General objective:

In line with the SSF 2014-2017 for Georgia, the general objective of ENPARD II is to assist the Government of Georgia in eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance.

Specific objectives:

The specific objective of ENPARD II is to promote agriculture and rural development policies and reforms and to improve the delivery of related services to help address basic needs of the rural population in Georgia.

Expected results:

The expected results of ENPARD II are as follows:

Result 1: Enhanced competitiveness and sustainability of the agriculture sector.

Result 2: Improved SPS, food safety and food quality standards and procedures for inspection and control.

Result 3: Improved employment and living conditions in the rural areas through the diversification of the rural economy.

1.2 Main activities

1.2.1 Budget support

<i>R.1. Enhanced competitiveness, climate-resilience and sustainability of the agriculture sector.</i>	
R.1.1	Creation of the farm registry.
R.1.2	Development of farmers' cooperatives.
R.1.3	Implementation of the seed certification process.
R.1.4	Improvement of the organisational structure, human resources management and training systems of the MoA.
R.1.5	Improvement of the agriculture analytical capacity and database management.
R.1.6	Implementation of sustainable and climate-resilient agricultural practices.
<i>R.2. Improved SPS, food safety and food quality standards and procedures for inspection and control.</i>	
R.2.1	Upgrading of laboratory capacities and food safety/SPS standards for inspection and control.
R.2.2	Strengthening of capacities for border inspection and control and upgrade of standards for food import/export monitoring.
R.2.3	Adoption of improved food safety/quality schemes by farmers.
<i>R.3. Improved employment and living conditions in the rural areas through the diversification of the rural economy.</i>	
R.3.2	Development of state-promoted initiatives to encourage non-farm rural development.
R.3.3	Implementation of targeted support measures under the National Strategy for Rural Development in Georgia, following the principles, models and lessons learned from the EU Member States.

1.2.2 Complementary support

<i>R.1. Enhanced competitiveness, climate-resilience and sustainability of the agriculture sector.</i>	
R.1.7	Technical Assistance to the MoA for the effective implementation of the SADG.
<i>R.3. Improved employment and living conditions in the rural areas through diversification of the rural economy.</i>	
R.3.1	Implementation of rural development measures in support to the poor population.
R.3.4	Technical Assistance for the establishment of a National Strategy for Rural Development.
R.3.5	Technical Assistance for the implementation of the Strategy for Rural Development in Adjara.
R.3.6	Implementation of pilot rural development measures in support to the poor population in Abkhazia.

1.3 Intervention logic

The intervention logic of ENPARD II is built in two dimensions.

In the first place, in terms of inputs and outputs from the programme, the budget support related activities and the complementary measures, as specified above, will support the policy reform process as specified under various SADG strategic directions for agriculture, SPS/food safety and food quality; and rural development.

Under support to agriculture (R.1), the programme will support institutional capacities for issues such as database management and analytical skills, and the creation of a farm registry. In addition, the programme will provide direct delivery of services to smallholder farmers such as strengthening of cooperatives, certification of seed and other planting materials, and the promotion of sustainable and diversified agricultural practices.

Under support to SPS/food safety and food quality (R.2), the programme will complement the support to the development of institutional capacities of the NFA under the CIB initiative with the delivery of services to improve the standards for laboratories and border inspection and controls, and the delivery of food safety and quality related services to food producers.

Under support to rural development (R.3), the programme will help build institutional capacities for the development of a national rural development strategy, and the implementation of the regional strategy for Adjara.

In addition, the programme will deliver related services to the poor rural population, including the breakaway region of Abkhazia, intended to promote the diversification of the rural economy, including support to the development of micro-enterprises, and other economic opportunities promoting the sustainable use and protection of natural resources, biodiversity and ecosystems, and the mitigation and adaptation to climate change.

In the second place, in terms of outcomes and impacts, ENPARD II will help consolidate the achievements of the 1st phase of ENPARD, alongside other support programmes, and contribute to the positive trend experienced by the sector in Georgia, including the significant increase in the share of the national budget over the past two years. As a result, the programme aims to contribute to poverty reduction and the promotion of sustainable and inclusive growth.

For evaluation purposes, it stands to be mentioned that implementation of the programme is subject to the absence of major geopolitical crisis in Georgia, diverting attention and resources from implementation of SADG and possibly causing a financial crisis, disallowing the budget support modality. Also, for Abkhazia in particular, there is a risk that escalating tension with Georgia may lead to delays or even cancellation of implementation.

2. IMPLEMENTATION

2.1 Implementation of the budget support component

2.1.1 *Rationale for the amounts allocated to budget support*

The amount allocated for budget support component (sector reform contract) is EUR 27,000,000, and for complementary support EUR 23,000,000¹.

¹ ENPARD II approach of combined budget support and complementary support is fully aligned with current EC policies on sector approaches in agriculture/rural development.

The amount for budget support is based on the commitment of the partner country to allocate national budget resources (including EU budget support) as per SADG priorities. The amount is commensurate with the financing needs related to the reforms supported and will provide substantial leverage for the policy dialogue. The amount is equivalent to around 10% of investments costs of the MoA, which has a demonstrated absorption capacity and a good track record in fulfilling budget support conditions under current ENPARD.

The amount allocated for complementary support reflects the importance of improving access to rural services through direct support at grassroots level for poverty alleviation purposes as well as for influencing progress in sector policy reform. For Abkhazia, the lack of administrative control impedes the allocation of any budget support to the region.

2.1.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Strategy for Agriculture Development in Georgia 2015-2020 (SADG), and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the Government's PFM reform programme;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for disbursement that may be used for variable tranches are related to three different priority policy areas:

- Enhanced competitiveness and sustainability of the agriculture sector;
- Improved SPS, food safety and food quality standards and procedures for inspection and control;
- Implementation of the Rural Development Strategy for improved employment and living conditions in the rural areas through diversification.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the State Minister of Georgia on European and Euro-Atlantic Integration may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

2.1.3 Budget support details

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Georgian Lari will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

The budget support component is expected to have three subsequent annual tranches (to be disbursed between 2017 and 2019) and the specific conditions for disbursement will be selected according to related strategic measures in the SADG. The three tranches will include a fixed component amounting to EUR 1,000,000 each upon fulfilment of the general conditions. In

addition, these tranches will include a variable component amounting to EUR 8,000,000 each upon fulfilment of the specific conditions.

2.2 Implementation modalities for complementary support

2.2.1.1 Grants: calls for proposals in support to rural development under result 3

2.2.1.1.1 Grants: call for proposals "Expansion of rural development measures in Georgia" (direct management)

2.2.1.1.2 Grants: call for proposals "Pilot rural development measures in Adjara" (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

Objectives: to improve employment and living conditions in rural areas of Georgia (for 2.2.1.1.1) and Adjara (for 2.2.1.1.2) through the gradual adoption of a rural development approach based on the diversification of the rural economy and high environmental standards.

Fields of intervention: rural development.

Expected results and eligible actions are linked to the implementation of rural development strategies in support to the poor rural population.

(b) Eligibility conditions

Applicants should be established in a Member State of the European Union or in Georgia and to be a non-profit making legal person or legal entity. Subject to information to be published in the calls for proposals, the indicative amount of the EU contribution per grant is EUR 2,000,000 to 5,000,000, and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is between 36 and 48 months.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under these calls is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

First trimester of 2016.

2.2.1.2 Grants: direct awards in support to agriculture and rural development under results 1 and 3

2.2.1.2.1 Grant: direct award "Technical assistance to the MoA for improved policy making and effective implementation of the SADG" (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

Objectives: to assist the MoA in establishing a results-based policy making and an effective institutional structure for the implementation of the SADG.

Fields of intervention: agriculture.

Expected results and eligible actions are related to the improvement of policy capacities and institutional efficiency of the MoA for the implementation of the SADG, as a complement to the budget support component.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Food and Agriculture Organisation (FAO). The recourse to an award of a grant without a call for proposals is justified because, in accordance with Article 190(1)(f) of Commission Delegated Regulation (EU) No 1268/2012, the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. In accordance with its core mandate received from the member nations, including Georgia, FAO is tasked to provide policy and technical advice to member countries in the agriculture sector. The main priority area of FAO Country Programme Framework for Georgia is the provision of technical assistance for policy and institutional capacity support to the MoA, including the implementation of the SADG, using the extensive experience acquired with ongoing support from ENPARD.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

Second trimester of 2016.

2.2.1.2.2 Grant: direct award "Technical assistance to to build capacity of the Government of Georgia in view of the establishment of a National Strategy for Rural Development" (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

Objectives: to assist the Government of Georgia in establishing a results-based policy making and an effective institutional structure for the establishment of a National Strategy for Rural Development in Georgia, including the implementation of the Regional Strategy in Adjara.

Fields of intervention: rural development.

Expected results and eligible actions are related to the improvement of policy capacities and institutional efficiency of the MoA and other concerned ministries for the establishment of a National Strategy for Rural Development, including the implementation of the strategy in Adjara, as a complement to the budget support component.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the United Nations Development Programme (UNDP). The recourse to an award of a grant without a call for proposals is justified because, in accordance with Article 190(1)(f) of Commission Delegated Regulation (EU) No 1268/2012, the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. In accordance with its mandate, UNDP is a leading development partner assisting Georgia in policy and institutional support. Rural development is one of the main priority areas of UNDP Country Programme Framework (CPF) for Georgia, where they have longstanding technical experience in support to all key Ministries that will be involved in the establishment of the national rural development strategy. UNDP is EU's leading partner under ENPARD supporting the establishment of the regional rural development strategy in Adjara.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

First trimester of 2016.

**2.2.1.2.3 Grants: direct award "Pilot rural development measures in Abkhazia"
(direct management)**

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

Objectives: to improve employment and living conditions in rural areas of Abkhazia through the gradual adoption of a rural development approach based on the diversification of the rural economy.

Fields of intervention: agriculture, rural development, access to basic services.

Expected results and eligible actions are those linked to the adoption of rural development approaches and improved access to basic services in support to the poor rural population.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the breakaway region of Abkhazia is in a crisis situation referred to in Article 190(2) RAP.

(c) Eligibility conditions

The essential eligibility criteria for applicants include, among others, to be established in a Member State of the European Union or in Georgia and to be a non-profit making legal person or legal entity.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative timing to launch the call

First trimester of 2016.

2.2.1.3 Procurement (direct management)

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
External review missions (for budget support conditionality)	services	3	1 st /2017 1 st /2018 1 st /2019
Communication and visibility	services	2	1 st /2016 1 st /2018
Audits	services	2	4 th /2017 4 th /2019
Evaluations (mid-term and final)	services	2	4 th /2017 4 th /2019

2.3 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the fulfillment of this action impossible or exceedingly difficult.

2.4 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, (amount in EUR)
2.1- Budget support – Sector reform contract	27,000,000	0
2.2.1.1.1 – Grants: call for proposals "Expansion of rural development measures" (direct management)	10,000,000	2,500,000
2.2.1.1.2 – Grants: call for proposals "Pilot rural development measures in Adjara" (direct management)	4,000,000	1,000,000
2.2.1.2.1 – Grant: direct award "Technical assistance to to build capacity of the Government of Georgia in view of the establishment of a National Strategy for Rural Development" (direct management)	1,500,000	375,000
2.2.1.2.2 – Grant: direct award "Technical assistance to the Government of Georgia for the establishment of a National Strategy for Rural Development" (direct management)	2,500,000	625,000
2.2.1.2.3 – Grants: direct award "Pilot rural development measures in Abkhazia" (direct management)	4,000,000	1,000,000
2.7 – Evaluation and, 2.8 - Audit	400,000	N.A.
2.9 – Communication and visibility	400,000	N.A.
External review missions	200,000	
Totals	50,000,000	5,500,000

2.5 Organisational set-up and responsibilities

The MoA is the main stakeholder of ENPARD II and will coordinate all activities under the programme. Oversight will be entrusted to a Steering committee (SC), already established by Ministerial Order in 2013 and fully operational. It is composed by the EU, MoA and State Minister of Georgia on European and Euro-Atlantic Integration.

The EU engages actively in all Government-donor coordination for the implementation of the SADG. Any substantial revision of the structure and/or charter of the MoA will be subject to prior notification to the EU, and the MoA will make its draft annual budget available to the EU.

In addition, the ENPARD Stakeholders committee, established by Ministerial Order in 2013, includes SC members plus all entities relevant to the implementation of ENPARD. It serves as an advisory body for coordination, coherence and effective implementation of ENPARD II.

2.6 Performance monitoring and reporting

External review missions will verify compliance with relevant policy reform conditions, according to this tentative calendar:

Tranche	Reference year for which data is expected to be available	Timing of the assessment mission
1 st tranche	2016	1 st quarter 2017
2 nd tranche	2017	1 st quarter 2018
3 rd tranche	2018	1 st quarter 2019

The Policy Unit of the MoA is responsible for analysis of agriculture-related statistics provided by the Georgian Statistics Office (GEOSTAT). The Unit has a dedicated department for statistics, conducting regular surveys and collecting relevant data for each review mission.

The SADG includes indicators and monitoring tools as part of its action plan. The agriculture census conducted in 2015 with support from ENPARD and other sources will provide a strong baseline data to properly assess performance indicators and budget support conditionality for agriculture, SPS and rural development.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

2.7 Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation will be carried out for learning purposes, in particular with respect to assessing progress of implementation and performance of the various components, so that corrective actions can be put in place.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the programme targets an EU focal sector of support and a policy priority for Georgia.

The Commission shall inform the implementing partner at least three months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in 2017 and 2019.

2.8 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, two contracts for audit services shall be concluded under a framework contract in 2017 and 2019.

2.9 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and visibility plan of the action, to be elaborated at the start of implementation and supported with the budget indicated in section 2.4 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and visibility manual for European Union External Action shall be used to establish the Communication and visibility plan of the action and the appropriate contractual obligations.

Indicatively, two contracts for communication and visibility services shall be concluded under a framework contract in 2016 and 2018.

Appendix – Indicative list of result indicators

Annexes

1. Performance indicators used for disbursements
2. Disbursement arrangements and timetable

APPENDIX - INDICATIVE LIST OF RESULT INDICATORS

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the action plan may be updated during the implementation of the action without an amendment to the financing decision. Result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	(incl. reference year)
Overall objective: Impact	To assist the Government of Georgia in eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance	Reduction of rural poverty	60% (2014)	50%
		Share of agriculture and food sector GDP of total GDP	10% (2014)	
Specific objective(s): Outcome(s)	To promote agriculture and rural development policies and reforms and to improve the delivery of related services to help address basic needs of the rural population	Increase in coverage of service delivery to vulnerable rural populations in target areas	X % (2015) – percentage yet to be surveyed	60% delivery and rural service population
Induced outputs	Successful implementation of the SADG 2015/2020	% of households dependent upon primary agriculture as their main source of income in target areas	90% (2014)	80%
	Successful implementation of the SPS/Food safety approximation programme under the DCFTA	% of Georgian legislative acts adopted in compliance with respective date of approximation, as foreseen in the SPS approximation list agreed upon by Georgia and the EU	0% (2014)	90%

	Successful approval and implementation of the National Rural Development Strategy and Action Plan	% of rural development measures implemented as part of the Rural Development Action Plan 2016-2017	0% (2015)	90% (2018)	MoA reports on the implementation of the Strategy and Action Plan
Direct outputs	AGRICULTURE- Enhanced competitiveness, climate resilience and sustainability of the agriculture sector	Number of farms registered	0 (2015)	100,000 (2018)	Farm Registry
		Number of farmers which are members of cooperatives	4,000 (2015)	10,000 (2018)	ACDA reports External surveys
		% of new seeds varieties certified	0% (2014)	60% (2018)	Seed certification registry
		% of MoA staff regularly trained	10% (2014)	50% (2018)	MoA training centre records
		% increase in the size of sample for the regular quarterly agricultural surveys	0% (2014)	50% (2017)	Agriculture survey by GEOSTAT
		Number of agriculture biodiversity, climate resilience and environmental sustainability measures enforced	0 (2015)	10 (2018)	MoA reports External surveys
	FOOD SAFETY/QUALITY Improved SPS, food safety and food quality standards and procedures for inspection and control	% of food testing methodological approaches validated under EU standards	0 % (2014)	80% (2018)	NFA and MoA Laboratory reports External surveys
		Number of border controls points fully operating under EU standards	0 (2015)	1 (2016)	NFA reports RS reports External surveys
		% of Food Business Operators registered by the NFA	10% (2014)	100% (2018)	NFA reports External surveys
		% of food safety inspectors trained according to EU requirements	0% (2014)	100% (2018)	NFA reports External surveys
		Number of primary producers accredited under appropriate quality schemes	200 (2014)	5,000 (2018)	NFA reports External surveys

	RURAL DEVELOPMENT Improved employment and living conditions in the rural areas through the diversification of rural economy	Number of Local Action Groups implementing appropriate non-farm rural initiatives in support to rural population	0 (2014)	10 (2017)	MoA reports External surveys Reports by grantees
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Annex 1: Performance indicators used for disbursements

The Conditions / Policy measures set out in the Annex 2 below are based on achievable and objectively verifiable indicators. They reflect commitments the Government itself has undertaken as part of its Strategy and represent progressive steps the realisation of the objectives. These conditions also reflect the EU political and development cooperation priorities in the reform of the agriculture and rural development sector in Georgia.

Conditions and indicators related to the management of the reform are included within the General Conditions on sector policy and strategy. Compliance with all four General Conditions, as detailed in Annex 2 Table B, will result in the release of the fixed tranche of each instalment. Compliance with the general conditions is a pre-requisite for the assessment of compliance with the specific conditions, which shall result in the disbursement of the variable tranche of each instalment.

Failure to fulfil the Conditions attached to the fixed tranche as per section 3 of Annex 2 below will result in the irrevocable loss of the entire instalment, including its variable component.

The specific conditions as detailed in Annex 2 below are related to 3 policy areas:

- Enhanced competitiveness and sustainability of the agriculture sector.
- Improved SPS, food safety and food quality standards and procedures for inspection and control.
- Improved employment and living conditions in the rural areas through the diversification of the rural economy.

These areas have been chosen carefully on the basis of various criteria, such as:

- Direct relation with the EU/Georgia Association Agreement and/or its Deep and Comprehensive Free Trade Area (DCFTA).
- Declaration as a priority by the Georgian Government, the EU and/or the ENP Action Plan under the Single Support Framework for EU Support to Georgia (SSF 2014-2017).
- Direct contribution to improved employment and living conditions in rural areas of Georgia, with subsequent impacts on poverty alleviation and growth.
- Added value, comparative advantage and experience of EU cooperation in the sector, including large ongoing support to Georgia through ENPARD programme.
- No overlaps with other initiatives, clear division of labour, active coordination with other donors and synergies with other programmes.

Below is the list of all performance indicators used for disbursements:

Indicators related to general conditions

Indicator: Satisfactory progress in the implementation of the Strategy for Agriculture Development in Georgia (SADG 2015-2020) and continued credibility and relevance of that or any successor strategy

Programme: Agriculture Development Strategy of Georgia (SADG 2015-2020)

Objective: to create an environment that will increase competitiveness in agro food sector, promote stable growth of high quality agricultural production, ensure food safety and security, and eliminate rural poverty through sustainable development of agriculture and rural areas.

Actions: All Strategic Directions 3.1 to 3.7 and related Measures.

Department responsible: Ministry of Agriculture of Georgia, Policy Analysis Department

Description of the Indicator

Indicator type: general conditions (fixed tranche)

Measurement unit: satisfactory progress

Periodicity of measurement: annual

Last known result: satisfactory progress (2014)

Development and quality of the indicator

Method of data collection: annual report of the Ministry of Agriculture of Georgia; annual external review missions

Departments responsible for collection: Ministry of Agriculture of Georgia, Policy Analysis Department

Method of calculation: annual assessments

Means of interpretation

Known limits and bias: data is regularly available

Means of interpretation: the indicator relates to overall performance of the Ministry of Agriculture of Georgia in implementation of the SADG

Documentation schedule

Delivery date: Q1/2017; Q1/2018; Q1/2019

Indicator: Implementation of a credible stability-oriented macroeconomic policy

Programme: Public Finance Policy Reform Programme

Objective: Maintaining a credible and stable macroeconomic policy

Action: stabilization of economy by achieving sustainable growth; keeping low level of inflation; decreasing unemployment; improving investment climate

Department responsible: Ministry of Finance of Georgia

Description of the Indicator

Indicator type: general conditions (fixed tranche)

Measurement unit: satisfactory progress

Periodicity of measurement: annual

Last known result: satisfactory progress (2014)

Development and quality of the indicator

Method of data collection: reports from International Monetary Fund, World Bank and EU; external review missions

Departments responsible for collection: IMF, WB, EU; external missions

Method of calculation: annual assessments

Means of interpretation

Known limits and bias: data is regularly available

Means of interpretation: the indicator relates to overall performance of the Georgian macroeconomic policy

Documentation schedule

Delivery date: Q1/2017; Q1/2018; Q1/2019

Indicator: Satisfactory progress in the implementation of the programme to improve public financial management

Programme: Public Finance Policy Reform Programme

Objective: Maintaining fiscal discipline and improving fiscal forecasting. Improving public financial planning. Management, accounting and reporting of public finances

Action: enhancing policy-based budgeting; external scrutiny and accountability; public internal financial control; strengthening external audit; public oversight over the executive

Department responsible: Ministry of Finance of Georgia, State Audit Office of Georgia

Description of the Indicator

Indicator type: general conditions (fixed tranche)

Measurement unit: satisfactory progress

Periodicity of measurement: annual

Last known result: satisfactory progress (2014)

Development and quality of the indicator

Method of data collection: reports from International Monetary Fund, World Bank and EU; external review missions

Departments responsible for collection: IMF, WB, EU; external missions

Method of calculation: annual assessments

Means of interpretation

Known limits and bias: data is regularly available

Means of interpretation: the indicator relates to overall performance of the Georgian public financial management

Documentation schedule

Delivery date: Q1/2017; Q1/2018; Q1/2019

Indicator: Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information

Programme: Public Finance Policy Reform Programme

Objective: Maintaining fiscal discipline and improving fiscal forecasting. Improving public financial planning. Management, accounting and reporting of public finances

Action: external scrutiny and accountability; strengthening external audit; public oversight over the executive

Department responsible: Ministry of Finance of Georgia, State Audit Office of Georgia

Description of the Indicator

Indicator type: general conditions (fixed tranche)

Measurement unit: satisfactory progress

Periodicity of measurement: annual

Last known result: satisfactory progress (2014)

Development and quality of the indicator

Method of data collection: reports from International Monetary Fund, World Bank and EU; external review missions

Departments responsible for collection: IMF, WB, EU; external missions

Method of calculation: annual assessments

Means of interpretation

Known limits and bias: data is regularly available

Means of interpretation: the indicator relates to overall performance of the Georgian public financial management

Documentation schedule

Delivery date: Q1/2017; Q1/2018; Q1/2019

Indicators related to specific conditions (R.1 - Agriculture)

Indicator 1.1: Action plan for establishment of the farm registry system developed

Programme: SADG 2015-2020

Objective: Strategic Direction 3.2: Institutional Development

Action: Measure 3.2.3

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: Development of Action plan

Periodicity of measurement: annual

Last known result: Action plan not developed (2014)

Development and quality of the indicator

Method of data collection: annual report

Departments responsible for collection: Ministry of Agriculture, Department for Amelioration

Method of calculation: Decree approving Action Plan of farm registry

Means of interpretation

Known limits and bias: a farm registry pilot is being introduced by a donor. Subsequently, it should be rolled over by the Ministry

Means of interpretation: the indicator relates to better quality of agricultural and rural tools and statistics

Documentation schedule

Delivery date: Q1/2017

Indicator 1.2: Seed Law adopted

Programme: SADG 2015-2020

Objective: Strategic Direction 3.4: Regional and sectorial development - value chain development

Action: Measures 3.4.4 and 3.4.5

Department responsible: Ministry of Agriculture of Georgia, Legal Department

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: Adoption of Seed Law

Periodicity of measurement: annual

Last known result: Seed Law not adopted (2014)

Development and quality of the indicator

Method of data collection: annual monitoring reports

Department responsible for collection: Ministry of Agriculture of Georgia, Legal Department

Method of calculation: annual assessments

Means of interpretation

Known limits and bias: data embodied in adoption of legislative acts is to be collected on a rolling basis

Means of interpretation: the indicator confirms improvement in agricultural performance through better legislative framework

Documentation schedule

Delivery date: Q1/2017

Indicator 1.3: Human resources and annual performance review systems approved

Programme: SADG 2015-2020

Objective: Strategic Direction 3.2: Institutional Development

Action: Measure 3.2.1

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: Adoption of Human resources plan

Periodicity of measurement: annual

Last known result: Human resources plan not adopted (2014)

Development and quality of the indicator

Method of data collection: annual report

Departments responsible for collection: Ministry of Agriculture of Georgia, Human Resources Department

Method of calculation: Decree approving the Human resources plan

Means of interpretation

Known limits and bias: data embodied in adoption of legislative acts is to be collected on a rolling basis

Means of interpretation: the indicator measures improvement of human resources policy by the Ministry

Documentation schedule

Delivery date: Q1/2017

Indicator 1.4: 4 objective yield surveys conducted (corn, apple, wheat, citrus)

Programme: SADG 2015-2020

Objective: Strategic Direction 3.2: Institutional Development.

Action: Measure 3.2.2

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: number of objective yield surveys conducted

Periodicity of measurement: annual

Last known result: 0 (2014)

Development and quality of the indicator

Method of data collection: agricultural survey report

Departments responsible for collection: GEOSTAT

Method of calculation: statistical data on selected yield surveys

Means of interpretation

Known limits and bias: the yield surveys are foreseen as planned based on support provided

Means of interpretation: the indicator relates to better quality of agricultural and rural statistics

Documentation schedule

Delivery date: Q1/2017

Indicator 1.5: 20% increase in size of sample for the regular quarterly agricultural surveys

Programme: SADG 2015-2020
 Objective: Strategic Direction 3.2: Institutional Development.
 Action: Measure 3.2.2
 Department responsible: Ministry of Agriculture of Georgia
Description of the Indicator
 Indicator type: specific conditions (variable tranche)
 Measurement unit: % change in sample size of agricultural surveys
 Periodicity of measurement: annual
 Last known result: 0% (2014)
Development and quality of the indicator
 Method of data collection: agricultural survey report
 Departments responsible for collection: GEOSTAT
 Method of calculation: statistical data on sample size of agricultural survey
Means of interpretation
 Known limits and bias: the increase in sample size is foreseen as planned based on support provided
 Means of interpretation: the indicator relates to better quality of agricultural and rural statistics
Documentation schedule
 Delivery date: Q1/2017

Indicator 1.6: Agriculture census information publically disclosed via Internet
 Programme: SADG 2015-2020
 Objective: Strategic Direction 3.2: Institutional Development.
 Action: Measure 3.2.2
 Department responsible: Ministry of Agriculture of Georgia
Description of the Indicator
 Indicator type: specific conditions (variable tranche)
 Measurement unit: internet publication of census information
 Periodicity of measurement: annual
 Last known result: no internet publication of census information (2014)
Development and quality of the indicator
 Method of data collection: agricultural census report
 Departments responsible for collection: GEOSTAT
 Method of calculation: statistical data on agriculture census
Means of interpretation
 Known limits and bias: availability of the census information via internet is foreseen as planned based on support provided
 Means of interpretation: the indicator relates to better quality of agricultural and rural statistics
Documentation schedule
 Delivery date: Q1/2017

Indicator 1.7: State program on bioorganic production certification schemes adopted
 Programme: SADG 2015-2020

Objective: Strategic Direction 3.4: Regional and sectorial development - value chain development

Action: Measures 3.4.4 and 3.4.5

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: Adoption of certification schemes

Periodicity of measurement: annual

Last known result: Schemes not adopted (2014)

Development and quality of the indicator

Method of data collection: annual reports

Department responsible for collection: Ministry of Agriculture of Georgia, Department of Amelioration

Method of calculation: Decree adopting bioinorganic production programme

Means of interpretation

Known limits and bias: data embodied in adoption of legislative acts is to be collected on a rolling basis

Means of interpretation: the indicator confirms improvement in agricultural performance through better regulatory framework

Documentation schedule

Delivery date: Q1/2017

Indicator 1.8: 60% newly introduced seeds certified

Programme: SADG 2015-2020

Objective: Strategic Direction 3.4: Regional and sectorial development - value chain development

Action: Measures 3.4.4 and 3.4.5

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: % change in new seed varieties certified

Periodicity of measurement: annual

Last known result: 0 (2014)

Development and quality of the indicator

Method of data collection: annual report

Department responsible: Ministry of Agriculture of Georgia, Scientific Research Centre

Method of calculation: seed certificate records

Means of interpretation

Known limits and bias: the information is derived from the MoA catalogue and number of registered seed varieties

Means of interpretation: the indicator refers to high quality production input, potential for productivity improvement and speed of certification process

Documentation schedule

Delivery date: Q1/2018

Indicator 1.9: Training centre at Ministry of Agriculture established and staffed

Programme: SADG 2015-2020

Objective: Strategic Direction 3.2: Institutional Development

Action: Measure 3.2.1

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: establishment of Training centre

Periodicity of measurement: annual

Last known result: Training centre not established (2014)

Development and quality of the indicator

Method of data collection: annual report

Departments responsible for collection: Ministry of Agriculture of Georgia, Human Resources Department

Method of calculation: staff training records

Means of interpretation

Known limits and bias: the data comes from MoA internal records

Means of interpretation: the indicator measures improvement of facilities for staff capacity for better decision-making through participation in trainings

Documentation schedule

Delivery date: Q1/2018

Indicator 1.10: 100% data for the regular agriculture survey collected electronically

Programme: SADG 2015-2020

Objective: Strategic Direction 3.2: Institutional Development.

Action: Measure 3.2.2

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: % change in electronic survey data collection

Periodicity of measurement: annual

Last known result: 0% (2014)

Development and quality of the indicator

Method of data collection: agricultural survey report

Departments responsible for collection: GEOSTAT

Method of calculation: statistical data on electronic data of agricultural survey

Means of interpretation

Known limits and bias: the electronic data collection is foreseen as planned based on support provided

Means of interpretation: the indicator relates to better quality of agricultural and rural statistics

Documentation schedule

Delivery date: Q1/2018

Indicator 1.11: Awareness programme on sustainable/resilient agriculture conducted

Programme: SADG 2015-2020

Objective: Strategic Direction 3.7: Climate Change, Environment and Biodiversity
Action: Measures 3.7.1 to 3.7.3

Department responsible: Ministry of Agriculture of Georgia, Ministry of Environment and Natural Resources Protection of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: implementation of awareness programme

Periodicity of measurement: annual

Last known result: awareness programme not implemented (2014)

Development and quality of the indicator

Method of data collection: annual report

Departments responsible for collection: Ministry of Agriculture of Georgia

Method of calculation: reports on awareness measures

Means of interpretation

Known limits and bias: relevant awareness measures should be implemented

Means of interpretation: the indicator measures the responsiveness of the government to climate change and environmental concerns

Documentation schedule

Delivery date: Q1/2018

Indicator 1.12: 100,000 farms registered

Programme: SADG 2015-2020

Objective: Strategic Direction 3.2: Institutional Development

Action: Measure 3.2.3

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: number of farms registered

Periodicity of measurement: annual

Last known result: 0 (2015)

Development and quality of the indicator

Method of data collection: farm registry data

Departments responsible for collection: Ministry of Agriculture, Department for Amelioration

Method of calculation: extraction of data from the Registry

Means of interpretation

Known limits and bias: the Registry Pilot is being introduced by a donor. Subsequently, it should be rolled over by the Ministry

Means of interpretation: the indicator measures speed of registration by farmers and coverage of total number of farmers by the Registry

Documentation schedule

Delivery date: Q1/2019

Indicator 1.13: 50 % of Ministry of Agriculture staff undertaking regular trainings at Training centre

Programme: SADG 2015-2020

Objective: Strategic Direction 3.2: Institutional Development

Action: Measure 3.2.1

Department responsible: Ministry of Agriculture of Georgia, Training Centre

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: % change in number of Ministry of Agriculture staff trained

Periodicity of measurement: annual

Last known result: 10% (2014)

Development and quality of the indicator

Method of data collection: annual report

Departments responsible for collection: Ministry of Agriculture of Georgia, Training Centre, HR Department

Method of calculation: staff training records

Means of interpretation

Known limits and bias: the data comes from MoA internal records on training number and participants trained through in-house or donor-sponsored training activities. Data are available on a rolling basis

Means of interpretation: the indicator measures improvement of staff capacity for better decision-making through participation in trainings

Documentation schedule

Delivery date: Q1/2019

Indicator 1.14: Enforcement mechanisms by the State on sustainable agricultural practices introduced by cooperatives

Programme: SADG 2015-2020

Objective: Strategic Direction 3.7: Climate Change, Environment and Biodiversity

Action: Measures 3.7.1 to 3.7.3

Department responsible: Ministry of Agriculture of Georgia, Ministry of Environment and Natural Resources Protection of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: number of enforcement mechanisms

Periodicity of measurement: annual

Last known result: 0 (2014)

Development and quality of the indicator

Method of data collection: annual report

Departments responsible for collection: Ministry of Agriculture of Georgia

Method of calculation: reports on enforcement mechanisms adopted

Means of interpretation

Known limits and bias:	relevant enforcement mechanisms should be put in place. A good reference could be those currently being defined under the "Climate Smart Agriculture Strategy" for Georgia ² .
Means of interpretation:	the indicator measures the responsiveness of the government to climate change and environmental concerns
Documentation schedule	
Delivery date: Q1/2019	

²Climate-smart agriculture (CSA) is an integrative approach to address the interlinked challenges of food security and climate change, that explicitly aims for three objectives:

- sustainably increasing agricultural productivity, to support equitable increases in farm incomes, food security and development;
- adapting and building resilience of agricultural and food security systems to climate change at multiple levels; and
- reducing greenhouse gas emissions from agriculture (including crops, livestock and fisheries).

A project started in october 2015 to mainstream the concept of Climate Smart Agriculture in Georgian legislation and a draft action plan, including possible environmental enforcement mechanisms is in the making and will be presented to Georgian authorities during the month of february 2016.

Indicators related to specific conditions (R.2 – SPS and food safety)

Indicators 2.1, 2.5, 2.10: % of food business operators (FBOs) registered and/or approved by the NFA and % of inspectors trained according to EU requirements

Programme: SADG 2015-2020

Objective: Strategic Direction 3.6: Food Safety, Veterinary and Plant Protection

Action: Measures 3.6.1, 3.6.4 and 3.6.5

Department responsible: Ministry of Agriculture of Georgia, National Food Agency; Ministry of Finance of Georgia, Revenue Service

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: % change in number of registered food operators and in number of food safety inspectors trained

Periodicity of measurement: annual

Last known result: 10% (2014) for FBOs; 0% (2014) for inspectors

Development and quality of the indicator

Method of data collection: food business operators' and inspectors' trainings databases

Departments responsible for collection: National Food Agency

Method of calculation: number of registered operators and trained inspectors

Means of interpretation

Known limits and bias: relevant measures should be established as part of the EU Approximation commitments by Georgia

Means of interpretation: the indicator measures the degree of progress and commitment in SPS Approximation as part of the EU-Georgia Association Agreement

Documentation schedule

Delivery dates: Q1/2017 (2.1); Q1/2018 (2.5); Q1/2019 (2.10)

Indicators 2.2, 2.6, 2.11: % of laboratory methods used by the LMA accredited in accordance of relevant EU and/or other international standards

Programme: SADG 2015-2020

Objective: Strategic Direction 3.6: Food Safety, Veterinary and Plant Protection

Action: Measures 3.6.1, 3.6.4 and 3.6.5

Department responsible: Laboratory of the Ministry of Agriculture (LMA)

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: % change in LMA laboratory methods in accordance with EU and/or other international standards

Periodicity of measurement: annual

Last known result: 0 % (2014)

Development and quality of the indicator

Method of data collection: annual reports

Departments responsible for collection: Laboratory of the Ministry of Agriculture.

Method of calculation: records on EU compatible food testing methods

Means of interpretation

Known limits and bias: relevant measures should be established as part of the EU Approximation commitments by Georgia

Means of interpretation: the indicator measures the degree of progress and commitment in SPS Approximation as part of the EU-Georgia Association Agreement

Documentation schedule

Delivery dates: Q1/2017 (2.2); Q1/2018 (2.6); Q1/2019 (2.11)

Indicators 2.3, 2.7: 1 upgraded BIP is built and provided with all necessary equipment for providing SPS control in compliance with EU standards

Programme: SADG 2015-2020

Objective: Strategic Direction 3.6: Food Safety, Veterinary and Plant Protection

Action: Measure 3.6.5

Department responsible: Ministry of Finance of Georgia, Revenue Service

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: number of EU compatible border control points upgraded and equipped

Periodicity of measurement: annual

Last known result: 0 (2015)

Development and quality of the indicator

Method of data collection: annual report

Departments responsible for collection: Revenue Service

Method of calculation: number of EU compatible border control points upgraded

Means of interpretation

Known limits and bias: relevant measures should be established as part of the EU Approximation commitments by Georgia

Means of interpretation: the indicator measures the degree of progress and commitment in SPS Approximation as part of the EU-Georgia Association Agreement

Documentation schedule

Delivery date: Q1/2017 (2.3); Q1/2018 (2.7)

Indicators 2.4, 2.8: EU compliant regulations for border control of food of non-animal origin are adopted and implemented

Programme: SADG 2015-2020

Objective: Strategic Direction 3.6: Food Safety, Veterinary and Plant Protection

Action: Measure 3.6.5

Department responsible: Ministry of Agriculture of Georgia, Policy Analysis Department

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: number of legislative acts for border control of food of non-animal origin approximated to EU and implemented

Periodicity of measurement: annual

Last known result: 0 (2015)

Development and quality of the indicator

Method of data collection: annual monitoring reports

Departments responsible for collection: Ministry of Agriculture of Georgia, Department of European Integration

Method of calculation: number of legislative acts approximated to EU and implemented

Means of interpretation

Known limits and bias: relevant measures should be established as part of the EU Approximation commitments by Georgia

Means of interpretation: the indicator measures the degree of progress and commitment in SPS Approximation as part of the EU-Georgia Association Agreement

Documentation schedule

Delivery dates: Q1/2017 (2.4); Q1/2018 (2.8)

Indicator 2.12: All specialized Staff of 1 upgraded BIP is well trained and have knowledge to provide food control procedures according to EU requirements

Programme: SADG 2015-2020

Objective: Strategic Direction 3.6: Food Safety, Veterinary and Plant Protection

Action: Measure 3.6.5

Department responsible: Ministry of Agriculture of Georgia, National Food Agency; Ministry of Finance of Georgia, Revenue Service

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: % change in number of registered food operators and in number of food safety inspectors trained based on EU requirements

Periodicity of measurement: annual

Last known result: 10% (2014) for FBOs; 0% (2014) for inspectors

Development and quality of the indicator

Method of data collection: BIP specialised staff" trainings databases

Departments responsible for collection: National Food Agency, Revenue Service

Method of calculation: number of trained BIP specialised staff

Means of interpretation

Known limits and bias: relevant measures should be established as part of the EU Approximation commitments by Georgia

Means of interpretation: the indicator measures the degree of progress and commitment in SPS Approximation as part of the EU-Georgia Association Agreement

Documentation schedule

Delivery date: Q1/2019

Indicator 2.13: All relevant staff for inspection of food of non-animal origin is trained according to EU requirements

Programme: SADG 2015-2020

Objective: Strategic Direction 3.6: Food Safety, Veterinary and Plant Protection

Action: Measures 3.6.1, 3.6.4 and 3.6.5

Department responsible: Ministry of Agriculture of Georgia, National Food Agency; Ministry of Finance of Georgia, Revenue Service

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: number of food safety inspectors trained based on EU requirements for food of non-animal origin

Periodicity of measurement: annual

Last known result: 0% (2014)

Development and quality of the indicator

Method of data collection: inspectors' trainings databases

Departments responsible for collection: National Food Agency, Revenue Service

Method of calculation: number of trained inspectors

Means of interpretation

Known limits and bias: relevant measures should be established as part of the EU Approximation commitments by Georgia

Means of interpretation: the indicator measures the degree of progress and commitment in SPS Approximation as part of the EU-Georgia Association Agreement

Documentation schedule

Delivery dates: Q1/2019

Indicator 2.14: At least 30% increase in farmers adopting food quality schemes

Programme: SADG 2015-2020

Objective: Strategic Direction 3.4: Regional and sectorial development - value chain development

Action: Measures 3.4.2 to 3.4.9.

Department responsible: Ministry of Agriculture of Georgia, Policy Analysis Department

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: % change in number of accredited primary producers

Periodicity of measurement: annual

Last known result: 200 (2014)

Development and quality of the indicator

Method of data collection: annual report

Departments responsible for collection: Ministry of Agriculture of Georgia

Method of calculation: accredited primary producers records

Means of interpretation

Known limits and bias: quality schemes should be developed and implemented,

Means of interpretation: the indicator measures the responsiveness of the MoA to the need of support improved quality of Georgian production, as well as increased capacity of Georgian farmers to satisfy higher food quality standards

Documentation schedule

Delivery date: Q1/2019

Indicators related to specific conditions (R.3 - Rural development)

Indicator 3.1: Programmes to encourage rural development initiatives designed by MoA

Programme: SADG 2015-2020

Objective: Strategic Direction 3.1: Enhanced competitiveness of rural entrepreneurs (Measures 3.1.1 to 3.1.8); 3.3: Amelioration and Soil Fertility (Measures 3.3.1 and 3.3.2); and 3.4: Regional and sectorial development - value chain development

Action: Measures 3.1.1 to 3.1.8; Measures 3.3.1 and 3.3.2; and Measures 3.4.1 to 3.4.9.

Department responsible: Ministry of Agriculture of Georgia, Policy Analysis Department

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: number of rural development programmes designed by the MoA services

Periodicity of measurement: annual

Last known result: 0 (2015)

Development and quality of the indicator

Method of data collection: MoA annual reports

Departments responsible for collection: Ministry of Agriculture of Georgia, Policy Analysis Department

Method of calculation: records on rural development programmes by MoA

Means of interpretation

Known limits and bias: the indicator is available from the MoA annual report

Means of interpretation: the indicator measures the responsiveness of the MoA to the need to support rural development programmes

Documentation schedule

Delivery date: Q1/2018

Indicator 3.2: Rural Development Strategy and Action Plan approved

Programme: SADG 2015-2020

Objective: Strategic Direction 3.4: Regional and sectorial development - value chain development

Action: Measure 3.4.1

Department responsible: Ministry of Agriculture of Georgia, Policy Analysis Department

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: approval of Rural Development Strategy and Action Plan

Periodicity of measurement: annual

Last known result: 0 (2015)

Development and quality of the indicator

Method of data collection: MoA annual reports

Departments responsible for collection: Ministry of Agriculture of Georgia, Policy Analysis Department

Method of calculation: Decree adopting the Rural Development Strategy and Action Plan

Means of interpretation

Known limits and bias: the indicator is available from the MoA annual report

Means of interpretation: the indicator measures the responsiveness of the MoA to the need to support rural development programmes

Documentation schedule

Delivery date: Q1/2018

Indicator 3.3: Rural Development Action Plan statistical indicators developed

Programme: SADG 2015-2020

Objective: Strategic Direction 3.4: Regional and sectorial development - value chain development

Action: Measure 3.4.1

Department responsible: Ministry of Agriculture of Georgia, Policy Analysis Department, GEOSTAT

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: approval of statistical indicators for Rural Development Action Plan

Periodicity of measurement: annual

Last known result: 0 (2015)

Development and quality of the indicator

Method of data collection: MoA annual reports

Departments responsible for collection: Ministry of Agriculture of Georgia, Policy Analysis Department, GEOSTAT

Method of calculation: adoption of statistical indicators

Means of interpretation

Known limits and bias: the indicator is available from the MoA annual report

Means of interpretation: the indicator measures the responsiveness of the MoA to the need to support rural development programmes

Documentation schedule

Delivery date: Q1/2018

Indicator 3.4: 10 Local action groups implementing rural development initiatives

Programme: SADG 2015-2020

Objective: Strategic Direction 3.4: Regional and sectorial development - value chain development

Action: Measure 3.4.1

Department responsible: Ministry of Agriculture of Georgia

Description of the Indicator

Indicator type: specific conditions (variable tranche)

Measurement unit: number of Local Action Groups

Periodicity of measurement: annual

Last known result: 0 (2014)

Development and quality of the indicator

Method of data collection: MoA annual report

Departments responsible for collection: Ministry of Agriculture of Georgia

Method of calculation: Local Action Groups records

Means of interpretation

Known limits and bias: The Rural Development Action Plan and the relevant measures should be developed and implemented

Means of interpretation: The indicator measures speed and quality of implementation of rural development measures

Documentation schedule

Delivery date: Q1/2019

Annex 2: Disbursement arrangements and timetable

This appendix covers the following four main areas according to the country/intervention sector context: (1) responsibilities; (2) the indicative disbursement timetable; (3) the general conditions for each disbursement tranche; (4) the specific conditions for each disbursement tranche.

1. Responsibilities

On the basis of the disbursement conditions stipulated in the Financing Agreement, the Ministry of Agriculture of Georgia will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

2. Indicative disbursement timetable

An indicative timetable is given below:

Table A: Indicative disbursement timetable (in EUR millions)

Country fiscal year	2017				2018				2019				
Tranche Type	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Total
Base Tranches	1				1				1				3
Variable tranches	8				8				8				24
Enhanced competitiveness and sustainability of the agriculture sector	4				3				3				10
Improved SPS, food safety and quality standards and procedures for inspection and control	4				2				2				8
Improved employment and living conditions in the rural areas through the diversification of the rural economy					3				3				6
Total	9				9				9				27

3. General conditions for the disbursement of each tranche

The general conditions set out below for the disbursement of each tranche shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents.

Table B: General conditions for the release of tranches

<i>Area</i>	<i>Conditions</i>	<i>Verification source</i>
Public Policy	Satisfactory progress in the implementation of the Strategy for Agriculture Development in Georgia (SADG 2015-2020) and continued credibility and relevance of that or any successor strategy.	MoA annual reports on the implementation of the Strategy and Action Plan Annual external review missions (2017, 2018, 2019) ³
Macroeconomic stability	Implementation of a credible stability-oriented macroeconomic policy.	IMF, WB, EU and other reports Annual external review missions (2017, 2018, 2019)
Public financial management	Satisfactory progress in the implementation of the programme to improve public financial management	IMF, WB, EU and other reports Annual external review missions (2017, 2018, 2019)
Budget Transparency	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.	IMF, WB, EU and other reports Annual external review missions (2017, 2018, 2019)

³ The External Review missions shall be initiated by the Delegation of the EU to Georgia or at the request of the Government of Georgia, and will be carried out by independent teams of experts specifically assigned for this purpose.

4. Specific conditions for the disbursement of tranches

The specific conditions for the disbursement set out in Table C and D shall apply to the disbursement of a specific tranche. Tranche release requests must be accompanied by all appropriate information and documents on the specific conditions. The disbursement conditions for the variable tranche are set for the whole duration of the programme and may be amended in accordance with these Technical and Administrative Provisions (Annex I to the Financing Agreement)

Table C: Specific conditions for the release of tranches

Tranche	Amount	Indicative date of the disbursement request (quarter/year)	Indicative disbursement date (quarter/year)	Condition/Criteria/activities for disbursement	Verification source
1st tranche Fixed Component	€1 m	Q1/2017	Q2/2017	General Conditions as set out in the above Table B on General Conditions for tranche release	As set out in the above Table B on General Conditions for tranche release
1st tranche Variable Component	€8 m	Q1/2017	Q2/2017	Enhanced competitiveness and sustainability of the agriculture sector <ol style="list-style-type: none"> 1. Action plan for establishment of the farm registry system developed 2. Seed Law adopted 3. Human resources and annual performance review systems approved 4. 4 objective yield surveys conducted (corn, apple, wheat, citrus) 5. 20% increase in size of sample for the regular quarterly agricultural surveys 6. Agriculture census information publically 	<ol style="list-style-type: none"> 1. Decree approving Action Plan c registry 2. Adoption of Seed Law 3. Decree approving the Human re 4. Data on selected yield surveys t 5. Data on sample size of agricultu GEOSTAT 6. Data on agriculture census by G 7. Decree adopting bioinorganic p programme External mission report

Tranche	Amount	Indicative date of the disbursement request (quarter/year)	Indicative disbursement date (quarter/year)	Condition/Criteria/activities for disbursement	Verification source
				disclosed via Internet 7. State program on bioorganic production certification schemes adopted	
				Improved SPS, food safety and food quality standards and procedures for inspection and control 1. At least 40% of food business operators (FBOs) are registered and/or approved by the NFA and 20% of inspectors are trained according to EU requirements 2. At least 30% of laboratory methods used by the LMA are accredited in accordance of relevant EU and/or other international standards 3. 1 upgraded Border Inspection Post (BIP) is built in compliance with EU standards 4. EU compliant regulations for border control of food of non-animal origin are adopted	1. NFA registry data on FBOs 2. NFA staff training records 3. LMA accreditation records and reports 4. RS records and reports on BIPs and regulations External mission report
2nd tranche Fixed Component	€1 m	Q1/2018	Q2/2018	General Conditions as set out in the above Table B on General Conditions for tranche release	As set out in the above Table B on General Conditions for tranche release
2nd tranche Variable Component	€8 m	Q1/2018	Q2/2018	Enhanced competitiveness and sustainability of the agriculture sector 1. 60% newly introduced seeds certified 2. Training centre at Ministry of Agriculture established and staffed established and staffed. 3. 100% data for the regular agriculture survey collected electronically 4. Awareness programme on sustainable/resilient	1. Seed certification data by MoA/GE 2. MoA staff training records 3. Data on agriculture survey by GEO 4. Awareness programme measures re on sustainable /resilient agriculture

Tranche	Amount	Indicative date of the disbursement request (quarter/year)	Indicative disbursement date (quarter/year)	Condition/Criteria/activities for disbursement	Verification source
				agriculture conducted	External mission report
				Improved SPS, food safety and food quality standards and procedures for inspection and control <ol style="list-style-type: none"> At least 75% of FBO-s are registered and/or approved by the NFA and 50% of inspectors are trained according to EU requirements At least 75% of laboratory methods used by the LMA are accredited in accordance of relevant EU and/or other international standards 1 upgraded BIP is provided with all necessary equipment for providing SPS control in compliance with EU standards EU compliant procedures for border control of food of non-animal origin are implemented At least 10% increase in farmers adopting food safety/quality schemes	<ol style="list-style-type: none"> NFA registry data on FBOs NFA staff training records LMA accreditation records and reports RS records and reports on BIPs and regulations MoA records on accredited food products External mission report
				Improved employment and living conditions in the rural areas through the diversification of economy <ol style="list-style-type: none"> Programmes to encourage non-farm rural initiatives designed by MoA Rural Development Strategy and Action Plan approved Rural Development Action Plan statistical indicators 	<ol style="list-style-type: none"> Rural development programme mechanism formulated by MoA Decree approving the Rural Development Strategy and Action Plan Adoption of statistical indicators for rural development

Tranche	Amount	Indicative date of the disbursement request (quarter/year)	Indicative disbursement date (quarter/year)	Condition/Criteria/activities for disbursement	Verification source
				developed	development by GEOSTAT External mission report
3rd tranche Fixed Component	€1 m	Q1/2019	Q2/2019	General Conditions as set out in the above Table B on General Conditions for tranche release	As set out in the above Table B on Gen Conditions for tranche release
3rd tranche Variable Component	€8 m	Q1/2019	Q2/2019	Enhanced competitiveness and sustainability of the agriculture sector <ol style="list-style-type: none"> 100,000 farms registered 50% Ministry of Agriculture staff undertaking regular trainings at training centre Enforcement mechanisms by the State on sustainable agricultural practices introduced by cooperatives 	<ol style="list-style-type: none"> Farm registry data by MoA MoA staff training records Sustainable agricultural programme report by MoA External mission report
				Improved SPS, food safety and food quality standards and procedures for inspection and control <ol style="list-style-type: none"> 100% of FBO-s are registered and/or approved by the NFA and 100% of inspectors are trained according to EU requirements 100% of laboratory methods used by the LMA are accredited in accordance of relevant EU and/or other international standards All specialized Staff of 1 upgraded BIP is well trained and have knowledge to provide food control procedures according to EU requirements All relevant staff for inspection of food of non-animal origin is trained according to EU requirements 	<ol style="list-style-type: none"> NFA registry data on FBOs NFA staff training records LMA accreditation records and reports RS BIP and staff training records MoA records on accredited food products External mission report

Tranche	Amount	Indicative date of the disbursement request (quarter/year)	Indicative disbursement date (quarter/year)	Condition/Criteria/activities for disbursement	Verification source
				5. At least 30% increase in farmers adopting food quality schemes	
				Improved employment and living conditions in the rural areas through the diversification of economy	
				10 Local action groups implementing non-farm rural initiatives	Local Action group records External mission report

Variable tranche calculation

The programme foresees the payment of three instalments. For each of the three instalments, the fixed tranche will be paid upon compliance with the General Conditions. Once compliance with the General Conditions has been established, the variable tranche will be paid according to the level of compliance with each of the Specific Conditions. This compliance will be assessed on the basis of the agreed indicators and targets. Full compliance with one specific condition will entail the release of the full corresponding quota of the variable tranche. Partial compliance will entail the release of half of the corresponding quota. Non-compliance will entail no release of funds. For each specific condition, compliance corresponds to all indicators being met. Partial compliance corresponds to more than half of the indicators being met. Non-compliance corresponds to half or less than half of the indicators being met. Funds withheld for lack of compliance will be lost at the end of the Programme. In exceptional and duly justified cases and upon request by the Government, approved by the Steering Committee of the Programme (and subject to the appreciation of Commission services), financing agreements can allow for a re-assessment of certain unmet targets in the following year against the original target if there is a positive trend and the government did not reach the target because of external shocks. Such cases should be specified in the indicator documentation sheets. In such cases, re-assessment of unmet and/or partially met conditions might take place along with the compliance review of the subsequent instalment, allowing for the payment of the corresponding amount(s).

Table D: Variable Tranche

Indicator	2016		2017		2018		TOTAL (in EUR millions)
	% of total instalment	max amount (in EUR millions)	% of total instalment	max amount (in EUR millions)	% of total instalment	max amount (in EUR millions)	
TOTAL	100%	9		9		9	27
Fixed tranches	11.1%	1	11.1%	1	11.1%	1	3
Variable tranches (up to):	88.9%	8	88.9%	8	88.9%	8	24
(1) Enhanced competitiveness and sustainability of the agriculture sector:	44.45%	4	33.3%	3	33.3%	3	10
1.1. Action plan for establishment of the farm registry system developed	11,1%	1					1

Indicator	2016		2017		2018		TOTAL (in EUR millions)
	% of total instalment	max amount (in EUR millions)	% of total instalment	max amount (in EUR millions)	% of total instalment	max amount (in EUR millions)	
1.2. Seed Law adopted	5.5%	0.5					0.5
1.3. Human resources and annual performance review systems approved	5.5%	0.5					0.5
1.4. 4 objective yield surveys conducted (corn, apple, wheat, citrus)	5.5%	0.5					0.5
1.5. 20% increase in size of sample for the regular quarterly agricultural surveys	5.5%	0.5					0.5
1.6. Agriculture census information publically disclosed via Internet	5.5%	0.5					0.5
1.7. State program on bioorganic production certification schemes adopted	5.5%	0.5					0.5
1.8. 60% newly introduced seeds certified			5.5%	0.5			0.5
1.9. Training centre at Ministry of Agriculture established and staffed established and staffed			11,1%	1			1
1.10. 100% data for the regular agriculture survey collected electronically			5.5%	0.5			0.5
1.11. Awareness programme on sustainable/resilient agriculture conducted			11,1%	1			1
1.12. 100,000 farms registered					11,1%	1	1
1.13. 50% Ministry of Agriculture staff undertaking regular trainings at the MoA training centre					11,1%	1	1
1.14. Enforcement mechanisms by the State on sustainable agricultural practices introduced by cooperatives					11,1%	1	1
2. Improved SPS, food safety and food quality standards and procedures:	44.4%	4	22.2%	2	22.2%	2	8

Indicator	2016		2017		2018		TOTAL (in EUR millions)
	% of total instalment	max amount (in EUR millions)	% of total instalment	max amount (in EUR millions)	% of total instalment	max amount (in EUR millions)	
2.1. At least 40% of food business operators (FBOs) are registered and/or approved by the NFA and 20% of inspectors are trained according to EU requirements	27.8%	2.5					2.5
2.2. At least 30% of laboratory methods used by the LMA are accredited in accordance of relevant EU and/or other international standards	5.5%	0.5					0.5
2.3. 1 upgraded Border Inspection Post (BIP) is built in compliance with EU standards	8.3%	0.75					0.75
2.4. EU compliant regulations for border control of food of non-animal origin are adopted	2.8%	0.25					0.25
2.5. At least 75% of FBO-s are registered and/or approved by the NFA and 50% of inspectors are trained according to EU requirements			8.3%	0.75			0.75
2.6. At least 75% of laboratory methods used by the LMA are accredited in accordance of relevant EU and/or other international standards			2.8%	0.25			0.25
2.7. 1 upgraded BIP is provided with all necessary equipment for providing SPS control in compliance with EU standards			2.8%	0.25			0.25
2.8. EU compliant procedures for border control of food of non-animal origin are implemented			2.8%	0.25			0.25
2.9. At least 10% increase in farmers adopting food quality schemes			5.5%	0.5			0.5
2.10. 100% of FBO-s are registered and/or approved by the NFA and 100% of inspectors are trained according to EU requirements					8.3%	0.75	0.75

Indicator	2016		2017		2018		TOTAL (in EUR millions)
	% of total instalment	max amount (in EUR millions)	% of total instalment	max amount (in EUR millions)	% of total instalment	max amount (in EUR millions)	
2.11. 100% of laboratory methods used by the LMA are accredited in accordance of relevant EU and/or other international standards					2.8%	0.25	0.25
2.12. All specialized Staff of 1 upgraded BIP is well trained and have knowledge to provide food control procedures according to EU requirements					2.8%	0.25	0.25
2.13. All relevant staff for inspection of food of non-animal origin is trained according to EU requirements					2.8%	0.25	0.25
2.14. At least 30% increase in farmers adopting food quality schemes					5.5%	0.5	0.5
3. Improved employment and living conditions in the rural areas:			33.3%	3	33.3%	3	6
3.1. Programmes to encourage rural development initiatives designed by MoA			11.1%	1			1
3.2. Rural Development Strategy and Action Plan approved			16.7%	1.5			1.5
3.3. Rural Development Action Plan statistical indicators developed			5.5%	0.5			0.5
3.4. 10 Local action groups implementing rural development initiatives					33.3%	3	3

ANNEX II - GENERAL CONDITIONS

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Part One: Provisions Applicable to Activities for which the Beneficiary is the Contracting Authority

Article 1 - General principles

- 1.1 The purpose of Part One is to define the budget-implementation tasks entrusted to the Beneficiary in indirect management as described in Annex I (Technical and Administrative Provisions) and to define the rights and obligations of the Beneficiary and of the Commission in carrying out these tasks.

Part One shall apply to the budget-implementation tasks related to the EU contribution alone or in combination with the funds of the Beneficiary or of a third party where such funds are implemented in joint co-financing, i.e. where they are pooled. These tasks encompass the implementation by the Beneficiary as contracting authority of procurement and grant award procedures, and the awarding, signing and enforcing the resulting procurement and grant contracts.

As a rule, the Commission shall carry out related payments to contractors and grant beneficiaries. However, the Beneficiary shall carry out certain payments including to its own staff on the basis of a programme estimate as defined in Article 5 of these General Conditions.

Where the Beneficiary is an ACP State and the action is financed by the EDF pursuant to Article 1.1 of the Special Conditions, the tasks entrusted shall be those listed in points (c) to (k) of the sixth subparagraph of Article 35(1) and in Article 35(2) of Annex IV to the ACP-EC Partnership Agreement.

Where the Beneficiary is an OCT and the action is financed by the EDF pursuant to Article 1.1 of the Special Conditions, the exercise of tasks entrusted shall also respect the conditions of Article 86(3) of Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (Overseas Association Decision) .

- 1.2 The Beneficiary shall remain responsible for the fulfilment of the obligations stipulated in this Financing Agreement even if it designates other entities identified in Annex I (Technical and Administrative Provisions) to carry out certain budget-implementation tasks in the context of the implementation of a programme estimate referred to in Article 5 of these General Conditions. The Commission, in particular, reserves the right to suspend payments, and to suspend and/or terminate this Financing Agreement on the basis of the acts, omissions and/or situations of any designated entity.

- 1.3 The tasks identified in Article 1.1 of these General Conditions shall be carried out by the Beneficiary in accordance with the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts, in force at the time of the launch of the procedure in question.

- 1.4 The Beneficiary shall set up and ensure the functioning of an effective and efficient internal control system. The Beneficiary shall respect the principles of sound financial management, transparency and non-discrimination and avoid situations of conflict of interest.

A conflict of interest exists where the impartial and objective exercise of the functions of any responsible person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a tenderer or applicant, or contractor or grant beneficiary.

Internal control system is a process aimed at providing reasonable assurance that operations are effective, efficient and economical, that the reporting is reliable, that assets and information are safeguarded, that fraud and irregularities are prevented, detected and corrected, and that risks relating to the legality and regularity of the financial operation are adequately managed, taking into account the multiannual character of the activities as well as the nature of the payments concerned.

In particular, where the Beneficiary carries out payments pursuant to a programme estimate, the functions of the authorising and accounting officers shall be segregated and mutually incompatible and the Beneficiary shall operate an accounting system that provides accurate, complete, reliable and timely information. The Beneficiary shall also reasonably protect data enabling the identification of a natural person (personal data).

- 1.5 Where made a part of this Financing Agreement pursuant to Article 5 of the Special Conditions, the report on the implementation of the tasks entrusted to the Beneficiary shall follow the template provided in Annex III. However, where programme estimates are used pursuant to Article 5 of these General Conditions, the report shall follow the requirements stipulated in the standard documents referred to in Article 5.3 of these General Conditions. Where made a part of this Financing Agreement pursuant to Article 5 of the Special Conditions, the management declaration shall follow the template provided in Annex IV.
- 1.6 An independent external audit opinion on the management declaration, performed in accordance with internationally accepted auditing standards, does not have to be provided in this case as the Commission shall conduct the audits for this action. These audits will verify the truthfulness of the assertions made in the management declaration and the legality and regularity of the underlying transactions made.
- 1.7 The Beneficiary shall conduct the procurement and grant award procedures and conclude the resulting contracts in the language of this Financing Agreement.

- 1.8 The Beneficiary shall inform the Commission when a candidate, tenderer or applicant is in a situation of exclusion from participating in procurement and grant award procedures referred to in Article 1.3 and when a contractor or grant beneficiary has been guilty of making false declarations or has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

In such cases, without prejudice to the power of the Commission to take measures against such entity according to the applicable Financial Regulation, financial penalties mentioned in the provisions on administrative and financial penalties of the General Conditions of procurement and grant contracts concluded by the Beneficiary pursuant to standard documents referred to in Article 1.3 may be imposed on the contractors and grant beneficiaries by the Beneficiary if this is allowed by its national law. Such financial penalties shall be imposed following an adversarial procedure ensuring the right of defence of the contractor or grant beneficiary.

The Beneficiary may take into account, as appropriate and on its own responsibility the information contained in the Central Exclusion Database, when awarding procurement and grant contracts. Access to the information can be provided through the liaison point(s) or via consultation to the Commission¹ (European Commission, Directorate- General for Budget, Accounting Officer of the Commission, BRE2-13/505, B-1049 Brussels, Belgium and by email to BUDG-C01-EXCL-DB@ec.europa.eu in copy to the Commission address identified in Article 3 of the Special Conditions). The Commission may refuse payments to a contractor or grant beneficiary in an exclusion situation.

- 1.9 The Beneficiary shall keep all relevant financial and contractual supporting documents from the date of the entry into force of this Financing Agreement or as from an earlier date which is stipulated as the start date of cost eligibility in Article 6 of the Special Conditions for five years as from the end of the execution period, in particular, the following:

Procurement procedures:

- a. Forecast notice with proof of publication of the procurement notice and any corrigenda
- b. Appointment of shortlist panel
- c. Shortlist report (incl. annexes) and applications
- d. Proof of publication of the shortlist notice
- e. Letters to non-shortlisted candidates

¹ The Beneficiary shall be allowed to have direct access to the Central exclusion database through a liaison point when the Beneficiary certifies to the Commission service responsible that it applies the adequate data protection measures as provided in the Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001, p. 1).

- f. Invitation to tender or equivalent
- g. Tender dossier including annexes, clarifications, minutes of the meetings, proof of publication
- h. Appointment of the evaluation committee
- i. Tender opening report, including annexes
- j. Evaluation / negotiation report, including annexes and bids received²
- k. Notification letter
- l. Supporting documents
- m. Cover letter for submission of contract
- n. Letters to unsuccessful candidates
- o. Award / cancellation notice, including proof of publication
- p. Signed contracts, amendments, riders and relevant correspondence

Calls for proposals and direct award of grants:

- a. Appointment of the evaluation committee
- b. Opening and administrative report including annexes and applications received³
- c. Letters to successful and unsuccessful applicants following concept note evaluation
- d. Concept note evaluation report
- e. Evaluation report of the full application or negotiation report with relevant annexes
- f. Eligibility check and supporting documents
- g. Letters to successful and unsuccessful applicants with approved reserve list following full application evaluation
- h. Cover letter for submission of grant contract
- l. Award/cancellation notice with proof of publication
- j. Signed contracts, amendments, riders and relevant correspondence

In case of programme estimates: In addition to the above, all relevant documentation relating to payments, recoveries and operating costs.

- 1.10 The Beneficiary shall ensure an appropriate protection of personal data. Personal data means any information relating to an identified or identifiable natural person. Any involving the processing of personal data, such as collection, recording, organisation, storage, adaption or

² Elimination of unsuccessful bids five years after the closure of the procurement procedure

³ Elimination of unsuccessful applications three years after the closure of the grant procedure.

alteration, retrieval, consultation, use, disclosure, erasure or destruction, shall be based on rules and procedures of the Beneficiary and shall only be done as far as it is necessary for the implementation of this Financing Agreement.

In particular, the Beneficiary shall take appropriate technical and organisational security measures concerning the risks inherent in any such operation and the nature of the information relating to the natural person concerned, in order to:

- a) Prevent any unauthorised person from gaining access to computer systems performing such operations, and especially unauthorised reading, copying, alteration or removal of storage media; unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored information;
- b) Ensure that authorised users of an IT system performing such operations can access only the information to which their access right refers;
- c) Design its organisational structure in such a way that it meets the above requirements.

Article 2 - Deadline for the signature of the procurement and grant contracts by the Beneficiary

- 2.1 The procurement and grant contracts shall be duly signed by both parties during the operational implementation phase of this Financing Agreement and at the latest within three years of the entry into force of this Financing Agreement. Additional procurement and grant contracts resulting from an amendment of this Financing Agreement that adds new activities and increases the EU contribution shall be duly signed by both parties during the operational implementation phase of this Financing Agreement and at the latest within three years of the entry into force of that amendment of this Financing Agreement.

Where this action is financed from the EDF, programme estimates referred to in Article 5 of these General Conditions shall also be endorsed by the Commission within that three-year deadline.

That three-year deadline may not be extended, except when the action is financed by the EDF. The extension shall be stipulated in Article 6 of the Special Conditions.

- 2.2 However, the following transactions may be signed at any time during the operational implementation phase.
- a. procurement and grant contracts implementing the imprest component of a programme estimate financed under the EDF;
 - b. amendments to procurement and grant contracts already signed;
 - c. individual procurement contracts to be concluded after early termination of an existing procurement contract;
 - d. amendment of this Financing Agreement resulting from the change of the entity charged with the entrusted tasks, referred to in Article 1.2 of these General Conditions; the amendment shall also stipulate a new period within which procurement and grant contracts shall be concluded by this new entity in accordance

with Article 2.1:

- e. Contracts relating to audit and evaluation, which may also be signed during the closure phase.
- 2.3 After expiry of the three years of the entry into force of this Financing Agreement, any financial balance for activities entrusted to the Beneficiary for which contracts have not been duly signed shall be decommitted by the Commission.
- 2.4 Article 2.3 shall not apply to any financial balance of the contingency reserve or to funds available again after early termination of a contract. This balance or funds may be used to finance contracts referred to in Article 2.2.
- 2.5 A procurement or grant contract which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding shall be decommitted.

Article 3 - Visibility

The Beneficiary shall take the necessary measures to ensure the visibility of EU funding for the activities entrusted to it or for other activities under this action. These measures shall either be defined in Annex I (Technical and Administrative Provisions) or shall be agreed later between the Beneficiary and the Commission.

These communication and information measures shall comply with the Communications and Visibility Manual for EU External Actions laid down and published by the Commission, in force at the time of the measures.

Article 4 - Provisions on payments made by the Commission to contractors and grant beneficiaries on behalf of the Beneficiary

- 4.1 The Beneficiary shall provide the Commission with the approved payment requests within the following deadlines, starting from the date of receipt of the payment request, not counting the periods of suspension of the time-limit for payment:
- (a) for pre-financing specified in the procurement or grant contract:
 - (i) 15 calendar days for an action financed under the Budget;
 - (ii) 30 calendar days for an action financed under the EDF;
 - b) 45 calendar days for other payments.

The Commission shall act in accordance with Articles 4.6 and 4.7 within the period amounting to the time-limit for payment provided for in the procurement and grant contracts minus the above deadlines.

- 4.2 Upon receipt of a payment request from a contractor or grant beneficiary, the Beneficiary shall inform the Commission of its receipt and shall immediately examine whether the request is admissible, i.e. whether it contains the identification of that contractor or grant beneficiary, the contract concerned, the amount, the currency and the date. If the Beneficiary concludes that the request is inadmissible, it shall reject it and inform the contractor or grant beneficiary of this rejection and of its reasons within 30 days of receipt of the request. The Beneficiary shall also

inform the Commission of this rejection and its reasons.

- 4.3 Upon receipt of an admissible payment request, the Beneficiary shall examine whether a payment is due, i.e. whether all contractual obligations justifying the payment have been fulfilled, including examining a report, where applicable. If the Beneficiary concludes that a payment is not due, it shall inform the contractor or grant beneficiary thereof and of the reasons. The dispatch of this information suspends the time-limit for payment. The Commission shall receive a copy of the information so dispatched. The Commission shall also be informed of the reply or corrective action of the contractor or grant beneficiary. That reply or action aimed at correcting the non-compliance with its contractual obligations shall restart the time-limit for payment. The Beneficiary shall examine this reply or action pursuant to this paragraph.
- 4.4 If the Commission disagrees with the Beneficiary's conclusion that a payment is not due, it shall inform the Beneficiary thereof. The Beneficiary shall re-examine its positions and, if it concludes that the payment is due, it shall inform thereof the contractor or grant beneficiary. The suspension of the time-limit for payment shall be lifted upon dispatch of this information. The Beneficiary shall also inform the Commission. The Beneficiary shall further proceed as provided for in Article 4.5.

If disagreement between the Beneficiary and the Commission persists, the Commission may pay the undisputed part of the invoiced amount provided that it is clearly separable from the disputed amount. It shall inform the Beneficiary and the contractor or grant beneficiary of this partial payment.

- 4.5 Where the Beneficiary concludes that the payment is due, it shall transfer the payment request and all necessary accompanying documents to the Commission for approval and payment. It shall provide an overview of how many days of the time-limit for payment are left and of all periods of suspension of this time-limit.
- 4.6 After transfer of the payment request pursuant to Article 4.5, if the Commission concludes that the payment is not due, it shall inform the Beneficiary and, in copy, the contractor or grant beneficiary thereof and of the reasons. Informing the contractor or grant beneficiary shall have the effect of suspending the time-limit for payment, as provided for in the contract concluded. A reply or corrective action of the contractor or grant beneficiary shall be treated by the Beneficiary in accordance with Article 4.3.
- 4.7 Where the Beneficiary and the Commission concludes that the payment is due, the Commission shall execute the payment.
- 4.8 Where late-payment interest is due to the contractor or grant beneficiary, it shall be allocated between the Beneficiary and the Commission pro rata to the days of delay in excess of the time limits stipulated in Article 4.1, subject to the following:
- (a) the number of days used by the Beneficiary is calculated from the date of the registration of an admissible payment request referred to in Article 4.3 to the date of the transfer of the request to the Commission referred to in Article 4.5 and from the date of information by the Commission referred to Article 4.6 to the following transfer

of the request to the Commission referred to in Article 4.5. Any period of suspension of the time-limit for payment shall be deducted.

- (b) the number of days used by the Commission is calculated from the date following that of transfer of the request by the Beneficiary referred to in Article 4.5 to the date of payment and from the date of transfer to the date of informing the Beneficiary pursuant to Article 4.6.

- 4.9 Any circumstances unforeseen by the above procedure shall be solved in a spirit of cooperation between the Beneficiary and the Commission by analogy to the above provisions while respecting the contractual relations of the Beneficiary with the contractor or grant beneficiary.

Where feasible, one party shall cooperate at the request of the other party in providing useful information for the assessment of the payment request, even before the payment request is formally transferred to or returned from the first party.

Article 5 - Programme estimate

- 5.1 When the Beneficiary is additionally entrusted with making payments to contractors, grant beneficiaries and/or in the context of direct labour, it shall do so on the basis of a programme estimate agreed by the Beneficiary and the Commission beforehand.

- 5.2 The programme estimate is a document laying down the programme of activities to be carried out and the human and material resources required, the corresponding budget and the detailed technical and administrative implementing arrangements for the execution of these activities over a specified period by means of procurement, grants and/or direct labour.

The programme estimate shall have an imprest component and a component of specific commitments.

Under the imprest component of a programme estimate, the Beneficiary shall be entrusted with implementing the procurement and grant award procedures and carry out the related payments and the payments for direct labour.

Under the component for specific commitments, the Beneficiary shall carry out tasks as referred to in the second subparagraph of Article 1.1 of these General Conditions; the Commission shall carry out related payment to contractors and grant beneficiaries. Certain identified activities, including audits, evaluations and recourse to the framework contract, shall be implemented directly by the Commission.

Where the action is financed under the EDF, the tasks described in Annex I may be implemented by a body governed by private law on the basis of a service contract, awarded by the Beneficiary in accordance with the procedures and standard documents referred to in Article 1.3.

- 5.3 All programme estimates implementing the Financing Agreement must respect the procedures and standard documents concerning programme estimates and laid down by the Commission, in force at the time of the adoption of the programme estimate in question.

Ordinary operating costs incurred by the entity in charge of the tasks entrusted to the Beneficiary referred to in Articles 1.1 and 5.1 of these General Conditions shall be eligible for EU financing under the imprest component of a programme estimate during the entire duration of the execution period of this Financing Agreement, unless an earlier start of cost eligibility is stipulated in Article 6 of the Special Conditions. These costs are incurred in carrying out budget-implementation tasks and include local staff, utilities (e.g. water, gas, and electricity), rental of premises, consumables, maintenance, short-term business trips and fuel for vehicles. They shall not include purchase of vehicles or of any other equipment, or any operational activity. Article 1.3 and 2.1 of these General Conditions shall not apply to these ordinary operating costs.

- 5.4 The Beneficiary shall submit to the Commission annually, by the date stipulated in Article 6 of the Special Conditions, a management declaration signed by the Beneficiary at the appropriate level using the template in Annex IV.

Article 6 - Payments to the Beneficiary implementing the imprest component of a programme estimate

- 6.1 The Commission shall transfer funds no later than 30 calendar days after the date on which it registers an admissible payment request for pre-financing from the Beneficiary which contains the date, the amount and the currency; the time-limit shall be 90 calendar days for a payment request for replenishment or closure. Late-payment interest shall be due pursuant to the applicable Financial Regulation. The time-limit for the payment may be suspended by the Commission by informing the Beneficiary, at any time during the period referred to above, that the payment request cannot be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information which puts in doubt the eligibility of expenditure appearing in a payment request comes to the notice of the Commission, the Commission may suspend the time-limit for the payment for the purpose of further verification, including an on-the-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The suspension and the reasons for it shall be communicated to the Beneficiary as soon as possible. The time-limit for the payment shall resume once the missing supporting documents have been provided or the payment request has been corrected.
- 6.2 The Commission shall make payments to a bank account opened at a financial institution accepted by the Commission.
- 6.3 The Beneficiary shall guarantee that funds paid by the Commission can be identified in this bank account.
- 6.4 Transfers in euro shall, if necessary, be converted into the Beneficiary's national currency as and when payments have to be made by the Beneficiary, at the bank rate in force on the day of payment by the Beneficiary.
- 6.5 The imprest component of a programme estimate which has not given rise to any payment to the Beneficiary within three years of the conclusion of the programme estimate shall be

automatically terminated, and the corresponding committed amount shall be decommitted.

Article 7 - Publication of information on procurement and grant contracts by the Beneficiary

- 7.1 The Beneficiary undertakes to publish each year in a dedicated and easily accessible place of its internet site, for each procurement and grant contract for which it is contracting authority under the programme estimates referred to in Article 5, its nature and purpose, the name and locality of the contractor (contractors in case of a consortium) or grant beneficiary (grant beneficiaries in case of a multi-beneficiary grant), as well as the amount of the contract.

The locality of a natural person shall be a region at NUTS2 level. The locality of a legal person shall be its address.

If such internet publication is impossible, the information shall be published by any other appropriate means, including the official journal of the Beneficiary.

Article 6 of the Special Conditions shall stipulate the location, on the internet or otherwise, of the place of publication; reference shall be made to this location in the dedicated place of the internet site of the Commission.

- 7.2 Scholarships to, and direct financial support of natural persons most in need shall be published anonymously and in an accumulated manner by category of expenditure.

Otherwise, names of natural persons shall be replaced by "natural person" two years after publication. The name of a legal entity containing that of a natural person involved in this entity shall be treated as a natural person's name.

Publication of names of natural persons shall be waived if such publication risks violating their fundamental rights or damaging their commercial interests.

The Beneficiary shall present a list of data to be published on natural persons with any justifications for proposed waivers of publication to the Commission which must grant prior approval to this list. Where necessary, the Commission shall complete the locality of the natural person limited to a region at NUTS2 level.

- 7.3 Publication of the procurement and grant contracts concluded (i.e. signed by the Beneficiary and the contractor or grant beneficiary) during the reporting period shall take place within six months following the date for submitting the report pursuant to Article 6 of Special Conditions.
- 7.4 Publication of contracts may be waived if such publication risks harming the commercial interests of contractors or grant beneficiaries. The Beneficiary shall present a list with such justifications to the Commission which must grant prior approval to such publication waiver.
- 7.5 Where the Commission carries out payments to contractors and grant beneficiaries, it shall ensure the publication of information on procurement and grant contracts according to its rules..

Article 8 - Recovery of funds

- 8.1 The Beneficiary shall take any appropriate measures to recover the funds unduly paid.

Amounts unduly paid and recovered by the Beneficiary, amounts from financial guarantees

lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed by the Beneficiary on candidates, tenderers, applicants, contractors or grant beneficiaries, as well as damages awarded to the Beneficiary shall be returned to the Commission.

- 8.2 Without prejudice to the above responsibility of the Beneficiary to recover funds unduly paid, the Beneficiary agrees that the Commission may, in accordance with the provisions of the Financial Regulation applicable and this Financing Agreement, formally establish an amount as being unduly paid under procurement and grant contracts financed under Part One and proceed to its recovery by any means on behalf of the Beneficiary, including by offsetting the amount owed by the contractor or grant beneficiary against any of his claims against the EU and by forced recovery before the competent courts.
- 8.3 To this end, the Beneficiary shall provide to the Commission all the documentation and information necessary. The Beneficiary hereby empowers the Commission to carry out the recovery in particular by calling on a guarantee of a contractor or grant beneficiary of which the Beneficiary is the contracting authority or by offsetting the funds to be recovered against any amounts owed to the contractor or grant beneficiary by the Beneficiary as contracting authority and financed by the EU under this or another Financing Agreement or by forced recovery before the competent courts.
- 8.4 The Commission shall inform the Beneficiary that the recovery proceedings have been initiated (including where necessary before a national court).
- 8.5 Where the Beneficiary is a sub-delegatee of an entity with which the Commission concluded a delegation agreement, the Commission may recover funds from the Beneficiary which are due to the entity but which the entity was not able to recover itself.

Article 9 - Financial claims under procurement and grant contracts

The Beneficiary undertakes to confer with the Commission before taking any decision concerning a request for compensation made by a contractor or grant beneficiary and considered by the Beneficiary to be justified in whole or in part. The financial consequences may be borne by the EU only where the Commission has given its prior approval. Such prior approval is also required for any use of funds committed under the present Financing Agreement to cover costs arising from disputes relating to contracts.

Article 10 - Cost overruns and ways of financing them

- 10.1 Individual overruns of the budget headings of the activities implemented by the Beneficiary shall be dealt with by reallocating funds within the overall budget, in accordance with Article 25 of these General Conditions.
- 10.2 Wherever there is a risk of overrunning the amount foreseen for the activity implemented by the Beneficiary, the Beneficiary shall immediately inform the Commission and seek its prior approval for the corrective activities planned to cover the overrun, proposing either to scale

down the activities or to draw on its own or other non-EU resources.

- 10.3 If the activities cannot be scaled down, or if the overrun cannot be covered either by the Beneficiary's own resources or other resources, the Commission may, at the Beneficiary's duly substantiated request, decide to grant additional EU financing. Should the Commission take such a decision, the excess costs shall be financed, without prejudice to the relevant EU rules and procedures, by the release of an additional financial contribution to be set by the Commission. This Financing Agreement shall be amended accordingly.

Part Two: Provisions Applicable to Budget Support

Article 11 - Policy dialogue

The Beneficiary and the EU commit to engage in a regular constructive dialogue at the appropriate level on the implementation of this Financing Agreement.

Where the Beneficiary is an ACP State and this action is financed under the EDF pursuant to Article 1.1 of the Special Conditions, this dialogue may form a part of the broader political dialogue provided for in Article 8 of the ACP-EC Partnership Agreement.

Article 12 - Verification of conditions and disbursement

- 12.1. The Commission shall verify the conditions for the payment of the tranches of the budget support component, as identified in Annex I (Technical and Administrative Provisions).

Where the Commission concludes that the conditions for payment are not fulfilled, it shall inform the Beneficiary thereof without undue delay.

- 12.2. Disbursement requests submitted by the Beneficiary shall be eligible for EU financing provided that they are in accordance with the provisions set out in Annex I (Technical and Administrative Provisions) and that they are submitted during the operational implementation phase.
- 12.3. The Beneficiary shall apply its national foreign exchange regulations in a nondiscriminatory manner to all disbursements of the budget support component.

Article 13 - Transparency of budget support

The Beneficiary hereby agrees to the publication by the Commission, of this Financing Agreement and any amendment thereof, including by electronic means, and of such basic information on the budget support which the Commission deems appropriate. Such publication shall not contain any data in violation of the EU laws applicable to the protection of personal data.

Article 14 - Recovery of budget support

All or part of the budget support disbursements may be recovered by the Commission, with due respect to the principle of proportionality, if the Commission establishes that payment has

been vitiated by a serious irregularity attributable to the Beneficiary, in particular if the Beneficiary provided unreliable or incorrect information, or if corruption or fraud was involved.

Part Three: Provisions Applicable to This Action as a Whole, Irrespective of the Management Mode

Article 15 - Execution period and contracting deadline in direct management

15.1 The execution period of this Financing Agreement shall comprise two phases:

- an operational implementation phase, in which the principal operational activities of the action are carried out. This phase shall start on the entry into force of this Financing Agreement and end with the opening of the closure phase;
- a closure phase, during which final audits and evaluation are carried out and contracts and programme estimates for the implementation of this Financing Agreement are technically and financially closed. The duration of this phase is stipulated in Article 2.3 of the Special Conditions. It starts after the end of the operational implementation phase. Only expenditure necessary for the closure shall be eligible.

These periods shall be reflected in the agreements to be concluded by the Beneficiary and by the Commission in the implementation of this Financing Agreement, in particular in delegation agreements and procurement and grant contracts.

- 15.2 Costs related to the principal operational activities shall be eligible for EU financing only if they have been incurred during the operational implementation phase; the costs incurred by the Beneficiary before the entry into force of this Financing Agreement shall not be eligible for EU financing unless provided otherwise in Article 6 of the Special Conditions. Costs related to final audits and evaluation, and to closure activities shall be eligible until the end of the closure phase.
- 15.3 Any balance remaining from the EU contribution will be automatically decommitted no later than six months after the end of the execution period.
- 15.4 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the execution period. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that end. This Financing Agreement shall be amended accordingly.
- 15.5 In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the execution period. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that end. This Financing Agreement shall be amended accordingly.
- 15.6 Article 2 of these General Conditions shall apply to activities implemented by the Commission as contracting authority (direct management) with the exception of the second

and third subparagraph of Article 2.1.

Article 16 - Verifications and checks by the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors

- 16.1 The Beneficiary shall assist and support the verifications and checks carried out by the Commission, OLAF and the European Court of Auditors at their request.

The Beneficiary agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot controls on the use made of EU financing under the activities under this Financing Agreement and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the activities, throughout the duration of this Financing Agreement and for five years from the end of the execution period.

- 16.2 The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by EU law for the protection of the EU's financial interests against fraud and other irregularities.

To that end, pursuant to Regulation (EC, Euratom) No 2185/96 and to Regulation (EC, Euratom) No 883/2013, the Beneficiary shall grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under this Financing Agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.

- 16.3 The checks and audits described above shall also apply to contractors and grant beneficiaries, and subcontractors who have received EU financing.
- 16.4 The Beneficiary shall be notified of on the spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.

Article 17 - Tasks of the Beneficiary in fighting irregularities, fraud and corruption

- 17.1 The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities, fraud or corruption and of any measure taken or planned to deal with them.
- 17.2 The Beneficiary shall ensure and check regularly that the actions financed from the budget are effectively carried out and implemented correctly. It shall take appropriate measures to prevent, detect and correct irregularities and fraud and where necessary, bring prosecutions and recover funds unduly paid.

"Irregularity" shall mean any infringement of this Financing Agreement, implementing contracts and programme estimates or of EU law resulting from an act or omission by anyone who has, or would have, the effect of prejudicing the funds of the EU, either by reducing or losing revenue owed to the EU, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the EU or the EDF;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they are originally granted.

17.3 The Beneficiary undertakes to take every appropriate measure to prevent, detect and punish any practices of active or passive corruption during the implementation of the Financing Agreement.

"Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

"Active corruption" shall mean the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

17.4 The Beneficiary shall immediately inform the Commission (contacts pursuant to the third subparagraph of the Article 1.8 of the General Conditions) of the name of the entity that has been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity detrimental to the EU's financial interests.

17.5 If the Beneficiary does not take appropriate measures to prevent fraud, irregularities and corruption, the Commission may adopt precautionary measures including the suspension of this Financing Agreement.

Article 18 - Suspension of payments

18.1 Without prejudice to the suspension or termination of this Financing Agreement according to Articles 26 and 27, respectively, the Commission may suspend payments partially or fully, if:

- a) the Commission has established that or has serious concerns, on the basis of information it received, and needs to verify, whether the Beneficiary has committed substantial errors, irregularities or fraud in the procurement and grant award procedure or in the implementation of the action, or the Beneficiary has failed to comply with its

obligations under this Financing Agreement, including obligations regarding the implementation of the Communications and Visibility plan;

- b) the Commission has established that or has serious concerns, on the basis of information it received, and needs to verify, whether the Beneficiary has committed systemic or recurrent errors, irregularities, fraud or breach of obligations under this or other Financing Agreements, provided that those errors, irregularities, fraud or breach of obligations have a material impact on the implementation on this Financing Agreement or call into question the reliability of the Beneficiary's internal control system or the legality and regularity of the underlying expenditure;
 - c) the Commission suspects that the Beneficiary committed substantial errors, irregularities, fraud or breach of obligations in the procurement and grant award procedure or in the implementation of the action and needs to verify whether they have occurred.
 - d) it is necessary to prevent significant damage to the financial interests of the EU.
- 18.2 The Commission shall immediately inform the Beneficiary about the suspension of payments and of the reasons for this suspension.
- 18.3 The suspension of payments shall have the effect of suspending payment time-limits for any payment request pending.
- 18.4 In order to resume payments the Beneficiary shall endeavour to remedy the situation leading to the suspension as soon as possible and shall inform the Commission of any progress made in this respect. The Commission shall, as soon as it considers that the conditions for resuming payments have been met, inform the Beneficiary thereof.

Article 19 - Allocation of funds recovered by the Commission to the action

Where the action is financed under the EDF, amounts unduly paid and recovered by the Commission, amounts from financial guarantees lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed on candidates, tenderers, applicants, contractors or grant beneficiaries, as well as damages awarded to the Commission shall be allocated to this action.

Article 20 - Right of establishment and residence

- 20.1 Where justified by the nature of the procurement or grant contract, the Beneficiary shall entitle natural and legal persons participating in invitations to tender for works, supply or service contracts or calls for proposals and entities expected to be entrusted with budget-implementation tasks identified in Annex I with a provisional right of establishment and residence in the Beneficiary's territory(ies). This right shall remain valid for one month after the contract is awarded.
- 20.2 The Beneficiary shall also entitle procurement contractors and grant beneficiaries, entities entrusted with budget-implementation tasks identified in Annex I (Technical and

Administrative Provisions), natural persons whose services are required for the performance of this action and members of their families with similar rights during the implementation of the action.

Article 21 - Tax and customs provisions

21.1 The Beneficiary shall apply to procurement contracts and grants financed by the EU the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.

Where the Beneficiary is an ACP State, account shall not be taken of arrangements applied by it to the other ACP States or to other developing countries for the purpose of determining the most-favoured-State treatment.

21.2 Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

Article 22 - Confidentiality

22.1 The Beneficiary agrees that its documents and data held by an entity with which the Beneficiary is in a contractual relationship regarding them may be forwarded to the Commission by that entity for the sole purpose of implementing this or another Financing Agreement. The Commission shall respect all confidentiality arrangements agreed between the Beneficiary and that entity.

22.2 Without prejudice to Article 16 of these General Conditions, the Beneficiary and the Commission shall preserve the confidentiality of any document, information or other material directly related to the implementation of this Financing Agreement that is classified as confidential.

22.3 The Parties shall obtain each other's prior written consent before publicly disclosing such information.

22.4 The Parties shall remain bound by the confidentiality until five years after the end of the execution period.

Article 23 - Use of studies

The contract related to any study financed under this Financing Agreement shall include the right for the Beneficiary and for the Commission to use the study, to publish it and to disclose it to third parties.

Article 24 - Consultation between the Beneficiary and the Commission

24.1 The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this Financing Agreement further pursuant to Article 29 of these General Conditions.

- 24.2 Where the Commission becomes aware of problems in carrying out procedures relating to management of this Financing Agreement, it shall establish all necessary contacts with the Beneficiary to remedy the situation and take any steps that are necessary.
- 24.3 The consultation may lead to the amendment, suspension or termination of this Financing Agreement.
- 24.4 The Commission shall regularly inform the Beneficiary of the implementation of activities described in Annex I which do not fall under Part One of these General Conditions.

Article 25 - Amendment of this Financing Agreement

- 25.1 Any amendment of this Financing Agreement shall be made in writing, including an exchange of letters.
- 25.2 If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission. In the exceptional cases of an adjustment of the objectives of the action and/or an increase in the EU contribution, such request shall be submitted at least six months before the amendment is intended to enter into force.
- 25.3 If the adjustment both does not significantly affect the objectives of the activity implemented pursuant to Part One of these General Conditions, and if it concerns matters of detail which do not affect the technical solution adopted, and if it does not include the reallocation of funds, or if it concerns reallocations of funds within the limit of the contingency reserve, the Beneficiary shall inform the Commission of the adjustment and its justification in writing as soon as possible and may apply that adjustment.
- 25.4 The use of contingency reserve provided for an action shall be subject to the Commission's prior written approval.
- 25.5 Where the Commission considers that the Beneficiary ceases to perform satisfactorily the tasks entrusted pursuant to Article 1.1 of these General Conditions and without prejudice to Articles 26 and 27 of these General Conditions, the Commission may decide to retake the tasks entrusted from the Beneficiary in order to continue the implementation of the activities on behalf of the Beneficiary after informing the latter in writing.

Article 26 - Suspension of this Financing Agreement

- 26.1 The Financing Agreement may be suspended in the following cases:
- The Commission may suspend the implementation of this Financing Agreement if the Beneficiary breaches an obligation under this Financing Agreement.
 - The Commission may suspend the implementation of this Financing Agreement if the Beneficiary breaches any obligation set under the procedures and standard documents referred to in Article 1.3 and 5.3 of these General Conditions.

- The Commission may suspend this Financing Agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.
 - This Financing Agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by a case of force majeure of which the other party is duly informed. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.
 - Neither of the Parties shall be held liable for breach of its obligations under this Financing Agreement if it is prevented from fulfilling them by force majeure, provided it takes measures to minimise any possible damage.
- 26.2 The Commission may suspend this Financing Agreement without prior notice.
- 26.3 The Commission may take any appropriate precautionary measure before suspension takes place.
- 26.4 When the suspension is notified, the consequences for the on-going procurement and grant contracts, delegation agreements and programme estimates and for such contracts, delegation agreements and programme estimates to be signed shall be indicated.
- 26.5 A suspension of this Financing Agreement is without prejudice to the suspension of payments and termination of this Financing Agreement by the Commission in accordance with Article 18 and 27 of the General Conditions.
- 26.6 The parties shall resume the implementation of the Financing Agreement once the conditions allow with the prior written approval of the Commission. This is without prejudice to any amendments of this Financing Agreement which may be necessary to adapt the action to the new implementing conditions, including, if possible, the extension of the implementation period, or the termination of this Financing Agreement in accordance with Article 27.

Article 27 - Termination of this Financing Agreement

- 27.1. If the issues which led to the suspension of this Financing Agreement have not been resolved within a maximum period of 180 days, either party may terminate this Financing Agreement at 30 days' notice.
- 27.2. This Financing Agreement shall be automatically terminated, if within the period of three years of its signature:

- a) it has not given rise to any payment;
 - b) no implementing contract or delegation agreement has been signed;
 - c) and where this action is financed under the EDF, no programme estimate has been signed;
- 27.3 When the termination is notified, the consequences for the on-going procurement and grant contracts, delegation agreements and programme estimates and for such contracts, delegation agreements and programme estimates to be signed shall be indicated.

Article 28 - Dispute settlement arrangements

- 28.1 Any dispute concerning this Financing Agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 24 of these General Conditions may be settled by arbitration at one of the parties' request.

Where the Beneficiary is an ACP State or an ACP regional body or organisation and this action is financed under the EDF, the dispute shall be submitted, prior to arbitration and after the consultations provided for in Article 24 of these General Conditions, to the ACP-EC Council of Ministers, or, between its meetings, to the ACP-EC Committee of Ambassadors, pursuant to Article 98 of the ACP-EC Partnership Agreement. If the Council or Committee does not succeed in settling the dispute, either party may request settlement of the dispute by arbitration in accordance with Articles 28.2, 28.3 and 28.4.

- 28.2 Each party shall designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.
- 28.3 Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.
- 28.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.