

**ANNEX 1 TO FINANCING AGREEMENT ENI/2017/040-318**

**TECHNICAL AND ADMINISTRATIVE PROVISIONS**

<b>1. Title/basic act/ CRIS number</b>	<b>Economic and Business Development in Georgia</b> CRIS number: ENI/2017/040-318 financed under European Neighbourhood Instrument
<b>2. Zone benefiting from the action/location</b>	Georgia The action shall be carried out at the following location: country wide
<b>3. Programming document</b>	Single Support Framework for EU support to Georgia 2017-2020
<b>4. SDG</b>	2.3, 2.4, 2.5, 8.1, 8.2, 8.3, 8.8, 8.9, 8.10, 9.2, 9.3, 9.5.
<b>5. Sector of concentration/ thematic area</b>	<b>Economic development and market opportunities</b> , <i>including</i> smart, sustainable and inclusive growth <b>Strengthening institutions and good governance</b> , <i>including</i> consolidating the Rule of Law and addressing security
<b>6. Amounts concerned</b>	Total estimated cost: EUR 51 450 000 Total amount of EU budget contribution EUR 47 650 000 of which <ul style="list-style-type: none"><li>- EUR 21 250 000 for budget support;</li><li>- EUR 19 900 000 for complementary support to budget support;</li><li>- EUR 6 500 000 for support outside the scope of the sector reform contract</li></ul> This action is co-financed in joint co-financing by ADA for an amount of EUR 1 000 000 and might be co-financed by Sida for an estimated amount of EUR 2 800 000.
<b>7. Aid modality(ies) and implementation modality(ies)</b>	Budget Support Direct management: <ul style="list-style-type: none"><li>- budget support: sector reform contract</li><li>- grants – call for proposals</li><li>- direct award to the World Bank Group</li><li>- procurement of services</li></ul> Indirect management with: <ul style="list-style-type: none"><li>- Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)</li><li>- United Nations Development Programme (UNDP)</li><li>- Austrian Development Agency (ADA)</li><li>- The World Bank Group</li></ul>

<b>8. DAC code(s)</b>	15130 – Legal and judicial development 24010 – Financial policy and administrative management 24030 – Formal sector financial intermediaries 25010 – Business support services and institutions 32110 – Industrial policy and administrative management 32120 – Industrial development 32130 – Small and medium-sized enterprises (SME) development 33120 – Trade facilitation			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>
<b>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>				

## SUMMARY

Support for economic growth has emerged as a crucial issue in Georgia. Structural constraints and incomplete economic reforms continue to make it difficult for Georgian businesses, especially SMEs, to efficiently operate and scale up. Persistent weaknesses in the financial system continue to limit not only access to finance for business but also the build-up of savings in the economy, a precondition for building a solid safety net and a domestic investment base. The slow and flawed delivery of justice is often described as the major obstacle for investing and developing business operations in the country.

The demand for economic growth is also reinforced by the DCFTA, which notably aims at facilitating Georgia's economic integration, domestically and internationally. Supporting efficient market-oriented entrepreneurship models integrated with innovation, technology, educational skills and EU standards would certainly help to increase productivity, efficiency, competitiveness and create stronger business linkages in Georgia and its regions. The action



proposes to concretely support value chains/clusters and business incubators to boost the real economy.

The **overall objective** of the programme is to foster socio-economic development in Georgia and its regions, with the **specific objectives** to make litigations faster and fairer for businesses, to modernise the financial infrastructure and to promote market-oriented and innovative business models for job creation.

The programme is structured in three inter-related thematic components:

- (1) Fairer and faster litigations in commercial matters**
- (2) Modernised financial infrastructure**
- (3) Greater business sophistication**

In line with the 2015 review of the European Neighbourhood Policy (ENP), the action will contribute to foster smart, sustainable and inclusive growth and resilience in Georgia and its regions and to strengthen institutions and good governance, which are two of the 4 pillars under the new Single Support Framework for EU Support to Georgia (SSF 2017-2020).

The EU contribution includes EUR 21 250 000 in budget support. Other support (direct award, indirect management, procurement of twinning and services) represents EUR 26 400 000, of which EUR 19 900 000 is connected to and complementary to the scope covered with budget support and EUR 6 500 000 is not connected to the budget support as highlighted in section 2.2.

This action is co-financed by the Austrian Development Agency (ADA) for an amount of EUR 1 000 000 (for Component 3). This action might be complemented with an intervention by the Danish International Development Agency (DANIDA) for an estimated amount of EUR 5 500 000 (for Component 3) and might be co-funded by the Swedish International Development Cooperation Agency (Sida) for an estimated amount of EUR 2 800 000.

## **1. DESCRIPTION OF THE ACTION**

### **1.1 Objectives/results**

The **overall objective** of the action is to foster socio-economic development in Georgia and its regions. The **specific objectives** are to:

- 1. Make faster and fairer the litigations in commercial matters
- 2. Modernise the financial infrastructure
- 3. Promote market-oriented and innovative business models for job creation

The specific objectives will be addressed through three thematic components. The expected results, by component, are:

#### **Component 1: Fairer and faster litigations in commercial matters**

Result 1.1: Fairer and faster litigations in commercial disputes

#### **Component 2: Modernised financial infrastructure**

Result 2.1: Capital market development

Result 2.2: Responsible financial inclusion and alternative financing  
Result 2.3: Better financial information  
Result 2.4: Enhanced insurance system

### **Component 3: Greater business sophistication**

Result 3.1: Strengthened policy framework to facilitate the development of SME, clusters and incubators

Result 3.2: Development and functioning of the clustering approach in at least 5 pilot sectors in Georgian regions (such as construction materials, packaging, apparel, creative industry, tourism, organic farming, seeds/seedlings)

Result 3.3: Development and functioning of business accelerators/incubator, serving target regions and sectors

Result 3.4: Improved delivery and quality of public services to businesses

## **1.2 Main activities**

The main activities of the proposed Sector Reform Contract are policy dialogue, capacity building, performance assessment and financial transfers.

The activities shall be channelled through both a budget support policy matrix as well as complementary support to budget support and other support contributing to the specific objectives of the action consisting primarily of projects with international organisations and development agencies as well as twinnings.

### ***1.2.1 Budget support***

Budget support is proposed for areas where a sound level of policy framework, coordination and ownership of the reforms has been shown. The main activities are geared towards policy targets that the Government will commit to achieve in relation to the following policy areas: legal reforms in the commercial sphere (insolvency and enforcement proceedings); modernised financial infrastructure in insurance; and enterprise development focused on business integration through clusters and innovation. Further details on these inputs are provided under section 2.3.2.

The budget support in commercial litigation responds to the commitments of the government set out in Direction 1 of the SME Strategy (Improvement of legislative, institutional framework and operational environment for SMEs) and in particular Priority Action 1.1: "Improvement of business closure and insolvency procedures". As regards modernised financial infrastructure in insurance, insurance is part of a broader commitment of the government to reform the financial sector. Targets on business integration and innovation fall under Direction 4 (Export promotion and SME Internationalization) and Direction 5 (Facilitation of innovation and R&D in SMEs) of the SME Strategy.

As regards **Component 1**, the following activities will be supported through budget support to achieve Result 1.1: Fairer and faster litigations in commercial disputes:

- R.1.1.4 Strengthened and rehabilitation-oriented insolvency proceedings
- R.1.1.5 More efficient enforcement of judicial decisions



As regards **Component 2**, the following activities will be supported through budget support to achieve Result 2.4: Enhanced insurance system:

- R.2.4.1 A functional insurance supervision system is in place
- R.2.4.2 Insurance market is expanded through compulsory insurance products

As regards **Component 3**, the following activities will be supported through budget support:

To achieve Result 3.1: Strengthened policy framework to facilitate the development of SME, clusters and incubators

- R.3.1.1 The institutional framework for business integration is developed and tailored for target regions and sectors
- R.3.1.2 Economic opportunities are identified in pilot regions and are elaborated in consultation with local authorities and the private sector

To achieve Result 3.2: Development and functioning of the clustering approach in at least 5 pilot sectors in Georgian regions (such as construction materials, packaging, apparel, creative industry, tourism, organic farming, seeds/seedlings)

- R.3.2.1/R.3.3.1 Diversified and increased number of services delivered by incubators to businesses, start-ups and social enterprises
- R.3.2.2 Cluster governance and management structure(s) are leading to better private-public coordination
- R.3.2.3 Synergies among economic actors, including BSOs, in the cluster are intensified
- R.3.2.4 EU standards are promoted in the cluster

To achieve Result 3.3: Development and functioning of business accelerators/incubator, serving target regions and sectors

- R.3.3.1/R.3.2.1 Diversified and increased number of services delivered by incubators to businesses, start-ups and social enterprises
- R.3.3.2 Increased synergies among business incubator(s), private sector and academia/research centres are created

At this stage, it is foreseen that EUR 21.25 million will be disbursed through this Sector Reform Contract, in 4 annual tranches (disbursed indicatively in 2019 to 2022). The amount defined for budget support is expected to have an effective impact on the fulfilment of the conditionality and providing substantial leverage for the policy dialogue.

### *1.2.2 Complementary support to budget support*

Complementary measures to budget support, as well as other measures outside the scope of the budget support, amount to EUR 26 400 000, of which EUR 19 900 000 are connected to the scope covered with budget support and EUR 6 500 000 not connected to the budget support as highlighted in section 2.2. This support will focus on strengthening the capacities of the national stakeholders to address the above result areas and to target the real economy through pilot initiatives on value chains, clusters and innovative start-ups with a specific attention to pilot regions. Support to core institutions and government agencies will be primarily delivered via twinning projects and technical assistance through the services of EU

Member States agencies and specialised international organisations. The main activities by component and results are the following:

As regards **Component 1**, complementary support will be provided to the activities mentioned above through indirect management to achieve Result 1.1: Fairer and faster litigations in commercial disputes.

- R.1.1.4. Strengthened and rehabilitation-oriented insolvency proceedings: Assist with the finalisation (approximation), adoption and implementation of the new insolvency law (or amendments to it) based on a regulatory impact assessment, including possibly the establishment and operationalisation of a chamber of private administrators; enhance skills of lawyers, judges and administrators, raise awareness of business operators about the law and its potentials.
- R.1.1.5. More efficient enforcement of judicial decisions: Assist with improving the legislation and implementation in practice, enhance capacities of public and private bailiffs and lawyers.

As regards **Component 2**, complementary support will be provided to the activities mentioned above through direct management (twinning, direct award) to achieve Result 2.4: Enhanced insurance system.

- R.2.4.1 A functional insurance supervision system is in place: Capacity building and regulatory reforms, regulatory strengthening, development of procedures, skills and knowledge, market trainings on introduction of new ISSSG regulations; trainings and capacity buildings related to the EU approximation process, which have to be defined on the basis of mutual agreement between the parties.
- R.2.4.2. Insurance market is expanded through compulsory insurance products: Assist to identify compulsory insurance types and put MTPL law into practice; training of insurance companies and communication campaigns for clients; assist with the introduction of other relevant insurance products.

As regards **Component 3**, complementary support will be provided to the activities mentioned above through indirect management, to reach the following results.

To achieve Result 3.1: Strengthened framework of policy makers to facilitate the development of SME, clusters and incubators

- R.3.1.1 The institutional framework for business integration is developed and tailored for target regions and sectors: Assistance on role and responsibilities of public and private sector in business models; assistance with setting up the legal and institutional framework for business integration and business partnerships.
- R.3.1.2 Economic opportunities are identified in pilot regions and are elaborated in consultation with local authorities and the private sector: Assist with the development of economic initiative's master plans (cost-benefits analysis, fiscal stance, planning, etc.); policy dialogue with local communities, including BSOs and the private sector; communication and awareness raising activities.



To achieve Result 3.2: Development and functioning of the clustering approach in at least 5 pilot sectors in Georgian regions (such as construction materials, packaging, apparel, creative industry, tourism, organic farming, seeds/seedlings)

- R.3.2.1/R.3.3.1 Diversified and increased number of services delivered by incubators to businesses, start-ups and social enterprises: Provision of support for assessing market needs; advice on the type of services meeting the industry demand (VET colleges could be seen as incubators for service providers);
- R.3.2.2 Cluster governance and management structure(s) are leading to better private-public coordination: Support the selection of sectors for clusters; support in the identification of leader companies and potential partners linked to international markets; tailored mentoring and coaching for clusters and incubators' participants; advice on enforcing public-private dialogue and on communication strategies to brand Georgia.
- R.3.2.3 Synergies among economic actors, including BSOs, in the cluster are intensified: Promotion of relationships between producers, suppliers, contractors and consumers; guidance on making sector associations more operational (for instance through match-making support, services delivery, etc.); public awareness of the benefits of the clusters.
- R.3.2.4 EU standards are promoted in the cluster: Support in the introduction of best practices on quality, food safety standards, environmental, energy efficiency and Responsible Business Conduct; advice on amendment of domestic legislation, where relevant.

To achieve Result 3.3: Development and functioning of business accelerators/incubator, serving target regions and sectors

- R.3.3.1/R.3.2.1 Diversified and increased number of services delivered by incubators to businesses, start-ups and social enterprises: Provision of support for assessing market needs; advice on the type of services meeting the industry demand (VET colleges could be seen as incubators for service providers);
- R.3.3.2 Increased synergies among business incubator(s), private sector and academia/research centres are created: Assist in reviewing the framework for research/industry collaboration; advise on best use of grant schemes; capacity building to improve GITA's capacity to create productive alliances; partnerships are created between GITA and relevant industries.

### *1.2.3 Other support*

As regards **Component 1**, other support will be provided through indirect management to achieve Result 1.1: Fairer and faster litigations in commercial disputes.

R.1.1.1. Streamlined judicial proceedings: Revise procedural legislation, regulations and practice, provide expert advice on specialisation of judges or chambers, and enhance capacities of lawyers and judges; connect local and international business law firms.

R.1.1.2. Increased use of mediation and arbitration: Increase awareness and confidence in alternative dispute resolution mechanisms; review implementation of the new mediation law,

including establishment and operationalisation of the new mediation association(s) and development of out-of-court mediation.

R.1.1.3. New company law put well into practice: Provide expert advice to the finalisation (approximation), adoption and application of the new company law and all related legislation and secondary regulations; raise awareness and knowledge of business operators, lawyers and judges of the new law and its effects.

As regards **Component 2**, other support will be provided through direct management (twinning, direct award).

To achieve Result 2.1: Capital market development

- R.2.1.1 Strengthened NBG in approximating EU legislation on capital markets: Review of the capital market action plan; advice and capacity building for approximation with EU legislation; promotion of best practices between Georgia and other EU countries which faced similar challenges;
- R.2.1.2 Improved capital market infrastructure: Review of trading/post trading, clearance and settlement system and development of recommendations for reform.
- R.2.1.3 Improved legal framework for selective capital market instruments: Assist on the development of asset backed securities/covered or mortgage bonds, derivatives, convertible bonds.
- R.2.1.4 Improved legal framework for investment funds and mutual collective schemes: Expert advice to recommend and develop the new legal framework, including respective legislation and regulations reporting and governance requirements.

To achieve Result 2.2: Responsible financial inclusion and alternative financing

- R.2.2.1. Improved collateralisation framework: Revise the secured transactions framework and develop a modern on-line based security registry (movable collateral registry); advise on legal and regulatory revisions; building market awareness on assets based financial products to improve collateralisation requirements;
- R.2.2.2 Improved legal framework and regulation of private credit bureau and microfinance institutions: Assist on revision of legislative framework on credit reporting by enacting the Credit Bureau law; establish NBG capacities to oversee the credit reporting system and to better supervise Micro Financial Institutions (MFIs); increase awareness of the public and consumers on private credit bureau;
- R.2.2.3 Enhanced consumer protection and financial literacy: Assist on consumer protection reform including amendment to legislation; develop new regulations; establish NBG capacities to ensure a sound consumer and information protection in line with EU best practices; design and implement selected financial literacy activities for different groups including financial literacy of microfinance clients in Georgia and financial literacy in insurance;

To achieve Result 2.3: Better financial information

- R.2.3.1 Improved Accounting and Auditing Quality Control: Capacity building for the Service for Accounting, Reporting and Audit Supervision (SARAS) to effectively and efficiently develop the right processes, procedures and methodologies for enforcement of financial reporting and auditing requirements.



- R.2.3.2 Enhanced accounting framework for SMEs: Expert advice on the implementation of the new Law on Accounting and Audit and on reporting requirements for small entities in accordance with EU Accounting Directive; dissemination of the benefits of the law to SMEs.
- R.2.3.3 Strengthened capacity of business service providers: Support the development of professional accountants and other business support organisations to provide advice to businesses/SMEs on sound financial management's best practices (business life-cycle, strategies and business plans, cash flows management, seeking funds for business, risk management, etc.).

As regards **Component 3**, the below activities cannot be achieved through budget support; they will be implemented through indirect management and direct management via a twinning project.

To achieve Result 3.1: Strengthened policy framework to facilitate the development of SME, clusters and incubators

- R.3.1.3 Business network with Europe is accelerated (performance of Enterprise Europe Network Georgia, led by EDA and GITA consortium): Capacity building for improving EDA and GITA's capacities to extend business linkages with EU counterparts; facilitation of business 'alliances'.

To achieve Result 3.3: Development and functioning of business accelerators/incubator, serving target regions and sectors

- R.3.3.3 Higher number of businesses participating in the EU programme Horizon 2020: Create conditions and incentives for businesses to use EU grants; communication and information campaigns for wider outreach of opportunities from EU innovation programmes.

To achieve Result 3.4: Improved delivery and quality of public services to businesses

- R.3.4.1 The digitalisation of public services to business in Tbilisi and Georgian regions is prepared: Advice and capacity building activities on digitalisation for simplifying business procedures.

### 1.3 Intervention logic

The action has been formulated having in mind that a favourable business climate at all levels and an improved policy framework for financial inclusion and business dispute resolutions are necessary to unleash the potential of the private sector and stimulate investment. The EU programme aims to achieve its objectives through the provision of budget support to reach the national policy targets. Complementary measures will strengthen key institutions in policy design and implementation and will stimulate economic opportunities thanks to the development of selected value chains, clusters and business incubators. The proposed action will include policy and regulatory reforms and improve business integration and sophistication.

As for Component 1, in the first stage, the action will streamline legislative and regulatory frameworks for business disputes before courts, arbitration tribunals and mediators, as well as improve recovery rates in insolvency and enforcement procedures; it will also further enhance



skills and awareness of relevant professionals and businesses. In a medium term, this will lead to fairer and faster proceedings and eventually to higher trust of businesses towards courts and competent authorities. In a long term perspective, this will contribute to increasing the volume of commercial transactions, foreign investments, and eventually to enhancing economic growth, employment and household incomes.

As for Component 2, the action will support both the institutional and legislative framework for developing an efficient capital market system and infrastructure, currently lagging behind, and in view of approximation with relevant EU legislation. The action will further enhance financial literacy, promote alternative sources of financing, trying to reduce the risk of lending and the risk associated to high collaterals. In addition, the legal system for insurance, including supervision, will be streamlined. In the long run the financial system and the financial stability will be enhanced thanks to increased credit to the private sector and to SME, improved financial literacy and supervision, better regulated practices in lending and the introduction of compulsory insurance products to mitigate the risks for the users and reduce social costs for the government.

As for Component 3, the action will support the institutional set-up for cluster and innovation development. The action will support the establishment of integrated models of entrepreneurship that will better promote business linkages as well as better access to services, skills/technologies/investment (also through the use of business incubators and accelerators) for the actors of the value chains and for the services/technology/skills/capital providers. The role and importance of services such as business services, transport, capital access and trade will be supported to enable production, process and marketing of higher quality products and services. This will result in the long run in better clusters governance systems, more economic opportunities, higher productivity goods, increased access to the national and international investors' community, and more skilled jobs created.

Support to government agencies will be delivered primarily in the form of twinning projects and technical assistance through the services of EU Member States agencies and specialised international implementing agencies.

Two twinning projects are foreseen under component 2: one twinning to support the National Bank of Georgia on capital market reform as regards harmonisation with the EU *acquis* and one twinning with the Insurance State Supervision Service of Georgia to enhance insurance supervision and new legislation on insurance. Under Component 3, a twinning with the Data Exchange Agency or Enterprise Georgia or any other relevant agency (the beneficiary will be confirmed further to on-going policy discussions) will contribute to the digitalisation of the system of public service delivery for businesses.

The programme will focus on initiatives that will have a high impact at local level and great visibility of the EU, demonstrating the added-value of the EU action.

The intervention logic is based on Georgia's commitment to improve the business and investment environment (Georgia 2020 Strategy, 4-Point Programme 2017-2020, specific sector strategies and action plans) as well as Georgia's commitment through international agreements such as the Association Agreement with the EU and the UN Sustainable Development Goals adopted by the Georgian Government.



The monitoring framework of the programme will aim to capture lessons learnt and facilitate good practice examples to inform future policy making processes. The approach aims for the actions to be complementary and enhance impact both at the national and local level, by feeding successful practices, approaches, projects and stories into the policy-making processes.

The effectiveness of the EU intervention will be assessed through indicators that measure policy implementation and outcomes for the final beneficiaries in pilot 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 21 250 000 and for complementary support EUR 19 900 000. This amount is based on the commitment of the partner country to allocate national budget resources (including EU budget support) for supporting enterprise and business development, including start-up financing. The amount proposed for the budget support will provide substantial leverage for the policy dialogue. The line ministries concerned with the performance targets have demonstrated sufficient absorption capacity and a sufficiently good track record in fulfilling the conditions under existing EU funded budget support programmes. Overall four instalments are planned. The first instalment of EUR 4.25 million will be released after signature of the Financing Agreement and subject to compliance with the General Conditions for tranche release.

#### ***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 policies covered by the present action and continued credibility and relevance thereof;
- 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 government's policy targets. The list of performance indicators used and the targets for disbursement of the variable tranches have been selected from relevant commitments and are results or impact oriented.

#### **Component 1 - More efficient insolvency and enforcement proceedings.**

The indicators will measure the increase of efficiency of the insolvency and enforcement proceedings. This will be measured through different impact-oriented indicators, such as the World Bank ranking of resolving insolvency, number of rehabilitation cases per year, recovery rates in insolvency and enforcement, average duration of enforcement and/or success rate in mediation cases before the Enforcement Bureau and court user satisfaction. The exact wording and benchmarks of the indicators are subject to results of specific baseline studies carried out in May – August 2017 and negotiations with the competent authorities. As a result, the insolvency proceedings will be more efficient in terms of recovery rates, costs and

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duration with more focus on rehabilitation on insolvent businesses. Similarly, the faster and fairer enforcement of judicial decisions will increase the chances for businesses to recover (at least partially) their assets and thus continue their activities without too much impact on their cash-flows and liquidity.

**Component 2 - Efficiency in implementing the compulsory MTPL insurance law.**

The indicators will measure the government's efficiency in progressively introducing the compulsory domestic MTPL insurance law and its positive effects over the period 2019-2021 such as increased number of vehicles insured and increased volume of turnover for insurance companies, which in the long term will help the financing of the economy, reducing the road accident rate and the costs for the government for the treatment of victims of road accidents caused by uninsured vehicles. The exact wording and benchmarks of the indicators are subject to results of specific baseline studies and negotiations with the competent authorities.

**Component 3 - More efficient production systems in selected clusters.**

The indicators will measure more economic opportunities and benefits received by the clusters as a result of government actions, improved access for businesses in the cluster to a wide range of factors related to the business enabling environment and production inputs, and the creation of partnerships with the industry. This may include the setting-up of a structure within each cluster able to address coordination, market failures and bureaucracy bottlenecks and able to identify economic opportunities; improved access to a series of inputs (finance, labour, markets, technology know-how, etc.) thanks to actions by the government; a proper governance structure for GITA able to connect businesses and create partnerships with industry and improved industry access to capital, access to skilled labour, technical knowhow, availability of local and international technology partners. The exact wording and benchmarks of the indicators are subject to results of specific baseline studies and negotiations with the competent authorities.

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 on European and Euro-Atlantic Integration may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

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

**2.1.3 *Budget support details***

Both fixed and variable tranches are to be used in an approximate ratio of 20/80.

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.



## **2.2 Implementation modalities for complementary support to budget support and other support**

### *2.2.1 Grants: calls for proposals for twinning project for the implementation of part of Component 2 and part of Component 3 (direct management)*

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

The twinning calls for proposals modality will be used to conclude up to three grants for actions supporting the following priority areas, in line with the objectives, results and activities described in sections 1.1 and 1.2.

#### **- Connected to budget support:**

Under Component 2, Result 2.4 – A twinning on insurance supervision will strengthen the institutional capacity of ISSSG to implement laws and regulations related to insurance supervision in view of approximation with the EU *acquis*.

#### **- Not connected to budget support:**

Under Component 2, Result 2.1 – capital market reform. a twinning will strengthen the institutional capacity of the NBG to implement laws and regulations in view of approximation with the EU *acquis* under the capital market development policy area.

Under Component 3, Result 3.4 – digitalisation of public services with increased access to e-services for businesses under the one-stop shop principle. Discussions are on-going on a possible twinning project with the Data Exchange Agency or with Enterprise Georgia/Produce in Georgia or with responsible agencies in the development of the e-services system.

#### **(b) Eligibility conditions**

In line with Article 4(10)(b) of Regulation (EU) No 236/2014, participation in twinning calls for proposals is limited to public administrations of the EU Member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies entrusted with a public service mission under their control provided they act for the account and under the responsibility of that Member State.

#### **(c) Essential selection and award criteria**

The essential selection criterion is the operational capacity of the applicant.

The essential award criteria are the technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

#### **(d) Maximum rate of co-financing**

The rate of co-financing for Twinning grant contracts is 100%<sup>1</sup>.

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

#### **(e) Indicative timing to launch the call**

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<sup>1</sup> As provided for in the Twinning Manual.



3<sup>rd</sup> quarter 2018.

(f) Use of lump sums/flat rates/unit costs

Twinning contracts include a system of unit costs and flat rate financing, defined in the Twinning Manual, for the reimbursement of the public sector expertise provided by the selected Member State(s) administration(s). The use of this system of unit costs and flat rate financing, which exceeds the amount of EUR 60 000 per beneficiary of a twinning contract, is authorised through Commission Decision C(2017)1122.

*2.2.2 Direct award to the World Bank Group for the implementation of part of Component 2*

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

Connected to budget support: Under Component 2 this implementation entails improving the insurance sector, namely supporting reforms aimed at introducing a mandatory MTPL insurance law and on strengthening the legal and supervision capacities of ISSSG. As a result, the insurance market will be expanded, compulsory insurance products will be put into practice and the insurance regulatory and supervision frameworks will be more robust.

Not connected to budget support: Under Component 2 this implementation entails enhancing capital market development including the framework for investment funds, improving responsible financial inclusion and financial information in order to ease access to finance. As a result, the support would bring strengthened capacities of the NBG and SARAS and other key stakeholders of the financial sector, improved access to finance for business and especially SMEs, improved financial inclusion and financial education, improved knowledge and use of alternative financial products, improved protection of the consumers of financial products, improved quality and standards of corporate financial reports, and enhancement of professions in the financial area.

(b) Justification of a direct grant

Under the responsibility of the Commission's relevant authorising officer, this grant may be awarded without a call for proposals. The recourse to an award of a grant without a call for proposals is justified because in accordance with Article 195 (f) of Financial Regulation, the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power.

Under the responsibility of the Commission's relevant authorising officer, the direct award to World Bank Group is foreseen. The direct award is justified because the World Bank has the necessary organisational, human and management capacities as well as a solid experience of financial sector reform in Georgia as well as in the development and implementation of innovative eco-systems. The World Bank has a well-established policy dialogue (including a DPO - Development Policy Operation) with the Georgian authorities and key national stakeholders in the financial system such as the MoESD, the MoF and newly established agencies under the MoF, the NBG, and the ISSSG.

In the financial area the World Bank is successfully implementing the EU-funded multi-country project STAREP. The EU action will complement this on-going project as well as the FIRST World Bank project. Through the on-going GENIE project strong relationships were built with GITA and other relevant stakeholders, including municipalities and academia. The EU action will add extra activities to this running project, by further supporting the growth of existing incubators, facilitating the creation of new ones in Georgian regions and by boosting real exchanges between similar models in the EU and Georgia.



The actions will be implemented under the bank-executed Trust Fund "Europe 2020".

If negotiations with the World Bank Group fail, this action may be implemented in direct management in accordance with the following modalities:

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Alternative to 2.2.2 - direct award to WBG	services	up to 3	3 <sup>rd</sup> quarter 2019

#### 2.2.3 Procurement (direct management)

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Consultancy services	services	1	3 <sup>rd</sup> trimester 2019
Communication and visibility	services	1	2 <sup>nd</sup> trimester 2018
Evaluation and audit	services	4	3 <sup>rd</sup> quarter 2018 4 <sup>th</sup> quarter 2020 2 <sup>nd</sup> quarter 2023

#### 2.2.4 Indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), for the implementation of part of Component 1 (connected to Budget Support)

A part of this action may be implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

This implementation entails support in achieving major objectives of Component 1, i.e. ensuring fairer and faster litigations for businesses through streamlining judicial proceedings (Result R.1.1.1), implementation of the new company law (Result R.1.1.3), strengthening rehabilitation-oriented insolvency proceedings (Result R.1.1.4), and enhancing enforcement of judicial decisions (Result R.1.1.5). The action will accompany the achievement of the two sets of the budget support indicators set for insolvency and enforcement proceedings.

This implementation is justified because GIZ possesses high and specialized technical and managerial capacity, extensive experience in developing civil, administrative and commercial legal frameworks in Georgia and high reputation and engagement with the beneficiary institutions, gained significantly through its long term programme entitled "Legal approximation towards European standards in the South Caucasus", a part of which has been supported by the European Union under a project entitled "Support to the Development of Private and Administrative Law System in Georgia".

The entrusted entity would carry out the following budget-implementation tasks: grants, procurement and/or hiring external experts.

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If negotiations with GIZ fail, that part of this action may be implemented in indirect management with UNDP (or, as the case may be, in direct management in accordance with the implementation modalities foreseen in section 2.2.10 for the procurement of services).

The implementation by this alternative entrusted entity is justified by the reasons mentioned under section 2.2.5 and because UNDP further possess sufficient experience and engagement with the authorities to implement successfully the results referred to under the present section.

#### *2.2.5 Indirect management with United Nations Development Programme (UNDP) for the implementation of part of Component 1 (not connected to Budget Support)*

A part of this action may be implemented in indirect management with UNDP in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

This implementation entails support in achieving the major objectives of Component 1, i.e. ensuring fairer and faster litigations for businesses through streamlining judicial proceedings, and specifically through training of lawyers for commercial disputes and monitoring of court proceedings in business cases (Result R.1.1.1.) and enhancing the use and quality of arbitration and mediation (Result R.1.1.2.).

This implementation is justified because UNDP possesses high and specialized technical and managerial capacity, extensive experience in developing the quality and availability of legal services, arbitration and mediation in Georgia and high reputation and engagement with the beneficiary institutions, gained also through the EU supported project with UNDP on access to justice implemented in 2016-2018.

The entrusted entity would carry out the following budget-implementation tasks: grants, procurement and/or hiring external experts.

If negotiations with UNDP fail, that part of this action may be implemented in indirect management with GIZ (or, as the case may be, in direct management in accordance with the implementation modalities foreseen in section 2.2.10 for the procurement of services).

The implementation by this alternative entrusted entity is justified by the reasons mentioned under section 2.2.4 and because GIZ further possess sufficient experience and engagement with the authorities to implement successfully the results referred to under the present section.

#### *2.2.6 Indirect management with the World Bank Group for the implementation of part of Component 3*

A part of this action may be implemented in indirect management with the World Bank Group in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

The actions related to Component 3 under the hybrid Trust Fund "EC-World Bank Partnership on Europe and Central Asia" (EEPP). The World Bank will implement actions to accompany the budget support operation.

Under Component 3 this implementation entails enhancing the use of innovation and technology transfers for gradually supporting business incubation and increasing investment readiness of start-ups. The expected results are strengthened capacities of GITA, enhanced access to innovation and technologies for start-ups, stronger relationships between EU and Georgian business incubators, further acceleration in the dissemination and use of innovation in regions, stronger links with the private sector, more efficient use of matching/collaborative grants for start-ups.



The entrusted entity would carry out the following budget-implementation tasks: grants, procurement and/or hiring external experts.

If negotiations with the World Bank fail:

- that part of this action related to Component 3 may be implemented in direct management in accordance with the implementation modalities identified in section 2.2.10 through (i) a direct grant to GITA as the Legal Entity of Public Law mandated with innovation policy; (ii) combined with a call for proposal.

#### *2.2.7 Indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) for the implementation of part of the Component 3 (connected to Budget Support)*

A part of this action may be implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

This implementation entails improving the business and economic environment; stimulating business development in selected value chains and regions; improving the competitiveness of the private sector at large (mainly R3.1 and R3.2 under Component 3).

The specific fields of intervention are SMEs and clustering development in construction materials and tourism area. This latter one will complement the support to mountain tourism to be provided under the implementation modality specified in section 2.2.8. Apparel might be another eligible cluster to be developed in connection with creative industries. Green economy, energy efficiency, environmental safeguard and gender equality are horizontal aspects that will be considered during the implementation.

The expected results are strengthened capacities and coordination efforts in SME development and clustering policy at all levels; development of regional sector associations; increased efficiency and productivity of economic sectors; business integration; improved quality and labour standards; and new jobs created.

This implementation is justified because GIZ possesses in-house resources and capabilities to perform cluster development. GIZ has the necessary organisational, human capacity and a long standing experience in the implementation of projects for the sustainable economic development in Georgia and in the Eastern Partnership region, primarily focused on private sector development. The current GIZ Programme Private Sector Development and Technical Vocational Education and Training South Caucasus (PSDTVT) builds on a track record of successful activities, such as the establishment of a Qveri Wine Cluster. In addition, the on-going EU funded project "SME Development and DCFTA" promotes enterprise development via clusters and business networks, while supporting Georgian institutions at policy level. GIZ is very familiar with the country context; closely cooperates with the authorities and efficiently interacts with the Delegation of the EU to Georgia.

Key interlocutors of this implementation would be the MoESD and other line ministries involved in economic and sector policy development and implementation.

The entrusted entity would carry out the following budget-implementation tasks: grants, procurement and hiring of external experts.

If negotiations with GIZ fail, that part of the action may be implemented (i) in indirect management with UNDP (or, as the case may be, in direct management in accordance with

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the implementation modalities foreseen in section 2.2.10 for the procurement of services); (ii) combined with a call for proposal grants in accordance with the implementation modalities identified in section 2.2.10.

The implementation by this alternative entrusted entity is justified by the reasons mentioned under section 2.2.9 and because UNDP further possesses sufficient experience and engagement with the authorities to implement successfully the results referred to under the present section.

#### *2.2.8 Indirect management with the Austrian Development Agency (ADA) for the implementation of part of the Component 3 (connected to Budget Support)*

A part of this action may be implemented in indirect management with the Austrian Development Agency (ADA) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

This implementation entails improving the business and economic environment; stimulating economic development in selected value chains and regions; improving the competitiveness of the private sector in agriculture and tourism (mainly R3.1 and R3.2 under Component 3). The specific fields of intervention are clustering development in organic/bio agri-food processing, in combination with tourism (mountain and agro-tourism). Green economy, climate change considerations, environmental safeguard and gender equality are cross-cutting issues that will be considered during the implementation.

The expected results are strengthened capacities and coordination efforts in the clustering policy at all levels; clustering development in the selected clusters, including social integration for the poor and contribution to income generation.

This implementation is justified because ADA has experience in agriculture and regional development. It has well-established relationships with key national and regional stakeholders such as the MoESD, the Ministry of Agriculture (MoA), municipalities and the National Tourism Administration. Also, Austrian expertise supported the development of the Regional Development Strategy and Action Plans in six regions of Georgia for the period 2014-2021 and the preparation of the Strategy for the development of High Mountain Areas of Georgia. Supporting a sustainable tourism sector, combined with organic farming in selected Georgian regions would be an asset given this background and ADA's existing portfolio.

The MoESD, the MoA and other line ministries involved in agriculture and tourism economic would be the key interlocutors of this implementation.

The entrusted entities would carry out the following budget-implementation tasks: grants, procurement and hiring of external experts.

If negotiations with ADA fail, that part of the action may be implemented (i) in indirect management by GIZ and/or with UNDP (or, as the case may be, in direct management in accordance with the implementation modalities foreseen in section 2.2.10 for the procurement of services); (ii) combined with a call for proposal in accordance with the implementation modalities identified in section 2.2.10.

The implementation by these alternative entrusted entities is justified by the reasons mentioned under section 2.2.7 and/or 2.2.9 and because GIZ and UNDP further possess sufficient experience and engagement with the authorities to implement successfully the results referred to under the present section.



### *2.2.9 Indirect management with United Nations Development Programme (UNDP) for the implementation of part of Component 3 (connected to Budget Support)*

A part of this action may be implemented in indirect management with United Nations Development Programme (UNDP) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012.

This implementation entails supporting the private sector development through cluster mapping, capacity building of key institutions, cluster policy formulation, business support through selected value chains and business scaling-up, technology and innovation-related aspects (mainly R3.1, R3.2 and part of R3.3 of Component 3).

The priority fields of intervention are clustering development in packaging and seeds/seedlings. The action will contribute to facilitate access to markets, advance in productivity and diversity of Georgian farming, as well as to support quality infrastructure in packaging (labelling, green packaging, supply and recycling chain) and develop an appropriate certification scheme which is currently lacking in seeds. Seeds was identified as one of the bottlenecks for the development of Georgian agriculture and seeds certification is one of the priorities of the Strategy for Agriculture Development for 2015-2020

This implementation is justified because UNDP possesses the resources and capabilities to deliver the expected results in a systemic manner. UNDP has a significant experience in supporting private sector development and employment in Georgia for over a decade. This has included work on policy development and technical assistance, business support and support to cooperatives and women in business. UNDP has been implementing the first phase of the EU-funded ENPARD project in Ajara, where experience in encouraging the idea of cooperation was gained. UNDP is currently working with the Ministry of Agriculture on the implementation of the Rural Development Policy. Well-established relations exist with key institutional interlocutors. The MoESD, the MoA and other key institutions involved in economic and sector policy development and implementation will be the direct beneficiaries of the project.

UNDP will carry out the action together with United Nations Industrial Development Organisation (UNIDO), Food and Agriculture Organisation (FAO) and International Organisation for Migration (IOM):

- UNIDO, a specialised agency of the United Nations will primarily focus on the development of selected value chains.
- FAO has extensive competence in Georgia in agriculture and rural development, and its technical knowledge is particularly relevant for the development of the cluster and business acceleration on seeds.
- IOM will foster the link between migration and economic, social and cultural development, promoting diaspora engagement through relevant institutions support to facilitate investments and networking.

This partnership among UN agencies will ensure an integrated approach based on UNDP competences in Georgia tied with the technical expertise of UNIDO and FAO, and of IOM experience on diaspora inclusion.

The entrusted entity(ies) entity would carry out the following budget-implementation tasks: grants, procurement and hiring of external experts. It is envisaged to conclude a co-delegation agreement.

If negotiations with UNDP fail, that part of this action may be implemented (i) in indirect management by GIZ and/or ADA for respective actions (or as the case may be in direct management in accordance with the implementation modalities foreseen in section 2.2.10 for the procurement of services); (ii) combined with a call for proposal in accordance with the implementation modalities identified in section 2.2.10.2.

The implementation by these alternative entrusted entities is justified by the reasons mentioned under section 2.2.7 and 2.2.8 and because GIZ and ADA further possess sufficient experience and engagement with the authorities to implement successfully the results referred to under the present section.

#### *2.2.10 Changes from indirect to direct management mode due to exceptional circumstances*

The change of management mode from indirect to direct management, whether partially or entirely is not considered a substantial change.

The indirect management can be replaced by the direct management in the following cases: failure of negotiations with the entrusted entity(ies) followed by failure of negotiations with the alternative entrusted entity(ies).

##### 2.2.10.1 Procurement (direct management)

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Alternative to 2.2.4 - indirect management with GIZ 2.2.5 - indirect management with UNDP 2.2.7 – (part of) indirect management with GIZ 2.2.8 – (part of) indirect management with ADA 2.2.9 – (part of) indirect management with UNDP	services	Up to 10	In the course of 2019 and 2020

##### 2.2.10.2 Grants: calls for proposals (direct management)

The calls for proposals modality may be used as an alternative to:

- part of the activities to be implemented by the World Bank Group as provided for in section 2.2.6
- part of the activities to be implemented by GIZ, ADA and UNDP as provided for in sections 2.2.7, 2.2.8 and 2.2.9 respectively

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

- Objectives: improved socio-economic development in Georgia and its regions.
- Fields of intervention: SME development, cluster support in selected economic sectors, innovation policy.



- Expected results and eligible actions: strengthened capacities of policy makers in business and clusters development; business integration; enhanced use of innovation and technology transfers for gradually supporting business incubation/acceleration.

(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 entities acting alone or in partnership. The indicative duration of the grant is up to 48 months.

(c) Essential selection and award criteria

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

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

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 95%.

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

4th trimester of 2018.

### 2.2.10.3 Grants: direct award (direct management)

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

The direct award modality may be used as an alternative to part of the activities to be implemented by GIZ, ADA and UNDP as provided for in sections 2.2.7, 2.2.8 and 2.2.9 respectively.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Georgian Innovation and Technology Agency (GITA), Georgian legal entity of public law.

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 in accordance with Article 190 (1) (f) of Commission Delegated Regulation (EU) No. 1268/2012, the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. GITA was established in 2014 by the Georgian government to support and coordinate the innovative ecosystem. GITA elaborated inter alia the draft law on innovation adopted in June 2016. Since its set-up GITA also gained specialised experience through several grants and projects for technology innovation,

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including for the launched establishment of tech parks, incubators, accelerators, innovation laboratories and pilot university-based fabrication laboratories (FabLab), but also in relation to broadband internet connectivity. GITA is also planned to partner with the Georgian National Academy of Sciences to establish a bio-technology centre that will help Georgia realise its market potential in innovative applications of indigenous bacteria, enzymes and phages. GITA is also member of the Enterprise Europe Network (EEN).

(c) Essential selection and award criteria

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

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

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 95%.

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 conclusion of the direct grant

During the course of 2019.

### 2.3 Scope of geographical eligibility for procurement and grants

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

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

### 2.4 Indicative budget

	EU contribution (in EUR)	Indicative third party contribution (in EUR)
Budget Support - Sector Reform Contract	21 250 000	
2.2.1 - Grants: call for proposals for up to 3 twinning grants	3 200 000	
2.2.2 Direct award to the World Bank Group for the	4 500 000	

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implementation of part of Component 2		
2.2.3 - Procurement (direct management)	100 000	
2.2.4 - Indirect management with GIZ for the implementation of part of Component 1	1 300 000	
2.2.5 - Indirect management with UNDP for the implementation of part of Component 1	800 000	
2.2.6 – Indirect management with the World Bank Group for the implementation of part of Component 3	2 700 000	
2.2.7 - Indirect management with GIZ for the implementation of part of Component 3	5 300 000	
2.2.8 Indirect management with ADA for the implementation of part of Component 3	3 000 000	3 800 000
2.2.9 - Indirect management with UNDP for the implementation of part of Component 3	5 000 000	
2.7 – Evaluation 2.8 - Audit	300 000	N.A.
2.9– Communication and visibility	200 000	N.A.
Totals	<b>47 650 000</b>	3 800 000

## 2.5 Organisational set-up and responsibilities

This action will be managed by the European Commission through the EU Delegation to Georgia. Effective leadership and ownership of the government over the programme are key to efficiency, efficacy and sustainability of the results. In this sense, all initiatives will be conducted with the support and engagement of the authorities, the civil society and the private sector and ensuring that Georgian strategies and policies will be well-coordinated.

The programme will be governed by a steering committee, which will oversee and guide the overall direction and policy of the programme. It will assess progress in the implementation of the action and decide if any modifications are needed. It shall meet indicatively twice a year and can be convened whenever the project implementation requires strategic decisions. Separate sessions may be organised for different components. The project steering committee shall be chaired by the Ministry of Economy and Sustainable Development or the Ministry of Justice, as the case may be, and made up indicatively of representatives of the following entities:

- Ministry of Economy and Sustainable Development (MoESD)
- Ministry of Finance (MoF)
- Ministry of Agriculture (MoA)
- Ministry of Justice (MoJ)
- National Bank of Georgia (NBG)

- Insurance State Supervision Service of Georgia (ISSSG)
- Service for Accounting, reporting and Auditing Supervision (SARAS)
- Enterprise Georgia (Produce in Georgia)
- Georgian Innovation and Technology Agency (GITA)
- EU Delegation

Indicatively other agencies may participate such as the Enforcement Bureau, the Data Exchange Agency, the National Tourism Administration (NTA) and the Georgian Statistics Office (Geostat).

The steering committee will invite further members of any of the stakeholders whenever deemed appropriate.

## **2.6 Performance monitoring and reporting**

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 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 nature of the action, a mid-term, final and/or ex-post evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation would be carried out for problem solving, learning purposes, in particular with respect to the gathering of information, review of the indicative log-frame and assessing the project's implementation progress towards the objectives.

A final or ex-post evaluation may be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the impact and sustainability of the programme.

The Commission shall inform the implementing partner at least 15 days 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.

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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.

Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract during the second year (mid-term evaluation – 4<sup>th</sup> quarter of 2020) and the fifth year (final evaluation – 2<sup>nd</sup> quarter of 2023) of the implementation of the action. Additionally one contract for budget support external review missions shall be concluded under a framework contract during the implementation of the Programme (3<sup>rd</sup> quarter of 2018).

## **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.

Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

Indicatively, one contract for audit services shall be concluded under a framework contract during the fifth year of implementation of the Programme (2<sup>nd</sup> quarter of 2023).

## **2.9 Communication and visibility**

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 2.2.2 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 shall be included in the financing agreements or delegation agreements.

With regards to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this action. Visibility actions should also promote transparency and accountability on the use of funds.

Outreaching/awareness raising activities will play a crucial part in the implementation of the action, in the case of budget support the national government shall ensure that the visibility of the EU contribution is given appropriate media coverage. The implementation of the communication activities shall be the responsibility of the implementing organisations, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the Commission (European Neighbourhood Policy and Enlargement Negotiations) will be strictly adhered to.

Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

It is the responsibility of the implementing organisation to keep the EU Delegations and, where relevant, DG NEAR, fully informed of the planning and implementation of the appropriate milestones specific visibility and communication activities.

The implementing organisation shall report on its visibility and communication actions, as well as the results of the overall action to the relevant monitoring committees.

This action will be communicated externally as part of a wider context of EU support to the country, and where relevant to the Eastern Partnership region in order to enhance the effectiveness of communication activities and to reduce fragmentation in the area of EU communication.

The implementing organisation shall coordinate all communication activities with EU Delegations as well as regional communication initiatives funded by the European Commission to the extent possible. All communication strategies developed as part of this action shall ensure they are in line with the priorities and objectives of regional communication initiatives supported by the European Commission and in line with the relevant EU Delegation's communication strategy under the "EU4Georgia" umbrella initiative.



## ANNEX: Intervention Logic Table

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 agreement. 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.

Overall objective: Impact	Intervention logic	Indicators			Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
		Promotion of inclusive and sustainable growth	Rate of economic growth				
			Unemployment rate				
			Wages				
			Trade				
					Baseline 2016 (estimated): 2.7% Baseline 2016: 11.8% Baseline Q4 2016 average monthly remuneration of employed persons in enterprises: 1 130 GEL Baseline 2016: 2 112 890 415 GEL	<i>Targets to be determined through policy dialogue</i>	GEOSTAT, GEOSTAT Business Statistics, NBG, WB, IMF reports,

Specific objective(s): Outcome(s)				
1. Trust of public (incl. business people) in courts	Increased level of trust of public (incl. business people) in courts	In 2017, 18% people trust, and another 45% people rather trust the courts country-wide (EU-funded survey with UNDP). 36% persons think that situation at courts improved (and 2% strongly improved) between 2012-2017.	In 2022, 25% people trust and another 50% rather trust the courts. 45% people think that the situation at courts improved between 2017-2022.	Surveys of public opinion and perception
2. Increased confidence and trust in the financial sector	More effective operation and use of financial services  Increased savings into the economy  Increased credit to the private sector	Global Competitiveness Index (8th pillar on <b>Financial market development</b> ). Baseline: 58/138 (2016).  Gross national savings in % of GDP. Baseline 2013: 18.9%  Credit to private sector/GDP. Baseline 2015: 48%.	In 2022 to reach 52/138.  In 2022 at least 22% of savings  In 2022 60%.	WEF Global Competitiveness Report, Financial System Stability Assessment (savings indicators), IMF and NBS reports  EBRD Transition Report, NBS reports
3. Business environment meeting market demands	Adjustment of economic policies in favour of competitiveness and business reforms	WEF Global Competitiveness Indicator. Baseline: 59/138 (2016)  Improvement in at least 6 sub-indicators of the Ease of Doing Business indicator. Baseline 2016: 1. Starting a business 8 2. Construction permits 8 3. Getting electricity 39 4. Registering property 3 5. Getting credit 7 6. Protection minority investors 7 7. Paying taxes 22 8. Trading across border 54 9. Enforcement contracts 16 10. Resolving insolvency 106	In 2022 to reach 54/138.	WB Ease of Doing Business, WEF Global Competitiveness Report, WEF publications, MoESD reports, etc.

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Induced outputs	COMPONENT 1 Faster and fairer litigations in commercial matters		TBD based on judiciary statistics	TBD based on judiciary statistics	Analytical studies commissioned by EU
	Decreased average total duration of court proceedings (concluded by issuance of a final/enforceable decision) in disputes involving businesses/entrepreneurs with a total value of more than EUR 10 000 (in equivalent amount in GEL determined in the final decision), as possibly cleared by a 5% margin respectively in extreme cases in both directions (extremely short/extremely lengthy proceedings).		TBD based on upcoming baseline study commissioned by EU	TBD based on upcoming baseline study commissioned by EU	
	Decreased average duration and increased recovery rate/rehabilitation in insolvency cases		TBD based on ongoing baseline study commissioned by EU	TBD based on ongoing baseline study commissioned by EU	
	Decreased average duration of enforcement of judicial decisions in disputes involving businesses/entrepreneurs with a value of more than EUR 5 000 (in equivalent amount in GEL determined in the final decision), as possibly cleared by a 5% margin respectively in extreme cases in both directions (extremely short/extremely lengthy proceedings).			400 in-court mediations between 2017 – 2021	
	Increased use of mediation		<100 in-court mediations between 2014 – 2016	20 business-to-business or other than microcredit arbitrations between 2017- 2021	
	Increased use of arbitration		On average 3 000 applications submitted for court endorsement in 2015-2016 in mostly micro-credit disputes; <10 business-to-business arbitrations until 2016		

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Direct outputs	Streamlined judicial proceedings	Revised procedural legislation, regulations and practice, expert advice provided to specialisation of judges or chambers, capacities of lawyers and judges enhanced.	Situation described in the current institutional, project and other reports	Situation described in the institutional, project and other reports in 2018-2022	Reports, minutes and other statistics and information
	<p>Increased use of mediation, arbitration and business ombudsmen</p> <p>New company law put well into practice</p> <p>Strengthened and rehabilitation-oriented insolvency proceedings</p> <p>More efficient enforcement of judicial decisions</p>	<p>Increased awareness and confidence in alternative dispute resolution mechanisms, implementation of the new mediation law ensured.</p> <p>The new company law and all related legislation adopted, awareness and knowledge raised.</p> <p>Expert advice provided to the new insolvency law, including possibly establishment and operationalisation of a chamber of private administrators, enhanced skills of professionals and business operators.</p> <p>Legislation and practice improved, capacities of public and private bailiffs improved.</p> <p>Expert advice provided to revise the legislation</p>			



COMPONENT 2					
Induced outputs	Modernised financial infrastructure	Increased financial services meeting business needs	Global Competitiveness Index (Sub-indicator 8.01 <i>Financial services meeting business needs</i> ). Baseline: 79/138 (2016).	At least 75 in 2022.	WEF Global Competitiveness Report, EBRD reports, banks reports
		Increased affordability of financial services	Global Competitiveness Index (Sub-indicator 8.01 <i>Affordability of financial services</i> ). Baseline: 82/138 (2016).	At least 79 in 2022.	
		Eased access to loans	Global Competitiveness Index (Sub-indicator 8.04 <i>Ease of access to loans</i> ). Baseline: 52/138 (2016).	At least 48 in 2022.	

Direct outputs					
Capital market development	Responsible financial inclusion and alternative financing	Lowered transaction costs	TBD	TBD	TBD
		Increased portfolio of government securities/GDP	Baseline 2016: 5.1%	In 2022: 9%	
		Share of non-resident investors in the portfolio of government securities	Baseline 2016: 3%	In 2022: 15%	
		Increased financial literacy	Number of NPLs. Baseline: 3.7% in 2016.	In 2022: TBD	
		Increased value of movable collaterals used as credit guarantee by commercial banks	TBD	TBD	
Better financial information		Diversification of financial instruments	TBD	TBD	
		Improved quality of financial statements	TBD	TBD	
		Increased number of loans to SMEs due to improved quality	TBD	TBD	
Enhanced insurance system		Increased number of insured domestic vehicles	TBD	> 35% of domestic vehicles is insured by the end of 2022	
		Increased turnover of insurance companies	TBD	TBD	



Component 3				
Greater business sophistication				
Business sophistication has increased.				
Induced outputs	R&D and innovation has increased	Baseline 2016: Local supplier quantity: 132 Local supplier quality: 116 State of cluster development: 122 Nature of competitive advantage: 60 Value chain breadth: 75 Control of international distribution: 86 Production process sophistication: 95 Extent of marketing: 77 Willingness to delegate authority: 117	By 2022 at least 6 out of the 9 sub-indicators of the Global Competitiveness Index 11 <sup>th</sup> pillar on business sophistication have increased.	WEF Global Competitiveness Report, WEF publications, Business surveys
		Increased number of businesses making use of services provided by Business House (on-line and/or on-site)	Baseline 2016: Capacity for innovation: 105 Quality of scientific research institution: 118, Company spending on R&D: 123 University-industry collaboration in R&D: 119 Government procurement of advanced technology products: 84 Availability of scientists and engineers: 115 PCT patent applications: 59	By 2022 at least 4 out of the 7 sub-indicators of the Global Competitiveness Index 12 <sup>th</sup> pillar on R&D and innovation have increased
		TBD	TBD	

Direct Outputs				
<p>Strengthened policy framework to facilitate the development of SME, clusters and incubators</p> <p>Development and functioning of the clustering approach in at least 5 pilot sectors in Georgian regions (such as construction materials, packaging, apparel, creative industry, tourism, organic farming, seeds/seedlings)</p> <p>Development and functioning of pilot (EU-labelled) business accelerator/incubator, serving target regions and sectors</p> <p>Improved delivery and quality of public services to businesses</p>	<p>Institutional framework: Increased quality of (i) government services and regulations, (ii) tax administration procedures, (iii) assistance with the implementation of EU standards</p>	TBD	TBD	Business surveys
	<p>Increased productivity (% turnover per employee) in agriculture</p>	<p>GEOSTAT data on turnover by sector and number of employees (<i>baseline TBD</i>)</p>	TBD	GEOSTAT
	<p>Increased productivity (% turnover per employee) in industry (including manufacturing and constructions)</p>			
	<p>Increased productivity (% turnover per employee) in services</p>			
	<p>Increased cluster performance</p>	<p>Cluster performance as measured by the Business Enabling Environment (BEE) index – to be introduced through the budget support (<i>baseline TBD</i>)</p>	TBD	Business surveys, Reports from the Chamber of Commerce and other business associations
	<p>Increased number of companies connected into a cluster</p>	TBD	TBD	
	<p>Spill-over effects in the economy</p>	TBD	TBD	
	<p>Increased number of services and products brought by innovative Georgian start-ups to the market</p>	TBD	TBD	
	<p>Facilitation of introduction of new technologies (technology transfers)</p>	TBD	TBD	
	<p>Reduced time-cost for at least 5 services for businesses, due to the use of the one-stop shop</p>	TBD	TBD	



### 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 EU's contribution to economic development in Georgia to the programme's target beneficiaries and other stakeholders;
- to show the positive impact of the EU's contribution to economic development to the wider Georgian public;
- to promote EU4Georgia/EU4Business brand in all communication activities of the current and previous actions supported by the European Union in this sector.

#### 2. Visibility Guidelines

- All activities should be in line with Communication and Visibility Requirements for EU External Actions<sup>1</sup> as well as with the EU's Supplementary Visibility Guidelines for Georgia<sup>2</sup>;
- All visibility activities related to the programme should be consulted and agreed with the EU before proceeding.

#### 3. Specific Visibility measures for the Programme

The partners agree to the following visibility actions in the course of the programme implementation:

- Development of a general communication plan for the programme;
- A high level event dedicated to the start of the programme;
- Specific visibility events for the launch and completion of every complementary measure; launch events will be conducted throughout 2019 and 2020 while the closing events will take place respectively after the completion of the complementary measures;
- Success stories developed for significant achievements under the specific complementary measures and the main programme;
- A high-level final summarising event at the end of the programme.

#### 4. Specific Visibility measures for Budget Support Component

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.

Linked to this, all reports mentioned in the programme indicators will visibly reflect EU support.

In addition, the following measures will be implemented for the budget support component to inform target beneficiaries and stakeholders on the progress and benefits of government reforms with the support of the European Union (dates are indicative):

- Annual public communication campaigns in 2019 – 2022 will be conducted targetting the following themes and highlighting:
  - a) *EU support to SMEs*
  - b) *Clusters and business sophistication*
  - c) *Innovative start-ups and innovation ecosystem*
  - d) *Doing Business in Georgia* and the EU's support to improving litigation in commercial matters, and

<sup>1</sup> <https://ec.europa.eu/europeaid/node/17974>

<sup>2</sup> <http://eu4georgia.ge/visibility/>

enhancing financial infrastructure and inclusion.

- An annual press release and communication on the progress of reforms covered by the programme highlighting the main results and using the evidence of achievements of performance indicators in 2019, 2020, 2021, 2022, 2023.

Costs for all measures in this annex will be covered under the communication allocation or as part of the funds of the complementary measures dedicated for visibility activities. Final design, timetable and phrasing of these elements will be agreed with the EU during implementation.

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# **FINANCING AGREEMENT SECTOR REFORM PERFORMANCE 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:

Economic and Business Development in Georgia  
ENI/2017/040-318

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 51 450 000 and the maximum EU contribution to this action is set at EUR 47 650 000.

This budget support action is composed of:

- (a) a budget support component with a maximum EU contribution of EUR 21 250 000.
- (b) a complementary support component with a total estimated cost of EUR 23 700 000 and a maximum EU contribution of EUR 19 900 000.

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

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The action is co-financed in joint co-financing by Austrian Development Agency (ADA) and Swedish International Development Cooperation Agency (Sida). The breakdown of this financial contribution is shown in Annex I (Technical and Administrative Provisions).

## **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 period is fixed at 60 months.
- 2.3. The duration of the closure period 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](mailto:delegation-georgia@eeas.europa.eu)

### **b) for the Partner**

Ministry of Economy and Sustainable Development, 2 Sanapiro Str., Tbilisi, 0114, Georgia

## **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: Head of European Integration and International Relations Division of the Department of Legal Affairs, Office of the Chief Prosecutor of Georgia; e-mail: [ichilingarashvili@pog.gov.ge](mailto:ichilingarashvili@pog.gov.ge).

## **Article 5 - Annexes**

- 5.1. This Financing Agreement is composed of:

(a) these Special Conditions;

(b) Annex I: Technical and Administrative Provisions, detailing the objectives, expected results, activities, description of the budget-implementation tasks entrusted and budget of this Action;

(c) Annex II: General Conditions;



(d) Annex III: Reporting Template - not applicable to and not included in this Financing Agreement

(e) Annex IV: Management Declaration Template - not applicable to and not included in this Financing Agreement

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

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

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

6.2 Articles 18, 19, 25.3, 25.4 and 25.5 of Annex II (General Conditions) 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 to the Partner.

For the Partner:

David Zalkaliani

Minister of Foreign Affairs

Signature



Date

20 NOV. 2018

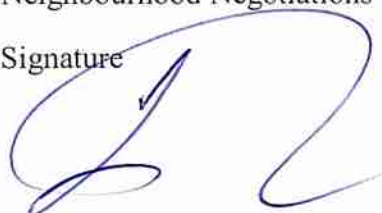
For the Commission:

Lawrence Meredith

Director Neighbourhood East

Directorate-General for Enlargement and  
Neighbourhood Negotiations

Signature



Date

19 NOV. 2018

August 2018

Financing Agreement ENI/2017/040-318-Special Conditions

## ANNEX II - GENERAL CONDITIONS

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## **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 procedures for the award of procurement contracts, grant contracts and contribution agreements as well as the awarding, signing and enforcing of the resulting procurement contracts, grant contracts and contribution agreements. For the purpose of Part One of this Financing Agreement, every reference to grant contracts shall also include contribution agreement and every reference to grant beneficiaries shall also include organisations having signed contribution agreements.

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, except when 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, 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

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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, non-discrimination, visibility of the European Union in the implementation of the action 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 direct or indirect personal interest.

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 Partner managed pool fund, 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 Partner managed 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.

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These communication and information measures shall comply with the Communications and Visibility Requirements 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 received<sup>1</sup>
- 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 received<sup>2</sup>
- c. Letters to successful and unsuccessful applicants following concept note evaluation
- d. Concept note evaluation report

<sup>1</sup> Elimination of unsuccessful bids five years after the closure of the procurement procedure

<sup>2</sup> Elimination of unsuccessful applications three years after the closure of the grant procedure.

Financing Agreement - Annex II - General Conditions

- 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
- i. Award/cancellation notice with proof of publication
- j. Signed contracts, amendments, riders and relevant correspondence.

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.

Personal data shall be:

- Processed lawfully, fairly and in a transparent manner in relation to the data subject;
- Collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes;
- Adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
- Accurate and, where necessary, kept up to date;
- Processed in a manner that ensures appropriate security of the personal data and
- Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed. Personal data included in documents to be kept by the Partner in accordance with Article 16.1 has to be deleted once the deadline set out in Article 16.1 has expired.

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 period 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 to this Financing Agreement which increases the EU contribution shall be signed at the latest within three years of the entry into force of that amendment to this Financing Agreement, or for a multi-donor Action within the fixed contracting deadline for the additional EU contribution.

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 period:

- 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 period;
- 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

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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 no EU financed procurement or grant contract is awarded to an economic operator or grant applicant if the economic operator or grant applicant either itself, or a person having powers of representation, decision making or control over it, is in one of the exclusion situations provided for in the relevant procedures and standard documents of the Commission.

3.1.2 When applying its own (including, in the case of a Partner managed 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 if the Partner becomes aware that these entities:

- a) or persons having powers of representation, decision making or control over them, have been the subject of a final judgement or of a final administrative decision for fraud, corruption, involvement in a criminal organisation, money laundering, terrorist-related offences, child labour or trafficking in human beings;
- b) or persons having powers of representation, decision making or control over them have been the subject of a final judgement or of a final administrative decision for an irregularity affecting the EU's financial interest;
- c) are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or if they fail to supply this information;
- d) have been the subject of a final judgment or of a final administrative decision establishing that the entities have created an entity under a different jurisdiction with the intention to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business;
- e) have been created with the intention described in point d) above as established by a final judgment or a final administrative decision.

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](mailto: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.

The Partner may be exempted from the obligations under the first paragraph 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 such cases, the Partner will notify its impediment to the Commission. The Commission may decide to impose to the economic operator or grant applicant 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 / Management Declaration**

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- 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 period 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:



## Financing Agreement - Annex II - General Conditions

- 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

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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.

#### **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 As regards 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 As regards the 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 Education support and direct financial support to natural persons most in need shall be published anonymously and in an accumulated manner by category of expenditure.

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 of an entity with which the Commission concluded a contribution 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 procurement and grant contracts**

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.



**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 period.
- 12.3. The Partner shall apply its national foreign exchange regulations in a nondiscriminatory manner to all disbursements of the budget support component.

#### **Article 13 - Transparency of budget support**

The 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 periods:

- an operational implementation period, in which the operational activities of the action are carried out. This period 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 period.
- a closure period, 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 period is stipulated in Article 2.3 of the Special Conditions. It starts after the end of the operational implementation period.

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 contribution 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 period; 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 period.

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 period or the closure period, 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, grant contracts and contribution agreements awarded by the Commission as contracting authority with the exception of the last subparagraph of Article 2.1.

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

- 16.1 The 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, organisations having signed contribution agreements 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, grant contract or contribution agreement, the Partner shall entitle natural and legal persons participating in invitations to tender for works, supply or service contracts or calls for proposals and organisations expected to sign contribution agreements 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, grant beneficiaries, organisations having signed contribution agreements and 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, grants contracts and contribution agreements 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.

22.5 The Partner shall also comply with the obligations under Article 1.7 where the Commission provides personal data to the Partner, for example in the context of procedures and contracts managed by the Commission.

**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

## Financing Agreement - Annex II - General Conditions

obligation relating to respect for human rights, democratic principles and the rule of law, in serious cases of corruption or if the Partner is guilty of grave professional misconduct proven by any justified means. Grave professional misconduct is to be understood as any of the following:

- a violation of applicable laws or regulations or ethical standards of the profession to which a person or entity belongs, or
- any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.

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, contribution 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 operational implementation period, or the termination of this Financing Agreement in accordance with Article 27.
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**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, contribution agreements 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. 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.

### 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 EU's contribution to economic development in Georgia to the programme's target beneficiaries and other stakeholders;
- to show the positive impact of the EU's contribution to economic development to the wider Georgian public;
- to promote EU4Georgia/EU4Business brand in all communication activities of the current and previous actions supported by the European Union in this sector.

#### 2. Visibility Guidelines

- All activities should be in line with Communication and Visibility Requirements for EU External Actions<sup>1</sup> as well as with the EU's Supplementary Visibility Guidelines for Georgia<sup>2</sup>;
- All visibility activities related to the programme should be consulted and agreed with the EU before proceeding.

#### 3. Specific Visibility measures for the Programme

The partners agree to the following visibility actions in the course of the programme implementation:

- Development of a general communication plan for the programme;
- A high level event dedicated to the start of the programme;
- Specific visibility events for the launch and completion of every complementary measure; launch events will be conducted throughout 2019 and 2020 while the closing events will take place respectively after the completion of the complementary measures;
- Success stories developed for significant achievements under the specific complementary measures and the main programme;
- A high-level final summarising event at the end of the programme.

#### 4. Specific Visibility measures for Budget Support Component

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.

Linked to this, all reports mentioned in the programme indicators will visibly reflect EU support.

In addition, the following measures will be implemented for the budget support component to inform target beneficiaries and stakeholders on the progress and benefits of government reforms with the support of the European Union (dates are indicative):

- Annual public communication campaigns in 2019 – 2022 will be conducted targetting the following themes and highlighting:
  - a) *EU support to SMEs*
  - b) *Clusters and business sophistication*
  - c) *Innovative start-ups and innovation ecosystem*
  - d) *Doing Business in Georgia* and the EU's support to improving litigation in commercial matters, and

<sup>1</sup> <https://ec.europa.eu/europeaid/node/17974>

<sup>2</sup> <http://eu4georgia.ge/visibility/>



enhancing financial infrastructure and inclusion.

- An annual press release and communication on the progress of reforms covered by the programme highlighting the main results and using the evidence of achievements of performance indicators in 2019, 2020, 2021, 2022, 2023.

Costs for all measures in this annex will be covered under the communication allocation or as part of the funds of the complementary measures dedicated for visibility activities. Final design, timetable and phrasing of these elements will be agreed with the EU during implementation.

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## APPENDIX 1: PERFORMANCE INDICATORS OF THE VARIABLE TRANCHES

The performance indicators to be used for the disbursement of variable tranches are described hereafter. They will apply for the duration of the programme. However, in duly justified circumstances, the Government of Georgia may submit a request to the Commission for the indicators or targets to be changed. The changes may be authorised by exchange of letters between the two parties.

Indicator 1.1	Availability of information on labour market developments for policy evidence
Policy	<i>State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on LMIS 2014; SME Development Strategy of Georgia 2016-2020</i>
Objective	<i>State Strategy on the Formation of Labour Market Action Plan 2015-2018: 4.5-4.11 (Drafting methods for anticipation, Studying demand on the labour market, Developing LMIS concept and action plan, Institutionalising LM demand study, Conducting quantitative and qualitative sectoral studies, Set-up and development of the LMIS through special studies) Government Resolution on LMIS 2014: Indicator 1.1 A central unit collects, analyses and disseminates LM-related information; Result 4.2 Institutionalisation of labour market surveys SME Development Strategy Action Plan 2016-2017: 3.1 Identification of LM needs for SMEs and development of relevant employment programmes; and 3.2 Training Needs Assessment for SME sector in Georgia;</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result: 1.1 Operational skills anticipation system based on regular national/sectoral and regional skills needs analyses
Department	Ministry of Economy and Sustainable Development of Georgia (MoESD)
Indicator type	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoIDPLHSA)
Measurement unit,	Qualitative process/output indicator
Calculation method	Availability of the labour market analysis, published in the form of a report which is easily understandable by the general population, on the LMIS website ( <a href="http://www.lmis.gov.ge">www.lmis.gov.ge</a> ) Analysis of the labour market, published in the form of a report that is easily understandable by the general population, on the LMIS website ( <a href="http://www.lmis.gov.ge">www.lmis.gov.ge</a> ). The analysis is based on the same logic as the first prototype report produced in 2017 to provide updated information on the Georgian labour market in correlation with different trends. However, it will go beyond presenting numbers and statistics and interpret existing information on labour demand and supply at national level for policy-makers, employers, jobseekers, students and parents in an easily understandable manner. <b>Full achievement of the target</b> will incorporate the following new elements: a) Analysis of job vacancies provided by the public employment agency ( <a href="http://www.worknet.gov.ge">www.worknet.gov.ge</a> )



	<p>b) Analysis of job vacancies provided by at least one private employment agency</p> <p>c) Analysis of skills needs of employers collected from the Establishment Skills Survey of 2017</p> <p>d) Analysis of employment and unemployment trends at the national level by sectors</p> <p>e) Inclusion of additional survey results available at the moment of analysis (e.g. tracer studies of VET graduates, Vacancy Monitors).</p> <p><b>Partial achievement of the target</b> will include at least three of the five elements listed above.</p> <p>After the completion of the analysis, it will be discussed and shared with the members of the Interagency Coordination Group on the LMIS that is led by the MoESD (or any successor group) and published afterwards on the LMIS website. The analysis provides key conclusions, identification of key challenges and includes recommendations for possible options to overcome these challenges.</p>
Disaggregation	N/A
Data collection method	Verification on the LMIS Website in April 2020.
Measurement periodicity	Annual
Department responsible	Ministry of Economy and Sustainable Development (MoESD), Labour Market Analyses Division (LMAD), or, in the case of institutional redistribution of roles, the Ministry and Unit responsible for the national LMIS
Delivery date	A draft labour market analysis report is ready by the end of 2019. The final report is available and published by April 2020 on the LMIS website ( <a href="http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Handlers/GetFile.aspx">http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Handlers/GetFile.aspx</a> )
Limitations and bias	The final analysis may require some data and statistics that will be available in Q1 2020 and therefore the final report may not be finalised before April 2020.
Means of interpretation	The analysis will contribute to the national skills anticipation system and better employability
Change in methodology	N/A
Baseline	Prototype of report on 2017: published in 2017 on the LMIS website ( <a href="http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Handlers/GetFile.aspx?Type=Content&amp;ID=b0c44289-6d97-44a7-b59a-336ca9b885c7">http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Handlers/GetFile.aspx?Type=Content&amp;ID=b0c44289-6d97-44a7-b59a-336ca9b885c7</a> ), but this will be a new, improved type by exceeding the prototype.
Targets	Labour market developments are analysed for policy evidence (2019)
Comments	When the LMIS unit was first created within the MoHLSA, this unit produced a first ever labour market analysis report in 2015: "Reforms of Labour Market and Vocational Education in Georgia". Another attempt to understand skill needs was the labour market demand survey outsourced by the MoIDPLHSA in 2015 (see the survey report at <a href="http://moh.gov.ge/uploads/files/oldMoh/01_GEO/Shromakvleva4.pdf">http://moh.gov.ge/uploads/files/oldMoh/01_GEO/Shromakvleva4.pdf</a> ). This was a pilot survey tailored to reveal employment by economic sectors and in geographic territories, to identify labour shortages as well as other labour market indicators, and it was not a regular practice. The research covered 240 (in the qualitative component) and 6000



	<p>companies (in the quantitative component) which were identified through a nationally representative stratified random sample. Until the departure of the LMIS function from the MoHLSA there has not been a direct follow-up, also due to the fact that the survey design and field work were externalised and outsourced and the staff of the MoIDPLHSA were not fully involved. Therefore, the survey implementation was not accompanied by capacity building, learning and experience for those who were responsible for the exercise.</p> <p>Since July 2017 the function of update, maintenance and further development of the LMIS was transferred from the MoIDPLHSA to the MoESD. The LMIS web portal was moved from MoIDPLHSA to MoESD on 18 August 2017 and is operational under the MoESD since that period. Although the current website is already impressive and includes a number of key elements, LMIS requires further developments and regular updating. The MoESD plans to analyse job vacancies by sectors and occupations through data received from private and public job portals (depending on data sharing). It has already repeated at the end of 2017 the second large scale Establishment Skills Survey, including 6000 companies in all localities of Georgia.</p>
Roadmap	<p>All the above-mentioned initiatives should feed the analysis of labour market developments and be included in the 'Labour Market Analysis - 2019' report. The new analysis will have to go beyond describing labour market statistics and use a wider variety of information sources for a holistic and integrated analysis as described above in the section target. Another dimension is the simple language of the report which could be easily understood by the general public (non-experts).</p> <p>The MoESD coordinates and chairs the Interagency Coordination Group meetings on the LMIS and share of data/information between the institutions. As the Coordination Group consists of representatives from all relevant Ministries, business associations or unions and trade unions, Coordination Group meetings should be used as platforms for discussing the results of the analyses and disseminating the findings of the report.</p> <p>Recommendations for relevant reading on LMIS: <a href="http://www.etf.europa.eu/web.nsf/pages/LMIS">http://www.etf.europa.eu/web.nsf/pages/LMIS</a>, or ETF-Cedefop-ILIO (2016), Using labour market information - Guide to anticipating and matching skills and jobs Vol. 1, available at: <a href="http://www.etf.europa.eu/web.nsf/pages/Vol_1_Using_labour_market_information">http://www.etf.europa.eu/web.nsf/pages/Vol_1_Using_labour_market_information</a></p> <p>The EU Programme on Public Administration Reform (PAR) will help improve policy planning and coordination capacity of the line ministries (MoESCS, MoESD, MoIDPLHSA) along with the other complementary measures of this programme.</p>

Indicator 1.2	Availability of sector specific future skills needs
Policy	State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on LMIS 2014; SME Development Strategy of Georgia 2016-2020
Objective	State Strategy on the Formation of Labour Market Action Plan 2015-2018: 4.5-4.11 (Drafting methods for anticipation, Studying demand on the labour market, Developing LMIS concept and action plan, Institutionalising LM demand study, Conducting quantitative and qualitative sectoral studies, Set-up and development of the LMIS through special studies)



	<i>Government Resolution on LMIS 2014: Result 4.2 Institutionalisation of labour market SME Development Strategy Action Plan 2016-2017: 3.1 Identification of LM needs for SMEs and development of relevant employment programmes; and 3.2 Training Needs Assessment for SME sector in Georgia</i>
Objective of the SRPC	To improve the employability of men and women in selected regions R.1.1.: Operational skills anticipation system based on regular national/sectoral and regional skills needs analyses
Department	Ministry of Economy and Sustainable Development (MoESD) Ministry of IDP, Labour, Health and Social Affairs (MoIDPLHSA) Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Indicator type	Quantitative and qualitative process/output indicator
Measurement unit	Report. Availability of a sectoral anticipation report/reports which identify current and future skills needs in selected sectors
Calculation method	Sectoral Skills Anticipation Report 2020 to be available and published by April 2021 ( <a href="http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Default.aspx">http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Default.aspx</a> ) <b>For full achievement of the target</b> , each sector analysis will include all the following aspects: (a) labour demand in the two sectors, (b) employment changes over time in the two sectors, (c) replacement needs in the two sectors. <b>Partial achievement of the target:</b> (i) If the analysis includes only one economic sector, but covers all three aspects listed above, or (ii) if the analysis includes two economic sectors but covers only two aspects listed above in both sectors. A sector to be subject for the analysis is defined according to the classification of economic sectors as used for the Establishment Skills Survey conducted by the MoESD in 2017, as also used by Geostat.
Disaggregation	N/A
Data collection method	Verification of the availability of the Sectoral Skills Anticipation Report (one combined report or two separate reports) on the website of the LMIS/MoESD
Measurement periodicity	Annual
Department responsible	Ministry of Economy and Sustainable Development (MoESD) LMAD, or, in the case of institutional redistribution of roles, the Ministry and Unit responsible for the national LMIS
Delivery date	Draft sectoral skills anticipation report will be available by the end of 2020. Sectoral Skills Anticipation Report 2020 available and



	published on the LMIS/MoESD website by April 2021 ( <a href="http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Default.aspx">http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Default.aspx</a> )
Limitations and bias	Data availability and preciseness may be a limitation for the analyses and may need to be complemented by other sources as well as by expert judgements.
Mean of interpretation	Analysis of sectoral skills needs contributes to the national anticipation system and better employability. Skills anticipation stands for all attempts to capture the current and future relationship of skill supply and demand and identify changing skill requirements of a sector for now and the future.
Change in methodology	Methodology may be improved after the first trial
Baseline	0 - No sector specific skills needs are analysed yet
Targets	Future skills needs are analysed in two priority economic sectors (2020)
Comments	<p>MoESD is expected to lead the process, but will prepare the analyses in consultation with MoIDPLHSA and MoESCS. If the availability and coverage of (labour market) data and time series are considered problematic it might be better to choose more aggregated sectors.</p> <p>Different quantitative and qualitative methods can be used for sectoral studies. Differences of methods primarily stem from data availability, quality and reliability, but also different economic, cultural and institutional structures across countries. Examples for references and good practice: ETF-Cedefop-ILIO (2016), Working at sectoral level - Guide to anticipating and matching skills and jobs Vol. 3 <a href="http://www.elf.europa.eu/web.nsf/pages/Vol_3_Working_at_sectoral_level">http://www.elf.europa.eu/web.nsf/pages/Vol_3_Working_at_sectoral_level</a></p> <p>Sector councils: <a href="http://www.elf.europa.eu/web.nsf/pages/Sector-based_skills_anticipation">http://www.elf.europa.eu/web.nsf/pages/Sector-based_skills_anticipation</a></p> <p>Skills forecast: <a href="http://www.elf.europa.eu/web.nsf/pages/Skills_forecasts">http://www.elf.europa.eu/web.nsf/pages/Skills_forecasts</a></p> <p>ETF-Cedefop-ILIO (2016), Developing skills foresights, scenarios and forecasts - Guide to anticipating and matching skills and jobs Vol. 2 <a href="http://www.elf.europa.eu/web.nsf/pages/Vol_2_Developing_skills_foresights">http://www.elf.europa.eu/web.nsf/pages/Vol_2_Developing_skills_foresights</a></p>
Roadmap	<p>For an effective implementation of this indicator, the human resources capacity of the LMAD Unit needs to be strengthened, while the current EU Technical Assistance can already start supporting the unit in advising on the anticipation methodology.</p> <p>Sectoral skills anticipation can combine both quantitative and qualitative components, scenario development, integration of expert assessments and in-depth discussion on the scenarios developed with relevant stakeholders. Focusing on one particular sector has many advantages when it comes to understanding changing skills needs, imbalances and mismatches by drawing on sector-specific knowledge and expertise. The sectoral analysis generally covers a projection of the next five years for understanding current and future skills requirements, but also for improving productivity and economic growth at macro level. By focusing on two sectors, it will be able to use the sector-specific language of jobs and job profiles, go deeper into specific issues and more detailed breakdown of specific occupations, include the qualitative aspects of skills (e.g. soft skills, competences) and closer engagement with sectoral bodies/actors, and capture new emerging jobs and changes in jobs.</p>



<b>Indicator 1.3</b>	<b>Availability of information and evidence on job vacancies at the local level</b>
Policy	<i>State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on LMIS 2014; Government Resolution on Employment Promotion Services 2014</i>
Objective	<i>State Strategy on the Formation of Labour Market Action Plan 2015-2018: 4.5-4.11 Studying demand on the labour market, Developing LMIS strategy and action plan, Institutionalising LM demand study, Conducting quantitative and qualitative sectoral studies, Set-up and development of the LMIS through special studies</i> <i>Government Resolution on LMIS 2014: Result 1.3 Information collection of SSA/EES on the registered unemployed and vacancies; Indicator 1.1 A central unit collects, analyses and disseminates LM-related information; Result 4.2 Institutionalisation of labour market surveys</i> <i>Government Resolution on Employment Promotion Services 2014: Result 2.1. Develop the functions, processes, range and quality of ESS services provided to job-seekers; Result 6.1. Develop cooperation with employers to ensure efficiency of intermediary services</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result: 1. Relevant skills matching services available in the selected regions; R 1.1 Operational skills anticipation system based on regular sectoral/national and regional skills needs analysis
Department	Social Service Agency (SSA/EES) / Department of Labour Market and Employment Policy, Ministry of Labour, Health and Social Affairs (MoIDPLHSA) and Ministry of Economy and Sustainable Development (MoESD)
Indicator type	Quantitative and qualitative process/output indicator
Measurement unit	Availability of local job vacancy monitoring reports
Calculation method	Job vacancies are monitored for job intermediation at the local level in at least 7 SSA/EES regional centres in the selected regions, including classification according to economic sector, vacancy type (function and function level), occupations, qualifications and localities. The result is: (i) a central database with the updated numbers of vacancies, in which selections can be made by economic sector, locality, type of functions, function level, required type of education, and (ii) Vacancy Monitor Report published for the public. <b>Full achievement of the target:</b> Job vacancies are monitored in all 7 selected regional centres. <b>Partial achievement of the target:</b> Job vacancies are monitored in at least 4 selected regional centres.
Disaggregation	N/A
Data collection method	Verification on the SSA website ( <a href="http://www.ssa.gov.ge">www.ssa.gov.ge</a> ) and in the registers of EES
Measurement periodicity	Annual
Department responsible	SSA/EES regional centres and district branches and SSA/EES headquarters in Tbilisi
Delivery date	Vacancy Monitor Report 2021 is available and published by April 2022 on the SSA website ( <a href="http://www.ssa.gov.ge">www.ssa.gov.ge</a> )



Limitations and bias	The final monitor report will require the analysis of data/ statistics as of 31 December, thus they will be ready in Q1 2022. Their publication on the website may take time until April 2022.
Means of interpretation	Job vacancy statistics provide information on unmet labour demand and hence provide inputs to the national anticipation and matching system for improving employability. The vacancy monitor is widely used to quickly detect vacancies (labour and skill demand) in regions and economic sectors. This information is used then by the employment services to subsidise different ALMPs, especially for training and retraining courses as well as the education programmes for those occupations where there is a need for newly trained personal. Information on job vacancies is also used for business cycle analysis and assessing mismatches on labour markets.
Change in methodology	N/A
Baseline	0 – Currently no Vacancy Monitor Report is published. SSA/ESS has 10 regional centres and 60 district branches throughout Georgia in all municipalities, totalling 70 territorial units. In the selected regions (Tbilisi, Adjara, Imereti, Kakheti, Kvemo-Kartli, Samegrelo-Zemo Svaneti and Shida-Kartli), there are 7 regional centres and 44 district branches totalling to 51 territorial units. Although the offices sporadically collect available vacancies, they are not systematically collected and analysed in all units.
Targets	7 SSA/ESS regional centres monitor job vacancies systematically
Comments	There is a lack of regular and structured information on local job vacancies. The qualitative component of the 2015 labour market demand survey is expected to be repeated by the SSA/ESS at local level. However, neither the methodology nor the capacity was suitable to conduct a qualitative survey so far.  The employment staff of 10 regional centres of SSA/ESS needs to be trained to do job vacancy monitoring in each region. For an effective delivery of job vacancy monitoring and other employment services, it is recommended to have minimum 2-3 (full time) trained employment specialists in each regional centre. One of these staff should dedicate his/her full-time to work with employers of the region and ask them regularly a few simple (structured) questions on available job vacancies. As they provide additional support to district branches on various employment issues in their regions, they also need to cooperate with at least one (full time) trained employment specialist from each district branch. Another necessity is the availability of (written) promotion materials of SSA/ESS services for employers/ companies prepared to advertise their services. Finally, there should be financial resources at the disposal of the employment specialist for his/her local transportation in the region to meet with employers.
Roadmap	A job vacancy is defined as a paid post that is newly created, unoccupied, or about to become vacant: (a) for which the employer is taking active steps and is prepared to take further steps to find a suitable candidate from outside the enterprise concerned; (b) which the employer intends to fill either immediately or within a specific period of time. Accordingly, job vacancy statistics could be stock data, inflow or outflow data (see <a href="http://ec.europa.eu/eurostat/cache/metadata/en/ivs_esms.htm">http://ec.europa.eu/eurostat/cache/metadata/en/ivs_esms.htm</a> ). The EU example is: <a href="http://eupa.org.mt/european-vacancy-monitor/">http://eupa.org.mt/european-vacancy-monitor/</a> See also ETF-Cedefop-ILCO (2017), Establishment Skills Surveys - Guide to anticipating and matching skills and jobs Vol. 5, available at <a href="http://www.etf.europa.eu/webnsf/pages/Vol_5_Establishment_skills_survey">www.etf.europa.eu/webnsf/pages/Vol_5_Establishment_skills_survey</a>  Vacancy monitoring will be done by the trained staff of the SSA/ESS regional centres by contacting all local employers in their region at least once a year and asking a few simple (structured) questions (up to 5 maximum) on their short-term recruitment needs and labour shortages experienced by firms. The key questions every employer (with 5 or more employees) should be asked in a region in same period of time each year are: (i) How many job vacancies do you have in the firm? (ii) For each vacancy, please give occupation type, education



	level, previous experience required, contract type and salary offered? (iii) Do you have difficulties to fill in some vacancies – which ones? (iv) If no vacancy is available now, how many vacancies will be open in the next 6 months – with the same info on each vacancy? The list of companies will be taken from business registers from Geostat. All the SSA/ESS centres will register the vacancies identified in one single database that can be monitored and analysed at the SSA/ESS headquarters. The existing Worknet can provide the working space for this database. This vacancy database will be used for the calculation of vacancies by economic sector, occupations, qualification levels and localities and the results will be published in an annual report (Vacancy Monitor) on the SSA/ESS website ( <a href="http://www.ssa.gov.ge">www.ssa.gov.ge</a> ).
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<b>Indicator number 1.4</b>	<b>Employment rate of retrained jobseekers</b>
Policy	<i>State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on Employment Promotion Services (2014); Government Resolution on ALMPs (2016)</i>
Objective	<i>State Strategy on the Formation of Labour Market: Result 3.3: Provision/improvement of intermediary services, implementing individual and group consultations; Government Resolution on Employment Promotion Services (2014): Result 2.2 Reform of employment support services delivery; 3.3. Delivery and development of intermediary services; Government Resolution on ALMPs (2016): Result 6.3 The quality of employment services is improved and they are accessible for the job seekers</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result: 1.2 Increased availability of career guidance and counselling, job intermediation and labour market integration services
Department	Ministry of IDP, Labour, Health and Social Affairs (MoIDLHSA)
Indicator type	Quantitative outcome indicator
Measurement unit	Percentage
Calculation method	Number of people who completed a SSA retraining programme in 2022 in the selected regions and got employed within 3 months following the retraining programme/ NB of people in the selected regions who completed a SSA retraining programme in 2022 Given the very limited creation of full-time and salaried jobs in the Georgian labour market, it is important to give a broad definition for the term "employment". The term employment includes all types of employment such as self-employment, temporary and seasonal employment and part time employment. Thus, the minimum requirement is set as part-time employment which typically includes at least 20h work per week.

	<b>Full achievement of the target:</b> At least 20% of jobseekers who finished training are employed within 3-months. <b>Partial achievement of the target:</b> At least 18% of jobseekers who finished training are employed within 3-months.
Disaggregation	By sex
Data collection method	Administrative registers of the SSA, SSA/ESS Annual Activity Report 2022
Measurement periodicity	Annual
Department responsible	Social Services Agency Employment Programmes Department (SSA/ESS) / Department of Labour Market and Employment Policy, Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoIDPLHSA)
Delivery date	Administrative registers of the SSA and SSA/ESS Annual Activity Report 2022 available and published at latest by April 2023 on the SSA/ESS website ( <a href="http://www.ssa.gov.ge">www.ssa.gov.ge</a> ).
Limitations and bias	Important that the percentage increase does not take place simultaneously with a decrease of the number of retrained in the selected regions. Moreover, note that the number of people who attend retraining courses is expected to gradually increase every year. Very limited staff in the SSA/ESS; the quality of services and of the service registry system (reporting to the HQ) may vary depending on the location and capacity of units. To avoid any ambiguity how 'employment' is recorded and counted
Mean of interpretation	The state training-retraining programme of the unemployed people is one of the main measures provided by the SSA/ESS since 2014. Overall goal of the programme is to train job seekers registered at <a href="http://www.worknet.gov.ge">www.worknet.gov.ge</a> in the most demanded vocations, thus increasing their employment opportunities. The trainings are usually short-term (3-4 months) and are provided by VET colleges. The programme puts disadvantaged groups of population like PWDs, people with special needs, ex-offenders and women who have not completed secondary education on a priority list.
	SSA/ESS checks the employment status of all training participants by phone calls after 3-month after the completion of the course. SSA/ESS records the main findings of the interview on a fact sheet for administrative records.
Change in methodology	N/A
Baseline	<b>13.95% total in 2017 in selected regions</b> (12.8% F, 17% M) The national rate is 13.2% in 2017. This programme covers 7 selected regions: Tbilisi, Adjara, Imereti, Kakheti, Kvemo-Kartli, Samegrelo-Zemo Svaneti and Shida-Kartli.
Targets	At least 20% of jobseekers in the selected regions who completed the retraining programme are employed within 3 months
Comments	The total number of job-seekers who received this training has been 415 in 2015, 1804 in 2016, and 2290 in 2017 at national level. The employment rate of the graduates of this programme has been around 10% for 2015, 11% in 2016, and 13.2% in 2017 at national level, showing an improvement compared to the previous year: out of 2290 trainees who received the training voucher, 2130 were trained and 282 people were employed in 2017. In terms of gender breakdown of employed people, 183 people were women (65%) and 148 were youth (52.4%).  Looking at the training participants in the seven selected regions in 2017 (Tbilisi, Adjara, Imereti, Kakheti, Kvemo-Kartli, Samegrelo-Zemo Svaneti and Shida-Kartli): There were 1771 participants in total, out of which 1318 (74.4%) were women and 453 (25.6%) were



	<p>men. Out of these participants, 247 were employed after 3 months of the graduation, making employment rate 13.95% for the selected regions. Out of 247 people employed, 170 were women (69%) and 77 were men (31%). This means that 12.8% of women and 17% of men who were trained in the selected were able to find employment after 3 months of the graduation.</p> <p>To monitor this particular indicator, SSA/ESS staff makes a phone interview with all graduates of the training programme after 3 months, where the SSA/ESS officer records the interview in a template which remains in their database. In addition, they also ask for a confirmation email from the employer in the case of wage employment. Since 2018 SSA/ESS plans to change this procedure by making twice phone calls of the retrained after 3 and 6 months respectively. This will give the opportunity to SSA/ESS staff to focus their support to those who remained unemployed after 3 months, so that they can also facilitate their employment with additional support (e.g. career guidance, job intermediation) after 6 months.</p> <p>Although increasing gradually, 14% employment rate indicates a low effectiveness of the programme at national level. The latter is due to the design flaws of the programme: The training vouchers are delivered only once a year at the same time for all (not throughout the year), job-seekers always receive the same list of vocations to be trained despite the differences of regional economic structures, training centres are always located in the cities or towns and no pocket money is provided for trainees coming from remote/rural areas (for accommodation and living expenses), no selection and screening process of the potential candidates, no direct link with actual employers for practical training, no further assistance/ services of job search and intermediation in addition to training. Given this background, the low rates of post-training employment are not surprising. Given substantial growth of the number of participants of retraining programs (quadrupled between 2015 and 2016, and 25% increase in 2017), maintaining the 20% employment rate in the selected regions would be a sufficiently ambitious goal.</p>
Roadmap	<p>For an effective delivery of training and post-training services, at least one staff should dedicate his/her full-time to follow the job-seekers who applied for training, both before, during and after. The design of the training programme must be improved. Potential candidates for the training programme should be carefully screened and selected, and there should be resources available for the candidates coming from rural/remote areas for their accommodation/living expenses during training. Training programmes should include both theoretical and practical on-the-job training. The training vouchers should be distributed all over the year, not delivered only once in a year's time. The regional SSA/ESS centres should have autonomy to decide in which vocations training should be delivered based on the vacancies they collected in each region. Training should be combined with other services in an integrated package such as job search assistance and job intermediation. A regular follow-up mechanism should be set up to check the employment situation of training graduates after 6-months.</p> <p>The implementation of this indicator can be easier with the adoption of "Employment Services Act" to further transform SSA/ESS into a modern and efficient public employment service, bringing the necessary financial and human resources required. It is also expected that the Labour Market Strategy Action Plan to be revised beyond 2018 will include similar targets to be achieved.</p>

Indicator number 1.5	Availability of national skills anticipation with a 5-year outlook
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Policy	State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on LMIS 2014; SME Development Strategy of Georgia 2016-2020
Objective	State Strategy on the Formation of Labour Market Action Plan 2015-2018, 4.5-4.11 (Drafting methods for anticipation, Studying demand on the labour market, Developing LMIS concept and action plan, Institutionalising LM demand study, Conducting quantitative and qualitative sectoral studies, Set-up and development of the LMIS through special studies) Government Resolution on LMIS 2014: Indicator 1.1 A central unit collects, analyses and disseminates LM-related information; Result 4.2 Institutionalisation of labour market surveys SME Development Strategy Action Plan 2016-2017: 3.1 Identification of LM needs for SMEs and development of relevant employment programmes; and 3.2 Training Needs Assessment for SME sector in Georgia
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result: Operational skills anticipation system based on regular sectoral/national and regional skills needs analysis
Department	Ministry of Economy and Sustainable Development of Georgia (MoESD) Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoIDPHLSA) Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Indicator type	Qualitative process/output indicator
Measurement unit	Report, Availability of an analytical report published on the website of the MoESD.
Calculation method	National Skills Anticipation Report 2022, covering the whole economy and with a 5-year time perspective is available and published on the MoESD Website by the end of April 2023 <b>For full achievement of the target:</b> National skills anticipation will include as a minimum the following parameters for 5-year time: (a) macroeconomic projection, (b) employment changes in the whole economy, (c) replacement needs, and (d) demographic trends for labour supply <b>Partial achievement of the target:</b> (i) If the analysis includes only three parameters listed above; or (ii) If the analysis includes all four parameters above, but makes an anticipation for a shorter period than 5 years.
Disaggregation	N/A
Data collection method	Verification on the Website of the MoESD
Measurement periodicity	Annual



Department responsible	Ministry of Economy and Sustainable Development (MoESD) LMAD, or, in the case of institutional redistribution of roles, the Ministry and Unit responsible for the national LMIS
Delivery date	Draft report will be available by end of 2022. Final report will be available and published by end of April 2023
Limitations and bias	The experiences from other countries showed that the first anticipation exercise is generally a learning experience, to be developed and improved over time. Therefore, the expectations about the first trial should not be too high when assessing the achievement of the indicator. Data availability and preciseness may be a limitation for the analyses and may need to be complemented by other evidence and sources as well as expert judgements.
Mean of interpretation	This is a labour market projection to identify current and future labour market developments. The aim is to anticipate future imbalances of labour demand and supply based on current trends and develop an early warning mechanism to help alleviate potential imbalances.
Change in methodology	N/A.
Baseline	<b>0</b> - No labour market projection is available on the dynamics of labour demand and supply at national and regional levels, although this is one of the objectives of the Labour Market Action Plan 2015-2018.
Targets	Publication of National Skills Anticipation Report with a 5-year outlook.
Comments	Skills anticipation stands for all attempts to capture the current and future relationship of skill supply and demand and identify changing skill requirements of a country, by economic sectors for now and future. Different quantitative and qualitative methods can be used for skills anticipation. Differences of methods primarily stem from data availability, quality and reliability, but also different economic, cultural and institutional structures across countries. The most commonly used anticipation method is skills anticipation, with quantitative modelling. The components and accuracy of skills anticipation depends on existing databases, information resources and access to evidence. More information can be found on: ETF-Cedefop-ILIO (2016). Developing skills foresights, scenarios and forecasts - Guide to anticipating and matching skills and jobs Vol. 2, <a href="http://www.etf.europa.eu/web.nsf/pages/Vol_2_Developing_skills_foresights">http://www.etf.europa.eu/web.nsf/pages/Vol_2_Developing_skills_foresights</a> Cedefop example: <a href="http://www.cedefop.europa.eu/en/themes/identifying-skills-needs">http://www.cedefop.europa.eu/en/themes/identifying-skills-needs</a> <a href="http://www.cedefop.europa.eu/en/events-and-projects/projects/forecasting-skill-demand-and-supply">http://www.cedefop.europa.eu/en/events-and-projects/projects/forecasting-skill-demand-and-supply</a> The Netherlands example: <a href="http://www.fdewb.unimaas.nl/roa">http://www.fdewb.unimaas.nl/roa</a>
Roadmap	The achievement of this target will require a relevant methodology. The main tool to be used is a mathematical model developed from different quantitative methods, sometimes combined or complemented by qualitative methods, which requires long-time series data of past trends as well as making assumptions on the future of the economy, labour market, and other relevant issues according to elaborated methodology. Respectively, the methodology will be developed based on existing sources and their purity/accuracy, which determines eventually the main tool of anticipation. Key components of 'national skills anticipation' are macroeconomic projection, employment changes, replacement needs, labour and skill supply trends, and estimation of demand and supply imbalances. This will help understand where the jobs of the future will be concentrated and what labour and skills demand will be in a five-year time perspective.



Indicator number 2.1	Share of territorial employment offices nationwide applying the new employment service model
Policy	<i>State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on Employment Promotion Services (2014); Government Resolution on ALMPs (2016)</i>
Objective	<i>State Strategy on the Formation of Labour Market Action Plan 2015-2018: Result 3.3: Provision/improvement of intermediary services, implementing individual and group consultations</i> <i>Government Resolution on Employment Promotion Services (2014): Result 2.2 Reform of employment support services delivery; 3.3. Delivery and development of intermediary services</i> <i>Government Resolution on ALMPs (2016): Result 6.3 The quality of employment services is improved and they are accessible for the job seekers</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result: 1. Relevant skills-matching services accessible in the selected regions 1.2. Increase availability of career guidance and counselling, job intermediation and labour market integration services
Department	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MOHLSA)
Indicator type	Quantitative and qualitative output indicator
Measurement unit	Replicated "New service model"
Calculation method	Number of regional and district branches of SSA/ESS providing NSM/Total number of regional and district branches of SSA/ESS <b>Full achievement of the target:</b> "New employment service model" is provided by at least 30% of all SSA/ESS territorial units nationwide (requiring 21 territorial units to implement the model). <b>Partial achievement of the target:</b> "New employment service model" is provided by at least 27% of all SSA/ESS territorial units nationwide (requiring 19 territorial units to implement the model)
Disaggregation	N/A
Data collection method	Administrative data collected by all territorial units sent to SSA/ESS Headquarters.
Measurement periodicity	Annual Activity Report by the SSA/ESS Headquarters.
Department responsible	Social Services Agency Employment Programmes Department (SSA/ESS) / Department of Labour Market and Employment Policy, Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MOHLSA)
Delivery date	Indicator 1.2.1: Administrative data collected by all territorial units sent to SSA/ESS Headquarters by 31/12/2019 and Annual Activity Report by the SSA/ESS Headquarters available and published at latest by April 2020 on SSA/ESS website ( <a href="http://www.ssa.gov.ge">www.ssa.gov.ge</a> ).



Limitations and bias	The NSM developed by the Twinning project by the end of 2016 might undergo several changes during the process of replication in different regions not in terms of its content (essence) but in terms of arrangement of the services (making more emphasis on certain tools), based on the observation of its performance in different circumstances.
Mean of interpretation	The major change in the service delivery process on the country level will be integration of ALMP in the NSM. These adjustments will induce rearrangement of HR resources on regional and district levels of the SSA/ESS offices, and create the basis for the establishment and reinforcement of services on local/regional level with more HR resources for the execution of the tasks. As a result of the NSM, an increased number of services should be provided by the offices to an increased number of beneficiaries (both jobseekers and employers), contributing to better employability of men and women.
Change in methodology	N/A
Baseline	As of 2017, 15 out of 70 territorial units have been implementing "new employment service model", reaching 21% of all units.
Targets	New employment service model is provided by at least 30% of all SSA/ESS territorial units nationwide
Comments	<p>SSA/ESS has 10 regional centres and 60 district branches throughout Georgia in all municipalities, totalling 70 territorial units. In 2017, the NSM was replicated in 15 out of 70 territorial units, reaching 21% of all units. Therefore, it is reasonable for SSA/ESS to reach 30% (21 units) in 2019. In the case of restructuring of the SSA/ESS territorial network, accessibility of the population to employment services have to be ensured.</p> <p>The New Service Model (NSM) of the Employment Support Services under the Social Service Agency was introduced in 2016 with the support of the EU Twinning project. Based on the SSA/ESS Institutional Reform Plan prepared by the Twinning Project, the Ministry adopted the amendment 04-530/0 of 01/08/2017 to the SSA's charter (decree #01-474/0 of 31/12/2009 on Approving Charters for SSA Regional and Territorial Units). With this change, the structure and functions of the ESS have been revised to reflect its expanded role in the labour market management processes, describing the basic functionalities of a well-established Public Employment Service. The 'New Service Model' refers to the improved range and quality of employment services provided to job-seekers and employers, proactive and standardised work methods connected to each of the services, proper delivery of all services and partnership building and cooperation with other institutions.</p> <p>The model and the services were piloted in 2 district branches of Tbilisi between June and November 2016. The pilot offices served 1852 job-seekers using modern employment service techniques introduced in the framework of the project. During the pilot implementation 1405 new job posts were reported to the pilot offices, while the SSA reached 157 new employers as an outcome of the pilot. 49 job-seekers were placed during the six months of the pilot as a result of employment mediation, apart from those who were encouraged to search for a job independently. More than 140 SSA staff members participated and completed internal training and coaching sessions in order to be able to implement the services as part of the New Service Model. Further 14 SSA/ESS employees were trained as (in-house) trainers in the delivery of employment services in line with the NSM covering the following areas: working with job-seekers; working with employers; individual and group counselling. These newly trained SSA trainers delivered trainings to other colleagues on the above-mentioned topics. As part of this, the training programme for job-search skills development and group counselling was also developed and tested to be further replicated throughout the country (Twinning, Final report, 2017).</p>
Roadmap	For the NSM to be implemented properly, at least one (full-time) trained employment specialist is required in each territorial unit to deal



	<p>with both job-seekers and employers in all aspects. As regards the regional centres, at least 2-3 full-time trained employment specialists are needed to provide additional support to district branches on various issues. In addition to human resources, the units also need some degree of autonomy and financial resources available for daily delivery of services (e.g. money for transportation costs of staff and/or job-seekers, pocket money for trainees). The full implementation of this indicator will be linked to the adoption of "Employment Services Act" to further transform SSA/ESS into a modern and efficient public employment service, with the necessary financial and human resources required. It is also expected that the Labour Market Strategy Action Plan to be revised beyond 2018 will include similar targets to be achieved.</p> <p>For the steps of implementation, please see the following documents of the EU Twinning Project for the capacity building of ESS/SSA during 2015-2016: SSA Functional Review 2015, SSA Institutional Reform Plan 2016, Final Twinning Report on Capacity Building of the Employment Support Services (ESS) in Georgia, 2017.</p>
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Indicator number 2.2	Number of job intermediations provided by employment offices nationwide
Policy	<i>State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on Employment Promotion Services (2014); Government Resolution on ALMPs (2016)</i>
Objective	<p><i>State Strategy on the Formation of Labour Market Action Plan 2015-2018. Results 3.3 and 3.5: Provision/improvement of intermediary services, Developing/implementing individual and group consultations, Implementing and offering the service of professional counselling and career planning;</i></p> <p><i>Government Resolution on Employment Promotion Services (2014): Result 2.2 Reform of employment support services delivery; 3.3. Delivery and development of intermediary services;</i></p> <p><i>Government Resolution on ALMPs (2016): Result 6.1 and 6.2 Legal framework providing the base for comprehensive active labour market policies system in place (employment services act), Result 6.3 The quality of employment services is improved and they are accessible for the jobseekers</i></p>
Objective of the SRPC	To improve the employability of women and men in the selected regions
Department	Expected Result: 1. Relevant skills-matching services accessible in the selected regions 1.2 Increased availability of career guidance and counselling, job intermediation and labour market integration services
Indicator type	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoHLSA)
Measurement unit	Quantitative outcome indicator
	Percentage



Calculation method	The total number of job intermediations provided by SSA/ESS office nationwide in 2020 - The total number of job intermediations provided by SSA/ESS office nationwide in 2017/ The total number of job intermediations provided by SSA/ESS office nationwide in 2017. Job intermediation refers here to the number of jobseeker beneficiaries who received support from SSA/ESS to find a job, not to the number of job placements as a result. Please note that not all job intermediations end with job placement. <b>Full achievement of the target:</b> At least 10% increase in the total number of job intermediations provided by SSA/ESS offices nationwide compared to the baseline of 2017. <b>Partial achievement of the target:</b> At least 7% increase in the total number of job intermediations provided by SSA/ESS.
Disaggregation	N/A
Data collection method	Administrative data collected by all territorial units, sent to the SSA/ESS headquarters. Annual Activity Report by the SSA/ESS Headquarters.
Measurement periodicity	Annual
Department responsible	Social Services Agency Employment Programmes Department (SSA/ESS) / Department of Labour Market and Employment Policy, Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoldPLHSA)
Delivery date	Administrative registers of the SSA available as of 31/12/2020 and SSA/ESS Annual Activity Report 2020 available and published at the latest by April 2021 on the SSA/ESS website ( <a href="http://www.ssa.gov.ge">www.ssa.gov.ge</a> ).
Limitations and bias	Very limited staff in the SSA/ESS; the quality of services and of the service registry system (reporting to the HQ) may vary depending on the location and capacity of units.
Mean of interpretation	This refers to the provision of active intermediation services in all SSA/ESS territorial units and the increase of job intermediations as a result. Job intermediation refers to the process by which SSA/ESS staff actively help job-seekers find a job that is suitable to their skills and interests and an employer to find suitable candidates for the vacant position (matching). The service includes the following four steps: screening of jobseekers in terms of qualifications, work experience and interests; screening of relevant vacancies to find the match; pre-selection of candidates for the vacancies that match; and enabling communication between jobseekers and employer on the vacancy.
Change in methodology	N/A
Baseline	In 2017, 2469 jobseekers were provided job intermediation services by the SSA/ESS.
Targets	At least 10% increase in the total number of job intermediations provided by SSA/ESS offices nationwide
Comments	In 2016, this number was 2899 job intermediations. Thus, the numbers in 2017 represent 430 less beneficiaries (14.8% decrease) compared to the previous year. In 2016, SSA/ESS has collected 3980 vacancies and registered 597 employers with vacancies in 2016. It conducted pre-selection of candidates according to the requirements of the vacant posts, provided information on the preselected candidates to employers, enabled communication between employers and jobseekers and arranged job interviews. In addition to intermediation for 2899 jobseekers, 3072 individual consultations and 140 group consultations were provided for 891 participants. 216



	<p>jobseekers were placed on the vacant positions as a result. The term 'job intermediation' is used to describe the process by which employment agencies actively help their job-seekers find work, into a job that is suitable to their skills and interests. This service must be open for anyone looking to find a suitable job based on previous work experience and skills. Job intermediation service includes the following types of activities: collection of vacancies, pre-selection and mobilization of jobseekers for the vacant position according to their skills and interests, conducting individual or group consultations with the pre-selected candidates, preparation for the job interview and enabling the communication between the jobseeker and employer. The service is directed at both jobseekers and employers with vacant positions. The SSA/ESS office acts as an intermediate and is involved in the hiring process by interviewing jobseekers to find a suitable work where the candidate's skills and experience would benefit the company or position in question. The overall goal is to provide matching of companies and jobseekers with the best fit possible based on personality, experience and skills. For info: ETF-Cedefop-ILO (2015), The role of employment service providers - Guide to anticipating and matching skills and jobs Vol 4, available at: <a href="http://www.etf.europa.eu/web.nsf/pages/Vol_4_Employment_service_providers">http://www.etf.europa.eu/web.nsf/pages/Vol_4_Employment_service_providers</a></p> <p>Employment services: <a href="http://www.etf.europa.eu/web.nsf/pages/Employment_service_providers">http://www.etf.europa.eu/web.nsf/pages/Employment_service_providers</a></p>
Roadmap	<p>For an effective provision of job intermediation, it is advisable to have one full-time trained employment specialist in each territorial unit to deal with both job-seekers and employers. Besides staff training, the district branches are mentored in their services at least for a period of 3-6 months. As regards the regional centres, it is advisable to have 2-3 full-time trained employment specialists to provide additional support to district branches on various issues. In addition to human resources, the units also need some degree of autonomy and financial resources available for daily delivery of services (e.g. money for transportation costs of staff and/or job-seekers regarding interviews or vacancies). The implementation of this indicator will be also linked to the adoption of "Employment Services Act" to further transform SSA/ESS into a modern and efficient public employment service, with the necessary financial and human resources required. It is also expected that the Labour Market Strategy Action Plan to be revised beyond 2018 will include similar targets to be achieved.</p>

Indicator number 2.3	<b>Share of territorial employment offices nationwide applying the new employment service model</b>
Policy	<i>State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on Employment Promotion Services (2014); Government Resolution on ALMPs (2016)</i>
Objective	<p><i>State Strategy on the Formation of Labour Market Action Plan 2015-2018; Result 3.3: Provision/improvement of intermediary services, implementing individual and group consultations</i></p> <p><i>Government Resolution on Employment Promotion Services (2014); Result 2.2 Reform of employment support services delivery; 3.3. Delivery and development of intermediary services</i></p> <p><i>Government Resolution on ALMPs (2016); Result 6.3 The quality of employment services is improved and they are accessible for the job seekers</i></p>



Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result: 1. Relevant skills-matching services accessible in the selected regions 1.2 Increase availability of career guidance and counselling, job intermediation and labour market integration services
Department	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoHLSA)
Indicator type	Quantitative and qualitative output indicator
Measurement unit	Replicated "New service model"
Calculation method	Number of regional and district branches of SSA/ESS providing NSM/Total number of regional and district branches of SSA/ESS <b>Full achievement of the target:</b> New employment service model is provided by at least 60% of all SSA/ESS territorial units nationwide (requiring 42 territorial units to implement the model). <b>Partial achievement of the target:</b> New employment service model is provided by at least 50% of all SSA/ESS territorial units nationwide (requiring 35 territorial units to implement it)
Disaggregation	N/A
Data collection method	Administrative data collected by all territorial units sent to SSA/ESS Headquarters. Annual Activity Report by the SSA/ESS Headquarters.
Measurement periodicity	Annual
Department responsible	Social Services Agency Employment Programmes Department (SSA/ESS) / Department of Labour Market and Employment Policy, Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoIDPLHSA)
Delivery date	Indicator 1.2.1: Administrative data collected by all territorial units sent to SSA/ESS Headquarters by 31/12/2021 and Annual Activity Report by the SSA/ESS Headquarters available and published at the latest by April 2022 on SSA/ESS website ( <a href="http://www.ssa.gov.ge">www.ssa.gov.ge</a> ).
Limitations and bias	The NSM developed by the Twinning project by the end of 2016 might undergo several changes during the process of replication in different regions not in terms of its content (essence) but in terms of arrangement of the services (making more emphasis on certain tools), based on the observation of its performance in different circumstances.
Mean of interpretation	The major change in the service delivery process on the country level will be the integration of ALMP in the NSM. These adjustments will induce rearrangement of HR resources on a regional and district levels of the SSA/ESS offices, and create basis for the establishment and reinforcement of services on local/regional level with more HR resources for the execution of the tasks. As a result of NSM, an increased number of services should be provided by the offices to an increased number of beneficiaries (both jobseekers and employers), contributing to better employability of men and women.
Change in methodology	N/A
Baseline	As of 2017, 15 out of 70 territorial units have been implementing "new employment service model", reaching 21% of all units.



Targets	New employment service model is provided by at least 60% of all SSA/ESS territorial units nationwide
Comments	<p>SSA/ESS has 10 regional centres and 60 district branches throughout Georgia in all municipalities, totalling 70 territorial units. In 2017, the NSM was replicated in 15 out of 70 territorial units, reaching 21% of all units. Therefore, it is reasonable for SSA/ESS to reach 60% (42 units) in 2021. The indicator 2.1 of 2019 for the same services with the target of 30% will also help achieve this indicator. In the case of restructuring of the SSA/ESS territorial network, accessibility of the population to employment services has to be ensured.</p> <p>The New Service Model (NSM) of the Employment Support Services under the Social Service Agency was introduced in 2016 with the support of the EU Twinning project. Based on the SSA/ESS Institutional Reform Plan prepared by the Twinning Project, the Ministry adopted the amendment 04-530/o of 01/08/2017 to the SSA's charter (decree #01-474/o of 31/12/2009 on Approving Charters for SSA Regional and Territorial Units). With this change, the structure and functions of the ESS have been revised to reflect its expanded role in the labour market management processes, describing the basic functionalities of a well-established Public Employment Service. The 'New Service Model' refers to the improved range and quality of employment services provided to job-seekers and employers, proactive and standardised work methods connected to each of the services, proper delivery of all services and partnership building and cooperation with other institutions.</p> <p>The model and the services were piloted in 2 district branches of Tbilisi between June and November 2016. The pilot offices served 1852 job-seekers using modern employment service techniques introduced in the framework of the project. During the pilot implementation 1405 new job posts were reported to the pilot offices, while the SSA reached 157 new employers as an outcome of the pilot. 49 job-seekers were placed during the six months of the pilot as a result of employment mediation, apart from those who were encouraged to search for a job independently. More than 140 SSA staff members participated and completed internal training and coaching sessions in order to be able to implement the services as part of the New Service Model. Further 14 SSA/ESS employees were trained as (in-house) trainers in the delivery of employment services in line with the NSM covering the following areas: working with job-seekers; working with employers; individual and group counselling. These newly trained SSA trainers delivered trainings to other colleagues on the above-mentioned topics. As part of this, the training programme for job-search skills development and group counselling was also developed and tested to be further replicated throughout the country (Twining, Final report, 2017).</p>
Roadmap	<p>For the NSM to be implemented properly, at least one (full-time) trained employment specialist is required in each territorial unit to deal with both job-seekers and employers in all aspects. As regards the regional centres, at least 2-3 full-time trained employment specialists are needed to provide additional support to district branches on various issues. In addition to human resources, the units also need some degree of autonomy and financial resources available for daily delivery of services (e.g. money for transportation costs of staff and/or job-seekers, pocket money for trainees). The full implementation of this indicator will be linked to the adoption of "Employment Services Act" to further transform SSA/ESS into a modern and efficient public employment service, with the necessary financial and human resources required. It is also expected that the Labour Market Strategy Action Plan to be revised beyond 2018 will include similar targets to be achieved.</p> <p>For the steps of implementation, please see the following documents of the EU Twinning Project for the capacity building of ESS/SSA during 2015-2016: SSA Functional Review 2015, SSA Institutional Reform Plan 2016, Final Twinning Report on Capacity Building of the Employment Support Services (ESS) in Georgia, 2017.</p>



<b>Indicator number 2.4</b>	<b>Number of job placements brokered by employment offices nationwide</b>
Policy	<i>State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on Employment Promotion Services (2014); Government Resolution on ALMPs (2016)</i>
Objective	<p><u>State Strategy on the Formation of Labour Market Action Plan 2015-2018. Results 3.3 and 3.5: Provision/improvement of intermediary services, Developing/implementing individual and group consultations, Implementing and offering the service of professional counselling and career planning;</u></p> <p><u>Government Resolution on Employment Promotion Services (2014): Result 2.2 Reform of employment support services delivery; 3.3. Delivery and development of intermediary services;</u></p> <p><u>Government Resolution on ALMPs (2016): Result 6.1 and 6.2 Legal framework providing the base for comprehensive active labour market policies system in place (employment services act), Result 6.3 The quality of employment services is improved and they are accessible for the jobseekers</u></p>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result: 1. Relevant skills-matching services accessible in the selected regions 1.2 Increased availability of career guidance and counselling, job intermediation and labour market integration services
Department	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoHLSA)
Indicator type	Quantitative outcome indicator
Measurement unit	Percentage
Calculation method	(The total number of job placements brokered by SSA/ESS offices nationwide in 2021 /The total number of job placement brokered by SSA/ESS office nationwide in 2017) – 1 <b>Full achievement of the target:</b> At least 50% increase of the total number of job placements brokered by SSA/ESS offices nationwide, compared to the baseline year of 2017 <b>Partial achievement of the target:</b> At least 30% increase of the total number of job placements brokered by SSA/ESS offices.
Disaggregation	By gender
Data collection method	Administrative data collected by all territorial units, sent to the SSA/ESS headquarters. Annual Activity Report by the SSA/ESS Headquarters.

Measurement periodicity	Annual
Department responsible	Social Services Agency Employment Programmes Department (SSA/ESS) / Department of Labour Market and Employment Policy, Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoIDPLHSA)
Delivery date	Administrative registers of the SSA available as of 31/12/2021 and SSA/ESS Annual Activity Report 2021 (which includes the number of annual job placements made by gender, age groups and regions) available and published at latest by April 2022 on the SSA/ESS website ( <a href="http://www.ssa.gov.ge">www.ssa.gov.ge</a> ).
Limitations and bias	Very limited staff in the SSA/ESS; the quality of services and service registry system (reporting to the HQ) may vary depending on the location and capacity of units.
Mean of interpretation	This refers to the full application of pro-active job intermediation services provided by the SSA/ESS territorial units. Job placement is the term used to describe the process by which employment agencies actively help their job-seekers to find a job that is suitable to their skills and interests. Excluding online matching, it includes all job placements made through job intermediation; job fairs; wage subsidies; professional training-retraining; internship; career guidance and counselling.
Change in methodology	N/A
Baseline	In 2017, <b>1775 job placements</b> were made in total thanks to employment services in 2017. 970 of these job placements were for women jobseekers (54.6%), and 805 were for men jobseekers (45.3%).  This number excludes any online matching (Worknet), but includes all job placements made through providing the following services (as a result of these services) – after job intermediation: 399; after job fairs: 731; after wage subsidies: 22; after the professional training-retraining: 521, after internship: 46, within the framework of supported employment programme 42 and with the assistance of partner organisations: 14.
Targets	At least 50% increase of the total number of job placements brokered by SSA/ESS offices nationwide
Comments	In 2017, 138 388 jobseekers registered on Worknet out of which 113 969 were active users. 5711 job vacancies were posted on the online Worknet portal. Out of this, <b>1775 job placements</b> were made in total thanks to employment services in 2017. 970 of these job placements were for women jobseekers (54.6%), and 805 were for men jobseekers (45.3%).  Job placement includes two main types of services. One is directed at the job seeker and the other to an employer looking to hire new workers. The SSA/ESS works as an intermediary in the hiring process by interviewing the employee to find a suitable place of employment, where the candidate's skills and experience would benefit the company or position in question. The overall goal of the job placement is to provide both the company and the job seeker with the best-fit possible based on personality, experience and skills. For more info:  ETF-Cedefop-IL.O (2015), The role of employment service providers - Guide to anticipating and matching skills and jobs Vol. 4, available at: <a href="http://www.etf.europa.eu/web.nsf/pages/Vol_4_Employment_service_providers">http://www.etf.europa.eu/web.nsf/pages/Vol_4_Employment_service_providers</a>  Employment services: <a href="http://www.etf.europa.eu/web.nsf/pages/Employment_service_providers">http://www.etf.europa.eu/web.nsf/pages/Employment_service_providers</a>



Roadmap	For an effective delivery of job placement, at least 2-3 (full time) trained employment specialists are needed in each regional centre. As they provide additional support to district branches on various employment issues in their regions, they also need to cooperate with at least one (full time) trained employment specialist from each district branch. There should also be financial resources at the disposal of the employment specialist for his/her local transportation in the region to meet with employers. The implementation of this indicator will also be linked to the adoption of "Employment Services Act" to further transform SSA/ESS into a modern and efficient public employment service, with the necessary financial and human resources required. It is also expected that the Labour Market Strategy Action Plan to be revised beyond 2018 will include similar targets to be achieved.
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Indicator number 2.5	<b>Employment rate of young people aged 15-29 with vocational education and training nationwide</b>
Policy	<i>State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on Employment Promotion Services (2014); Government Resolution on ALMPs (2016); VET Development Strategy 2013-2020</i>
Objective	<i>State Strategy on the Formation of Labour Market Action Plan 2015-2018. Results 3.3 and 3.5: Provision/improvement of intermediary services</i> <i>Government Resolution on Employment Promotion Services (2014): Result 3.3. Delivery and development of intermediary services,</i> <i>Government Resolution on ALMPs (2016): Result 6.1 and 6.2 Legal framework providing the base for comprehensive active labour market policies system in place (employment services act)</i> <i>VET Development Strategy 2013-2020 and Action Plan: Improving the quality and relevance of VET education</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result: 1. Relevant skills-matching services accessible in the selected regions 1.2 Increased availability of career guidance and counselling, job intermediation and labour market integration services
Department	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoIDPLHSA)
Indicator type	Quantitative impact indicator
Measurement unit	Percentage
Calculation method	( The employment rate of young people aged 15-29 with VET education in 2022/ the employment rate of young people aged 15-29 with VET education in 2017-1 ) *100. <b>Full achievement of the target:</b> The employment rate of young people aged 15-29 with VET education nationwide increased by at least



	10% compared to the baseline year of 2017. This means that their employment rate is foreseen to increase to at least 56.4% in 2022. <b>Partial achievement of the target:</b> the employment rate of young people aged 15-29 with VET education increased by 8%. This means that their employment rate is foreseen to increase to at least 55.4% in 2022
Disaggregation	By age
Data collection method	Labour Force Survey data from the households. Geostat has 11 categories of 'achieved level of education' in the LFS questionnaire. The calculation of VET educated youth aged 15-29 include all those who completed one of the three types of VET education listed in the LFS questionnaire: vocational programme, secondary professional programme and higher professional programme. The last type (higher professional program) are not bachelor programmes, but rather short VET training programmes provided by universities. Therefore, all cycles of VET programmes are included in the calculation, with the exception of bachelor degrees. Any new types of vocational education programmes introduced later and included in the LFS would also be included.
Measurement periodicity	Annual
Department responsible	GEOSTAT
Delivery date	GEOSTAT LFS 2022 results, proxy available March 2023, to be available and published by Geostat on its website in June 2023 ( <a href="http://www.geostat.ge">www.geostat.ge</a> )
Limitations and bias	Employment rates of young people can be affected by many factors, in particular the economic cycle. The rate can also be affected by changes in Geostat methodology of LFS, but this is unlikely as they have just started a new methodology in 2017.
Mean of interpretation	This indicator measures the improvement of youth employability and transition from school to work. Employment rates are sensitive to the economic cycle, but in the longer term, they are significantly affected by governments' education and income support policies and by policies that facilitate employment of youth. An increased employment rate of young VET graduate indicate also the relevance of VET qualifications to the needs of the labour market which require a close cooperation between VET providers and employers both for the design of programmes and qualifications as well as for their delivery and provision.
Change in methodology	Geostat has been conducting LFS as a module of the integrated household survey until 2016. Since January 2017 Geostat conducts LFS as a separate survey and the methodology largely follows the EU Labour Force Survey.
Baseline	In 2017, the employment rate of young people aged 15-29 with VET education was 51.3% (Geostat LFS data).
Targets	An increase of at least 10% of the baseline of 2017 in the employment rate of young people aged 15-29 with VET education nationwide
Comments	According to Geostat LFS data, in 2017 the number of employed youth aged 15-29 with VET education was 37 000 (12.3% of total employed youth), compared to 96 300 employed youth with tertiary education (32.0 % of total employed youth), and 128 000 employed youth with secondary general education (42.6% of total employed youth). Therefore, the share of employed youth with VET education is relatively small in employment figures compared to employed youth with other types of education. Moreover, some youth with VET education might not immediately enter the labour market and rather prefer to continue with their (general/higher) education.  Looking at the past trends, the employment rate of young people aged 15-29 with VET education was 47.6% in 2014, 46.2% in 2015, 49.9% in 2016 and 51.3% in 2017 at national level. Thus, a positive trend of gradual increase in youth employment can be observed over



	<p>the last years, although there was also a decrease observed from 2014 to 2015. For the review mission preliminary LFS data from <b>Geostat</b> will be made available and used, while for the EU assessment and final decision regarding the tranche payment the final data will be taken into consideration. Geostat uses the standard ILO definition of employment: "any work performed for at least one hour independently or together with others in order to get salary, profit or other labour compensation (in cash or in kind) during the last 7 days". The employment rate is calculated as the ratio of the employed to the working age population. Employed youth 15-29 with VET education are those who reported that they have worked in gainful employment for at least one hour in the previous week or who had a job but were absent from work during the reference week.</p>
Roadmap	<p>Geostat will calculate the "employment rate of youth 15-29 with VET education" on a yearly basis and it is expected that Geostat will publish it regularly with other labour market indicators every year in June for the previous year. The rate is calculated from the annual LFS data for the youth 15-29 who completed any cycles of VET programmes, except bachelor degrees.</p>

<b>Indicator number 3.1</b>	<b>Availability of evidence and analysis on socioeconomic indicators of VET students</b>
Policy	<p><i>VET Development Strategy 2013-2020. Unified Strategy on Education and Science of Georgia 2017-2021; State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on LMIS (2014)</i></p>
Objective	<p><i>VET Development Strategy and Action Plan 2013-2020 Outcome 1.3 Availability of information (statistics, indicators and analysis) to support monitoring, regulation and evidence-based policy development</i></p> <p><i>VET Strategy Mid-Term Evaluation (2016): One of the key findings and of the key recommendations is the inclusion of private VET providers in the public policies and in the EMIS database</i></p> <p><i>Unified Strategy on Education and Science of Georgia 2017-2021: Strategic objective 1. Compliance of the vocational education with the requirements of the labour market and internationalization of the system</i></p> <p><i>Government Resolution on LMIS (2014) 1.1 Collection, analysis and dissemination of LM-related data, including education and VET statistics</i></p> <p><i>Strategy on the Formation of Labour Market: 4.5 Drafting methods for anticipation needs sound education and VET data</i></p>
Objective of the SRPC	<p>To improve the employability of women and men in the selected regions</p> <p>Expected Result: 1. Relevant skills-matching services accessible in the selected regions 1.1 Operational skills anticipation system based on regular sectoral/national and regional skills needs analysis</p>
Department	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Indicator type	Qualitative output indicator
Measurement unit	Availability of a report on the MoESCS Website

Calculation method	Analysis of the socioeconomic background of VET students will include, in addition to the numbers of VET providers and teachers, students by VET qualification programmes and by college locations/ regions (including both public and private authorised or quality assured institutions as per the VET law), a qualitative profile analysis of VET students by sex, age groups, education at entry level and social vulnerability status of the family. The report shall include <i>key findings, conclusions and recommendations</i> .  <b>Full achievement of the target</b> will incorporate all the elements listed above including conclusions and recommendations.
Disaggregation	N/A
Data collection method	Verification on the MoESCS Website
Measurement periodicity	Annual
Department responsible	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS) and Education Management Information System (EMIS)
Delivery date	2019: Report on socioeconomic background analysis of VET students available and published on the MoESCS website by April 2020.
Limitations and bias	The quality of the analysis depends on the quality and comprehensiveness of EMIS database, especially concerning private providers.
Mean of interpretation	An analysis of VET student profiles can help better monitor the VET system and develop an effective tracking system of students for an early warning before they leave education and become NEETs or unemployed. Furthermore, VET policy development can benefit from knowing the main sociological and economical characteristics of its typical clientele: namely, what kind of students choose VET and why by looking at their socio-economic profile.
Change in methodology	N/A
Baseline	0 – No socio-economic background analysis is done.
Targets	The MoESCS assessment report on socio-economic background of VET students available for policy evidence
Comments	Until 2017, the EMIS database focused primarily on the public VET providers, but it has recently started to cover private VET providers. The EU Programme on Public Administration Reform (PAR) will help improve policy planning and coordination capacity of the line ministries (MoESCS, MoESD, MoIDPLHSA) along with the other complementary measures of this programme.
Roadmap	When the full registry of the both public and private VET qualification programmes is completed in terms of detailed data for VET students, the database can be exploited to analyse the VET students in more qualitative details. This is more than publishing numbers in a 'statistical bulletin' and rather giving meaning/ interpretation to the statistics with a qualitative analysis.



<b>Indicator number 3.2</b>	<b>Number of VET teachers who completed a full course on pedagogy</b>
Policy	<i>Unified Strategy on Education and Science of Georgia 2017-2021; VET Development Strategy 2013-2020</i>
Objective	<i>VET Development Strategy and Action Plan 2014-2020: Outcome 4. Cadres of VET educators prepared in modern education techniques and the latest developments in their field of expertise, and capable of drawing out the best from their students in terms of both skills and personal fulfilment.</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Results: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth; 2.1 Flexible skills development system including both private and public provision based on the needs of learners and employers
Department	Ministry of Education and Science, Culture and Sports (MoESCS)
Indicator type	Quantitative output indicator
Measurement unit	Total number
Calculation method	The total number of VET teachers in 2019 in all authorised VET provider institutions who have completed the full pedagogical course of five modules by 31/12/2019. <b>Full achievement of the target:</b> At least 400 teachers have completed a full course on pedagogy (5 modules) and received a certificate or equivalent on the completion of the course. <b>Partial achievement of the target:</b> At least 300 teachers have completed a full course on pedagogy (5 modules) and received a certificate or equivalent on the completion of the course.
Disaggregation	N/A
Data collection method	Administrative data from MoESCS/EMIS
Measurement periodicity	Annual
Department responsible	Teacher Professional Development Center (NCTPD), Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Delivery date	2019: Administrative data referring to 31/12/2019 available from the MoESCS/EMIS at the latest by April 2020
Limitations and bias	Low interest from private providers to ensure teachers participation in the course.
Mean of interpretation	The improvement of the pedagogical skills of VET teachers will enhance the quality and employability of VET students.
Change in methodology	N/A

Baseline	152 trained VET teachers who completed the course (5 modules) on pedagogy in 2017
Targets	At least 400 VET teachers have completed a full course on pedagogy
Comments	The modular training course on pedagogy has been developed by the NCTPD in cooperation with international partners and experts to equip the VET teachers with core pedagogical competences to deliver training programmes for learners. These five modules are the basis of the pedagogical course and include approx. 27 days of face-to-face training and individual project work.
Roadmap	This refers to VET teachers from authorised VET providers who completed a full course on pedagogy. The course has been developed in cooperation with international partners and consists of 5 modules which are as follows: 1) students individual needs, 2) how to organise learning environment, 3) effective learning methods, 4) students assessment, 5) self-assessment and professional development. Modules have already been developed, piloted and implemented.

Indicator number 3.3	Number of VET students with special needs
Policy	<i>VET Development Strategy 2013-2020</i> <i>Unified Strategy on Education and Science of Georgia 2017-2021;</i>
Objective	<i>VET Development Strategy 2013-2020: Objective 2: A nationwide network of well-funded and well managed public and private VET providers, equipped with relevant facilities and modern up-to-the minute equipment, accessible to all participants regardless of their social status, geographical location, gender, physical or mental condition</i> <i>Unified Strategy on Education and Science of Georgia 2017-2021: Strategic objective 2: Ensure access to vocational education based on the principle of lifelong learning</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Results: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth; 2.1 Flexible skills development system including both private and public provision based on the needs of learners and employers
Department	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS); EMIS
Indicator type	Quantitative output indicator
Measurement unit	Percentage
Calculation method	(Number of VET students with special needs enrolled in 2020 / Number of VET students with special needs enrolled in 2017) – 1)*100 <b>Full achievement of the target:</b> At least 20% increase of enrolled VET students with special needs compared to baseline of 2017



	<b>Partial achievement of the target:</b> At least 15% increase of enrolled VET students with special needs
Disaggregation	N/A
Data collection method	VET providers administrative data
Measurement periodicity	Annual
Department responsible	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Delivery date	2020: Data will be available at the latest by the end of March 2021
Limitations and bias	MoESCS/EMIS data is a reliable source provided that all authorised institutions report annually their enrolments to them.
Mean of interpretation	This indicator encourages to promote and increase the enrolment of vulnerable students with special needs and identify policy measures and actions to increase their participation in VET, thus increasing their employability. It indicates on inclusiveness of VET.
Change in methodology	N/A
Baseline	244 students with special needs are enrolled in 2017 in public VET institutions
Targets	At least 20% increase of VET students with special needs
Comments	<p>Ministry of Education, Science, Culture and Sport of Georgia started introduction of inclusive education in 2013. As a result, of various mechanisms introduced in the system VET became available for persons with special needs, although further work on ensuring full inclusiveness of VET throughout the country is challenging.</p> <p>The VET student with a special educational need is a person who has an intellectual/mental development disruption and / or sensory (hearing and vision) disorder and / or behavioural and emotional disorder and / or physical disruption and restriction (based on the decision of the MoESCS Multidisciplinary Group).</p> <p>The number of VET students with special needs has increased over time: 51 students in 2013, 152 in 2014, 224 students in 2015, 262 in 2016 and 244 in 2017.</p>
Roadmap	The VET student with a special educational need is a person who has an intellectual/mental development disruption and / or sensory (hearing and vision) disorder and / or behavioural and emotional disorder and / or physical disruption and restriction.

Indicator number 3.4	Share of authorised VET providers delivering short-term LLL courses
Policy	<i>Unified Strategy on Education and Science of Georgia 2017-2021, Labour Market Formation Strategy and Action Plan</i>
Objective	<i>Unified Strategy on Education and Science of Georgia 2017-2021: Strategic objective 2: Ensure access to vocational education based on the principle of lifelong learning</i> <i>State Strategy on the Formation of Labour Market: Result 3.3: Provision/improvement of intermediary services, implementing individual and group consultations;</i> <i>Government Resolution on Employment Promotion Services (2014): Result 2.2 Reform of employment support services delivery; 3.3. Delivery and development of intermediary services</i> <i>Government Resolution on ALMPs (2016): Result 6.3 The quality of employment services is improved and they are accessible for the job seekers</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Results: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth; 2.1 Flexible skills development system including both private and public provision based on the needs of learners and employers
Department	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS); EMIS
Indicator type	Quantitative output indicator
Measurement unit	Percentage
Calculation method	(Number of all authorised (or any other quality assured as per the VET law) VET institutions which have delivered short-term course for LLL in 2021 and as reported on EMIS by 31 December 2021*100/ Number of all authorized VET institutions in 2021)  The courses need to be of a minimum one day of duration. <b>Full achievement of the target:</b> At least 50% of all authorised VET institutions deliver short-term courses for lifelong learning including evidence on (1) retraining courses of the unemployed, (2) courses upon request of enterprises and/or organisations. <b>Partial achievement of the target:</b> Evidence that at least 40% of all authorised VET institutions deliver those two types of above-mentioned courses.  Courses for lifelong learning include various types of courses attended by learners. They may include those considered as individual modules of formal VET qualifications, short-term courses, tailor made training programmes for enterprises or individuals, etc. The duration of training courses may vary and the providers are expected to issue a certificate of attendance or completion of the course as an evidence for participation. Training courses may be financed from different public or private sources or by trainees themselves. The authorised VET providers will collect data and report to the MoESCS on these enrolments. <b>Learners at any age who enrol in formal full VET qualifications are not counted in this indicator.</b>
Disaggregation	N/A



Data collection method	EMIS administrative data and reports
Measurement periodicity	Annual
Department responsible	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS), Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MOIDPLHSA)
Delivery date	2021: Data will be available at the latest by the end of March 2022
Limitations and bias	Willingness and coverage of VET providers to report if this remains voluntary. Quality assurance, financing policies, market demand etc. can affect the number of authorised VET providers and their capacity to provide courses for LLL.
Mean of interpretation	The indicator reflects the offer and demand for continuing learning, availability of practice and hence the opportunities for lifelong learning. It also shows the capacity of VET providers to design demand driven training courses. Data and information on lifelong learning activities delivered by the institutions help the government have a more comprehensive overview on a national VET provision in a lifelong learning context.
Change in methodology	N/A
Baseline	0 –
Targets	At least 50% of authorised VET providers deliver short-term courses for LLL
Comments	All authorised VET providers including private colleges provide data to EMIS. It is expected that they will start collecting and providing data on all learners attending short-term training courses and report them regularly (on an annual basis) to the MoESCS. However, this has not been a practice so far and besides sporadic information there is no systematic data or information on the volumes and types of short-term trainings organised by VET providers. This indicator monitors also the participation of adult population in VET. A systematic data collection on types of training courses, their duration, location, thematic coverage, age, etc. will allow to take stock on continuing training activities and adult learning and the demand and offer for it. It is expected that EMIS will introduce specific data entries in their registry and collect administrative reports from all authorised VET providers on an annual basis. By the decree of the SSA Director, currently 44 out of 99 institutions have permission to receive vouchers and provide short-term courses for the unemployed. In 2017 there were 34 providers which had permission to receive vouchers for the provision of short-term courses for the unemployed and which actually conducted training courses for them. The MoESCS will set the guidelines on what is counted as a 'short-term training course' and how it is recorded and reported.
Roadmap	MoESCS and EMIS to set reporting guidelines for all authorised VET institutions.

<b>Indicator number 3.5</b>	<b>Average completion rate in formal VET programmes</b>	
Policy	<i>VET Development Strategy 2013-2020; Georgia 2016-2020; Unified Strategy on Education and Science of Georgia 2017-2021</i>	
Objective	<i>VET Development Strategy 2013-2020: Outcome 7. Widespread recognition that vocational education and training is an attractive and rewarding pathway for personal development, as an extension to basic secondary education for young people, as a meaningful mechanism for career development for adults, and as a way to further develop talent in new areas of specialization for those needing to take advantage of and respond to shifts in labour market demands and opportunities</i> <i>Georgia 2016-2020: 3.2.3 Vocational training</i>	
	<i>Unified Strategy on Education and Science of Georgia 2017-2021: Strategic objective 3: Popularization of professional education and increase of attractiveness</i>	
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Results: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth; 2.1 Flexible skills development system including both private and public provision based on the needs of learners and employers	
Department	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)	
Indicator type	Quantitative outcome indicator	
Measurement unit	Percentage point	
Calculation method	Completion rate from formal VET programmes funded by MoESCS (as per the VET law) of the cohort of 2020 (spring and autumn enrolment). Completion rate refers to the number of students who have enrolled in formal VET programmes in reference years - two years (maximum duration of VET qualification programs) before the baseline (2017) and target (2022) years. The completion rate is to be calculated taking into consideration all the formal VET programmes funded by MoESCS despite their qualification level, credit value and duration. This data entry is part of the EMIS database (MoESCS) where both enrolment and graduation data are provided by the quality assured VET providers (as per the VET Law) funded by the MoESCS on an annual basis. Calculation must be based on the calendar year for enrolment and graduation of the reference cohorts (2015 for the baseline and 2020 for the target) – i.e. the share of same students who enrolled in the beginning of the programme and who completed the same programme at the end. <b>Full achievement of the target:</b> The completion rate in formal VET programmes funded by the MoESCS (as defined by the new VET Law) is at least 5 percentage points higher compared to the baseline year 2017. <b>Partial achievement of the target:</b> the completion rate in formal VET programmes funded by the MoESCS (as defined by the new VET Law) is at least 3 percentage points higher.	
Disaggregation	N/A	
Data collection method	Administrative data	



Measurement periodicity	Annual
Department responsible	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Delivery date	MoESCS data and calculation for 2022 to be available at the latest by April 2023
Limitations and bias	Data comes from a reliable administrative source (MoESCS). The limit might be an ability of providers to track students over time and whether they remained in the VET programmes from enrolment until its completion. One should therefore ensure that such data are consistent in terms of coverage over time and across programmes and the system is able to track the students and their progress from enrolment until completion. Special attention should also be paid to minimizing some common errors which may bias these flow-rates, such as: over-reporting enrolment by including repeaters (students who repeat the same grade/ class, particularly in grade one); incorrect distinction between new entrants and repeaters; transfers of students between grades and schools.
Mean of interpretation	The maximum duration of the programmes as well as the name of programme might change due to changes in policy, which might necessitate to observe the cohort for a rational (longer) period than indicated in the calculation method. In case of centralised reformulation of the qualification name or programme that might cause the mobility/migration of the students from one programme into another in the database, this should be counted as acceptable and put in the overall number.
Change in methodology	A completion rate is the proportion of students enrolled in formal VET programmes funded by the MoESCS started in a reference year that will eventually complete the programme. The completion rate indicates how well the VET system and institutions are able to retain the enrolled students and motivate them to complete the course or study. It reflects the internal efficiency of the VET system to retain the students and avoid drop-outs.
Baseline	Until 2016 the VET enrolments were calculated according to subject based programmes, while since 2017 the enrolments are primarily based on modular programmes. In the future there is an expectation that dual programmes as well as the VET programmes with integrated general education subjects, training and retraining programmes with a longer or shorter duration than either subject based or modular programmes may be introduced (they are already in pilot since 2016).
Targets	69% in 2017 for the cohort of 2015.
Comments	At least 5 percentage point increase in the average completion rate in formal VET programmes
Roadmap	EMIS collects data on VET enrolments and graduation. While calculating the completion rate the number of students who completed the programme is compared with the number of students who enrolled in the same programme/group/field of studies at the beginning of the programme. The completion rate is calculated with reference cohorts and years. The completion rate is calculated as a ratio of the students number enrolled in the reference year in public VET institutions to the graduates of the same cohort with different scope and length of studies. The completion of a programme is based on the number of students of the reference cohort (2020 spring and autumn enrolment) who graduated in formal VET programmes funded by MoESCS by the end of the year 2022.
	In some cases, to retain student and avoid drop-outs, this may require, for example, to organise more individualised learning paths, a flexible provision as well as recognition of prior learning including validation of non-formal and informal learning. Different measures can be developed and used both at national and institutional level aiming at the reduction of the drop-out rates and at the encouragement of completing the full course/study. Reasons for non-completion rates of individual students need to be analysed and international good



practice can be provided to target specific reasons with the aim of increasing the completion rate of VET students.
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<b>Indicator number 3.6</b>	<b>Adult participation in lifelong learning (LLL)</b>
<b>Policy</b>	<i>VET Development Strategy 2013-2020; Unified Strategy on Education and Science of Georgia 2017-2021; State Strategy on the Formation of Labour Market in Georgia 2015-2018; Government Resolution on ALMPs (2016); SME Development Strategy 2016-2020; Principal Directions for the Development of Georgian Education and Science and Strategic Priorities 2020+</i>
<b>Objective</b>	<i><u>VET Development Strategy 2013-2020: Outcome 7. Widespread recognition that vocational education and training is an attractive and rewarding pathway for personal development, as an extension to basic secondary education for young people, as a meaningful mechanism for career development for adults, and as a way to further develop talent in new areas of specialization for those needing to take advantage of and respond to shifts in labour market demands and opportunities.</u></i> <i>Unified Strategy on Education and Science of Georgia 2017-2021: Strategic objective 2: Ensure access to vocational education based on the principle of lifelong learning</i> <i>State Strategy on the Formation of the Labour Market in Georgia 2015-2018: 3.5 Supporting the labour market needs-oriented professional training system</i> <i>State Strategy on Active Labour Market Policy and Implementation Action Plan 2016-2018: Result 1- Complex framework providing conceptual, legal and operational underpinnings for comprehensive active labour market policies system is in place</i> <i>SME Development Strategy 2016-2020: Priority Action 3.5: Facilitation of access to non-formal training for SMEs</i> <i>Sustainable Development Goal adapted target and indicator for Georgia: 4.3.1 By 2030, participation rate of youth and adults into affordable and quality technical, vocational education (formal and non-formal) reaches 17% of active labour force; 4.5.4 By 2030 number of students funded through the state and social grants (scholarships) and priority fields funding is increased</i> <i>Principal Directions for the Development of Georgian Education and Science and Strategic Priorities 2020+: VET: Modern Vocational Education and Training as a shortest pathway to employment and self-employment. The tool not only for professional , but individual development and perfection</i>
<b>Objective of the SRPC</b>	To improve the employability of women and men in the selected regions Expected Results: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth; 2.1 Flexible skills development system including both private and public provision based on the needs of learners and employers
<b>Department</b>	Ministry of Economy and Sustainable Development of Georgia (MoESD) Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoHLA)



Indicator type	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Measurement unit	Quantitative impact indicator
Calculation method	Percentage  (Percentage of population aged 25-64 in education and training in 2022/Percentage of population aged 25-64 in education and training in 2017) - 1) * 100  Lifelong learning indicators refer to persons aged 25 to 64 participating in the LFS who report that they received education or training in the 4-weeks preceding the survey. This figure is divided by the total population of the same age group from the LFS, excluding those who did not respond to questions on 'participation in education and training'.  <u>Full achievement of the target:</u> LLL rate has increased by at least 20% compared to the baseline in 2017. This means that LLL rate is expected to increase to 1.9% total in 2022.  <u>Partial achievement of the target:</u> LLL rate has increased by 14%.
Disaggregation	By age
Data collection method	Labour Force Survey
Measurement periodicity	Annual
Department responsible	GEOSTAT
Delivery date	2022: GEOSTAT Labour Force Survey is available and published in June 2023
Limitations and bias	Timing of the data delivery regarding the assessment
Mean of interpretation	An increase of the LLL participation rate is a result of a combination of policy measures which provides both financial and non-financial incentives for adults for continuous learning as well as increases their lifelong learning opportunities. Policy measures may come from education, employment and economy sides. The Georgian LLL rate is far below the EU average and lower than the lowest EU Member State (Romania 1.2% in 2016). It is assumed that with a consistent LLL policy and joint actions supported by the EU programme and the Government of Georgia can increase the LLL rate in years to come.
Change in methodology	Geostat has been conducting LFS as a module of the integrated household survey until 2016. Since January 2017 Geostat conducts LFS as a separate survey and the methodology largely follows the EU Labour Force Survey.
Baseline	In 2017, total LLL rate was 1.6% (Males: 1.2% and Females: 2.0%) (Geostat LFS data)
Targets	Increased participation of adults aged 25-64 in education and training (LLL rate) by at least 20% compared to the baseline of 2017
Comments	For the review mission <b>preliminary LFS data from Geostat</b> will be made available and used, while for the EU assessment and final decision regarding the tranche payment the final data will be taken into consideration. In 2016, LFS data indicated the LLL rate to be 0.49% (0.48% for males, and 0.50% for females). The big discrepancy between the years of 2016 and 2017 stems from the changed



	<p>methodology of the LFS in 2017. The main reasons were an insufficient sample size of IHS and inconsistency between methodologies (the time period was 3 month for IHS whereas 4 weeks are counted in the new LFS methodology). The LLL rates calculated for the last five years are as follows: 0.37% in 2013, 0.33% in 2014, 0.62% in 2015 and 0.49% in 2016. For the reasons of statistical comparability and representativeness, the baseline for calculation of the lifelong learning rate is taken from the LFS 2017 results. LLL participation rate measures the percentage of adult population aged 25-64 participation in any type of education and training. The percentage is calculated as an annual average of this age group based on the regular LFS conducted by Geostat on a quarterly basis. The annual results of LFS for the previous year are usually published in June the year after.</p> <p>Lifelong learning (definition by Eurostat) is the lifelong, voluntary and self-motivated pursuit of knowledge for personal or professional reasons. The overall aim of learning is to improve knowledge, skills and competences. The intention to learn distinguishes learning activities from non-learning activities such as cultural activities or sports activities. Within the domain of lifelong learning statistics, formal education covers education and training in the regular system of schools, universities and colleges. Non-formal education and training includes all taught learning activities which are not part of a formal education programme. The latter is defined as any institutionalised, intentional and organised/planned learning activities outside the formal education system. According to the classification of learning activities, non-formal education and training comprises courses, seminars and workshops, private lessons or instructions and guided-on-the-job training. The information collected covers both job-related (professional) and non-job related (personal, social, leisure) education and training activities, regardless of whether it is relevant to the respondent's current or possible future job. Lifelong learning statistics do not cover informal learning, which corresponds to self-learning (through the use of printed material, computer-based learning/training, online Internet-based web education, visiting libraries, etc.).</p> <p>The LFS is conducted quarterly and the annual averages are calculated and published the year after in June. The 2017 survey methodology (GEOSTAT) includes the following questions which refer to lifelong learning: 1. Participation in any learning activities; 2. Participation in formal education; 3. Participation in non-formal education and training; 4. Participation in non-formal education and training within (or not) paid working hours; 5. Participation rate in education and training (last 4 weeks); 6. Share of job-related learning activities among the non-formal education and training (%).</p>
Roadmap	

<b>Indicator number 4.1</b>	<b>Youth enrolment (15-25) in formal VET qualification programmes in the selected regions</b>
Policy	<i>Georgia 2020: VET Development Strategy 2013-2020; Unified Strategy on Education and Science of Georgia 2017-2021; Georgian National Youth Policy 2014-2020; Principal Directions for the Development of Georgian Education and Science and Strategic Priorities 2020+; Sustainable Development Goal adapted target and indicator for Georgia</i>
Objective	<i>Georgia 2020: 10% Enrolment in vocational education courses</i> <i>VET Development Strategy 2013-2020: Outcome 1. A VET sector management structure that elicits full and equal participation from the</i>



	<p><i>social partners and civil society with Government in the development of policy and in decision-making on the nature and operation of regulatory, promotional, and financial and technical support mechanisms</i></p> <p><i>Georgian National Youth Policy 2014-2020: Priority 2. Creating opportunities for appropriate and high quality education, worthy employment and professional growth for the youth</i></p> <p><i>Principal Directions for the Development of Georgian Education and Science and Strategic Priorities 2020+; Professional and civic development of Youth</i></p> <p><i>Sustainable Development Goal adapted target and indicator for Georgia: 4.3.1 By 2030, participation rate of youth and adults into affordable and quality technical, vocational education (formal and non-formal) reaches 17% of active labour force; 4.5.1 By 2030 ensure the equal participation of female and male in vocational education (improved balance)</i></p>
Objective of the SRPC	<p>To improve the employability of women and men in the selected regions</p> <p>Expected Results: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth; 2.2 Increased VET participation, in particular for the youth age group 15-24</p>
Department	<p>Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)</p> <p>Ministry of Health, Labour and Social Affairs (MoHLSA)</p>
Indicator type	Quantitative outcome indicator
Measurement unit	Percentage
Calculation method	<p>(Total number of students aged 15-24 that were enrolled in formal VET qualifications in all authorised VET providers in the selected regions in 2021/ Total number of students aged 15-24 that were enrolled in formal VET qualifications in all authorised VET providers in the selected regions in 2017)-1)*100</p> <p>This includes all students who have an active student status during the reference year, i.e. continue studying in different programmes as well as new enrolments taking place in spring and autumn in formal VET qualifications.</p> <p><b>Full achievement of the target:</b> At least 10% increase in the number of young students aged 15-24 in formal VET qualification programmes in the selected regions, compared to the baseline year 2017.</p> <p><b>Partial achievement of the target:</b> 6% increase in the number of young students aged 15-24 in formal VET qualifications.</p>
Disaggregation	By age, gender and by region
Data collection method	Administrative data
Measurement periodicity	Annual
Department responsible	MoESCS
Delivery date	2020: Data and information from MoESCS available by March 2021

Limitations and bias	MoESCS data is reliable source provided that all authorised institutions report annually their active students to them.
Mean of interpretation	This indicator encourages to promote and increase the enrolment of the vulnerable youth aged 15-24 particularly in the selected regions and identify policy measures and actions to increase their participation in VET, thus increasing the employability of youth.
Change in methodology	N/A
Baseline	Total number of VET students enrolled in all authorized VET providers in the selected regions was 9474 in 2017 (males: 5222, females: 4252).
Targets	10% increase of youth (15-24) enrolment in formal VET qualification programmes in the selected regions
Comments	The number of students covers all in the given age group enrolled in VET programmes leading to formal VET qualifications (as per the regulations set by the MoESCS and NCEOE) and provided by authorised VET (or any other quality assured as defined by the VET law) providers including both public and private institutions. This indicator demonstrates the increase of youth participation in VET in the seven selected regions.
Roadmap	To increase the enrolment in VET, Georgia is expected to develop and provide policy measures targeting particularly the vulnerable youth through an increased access, career guidance, and incentive schemes and funding.

<b>Indicator number 4.2</b>	<b>Youth participation (aged 14-29) in non-formal education programmes</b>
Policy	<i>Georgian National Youth Policy 2014-2020; National Youth Policy Action Plan 2015-2020; Unified Strategy on Education and Science of Georgia 2017-2021; Children and Youth Development Fund's Strategic Plan for 2017-2020; LM Strategy 2015-2018; Government Resolution on Employment Promotion Services (2014); Government Resolution on ALMPs (2016); Professional Orientation and Career Guidance (POCG) Action Plan 2016-2017; SME Development Strategy 2016,</i>
Objective	<i>Georgian National Youth Policy 2014-2020. Priorities: 1. Creating opportunities for the youth to be involved in social, economic, cultural and political life; 2. Creating opportunities for appropriate and high quality education, worthy employment and professional growth for the youth;</i> <i>National Youth Policy Action Plan 2015-2020: 1. Participation - 1.2 Youth Work, 1.4 Youth Initiatives, 1.5 Volunteering, 1.6 Culture, Creativity and Leisure; 2. Education, Employment and Mobility – 2.1 School to Work Transition System)</i> <i>Unified Strategy on Education and Science of Georgia 2017-2021: Strategic objective 1. Compliance of the vocational education with the requirements of the labour market and internationalization of the system;</i> <i>Children and Youth Development Fund's Strategic Plan for 2017-2020: Strategic Objectives 1.1 Non-formal education, employment and mobility; 1.3. Increasing Civic Participation; 2.1. Providing services to beneficiary youth organizations; 2.2. Supporting institutional</i>



	<p>development of beneficiary youth organizations through youth initiative grants program</p> <p><u>LM Strategy 2015-2018: Priority b) Support of effective employment</u></p> <p><u>Government Resolution on Employment Promotion Services (2014): Sub-activities 3.5 Introduction and delivery of vocational consulting and career planning services; 3.7 Employment of vulnerable groups with low level of competitiveness with development of cooperation with interested parties</u></p> <p><u>Government Resolution on ALMPs (2016): Result 3: The quality of employment services is improved and they are accessible for the job seekers</u></p> <p><u>Professional Orientation and Career Guidance (POCG) Action Plan 2016-2017: Objective 6. Proper vocational counselling and career planning service delivery to citizens at the stage of vocational education, sub-activity 6.2.5.2. Non-formal education</u></p> <p><u>SME Development Strategy 2016: Priority Action 3.5: Facilitation of access to non-formal training for SMEs</u></p>
Objective of the SRPC	<p>To improve the employability of women and men in the selected regions</p> <p>Expected Result: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth</p>
Department	<p>Ministry of Education and Science (MoESCS) which took over the functions of the MoYSA and its LEPLs for youth and non-formal education: Youth Policy Management Department (YPMD), Children and Youth Development Fund (CYDF), and the Children and Youth National Center (CYNC)</p>
Indicator type	Quantitative outcome indicator
Measurement unit	Percentage
Calculation method	<p>((The total number of youth aged 14-29 benefitting of non-formal education in 2021/ The total number of youth aged 14-29 benefitting of non-formal education in 2017) -1)*100</p> <p>This includes the non-formal educational trainings and information meetings conducted in the framework of the projects organized by the Youth Policy Management Department (YPMD); in the frameworks of the projects financed by the Children and Youth Development Fund (CYDF); and the non-formal trainings and information meetings on the different subjects in the annual youth camps and youth programmes organised by the Children and Youth National Center (CYNC) or the successor non-formal education programmes for youth financed by the Government. These programmes and activities aim to develop transversal and soft skills among the youth, information meetings on career guidance services, activities of local youth centres as well as annual youth camps and youth programmes. The age group is chosen according to the definition of youth in the Georgian National Youth Policy 2014-2020.</p> <p><b>Full achievement of the target:</b> At least 40% increase of the total annual number of youth aged 14-29 benefitting of non-formal education compared to the baseline of the year 2017.</p> <p><b>Partial achievement of the target:</b> 30% increase of the total annual number of youth aged 14-29 benefitting of non-formal education.</p>
Disaggregation	By age, gender



Data collection method	Administrative data
Measurement periodicity	Annual
Department responsible	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS) - Youth Policy Management Department (YPMD); Children and Youth Development Fund (CYDF); and the Children and Youth National Center (CYNC)
Delivery date	'Youth Activity Report 2021' based on administrative data, available by the end of March 2022. The report will include the total number of youth benefiting from non-formal education by gender, age groups and regions.
Limitations and bias	The recent public administration reform (November 2017) abolished the MoSYA and merged its functions with the functions of the MoESCS. This may affect the administrative data collection practice. The implementing agencies/actors of the non-formal education programmes might also be different once the merger of the youth affairs in the MoESCS is fully operational.
Mean of interpretation	Annual number of youth aged 14-29 benefiting of non-formal education increase by 40%.
	This includes the non-formal educational trainings and/or information meetings conducted in the projects organised by the Youth Policy Management Department (YPMD); in the projects financed by the Children and Youth Development Fund (CYDF); and the non-formal trainings and information meetings on the different subjects in the annual youth camps and youth programmes organised by the Children and Youth National Center (CYNC).
Change in methodology	N/A
Baseline	In 2017, 4994 youth benefited from non-formal educational programmes. Out of this number, 4048 youth attended the activities of CYNC, 546 youth attended the activities of CYDF, and 400 youth attended the activities of YPMD.  Please note that in 2016, 7029 youth benefited from non-formal educational programmes. Out of this number, 3468 youth attended the activities of CYNC, 543 youth attended the activities of CYDF, and 3018 youth attended the activities of YPMD. The big difference between the two years stems from a reduced funding and the liquidation of the MoSYA in 2017, when the MoES has taken over the youth portfolio under the Youth Policy Management Department (YPMD).
Targets	At least 40 % increase of the annual number of youth aged 14-29 benefiting of non-formal education programmes
Comments	Under the Georgian National Youth Policy 2014-2020, the MoSYA was responsible to organise and implement programmes and activities for youth under different formats, all aimed for their non-formal education, particularly focusing on the development of transversal and soft skills among the youth. The activities included the non-formal educational trainings and/or information meetings that were conducted in the framework of the projects organised by the Youth Policy Management Department (YPMD); in the framework of the projects that were financed by the Children and Youth Development Fund (CYDF); and the non-formal trainings and/or information meetings on the different subjects in the annual youth camps and youth programmes organised by the Children and Youth National Center (CYNC). In 2016 the Youth Policy Management Department initiated a "framework of youth competencies" which includes eight key competences of the EU, plus one on 'healthy lifestyle and sports' (see EU Key Competences 2006, <a href="http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URI:SERV%3Ae11090">http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URI:SERV%3Ae11090</a> ). The nine key competences are communication in the mother tongue, communication in foreign languages, mathematical competence + basic competences in science and technology, digital competences, learning to learn, social



	<p>and civic competences, sense of initiative and entrepreneurship, cultural awareness and expression, and healthy lifestyle and sports.</p>
Roadmap	<p>The “<i>Youth Work Key Competences Framework Document</i>” included all nine key competences that young people should develop as they are proved to be essential in the process of acquiring employability and “soft” skills, developing their personal, social and civic competences, be able to adapt to an ever changing, complex and interdependent environment and to make them ready for life and society. This document is already reviewed by the relevant Ministries and was expected to be soon signed by the Minister. After the liquidation of the MoSYA, the MoESCS has taken over the youth portfolio under the Youth Policy Management Department (YPMMD). This department of MoESCS is now responsible to organise and implement programmes and activities for youth under different formats, all aimed for their non-formal education. Non-formal education is very important for keeping youth active, increase opportunities for employment and self-employment and reduce the rate of NEETs.</p> <p>Non-formal education is any scheduled, voluntary programme of individual and social education, which is not part of the formal educational programmes and is designed to develop competencies (knowledge, skills and attitudes). It usually takes place outside the <i>formal educational system/ institutions</i> – whether operating separately or as an important feature of some broader activity – that is intended to serve identifiable learning clientele and learning objectives. It can take place inside or outside educational institutions, often at work; organised but does not lead to formal certification. Usually it is flexible, learner-centred, contextualized and uses a participatory approach. According to Eurostat, non-formal education and training includes all taught learning activities which are not part of a formal education programme. It is defined as any institutionalised, intentional and organised/planned learning activities outside the formal education system. According to the classification of learning activities, non-formal education and training comprises courses, seminars and workshops, private lessons or instructions and guided-on-the-job training. The information collected covers both job-related (professional) and non-job related (personal, social, 'leisure') education and training activities, regardless of whether it is relevant to the respondent's current or possible future job.</p>

Indicator number 4.3	<b>Youth participation (aged 15-24) in formal VET programmes nation wide</b>
Policy	<p><i>Georgia 2020: VET Development Strategy 2013-2020; Georgian National Youth Policy 2014-2020; Principal Directions for the Development of Georgian Education and Science and Strategic Priorities 2020+; Unified Strategy on Education and Science of Georgia 2017-2021; Sustainable Development Goal adapted target and indicator for Georgia</i></p>
Objective	<p><u><i>Georgia 2020: 10% enrolment in vocational education courses</i></u></p> <p><i>VET Development Strategy 2013-2020: Outcome 7. Widespread recognition that vocational education and training is an attractive and rewarding pathway for personal development, as an extension to basic secondary education for young people, as a meaningful mechanism for career development for adults, and as a way to further develop talent in new areas of specialization for those needing to take advantage of and respond to shifts in labour market demands and opportunities.</i></p>



	<p><u>Georgian National Youth Policy 2014-2020</u>: 1. Participation - 1.2 Youth Work, 1.4 Youth Initiatives, 1.5 Volunteering, 1.6 Culture, Creativity and Leisure; 2. Education, Employment and Mobility – 2.1 School to Work Transition System)</p> <p><u>Principal Directions for the Development of Georgian Education and Science and Strategic Priorities 2020+</u>: Professional and civic development of Youth</p> <p><u>Unified Strategy on Education and Science of Georgia 2017-2021</u>: Strategic objective 2: Ensure access to vocational education based on the principle of lifelong learning;</p> <p><u>Sustainable Development Goal adapted target and indicator for Georgia</u>: Target 4.3. By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university; Target 4.5. By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p>
Objective of the SRPC	<p>To improve the employability of women and men in the selected regions</p> <p>Expected Results: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth; 2.2 Increased VET participation, in particular for the youth age group 15-24</p>
Department	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Indicator type	Quantitative outcome indicator
Measurement unit	Percentage
Calculation method	<p>Total number of students aged 15-24 participating in a given year in formal VET programmes (as defined by the VET law) in all authorised (or any other quality assured as defined by the VET law) VET providers nation-wide/ Total population age cohort aged 15-24 nationwide. This includes all students who have active student status during the reference year, i.e. continue studying in different programmes as well as new enrolments taking place in spring and autumn in formal VET programmes.</p> <p><b>Full achievement of the target:</b> At least 8% of young people aged 15-24 participate in formal VET programmes (as defined by the VET Law) nationwide. This practically means almost doubling of the number of VET students aged 15-24 from 4.5% in 2017 to 8% in 2022.</p> <p><b>Partial achievement of the target:</b> 6% of young people aged 15-24 participate in formal VET programmes (as defined by the VET Law)</p>
Disaggregation	By age and gender
Data collection method	Administrative data
Measurement periodicity	Annual
Department responsible	MoESCS and GEOSTAT
Delivery date	2022: Data and information from MoESCS available by March 2023



Limitations and bias	MoESCS/EMIS data is a reliable source provided that all authorised (or any other quality assured as defined by the VET law) institutions report annually their enrolments to them.
Mean of interpretation	This indicator encourages to promote and increase the enrolment of the vulnerable youth aged 15-24 and identify policy measures and actions to increase their participation in VET, thus increasing the employability of youth. It provides also an overview of the national VET policy throughout the country, which aims at increasing the participation rate in VET in line with the government strategies.
Change in methodology	N/A
Baseline	In 2017, the share of the youth 15-24 cohort that participated in formal VET programmes in all authorised (or any other quality assured as defined by the VET law) VET providers nation-wide was 4.5% in total (almost equal share for both males and females). In absolute numbers, there are 20 165 VET students in all authorised VET (or any other quality assured as defined by the VET law) providers nation-wide; 10 580 of which were male and 9585 were female students.
Targets	At least 8% of youth aged 15-24 participate in formal VET programmes nation wide
Comments	In 2017 there is a significant increase compared to the previous year when the share was 3.6%. In terms of absolute numbers, 17 865 young people aged 15-24 were enrolled in all public and private VET providers in 2016 nationwide (males=9257, females=8608). The increasing trend is set to continue due to continuous efforts of the Government on VET. The number of students covers all in the given age group enrolled in formal VET programmes (as per the new VET law) and provided by authorized VET providers including both public and private institutions. The indicator provides the total number of students of the given age group at national level.
Roadmap	To increase the enrolment in VET, Georgia is expected to develop and provide policy measures targeting particularly the vulnerable youth through an increased access, career guidance, and incentive schemes and funding.

<b>Indicator number 4.4</b>	<b>Share of youth aged 15-24 not in education, employment and training (NEETS)</b>
Policy	<i>VET Development Strategy 2013-2020; Unified Strategy on Education and Science of Georgia 2017-2021; State Strategy on the Formation of Labour Market in Georgia 2015-2018; Georgian National Youth Policy 2014-2020; National Youth Policy Action Plan 2015-2020; Government Resolution on ALMPs (2016); Government Resolution on Employment Promotion Services (2014); SME Development Strategy 2016-2020;</i>
Objective	<i>VET Development Strategy 2013-2020; Strategic Outcomes: 3. a series of well-designed VET programmes relevant to the current and future labour needs of Georgia's growing and diversifying economy; 4. a cadres of VET educators prepared in accordance with modern education techniques and the latest developments in their field of expertise, skills and personal fulfilment; 5. a system of nationally and internationally recognized awards and qualifications that support flexibility for VET graduates in their search for employment or their establishment of businesses, whether in Georgia or elsewhere; 6. the full employability of VET graduates in meaningful and, where appropriate, well remunerated and personally rewarding occupations, with the prospect of a fulfilling and challenging career</i>



	<p>development throughout their future working lives. 7. widespread recognition that vocational education and training is an attractive and rewarding pathway for personal development, as an extension to basic or secondary education for young people, as a meaningful mechanism for career development for adults, and as a way to further develop talent in new areas of specialization for those needing to take advantage of and respond to shifts in labour market demands.</p> <p><i>Unified Strategy on Education and Science of Georgia 2017-2021</i>: Strategic objective 2: Ensure access to vocational education based on the principle of lifelong learning; Strategic objective 1. Ensuring equal universal access to high quality general education.</p> <p><i>National Youth Policy 2014-2020</i>: Priority 2. Creating opportunities for appropriate and high quality education, worthy employment and professional growth for the youth;</p> <p><i>National Youth Policy Action Plan 2015-2020</i>: 1. Participation - 1.2 Youth Work, 1.4 Youth Initiatives, 1.5 Volunteering, 1.6 Culture, Creativity and Leisure; 2. Education, Employment and Mobility – 2.1 School to Work Transition System</p> <p><i>Government Resolution on ALMPs (2016)</i>: Result 3. The quality of employment services is improved and they are accessible for the job seekers</p> <p><i>Government Resolution on Employment Promotion Services (2014)</i>: Objectives 4. To assess/analyse and develop existing Employment Support Services; 7. To develop, introduce and promote vocational consulting and career planning services for job-seekers, including general individual and group consultations for introduction of the labour market behaviour norms; 8. To organize, implement and/or participate in implementation of training/vocational education of job-seekers; 14. To develop interdepartmental cooperation to support employment of vulnerable groups;</p> <p><i>SME Development Strategy 2016-2020</i>. Strategic Direction 3: SME skills development and promotion of entrepreneurial culture</p>
Objective of the SRPC	<p>To improve the employability of women and men in the selected regions</p> <p>Expected Result: 1. Relevant skills-matching services accessible in the selected regions 1.1 Operational skills anticipation system based on regular sectoral/national and regional skills needs analysis, 1.2 Increased availability of career guidance and counselling, job intermediation and labour market integration services</p> <p>Expected Result: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth, .2. 1 Flexible skills development system including both private and public provision based on the needs of learners and employers; 2.2 Increased VET participation, in particular for the youth age group 15-24</p>
Department	<p>Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)</p> <p>Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoIDPLHSA)</p> <p>Ministry of Economy and Sustainable Development of Georgia (MoESD)</p>
Indicator type	Quantitative impact indicator
Measurement unit	Percentage



Calculation method	NEETs rate 2022/ NEETs rate 2017 is less than 0.98  The NEETs rate shows the proportion of young people aged 15-24 neither in employment nor in education and training. The indicator refers to people meeting two conditions: (1) they are not employed — in other words, they are unemployed or economically inactive; (2) they have not received any (formal or non-formal) education or training in the four weeks preceding the LFS. The percentage is calculated as an annual average of this age group based on LFS data of Geostat.  <b>Full achievement of the target:</b> The NEETs rate decreased by at least 2 percentage points (22.8%), compared to the baseline year of 2017.  <b>Partial achievement of the target:</b> The NEET rate decreased by at least 1 percentage point (23.8%).
Disaggregation	By age and gender
Data collection method	Calculated from the annual Geostat
Measurement periodicity	Annual
Department responsible	Geostat
Delivery date	2022: Geostat LFS survey 2022 annual data and report available and published in June 2023
Limitations and bias	LFS is a reliable source based on a sound methodology conducted by Geostat, with results representative of all population. The 2017 rate will be calculated based on the new LFS methodology with a much larger sample and representativeness and a more detailed questionnaire
Mean of interpretation	It is a standard indicator used by the EU for the measurement of vulnerable youth, and specific employment, education & training and inclusion policy measures targeting vulnerable youth aged 15-24 are expected to reduce the NEETs rate over time. By defining high-risk groups for NEETs such as women, early school leavers, rural residents or ethnic/linguistic minorities, specific prevention measures can be developed to avoid an uncontrolled increase in the number of young people falling into the NEET trap and to break the cycle of social exclusion.
Change in methodology	N/A
Baseline	In 2017, the NEET rate for youth aged 15-24 was <b>24.8%</b> (For males: 21.2%, for females: 28.7%).
	Please note that in 2016, the NEET rate was 25.9% (21.7% for males, 30.5% for females), in 2015 it was 26.6% (21.0% for males, 32.8% for females), and in 2014 it was 27.9% (24.2% for males, 31.9% for females). Therefore, there is a gradual decrease of NEET rates over the last years observed in the LFS data: 29.4% in 2013, 27.9% in 2014, 26.6% in 2015, 25.9% in 2016, and 24.8% in 2017 in Georgia, with an approximate 0.5% annual decrease. A similar declining trend is assumed to continue in the coming years which is the basis for target.
Targets	At least 2 percentage point decrease in the NEETs rate compared to the baseline of 2017
Comments	For the review missions' <b>preliminary LFS data from Geostat</b> will be made available and used, while for the EU assessment and final



	<p>decision regarding the tranche payment the final data will be taken into consideration.</p> <p>According to Eurostat, NEET rate is the percentage of young people aged 15-24 young people neither in employment nor in education and training. Therefore, young people should not be employed and should not receive any formal or non-formal education or training in the 4 weeks preceding the survey. The denominator is the total population of the same age group, excluding non-response concerning 'participation in regular (formal) education and training', in other words, respondents who failed to answer the LFS question. In the Georgian LFS non-response is counted in the weighing. Non-formal education and training includes all taught learning activities which are not part of a formal education programme. It is defined as any institutionalised, intentional and organised/planned learning activities outside the formal education system. According to the classification of learning activities, non-formal education and training comprises courses, seminars and workshops, private lessons or instructions and guided-on-the-job training. The information collected covers both job-related (professional) and non-job related (personal, social, leisure) education and training activities, regardless of whether it is relevant to the respondent's current or possible future job.</p> <p>For more information: ETF (2015); Young people not in education, training and employment (NEET): an overview in ETF Partner Countries, <a href="http://www.etf.europa.eu/web.nsf/pages/NEET ETF_partner_countries">www.etf.europa.eu/web.nsf/pages/NEET ETF_partner_countries</a></p>
Roadmap	<p>Developing more qualitative, effective, labour market-relevant and balanced education and training systems is essential to tackle the issue at source. A participatory and coordinated action plan involving families, early child educators, schools (especially secondary and vocational schools), training providers, public employment services, youth organisations and the private sector is needed to ensure early tracking of disengagement and prompt intervention. Reintegration and compensation measures are also necessary to ensure the social inclusion of NEETs. Specific measures targeting female youth are important in Georgia given the big gender gap. In addition, Geostat is expected to start the calculation of "NEET rate" in a regular manner and publish it with other labour market indicators every year in June for the previous year.</p>

Indicator number 5.1	<b>Share of VET teachers who completed a training module on entrepreneurship competence</b>
Policy	<i>Unified Strategy on Education and Science of Georgia 2017-2021; VET Development Strategy 2013-2020</i>
Objective	<p><i>Unified Strategy on Education and Science of Georgia 2017-2021: Strategic objective 1. Compliance of the vocational education with the requirements of the labour market and internationalization of the system</i></p> <p><i>VET Development Strategy and Action Plan 2013-2020: Outcome 3. A series of well designed VET programmes relevant to the current and future labour needs of Georgia's growing and diversifying economy is developed; Outcome 4. Cadres of VET educators prepared in modern education techniques and the latest developments in their field of expertise, and capable of drawing out the best from their students in terms of both skills and personal fulfilment; Outcome 6. VET graduates are employed in meaningful and, where appropriate, well remunerated and personally rewarding occupations, with the prospect of a fulfilling and challenging career development throughout their future working lives.</i></p>



Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Results: 2. Relevant lifelong learning skills provision accessible in the selected regions with a focus on youth; 2.1 Flexible skills development system including both private and public provision based on the needs of learners and employers
Department	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Indicator type	Quantitative output indicator
Measurement unit	Total number
Calculation method	(The total number of VET teachers in 2020 in all authorized VET provider institutions who have completed a training module on entrepreneurship competence by 31/12/2020 / The total number of VET teachers in 2020 in all authorized VET provider institutions who have completed training modules on pedagogy)*100 <b>Full achievement of the target:</b> At least 50% of VET teachers have completed a training module on entrepreneurship competence and received a certificate or equivalent on the completion of the course. <b>Partial achievement of the target:</b> At least 30% of VET teachers have completed a training module on entrepreneurship competence and received a certificate or equivalent on the completion of the course.
Disaggregation	N/A
Data collection method	Administrative data from NCTPD
Measurement periodicity	Annual
Department responsible	Teacher Professional Development Center (NCTPD), Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Delivery date	2021: Administrative data available from the NCTPD at latest by April 2021
Limitations and bias	N/A
Mean of interpretation	Entrepreneurship Key Competence is based on the assumption that entrepreneurial skills, knowledge and attitudes can be learned, and is linked to the objective of development of individuals' entrepreneurial mind-sets and societal culture. To be able to develop entrepreneurship key competence in their students, teachers have to be "entrepreneurially competent" themselves. Practical entrepreneurial experience and active learning and teaching methods are the key prerequisite of the entrepreneurship key competence development and the establishment of an entrepreneurship ecosystem around schools.
Change in methodology	N/A
Baseline	0
Targets	At least 50% of VET teachers have completed a training module on entrepreneurship competence
Comments	The modular training course on pedagogy has been developed by the NCTPD in cooperation with international partners and experts to equip the VET teachers with core pedagogical competences to deliver training programmes for learners. The first five modules are the



	<p>basis of the pedagogical course (which included approx. 27 days of face-to-face training and individual project work) while the other two (collaboration with employers &amp; in-company training and entrepreneurship) will become a part of the course later. This indicator refers to VET teachers (who have completed the compulsory modules in pedagogy) from authorised VET providers who have completed a training course on entrepreneurship competence (with a duration of not less than 3 days face-to-face training) which will be adapted from the VET entrepreneurship module to introduce "Entrepreneurship Key Competence" in curricula and teaching/learning process. Following the training, teachers will be able to apply the entrepreneurship key competence approach in VET.</p> <p>The <b>entrepreneurship as a key competence</b> was defined by the EU among the key competences for lifelong learning in 2006 and following years of practical application. The Entrepreneurship Competence Reference Framework (EntreComp <a href="https://ec.europa.eu/jrc/en/entrecomp">https://ec.europa.eu/jrc/en/entrecomp</a>) was adopted in 2016, with the aim to raise consensus among all stakeholders and to establish a bridge between the worlds of education and work. The EntreComp framework can be a reference for fostering entrepreneurial capacity of citizens. It consists of 3 interrelated and interconnected competence areas: 'Ideas and opportunities', 'Resources' and 'Into action'. Each of the areas is made up of 5 competences, which, together, constitute the building blocks of entrepreneurship as a competence. The framework develops the 15 competences along an 8-level progression model and proposes a comprehensive list of 442 learning outcomes</p>
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<b>Indicator number 5.2</b>	<b>Share of general upper secondary schools having teachers and managers formally trained to introduce entrepreneurship competence in teaching and learning process</b>
Policy	<p><i>VET Development Strategy 2013-2020; Unified Strategy on Education and Science of Georgia 2017-2021; SME Development Strategy 2016-2020; Unified Strategy for Education and Science 2017-2021</i></p>
Objective	<p><i>VET Development Strategy 2013-2020: Outcome 7. Widespread recognition that vocational education and training is an attractive and rewarding pathway for personal development, as an extension to basic secondary education for young people, as a meaningful mechanism for career development for adults, and as a way to further develop talent in new areas of specialization for those needing to take advantage of and respond to shifts in labour market demands and opportunities; SME Development Strategy 2016-2020: Strategic Direction 3: SME skills development and promotion of entrepreneurial culture</i></p> <p><i>Unified Strategy for Education and Science 2017-2021 and Action plan for general education: Strategic objective 2. Improve the quality of education to increase the possibilities of transition to the next level of education, to develop vital skills in the students and to achieve better academic results.</i></p> <p><i>Unified Strategy for Education and Science 2017-2021 and Action plan for vocational education: Strategic objective 1. Compliance of the vocational education with the requirements of the labour market and internationalization of the system</i></p>
Objective of the SRPC	To improve the employability of women and men in the selected regions



	Expected Result 3: Entrepreneurial learning and entrepreneurship training opportunities accessible in the selected regions. R 3.1: Entrepreneurship key competence is an integral part of curricula and teacher training, including practical entrepreneurial experience, in upper secondary general education and VET
Department	Ministry of Economy and Sustainable Development of Georgia (MoESD) Ministry of Education, Science, Culture and Sports of Georgia (MoESCS)
Indicator type	Quantitative and qualitative output indicator
Measurement unit	Percentage
Calculation method	2021: NB of general upper secondary schools that had at least two teachers and one manager trained to introduce entrepreneurship competence in the learning process in 2021/Total number of general upper secondary schools in 2021 <b>Full achievement of the target:</b> At least 5% of general upper secondary schools have a team of (at least) three staff members (at least two teachers and a manager) trained to introduce entrepreneurship competence in the learning process. <b>Partial achievement of the target:</b> At least 3% of general upper secondary schools have a team of (at least) three staff members (at least two teachers and a manager) trained to introduce entrepreneurship competence in the learning process.
Disaggregation	N/A
Data collection method	Administrative data
Measurement periodicity	Annual
Department responsible	Ministry of Education, Science, Culture and Sports of Georgia (MoESCS), National Centre for Teacher Professional Development of (NCTPD)
Delivery date	2021: Data on upper secondary schools 31/12/2021. Data to be available at the latest by March 2022.
Limitations and bias	Being trained does not mean being able to introduce entrepreneurship competence in learning processes; Staff turnover; Criteria need to be defined in the way that allows distinguishing entrepreneurial activities (e.g. clubs, projects, etc.) from the general ones.
Mean of interpretation	Entrepreneurship Key Competence is based on the assumption that entrepreneurial skills, knowledge and attitudes can be learned, and is linked to the objective of development of individuals' entrepreneurial mind-sets and societal culture. To be able to develop entrepreneurship key competence in their students, teachers have to be "entrepreneurially competent" themselves. Practical entrepreneurial experience and active learning and teaching methods are the key prerequisite of the entrepreneurship key competence development and the establishment of an entrepreneurship ecosystem around schools.
Change in methodology	N/A
Baseline	0



Targets	At least 5% of general upper secondary schools have teachers and managers formally trained to introduce entrepreneurship competence in teaching and learning process
Comments	The <b>entrepreneurship as a key competence</b> was defined by the EU among the key competences for lifelong learning in 2006 and following years of practical application. The Entrepreneurship Competence Reference Framework (EntreComp <a href="https://ec.europa.eu/jrc/en/entrecomp">https://ec.europa.eu/jrc/en/entrecomp</a> ) was adopted in 2016, with the aim to raise consensus among all stakeholders and to establish a bridge between the worlds of education and work. The EntreComp framework can be a reference for fostering entrepreneurial capacity of citizens. It consists of 3 interrelated and interconnected competence areas: 'Ideas and opportunities', 'Resources' and 'Into action'. Each of the areas is made up of 5 competences, which, together, constitute the building blocks of entrepreneurship as a competence. The framework develops the 15 competences along an 8-level progression model and proposes a comprehensive list of 442 learning outcomes.
Roadmap	<p>A training course (with a duration of not less than 3 days) for small school teams – made of teachers and school managers - will be adapted from the VET entrepreneurship competence module to introduce "Entrepreneurship Key Competence" in curricula and teaching/learning process. Following the training, teachers and managers will be able to apply the entrepreneurship key competence approach in upper secondary education.</p> <p>A minimum of two teachers per school will be selected for training. A principal (or deputy/staff member representing the school administration/management) should participate in the same training course. The training will enable teachers to upgrade curricula and teaching methods in the subject areas to applying entrepreneurship key competence. The MoESCS and NCTPD will be supported by TA to design and plan the training. Teachers and principals are expected to road test the entrepreneurship competence development in their schools on a pilot basis under the supervision and guidance of NCTPD. The Ministry of Education, Science, Culture and Sport of Georgia will create conditions for teacher training and piloting of EntreComp development in selected schools, evaluate the results of the pilots, and elaborate a proposal to scale it up for national curriculum and teacher training development. The Ministry will also allow adjustments and new approaches in the delivery of curricula in the selected schools. Assessment of this activity will consider: a) training of teachers and managers, b) pilot curricula enhanced by reference to entrepreneurship competence framework, and c) activities facilitated by trained teachers and managers that contribute to the provision of practical entrepreneurship activities for students.</p> <p>This activity, currently under elaboration, will be included in the Action Plan on Lifelong Entrepreneurial Learning developed by the Interagency Working Group under the MoESCS.</p>

Indicator number 5.3	Share of general upper secondary school teachers applying interactive teaching methods enhancing entrepreneurship key competence in teaching and learning process
Policy	<u>Unified Strategy for Education and Science 2017-2021</u>
Objective	<u>Unified Strategy for Education and Science 2017-2021 and Action plan for general education: Strategic objective 2. Improve the quality of education to increase the possibilities of transition to the next level of education, to develop vital skills in the students and to achieve</u>



	<i>better academic results.</i>
Objective of the SRPC	To improve the employability of women and men in the selected regions Expected Result 3: Entrepreneurial learning and entrepreneurship training opportunities accessible in the selected regions. R 3.1: Entrepreneurship key competence is an integral part of curricula and teacher training, including practical entrepreneurial experience, in upper secondary general education and VET
Department	Ministry of Economy and Sustainable Development (MoESCS) Ministry of Education, Science, Culture and Sport of Georgia (MoESCS)
Indicator type	Quantitative and qualitative output indicator
Measurement unit	Percentage
Calculation method	2022: NB of general upper secondary school teachers who conduct educational activities for entrepreneurship key competence development based on the pre-defined criteria set by the NCTPD(2022)/ Total number of upper secondary school teachers NCTPD has been awarding credits as part of teacher professional development for a number of activities that could contribute to the access to practical entrepreneurship experience for the students: social projects, school clubs, etc. <b>Full achievement of the target:</b> At least 5% of general upper secondary schools teachers apply interactive teaching methods in the teaching and learning process based on the pre-defined criteria set by the NCTPD <b>Partial achievement of the target:</b> At least 3% of general upper secondary schools teachers apply interactive teaching methods in the teaching and learning process based on the pre-defined criteria set by the NCTPD.
Disaggregation	N/A
Data collection method	Administrative data
Measurement periodicity	Annual
Department responsible	Ministry of Education, Science, Culture and Sport of Georgia (MoESCS), National Centre for Professional Development of Teachers (NCPDT)
Delivery date	2022: 31/12/2022. Data to be available at the latest by March 2022
Limitations and bias	Being trained does not mean being able to introduce entrepreneurship competence in learning processes; Staff turnover; Criteria need to be defined in the way that allows distinguishing entrepreneurial activities (e.g. clubs, projects, etc.) from the general ones.
Mean of interpretation	Entrepreneurship Key Competence is based on the assumption that entrepreneurial skills, knowledge and attitudes can be learned, and is linked to the objective of development of individuals' entrepreneurial mind-sets and societal culture. To be able to develop entrepreneurship key competence in their students, teachers have to be "entrepreneurially competent" themselves. Practical entrepreneurial experience and active learning and teaching methods are the key prerequisite of the entrepreneurship key competence development and the



	establishment of an entrepreneurship ecosystem around schools.
Change in methodology	N/A
Baseline	0
Targets	At least 5% of general upper secondary school teachers apply interactive teaching methods enhancing entrepreneurship key competence in the teaching and learning process.
Comments	<p>The <b>entrepreneurship as a key competence</b> was defined by the EU among the key competences for lifelong learning in 2006 and following years of practical application. The Entrepreneurship Competence Reference Framework (EntreComp <a href="https://ec.europa.eu/irc/en/entrecomp">https://ec.europa.eu/irc/en/entrecomp</a>) was adopted in 2016, with the aim to raise consensus among all stakeholders and to establish a bridge between the worlds of education and work. The EntreComp framework can be a reference for fostering entrepreneurial capacity of citizens. It consists of 3 interrelated and interconnected competence areas: 'Ideas and opportunities', 'Resources' and 'Into action'. Each of the areas is made up of 5 competences, which, together, constitute the building blocks of entrepreneurship as a competence. The framework develops the 15 competences along an 8-level progression model and proposes a comprehensive list of 442 learning outcomes.</p> <p>According to the experience of applying EntreComp, and other instruments of key competence development, across Europe, teacher capacity is the most important resource. Given the definition of key competence based on three main elements – knowledge, skills and attitudes – the main challenge in the transition to key competence approach is to address the practical application of these elements and to modernise the teaching methods and the learning environment. Thus, the development of teacher competence would require the same approach, focusing on practical tools and active learning methods, and supporting the new role of teacher as a facilitator of learning. NCTPD has been awarding credits as part of teacher professional development for a number of activities that could contribute to the access to practical entrepreneurship experience for the students: social projects, school clubs, etc.</p>
Roadmap	<ol style="list-style-type: none"> <li>1. Teacher training should support new profile/role of teachers (trained teachers and managers to work in teams, to actively share their experience and know-how with colleagues, networking among participating schools around EL, engaging students into idea generation and self-organisation, etc.). Managers have an important role to play – encouraging and supporting teachers and students, providing leadership and establishing the learning environment conducive to entrepreneurship.</li> <li>2. Teachers and managers need to learn how to organise cooperation of school teams with local community, enterprises, etc.</li> <li>3. Students should be engaged in real entrepreneurial activities that would allow them to master all elements of EntreComp (teamwork, leadership, creativity, etc.).</li> <li>4. Teacher training will need to look at outcomes e.g. ability of teachers to lead/facilitate active learning methods, project work, creation of student mini-companies, social enterprises, entrepreneurial clubs, etc. The assessment should develop criteria to distinguish entrepreneurial practical experience activities from others (e.g. other clubs or projects).</li> </ol>



## APPENDIX 2: DISBURSEMENT ARRANGEMENTS AND TIMETABLE

### 1. Responsibilities

On the basis of the disbursement conditions stipulated in the Financing Agreement, the Ministry of Education, Science Culture and Sports on behalf of the Government 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

Table A: Indicative disbursement timetable

Country	fiscal year	2018				2020				2021				2022				2023				
Type of tranche		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Total
Fixed tranche					4.0		3.0				2.0				1.0				1.0			11.0
Variable tranche					0.0		2.0				4.0				6.0				7.0			19.0
Total					4.0		5.0				6.0				7.0				8.0			30.0

### 3. General conditions for the disbursement of all tranches

The general conditions set out in Table B shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents on the general conditions.

Table B: General conditions for the release of all tranches

Area	General conditions	Verification source
Public Policy	Satisfactory progress in the implementation of the VET Reform Strategy 2013-2020 and the State Strategy for the Formation of the Georgian Labour Market 2015-2018 and continued credibility and relevance of that or any successor strategy.	Annual Implementation Reports of the relevant Action Plans, EU Reports
Macroeconomic stability	Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.	IMF, WB, EU Reports
Public financial management	Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.	EU Delegation, PFM Annual Report
Budget Transparency	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.	Open Budget Index, IMF, WB, EU Reports

### 4. Specific conditions for the disbursement of individual tranches

The specific conditions set out in Table C shall apply to the disbursement of individual tranches. Tranche release requests must be accompanied by all appropriate information and documents on the specific conditions - **Not applicable**

## 5. Modalities for variable tranche calculation and disbursement

The performance indicators set out in Table D and described in detail in annex 1 shall apply to the calculation of the share of variable tranches to be disbursed. Tranche release requests must be accompanied by all appropriate information and documents on the performance indicators

Each performance indicator will be scored 1 if the target is met, 0.5 if the target is partially met (the requirements in this respect are specified for each indicator in Table D) or 0 if the target is not met.

The assessment of performance indicators may require carrying out external reviews or data verification exercises to inform disbursement decisions and to contribute to strengthening the policy monitoring framework and national statistical systems.

In exceptional and/or duly justified cases, e.g. where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant, a variable tranche indicator may be waived or neutralised. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year. The financing agreement may also provide for the possibility to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. Such cases must be requested by the Government of Georgia to the European Commission and can be authorised by the latter through an exchange of letters between the two parties.

Once the disbursement has taken place, the funds corresponding to the share of the variable tranche which has not been disbursed will be re-allocated to the complementary support component of the contract.



Table D: Performance indicators and targets for variable tranches disbursement

	2019	2020	2021	2022
<b>Objective 1 – Skills anticipation system operational based on regular national/sectoral and regional skills needs analysis</b>				
<b>Indicator 1.1</b> Availability of information on labour market developments for policy evidence  <i>Baseline:</i> Prototype report on 2017  <i>Target:</i> Analytical labour market report available  <i>Partial fulfillment:</i> applicable  <i>Source(s) of verification:</i> Report published on the LMIS website  <i>Weight or amount allocated:</i> 0.3M	<b>Indicator 1.2</b> Availability of sector specific future skills needs  <i>Baseline:</i> 0  <i>Target:</i> Future skills needs assessment in 2 priority economic sectors available  <i>Partial fulfillment:</i> applicable  <i>Source of verification:</i> Reports published on the LMIS website  <i>Weight or amount allocated:</i> 0.5M	<b>Indicator 1.3</b> Availability of information and evidence on job vacancies at the local level  <i>Baseline:</i> 0  <i>Target:</i> 7 SSA/ESS regional centres monitor job vacancies systematically  <i>Partial fulfillment:</i> applicable  <i>Source of verification:</i> 'Vacancy Monitor' report published on the SSA website  <i>Weight or amount allocated:</i> 0.5M	<b>Indicator 1.4</b> Employment rate of retrained jobseekers  <i>Baseline:</i> In 2017, 14% of trainees were employed (M: 17%, F: 12.8%)  <i>Target:</i> At least 20% of jobseekers in the selected regions who completed the retraining programme are employed within 3 months  <i>Partial fulfillment:</i> applicable  <i>Source of verification:</i> Administrative data from SSA/ESS  <i>Weight or amount allocated:</i> 1.0M	<b>Indicator 1.5</b> Availability of national skills anticipation with a 5-year outlook  <i>Baseline:</i> 0  <i>Target:</i> Publication of National Skills Anticipation Report with a 5-year outlook.  <i>Partial fulfillment:</i> applicable

<b>Objective 2 - Increased availability of career guidance and counselling, job intermediation and labour market integration services</b>				
<b>2019</b>		<b>2020</b>		<b>2021</b>
<b>Indicator 2.1</b> Share of territorial employment offices nationwide applying the new employment service model		<b>Indicator 2.2</b> Number of job intermediations provided by employment offices nationwide		<b>Indicator 2.3</b> Share of territorial employment offices nationwide applying the new employment service model
<b>Baseline:</b> In 2017, 15 out of 70 territorial units (21%) provides new employment service model.  <b>Target:</b> New employment service model is provided by at least 30% of all SSA/ESS territorial units nationwide  <b>Partial fulfilment:</b> applicable  <b>Source of verification:</b> SSA/ESS Annual Activity Report, published on its website  <b>Weight or amount allocated:</b> 0.7M		<b>Baseline:</b> In 2017, a total of 2469 jobseekers were provided job intermediation services.  <b>Target:</b> At least 10% increase in the total number of job intermediations provided by SSA/ESS offices nationwide  <b>Partial fulfilment:</b> applicable  <b>Source of verification:</b> SSA/ESS Annual Activity Report, published on its website  <b>Weight or amount allocated:</b> 0.8M		<b>Indicator 2.5</b> Employment rate of young people aged 15-29 with vocational education and training nationwide  <b>Baseline:</b> Total 51.3% in 2017  <b>Target:</b> An increase of at least 10% of the baseline of 2017 in the employment rate of young people aged 15-29 with VET education nationwide  <b>Partial fulfilment:</b> applicable  <b>Source of verification:</b> GEOSTAT LFS  <b>Weight or amount allocated:</b> 1.0M
		<b>Indicator 2.4</b> Number of job placements brokered by employment offices nationwide  <b>Baseline:</b> In 2017, 1775 job placements, 970 of which were women (54.6%)  <b>Target:</b> At least 50% increase of the total number of job placements brokered by SSA/ESS offices nationwide		



		<i>Partial fulfilment: applicable</i>  <i>Source of verification: SSA/ESS Annual Activity Report, published on its website</i>  <i>Weight or amount allocated: 1.0M</i>	
<b>Objective 3 - Flexible skills development system including both private and public provision based on the needs of learners and employers</b>			
2019	2020	2021	2022
<b>Indicator 3.1</b> Availability of evidence and analysis on socioeconomic indicators of VET students  <b>Baseline:</b> 0  <b>Target:</b> The MoESCS assessment report on socio-economic background of VET students available for policy evidence  <i>Partial fulfilment: applicable</i>  <i>Source of verification:</i> Report published on the MoESCS website  <i>Weight or amount allocated: 0.3M</i>	<b>Indicator 3.3</b> Number of VET students with special needs  <b>Baseline:</b> 247 students in 2017  <b>Target:</b> At least 20% increase of VET students with special needs  <i>Partial fulfilment: applicable</i>  <i>Source of verification:</i> Administrative data from EMIS/ MoESCS  <i>Weight or amount allocated: 0.7M</i>	<b>Indicator 3.4:</b> Share of authorised VET providers delivering short-term LLL courses  <b>Baseline:</b> 0  <b>Target:</b> At least 50% of authorised VET providers deliver short-term courses for LLL  <i>Partial fulfilment: applicable</i>  <i>Source of verification:</i> Administrative data from MoESCS (EMIS) and/or MoIDPLSHA  <i>Weight or amount allocated: 1.0M</i>	<b>Indicator 3.5</b> Average completion rate in formal VET programmes  <b>Baseline:</b> 69% completion rate in 2017  <b>Target:</b> At least 5 percentage point increase in the average completion rate in formal VET programmes  <i>Partial fulfilment: applicable</i>  <i>Source of verification:</i> Administrative data from MoESCS  <i>Weight or amount allocated: 0.5M</i>
<b>Indicator 3.2</b> Number of VET teachers who completed a full course on pedagogy  <b>Baseline:</b> 152 teachers in 2017 <b>Target:</b> At least 400 VET teachers have			<b>Indicator 3.6</b> Adult participation in lifelong learning (LLL)  <b>Baseline:</b> Total 1.6% in 2017 (M: 1.2%, F: 2.0%)

completed a full course on pedagogy			<p><b>Target:</b> Increased participation of adults aged 25-64 in education and training (LLL rate) by at least 20% compared to the baseline of 2017</p> <p><b>Partial fulfilment:</b> applicable</p> <p><b>Source of verification:</b> GEOSTAT LFS</p> <p><b>Weight or amount allocated:</b> 1.0M</p>
<p><b>Partial fulfilment:</b> applicable</p> <p><b>Source of verification:</b> Administrative data from TPDC/ MoESCS</p> <p><b>Weight or amount allocated:</b> 0.7M</p>			
<b>Objective 4 - Increased participation in education and training, in particular for the youth age group of 15-24</b>			
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<p><b>Indicator 4.1</b></p> <p>Youth enrolment (15-25) in formal VET qualification programmes in the selected regions*</p> <p><b>Baseline:</b> Total number of VET students enrolled in all authorised VET providers in the selected regions was 9474 in 2017 (males: 5222, females: 4252).</p> <p><b>Target</b> 10% increase of youth (15-24) enrolment in formal VET qualification programmes in the selected regions*</p> <p><b>Partial fulfilment:</b> applicable</p> <p><b>Source of verification:</b> Administrative data from MoESCS</p> <p><b>Weight or amount allocated:</b> 1.0M</p>	<p><b>Indicator 4.2</b></p> <p>Youth participation (aged 14-29) in non-formal education programmes</p> <p><b>Baseline:</b> 4994 youth beneficiaries in 2017</p> <p><b>Target:</b> At least 40 % increase of the annual number of youth aged 14-29 benefiting of non-formal education programmes</p> <p><b>Partial fulfilment:</b> applicable</p> <p><b>Source of verification:</b> Administrative data provided by MoESCS</p> <p><b>Weight or amount allocated:</b> 1.5M</p>	<p><b>Indicator 4.3</b></p> <p>Youth participation (aged 15-24) in formal VET programmes nation wide</p> <p><b>Baseline:</b> In 2017, the share of youth 15-24 cohort in VET programmes was 4.5%</p> <p><b>Target:</b> At least 8% of youth aged 15-24 participate in formal VET programmes nation wide</p> <p><b>Partial fulfilment:</b> applicable</p> <p><b>Source of verification:</b> Administrative data from MoESCS</p> <p><b>Weight or amount allocated:</b> 1.0M</p>	



			<p><b>Indicator 4.4</b> Share of youth aged 15-24 not in education, employment and training (NEETS)</p> <p><b>Baseline:</b> Total 24.8% in 2017 (M: 21.2%, F: 28.7%)</p> <p><b>Target:</b> At least 2 percentage point decrease in the NEETS rate compared to the baseline of 2017</p> <p><b>Partial fulfilment:</b> applicable</p> <p><b>Source of verification:</b> GEOSTAT LFS</p> <p><b>Weight or amount allocated:</b> 1.5M</p>
<p><b>Objective 5 - Entrepreneurship key competence is an integral part of curricula and teacher training, including practical entrepreneurial experience, in upper secondary general education and VET</b></p>			
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<p><b>Indicator 5.1.</b> Share of VET teachers who completed a training module on entrepreneurship competence</p> <p><b>Baseline:</b> 0</p> <p><b>Target:</b> At least 50% of VET teachers have completed a training module on entrepreneurship competence</p> <p><b>Partial fulfilment:</b> applicable</p>	<p><b>Indicator 5.2</b> Share of general upper secondary schools having teachers and managers formally trained to introduce entrepreneurship competence in teaching and learning process</p> <p><b>Baseline:</b> 0</p> <p><b>Target:</b> At least 5% of general upper secondary schools have teachers and managers formally trained to introduce entrepreneurship competence in teaching and learning process</p>	<p><b>Indicator 5.3</b> Share of general upper secondary school teachers applying interactive teaching methods enhancing entrepreneurship key competence in teaching and learning process</p> <p><b>Baseline:</b> 0</p> <p><b>Target:</b> At least 5% of general upper secondary school teachers apply interactive teaching methods</p>

	<b>Source of verification:</b> Administrative data from TPD/ MoESCS <b>Weight or amount allocated:</b> 1.0M	<b>learning process</b> <b>Partial fulfilment:</b> applicable <b>Source of verification:</b> Administrative data from TPD/ MoESCS <b>Weight or amount allocated:</b> 1.0M	<b>enhancing entrepreneurship key competence in teaching and learning process</b> <b>Partial fulfilment:</b> applicable <b>Source of verification:</b> Administrative data from TPD/ MoESCS <b>Weight or amount allocated:</b> 0.5M
<b>TOTAL AMOUNT OF VARIABLE TRANCHE IN EUROS</b>			
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
2 M	4 M	6 M	7 M



