

**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 Partner**", represented by the Ministry of Foreign Affairs,

of the other part,

have agreed as follows:

Article 1 - Nature of the action

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

Title: European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase III (ENPARD Georgia III)
CRIS decision number: ENI/2016/039-318

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 79 000 000 and the maximum EU contribution to this action is set at EUR 77 500 000.

This budget support action is composed of:

- (a) a budget support component with a maximum EU contribution of EUR 44 500 000.
(b) a complementary support component with a total estimated cost of EUR 34 500 000 and a maximum EU contribution of EUR 33 000 000.

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

June 2017

Financing Agreement ENI/2016/039-318 – Special Conditions

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 Partner

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 Partner having the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate OLAF's operational activities shall be: David Bujiashvili, Head of the EU Assistance Coordination Department/Project Administration Office (PAO); Office of the State Minister of Georgia on European and Euro-Atlantic Integration.

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)

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.

Where the Partner is the grant beneficiary or implementing partner of an International Organisation or Aid Agency entrusted by the Commission with the action, Articles 1.3, 1.5, 1.6, 8.2, 8.3, 8.4 and 8.5 of the General Conditions shall apply to the EU financed activities of the Partner.

Articles 18, 19, 25.3, 25.4 and 25.5 do not apply to those activities entrusted to an entity pursuant to Annex I under this Financing Agreement.

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 Partner.

For the Partner:

Mikheil Janelidze

Vice Prime Minister

Minister of Foreign Affairs

Signature

Date

4/12/2017

For the Commission:

Lawrence Meredith

Director Neighbourhood East

Directorate-General for Neighbourhood and Enlargement Negotiations

Signature

Date

1/1/2017

MJ
LM

ANNEX I TO FINANCING AGREEMENT NO ENI/2016/039-318
TECHNICAL AND ADMINISTRATIVE PROVISIONS

1. Title/basic act/ CRIS number	European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase III (ENPARD Georgia III) CRIS number: ENI/2016/039-318 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, rural development, environment	DEV. Aid: YES ¹		
5. Amounts concerned	Total estimated cost: EUR 79,000,000 Total amount of EU budget contribution EUR 77,500,000, of which EUR 44,500,000 for budget support and EUR 33,000,000 for complementary support. This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 1,500,000.			
6. Aid modality(ies) and implementation modality(ies)	Direct management – budget support: sector reform contract; grants – call for proposals; procurement of services. Indirect management with: Food and Agriculture Organisation of the United Nations (FAO) and the United Nations Development Programme (UNDP)			
7. a) DAC code(s)	311- Agriculture: 31120 - Agricultural development 430 - Other multi-sector: 43040 - Rural development 410 - General environmental protection: 41010 - Environmental policy and administrative management			
b) Main Delivery Channel	<i>FAO, UNDP – 31120, 43040, 41000</i>			
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"/>	■
	Aid to environment	<input type="checkbox"/>	■	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	■	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	■	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	■	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	■	<input type="checkbox"/>
	Combat desertification	■	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	■	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	■	<input type="checkbox"/>

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

9. Global Public Goods and Challenges (GPGC) thematic flagship	Food security and sustainable agriculture Environment and climate change
---	---

SUMMARY

There is a clear rural-urban divide when it comes to economic opportunities in Georgia. Rural poverty remains high, particularly in remote areas, due the deterioration of agriculture in the recent past and the lack of viable economic alternatives, affecting people's resilience and their ability to adapt and to recover from stresses and shocks.

Agriculture employs 51% of the workforce. In 2012 Georgia undertook the reform of the sector through increased public allocations to the Ministry of Agriculture (MoA) and the adoption of the Strategy for Agriculture Development in Georgia (SADG) leading to a gradual growth in agricultural production and value.

ENPARD is the single largest programme in support to the SADG. The adoption of a new policy framework for rural development in Georgia in 2016 will facilitate the integration of ongoing support to agriculture alongside other measures targeting the diversification of rural economic opportunities and the environment for a more effective impact on poverty alleviation.

The purpose of ENPARD III is to promote inclusive and sustainable growth and development, creating employment and livelihoods for the poor and excluded. Special measures will help build the resilience of vulnerable people in remote regions, and to promote the economic and social empowerment of rural women.

ENPARD III will contribute to the implementation of the EU-Georgia Association Agreement (AA) for improved competitiveness of agriculture under the DCFTA, the support to agriculture and rural development, the harmonisation of environmental legislation and the improved management of natural resources.

In line with the 2015 review of the European Neighbourhood Policy (ENP), the programme will contribute to develop Georgia's economic resilience, modernisation and diversification, and is coherent with the EU agriculture and rural development sector policy, which is one of the 3 pillars under the Single Support Framework for EU Support to Georgia (SSF 2014-2017)

This action is partly funded through the *'more for more'* mechanism of the European Neighbourhood Instrument (multi-country umbrella programme).

1 DESCRIPTION OF THE ACTION

1.1 Objectives/results and main activities

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG target Goal 1 - End poverty in all its forms everywhere; but also promotes progress towards Goal 5 – Gender Equality; Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and Goal 15 - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. This does not imply a commitment by the country benefiting from this programme.

The **overall objective** of ENPARD III is to assist the Government of Georgia in eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance.

The **specific objective** is to promote inclusive and sustainable growth and development, creating employment and livelihoods for the poor and excluded.

The expected **results** of ENPARD III are as follows:

Result 1: Improved rural economic diversification, employment and services.

Result 2: Enhanced competitiveness of agriculture.

Result 3: Improved environment, sustainable management of natural resources and climate action.

Results are fully coherent with the three priority axes of the EU rural development policy.

1.2 Main activities

1.2.1 Budget Support

For budget support, main activities are geared towards the policy targets which the Government will commit to achieve in relation to the conditions for disbursement specified in Annex 1, Performance indicators used for disbursements and Annex 2, Disbursement arrangements and timetable.

1.2.2 Complementary support

In terms of complementary support, activities under results 1, 2 and 3 related to institutional capacity support will benefit the MoA, other ministries with competences in rural development, as well as strengthened coordination with other relevant stakeholders. Main activity:

- Technical assistance for improvement of the capacity within the public sector and other stakeholders for effective adoption of the rural development strategy and implementation of related action plans and programmes.

Also under complementary support, activities related to rural development service delivery will benefit poor and vulnerable rural people in the municipalities targeted by the programme, with special emphasis on rural women, the youth and other marginalised groups. Main activities:

- Under result 1 (economic diversification): support to initiatives for diversification of rural income and employment; provision of improved access to finance by small non-agriculture rural entrepreneurs; social and vocational education development; promotion of sustainable and responsible tourism; protection and enhancement of natural and cultural heritage.
- Under result 2 (agricultural competitiveness): provision of agricultural extension and sectorial cooperative services; expansion of food quality and certification schemes for selected commodities; provision of improved access to finance by small farmers and agricultural cooperatives; improvement of value chains for selected commodities.
- Under result 3 (environment, natural resources and climate action): support to the implementation of climate-smart agricultural practices; protection, climate resilience and environmental value of forest ecosystems; support to the sustainable management of natural resources, including forests and protected areas.

1.3 Intervention logic

The intervention logic of ENPARD III is built on the previous phases of the programme. In terms of inputs and outputs, the programme will continue to support the SADG 2015-2020. ENPARD I and II have largely focused on agriculture, including support to institutional capacities and delivery of better services to farmers and food consumers, while ENPARD III will focus on the expansion of rural support beyond agriculture, including delivery of services for diversification of rural income and employment, and improved management of natural resources. In terms of outcomes and impacts, the programme will contribute to poverty reduction and the promotion of sustainable and inclusive growth in rural areas.

From policy perspective, ENPARD I and II have provided technical assistance to the MoA for implementation of the SADG, including the adoption of rural development strategies and related programmes. ENPARD III will provide technical assistance to all relevant ministries with competences in rural development.

In terms of service delivery, ENPARD I and II focused on the support to farmers and also helped introduce pilot rural development projects to other groups. Using the EU LEADER approach, these projects support Local Action Groups to establish municipal strategies based on which the programme will help expand coverage and quality of rural service delivery available to the population. At regional and national level, ENPARD III will also include components of service delivery to specific groups, such as the rural population in Abkhazia and minority and vulnerable population groups in other remote regions.

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 is EUR 44,500,000, and for complementary support is EUR 33,000,000. This amount is based on the commitment of the partner country to allocate national budget resources (including EU budget support) for the support to rural development. The amount is commensurate with the financing needs related to the reforms supported and will provide substantial leverage for the policy dialogue. All line Ministries concerned with the performance targets have demonstrated sufficient absorption capacity and a good track record in fulfilling the conditions under existing EU funded budget support programmes.

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 of the Rural Development Strategy;
 - Implementation of a credible stability-oriented macroeconomic policy;
 - Satisfactory progress in the implementation 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 will be set on the basis of the following policy targets:
- Effective governance mechanisms for the implementation of the national rural development strategy and the regional rural development strategy for Ajara, including relevant action plans; governance structures; and programme support from public budget.
 - Adoption of relevant policy measures for economic diversification, including public programmes supporting entrepreneurial skills, VET and financial support to small rural businesses and the rural youth; adoption of municipal development priority documents and training plans; implementation of the Georgia tourism strategy; and establishment of related destination management organisations.
 - Adoption of relevant policy measures for enhanced competitiveness of agriculture, including establishment of a unified monitoring and evaluation system in agriculture; adoption of the agricultural extension strategy and action plan; implementation of public programmes in support to extension and selected sectorial associations; expansion of food quality schemes for high value products; and adoption of certification schemes for seedlings.
 - Adoption of relevant policy measures for sustainable management of natural resources and climate action, including a Green Growth strategy and a Climate-smart agriculture action

plan; establishment of agro-meteorological systems; implementation of public programmes supporting organic production; completion of the national forest inventory and establishment of a system for record keeping; adoption of Municipal waste management plans; and introduction of mandatory obligations for waste producers.

Targets and indicators are specified in the policy matrix in Annex 2, Disbursement arrangements and timetable. 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 respect for 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 four subsequent annual instalments (to be disbursed between 2018 and 2021) including a fixed and a variable tranche to be disbursed respectively upon fulfilment of the general and the specific conditions.

2.2 Implementation modalities for complementary support

2.2.1 Grants: call for proposals "Support to development of livelihoods in disadvantaged rural regions of Georgia" (direct management)

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

Objectives: to improve economic and social integration of vulnerable households in disadvantaged rural regions of Georgia, including eco-migrants, conflict-affected people (IDPs and their host communities) and ethnic minorities.

Fields of intervention: livelihoods and access to basic social services.

Expected results and eligible actions are those linked to the implementation of local development plans in accordance with the Law of Georgia on Development of High-Mountain Regions, among others, for improved employment, employability and living conditions of target groups.

(b) 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. Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 1,000,000 to 3,000,000, and the grants may be awarded to the entities, acting alone or in partnership. The indicative duration of the grant (its implementation period) is between 24 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 this call is 80%. In accordance with Article 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: 1st trimester of 2018.

2.2.2 Procurement (direct management implemented by the Commission as the Contracting Authority)

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
External review missions (for budget support conditionality)	services	4	1 st /2018; 1 st /2019 1 st /2020; 1 st /2021
Communication and visibility	services	1	3 rd /2019
Audits	services	2	4 th /2019; 4 th /2021
Evaluations (mid-term and final)	services	2	4 th /2019; 4 th /2021

2.2.3 Indirect management with the Food and Agriculture Organisation of the United Nations (FAO)

A part of this action may be implemented in indirect management with the Food and Agriculture Organisation of the United Nations (FAO) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails technical assistance in agriculture policy support to the MoA and direct delivery of agriculture related services to the rural population in the areas targeted by the programme. This implementation is justified because of FAO extensive experience, technical competence and specialisation in agriculture sector. In accordance with its core mandate, FAO is tasked to provide policy and technical advice to the Georgian government in the agriculture sector. FAO is already providing technical assistance for policy and institutional capacity support to the MoA leading to a substantial progress in the implementation of the SADG since 2014, based on extensive experience and expertise provided with support from ENPARD.

The entrusted entity would carry out the following budget-implementation tasks: running the public procurement and grant award procedures; concluding and managing the resulting contracts, including making of the related payments. The entrusted international organisation has successfully passed the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 for 5 pillars: Internal Control, Accounting System, Independent External Audit, Procurement and Sub Delegation. The Commission's authorising officer responsible deems that, based on the compliance with this ex-ante assessment FAO can be entrusted with budget-implementation tasks under indirect management for those 5 pillars. For the grant pillar, FAO will apply EU rules.

2.2.4 Indirect management with the United Nations Development Programme (UNDP)

A part of this action may be implemented in indirect management with the United Nations Development Programme (UNDP) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails technical assistance in rural development policy support to the Government of Georgia and the Government of Ajara Autonomous Republic; direct delivery of non-agriculture related services to the rural population in the areas targeted by the programme; and support to living conditions of vulnerable households in Abkhazia. This implementation is justified because of UNDP extensive experience, technical competence and specialisation in rural development field. In accordance with its core mandate, UNDP is a leading development partner assisting Georgia in policy and institutional support. UNDP is already providing technical assistance and service delivery support to rural development and livelihoods in Ajara and Abkhazia, based on extensive experience and expertise provided under ongoing support by ENPARD.

The entrusted entity would carry out the following budget-implementation tasks: running the public procurement and grant award procedures; concluding and managing the resulting contracts,

including making of the related payments. The entrusted international organisation has successfully passed the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 for 5 pillars: Internal Control, Accounting System, Independent External Audit, Procurement and Sub Delegation. The Commission's authorising officer responsible deems that, based on the compliance with this ex-ante assessment UNDP can be entrusted with budget-implementation tasks under indirect management for those 5 pillars. For the grant pillar, UNDP will apply EU rules.

2.2.5 Changes from indirect to direct management mode due to exceptional circumstances

Grants, through Calls for proposals, will be the alternative implementation modality to 2.2.3 – Indirect management with the Food and Agriculture Organisation of the United Nations (FAO) and 2.2.4 – Indirect management with the United Nations Development Programme (UNDP), in case indirect management cannot be implemented due to circumstances outside of the Commission's control.

The alternative to indirect management with FAO will be:

Grants: call for proposals "Improved technical capacities and direct delivery of agricultural services in rural regions of Georgia" (direct management)

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

Objectives: to promote inclusive and sustainable growth and development, creating employment and livelihoods for the poor and excluded in rural regions of Georgia.

Fields of intervention: agriculture and rural development.

Expected results and eligible actions are those linked to the implementation of rural development measures for improved agricultural services in targeted areas.

(b) 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. Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 2,000,000 to 4,000,000, and the grants may be awarded to the entities, acting alone or in partnership. 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 this call is 80%. In accordance with Article 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: 1st trimester of 2018.

The alternative to indirect management with UNDP (except Abkhazia component) will be:

Grants: call for proposals "Improved technical capacities and direct delivery of rural development services in rural regions of Georgia" (direct management)

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

Objectives: to promote inclusive and sustainable growth and development, creating employment and livelihoods for the poor and excluded in rural regions of Georgia.

Fields of intervention: agriculture and rural development

Expected results and eligible actions are those linked to the implementation of rural development measures for improved rural development services in targeted areas.

(b) 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. 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 4,000,000, and the grants may be awarded to the entities, acting alone or in partnership. 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 this call is 80%. In accordance with Article 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: 1st trimester of 2018.

The alternative to indirect management with UNDP (Abkhazia component) will be:

Grant: direct award "Expansion of rural development measures in Abkhazia" (direct management)

(a) Objectives of the grant, 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 Abkhazia is in a crisis situation as 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%. In accordance with Article 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: 1st trimester of 2018.

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, subject to the following provisions.

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 realisation 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	44,500,000	
2.2.1 - Grants: call for proposals "Support to development of livelihoods in disadvantaged rural regions of Georgia" (direct management)	6,000,000	1,500,000
2.2.2 - Procurement	400,000	
2.2.3 - Indirect management with the Food and Agriculture Organisation of the United Nations (FAO)	12,000,000	
2.2.4 - Indirect management with the United Nations Development Programme (UNDP)	14,000,000	
2.7 - Evaluation and, 2.8 - Audit	400,000	
2.9 - Communication and visibility	200,000	
Totals	77,500,000	1,500,000

2.5 Organisational set-up and responsibilities

The MoA is the main stakeholder of ENPARD III 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. After adoption of the National Rural Development Strategy, the Government will establish a national coordination mechanism for rural development.

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 III.

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	2017	1 st quarter 2018

2 nd tranche	2018	1 st quarter 2019
3 rd tranche	2019	1 st quarter 2020
4 th tranche	2020	1 st quarter 2021

The Policy – Analysis Department of the MoA is responsible for analysis of agriculture-related statistics provided by the Georgian Statistics Office (GEOSTAT). The Department has a dedicated division 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. Both the mid-term and final report shall contain a gender analysis. 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 2019 and 2021.

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 2019 and 2021.

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 gender-sensitive 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, one contract for communication and visibility services shall be concluded under a framework contract in 2019.

Annexes

1. Performance indicators used for disbursements
2. Disbursement arrangements and timetable
3. Communication and visibility activities

APPENDIX - INDICATIVE LIST OF RESULT INDICATORS²

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
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 absolute rural poverty**	21,3% (2016)	Reduced to at least 20% (2020)	GEOSTAT statistics
Specific objective(s): Outcome(s)	Growth and development are inclusive and sustainable, creating employment and livelihoods for the poor and excluded	Average monthly incomes per household in rural areas*	924 GEL (2016)	No less than 1,024 GEL (2020)	GEOSTAT statistics
		Unemployment rate (disaggregated by sex, rural/urban)**	8.8% female/14.2% male; 21.1% urban/5.0% rural (2016)	Reduced to at least 12% average (2020) (disaggregated targets agreed during baseline)	GEOSTAT statistics
		Percentage (self) employment among vocational education (VET) graduates disaggregated by sex, , economic and other vulnerabilities*	47% (2015)	At least 57% (2020)	Tracer study conducted by MoES; RDAP 2018-2020 M&E data
Induced outputs	National and sub-national systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods-intensive	Percentage of people employed in non-agriculture as part of total employment in rural areas	26.6.% (2016) ^φ	At least 28% (2020)	GEOSTAT statistics
		Number of new policies, systems, institutional measures at national and subnational levels to generate/strengthen employment and livelihoods**	Three policies/programmes (2014) ³	At least 2 new policies related to rural development adopted (2020)	RDAP 2018-2020 M&E data

² Indicators aligned with the relevant programming document are marked with '*' and indicators aligned to the EU Results Framework with '**'.

³ Including support to private sector development and agricultural loan programmes (Ministry of Agriculture), support to cooperatives, ICCs and produce in Georgia (Ministry of Economy and Sustainable Development), EDA and GNITA programmes

	Institutional capacity improved for the implementation of the Rural Development Strategy	Level of skills and knowledge of rural development policy and delivery mechanisms within the public sector and stakeholders*	Situation prevailing in 2016 ^φ	Enhanced level of skills and knowledge of rural development (2020)	RDAP 2018-2020 M&E data
	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
	Improved rural economic diversification, employment and services	Gross number of jobs created in rural areas with support from the programme, disaggregated by sex*	Zero (2016) ^φ	Target agreed during baseline (2020)	Baseline report data, GEOSTAT statistics, RDAP 2018-2020 M&E data
		Number of people benefitting from rural advisory services, VET/ skills development with support from the programme, disaggregated by sex**	Zero (2016) ^φ	Target agreed during baseline (2020)	Baseline report data, GEOSTAT statistics, RDAP 2018-2020 M&E data
Direct outputs	Enhanced competitiveness of agriculture	Agricultural value added per hectare in areas supported by the programme**	Zero (2016) ^φ	Target agreed during baseline (2020)	Baseline report data, GEOSTAT statistics, RDAP 2018-2020 M&E data
		Number of food quality schemes adopted by farmers with support from the programme**	Zero (2016) ^φ	Target agreed during baseline (2020)	Baseline report data, GEOSTAT statistics, RDAP 2018-2020 M&E data
	Improved environment, sustainable management of natural resources and climate action	Number of hectares of agricultural and pastoral ecosystems where sustainable and climate-resilient management practices have been introduced with support from the programme**	Zero (2016) ^φ	Target agreed during baseline (2020)	Baseline report data, GEOSTAT statistics, RDAP 2018-2020 M&E data
		Number of hectares of forest and protected areas where sustainable and climate-resilient management practices have been introduced with support from the programme**	Zero (2016) ^φ	Target agreed during baseline (2020)	Baseline report data, GEOSTAT statistics, RDAP 2018-2020 M&E data

^φ Baseline data including specific data for all indicators and associated M&E system will be developed during the planning phase of the programme

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 for 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 – related to Sector policy and coordination; stability-oriented macroeconomic policy; public finance management; and transparency and oversight of the budget– 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 4 policy areas:

- Economy and competitiveness
- Social conditions and living standards
- Environmental protection and sustainable management of natural resources
- Rural development governance

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:

Priority Area 1 – Economy and competitiveness

Indicator number / title:	1.1.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual 2018 RDAP for agricultural cooperatives
Related government programme(s):	Strategy for Agriculture Development for Georgia (SADG 2015-2020) Rural Development Strategy of Georgia (RDSG 2017-2020); Rural Development Action Plans (RDAP 2017 and RDAP 2018-2020, including approved reviews)
Objective(s) of the programme(s):	SADG 2015-2020 - Strategic Direction 3.1: Enhanced competitiveness of rural entrepreneurs RDS 2017-2020 - Objective 1.1: Economic recovery of farming, restructuring and modernization. Objective 1.2: Strengthening the agricultural-related value chains. Objective 2.1: Innovation, entrepreneurship and promotion of cooperation. Objective 2.2: Improvement of basic rural infrastructure and availability of high-quality public services. Objective 2.3: Increase the involvement of rural population in identification of local needs and determination of solutions
Activity(ies) of the programme(s):	Programs implemented by LEPL Agricultural Cooperatives Development Agency (ACDA) under the Ministry of Agriculture of Georgia (MoA) and/or its successors as defined in the RDAP 2017 and RDAP 2018-2020
Responsible Ministries/department(s):	MoA / ACDA and/or its successors; Ministry of Finance (MoF) and State Treasury (ST) of Georgia
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn for agricultural cooperatives support
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Annual budget expenditure and annual budget approved for agricultural cooperatives support by ACDA and/or its successors in 2018
Method(s) of data collection:	MoA - data collected on related budget expenditure and published in an official annual report for 2018 MoF/ST - official Budget execution report for 2018 published in Government website and submitted to Parliament according to Georgian legislation
Department(s) responsible for collection:	ACDA and/or its successors; MoF, ST and their agencies
Method(s) of calculation:	Actual expenditure outturn in 2018 in support to agricultural cooperatives by ACDA as a percentage of the approved budget for the same purpose under the RDAP 2018. Public funds exclude foreign donor grant aid but include concessional loans from International Financing Institutions (IFIs)
Means of interpretation:	
Known limits and bias(es):	a) Economic downturns outside the control of Georgia undermine the ability of the Georgian government to comply with the conditionality related to this indicator; b) Natural or man-made events beyond the reasonable control of Georgia such as conflicts or sizeable climatic events undermine the ability of the Georgian government to comply with the conditionality

Means of interpretation:	related to this indicator; c) A significant reduction outside the Georgian government control in the average flow of disbursement of concessional public loans from International Financing Institutions (IFIs) supporting Georgia undermines its ability to comply with the conditionality related to this indicator. The indicator evidences the support from Government to agricultural competitiveness by reflecting on public funds spent in agricultural cooperatives in 2018
Direction of interpretation:	At least 70% expenditure outturn expected
Documentation schedule:	
Delivery date (target):	Q2/2019 (for 2018 data)
Improvement in progress:	Approved reviews of the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	1.1.2 At least 100 active agricultural cooperatives supported through public funds between 01.01.2017 and 31.12.2019
Related government programme(s):	SADG 2015-2020 RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	SADG 2015-2020 - Strategic Direction 3.1: Enhanced competitiveness of rural entrepreneurs RDS 2017-2020 - Objective 1.1: Economic recovery of farming, restructuring and modernization. Objective 1.2: Strengthening the agricultural-related value chains
Activity(ies) of the programme(s):	Programmes supporting agricultural cooperatives by the Ministry of Agriculture (MoA) and by other Government bodies such as Produce in Georgia, as defined in the RDAP 2017 and RDAP 2018-2020
Responsible Ministries/department(s):	MoA / ACDA and/or its successors; other Government bodies concerned
Description of the indicator:	
Measurement unit(s):	Number of active agricultural cooperatives supported with public funds
Periodicity of measurement(s):	Annual
Last known result(s):	2016 – 100 (baseline value)
Development & quality of the indicator:	
Nature of basic data:	Active agricultural cooperatives are those registered and with own status in the ACDA database, and with no records of inactivity or misuse of funds as evidenced by its Monitoring division. Eligibility is subject to evidence of an active request to a Government body using legitimate procedures, approval and effective use of public funds for equipment, infrastructure and/or technical assistance through grants, credits, insurance or dedicated technical expertise within the reference period. Routine extension services or any other public support with no financial repercussions in the state budget are excluded
Method(s) of data collection:	MoA - ACDA database of agricultural cooperatives supported by MoA and published in official annual reports for 2017, 2018 and 2019 Other Government bodies – data collected on eligible agricultural cooperatives supported through respective programmes and reported annually for 2017, 2018 and 2019

Department(s) responsible for collection:	ACDA and/or its successors; other Government bodies concerned
Method(s) of calculation:	Cumulative number of eligible agricultural cooperatives supported with public funds between 01.01.2017 and 31.12.2019. Public funds exclude foreign donor grant aid, but include concessional loans from IFIs
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to agricultural competitiveness by reflecting on the number of active cooperatives supported with public funds in 2017-2019
Direction of interpretation:	Expected at least 100 active cooperatives supported
Documentation schedule:	
Delivery date (target):	Q2/2020 (for 2017, 2018 and 2019 data)
Improvement in progress:	Approved reviews of the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	1.1.3 At least 15% increase in land amelioration supported with public funds between 01.01.2017 and 31.12.2020 compared to baseline value
Related government programme(s):	SADG 2015-2020 Irrigation Strategy of Georgia (ISG 2016-2025) RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	SADG 2015-2020 - Strategic Direction 3.3: Amelioration and Soil Fertility ISG 2016-2025 - Strategic direction: Increase of ameliorated land area through rehabilitation and modernization of irrigation and drainage schemes RDSG 2017-2020 - Objective 1.1: Economic recovery of farming, restructuring and modernization through the diversification and development of effective supply chains
Activity(ies) of the programme(s):	LTD Georgian Amelioration: Amelioration Systems Modernization Program; MoA - Agricultural Programmes Management Agency (APMA): Plant the Future and/or their successors as defined in the RDAP 2017 and RDAP 2018-2020 Amelioration projects with international support such as Irrigation and Land Market Development Project (World Bank); Rehabilitation of Zemo Samgori irrigation scheme (ORIO); Rehabilitation of Lami-Misaktsieli, Loma-Turtskhi, Karagaji, Metekhi, Does-Grakali and Dzevera-Shertuli irrigation schemes (IFAD)
Responsible Ministries/department(s):	Ministry of Agriculture of Georgia / APMA - Georgian Amelioration Ltd and/or its successors
Description of the indicator:	
Measurement unit(s):	Percentage (%) increase in hectares (ha) of ameliorated land completed with public funds
Periodicity of measurement(s):	Annual
Last known result(s):	2016 – 143,375 ha (baseline value)
Development & quality of the indicator:	

Nature of basic data:	Surface of land newly ameliorated, calculated as the number of ha of land that changes its status to irrigated land by means of new or rehabilitated infrastructure and/or equipment for irrigation and/or drainages systems completed to allow for enhanced cultivation. Eligible works include hydraulic amelioration schemes for irrigation and/or drainage of land, and the surface of eligible land ameliorated will be the sum of water supplied and/or drained land area under these schemes.
Method(s) of data collection:	MoA – data collection on land amelioration completed and published in its official annual reports for 2017, 2018, 2019 and 2020
Department(s) responsible for collection:	Georgian Amelioration Ltd, Agricultural Programmes Management Agency (APMA) and/or its successors
Method(s) of calculation:	Percentage (%) increase compared to 2016 baseline value in the cumulative number of hectares (ha) of ameliorated land completed with public funds by 31.12.2020 (at least 164,881 ha cumulative for full compliance). Public funds exclude foreign donor grant aid, but include concessional loans from IFIs.
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to agricultural competitiveness by reflecting on ameliorated land supported with public funds in 2017-2020
Direction of interpretation:	Expected at least 15% increase in ameliorated land completed
Documentation schedule:	
Delivery date (target):	Q2/2021 (for 2017, 2018, 2019 and 2020 data)
Improvement in progress:	Approved reviews of the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	1.2.1 The actual expenditure outturn is at least 70% of the originally approved budget expenditure of the annual (2018) RDAP for SMEs support in rural areas
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Objective 1.2: Diversification of the rural economy through strengthening the agricultural-related value chain and promoting sustainable non-agricultural activities. Objective 1.3: Development of tourism in rural areas, based on rural specificity and unique cultural identity. Objective 2.1: Innovation, entrepreneurship and promotion of cooperation
Activity(ies) of the programme(s):	State Program Produce in Georgia and projects implemented by the Georgian Innovations and Technology Agency (GITA) and/or its successors as defined in the RDAP 2017 and RDAP 2018-2020
Responsible Ministries/department(s):	Ministry of Economy and Sustainable Development of Georgia (MoESD) / Enterprise Georgia / GITA and/or its successors; MoF and ST of Georgia
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn for SMEs support in rural areas
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	

Nature of basic data:	Annual budget expenditure and annual budget approved for SMEs support in rural areas by MoESD agencies and/or its successors in 2018. Rural areas include all settlements on the territory of Georgia except of Cities: Tbilisi, Batumi, Kutaisi, Poti and Rustavi
Method(s) of data collection:	MoESD - data collected on related budget expenditure via official reports from implementing agencies in 2018 MoF/ST - official Budget execution report for 2018 published in Government website and submitted to Parliament according to Georgian legislation
Department(s) responsible for collection:	Enterprise Georgia, GITA and/or its successors; MoF, ST and their agencies
Method(s) of calculation:	Actual expenditure outturn in 2018 in support to SMEs in rural areas by Produce in Georgia and GITA as a percentage of the approved budget for the same purpose under the RDAP 2018. Public funds exclude foreign donor grant aid but include concessional loans from International Financing Institutions (IFIs)
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to rural income by reflecting on public funds spent in rural SMEs in 2018
Direction of interpretation:	At least 70% expenditure outturn expected
Documentation schedule:	
Delivery date (target):	Q2/2019 (for 2018 data)
Improvement in progress:	Approved reviews of the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	1.2.2 At least 3,000 active SMEs in rural areas supported through public funds between 01.01.2017 and 31.12.2019
Related government programme(s):	Same as for indicator 1.2.1 above
Objective(s) of the programme(s):	Same as for indicator 1.2.1 above
Activity(ies) of the programme(s):	Same as for indicator 1.2.1 above
Responsible Ministries/department(s):	MoESD / Enterprise Georgia /GITA and/or its successors
Description of the indicator:	
Measurement unit(s):	Number of active SMEs in rural areas supported with public funds
Periodicity of measurement(s):	Annual
Last known result(s):	2016 - 2,049 (baseline value)
Development & quality of the indicator:	
Nature of basic data:	Eligible SMEs are those with official address in any settlement on the territory of Georgia except of Cities: Tbilisi, Batumi, Kutaisi, Poti and Rustavi, as verified through their registered address. SMEs are considered active based on any of the following data: turnover, salaries/number of employees, profits/losses or taxes paid as evidenced in VAT, Income or other tax declarations. Eligible programmes include Produce in Georgia and others by GITA and/or its successors based on

Method(s) of data collection:	evidence of the provision of public funds for technical assistance, financial tools and/or innovation in rural areas within the reference period. MoESD - data collected on SMEs support in rural areas via official reports from implementing agencies in 2017, 2018 and 2019
Department(s) responsible for collection:	Enterprise Georgia, GITA and/or its successors
Method(s) of calculation:	Cumulative number of eligible SMEs in rural areas supported with public funds between 01.01.2017 and 31.12.2019 Public funds exclude foreign donor grant aid, but include concessional loans from IFIs
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to rural income by reflecting on the number of active SMEs in rural areas supported with public funds in 2017-2019
Direction of interpretation:	Expected at least 3,000 rural SMEs supported
Documentation schedule:	
Delivery date (target):	Q2/2020 (for 2017, 2018 and 2019 data)
Improvement in progress:	Approved reviews of the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	1.2.3 At least additional 2,000 graduated beneficiaries in rural areas enhanced entrepreneurial skills through trainings supported by public funds between 01.01.2017 and 31.12.2020, out of which at least 500 achieved increased sales and at least 40 set up new active SMEs
Related government programme(s):	Same as for indicator 1.2.1 above
Objective(s) of the programme(s):	Same as for indicator 1.2.1 above
Activity(ies) of the programme(s):	Training programmes implemented by GITA and/or its successors as defined in the RDAP 2017 and RDAP 2018-2020
Responsible Ministries/department(s):	MoESD / GITA
Description of the indicator:	
Measurement unit(s):	Number of new graduates with enhanced entrepreneurial skills through trainings supported by public funds; among which: number of new graduates with increased sales; number of new graduates who set up new active SMEs
Periodicity of measurement(s):	Annual
Last known result(s):	2016 - 200 new graduates (baseline value); no baseline data available on number of graduates with increased sales and number of graduates who set up new active SMEs until data collection method is built up
Development & quality of the indicator:	
Nature of basic data:	Eligible graduated beneficiaries are those who receive a formal certificate upon completion of a training provided by GITA with residence in any settlement on the territory of Georgia except of Cities: Tbilisi, Batumi, Kutaisi, Poti and Rustavi, as verified through their registered address. Information on graduates who increase sales and who set up new active SMEs is based on any of the following data: turnover, salaries/number of employees, profits/losses or taxes paid, and SME

Method(s) of data collection:	registration data as evidenced in VAT, Income or other tax declarations and the SME database. Eligible trainings by GITA include: e-business and e-commerce; entrepreneurial mind-set, skills and sustainable businesses throughout incubation; and support in regional Tech-parks. These subject matters may change based on annual revisions / needs assessments MoESD - data collected on graduates in rural areas via official reports from implementing agencies in 2017, 2018, 2019 and 2020
Department(s) responsible for collection:	GITA and/or its successors
Method(s) of calculation:	Cumulative number of eligible new graduates from GITA trainings in rural areas supported with public funds between 01.01.2017 and 31.12.2020, including disaggregated data on those who increase sales and those who set up new SMEs. Public funds exclude foreign donor grant aid, but include concessional loans from IFIs
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 indicated as a), b) and c) In addition: d) The relevance and accuracy of this indicator will be assessed as part of the policy dialogue by June 2019. The dialogue will among other issues consider any economic downturn, leaving the option of a possible adjustment of the target contained in the indicator
Means of interpretation:	The indicator evidences the support from Government to rural income by reflecting on the number and quality of rural entrepreneurs graduated from trainings supported with public funds in 2017-2020
Direction of interpretation:	Full compliance with the indicator requires that the three targets are met (A/at least 2,000 rural entrepreneurs trained, B/ including 500 who increase sales and C/40 who set up new active SMEs) Partial compliance with the indicator requires that two out of three targets are met (A+B, B+C or A+C) Non-compliance with the indicator implies that one or no targets are met.
Documentation schedule:	
Delivery date (target):	Q2/2021 (for 2017, 2018, 2019 and 2020 data)
Improvement in progress:	Approved reviews of the RDAP and M&E framework need to be considered during the assessments of this indicator

Priority Area 2 – Social conditions and living standards

Indicator number / title:	2.1.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for rural infrastructure support
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Objective 2.2: Infrastructure and Services. Improvement of basic rural infrastructure
Activity(ies) of the programme(s):	Infrastructure projects under the Regional Development Fund (RDF)
Responsible Ministries/department(s):	Ministry of Regional Development and Infrastructure of Georgia (MRDI); MoF and ST of Georgia
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn for rural infrastructure support

Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Annual budget expenditure and annual budget approved for rural infrastructure support in 2018. The term rural refers to all settlements on the territory of Georgia except of Cities: Tbilisi, Batumi, Kutaisi, Poti and Rustavi. Eligible infrastructure includes construction or rehabilitation of the following: a) Local and municipal roads, including bridges: existing outdated roads (asphalt, concrete or graveling); new roads (asphalt, concrete or gravelled); existing outdated motor bridges; new motor bridges; b) Pre-school facilities (kindergartens): existing outdated pre-school facilities (repair or installation of new roofs, doors, windows, sanitation facilities, renovation of facades, rehabilitation of class rooms, teachers rooms etc.); new pre-school facilities; c) Sports and cultural facilities: existing outdated sports fields, stadiums, arenas, gyms etc. (repair or installation of new artificial grass, fences, roofs, doors, windows, sanitation facilities, renovation of facades, training grounds etc.); new sports fields, stadiums, arenas, gyms etc.; existing outdated pupil youth houses and culture houses (repair or installation of new roofs, doors, windows, sanitation facilities, renovation of facades, etc.); new pupil youth houses and culture houses; d) Water supply facilities, including waste water and headworks (water reservoirs): existing outdated water supply systems (pipeline networks, bore wells and headworks (water reservoirs)); new water supply systems (new bore wells and headworks (water reservoirs)); existing outdated sewage networks; new sewage networks; e) Bank protection facilities: existing outdated river bank protection concrete walls; new river bank protection concrete walls; f) Multi-apartment residential houses: existing multi-apartment residential houses, (repair or installation of new roofs, renovation of facades, elevators, rehabilitation of yards etc.)
Method(s) of data collection:	MRDI - data collected on related budget expenditure, including internal electronic system and official correspondences with municipalities and the MoF, and published in an official annual report for 2018 MoF/ST - official Budget execution report for 2018 published in Government website and submitted to Parliament according to Georgian legislation
Department(s) responsible for collection:	MRDI and its agencies; MoF, ST and their agencies
Method(s) of calculation:	Actual expenditure outturn in 2018 in support to rural infrastructure as a percentage of the approved budget for the same purpose under the RDAP 2018. Public funds exclude foreign donor grant aid but include concessional loans from International Financing Institutions (IFIs)
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to social conditions and living standards in rural areas by reflecting on public funds spent in rural infrastructure in 2018
Direction of interpretation:	At least 70% expenditure outturn expected
Documentation schedule:	
Delivery date (target):	Q2/2019 (for 2018 data)

Improvement in progress:	Approved reviews of the RDAP and M&E framework need to be considered during the assessments of this indicator
--------------------------	---

Indicator number / title:	2.1.2 New or upgraded public infrastructure completed in at least 1,150 rural settlements by 31.12.2019
Related government programme(s):	Same as for indicator 2.1.1 above
Objective(s) of the programme(s):	Same as for indicator 2.1.1 above
Activity(ies) of the programme(s):	Same as for indicator 2.1.1 above
Responsible Ministries/department(s):	MRDI and its agencies
Description of the indicator:	
Measurement unit(s):	Number of rural settlements with new or upgraded public infrastructure completed
Periodicity of measurement(s):	Annual
Last known result(s):	2016 - 600 (baseline value)
Development & quality of the indicator:	
Nature of basic data:	Same known limits and bias(ses) as for indicator 1.1.1 above
Method(s) of data collection:	MRDI - data collected on rural public infrastructure completed, including internal electronic system and official correspondences with municipalities and the MoF, and published in official annual reports for 2017, 2018 and 2019
Department(s) responsible for collection:	Same as for indicator 2.1.1 above
Method(s) of calculation:	Cumulative number of eligible rural settlements with new or upgraded public infrastructure completed by 31.12.2019. Public infrastructure funds exclude foreign donor grant aid, but include concessional loans from IFIs. Individual rural settlements where eligible RDF projects are completed are summed up, including where two or more are connected through eligible infrastructure. These rural settlements will be counted only once during the reference period (01.01.2017 to 31.12.2019) regardless of the amount or type of infrastructure completed
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to social conditions and living standards in rural areas by reflecting on the rural infrastructure supported with public funds in 2017-2019
Direction of interpretation:	Expected at least 1,150 rural settlements supported
Documentation schedule:	
Delivery date (target):	Q2/2020 (for 2017, 2018 and 2019 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	2.1.3 At least 35% increase of the population in rural settlements with access to new or upgraded public infrastructure completed by 31.12.2020 compared to baseline value
Related government programme(s):	Same as for indicator 2.1.1 above
Objective(s) of the programme(s):	Same as for indicator 2.1.1 above

Activity(ies) of the programme(s):	Same as for indicator 2.1.1 above
Responsible Ministries/department(s):	Same as for indicator 2.1.2 above
Description of the indicator:	
Measurement unit(s):	Percentage (%) increase of population in rural settlements with access to eligible new or upgraded public infrastructure completed
Periodicity of measurement(s):	Annual
Last known result(s):	2016 - 900,000 (baseline value)
Development & quality of the indicator:	
Nature of basic data:	Same as under indicator 2.1.1 above
Method(s) of data collection:	Same as for indicator 2.1.2 above
Department(s) responsible for collection:	Same as for indicator 2.1.2 above
Method(s) of calculation:	Percentage increase compared to 2016 baseline value in the number of eligible population in rural settlements with access to new or upgraded public infrastructure completed between 01.01.2017 and 31.12.2020 (at least 1,250,000 people for full compliance). Public infrastructure funds exclude foreign donor grant aid, but include concessional loans from IFIs. Population from rural settlements where eligible RDF projects are completed are summed up, including where two or more are connected through eligible infrastructure. This population will be counted only once during the reference period (01.01.2017 to 31.12.2020) regardless of the amount or type of eligible infrastructure completed
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to social conditions and living standards in rural areas by reflecting on the access by population to rural infrastructure supported with public funds in 2017-2020
Direction of interpretation:	Expected at least 35% increase in rural population supported
Documentation schedule:	
Delivery date (target):	Q2/2021 (for 2017, 2018, 2019 and 2020 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	2.2.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for VET/ skills development support
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Objective 1.1: Economic recovery of farming, restructuring and modernization. Objective 1.2: Strengthening the agricultural-related value chains. Objective 1.3: Development of tourism in rural areas, based on rural specificity and unique cultural identity. Objective 2.1: Innovation, entrepreneurship and promotion of cooperation through contributing to the skills development and employment issues (especially for young people and women). Objective 2.2: Infrastructure and

Services. Improvement of basic rural infrastructure. Objective 2.3: Increase the involvement of rural population in identification of local needs and determination of solutions

Activity(ies) of the programme(s):	State Programs: Vocational Education; Development of infrastructure of educational and scientific institutions; VET teachers professional development programme.
Responsible Ministries/department(s):	Ministry of Education and Science of Georgia (MoES) / Vocational Education Development Department (VEDD) and/or its successors; MoF and ST of Georgia.
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn for VET/ skills development support
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Annual budget expenditure and annual budget approved for VET/ skills development support in 2018
Method(s) of data collection:	MoES - data collected on related budget expenditure and published in an official annual report for 2018 MoF/ST - official Budget execution report for 2018 published in Government website and submitted to Parliament according to Georgian legislation
Department(s) responsible for collection:	MoES / VEDD and/or its successors; MoF, ST and their agencies
Method(s) of calculation:	Actual expenditure outturn in 2018 in support to VET/ skills development as a percentage of the approved budget for the same purpose under the RDAP 2018. Public funds exclude foreign donor grant aid but include concessional loans from International Financing Institutions (IFIs)
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to improve social conditions and living standards by reflecting on public funds spent in VET/skills development programmes in 2018
Direction of interpretation:	At least 70% expenditure outturn expected
Documentation schedule:	
Delivery date (target):	Q2/2019 (for 2018 data)
Improvement in progress:	EMIS/VET database is planned to cover data from all public and private VET providers by 2018. Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	2.2.2 At least 5% increase of beneficiaries in rural areas graduated from modular TVET courses designed in participation with employer leading to improved skills for employability between 01.01.2018 and 31.12.2019 compared to baseline value
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as for indicator 2.2.1 above
Activity(ies) of the programme(s):	Same as for indicator 2.2.1 above
Responsible Ministries/department(s):	MoES / VEDD and/or its successors
Description of the indicator:	
Measurement unit(s):	Percentage (%) increase of graduates in rural areas from modular TVET courses designed in participation with employer
Periodicity of measurement(s):	Annual
Last known result(s):	2017 – Number of graduates by 31.12.2017 will be available after the year is completed (baseline value) - Modular TVET courses have started in 2015 with a duration of approx. two years (no data available for 2016)
Development & quality of the indicator:	
Nature of basic data:	Eligible graduates are those who receive a formal certificate recognised by the MoES upon completion of modular TVET courses, and with residence in any settlement on the territory of Georgia except of Cities: Tbilisi, Batumi, Kutaisi, Poti and Rustavi, as verified through their addresses as provided in the VET database. Eligible modular TVET courses designed in participation with employer include so far: agriculture, tourism, construction, engineering, information technologies and services, for which learning outcomes are validated upon completion of each module. Design of these courses includes obligatory participation of employers in development of occupational standards, which is used as a basis for profiling the skills of graduates and increase employability prospects
Method(s) of data collection:	MoES - data collected through VET database with details on enrolment and graduation, and published in official annual reports for 2018 and 2019
Department(s) responsible for collection:	MoES, VEDD and/or its successors
Method(s) of calculation:	Percentage (%) increase compared to 2017 baseline value in the cumulative number of beneficiaries in rural areas graduated from modular TVET courses designed in participation with employer leading to improved skills for employability between 01.01.2018 and 31.12.2019
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to improve social conditions and living standards by reflecting on the cumulative number of supported graduates from TVET courses in rural areas in 2018-2019
Direction of interpretation:	Expected at least 5% increase in graduates supported
Documentation schedule:	
Delivery date (target):	Q2/2020 (for 2018 and 2019 data)
Improvement in progress:	Same as for indicator 2.2.1 above

Indicator number / title:	2.2.3 At least 100% increase of enrolled students on Work Based Learning (WBL) TVET courses in rural areas that involve employers in assessment process between 01.01.2018 and 31.12.2020 compared to baseline value
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as for indicator 2.2.1 above
Activity(ies) of the programme(s):	Same as for indicator 2.2.1 above
Responsible Ministries/department(s):	Same as for indicator 2.2.2 above
Description of the indicator:	
Measurement unit(s):	Percentage (%) increase of students in rural areas enrolled in WBL/TVET courses that involve employers in assessment process
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - 54 students by 30.06.2017 (baseline value) - WBL TVET courses have started in 2016
Development & quality of the indicator:	
Nature of basic data:	Eligible students are those enrolled in WBL/TVET courses recognised by the MoES with residence in any settlement on the territory of Georgia except of Cities: Tbilisi, Batumi, Kutaisi, Poti and Rustavi, as verified through their addresses provided in the VET database. Eligible service providers are those authorised by the Education Quality Enhancement Centre for WBL/TVET courses that involve employers in assessment process in subjects of agriculture, tourism, construction and transport, so far. Methodology envisages more than 50% learning in real working environment. Employers' participation is verified through memorandum, contract or agreement with the courses' providers including their obligation to assist in developing occupational standards which are used to profile the skills of graduates in order to increase employability, and to assess the qualifications of the students at the end of each course
Method(s) of data collection:	MoES - data collected through VET database with details on enrolment, graduation and employers' participation, and published in official annual reports for 2018, 2019 and 2020
Department(s) responsible for collection:	MoES, Vocational Education Development Department and/or its successors
Method(s) of calculation:	Percentage (%) increase compared to 30.06.2017 baseline value in the number of students residing in rural areas enrolled on WBL TVET courses that involve employers in assessment process cumulatively between 01.01.2018 and 31.12.2020 (at least 108 students for full compliance).
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to improve social conditions and living standards by reflecting on the cumulative number of supported students of WBL VET/skills courses involving employers in rural areas in 2018-2020
Direction of interpretation:	Expected at least 100% increase in students supported
Documentation schedule:	
Delivery date (target):	Q2/2021 (for 2018, 2019 and 2020 data)

Improvement in progress:	Same as for indicator 2.2.1 above
--------------------------	-----------------------------------

Priority Area 3 - Environmental protection and sustainable management of natural resources

Indicator number / title:	3.1.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for the sustainable management of forests in compliance with the Rules of Development and Approval of Forest Management Plans
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Objective 3.1: Improvement of the management of water, forest and other resources in targeted rural areas.
Activity(ies) of the programme(s):	Medium Term Expenditure Framework of Georgia - Programme: Establishment and Management of Forest System in Georgia
Responsible Ministries/department(s):	Ministry of Environment and Natural Resources Protection of Georgia (MENRP) / National Forest Agency (NFA) and/or its successors; MoF and ST of Georgia
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn for the support to the sustainable management of forests
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Annual budget expenditure and annual budget approved for the sustainable management of forests in 2018. Eligible budget expenditure includes among others activities for the fight against forest pests; maintenance and restoration of forest areas; arrangement of temporary nurseries; elaboration and update of relevant legislative acts in forestry sector; elaboration of forest inventory(ies) and forest management plans; rehabilitation and arrangement of forest roads; and identification of cutting areas for timber utilization
Method(s) of data collection:	MENRP - data collected on related budget expenditure and published in an official annual report for 2018 MoF/ST - official Budget execution report for 2018 published in Government website and submitted to Parliament according to Georgian legislation
Department(s) responsible for collection:	MENRP / National Forest Agency and/or its successors; MoF, ST and their agencies
Method(s) of calculation:	Actual expenditure outturn in 2018 in support to the sustainable management of forests as a percentage of the approved budget for the same purpose under the RDAP 2018. Public funds exclude foreign donor grant aid, but include concessional loans from IFIs.
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to environmental protection and sustainable management of natural resources by reflecting on public funds spent for the sustainable management of forests in 2018

Direction of interpretation:	At least 70% expenditure outturn expected
Documentation schedule:	
Delivery date (target):	Q2/2019 (for 2018 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	3.1.2 At least 6 new Forest Management Plans are formally adopted in compliance with the Forest Code of Georgia between 01.01.2017 and 31.12.2019
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as for indicator 3.1.1 above
Activity(ies) of the programme(s):	Medium Term Expenditure Framework of Georgia – Programmes: Establishment and Management of Forest System in Georgia, sub programme Forest Inventory Measures; Establishment and Management of the System of Protected Areas in Georgia, sub programme Protection of Protected Areas and Management of its Natural Resources
Responsible Ministries/department(s):	MENRP / NFA, Agency of Protected Areas (APA) and/or their successors
Description of the indicator:	
Measurement unit(s):	Number of new Forest Management Plans (FMPs) formally adopted in compliance with the Forest Code of Georgia
Periodicity of measurement(s):	Annual
Last known result(s):	2016 - 10 (baseline value), adopted in compliance with existing Government Decree N179 of 17.06.2013
Development & quality of the indicator:	
Nature of basic data:	Eligible FMPs are those approved by the MENRP of Georgia. At present the formal adoption of new FMPs requires compliance with Government Decree N179 of 17.06.2013 on Forest Inventory, Planning and Monitoring; successive legislation includes the new Forest Code of Georgia once it is officially adopted. By definition, FMPs are complex documents for the management of the State Forest Fund developed by the Forest Management Authority based on inventories of respective forest areas under certain unit, and include forest qualitative and quantitative characteristics and activity plans for sustainable management of the area for a 10-year period.
Method(s) of data collection:	MENRP - data collected on adopted FMPs and published in official annual reports for 2017, 2018 and 2019
Department(s) responsible for collection:	MENRP / NFA and/or their successors
Method(s) of calculation:	Cumulative number of Forest Management Plans formally adopted in compliance with relevant Forest legislation of Georgia between 01.01.2017 and 31.12.2019
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to environmental protection and sustainable management of natural resources by reflecting on the number of FMPs formally adopted in 2017-2019
Direction of interpretation:	Expected at least 6 new FMPs adopted
Documentation schedule:	

Delivery date (target):	Q2/2020 (for 2017, 2018 and 2019 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator
Indicator number / title:	3.1.3 At least 17% increase in forest area managed between 01.01.2017 and 31.12.2020 on the basis of Forest Management Plans adopted in compliance with the Forest Code of Georgia compared to baseline value
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as for indicator 3.1.1 above
Activity(ies) of the programme(s):	Same as for indicator 3.1.2 above
Responsible Ministries/department(s):	Same as for indicator 3.1.2 above
Description of the indicator:	
Measurement unit(s):	Percentage (%) increase compared to 2016 baseline value of forest areas from the total forest area which are managed through Forest Management Plans (FMPs) formally adopted by Government in compliance with the Forest Code of Georgia
Periodicity of measurement(s):	Annual
Last known result(s):	2016 - 10% (baseline value)
Development & quality of the indicator:	
Nature of basic data:	Eligible forest areas are those managed on the basis of FMPs as defined under indicator 3.1.2 above.
Method(s) of data collection:	MENRP - data collected on adopted FMPs and published in official annual reports for 2017, 2018, 2019 and 2020
Department(s) responsible for collection:	Same as for indicator 3.1.2 above
Method(s) of calculation:	Increase in the share of forest areas managed on the basis of FMPs as a percentage (%) of the total forest area in Georgia between 01.01.2017 and 31.12.2020 compared to baseline value (at least 27% of forest areas managed through management plans for full compliance)
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to environmental protection and sustainable management of natural resources by reflecting on the forest area managed through FMPs in 2017-2020
Direction of interpretation:	Expected at least 17% increase compared to baseline value (in 2016 10% of forest areas are managed through management plans)
Documentation schedule:	
Delivery date (target):	Q2/2021 (for 2017, 2018, 2019 and 2020 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator
Indicator number / title:	3.2.1: The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for the sustainable management of the System of Protected Areas of Georgia

Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Objective 1.3: Development of tourism in rural areas, based on rural specificity and unique cultural identity. Objective 2.2: Infrastructure and Services. Improvement of basic rural infrastructure, and the availability of high-quality public services, including information and communication technologies. Objective 2.3: Increase in the involvement of rural population in identification of local needs and determination of solutions. Objective 3.1: Improvement of the management of water, forest and other resources in targeted rural areas. Objective 3.2: Promotion of sustainable systems of waste management in rural areas. Objective 3.3: Activities used to mitigate the negative impact of climate change.
Activity(ies) of the programme(s):	Medium Term Expenditure Framework of Georgia – Programme: Establishment and Management of the System of Protected Areas in Georgia, sub programme Protection of Protected Areas and Management of its Natural Resources
Responsible Ministries/department(s):	MENRP / APA and/or its successors; MoF and ST of Georgia
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn for the support to the sustainable management of Protected Areas (PAs)
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Annual budget expenditure and annual budget approved for the sustainable management of PAs in 2018. Eligible budget expenditure includes among others activities for the demarcation of PAs; equipment with firefighting stock; fight against illegal crossing of PAs' borders; fight against forest pests and carry out relevant research activities; forest inventory in PAs and elaboration of forest management plans; protection of endangered species; Identifying qualitative characteristics of pastures in PAs; popularisation of PAs and promotion of ecotourism; improvement of infrastructure in PAs
Method(s) of data collection:	MENRP - data collected on related budget expenditure and published in an official annual report for 2018 MoF/ST - official Budget execution report for 2018 published in Government website and submitted to Parliament according to Georgian legislation
Department(s) responsible for collection:	MENRP / APA and/or its successors; MoF, ST and their agencies
Method(s) of calculation:	Actual expenditure outturn in 2018 in support to the sustainable management of the System of PAs as a percentage of the approved budget for the same purpose under the RDAP 2018. Public funds exclude foreign donor grant aid, but include concessional loans from IFIs.
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to environmental protection and sustainable management of natural resources by reflecting on public funds spent for the sustainable management of PAs in 2018
Direction of interpretation:	At least 70% expenditure outturn expected
Documentation schedule:	
Delivery date (target):	Q2/2019 (for 2018 data)

Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator
--------------------------	---

Indicator number / title:	3.2.2 At least 3 new Protected Areas are formally added to the System of Protected Areas of Georgia between 01.01.2017 and 31.12.2019
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as for indicator 3.2.1 above
Activity(ies) of the programme(s):	Same as for indicator 3.2.1 above
Responsible Ministries/department(s):	MENRP / APA and/or its successors
Description of the indicator:	
Measurement unit(s):	Number of new PAs formally added to the System of PAs in compliance with the Law of Georgia on the System of PAs
Periodicity of measurement(s):	Annual
Last known result(s):	2016 - 88 (baseline value)
Development & quality of the indicator:	
Nature of basic data:	Eligible PAs are those formally approved by the Parliament of Georgia to be integrated in the System of PAs usually after special research is carried out on selected territory to assess its flora, fauna, landscapes and other natural values. For this, land and/or water areas have to be considered of special importance in terms of biological diversity, natural resources and the preservation of cultural phenomena, which is protected and maintained on a long term and sustainable legal basis. Once approved, PAs are created to protect and restore unique, rare and characteristic ecosystems, plant and animal species, natural formations and cultural areas, to ensure their use for scientific, educational, recreational and natural resources saving purposes.
Method(s) of data collection:	MENRP - data collected on new PAs formally added to the System and published in official annual reports for 2017, 2018 and 2019
Department(s) responsible for collection:	MENRP / APA and/or its successors
Method(s) of calculation:	Cumulative number of PAs formally added to the System of PAs by decision of the Parliament of Georgia between 01.01.2017 and 31.12.2019
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to environmental protection and sustainable management of natural resources by reflecting on the number of PAs formally added to the System in 2017-2019
Direction of interpretation:	Expected at least 3 new PAs added
Documentation schedule:	
Delivery date (target):	Q2/2020 (for 2017, 2018 and 2019 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	3.2.3 At least 50% of the territorial units within the System of Protected Areas of Georgia have by 31.12.2020 Management plans developed in compliance with the Law of Georgia on the System of Protected Areas compared to baseline value
Related government programme(s):	RDSG 2017-2020; RDAP 2017 and RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as for indicator 3.2.1 above
Activity(ies) of the programme(s):	Same as for indicator 3.2.1 above
Responsible Ministries/department(s):	Same as for indicator 3.2.2 above
Description of the indicator:	
Measurement unit(s):	Percentage (%) increase compared to 2016 baseline value of Territorial Units from total of Territorial Units under System of PAs which are managed through Management Plans adopted in compliance with the Law of Georgia on the System of Pas
Periodicity of measurement(s):	Annual
Last known result(s):	2016 - 45% (baseline value)
Development & quality of the indicator:	
Nature of basic data:	A Territorial Unit implies a Territorial Administration of the APA which is accountable to the APA and is in charge of the implementation of the Management Plan. Eligible Management Plans for PAs (MPPAs) are those approved by the MENRP of Georgia. Formal adoption requires compliance with the Law of Georgia on the System of PAs including structure and content, which should provide details about the integrative and implementing measures for functional-planning organization and economic planning of the PA.
Method(s) of data collection:	MENRP - data collected on new MPPAs approved and published in official annual reports for 2017, 2018, 2019 and 2020
Department(s) responsible for collection:	Same as for indicator 3.2.2 above
Method(s) of calculation:	Increase in the share of Territorial Units with MPPAs in place as a percentage (%) of the total of Territorial Units within the System of PAs between 01.01.2017 and 31.12.2020
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to environmental protection and sustainable management of natural resources by reflecting on the number of Territorial Units with MPPAs in place in 2017-2020
Direction of interpretation:	Expected at least 5% increase
Documentation schedule:	
Delivery date (target):	Q2/2021 (for 2017, 2018, 2019 and 2020 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Priority Area 4 – Rural development governance

Indicator number / title:	4.1.1 The National Rural Development Action Plan (RDAP) 2018-2020 is costed and reflected in the Basic Data and Directions (BDD) document submitted by the Government to the Parliament by 31.12.2017
Related government programme(s):	RDSG 2017-2020; RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Priority Area 1: Economy and Competitiveness. Objective 1.1: Economic recovery of farming, restructuring and modernization through the diversification and development of effective supply chains. Objective 1.2: Diversification of the rural economy through strengthening the agricultural-related value chain and promoting various sustainable non-agricultural activities. Objective 1.3: The development of tourism in rural areas, based on rural specificity and unique cultural identity. Priority Area 2. Social conditions and living standards. Objective 2.1: Raising awareness in innovation and entrepreneurship. In addition, the promotion of cooperation through contributing to the skills development and employment issues (especially for young people and women). Objective 2.2: Infrastructure and Services. Improvement of basic rural infrastructure (including the roads leading to cultural heritage sites and other relevant infrastructure), and the availability of high-quality public services, including information and communication technologies. Objective 2.3: Local population engagement. Increase the involvement of rural population (especially youth and women) in the identification of local needs and the determination of solutions to these needs. Priority Area 3: Environmental Protection and the Sustainable Management of Natural Resources. Objective 3.1: Water, forest and other resources. The improvement of the management of water, forest and other resources in targeted rural areas. Objective 3.2: Waste Management. The promotion of sustainable systems of waste management in rural areas. Objective 3.3: Climate Change. Activities used to mitigate the negative impact of climate change.
Activity(ies) of the programme(s):	As per the list of all programmes and activities supporting the implementation of the RDSG 2017-2020 specified in the respective RDAP 2018-2020, including subsequent reviews
Responsible Ministries/department(s):	Responsible Ministries and departments as defined in the RDAP 2018-2020; MoF and ST of Georgia
Description of the indicator:	Costed RDAP 2018-2020 and reflected in the BDD document
Measurement unit(s):	Annual
Periodicity of measurement(s):	2016 - The National RDAP 2017 is costed and aligned with the BDD document
Last known result(s):	
Development & quality of the indicator:	
Nature of basic data:	A costed RDAP 2018-2020 adopted by Government and reflected in the BDD document. At least 80% of state funds determined for financing activities of the RDAP 2018-2020 are allocated in the BDD 2018-2021. RDAP allocations are calculated cumulatively for 2018-2020 as a sum of the corresponding allocations for the same period under the BDD 2018-2021 (therefore excluding BDD allocations for 2021). Covered fields comprise all priority measures as defined in the RDAP 2018-2020 and subsequent revisions

Method(s) of data collection:	(a) Evidence of the publication of the BDD submitted to the Parliament by 31.12.2017; and (b) Evidence of a report in Georgian and English languages stating that the RDAP 2018-2020 is approved and reflected in the adopted BDD document.
Department(s) responsible for collection:	Ministry of Agriculture of Georgia; MoF, ST and their agencies
Method(s) of calculation:	Evidence of a costed RDAP 2018-2020 adopted by Government and reflected in the BDD document published by 31.12.2017 after approval by Prime Minister
Means of interpretation:	
Known limits and bias(es):	a) Economic downturns originating in external markets undermine the ability of the Georgian government to comply with the conditionality related to this indicator; b) Natural or man-made events beyond the reasonable control of Georgia such as conflicts or sizeable climatic events undermine the ability of the Georgian government to comply with the conditionality related to this indicator
Means of interpretation:	The indicator evidences the support from Government to rural employment and living conditions through approval of a costed RDAP 2018-2020 for implementation of the RDSG 2017-2020
Direction of interpretation:	Expected timely approval of a costed RDAP 2018-2020
Documentation schedule:	
Delivery date (target):	Q2/2018 (for 2017 data)
Improvement in progress:	N/A

Indicator number / title:	4.1.2 The actual expenditure outturn of the costed Rural Development Action Plan for 2018 is at least 70% of the approved budget expenditure of the year 2018 from RDAP (2018-2020)
Related government programme(s):	RDSG 2017-2020; RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as under 4.1.1 above
Activity(ies) of the programme(s):	Same as under 4.1.1 above
Responsible Ministries/department(s):	Same as under 4.1.1 above
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn of the costed Rural Development Action Plan
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Annual budget expenditure and annual budget approved for activities to be implemented in 2018 under the RDAP 2018-2020. All eligible and costed activities for 2018 will be defined in the RDAP 2018-2020 and subsequent revisions
Method(s) of data collection:	MoF/ST - official Budget Execution report for 2018, in Georgian and in English languages, published in Government website and submitted to Parliament according to Georgian legislation, on the basis of the RDAP 2018-2020 execution report for 2018. Reference documents are the BDD and RDAP and subsequent reviews approved for 2018

Department(s) responsible for collection:	Same as under 4.1.1 above
Method(s) of calculation:	Actual State budget expenditure outturn incurred in 2018 for financing of activities under the costed RDAP 2018-2020 adopted by Government, including subsequent revisions, as a percentage (%) of the total allocations in the approved 2018 State budget for the same purpose. Public funds exclude foreign donor grant aid, but include concessional loans from IFIs.
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to rural employment and living conditions by reflecting on public funds spent for rural development in 2018
Direction of interpretation:	At least 70% expenditure outturn expected
Documentation schedule:	
Delivery date (target):	Q2/2019 (for 2018 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	4.1.3 The actual expenditure outturn of the costed Rural Development Action Plan for 2019 is at least 75% of the approved budget expenditure of the year 2019 from RDAP (2018-2020)
Related government programme(s):	RDSG 2017-2020; RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as under 4.1.1 above
Activity(ies) of the programme(s):	Same as under 4.1.1 above
Responsible Ministries/department(s):	Same as under 4.1.1 above
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn of the costed Rural Development Action Plan
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Annual budget expenditure and annual budget approved for activities to be implemented in 2019 under the RDAP 2018-2020. All eligible and costed activities for 2019 will be defined in the RDAP 2018-2020 and subsequent revisions
Method(s) of data collection:	MoF/ST - official Budget Execution report for 2019, in Georgian and in English languages, published in Government website and submitted to Parliament according to Georgian legislation, on the basis of the RDAP 2018-2020 execution report for 2019. Reference documents are the BDD and RDAP and subsequent reviews approved for 2019
Department(s) responsible for collection:	Same as under 4.1.1 above
Method(s) of calculation:	Actual State budget expenditure outturn incurred in 2019 for financing of activities under the costed RDAP 2018-2020 adopted by Government, including subsequent revisions, as a percentage (%) of the total allocations in the approved 2019 State budget for the same purpose. Public funds exclude foreign donor grant aid, but include concessional loans from IFIs.
Means of interpretation:	

Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to rural employment and living conditions by reflecting on public funds spent for rural development in 2019
Direction of interpretation:	At least 75% expenditure outturn expected
Documentation schedule:	
Delivery date (target):	Q2/2020 (for 2019 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	4.1.4 The actual expenditure outturn of the costed Rural Development Action Plan for 2020 is at least 80% of the approved budget expenditure of the year 2020 from RDAP (2018-2020)
Related government programme(s):	RDSG 2017-2020; RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as under 4.1.1 above
Activity(ies) of the programme(s):	Same as under 4.1.1 above
Responsible Ministries/department(s):	Same as under 4.1.1 above
Description of the indicator:	
Measurement unit(s):	Percentage (%) of actual expenditure outturn of the costed Rural Development Action Plan
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Annual budget expenditure and annual budget approved for activities to be implemented in 2020 under the RDAP 2018-2020. All eligible and costed activities for 2020 will be defined in the RDAP 2018-2020 and subsequent revisions
Method(s) of data collection:	MoF/ST - official Budget Execution report for 2020, in Georgian and in English languages, published in Government website and submitted to Parliament according to Georgian legislation, on the basis of the RDAP 2018-2020 execution report for 2020. Reference documents are the BDD and RDAP and subsequent reviews approved for 2020
Department(s) responsible for collection:	Same as under 4.1.1 above
Method(s) of calculation:	Actual State budget expenditure outturn incurred in 2020 for financing of activities under the costed RDAP 2018-2020 adopted by Government, including subsequent revisions, as a percentage (%) of the total allocations in the approved 2020 State budget for the same purpose. Public funds exclude foreign donor grant aid, but include concessional loans from IFIs.
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to rural employment and living conditions by reflecting on public funds spent for rural development in 2020
Direction of interpretation:	At least 80% expenditure outturn expected
Documentation schedule:	

Delivery date (target):	Q2/2021 (for 2020 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	4.2.1 National RDAP 2018-2020 presented to stakeholders and media by the Inter-Agency Coordination Council (IACC) for rural development
Related government programme(s):	RDSG 2017-2020; RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as under 4.1.1 above
Activity(ies) of the programme(s):	Official presentation of the RDAP 2018-2020
Responsible Ministries/department(s):	Inter-Agency Coordination Council (IACC) for rural development
Description of the indicator:	
Measurement unit(s):	Official publication and presentation of the RDAP 2018-2020
Periodicity of measurement(s):	Annual
Last known result(s):	2016 – National RDAP 2017 officially approved and presented to stakeholders and media
Development & quality of the indicator:	
Nature of basic data:	National RDAP 2018-2020 officially published and presented to stakeholders and media
Method(s) of data collection:	(a) Publication in the Georgian government website, in Georgian and in English languages, of the IACC-approved National RDAP 2018-2020; and (b) Presentation to stakeholders and the media of the main results expected from the RDAP 2018-2020 (i) by end-2018, (ii) by end-2019 and (iii) by end-2020, respectively
Department(s) responsible for collection:	Designated institutions for the official presentation of the RDAP 2018-2020
Method(s) of calculation:	Extracts from Government website and other reliable media outlets providing evidence of the official publication and presentation of the RDAP 2018-2020 by 31.12.2017
Means of interpretation:	
Known limits and bias(es):	a) Economic downturns originating in external markets undermine the ability of the Georgian government to comply with the conditionality related to this indicator; b) Natural or man-made events beyond the reasonable control of Georgia such as conflicts or sizeable climatic events undermine the ability of the Georgian government to comply with the conditionality related to this indicator
Means of interpretation:	The indicator evidences the support from Government to rural employment and living conditions through official publication and presentation of the RDAP 2018-2020
Direction of interpretation:	Expected publication and presentation of the RDAP 2018-2020
Documentation schedule:	
Delivery date (target):	Q2/2018 (for 2017 data)
Improvement in progress:	N/A

Indicator number / title:	4.2.2 Qualitative and quantitative results of the implementation of the RDAP for 2018 are overall in line with the results set for 2018 in the RDAP (2018-2020)
Related government programme(s):	RDSG 2017-2020; RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as under 4.1.1 above
Activity(ies) of the programme(s):	As per the list of all programmes and activities supporting the implementation of the RDSG 2017-2020 specified in the respective RDAP 2018-2020 for 2018, including subsequent reviews
Responsible Ministries/department(s):	Responsible Ministries and departments as defined in the RDAP 2018-2020 for 2018
Description of the indicator:	
Measurement unit(s):	Qualitative and quantitative results of the RDAP 2018-2020 for 2018
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Qualitative and quantitative results of the implementation of the RDAP for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Eligible baseline and annual values are those obtained through reliable sources and validated by the Government. Relevant data includes baselines and annual values (qualitative and quantitative) of all the individual indicators defined in the RDAP 2018-2020 for 2018 at the level of Objectives under each Priority Area of the RDS 2017-2020. All indicators are included in the M&E framework which is part of the RDAP 2018-2020, including subsequent revisions, based on which the achievements of expected results of the implementation of the RDAP in 2018 are measured.
Method(s) of data collection:	The RDAP 2018-2020 will define the responsible Ministries and departments for data collection, analysis and reporting for each of the individual indicators in order to produce an IACC-approved annual report for 2018. The report will be available in the MoA website, in Georgian and in English languages, specifying qualitative and quantitative achievements during implementation of the RDAP in 2018, providing evidence of compliance with indicator 4.2.2
Department(s) responsible for collection:	Designated institutions for qualitative and quantitative data collection, analysis and reporting on the implementation of the RDAP 2018-2020 in 2018
Method(s) of calculation:	The assessment of whether the qualitative and quantitative results of the implementation of the RDAP for 2018 are overall in line with those set for the same year is based on the M&E framework which is part of the RDAP 2018-2020, including subsequent revisions. The analysis is based on the performance of each of the individual indicators as defined in the RDAP 2018-2020 for 2018 at the level of Objectives under each Priority Area of the RDS 2017-2020. On this basis, an achievement of at least 80% of expected results in 2018 is considered sufficient for full compliance under this indicator. The results of the assessment including relevant M&E framework related data are to be included in the IACC-approved annual report for 2018
Means of interpretation:	
Known limits and bias(ses):	Same known limits and bias(ses) as for indicator 1.1.1 above

Means of interpretation:	The indicator evidences the support from Government to rural employment and living conditions by reflecting on the achievements made during the implementation of the RDS 2017-2020 in 2018
Direction of interpretation:	Expected results of RDAP 2018-2020 for 2018 overall in line with those set for the same year
Documentation schedule:	
Delivery date (target):	Q2/2019 (for 2018 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	4.2.3 Qualitative and quantitative results of the implementation of the RDAP for 2019 are overall in line with the results set for 2019 in the RDAP (2018-2020)
Related government programme(s):	RDSG 2017-2020; RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as under 4.1.1 above
Activity(ies) of the programme(s):	As per the list of all programmes and activities supporting the implementation of the RDSG 2017-2020 specified in the respective RDAP 2018-2020 for 2019, including subsequent reviews
Responsible Ministries/department(s):	Responsible Ministries and departments as defined in the RDAP 2018-2020 for 2019
Description of the indicator:	
Measurement unit(s):	Qualitative and quantitative results of the RDAP 2018-2020 for 2019
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Qualitative and quantitative results of the implementation of the RDAP for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Eligible baseline and annual values are those obtained through reliable sources and validated by the Government. Relevant data includes baselines and annual values (qualitative and quantitative) of all the individual indicators defined in the RDAP 2018-2020 for 2019 at the level of Objectives under each Priority Area of the RDS 2017-2020. All indicators are included in the M&E framework which is part of the RDAP 2018-2020, including subsequent revisions, based on which the achievements of expected results of the implementation of the RDAP in 2019 are measured.
Method(s) of data collection:	The RDAP 2018-2020 will define the responsible Ministries and departments for data collection, analysis and reporting for each of the individual indicators in order to produce an IACC-approved annual report for 2019. The report will be available in the MoA website, in Georgian and in English languages, specifying qualitative and quantitative achievements during implementation of the RDAP in 2019, providing evidence of compliance with indicator 4.2.3
Department(s) responsible for collection:	Designated institutions for qualitative and quantitative data collection, analysis and reporting on the implementation of the RDAP 2018-2020 in 2019
Method(s) of calculation:	The assessment of whether the qualitative and quantitative results of the implementation of the RDAP for 2019 are overall in line with those set for the same year is based on the M&E framework which is part of the RDAP 2018-2020, including subsequent revisions. The analysis is based on the performance of each of the individual indicators as defined in the RDAP

	2018-2020 for 2019 at the level of Objectives under each Priority Area of the RDS 2017-2020. On this basis, an achievement of at least 80% of expected results in 2019 is considered sufficient for full compliance under this indicator. The results of the assessment including relevant M&E framework related data are to be included in the IACC-approved annual report for 2019
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to rural employment and living conditions by reflecting on the achievements made during the implementation of the RDS 2017-2020 in 2019
Direction of interpretation:	Expected results of RDAP 2018-2020 for 2019 overall in line with those set for the same year
Documentation schedule:	
Delivery date (target):	Q2/2020 (for 2019 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

Indicator number / title:	4.2.4 Qualitative and quantitative results of the implementation of the RDAP for 2020 are overall in line with the results set for 2020 in the RDAP (2018-2020)
Related government programme(s):	RDSG 2017-2020; RDAP 2018-2020, including approved reviews
Objective(s) of the programme(s):	Same as under 4.1.1 above
Activity(ies) of the programme(s):	As per the list of all programmes and activities supporting the implementation of the RDSG 2017-2020 specified in the respective RDAP 2018-2020 for 2020, including subsequent reviews
Responsible Ministries/department(s):	Responsible Ministries and departments as defined in the RDAP 2018-2020 for 2020
Description of the indicator:	
Measurement unit(s):	Qualitative and quantitative results of the RDAP 2018-2020 for 2020
Periodicity of measurement(s):	Annual
Last known result(s):	2017 - Qualitative and quantitative results of the implementation of the RDAP for 2017 will be available after the year is completed
Development & quality of the indicator:	
Nature of basic data:	Eligible baseline and annual values are those obtained through reliable sources and validated by the Government. Relevant data includes baselines and annual values (qualitative and quantitative) of all the individual indicators defined in the RDAP 2018-2020 for 2020 at the level of Objectives under each Priority Area of the RDS 2017-2020. All indicators are included in the M&E framework which is part of the RDAP 2018-2020, including subsequent revisions, based on which the achievements of expected results of the implementation of the RDAP in 2020 are measured.
Method(s) of data collection:	The RDAP 2018-2020 will define the responsible Ministries and departments for data collection, analysis and reporting for each of the individual indicators in order to produce an IACC-approved annual report for 2020. The report will be

	available in the MoA website, in Georgian and in English languages, specifying qualitative and quantitative achievements during implementation of the RDAP in 2020, providing evidence of compliance with indicator 4.2.4
Department(s) responsible for collection:	Designated institutions for qualitative and quantitative data collection, analysis and reporting on the implementation of the RDAP 2018-2020 in 2020
Method(s) of calculation:	The assessment of whether the qualitative and quantitative results of the implementation of the RDAP for 2020 are overall in line with those set for the same year is based on the M&E framework which is part of the RDAP 2018-2020, including subsequent revisions. The analysis is based on the performance of each of the individual indicators as defined in the RDAP 2018-2020 for 2020 at the level of Objectives under each Priority Area of the RDS 2017-2020. On this basis, an achievement of at least 80% of expected results in 2020 is considered sufficient for full compliance under this indicator. The results of the assessment including relevant M&E framework related data are to be included in the IACC-approved annual report for 2020
Means of interpretation:	
Known limits and bias(es):	Same known limits and bias(es) as for indicator 1.1.1 above
Means of interpretation:	The indicator evidences the support from Government to rural employment and living conditions by reflecting on the achievements made during the implementation of the RDS 2017-2020 in 2020
Direction of interpretation:	Expected results of RDAP 2018-2020 for 2020 overall in line with those set for the same year
Documentation schedule:	
Delivery date (target):	Q2/2021 (for 2020 data)
Improvement in progress:	Approved reviews to the RDAP and M&E framework need to be considered during the assessments of this indicator

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	2018				2019				2020				2021				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Base Tranches		3				3				3				3			12
Variable tranches		4				8.8				9				10.7			32.5
Total		7				11.8				12				13.7			44.5

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	A) Satisfactory progress in the implementation of the Rural Development Strategy of Georgia 2017-2020	Annual reports from EU review missions for the period 2017-2020; annual implementation reports of the Rural Development Action Plan for the period 2017-2020 based on the M&E framework
Macroeconomic stability	B) Implementation of a relevant and credible stability-oriented macroeconomic policy	IMF reports; World Bank reports; reports from EU external review missions
Public financial management	C) Satisfactory progress in the implementation of the public financial management (PFM) reforms	IMF reports; World Bank reports; reports from EU external review missions; PFM Annual Action Plan Reporting; PEFA Assessments
Budget Transparency	D) Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information	Open Budget Index; IMF reports; World Bank reports; reports from EU external review missions

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 Article 2.1.2 of the Annex 1 (Technical and Administrative Provisions) of 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	€3m	Q1/2018	Q2/2018	General Conditions detailed in Table B	As set out in the above Table B on General Conditions for tranche release
1st tranche Variable Component	€4m	Q1/2018	Q2/2018	(i) as defined in Table D / 4.1.1 (ii) as defined in Table D / 4.2.1	Variable tranche conditions detailed in Table D
2nd tranche Fixed Component	€3m	Q1/2019	Q2/2019	General Conditions detailed in Table B	As set out in the above Table B on General Conditions for tranche release
2nd tranche Variable Component	€8.8m	Q1/2019	Q2/2019	(i) as defined in Table D / 1.1.1 (ii) as defined in Table D / 1.2.1 (iii) as defined in Table D / 2.1.1 (iv) as defined in Table D / 2.2.1 (v) as defined in Table D / 3.1.1 (vi) as defined in Table D / 3.2.1 (vii) as defined in Table D / 4.1.2 (viii) as defined in Table D / 4.2.2	Variable tranche conditions detailed in Table D
3rd tranche Fixed Component	€3m	Q1/2020	Q2/2020	General Conditions detailed in Table B	As set out in the above Table B on General Conditions for tranche release
3rd tranche Variable Component	€9m	Q1/2020	Q2/2020	(i) as defined in Table D / 1.1.2 (ii) as defined in Table D / 1.2.2 (iii) as defined in Table D / 2.1.2 (iv) as defined in Table D / 2.2.2	Variable tranche conditions detailed in Table D.

Tranche	Amount	Indicative date of the disbursement request (quarter/year)	Indicative disbursement date (quarter/year)	Condition/Criteria/activities for disbursement	Verification source
				(v) as defined in Table D / 3.1.2 (vi) as defined in Table D / 3.2.2 (vii) as defined in Table D / 4.1.3 (viii) as defined in Table D / 4.2.3	
4th tranche Fixed Component	€3m	Q1/2021	Q2/2021	General Conditions detailed in Table B	As set out in the above Table B on General Conditions for tranche release
4th tranche Variable Component	€10.7m	Q1/2021	Q2/2021	(i) as defined in Table D / 1.1.3 (ii) as defined in Table D / 1.2.3 (iii) as defined in Table D / 2.1.3 (iv) as defined in Table D / 2.2.3 (v) as defined in Table D / 3.1.3 (vi) as defined in Table D / 3.2.3 (vii) as defined in Table D / 4.1.4 (viii) as defined in Table D / 4.2.4	Variable tranche conditions detailed in Table D

5. Variable tranche calculation

The programme foresees the payment of four instalments. For each of the four instalments, the fixed tranche will be paid upon compliance with the General Conditions (as specified in table B above). 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 (as specified in table C above). This compliance will be assessed on the basis of the agreed indicators and targets, as detailed in the Variable Tranche table (table D).

Compliance with all specific indicators will entail the release of the full corresponding quota of the variable tranche for the respective specific condition (as specified in table C and D). Partial compliance will entail the release of half of the corresponding quota. Non-compliance will entail no release of funds. For each specific indicator, compliance corresponds to all targets being met. Partial compliance corresponds to more than half of the targets being met. Non-compliance corresponds to half or less than half of the targets being met. Funds withheld for lack of compliance will be lost at the end of the sector reform contract. In exceptional and duly justified cases financing agreements can allow for a re-assessment of certain unmet conditions in the following year against the original conditions if there is a positive trend and the government did not reach the condition because of external shocks. Such cases should be specified in the indicator documentation sheets. Upon request by the Government of Georgia and subject to the appreciation of the Commission services, re-assessments 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) after approval by the Commission services.

Table D: Variable Tranches

All documents required to assess compliance are transmitted in English or with an English translation.

Specific Conditions: indicators (to be achieved by the end of the specified year), sources of verification and baselines for disbursements			
2017	2018	2019	2020
Priority Area 1 – Economy and competitiveness			
Condition 1 - Increased competitiveness of agriculture			
	Indicator 1.1.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) Rural Development Action Plan (RDAP) for agricultural cooperatives. (maximum amount: €1,000,000)	Indicator 1.1.2 At least 100 active agricultural cooperatives supported through public funds between 01.01.2017 and 31.12.2019. (maximum amount: €1,000,000)	Indicator 1.1.3 At least 15% increase in land amelioration supported with public funds between 01.01.2017 and 31.12.2020 compared to baseline value. (maximum amount: €1,300,000)
	Baseline value (2017): Validated percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed.	Baseline value (2016): 100 active agricultural cooperatives supported through public funds in 2016.	Baseline value (2016): 14,375 ha of ameliorated land completed with public funds in 2016.
	Source of verification: Ministry of Agriculture (MoA)-published annual report for 2018; official Budget execution report for 2018 published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 1.1.1.	Source of verification: MoA-published annual report for 2019 providing evidence of compliance with indicator 1.1.2.	Source of verification: MoA-published annual report for 2020 providing evidence of compliance with indicator 1.1.3.
Condition 2 - Increased income of rural households			
	Indicator 1.2.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for Small and Medium Enterprises (SMEs) support in rural areas. (maximum amount: €1,000,000)	Indicator 1.2.2 At least 3,000 active SMEs in rural areas supported through public funds between 01.01.2017 and 31.12.2019. (maximum amount: €1,000,000)	Indicator 1.2.3 At least additional 2,000 graduated beneficiaries in rural areas enhanced entrepreneurial skills through trainings supported by public funds between 01.01.2017 and 31.12.2020, out of which at least 500 achieved increased

Specific Conditions: indicators (to be achieved by the end of the specified year), sources of verification and baselines for disbursements			
2017	2018	2019	2020
			sales and at least 40 set up new active SMEs. (maximum amount: €1,300,000)
	Baseline value (2017): Validated percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed.	Baseline value (2016): 2,049 active SMEs in rural areas supported through public funds by 31.12.2016.	Baseline values (2016): 200 new graduates from Georgian Innovations and Technology Agency (GITA) trainings in rural areas supported with public funds by 31.12.2016.
	Source of verification: Implementing agencies under Ministry of Economy and Sustainable Development (MoESD) for 2018; official Budget execution report for 2018 published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 1.2.1.	Source of verification: Official reports of implementing agencies under MoESD for 2019 providing evidence of compliance with indicator 1.2.2.	Source of verification: Official reports of implementing agencies under MoESD for 2020 providing evidence of compliance with indicator 1.2.3.
Priority Area 2 – Social conditions and living standards			
Condition 1 - Improved rural infrastructure			
	Indicator 2.1.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for rural infrastructure support. (maximum amount: €1,000,000)	Indicator 2.1.2 New or upgraded public infrastructure completed in at least 1,150 rural settlements by 31.12.2019. (maximum amount: €1,000,000)	Indicator 2.1.3 At least 35% increase of the population in rural settlements with access to new or upgraded public infrastructure completed between 01.01.2017 and 31.12.2020 compared to baseline value. (maximum amount: €1,300,000)
	Baseline value (2017): Validated percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed.	Baseline value (2016): 600 rural settlements with new or upgraded public infrastructure completed with public funds by 31.12.2016.	Baseline value (2016): 900,000 people in rural settlements with access to new or upgraded public infrastructure completed by 31.12.2016.
	Source of verification: Ministry of Regional Development and Infrastructure (MRDI)-	Source of verification: MRDI– published annual report for 2019	Source of verification: MRDI– published annual report for 2020

Specific Conditions: indicators (to be achieved by the end of the specified year), sources of verification and baselines for disbursements			
2017	2018	2019	2020
	published annual report for 2018; official Budget execution report for 2018 published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 2.1.1.	providing evidence of compliance with indicator 2.1.2.	providing evidence of compliance with indicator 2.1.3.
Condition 2 - Improved skills development and local population engagement			
	Indicator 2.2.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for Vocational Education and Training (VET)/skills development support. (maximum amount: €1,000,000)	Indicator 2.2.2 At least 5% increase of beneficiaries in rural areas graduated from modular Technical and Vocational Education and Training (TVET) courses designed in participation with employer leading to improved skills for employability between 01.01.2018 and 31.12.2019 compared to baseline value. (maximum amount: €1,000,000)	Indicator 2.2.3 At least 100% increase of enrolled students on Work Based Learning (WBL) TVET courses in rural areas that involve employers in assessment process between 01.01.2018 and 31.12.2020 compared to baseline value. (maximum amount: €1,300,000)
	Baseline value (2017): Validated percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed.	Baseline value (2017): Validated number of graduates in rural areas from modular TVET courses between 01.01.2017 and 31.12.2017.	Baseline value (2017): 54 enrolled students on WBL TVET courses in rural areas between 01.01.2017 and 30.06.2017.
	Source of verification: Ministry of Education and Science (MoES)- published annual report for 2018; official Budget execution report for 2018 published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 2.2.1.	Source of verification: Official MoES-reports / VET database for 2019 providing evidence of compliance with indicator 2.2.2.	Source of verification: Official MoES-reports / VET database for 2020 providing evidence of compliance with indicator 2.2.3.
Priority Area 3 - Environmental protection and sustainable management of natural resources			
Condition 1 - Improved forest and natural resources management			

Specific Conditions: indicators (to be achieved by the end of the specified year), sources of verification and baselines for disbursements			
2017	2018	2019	2020
	Indicator 3.1.1 The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for the sustainable management of forests in compliance with the Rules of Development and Approval of Forest Management Plans. (maximum amount: €400,000)	Indicator 3.1.2 At least 6 new Forest Management Plans (FMPs) are formally adopted in compliance with the Forest Code of Georgia between 01.01.2017 and 31.12.2019. (maximum amount: €500,000)	Indicator 3.1.3 At least 17% increase in forest area managed between 01.01.2017 and 31.12.2020 on the basis of FMPs adopted in compliance with the Forest Code of Georgia compared to baseline value. (maximum amount: €750,000)
	Baseline value (2017): Validated percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed.	Baseline value (2016): 10 FMPs formally adopted in compliance with existing Georgian regulations by 31.12.2016.	Baseline value (2016): 10% of forest areas in Georgia managed through FMPs by 31.12.2016.
	Source of verification: Ministry of Environment and Natural Resources Protection (MENRP)-published annual report for 2018; official Budget execution report for 2018 published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 3.1.1.	Source of verification: MENRP-published annual report for 2019 providing evidence of compliance with indicator 3.1.2.	Source of verification: MENRP-published annual report for 2020 providing evidence of compliance with indicator 3.1.3.
	Indicator 3.2.1: The actual expenditure outturn is at least 70% of the approved budget expenditure of the annual (2018) RDAP for the sustainable management of the System of Protected Areas of Georgia. (maximum amount: €400,000)	Indicator 3.2.2 At least 3 new Protected Areas (PAs) are formally added to the System of PAs of Georgia between 01.01.2017 and 31.12.2019. (maximum amount: €500,000)	Indicator 3.2.3 At least 50% of the territorial units within the System of PAs of Georgia have by 31.12.2020 Management plans developed in compliance with the Law of Georgia on the System of Protected Areas compared to baseline value. (maximum amount: €750,000)
	Baseline value (2017): Validated percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed.	Baseline value (2016): 88 PAs formally added to the System of PAs of Georgia by 31.12.2016.	Baseline value: 45% of territorial units within the System of PAs of Georgia

Specific Conditions: indicators (to be achieved by the end of the specified year), sources of verification and baselines for disbursements			
2017	2018	2019	2020
			with Management plans in compliance with the Law by 31.12.2016
	Source of verification: MENRP-published annual report for 2018; official Budget execution report for 2018 published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 3.2.1.	Source of verification: MENRP-published annual report for 2019 providing evidence of compliance with indicator 3.2.2.	Source of verification: MENRP-published annual report for 2019 providing evidence of compliance with indicator 3.2.3.
Priority Area 4 – Rural development governance			
Condition 1: Effective governance for the implementation of the rural development strategy			
Indicator 4.1.1 The National Rural Development Action Plan (RDAP) 2018-2020 is costed and reflected in the Basic Data and Directions (BDD) document submitted by the Government to the Parliament by 31.12.2017. (maximum amount: €2,000,000)	Indicator 4.1.2 The actual expenditure outturn of the costed RDAP for 2018 is at least 70% of the approved budget expenditure of the year 2018 from RDAP (2018-2020) (maximum amount: €2,000,000)	Indicator 4.1.3 The actual expenditure outturn of the costed RDAP for 2019 is at least 75% of the approved budget expenditure of the year 2019 from RDAP (2018-2020) (maximum amount: €2,000,000)	Indicator 4.1.4 The actual expenditure outturn of the costed RDAP for 2020 is at least 80% of the approved budget expenditure of the year 2020 from RDAP (2018-2020) (maximum amount: €2,000,000)
Baseline value (2017): National RDAP 2017 is costed and has been reflected in the BDD document	Baseline value (2017): Validated percentage (%) of actual expenditure outturn for 2017 will be available after the year is completed.		
Source of verification: publication of (i) the BDD published and submitted to the Parliament by 31.12.2017, and (ii) a report, in Georgian and English languages, providing evidence of compliance with indicator 4.1.1.	Source of verification: Official Budget Execution report for 2018, in Georgian and in English languages, published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 4.1.2.	Source of verification: Official Budget Execution report for 2019, in Georgian and in English languages, published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 4.1.3.	Source of verification: Official Budget Execution report for 2020, in Georgian and in English languages, published and submitted to Parliament according to Georgian legislation, providing evidence of compliance with indicator 4.1.4.

Specific Conditions: indicators (to be achieved by the end of the specified year), sources of verification and baselines for disbursements			
2017	2018	2019	2020
Indicator 4.2.1 National RDAP 2018-2020 presented to stakeholders and media by the Inter-Agency Coordination Council (IACC) for rural development. (maximum amount: €2,000,000)	Indicator 4.2.2: Qualitative and quantitative results of the implementation of the RDAP for 2018 are overall in line with the results set for 2018 in the RDAP (2018-2020). (maximum amount: €2,000,000)	Indicator 4.2.3: Qualitative and quantitative results of the implementation of the RDAP for 2019 are overall in line with the results set for 2019 in the RDAP (2018-2020). (maximum amount: €2,000,000)	Indicator 4.2.4: Qualitative and quantitative results of the implementation of the RDAP for 2020 are overall in line with the results set for 2020 in the RDAP (2018-2020). (maximum amount: €2,000,000)
Baseline value (2016): National RDAP 2017 officially approved and presented to stakeholders and media.	Baseline value (2017): Validated results of the implementation of the National RDAP for 2017 will be available after the year is completed.		
Source of verification: publication in the government website, in Georgian and in English languages, of the IACC-approved National RDAP 2018-2020, and the subsequent presentation to stakeholders and to the media of the main results expected (i) by end-2018, (ii) by end-2019 and (iii) by end-2020, respectively, providing evidence of compliance with indicator 4.2.1.	Source of verification: publication in the MoA website, in Georgian and in English languages, of the IACC-approved annual report specifying qualitative and quantitative achievements during 2018 implementation of the RDAP, providing evidence of compliance with indicator 4.2.2.	Source of verification: publication in the MoA website, in Georgian and in English languages, of the IACC-approved annual report specifying qualitative and quantitative achievements during 2019 implementation of the RDAP, providing evidence of compliance with indicator 4.2.3.	Source of verification: publication in the MoA website, in Georgian and in English languages, of the IACC-approved annual report specifying qualitative and quantitative achievements during 2020 implementation of the RDAP, providing evidence of compliance with indicator 4.2.4.

Annex 3: Communication and visibility activities

These guidelines are in addition to, and expand upon measures identified in the Annex I, Technical and Administrative Provisions, Article 2.9 "Communication and visibility" and specify the following additions:

1. Objectives

The objectives of the communication activities for the programme are:

- to raise awareness and promote the programme to its target beneficiaries and other stakeholders;
- to show the positive impact of the programme to the wider Georgian public.

2. *Visibility Guidelines*

- In addition the general communication and visibility guidelines developed by the Commission (European Neighborhood Policy and Enlargement Negotiations) all activities should be in line with the EU's Supplementary Guidelines for Georgia;
- In principle, all visibility activities related to the programme should be consulted and agreed with the EU before proceeding.

3. *Specific Visibility measures for Budget Support Component*

While a dedicated communication and visibility allocation is included in this programme, the partners agree in principle that all measures used as indicators and their results can be referred to as being achieved by the Government of Georgia with the support of the European Union.

In addition, in particular the following measures will be in place for the respective budget support components in a proportionally visible manner. Costs for these measures will be covered under the communication allocation.

Priority Area 1 – Economy and competitiveness

- All active agricultural cooperatives supported through public funds between 2017 and 2019 have signposts/plaques indicating the information about the projects and mentioning respectively the EU support.

Priority Area 2 – Social conditions and living standards

- All new or upgraded public infrastructure completed in rural settlements between 2017 and 2020 have signposts/plaques indicating the information about the projects and mentioning respectively the EU support.

Priority Area 3 - Environmental protection and sustainable management of natural resources

- New Forest Management Plans formally adopted in compliance with the Forest Code of Georgia between 2016 and 2019 indicate that they were developed under a programme supported by the European Union.
- Protected Areas formally added to the System of Protected Areas of Georgia between 2016 and 2019 have signposts indicating the information about the projects and mentioning respectively the EU support.
- Management Plans for Protected Areas developed between 2016 and 2019 indicate that they were developed under a programme supported by the European Union.

Priority Area 4 – Rural development governance

- IACC-approved annual reports on RDAP implementation specify that some measures were implemented under a programme supported by the European Union.

Final design and phrasing of these elements will be agreed with the EU during implementation.

ANNEX II - GENERAL CONDITIONS

Contents

ANNEX II - GENERAL CONDITIONS	1
Contents	1
Part One: Provisions Applicable to Activities for which the Partner is the Contracting Authority	1
Article 1 - General principles	1
Article 2 - Deadline for the signature of contracts and agreements by the Partner ...	5
Article 3 – Exclusion and administrative sanctions	6
Article 4 - Partial delegation	8
Article 5 - Imprest component of the programme estimate	10
Article 6 – Pool Fund managed by the Partner	13
Article 7 - Publication of information on procurement and grant contracts by the Partner	13
Article 8 - Recovery of funds	14
Article 9 - Financial claims under contracts and agreements	15
Article 10 - Cost overruns and ways of financing them	15
Part Two: Provisions Applicable to Budget Support	16
Article 11 - Policy dialogue	16
Article 12 - Verification of conditions and disbursement	16
Article 13 - Transparency of budget support	16
Article 14 - Recovery of budget support	16
Part Three: Provisions Applicable to this Action as a Whole, Irrespective of the Management Mode.....	17
Article 15 - Execution period and contracting deadline	17
Article 16 - Verifications and checks by the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors	17
Article 17 - Tasks of the Partner in fighting irregularities, fraud and corruption ...	18
Article 18 - Suspension of payments	19
Article 19 - Allocation of funds recovered by the Commission to the action	20
Article 20 - Right of establishment and residence	20
Article 21 - Tax and customs provisions and foreign exchange arrangements	20
Article 22 - Confidentiality	21
Article 23 - Use of studies	21
Article 24 - Consultation between the Partner and the Commission	21
Article 25 - Amendment of this Financing Agreement	21
Article 26 - Suspension of this Financing Agreement	22
Article 27 - Termination of this Financing Agreement	23
Article 28 - Dispute settlement arrangements	23

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

Article 1 - General principles

- 1.1 The purpose of Part One is to define the tasks entrusted to the Partner in indirect management as described in Annex I (Technical and Administrative Provisions) and to define the rights and

obligations of the Partner and of the Commission in carrying out these tasks.

Part One shall apply to the tasks related to the EU contribution alone or in combination with the funds of the Partner 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 Partner as contracting authority of procurement and grant award procedures, and the awarding, signing and enforcing the resulting procurement and grant contracts.

The designation of entities pertaining to the Partner's government or administrative structure and identified in Annex I (Technical and Administrative Provisions) to carry out certain tasks, does not qualify as sub-delegation. Such entities shall respect the rights and obligations laid down in Part One for the Partner as contracting authorities, while at the same time the Partner remains fully responsible for the fulfilment of the obligations stipulated in this Financing Agreement. References in the Financing Agreement to Partner also encompass those entities.

As contracting authority, the Partner shall act under Partial delegation, unless if it acts under the Imprest component of a programme estimate or under a Partner managed Pool fund:

- Under Partial delegation, the Partner acts as contracting authority for procurement contracts and grant contracts, whereby the Commission controls ex ante all award procedures and executes all related payments to the contractors and grant beneficiaries;
- Under the Imprest component of a programme estimate, the Partner acts as contracting authority for procurement and grant contracts, whereby it may, up to established thresholds, conduct procurement and grant award procedures without or with limited ex ante control of the Commission and execute payments to the contractors and grant beneficiaries, as well as in the context of direct labour.
- Under a Partner managed Pool fund, the Partner acts as contracting authority for procurement contracts and grant contracts, whereby the Commission does not control ex ante any award procedure and the Partner executes all related payments to the contractors and grant beneficiaries.

Where the Partner 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 Partner is an OCT and the action is financed by the EDF pursuant to Article 1.1 of the Special Conditions, the implementation 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 Partner 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 tasks. 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 Partner shall set up and ensure the functioning of an effective and efficient internal control system. The Partner 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 Partner carries out payments under the Imprest component of a programme estimate or in the framework of a Pool Fund managed by the Partner, the functions of the authorising and accounting officers shall be segregated and mutually incompatible and the Partner shall operate an accounting system that provides accurate, complete, reliable and timely information.

- 1.4 Outside the cases where the Partner applies its own (including in the case of a Pool Fund, those agreed upon by the Pool Fund's donors) procedures and standard documents for the award of procurement contracts and grant contracts, the Partner shall conduct the award procedures and conclude the resulting contracts and agreements in the language of this Financing Agreement.
- 1.5 The Partner 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 Partner 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.

- 1.6 Under Partial delegation and under the Imprest component of a programme estimate, the Partner 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
- 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 received¹
- 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 received²
- 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
1. Award/cancellation notice with proof of publication
- j. Signed contracts, amendments, riders and relevant correspondence.

¹ Elimination of unsuccessful bids five years after the closure of the procurement procedure

² Elimination of unsuccessful applications three years after the closure of the grant procedure.

- 1.7 The Partner shall ensure an appropriate protection of personal data. Personal data means any information relating to an identified or identifiable natural person. Any operation involving the processing of personal data, such as collection, recording, organisation, storage, adaption or alteration, retrieval, consultation, use, disclosure, erasure or destruction, shall be based on rules and procedures of the Partner and shall only be done as far as it is necessary for the implementation of this Financing Agreement.

In particular, the Partner 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 contracts and agreements by the Partner

- 2.1 The procurement contracts and grant contracts shall be signed during the operational implementation phase of this Financing Agreement.

When implementing a multi-donor Action, the procurement contracts and grant contracts shall be concluded within the contracting deadline set out in the Special Conditions or set out for the imprest component of the programme estimate.

When the Action is not a multi-donor Action, procurement contracts and grant contracts shall be concluded at the latest within three years of the entry into force of this Financing Agreement.

Additional procurement contracts and grant contracts resulting from an amendment of this Financing Agreement which adds new activities and increases the EU contribution, shall be signed at the latest within three years of the entry into force of that amendment of this Financing Agreement, or for a multi-donor Action within the fixed contracting deadline.

The three years-deadline for non-multi-donor Actions may not be extended, except when the action is financed by the EDF. In such cases, 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. amendments to procurement contracts and grant contracts already signed;
 - b. individual procurement contracts to be concluded after early termination of existing procurement contracts;
 - c. contracts relating to audit and evaluation, which may also be signed during the closure

phase;

d. operating costs referred to in Article 5.1;

2.3 After expiry of the deadlines referred to in Article 2.1, the financial balance for the related activities entrusted to the Partner for which contracts have not been duly signed shall be decommitted by the Commission.

2.4 No such decommitment shall apply to the funds budgeted for audit and evaluations referred to in Article 2.2.c) or the operating costs referred to in Article 2.2.d).

Likewise, no such decommitment shall apply to any financial balance of the contingency reserve or to funds available again after early termination of a contract referred to in Article 2.2.b), which both may be used to finance contracts referred to in Article 2.2.

Article 3 – Exclusion and administrative sanctions

3.1 Exclusion criteria

3.1.1 When applying the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts, the Partner shall accordingly ensure:

- that a procurement or grant contract for a given EU financed procurement or grant procedure is not awarded to an economic operator or grant applicant who
 - a) has misrepresented the information required as a condition of participation in the procedure or has failed to supply that information;
 - b) was previously involved in the preparation of procurement documents where this entails a distortion of competition that cannot be remedied otherwise.

- that no EU financed procurement or grant contract is awarded to an economic operator or grant applicant who either itself, or a person having powers of representation, decision making or control over it,
 - a) is bankrupt, subject to insolvency or winding-up procedures or in any analogous situation arising from a similar procedure provided for under national laws or regulations;
 - b) is by final judgment or final administrative decision declared to be in breach of its obligations relating to the payment of taxes or social security contributions.
 - c) is by final judgment or final administrative decision declared to be guilty of grave professional misconduct;
 - d) is by final judgment declared to be guilty of fraud, corruption, participation in a criminal organisation, money laundering, terrorist-related offences, child labour or trafficking in human beings;
 - e) has shown significant deficiencies in complying with main obligations in the performance of an EU financed contract;
 - f) is by final judgment or final administrative decision declared to have committed an irregularity affecting the EU's financial interest.

- 3.1.2 When applying its own (including, in the case of a Pool Fund, those agreed upon by the Pool Fund's donors) procedures and standard documents for the award of procurement and grant contracts, the Partner shall adopt measures, in accordance with its own national legislation, to ensure that no EU financed procurement or grant contract is awarded to an economic operator or grant applicant who is in one of the situations referred to in Article 3.1.1, 1st indent, a), Article 3.1.1, 2nd indent, d) and Article 3.1.1, 2nd indent, f).

The Partner may take into account, as appropriate and on its own responsibility, the information contained in the Commission's Early Detection and Exclusion System when awarding procurement and grant contracts. Access to the information can be provided through the liaison point(s) or via consultation to the Commission (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.

3.2 Information duty

The Partner shall inform the Commission when an economic operator or grant applicant is in a situation referred to in Article 3.1, or has committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

3.3 Administrative sanctions

Where the Partner becomes aware of one of the situations referred to in Article 3.1 in the implementation of the tasks described in Annex I, the Partner shall, under the conditions of its national legislation, impose upon the economic operator or grant applicant, an exclusion from its future procurement or grant award procedures and/or a financial penalty proportional to the value of the contract concerned. Such financial penalties or exclusions shall be imposed following an adversarial procedure ensuring the right of defence of the person concerned.

With respect to the first paragraph, the Partner is considered in failure to act, among others, where:

- the Partner's national legislation does not allow to impose an exclusion and/or a financial penalty,
- the protection of the EU's financial interests requires to impose an administrative sanction within deadlines incompatible with the Partner's internal procedures,
- the imposition of an administrative sanction requires a mobilisation of resources beyond the Partner's means,
- its national legislation does not allow to exclude an economic operator from all EU financed award procedures.

In case of such failures, the Partner will notify its impediment to the Commission. The Commission may decide to impose an exclusion from future EU financed award procedures and/or a financial penalty between 2 % and 10 % of the total value of the contract concerned.

Article 4 - Partial delegation

Award procedures

4.1 The tasks shall be carried out by the Partner in accordance with the procedures and standard documents laid down and published by the Commission for the award of procurement contracts and grant contracts, in force at the time of the launch of the procedure in question.

Ex ante control

4.2 To allow ex ante control, the Partner shall submit tender dossiers and documents for calls for proposals, to the Commission for approval before launching invitations to tender and calls for proposals. Likewise, the Partner shall invite the Commission to the opening of tenders and proposals, and shall provide the Commission with copies of tenders and proposals received. The Partner shall notify the Commission of the results of the examination of tenders and proposals and shall submit the award proposal, as well as the draft procurement contracts and grant contracts to the Commission for approval.

During the implementation of the procurement contracts and grant contracts, the Partner shall equally submit draft addenda and draft administrative orders thereto, to the Commission for prior approval.

The Partner shall invite the Commission for provisional and final acceptance.

Report

4.3 If Article 5 of the Special Conditions so provides, the report on the implementation of the tasks entrusted to the Partner shall follow the template provided in Annex III and the management declaration shall follow the template provided in Annex IV. 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.

Payment procedures

4.4 The Partner 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 contract and 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 4.9 and 4.10 within the period amounting to the time-limit for payment provided for in the procurement contract and grant contracts minus the above deadlines.

4.5 Upon receipt of a payment request from a contractor or grant beneficiary, the Partner 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 or agreement concerned, the amount, the currency and the date. If the Partner 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 Partner shall also inform the Commission of this rejection and its reasons.

- 4.6 Upon receipt of an admissible payment request, the Partner 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 Partner 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 Partner shall examine this reply or action pursuant to this paragraph.
- 4.7 If the Commission disagrees with the Partner's conclusion that a payment is not due, it shall inform the Partner thereof. The Partner 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 Partner shall also inform the Commission. The Partner shall further proceed as provided for in Article 4.8.

If disagreement between the Partner 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 Partner and the contractor or grant beneficiary of this partial payment.

- 4.8 Where the Partner 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.
- 4.9 After transfer of the payment request pursuant to Article 4.8, if the Commission concludes that the payment is not due, it shall inform the Partner 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 Partner in accordance with Article 4.6.
- 4.10 Where the Partner and the Commission conclude that the payment is due, the Commission shall execute the payment.
- 4.11 Where late-payment interest is due to the contractor or grant beneficiary, it shall be allocated between the Partner and the Commission pro rata to the days of delay in excess of the time limits stipulated in Article 4.4, subject to the following:

- (a) the number of days used by the Partner is calculated from the date of the registration of an admissible payment request referred to in Article 4.6 to the date of the transfer of the request to the Commission referred to in Article 4.8 and from the date of information by the Commission referred to Article 4.9 to the following transfer of the request to the Commission referred to in Article 4.8. 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 Partner referred to in Article 4.8 to the date of payment and from the date of transfer to the date of informing the Partner pursuant to Article 4.9.
- 4.12 Any circumstances unforeseen by the above procedure shall be solved in a spirit of cooperation between the Partner and the Commission by analogy to the above provisions while respecting the contractual relations of the Partner 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.
- 4.13 A procurement contract or grant contract which has not given rise to any payment within two years of its signature shall be automatically terminated and its funding shall be decommitted, except in case of litigation before judicial courts or arbitral bodies.

Article 5 - Imprest component of the programme estimate

Application

- 5.1 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 operational activities over the operational implementation phase of this Financing Agreement.

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

The body implementing those operational activities within the programme estimate, may be the central government of the Partner itself (central operations) or a commissioned public law or private law body with a public-service mission (public commissioned operations) or, under EDF only, a private law body without a public-service mission on the basis of a service contract (private commissioned operations).

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

Under the component of specific commitments, Article 4 shall apply.

Under the Imprest component of the programme estimate, the implementing body may, up to

established thresholds, conduct procurement and grant award procedures without or with limited ex ante control of the Commission and execute payments to the contractors and grant beneficiaries, as well as in the context of direct labour.

Direct labour relates to the operational activities which the implementing body executes directly using staff it employs and/or its existing resources (machinery, equipment, other inputs).

The operating costs incurred by the implementing body may be eligible for EU financing under the Imprest component of the programme estimate. If so, they shall be eligible for EU financing 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. Operating costs are costs of the implementing body incurred in carrying out 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 procurement of vehicles or of any other equipment, or any operational activity. Such ordinary operating costs may be charged and paid in accordance with the implementing body's own procedures.

Award procedures

5.2 Under the Imprest component of the programme estimate, the implementing body may carry out, totally or partially, the award procedures for procurement and grant contracts in accordance with its own procedures and standard documents, to the extent that prior evidence is obtained by the Commission that the Partner's implementing body:

- ensures the functioning of an effective and efficient internal control system, and
- applies appropriate rules and procedures for procurement and/or grants.

To the extent that no such evidence is obtained, the award procedures for procurement and grant contracts shall be carried out by the implementing body in accordance with the procedures and standard documents laid down and published by the Commission, in force at the time of the launch of the procedure in question.

Ex ante control

5.3 Under the Imprest component, unless the Technical and Administrative Arrangements of the programme estimate stipulate otherwise, the implementing body shall submit to the Commission for prior approval, the tender dossiers and proposals for award decision of procurement contracts whose value exceeds 100,000 EUR, as well as all guidelines for applications and proposals for award decisions of grant contracts, which follow the procedures and standard documents laid down and published by the Commission.

In addition to the record-keeping obligations laid down in Article 1.6 of these General Conditions, the Partner shall, during the same period, keep all relevant financial and contractual supporting documents.

Management declaration

5.4 The Partner shall submit to the Commission annually, by the date stipulated in Article 6 of the

Special Conditions, a management declaration signed by the Partner using the template in Annex IV.

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.

Payments

- 5.5 The Commission shall transfer the first pre-financing instalment, upon signature of the programme estimate by all parties, within 60 calendar days where the programme estimate is financed by the EDF and 30 calendar days where it is financed from the EU Budget,

The Commission shall pay the further pre-financing instalments within 60 calendar days of receiving and approving the payment request and its reports.

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 Partner, 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 Partner 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.

- 5.6 The Commission shall make payments to a bank account opened at a financial institution accepted by the Commission.
- 5.7 The Partner shall guarantee that funds paid by the Commission can be identified in this bank account.
- 5.8 Transfers in euro shall, if necessary, be converted into the Partner's national currency as and when payments have to be made by the Partner, at the bank rate in force on the day of payment by the Partner.
- 5.9 The Imprest component of the programme estimate which has not given rise to any payment to the Partner within two years of the conclusion of the programme estimate shall be automatically terminated, and its funding shall be decommitted. For actions financed under the EDF, an extension of that deadline may be stipulated in Article 6 of the Special Conditions.

Article 6 – Pool Fund managed by the Partner

Application

6.1 The Partner managing a Pool Fund, may be eligible for an EU Contribution to that Pool Fund, to the extent that prior evidence is obtained by the Commission that the managing entity within the Partner:

- ensures the functioning of an effective and efficient internal control system,
- uses an accounting system that provides accurate, complete and reliable information in a timely manner;
- is subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;
- applies appropriate rules and procedures for procurement and grants;
- ensures the ex post publication of information on recipients; and
- ensures a reasonable protection of personal data.

Award procedures

6.2 Under the EU Contribution to a Partner managed Pool Fund, the managing entity within the Partner shall carry out the tasks in accordance with its own procedures and standard documents for the award of procurement and grant contracts, or with those agreed upon among the donors.

Implementation

6.3 In the case of an EU Contribution to a Partner managed Pool Fund, in addition to the rights and obligations already laid down in these General Conditions, further rules detailed in Annex V to the Financing Agreement shall apply to the Partner for the implementation of the EU Contribution to the Pool Fund.

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

7.1 The Partner 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 Imprest Component of the programme estimate referred to in Article 5 and the Pool Funds referred to in Article 6, 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 Partner.

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 and direct financial support to 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 Partner 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 authorisation 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 Partner 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 Partner shall present a list with such justifications to the Commission which must grant prior authorisation to such publication waiver.
- 7.5 Where the Commission carries out payments to contractors or grant beneficiaries pursuant to Article 4, it shall ensure the publication of information on procurement contracts and grant contracts according to its rules.

Article 8 - Recovery of funds

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

Amounts unduly paid and recovered by the Partner, amounts from financial guarantees lodged on the basis of procurement and grant award procedures, amounts from financial penalties imposed by the Partner, as well as damages awarded to the Partner shall be returned to the Commission.

- 8.2 Without prejudice to the above responsibility of the Partner to recover funds unduly paid, the Partner 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 contracts and grant contracts financed under Part One and proceed to its recovery by any means on behalf of the Partner, including by offsetting the

amount owed by the contractor or grant beneficiary against any of its claims against the EU and by forced recovery before the competent courts.

- 8.3 To this end, the Partner shall provide to the Commission all the documentation and information necessary. The Partner 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 Partner is the contracting authority or by offsetting the funds to be recovered against any amounts owed to the contractor or grant beneficiary by the Partner 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 Partner that the recovery proceedings have been initiated (including where necessary before a national court).
- 8.5 Where the Partner is a grant beneficiary, subdelegatee or implementing partner of an entity with which the Commission concluded a delegation agreement, the Commission may recover funds from the Partner which are due to the entity but which the entity was not able to recover itself.

Article 9 - Financial claims under contracts and agreements

The Partner 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 Partner 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 authorisation. Such prior authorisation is also required for any use of funds committed under the present Financing Agreement to cover costs arising from disputes relating to contracts or agreements.

Article 10 - Cost overruns and ways of financing them

- 10.1 Individual overruns of the budget headings of the activities implemented by the Partner 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 Partner, the Partner shall immediately inform the Commission and seek its prior authorisation 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 Partner's own resources or other resources, the Commission may, at the Partner'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 Partner and the EU commit to engage in a regular constructive dialogue at the appropriate level on the implementation of this Financing Agreement.

Where the Partner 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 Partner thereof without undue delay.

12.2. Disbursement requests submitted by the Partner 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 Partner shall apply its national foreign exchange regulations in a nondiscriminatory manner to all disbursements of the budget support component.

12.4. If no payment to the Partner is made within two years of the entry into force of this Financing Agreement, its budget support component shall be automatically terminated and its funding shall be decommitted. For actions financed under the EDF, an extension of that deadline may be stipulated in Article 6 of the Special Conditions.

Article 13 - Transparency of budget support

The Partner 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 Partner, in particular if the Partner 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

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

- an operational implementation phase, in which the operational activities of the action are carried out. This phase shall start on the entry into force of this Financing Agreement or on the date stipulated in the Special Conditions and end with the opening of the closure phase.
- a closure phase, during which final audit and evaluation are carried out and contracts and the programme estimate 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.

These periods shall be reflected in the agreements to be concluded by the Partner 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 operational activities shall be eligible for EU financing only if they have been incurred during the operational implementation phase; the costs incurred 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, to closure activities and operating costs referred to in Article 5.1 shall be eligible until the end of the closure phase.

15.3 Any balance remaining from the EU contribution shall 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 or the closure phase, as well as correlatively of the execution period. If agreed upon, the Financing Agreement shall be amended accordingly.

15.5 Article 2 of these General Conditions shall apply to procurement contracts and grant contracts awarded by the Commission as contracting authority (direct management) with the exception of the last subparagraph of Article 2.1.

Delegation Agreements concluded by the Commission are subject to a different contracting deadline set out by the EU Financial Regulation. If after expiry of that deadline, the related funds are to be de-committed, the Commission will duly inform the Partner thereof.

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

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

The Partner 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 Partner 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, the Partner 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 Partner 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, grant beneficiaries and subcontractors who have received EU financing.
- 16.4 The Partner 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 Partner in fighting irregularities, fraud and corruption

- 17.1 The Partner 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 Partner 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 estimate 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 Partner 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 If the Partner 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 or has serious concerns that, on the basis of information it received, and needs to verify, the Partner has committed substantial errors, irregularities or fraud in the procurement and grant award procedure or in the implementation of the action, or the Partner has failed to comply with its obligations under this Financing Agreement, including obligations regarding the implementation of the Communication and Visibility plan;
- b) the Commission has established or has serious concerns that, on the basis of information it received, and needs to verify, the Partner 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 Partner's internal control system or the legality and regularity of the underlying expenditure;
- c) the Commission suspects that the Partner 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 Partner 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 Partner 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 Partner 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, 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 contract or grant contract, the Partner 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 implementation tasks identified in Annex I with a provisional right of establishment and residence in the Partner's territory(ies). This right shall remain valid for one month after the contract is awarded.
- 20.2 The Partner shall also entitle procurement contractors and grant beneficiaries, entities entrusted with 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 and foreign exchange arrangements

- 21.1 The Partner shall apply to procurement contracts and grants contracts 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 Partner 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 Partner agrees that its documents and data held by an entity with which the Partner 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 Partner and that entity.
- 22.2 Without prejudice to Article 16 of these General Conditions, the Partner 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 Partner and for the Commission to use the study, to publish it and to disclose it to third parties.

Article 24 - Consultation between the Partner and the Commission

- 24.1 The Partner 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 28 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 Partner 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 Partner of the implementation of activities described in Annex I which do not fall under Parts One and Two 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 Partner, 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 Partner 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 for an amount equivalent to the amount of the contingency reserve, the Partner 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 the contingency reserve provided for an action shall be subject to the Commission's prior written approval.
- 25.5 Where the Commission considers that the Partner 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 Partner in order to continue the implementation of the activities on behalf of the Partner 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 Partner breaches an obligation under this Financing Agreement.
- The Commission may suspend the implementation of this Financing Agreement if the Partner breaches any obligation set under the procedures and standard documents referred to in Articles 1, 4, 5 and 6 of these General Conditions.
- The Commission may suspend this Financing Agreement if the Partner 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 estimate 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 no implementing contract has been signed within the deadlines of Article 2.
- 27.3 When the termination is notified, the consequences for the on-going procurement contracts, grant contracts and programme estimate 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 Partner 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.