

## EUROPEAN UNION CONTRIBUTION AGREEMENT

ENI/2022/438-215  
(the "Agreement")

The European Union, represented by the European Commission B-1049 Brussels, Belgium, itself represented by the Delegation of the European Union to Georgia, 64b Chavchavadze Avenue, 0179, Tbilisi, Georgia (the “**Contracting Authority**”), first counterparty,

and

The United Nations Development Programme (UNDP)  
International Organization,  
One United Nation Plaza, New York, N.Y. 10017  
hereinafter the “**Organisation**”

second counterparty, (individually a "Party" and collectively the “Parties”) have agreed as follows:

### SPECIAL CONDITIONS

#### Article 1 - Purpose

- 1.1 The purpose of this Agreement is to provide a financial contribution to finance the implementation of the action “Support to the Rural Development in Georgia” as described in Annex I (the “Action”). This Agreement establishes the rules for the implementation and for the payment of the EU Contribution, and defines the relations between the Organisation and the Contracting Authority.
- 1.2 The Action is a Multi-Donor Action and the EU Contribution is not earmarked.
- 1.3 The Organisation declares that no substantial changes, which have not already been communicated to the Commission, affect the rules and procedures which have been subject to the Ex-ante Pillar-Assessment.  
  
In the performance of the activities, the Organisation shall:
  - Apply its own rules and procedures for the award and management of Procurement Contracts which have been assessed in the Ex-ante Pillar Assessment
  - Apply its own rules and procedures for the award and management of Grants, which have been assessed in the Ex-ante Pillar Assessment
- 1.4 The Action is financed under the European Neighbourhood Instrument.
- 1.5 The Organisation shall provide a management declaration in accordance with Articles 3.10 of Annex II with every progress and final report.
- 1.6 This Agreement is subject to the provisions of the Financial and Administrative Framework Agreement (FAFA) between the European Union represented by the European Commission and the United Nations signed on 29 April 2003 and amended on 31 December 2018 applicable as from 1 January 2019

## **Article 2 - Entry into Force and Implementation Period**

### Entry into Force

2.1 The Agreement shall enter into force on the date when the last Party signs.

### Implementation Period

2.2 The implementation period of the Agreement (the "Implementation Period") shall commence on:  
1 December 2022

2.3 The Implementation Period of the Agreement is 36 months.

## **Article 3 - Financing the Action**

3.1 The total cost of the Action is estimated at EUR ("Currency of the Agreement") 2,430,500.00, as set out in Annex III. The Contracting Authority undertakes to provide a contribution up to a maximum of EUR 2,250,000.00 (the "EU Contribution").

The final amount will be established in accordance with Articles 16 to 18 of Annex II

### Remuneration

3.2 The remuneration of the Organisation by the Contracting Authority for the activities to be implemented under this Agreement shall be 7% of the final amount of eligible direct costs of the Action to be reimbursed by the Contracting Authority.

### Interest on pre-financing

3.3 Interest generated on pre-financing shall not be due.

## **Article 4 - Payment Arrangements and Reporting**

4.1 The pre-financing rate is 100%.

4.2 Payments shall be made in accordance with Article 17 of Annex II. The following amounts are applicable, all subject to the provisions of Annex II:

First pre-financing instalment: EUR 769,306.23

Further pre-financing instalment(s): EUR 1,480,693.77 following the end of the 1<sup>st</sup> and 2<sup>nd</sup> reporting period from 1 December, 2023 to 30 November 2024 and 1 December 2024 to 30 November 2025, corresponding to the Contracting Authority's part of the forecast budget for the subsequent 12 months.

Forecast balance of the final amount of the EU Contribution, if any (subject to the provisions of Annex II): EUR 0

4.3 The Organisation acknowledges that the European Commission intends to progressively introduce an Electronic Exchange System (the "System") for the electronic management of this Agreement.

The Organisation shall submit the information referred to in Article 3.7 b) of Annex II via the System for all reports under this Agreement.

The European Commission shall inform the Organisation at least three months prior to the date on which other documents and processes related to this Agreement (including reports, payment requests, communications and formal amendments as per Article 10.1 of Annex II) are to be processed via the System.

## **Article 5 – Communication language and contacts**

5.1 All communications to the Contracting Authority in connection with the Agreement, including reports referred to in Article 3 of Annex II, shall be in English

5.2 Subject to Article 4.3, any communication relating to the Agreement shall be in writing, shall state the Contracting Authority's contract number and the title of the Action, and shall be dispatched to the addresses below.

5.3 Subject to Article 4.3, any communication relating to the Agreement, including payment requests and attached reports, and requests for changes to bank account arrangements shall be sent to:

For the Contracting Authority

Delegation of the European Union to Georgia

For the attention of the Finance, Contracts and Audit Section  
64b, Ilia Chavchavadze Avenue,  
0179, Tbilisi, Georgia

[delegation-georgia-finance@eeas.europa.eu](mailto:delegation-georgia-finance@eeas.europa.eu)

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

Delegation of the European Union to Georgia

For the attention of the Cooperation Section  
64b, Ilia Chavchavadze Avenue,  
0179, Tbilisi, Georgia

[Delegation-georgia@eeas.europa.eu](mailto:Delegation-georgia@eeas.europa.eu)

For the Organisation

Resident Representative

United Nations Development Programme Georgia

UN House

9, Eristavi street

0179 Tbilisi, Georgia

5.4 Ordinary mail shall be deemed to have been received on the date on which it is officially registered at the address referred to above.

5.5 The contact point within the Organisation, which shall have the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate the latter's operational activities shall be:

Office of Audit and Investigations

Head of Investigations Section

United Nations Development Programme

DCI Building 4th floor, New York, NY 10017 USA.

5.6 All exchanges concerning the Early Detection and Exclusion System shall take place between the Contracting Authority and the authorised person designated by the Organisation, which is:

Resident Representative

United Nations Development Programme Georgia

UN House

9, Eristavi street

0179 Tbilisi, Georgia

## **Article 6 - Annexes**

6.1 The following documents are annexed to these Special Conditions and form an integral part of the Agreement:

Annex I: Description of the Action (including the Logical Framework of the Action)

Annex II: General Conditions for Contribution Agreements

Annex III: Budget for the Action

Annex IV: Financial Identification Form

Annex V: Standard Request for Payment

Annex VI: Management Declaration template

- 6.2 In the event of a conflict between these Special Conditions and any Annex thereto, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other Annexes, the provisions of Annex II shall take precedence.

### **Article 7 – Additional specific conditions applying to the Action**

7.1 The following shall supplement Annex II:

7.1.1 Where the implementation of the Action requires the setting up or the use of one or more project offices, the Organisation and/or the Partner(s) may declare as eligible direct costs the capitalised and operating costs of the structure if all the following conditions are fulfilled:

- a) They comply with the cost eligibility criteria referred to in Article 16.1 of Annex II;
- b) They fall within one of the following categories:
  - i) costs of staff, including administration and management staff, directly assigned to the operations of the project office. The tasks listed in the Description of the Action (Annex I), undertaken by staff assigned to the project office will be directly attributable to the implementation of the Action.
  - ii) travel and subsistence costs for staff and other persons directly assigned to the operations of the project office;
  - iii) depreciation costs, rental costs or lease of equipment and assets composing the project office.
  - iv) costs of maintenance and repair contracts specifically awarded for the operations of the project office;
  - v) costs of consumables and supplies specifically purchased for the operations of the project office;
  - vi) costs of IT and telecommunication services specifically purchased for the operations
  - vii) costs of energy and water specifically supplied for the operations of the project office;
  - viii) costs of facility management contracts including security fees and insurance costs specifically awarded for the operations of the project office;
- c) Where costs of the project office are declared as actual costs, the Organisation and/or the Partner(s) may declare as eligible only the portion of the capitalised and operating costs of project office that corresponds to the duration of the Action and the rate of actual use of the project office for the purposes of the Action.
- d) Costs of the project office not declared as actual costs are only eligible if they have been ex ante-assessed by the European Commission.

The Parties accept the validity of the Contracting Authority's qualified electronic signature used for the signature of this Agreement and recognize the latter as equivalent to a hand-written signature.

Done in Tbilisi in two originals in the English language, two for the Contracting Authority and one for the Organisation.

**For the Organisation**

Name: Nick Beresford

Position: Resident Representative

Signature 

Date 13.12.22



**For the Contracting Authority**

Name: Catalin Gherman

Position: Deputy Head of Cooperation

Signature

Date

Qualified electronic signature by:

CATALIN GHERMAN

Date: 2022-12-09 14:03:36 +01:00

## Annex I - ACTION

<b>Name of the lead applicant</b>	United Nations Development Programme
<b>Title of the action</b>	Support to the Rural Development in Georgia
<b>Location of the action</b>	Georgia
<b>Duration of the action</b>	36 months

## Description of the Action

### Background

The proposed action addresses the complex and multidimensional challenges of rural areas of Georgia, specifically the need of unlocking and exploiting opportunities for rural livelihoods (esp. of those most vulnerable) to enhance sustainable growth and create employment. The action complies to the overall objective of the program by addressing call for people-centered integrated territorial development, with focus on improved rural development governance, inclusive growth and development of rural livelihoods and sustainable use of natural resources for transition to a carbon neutral economy.

**The overall objective** of this project as a part of broader rural development effort is to enhance well-being of rural population by strengthening conditions for more inclusive and sustainable growth. The action aims to contribute to the revival of rural areas, promotion of balanced and inclusive multisectoral development, in light of the structural transformations that are affecting economic and social fabric of rural communities in **target 4 regions of Georgia (Kakheti, Imereti, Racha-Lechkhumi & Kvemo Svaneti and Guria)** with sustainability of the approaches on policy and programme level interventions. The action corresponds to the specific objective of ENPARD IV call under “Component 2: Rural development” and corresponding expected results with three specific objectives<sup>1</sup> contributing to the achievement of the overall objective:

1. **Specific objective 1** is to improve rural development policy and governance system so that it can effectively develop and implement integrated rural development policies by:
  - a. Advancing institutional and technical capacities of the Ministry of Environmental Protection and Agriculture of Georgia (MEPA) and other competent national authorities.
  - b. Strengthening area-based and bottom-up approaches in Rural Development policy development and implementation.
2. **Specific objective 2** is to enhance inclusive rural development by:
  - a. Addressing the needs of the population with migration background within the state programs.
  - b. Promoting new solutions for improving rural infrastructure.
  - c. Improving accessibility of public services for disadvantaged, remote and depopulated rural areas.
  - d. Empowering the rural woman.
3. **Specific objective 3** is to improve environmental protection, sustainable use of natural resources and climate action by:
  - a. institutionalized under MEPA forest Engineers skills development programme; and
  - b. introducing Renewable Energy Community concept in Georgia.

The objective and specific priorities of the call will be met through the interconnected outcomes, outputs and activities of the action, which lead to the **reduced rural inequalities, rebooting socio-economic activities and narrowing rural-urban gaps**, focusing on advancing rural development governance and policymaking, as well as on improved well-being of vulnerable people and sustainable environment through **revitalizing target rural areas beyond the administrative border silos and addressing distinctive development needs**. Proposed action seeks to embrace changes in rural target communities **to contribute to increased rural opportunities**, though **building conditions favourable for the long-term inclusive growth** (with investing in enabling factors, such as human capital, infrastructure, innovation and similar),

<sup>1</sup> Specific objectives are same as outcomes of the project.

**upgrading set of policy tools** (focusing on investments that offer a positive return to society) and **engagement of a broad array of stakeholders and multi-level governance mechanisms** (with focus on fostering a multi-sectoral approach).

The relevance to the results under the call is demonstrated by the expected results of the proposed objectives and activities, i.e., **boost and strengthen opportunities for rural populations for improved well-being**. To this end, well-being is sought to be achieved through blended interventions in a) **economic empowerment**, where rural residents' income is amplified with competitive private sector; b) **social cohesion**, where households have access to a broad set of services and infrastructure local; and c) a **preserved local natural environment** and sustainable managed. All these contribute towards **reducing poverty and enhancing social and territorial cohesion**.

Proposed action will (a) contribute to a successful implementation of ENPARD IV financing agreement, (b) serve as complementary support to the Sector Reform Performance Contract (SRPC, budget support), and (c) support the implementation of the Agriculture and Rural Development Strategy of Georgia 2021-2027. Furthermore, the project will **contribute to the implementation of the EU-Georgia Association Agreement** for the support to rural development, the harmonization of environmental legislation and enforcement mechanisms, and the improved management of natural resources. Also, the project can make important contribution to the work related to the recent EU membership application submitted by Georgia.

Developing effective working partnerships with all respective stakeholders involved in ENPARD IV and other relevant rural development programmes and projects and will be essential for the successful and timely delivery of the project expected results. These partnerships will cover several players including: Delegation of the European Union to Georgia (EUD), Food and Agriculture Organization of the United Nations (FAO), European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) implementing partners, Non-governmental Organizations (NGOs), Local Action Groups (LAGs) and Georgian Association of Local Action Groups (GALAG), other donors, national, sub-national and local authorities through enhanced policy dialogue, planning, case-based evaluations and other bilateral coordination and exchange mechanisms, including through the ENPARD stakeholders, Inter-Agency Coordination Council (IACC) and its working groups.

ENPARD is carried out in a wider policy context and in parallel to other important programs and reforms that will have effect of various degree on its results. So the project activities will need to be aligned with country and sector development priorities within the major pillars of the "10-year action plan", such as economic development, small and medium enterprises (SMEs), education and particularly the Vocational Education and Training (VET) reform, and the public governance reform, whenever possible, ensuring coordination and integration of relevant state agencies in the **Agriculture and Rural Development Strategy of Georgia 2021 2027 (ARDSG)** Action planning and implementation. The Sustainable Development Goals (SDGs) are closely linked to addressing the new challenges for rural areas, such as demographic pressure, ecological side-effects and climate change, and poor governance, along with negative consequences imposed by lagging rural areas such as polarised regional development and rural migration into urban areas. Since the **SDGs and rural development are closely interconnected**, investment in both areas will have mutually beneficial impacts. Thus, rural development is at the heart of development strategies at all stages to ensure equal, inclusive and sustainable development for all.

Based on its experience, UNDP proposes the action to concentrate on implementing incentives and mechanisms that **support rural areas to identify unique assets, reduce bottlenecks and invest in enabling factors**: unlocking the growth potential through multisectoral objectives; recognizing the diversity of challenges and opportunities across different types communities; embracing digital technologies; delivery of quality service and infrastructure; strengthening bottom-up initiatives; transitioning to a climate neutral economy and building capacities of rural development system actors. To this end, proposed action envisages some of the key drivers of change, including: *responding to depopulation and demographic change; finding local solutions to cutbacks and the centralisation of public services and modest infrastructure; maximising the role of rural areas in the transition to a low-carbon, circular economy; strengthening rural development policymaking and institutions; empowering vulnerable groups, esp. women and promoting linkages across urban-rural continuum.*

Crosscutting themes such as **environment & climate change, innovation and gender equality & non-discrimination of migrants, youth and other vulnerable groups, will be given special attention in all activities** foreseen by this project. Commitment to environmental protection, climate mitigation and adaptation, realizing equal opportunities and inclusion and the promotion of innovative approaches will materialize in concrete outputs and results. To this end, proposed action will be focused on to these issues:

- Strengthening the capacity of agriculture and rural development (ARD) administration to define modalities to address cross cutting themes in the ARD policy delivery, action planning and programmes & projects design.
- Setting up a corresponding eligibility and selection framework considering contribution of projects to cross cutting themes.

- Assisting Rural Development Agency (RDA) in scoping of current and future pipeline portfolio to identify opportunities for strengthening environmental & climate, innovation and equal opportunities dimension of investments and technical support programmes.
- Integration of environmental protection and climate change mitigation & adaptation as well as risk preventions in programme / measure development and the corresponding implementation framework.
- Pursuit of the objective of gender equality and non-discrimination by taking appropriate steps to prevent any discrimination during the preparation, implementation, monitoring and evaluation of rural development (RD) programmes.
- Defining framework of innovation in rural areas based on a new approach introduced; main fields for innovation like renewable energy production, business ideas, social services; agricultural production practices, digitalization in rural businesses and farming.
- Showcasing best practice models of introducing innovation in rural activities, targeting non- discrimination and gender equality as well as actions with a positive impact on environment & climate.
- Building an understanding that interventions have an intended main impact but might have also wider impacts on e.g., desired effects on climate change mitigation to be captured. In this regard providing assistance to update the existing monitoring & evaluation framework to capture these achievements is essential.

**Duration of the action is 36 months.**

## Relevance

Territorial disparities and prevalence of growing rural-urban divide challenge Georgia's objectives of achieving equitable socio-economic, environmental development and territorial cohesion. Rural areas are increasingly characterised by lower levels of income, higher poverty, lower human capital, unfavourable demographic situation, outmigration (esp. of high educated/skilled workforce, youth and women). The urban-rural divide is caused by the disproportion in economic opportunities, public services provision, and availability of quality infrastructure. Limited access to mobility, finance, transport infrastructure, health facilities and vocational education centres greatly hamper rural households. This results in rural poverty rates being higher than urban rates. Although poverty is gradually decreasing but remains high. The share of the rural population under the absolute poverty line was 21.3 per cent in 2021, compared to 33.4 in the year 2013, when ENPARD started to be implemented in Georgia. Another indicator of the divide is the declining population in rural areas. Statistics show that in 2000 urban population in Georgia was 2.2 million compared to 1.8 million in rural areas, while in 2022, the urban population remained at 2.20 with a small decrease, while the rural population fell to 1.48 million people.

Agriculture and Rural Development Strategy of Georgia 2021-2027, in its underlying analysis, has identified a large corpus of weaknesses and threats along the three major axis: social and economic standing of rural areas, food and Agriculture, and environment and climate. Those relevant for our purposes can be summarized as follows:

- Underperforming rural economy characterized by low productivity, low competitiveness, and overdependence on agriculture as the main job creator through self-employment, and weak value-chains.
- Women, suffer from gender pay-gap, less access to land and other resources, lack of employment opportunities outside of agriculture.
- Limited access to infrastructure (e.g., drinking water), vocational education, advisory and support services.
- Decline in population, especially among youth.
- Inefficient use of natural resources and lack of understanding of modern sustainable agricultural practices.
- Low level of engagement of rural population in decision-making related to local development.

In the wake of the COVID-19 pandemic, rural areas were also affected by the country lockdown. Economic slowdown had a particularly severe impact on vulnerable rural communities. The pandemic posed a threat to human health as well as to livelihoods and income, particularly affected by the limited access to care centres in rural areas. The persisting negative consequences of the COVID-19 the more structural problems mentioned above demonstrate that despite notable progress achieved since ENPARD started, there is still the need and room for improvement, which ENPARD IV can help address.

Furthermore, in conjunction with post-COVID global crisis and global supply chain disruptions, rising inflation on food/energy commodities is further exacerbated by Russia's aggression in Ukraine. Georgia's average inflation rate remained high at 11.2 percent, as of end-August 2022. Households, especially those in rural areas and vulnerable, have been experiencing pressures mainly from higher food and fuel prices. For example, price index for food and beverage category rose by 21 percent y-o-y when 47% of Georgian household's monthly expenses are spent on food. Adverse effects of external shocks further challenge the resilience of rural communities that are largely dependent on agriculture. There are five areas that, in our understanding, require particular attention while implementing ENPARD IV:

Governance and institutional framework – the bottom-up and area based rural development policy formulation and implementation (LEADER/CLLD) still lacks institutionalized approach, even though it is one of the key components of



the EU rural development policy under Common Agricultural Policy (CAP). A well-functioning eco-system built on multi-level governance structure needs to be established to ensure an appropriate delivery structure and funding. To this end, deepening of ownership among the rural development stakeholders is necessary and integration of LEADER<sup>2</sup>/Community-Led Local Development (CLLD) in the institutional structure and competencies at local, regional and national governance levels is of key importance. Support and capacity development to strengthen the sustainability of LAGs is essential for their effective functioning, including improving their ability to mobilize financial and human resources. In our view, LAGs should become one of the main instruments for promoting EU's best practices, such as "smart villages" approach by advancing innovative solutions for sustainable growth and development of rural areas. The LEADER/CLLD approach should be further facilitated by stimulating joint actions between the growing community of LEADER practitioners (local stakeholders, project promoters, LAG members, and EU-supported Georgian Association of Local Action Groups (GALAG)). Their combined vision needs to be reflected in the national LEADER/CLLD programme.

Inclusiveness of Rural Development is another key aspect that needs to be addressed. Particular attention and emphasis should be put on the needs of the migrants, internally displaced persons (IDPs), returnees, ethnic minorities, and socially disadvantaged groups for an effective economic and social integration. Supporting the integration of migrants into their host communities, the economic and social environment where they settle is crucial. Additionally, migrants can play a positive role in RD by bringing new talents, approaches and know-how as well as financial capacities and outreach to international networks. They are an essential element of RD policies not only as beneficiaries of support but as active players who can bring a leadership role to their communities. The LEADER/CLLD approach is an effective tool to specifically promote inclusiveness of the population with migration backgrounds and other population groups. Their wide representativeness in Local Action Groups, and in decision making will be consolidated within the regulatory framework for LEADER/CLLD to ensure their needs are adequately addressed in local development priorities. Additionally, user-friendly access to general services, education and advisory services should be promoted.

Rural women form an especially vulnerable group that requires special attention. At the same time, rural women can often be at the forefront of innovation and economic diversification in rural areas. By developing new activities, products, and services, including through self-employment or opening small businesses, women can improve living conditions and employment opportunities of their households and communities. The objective of the rural development policy should be encouraging a stronger level of enterprise development in rural areas by seeking out and assisting start-up female entrepreneurs to grow their businesses for the generation of own and diversified income, originating from the agriculture sector or not. It is also essential to empower women to actively participate in local development decision-making processes to take advantage of their understanding of the needs of their communities.

With the growing number of initiatives in place and stakeholders involved, strengthening synergies and complementarities among various strategies, measures and actions at all levels has become increasingly important. Under the current Agriculture and Rural Development Strategy of Georgia (ARDSG) 2021-2027 the work needs to be focused on identifying new solutions for achieving synergies between various policies and programmes related to rural infrastructure, including social infrastructure. The efficiency of the use of existing resources can be increased through complementarities and synergies between various infrastructure plans. Namely, the vertical and horizontal coordination between municipal and central level infrastructure strategies needs to be reinforced. Stronger stakeholder engagement at various stages of planning and implementation will allow reflection of the actual state and future needs of a well-functioning infrastructure in rural areas. In this phase of Rural Development policy implementation, an integrated policy development framework should be further strengthened. Support should be provided to the development of evidence-based and empirically backed policy options. Accurate and up to date data is a prerequisite to conduct any policy, define the baseline data and identify the targets to be achieved. Further, capacity building across government and specialized agencies in integrated policy planning actions needs to be intensified. Given the remaining unclear demarcation between rural development and regional development (including local development) a clear definition of the objectives and remits of both needs to be finalized.

Finally, to enhance the operational efficiency of MEPA, RDA and other competent authorities in addressing the above-mentioned challenges continuous technical assistance should be provided for a progressive alignment of processes and procedures related to the successful management and implementation of the national rural development policy. Design of new programmes and measures in line with the EU rural development (RD) measure menu (e.g., rural infrastructure, diversification of economic activities) must be fostered, inter alia to put more emphasis on off-farm activities. Assistance needs to be provided to MEPA in its efforts for a progressive alignment with the regulatory and institutional provisions of the EU Common Agricultural Policy with a focus on the 2nd pillar, Rural Development.

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<sup>2</sup> LEADER is a local development method which has been used for 30 years in the EU to engage local actors in the design and delivery of strategies, decision-making and resource allocation for the development of their rural areas. The term 'LEADER' originally came from the French acronym for "Liaison Entre Actions de Développement de l'Économie Rurale", meaning 'Links between the rural economy and development actions'.

### *Synergy with other development initiatives*

The project will join efforts to accelerate cross-sector and cross-program complementarity by focusing its assistance on areas where it has most added values, complementing the activities of others and avoiding parallel processes where, for example, public or donor-funded programmes exist or are being developed. Opportunities for cooperation with relevant donor-funded programmes will be used where deemed appropriate - systematic information exchange as a minimum, with coordination of responses and common approaches to support interventions being the ultimate goal. The project will be supportive of wider donor and country-led coordination related to rural development.

**The European Union's** assistance to Georgia in rural and agriculture development has received considerable assistance through €234.5 million (ENPARD phases I, II, III and IV between 2013 and 2025). Rural development projects are implemented in 12 municipalities across Georgia through Local Action Groups (LAGs), consisting of representatives from local authorities, private sector and civil society, for the elaboration and implementation of local development strategies. EU's financed new phase of Mayors for Economic Growth Facility (implemented by the UNDP) that will develop dynamic and bankable project portfolios, de-risk early investments into transformative projects & assisting local governments to tap into public and private finance, can be beneficial for the proposed projects in terms synergies in the areas of gender responsiveness & innovation, green recovery, development of rural infrastructure and services and integrated development on local level. It will be essential to capitalize on the progress of the EU4ITD program (implemented by the UNDP and GIZ), as the proposed project will have same focal regions and should seek synergies mainly in the areas of supporting inclusive and evidence-based policymaking at national and regional/local levels; ensuring broader access to user-centric, high quality and accountable public services; and fostering public participation in planning and implementation of regional/local development projects. Synergies and complementary with EU4Youth, EU4Gender Equality, EU4Digital and EU4Culture projects will be instrumental for proposed project as well. The project will also build partnership with EU projects under EU4Jobs programme to promote and replicate best practices for skills development, employment and self-employment support, entrepreneurship skills and youth empowerment. Close coordination will be ensured with the ENPARD IV other projects implemented by FAO and other implementing partners.

Active cooperation and coordinated action with **Swiss Cooperation Office** for the South Caucasus (SCO) is indispensable, because traditionally, Swiss Development Cooperation in Georgia has been focusing on rural economic development, particularly on developing systems for access to finance and insurance in agriculture and the development for agricultural value chains with an emphasis on enhancing vocational skills and providing livelihood support to vulnerable population groups. UNDP with funds from the Swiss Cooperation Office, is assisting Georgia with Modernization of Vocational Education and Training (VET) system related to agriculture in Georgia (VET Phase 3) to improve agricultural knowledge and skills contribute to increased productivity, income and employment of rural youth, women, and men in Georgia. Especially, under outcome 2 of this project: rural youth, women and men learn and apply relevant agricultural knowledge and skills, which are responding to the market needs, proposed project will coordinate actions to connect rural vulnerable groups to VET institutions for skills and knowledge enhancement and contribute to inclusive rural labour market advancement. Synergies and complementarities between these two projects will be fully utilized in ensuring strong synergies between the government's VET, and rural development policies. Other SDC projects, such as Rural Small and Medium Enterprises Development (RSMED), Women's Economic Empowerment in the South Caucasus (WEE) and upcoming Local Economic Development program, will be provide opportunities to engage in actions related to inclusive growth and improved local governance mechanisms for quality public service delivery and infrastructure development.

With new cooperation framework (2021 – 2027) **Austrian Development Cooperation** with Georgia aims at supporting the country in sustainable rural development and improved livelihood opportunities and in inclusive local development and developing effective institutions. In light of these thematic priorities, especially under objectives of enhanced local value added through rural economic diversification and improved access to efficient infrastructures, services and markets; and increased employment opportunities, in particular for women and youth, proposed project will have close interlinkages and will strengthen the impact of activities related to public service delivery and support of disadvantaged groups.

**GIZ** is supporting development of frameworks and mechanisms to strengthen public service delivery, decentralization & local development, where the proposed action could build on. For example, with Good Governance for Local Development South Caucasus project (implemented by GIZ) with the funding from the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Swiss Agency for Development and Cooperation (SDC), it aims to strengthen institutional and human capacities of governments of Georgia, Armenia and Azerbaijan to provide better public services. With this GIZ program, proposed project can exploit opportunities from the results of "mechanisms for citizen participation created" and "procedures, institutions and instruments related to local economic development".

**United States'** extensive development assistance, the project coordination will be sought for better effectiveness and results. With newly started, USAID's Local Self-Government Strengthening Activity (LGA), proposed project among other areas, can capitalise on LGA's result "Community understanding, appreciation, and capacity for engaging LSGs increased". It can contribute to capacity building of local/national actors for engagement in inclusive and collaborative processes. With another new 5-years project of the USAID: Resilient Communities Activity (RCA), project will seek cooperation in the areas of: building the capacity of communities to lead their own socio-economic development; and attracting investments in or near target communities to accelerate MSME growth. It will be important to coordinate with Industry-Led Skills Development Programme of USAID, especially with its interventions for development of short and long-term industry-led learning programs in rural areas of Georgia.

Similarly, proposed project is designed to leverage International Financial Institutions' (IFI) investment opportunities: a collaboration with European Bank for Reconstruction and Development (**EBRD**) would provide support to local private sectors & connecting to new markets. The Asian Development Bank has a strengthened interest in supporting the urban agenda in the region, where a well-designed portfolio would enable it to distribute risk. Also, The **World Bank Group** is financing numerous projects of high importance for Georgia's rural development, among them are municipal infrastructure development projects, irrigation and land market development projects, programs for SMEs, etc. For example, World Bank's Log-in Georgia project aimed at increasing access to affordable broadband internet, and to promoting its use by individuals and enterprises in rural areas, creates opportunities for proposed project to utilise digital infrastructure for inclusive rural policymaking, improved service and infrastructure development and integrated local development through application of digital technologies.

UNDP Georgia currently is implementing various EU and other donor (Austrian Development Agency (ADA), Swiss Agency for Development and Cooperation (SDC), The Swedish International Development Cooperation Agency (SIDA)) funded projects in the fields of **Rural Development, Private Sector development, Governance Reform, Public Administration Reform, Human Rights, Decentralisation and Local Economic Development, Gender Equality, Environmental Protection and Climate Action, and Vocational Education, Agriculture Extension system modernization**. This portfolio of ongoing projects, strongly complements rural development, representing a significant added value to the Action by ensuring strong synergic cross-sectorial impact of the action, both at national policy level and in the field. UNDP Georgia as an active supporter of rural development, vocational education sector, skills development and regional and local development will provide a unique expertise and fertile ground for playing effective convening role in further facilitating rural development in Georgia. For example, the project will be implemented in close coordination with the UNDP's ongoing initiative Fostering Decentralisation and Good Governance at the Local Level in Georgia (DGG, 2018-2023) funded by the Danish Government, which aims to advance policy reforms, enhance capacities of national and local authorities and empower citizens to engage in political processes in three regions of Georgia – Kvemo Kartli, Mtskheta-Mtianeti and Imereti. The activities of the proposed project and DGG will be coordinated and complement each other. The lessons learned will be derived and successful initiatives within the DGG project will be replicated in other regions.

#### *Target groups, Final Beneficiaries, Stakeholders*

UNDP, as a long-standing partner in RD work that includes implementation of the previous ENPARD phases, has a benefit of continuous engagement with all key stakeholders and the first-hand knowledge of their challenges and needs, development objectives and potential responses. As a result, all activities envisaged by this project, their content, intended outcomes and final benefits are fully in line with the needs and expectation of the key actors and target groups. Project target groups/intended final beneficiaries of this project include state and local government institutions, CSOs, businesses, community groups and general population with a special focus on Women, Youth, Minorities, and other vulnerable groups in project target regions.

**MEPA and RDA** are the government institutions that drive RD, designing and implementing all related policies and programs. They are key implementers of ARDSG and are central to ENPARD implementation in the capacity of Managing Authority and Paying Agency. To be effective in these roles they require significant support in overcoming the challenging capacity gaps. Namely, their legal, structural and functional frameworks require an overhaul, policy design and implementations systems need to be updated and institutionalized and corresponding human and technical capabilities need further development. The key benefits to MEPA and RDA resulting from this project will be as follows:

- **MEPA as a Managing Authority will have improved evidence-based policy making and results-based management capabilities, in line with the respective EU requirements and practices.** As a result of our engagement, among others, RDA will benefit from: a new approximation roadmap guiding their legal and structural alignment to the EU provisions, well-functioning ARDSG M&E framework, new capabilities to support LEADER/CLLD framework-based programs and projects, LEADER/CLLD National Programme in line

with current ARDSG and ENPARD IV, updated standard operating procedures, staffing plan and corresponding on-job training and development.

- **RDA will be able to perform all functions of the EU compliant Paying Agency.** As a result of our engagement, among others, RDA will have updated operational procedures and guidelines, redeveloped integrated administrative and control system (IACS), updated standard operating procedures, staffing plan and corresponding on-job training and development.

**Line ministries** – while MEPA and RDA are the key drivers of implementing ARDSG, a significant portion of tasks are in the purview of other line ministries. They are responsible for incorporating rural development dimension into sectoral policies. Ministry of Justice, Ministry of Regional Development & Infrastructure, Ministry of Economy and Sustainable Development have especially important roles. As the RD policies advance and measures implemented are increasingly complex and sophisticated, a more in-depth understanding of RD related matters is required of the line ministries staff and leadership. Their representatives at various levels will continue to be part of the work of IACC (Inter-agency Coordination council) and Civic Committee and other multi-agency work formats and capacity building activities, where they will acquire key knowledge and experience necessary not only for executing the tasks envisaged by ARDSG, but also for effectively contributing to RD policy dialogue and integrated territorial development in rural areas, including by cooperation with private and non-governmental stakeholders.

**State Trustees (Governors) and Regional Consultancy Councils (RCCs)** – State Trustees' offices and RCCs are key regional units responsible for regional policy development and implementation. One of the principal objectives of the RCC is the development of regional strategies and action plans and monitoring their implementation, ensuring they are in line with the national regional and rural development policies and interventions. State Trustees' offices will continue to be a part of all capacity development activities across the board.

**National Forestry Agency of Georgia (NFA) and Agency for Protected areas of Georgia (APA)** - NFA is a critical agency responsible for managing one of the key resources for rural population in Georgia. Recently adopted Forestry code sets out to implement an effective system of sustainable use of resources, in a field that has long suffered from lack of accurate key data (such as up to date forest inventories) as well as technical and management capabilities, which resulted in overharvesting and illegal cuts.

A key instrument envisaged by the code is developing and executing forest-cluster based FMPs (Forest Management Plans). Since FMPs are new in Georgian forest management practice, NFA faces two specific capacity gaps: (a) knowledge and skills in developing FMP, and (b) accurate forest inventories and other technical data needed as basis for FMPs. Support of this project and consequently the benefits for NFA will be focused on:

- Equipping NFA staff with skills and experience to develop quality FMPs; and
- Building up a system that will allow to continuously train forest engineers and other technical experts who NFA can employ to obtain high quality FMPs input data (e.g. conduct resource inventories).

**Agency of Protected Areas of Georgia (APA)** is a key agency concerning the use of forest resources in protected territories. The objectives at hand and problems faced are like those of NFA, and consequently the assistance and benefits to the APA are the same.

Two FMPs for two of the ENPARD local regions, prepared as a part of the effort, will open up new employment and business opportunities to the communities in Imereti and Racha Regions.

**Community Centres** - this project envisages increasing the number of services rendered by the Community Centres to rural population in the ENPARD focal regions. As a result, these centres will benefit from increased capabilities as required, including development of new services, staff training, and infrastructure upgrades.

**Municipal Governments** – rural development policies are under the central government mandate and municipal governments normally lack related knowledge and skills, even if they can and should play an important role in throughout the entire RD policy process. They need to be able to effectively contribute to needs identification and formulation, designing and implementing actions complimentary to national RD measures, as well as assisting local communities in fully benefiting from the opportunities offered by the measures. To this end representatives of the municipal governments will benefit from the variety of cooperation formats and capacity building activities envisaged by this project. While the 27 municipalities of the ENPARD focal regions will benefit the most, other municipal governments will also be able to benefit from the effort.

**LAGs** – Local Action Groups are the key drivers of local development in the area-based and bottom-up rural development approach. Next to other contributions, they play central role in identifying and prioritizing the type and extent of national RD interventions, as well as taking part in monitoring the implementation of those interventions. Given such an important role in implementing LEADER/CLLD approach to rural development, LAGs are one of main beneficiaries of the project. History of LAGs in Georgia, while relatively short, has shown that they both have great potential but also face sizable capacity gaps. Support to LAGs will be comprehensive and will be directed at enabling them to work efficiently both

independently, and as a part of the various networks. LAG members in the ENPARD focal regions will directly benefit from a wide range of capacity development activities. Importantly LAGs will be supported in designing of monitoring systems that will enable them to track their progress and plan for further development.

**Civil Society Organizations (CSOs) working in focal regions** – Georgia is characterized by the lack of participation culture and the limited capacities of CSOs and citizens to engage in policy making and drive up the change from below. Various studies demonstrate that citizens have very limited knowledge and understanding of participation tools and mechanisms and are not aware of their own rights. While CSOs located in central areas (mainly in the capital) have strong capacities for advocacy, project management and outreach, the ones operating in the regions still need substantive capacity building to successfully play their role as a bridge between citizens and authorities. In light of this, CSOs will benefit from more participation opportunities via variety platforms, as well as various capacity building activities.

**Vulnerable groups** – one of the main objectives of this project is fostering inclusive growth. Consequently, vulnerable groups are among its key direct beneficiaries. All these groups will benefit from extending to them more services and better accessible infrastructure as well as mainstreaming of their needs in government policies and programs on all levels. At the same time there will be measures tailored to each of those groups.

- **Women** in rural areas are not only a group under high social and economic burden but also the one carrying tremendous potential. The project sees women as one of the main target groups and will provide comprehensive support along multiple axes from making policies and programs more gender sensitive to skills development and education, support in entrepreneurial activities, and introduction of Women Empowerment Principles in large rural enterprises. It is specific project target to directly support at least 200 women in entrepreneurship/employment in non-agricultural sectors.
- **Migrants/returnees** represent another group under pressure but also carrying huge economic potential. Thus, the project aims at embedding migrant integration needs on policy level, as well as developing and implementing specific measures directed ensuring their integration in their communities, including skills matchmaking with local economic opportunities.
- **Ethnic minorities** often struggle to access services and use infrastructure due to the language barrier. The project will provide direct support in improving Georgian language skills as well as other activities aimed at socio-cultural integration.
- **Disabled** persons may also struggle to access various services, including those rendered by Community Centres. Special measures will be put in place to increase the number of services accessible to disabled persons.

**Rural population at large and in project focal regions**– rural population at large is another key target group of this project. Upgraded policy process run by competent and able authorities at central and municipal level and reinvigorated bottom-up approach to rural development led by local actors will result in better planned and executed policies and programs that will directly address their economic and social needs. Meantime, citizens in ENPARD target regions will directly benefit not only from better rural development policies, but also from more services, improved infrastructure, and expanding economic opportunities inter alia through support in entrepreneurial activities, better managed natural resources and higher involvement in decision-making related to local development.

## Objectives

The overall objective of the action is to enhance well-being of rural population by strengthening conditions for more inclusive and sustainable growth which is achieved through the results chain comprising with 3 outcomes, 8 outputs and 27 activities designed based on 7 cross-cutting domains: Governance, Multiple Sectors, Infrastructure and Services, Inclusiveness and Gender, Demography, Sustainability and Territorial Sensitive Approach.

**Outcome 1. Improved rural development governance system for integrated and effective policy development and implementation** is achieved through 2 outputs: *Output 1.1. Advanced institutional and technical capacities of MEPA and IACC and its working groups in rural development planning and implementation* and *Output 1.2. Strengthened bottom-up and area-based approach in Rural Development policy development and implementation*

**Outcome 2. Improved rural services, infrastructure, empowered rural women and inclusive rural development** is achieved through 4 Outputs: *Output 2.1. The needs of the population with migration background considered in the state programs.* *Output 2.2 New potential solutions for improving rural infrastructure promoted, as well as supporting mechanisms for resilient and sustainable rural livelihoods.* *Output 2.3 Accessibility of public services improved for disadvantaged, remote and depopulated rural areas.* *Output 2.4 Empowered Rural Women.*

**Outcome 3. Sustainable Use of Forest Resources and Improved Environmental Protection and Climate Action** is achieved through 2 outputs: *output 3.1. Support Sustainable Forest Management. Output 3.2 Renewable Energy and Energy Efficiency market development for reducing pressure on forest resources and creation of alternative livelihood opportunities at Rural Areas.*

27 activities are based on the principles of institutional partnership and lead to the outputs of the action each of them contributing directly to the achievement of the concrete output and having indirect impact also on other outputs (*please, refer to Log frame and Activity matrix for details*).

**Output 1.1. Advanced institutional and technical capacities of MEPA and IACC and its working groups in rural development planning and implementation** will be achieved directly through 4 activities contributing to enable Ministry of Environmental Protection and Agriculture and the Rural Development Agency and other IACC member institutions to comprehensively upgrade their legal, structural and functional frameworks, enhance organizational effectiveness and develop capabilities to effectively perform functions envisaged by ENPARD and other Rural Development policies, namely: supporting the ARD administration to align its institutional and legal framework with the respective EU requirements (**Activity 1.1.1**); Improving operational efficiency of MEPA in producing Rural Development-related outputs and organizational effectiveness in anticipating and responding to challenges relating to climate change, inclusive growth and jobs in rural areas (**Activity 1.1.2**); Providing technical assistance to Rural Development Agency to implement all functions as paying agency for Agriculture and Rural Development (**Activity 1.1.3**); Supporting MEPA in Elaboration of the staffing plan of MEPA and RDA and providing respective capacity development activities within MEPA and RDA to reach full functionality (**Activity 1.1.4**). These 4 activities, contribute to the strengthening of MEPA, RDA and IACC in concrete directions needed for improved organization effectiveness to formulate and implement evidence-based and inclusive Rural Development policies and programmes based on the EU practices.

**Output 1.2. Strengthened bottom-up and area-based approach in Rural Development policy development and implementation** will be achieved directly through 3 activities contributing to further strengthening and institutionalization of the LEADER/CLLD approach in line with goals of RDSG 2021-2027 and ENPARD IV, namely: Providing capacity development support following the general logic of the EU LEADER/CLLD implementation that is based on a decentralized multi-level governance structure aiming at an integrated rural development with enhanced autonomy at the local level (**activity 1.2.1**); Supporting development of the National LEADER/CLLD programme in line with the strategic goals of the Agriculture and Rural Development Strategy of Georgia 2021 – 2027 and ENPARD IV financing agreement (**activity 1.2.2**); Enabling the Georgian National Rural Development Network which specifically includes support for LAGs to facilitate exchange and learning between all the partners involved in LEADER/CLLD implementation: public authorities, economic and social partners, beneficiaries, and the relevant bodies representing civil society (**activity 1.2.3**). These 3 activities contribute to the strengthening of bottom-up approaches in Rural Development policies.

**Output 2.1. The needs of the population with migration background considered in the state programs.** will be achieved directly through 3 activities contributing to enhancing effectiveness and coherence of migrant integration and needs response policies, namely: improving co-ordination across government levels and implementation at the relevant scale (**activity 2.1.1**); Advancing capacities and promoting bottom-up initiatives for increased accessibility and diversity of public services for migrants and newcomers (**activity 2.1.2**); Matching skills with economic opportunities and promotion of social innovation (**activity 2.1.3**). These 3 activities contribute to the strengthening of all stakeholders in concrete directions needed for delivery of services for the population with migration background.

**Output 2.2. New potential solutions for improving rural infrastructure promoted, as well as supporting mechanisms for resilient and sustainable rural livelihoods** will be achieved directly through 5 activities contributing to improving access to public infrastructure, namely: Developing mechanisms to ensure that sub-national infrastructure investment plans reflect national and sub-national development goals and plans (**activity 2.2.1**); Further empowering local LAGs for locally generated, owned and sustained capacity (**activity 2.2.2**); Mobilizing private and other actors to diversify sources of funding (**activity 2.2.3**); Piloting innovative financing instruments (**Activity 2.2.4**); Disseminating best practice models and innovative practices and sharing across Georgia (**Activity 2.2.5**). These 5 activities are targeted to certain groups and explore diversified approaches to promote new solutions and mechanisms for improved rural infrastructure and sustainable rural livelihoods.

**Output 2.3. Accessibility of public services improved for disadvantaged, remote and depopulated rural areas** will be achieved directly through 3 activities contributing to improving access to public services, namely: Increasing access to additional services and capacities of Community Centres (**activity 2.3.1**); Organizing Georgian language courses for ethnic minorities and trainings/informational sessions on diverse topics of interest (**activity 2.3.2**); Providing other direct support to Community Centres and vulnerable groups (**Activity 2.3.3**); These 3 activities contribute to the strengthening

of all relevant stakeholders in concrete directions needed for delivery of public services for rural residents living in disadvantaged, remote and depopulated areas.

**Output 2.4. Empowered Rural Women** will be achieved directly through 3 activities contributing to improving the livelihoods rural women, namely: Providing support in development of gender-sensitive rural development policies and programs (**activity 2.4.1.**); Stimulating entrepreneurial activities (**activity 2.4.2.**); Providing support to education, vocational training and building of new skills (**Activity 2.4.3.**); These 3 activities are targeted to rural women empowerment and explore diversified approaches to mainstream gender dimension in respective state policies and programmes and strengthen rural women's skills for employability and entrepreneurship.

**Output 3.1. Support Sustainable Forest Management** will be achieved directly through 3 activities contributing to improved management of forest resources, namely: Providing support to National Forestry Agency (NFA) and/or the Agency of Protected Areas to develop Forest Management Plans with intensive participation of local communities to take into account the livelihood needs and concerns of local communities (**activity 3.1.1.**); Promoting VET and employment opportunities related to forest management (**activity 3.1.2.**); Providing support to eco-tourism development including forest related ecotourism to provide alternative income to rural communities (**Activity 3.1.3.**); These 3 activities, conducted in cooperation with the National Forestry Agency and the Agency of Protected Areas, will ensure development of forest management plans in target regions, further institutionalization of forest engineers programme and creation of alternative economic opportunities for rural communities.

**Output 3.2. Renewable Energy and Energy Efficiency market development for reducing pressure on forest resources and creation of alternative livelihood opportunities at Rural Areas** will be achieved directly through 3 activities contributing to wider dissemination of EE/RE technologies in rural areas and decreasing pressure on forests, namely: Supporting EE/RE Local Manufacturers or Technology Providers (**activity 3.2.1.**); Providing support to Households and businesses to access bank financing (**activity 3.2.2.**); Supporting establishment of Renewable Energy Communities in target regions (**Activity 3.2.3.**); These 3 activities are targeted to certain groups and explore diversified approaches to promote EE/RE technologies in rural areas.

**Risks and main assumptions** (please, refer to Log frame and Activity matrix for details)

<b>Impact: Enhanced well-being of rural population by strengthening conditions for more inclusive and sustainable growth.</b>		
<b>Results</b>	<b>Risks</b>	<b>Assumptions</b>
<b>Outcome 1</b> Improved rural development governance system for integrated and effective policy development and implementation.	Reluctance and inability of individual Ministries and other institutions to collaborate and adopt policy and program solutions proposed by the project	Government officials ensure conducive environment, cooperative conditions and are open for further advancement of RD policy-making and institutional development
<b>Output 1.1.</b> Advanced institutional and technical capacities of MEPA and IACC and its working groups in rural development planning and implementation	High turnover of MEPA/ IACC member Ministries and agencies staff and management that might decrease effectiveness of capacity development measures	Public administration remains effective, allowing governance systems to function normally
<b>Output 1.2.</b> Strengthened bottom-up and area-based approach in Rural Development policy development and implementation	Decrease of state funding for implementation of national LEADER programme	MEPA and IACC demonstrate commitment towards institutionalization of LEADER/CLLD approach
<b>Outcome 2</b> Improved rural services, infrastructure, empowered rural women and inclusive rural development	Reluctance and inability of individual Ministries and other institutions to adopt policy and program solutions proposed by the project	Government officials ensure conducive environment, cooperative conditions and are open for further advancement of RD policy-making and institutional development
<b>Output 2.1.</b> The needs of the population with migration background considered in the state programs	National and local partners are not actively engaged in policy and programme coordination actions	Local authorities actively engage in policy/program coordination actions

<b>Output 2.2.</b> New potential solutions for improving rural infrastructure promoted, as well as supporting mechanisms for resilient and sustainable rural livelihoods	Reluctance of national or local authorities and private and civil organizations to exploit new solutions	National partners proactively coordinate synergies between rural development programs across horizontal and vertical domains
<b>Output 2.3.</b> Accessibility of public services improved for disadvantaged, remote and depopulated rural areas	Community Centres will need increased funding for provision of new services	Ministry of Justice, Ministry of Finance demonstrate commitment to further advance Community Centres
<b>Output 2.4.</b> Empowered Rural Women	Rural women activity in coaching sessions may not be high	Critical mass of rural women entrepreneurs exists to promote further engagement of potential beneficiaries (esp. young rural women)
<b>Outcome 3</b> Sustainable Use of Forest Resources and Improved Environmental Protection and Climate Action	Bureaucratic producers prevent from timely adoption of the forest management plans	Relevant National authorities are committed to adopt forest management plans
<b>Output 3.1.</b> Support Sustainable Forest Management	Low interest from the students' side to be enrolled in forest engineers' programme.	Forest engineers programme is institutionalized
<b>Output 3.2.</b> Renewable Energy and Energy Efficiency market development for reducing pressure on forest resources and creation of alternative livelihood opportunities at Rural Areas	Low interest and motivation of EE/RE technology providers and rural households	Rural market development for EE/RE technologies has big potential

#### *How the Action Will improve the Situation of the Target Groups and Final Beneficiaries*

The action will improve the situation of the **target groups** in several directions:

The MEPA, RDA and other IACC line ministries will be strengthened and supported in the implementation of the Agriculture and Rural Development Strategy of Georgia 2021-2027 and respective action plans as the activities of the proposed project are compliant with the provisions of these documents. Additionally, the synergies of this project with ongoing activities of other development initiatives will strengthen the delivery of results.

This project will also contribute to the development of respective policy changes and new measures where needed for effective introduction of EU type rural development governance structure, inclusive rural development support measures, including measures aimed at promoting access to social, health-care and other basic services and economic opportunities, in addition to equal opportunities to participate in political and public life (recommendation of CEDAW/C/GEO/CO/4-5) and sustainable use of forest/protect areas resources and promoting energy efficiency and renewable energy technologies in rural areas. Target groups and institutions will be strengthened through provision of needs-based, competency-based and targeted institutional development and capacity building programmes and will gain improved operational efficiency in producing RD-related outputs and organisational effectiveness.

The project will support strengthening the capacity in programming and implementation of an area-based bottom-up approach, as the main features of LEADER/CLLD programme, tailored to the Georgia's needs. This will lead to institutionalization and strengthening the role of LAGs in implementation of rural development policy ensuring better reflection of local needs and priorities in national support measures.

The action is built around the needs of **beneficiaries** and will respond through tailored solutions to improve their situation by providing them enhanced accessibility to improved public services, infrastructure, inclusive rural development state support measures, thus creating enabling environment for further development, employment and participation in social and economic life. Focusing on youth, women, people with migration background, minorities, IDPs and other vulnerable groups, the individual activities are designed and lead to benefit final beneficiaries.

#### **Activities including Locations and Duration**



The proposed project has 8 intermediary results with 27 sub-activities that serve the achievement of the outputs and outcomes. All activities will be implemented in target 4 regions of Georgia (Kakheti, Imereti, Racha-Lechkhumi & Kvemo Svaneti and Guria, referred as ‘focal regions’) under ENPARD, except activities that are under output 1.1 and 1.2 which will cover whole country. Activity duration estimates are provided below.

**Output 1.1. Advanced institutional and technical capacities of MEPA and IACC and its working groups in rural development planning and implementation** (year 1,2,3). *UNDP (activity 1.1.3 ESTDEV)*

**Activity 1.1.1. Support to the ARD administration to align its institutional and legal framework with the respective EU requirements.** Project will support the MEPA and RDA, as operating structures, to accelerate approximation of their institutional, legal and functional frameworks with the EU’s respective provisions. Approximation process roadmap will be developed with MEPA. Legal approximation and set up and/or consolidation of institutional and functional structures, guidelines, and procedures will be carried out. Whenever possible, alignment and harmonization with Union *acquis* will be the priority. The communication between MEPA/ RDA and the EU institutions will also be supported. **Duration:** 24 months.

**Activity 1.1.2. Improved operational efficiency of MEPA in producing RD-related outputs and organizational effectiveness in anticipating and responding to challenges relating to climate change, inclusive growth and jobs in rural areas.** Project will support capacity development of MEPA in the following areas: i) EU compliant programming of new programmes & measures which are not yet part of the ARD action (e.g., diversification of non-agricultural economic activities (off farm) in rural areas. LEADER / CLLD), and redesign of existing programmes of ARDSG action plan. Integration of defined cross cutting themes will be ensured. ii) Enabling the Managing Authority (MA), MEPA to have a well-functioning of ARDSG monitoring & evaluation framework, which will serve as basis for an assessment of the impact of the current ARD strategy. To this end, the project will elaborate a comprehensive exit strategy to support the full ownership by the MEPA of the e-M&E system established in Ministry with the support from ENPARD III phase. iii) Unleashing the potential of an integrated territorial development and use the IACC as space for improved coordination and streamlining policy areas. **Duration:** 31 months.

**Activity 1.1.3. Technical assistance to Rural Development Agency to implement all functions as paying agency for Agriculture and Rural Development.** With project’s support the process to turning RDA into an EU compliant paying agency responsible for management of ARD funds will be further continued. Existing operational procedures and guidelines to carry out the main functions of a paying agency will be updated and aligned with latest EU best practices. Required IT architecture and security systems will be further developed including the setup of an integrated administration and control system (IACS). Strategic guidance will be provided to integrate respective databases (farm register, animal identification & registration and land parcel identification systems) with IACS. Capacity building of related agencies (e.g., National Wine Agency, National Food Agency and National Agency for Sustainable Land Management and Land Use Monitoring, National Agency of Public Registry under Ministry of Justice) will be supported with respect to their contribution to the effective functioning of the paying agency. Options for the delegation of tasks of the paying agency to regional branches or regional / local governments will be developed as part of the decentralisation of the implementation of the ARD policy. Clear rules and procedures including trainings for staff of delegated institutions will be elaborated. **Duration:** 32 months.

**Activity 1.1.4. Elaboration of the staffing plan of MEPA and RDA and provision of respective capacity development activities within MEPA and RDA to reach full functionality.** The project will support development of a staffing plan for RDA and the MA, including a training needs assessment and annual training plan. Formal trainings and on-the-job capacity building are provided to MEPA and RDA staff regarding their functional operation of EU compliant RD procedures. Development of standard operating procedures for the appropriate functioning of the Managing Authority (MEPA) as well as the RDA will be done in a tandem approach to foster understanding and ownership of staff. **Duration:** 28 months.

**Output 1.2. Strengthened bottom-up and area-based approach in Rural Development policy development and implementation** (year 1,2,3). *UNDP*

**Activity 1.2.1. Provision of Capacity development support following the general logic of the EU LEADER/CLLD implementation that is based on a decentralized multi-level governance structure aiming at an integrated rural development with enhanced autonomy at the local level.** The Managing Authority (MEPA) will be supported in its key role to considerably shape the level of actual decentralization and local level empowerment in carrying-out bottom-up decision-making initiatives. The project will support strengthening the capacity in programming and implementation of an area-based bottom-up approach, as the main features of LEADER/CLLD programme, tailored to the Georgia’s needs. Furthermore, MEPA will be capacitated to evaluate and apply new and better processes and practices throughout the funding period of the national LEADER/CLLD programme. To follow the general logic of the LEADER/CLLD delivery system and to build on the existing/growing capacities of RDA, the agency will be supported to perform the main and most resource-demanding function related to administration and control of payments as well as to gradually increase the autonomy of LAGs to act as accountable bodies on their own with an increased range of operational responsibilities related to LEADER/CLLD implementation. **Duration:** 27 months.

**Activity 1.2.2. Support to Development of the National LEADER/CLLD programme in line with the strategic goals of the Agriculture and Rural Development Strategy of Georgia 2021 – 2027 and ENPARD IV financing agreement.**

The Project will provide support to MEPA and RDA to design the operational framework of the LEADER/CLLD approach, covering basic financing of LAGs, local development strategies (LDS) development, information campaigns, and implementation of local development strategies. This way LAGs will build up their own capabilities, which will strengthen the LAGs in their role as lobbying/ and recognised representative structures of the local communities. This in turn will increase the credibility and outreach of the LDS designed locally with a bottom-up approach. To achieve this level of recognition, LAGs need to be consolidated by complying with minimum criteria regarding their organizational structure and composition as well as their capacities to interact with other LAGs and stakeholders, their representativeness and in general their increasing capacity to operate on their own. In line with this objective, the project will support the development of LAGs' internal monitoring system for self-assessment of progress of LDS development status. Project will facilitate coordinated actions between MEPA and the Ministry of Regional Development and Infrastructure of Georgia (MRDI) to ensure complementarity of the National LEADER/CLLD programme with the ongoing Village Support Programme of the MRDI. Project will also support the complementarity of the National LEADER/CLLD programme and other LEADER/CLLD initiatives of the ENPARD IV implementing partners. **Duration:** 31 months.

**Activity 1.2.3. The remit of the Georgian National Rural Development Network which specifically includes support for LAGs is enabled to facilitate exchange and learning between all the partners involved in LEADER/CLLD implementation: public authorities, economic and social partners, beneficiaries, and the relevant bodies representing civil society.**

The main activities in support of the Network, through the designated structural unit of MEPA/Managing Authority, will include a) collecting and disseminating project examples that have received support from the LEADER/CLLD programme. b) Publishing regular e-newsletter, compiling and publishing different publications and information materials, c) Promoting the development of new thematic innovations and new networks, set up of thematic working groups, d) Compiling, conducting and acquiring research to support the LEADER/CLLD implementation, e) Organizing and co-organizing information days, seminars, thematic events and conferences, including involving demonstration plots in partnership with FAO, f) Networking and reaching out to other national rural networks in ENPARD/ IPARD/EU countries as well as to the European Network for Rural Development (ENRD) for information exchange and experience sharing. **Duration:** 34 months.

**Output 2.1. The needs of the population with migration background addressed in the state programs (year 1,2,3).**

*UNDP*

**Activity 2.1.1. Enhance effectiveness and coherence of migrant integration and needs response policies through improved co-ordination across government levels and implementation at the relevant scale.**

The project will facilitate a multi-level governance framework and mechanisms within which local authorities make decisions for the integration of migrants in their territory of origin. In order to develop local and coherent approaches to integration, municipalities in focal regions, as well as the national level partners should identify complementarities across relevant policy sectors. In line with Migration Strategy of Georgia (2021-2030), the project will utilize institutional mapping to identify all relevant actors across the government, their roles and their functional relations (incl. strategy and planning, policy implementation, financial, operational management) to facilitate coordinated policy and program work for improved integration of people with migrant background. Local authorities are well placed to ensure that local strategies (e.g., economic development, youth employment, inclusion of the elderly, cultural activities, etc.) include the migrants in their community. To this end, project will: support creation of a local municipal function/co-ordination bodies, to deal with the integration of marginalized groups, including migrants; and with support of LAGs (where present) and direct consultancy engagement of diaspora communities originating from the target regions, create consultative mechanisms with people of migrant background. The action will also increase mutual knowledge of integration practices and objectives across the levels of government for advanced inclusion of migrants needs in national, regional and municipal development strategies. **Duration:** 19 months.

**Activity 2.1.2. Advancing capacities and promoting bottom-up initiatives for increased accessibility and diversity of public services for migrants and newcomers.**

Following the capacity gap assessments, the action will provide technical assistance to respective municipal units in the focal regions to enhance their roles in fostering migrant integration and deliver diverse, services with full accessibility. Furthermore, in partnership with national-level agencies, project will facilitate the development of the set of minimum standards in delivery of such services to migrants. In process of designing/redesigning services for migrants, project will facilitate active inclusion of diaspora communities. The project will also work closely with LAGs to facilitate the development of a 'municipal thematic working groups' on social inclusion of migrants. Furthermore, by joining efforts within and across the focal regions/Georgian Rural Development Network (GRDN), LAGs will be able to generate new knowledge, skills and most importantly concrete interventions to support the needs of migrants and newcomers. Participation of migrants in LAGs will be also promoted so they become active actors and participate in the design and decision-making processes of local development strategies (LDS). Given that female and male migrant workers may experience different issues and problems throughout the migration cycle/return resettlement, project will emphasize gender considerations in all relevant interventions. **Duration:** 21 months.

**Activity 2.1.3. Matching skills with economic opportunities and promotion of social innovation.** Project will support the matching between local labor needs and newcomers' skills by building a locally accessible database of newcomers'

competencies and expertise. Furthermore, project will use existing and develop strong new networks with the private sector to foster migrant integration; and encourage employment orientation services to migrants (through VETs) and offer integrated packages for entrepreneurship support (coaching, information about access to finance programs, and strengthening of business networks) to migrants. To this end, project will actively work with diaspora communities to facilitate their engagement in design of mechanism for skills development, employment and entrepreneurship support to returnee migrants. Furthermore, project will work with diaspora communities to exploit opportunities for employment of returnee migrants in the business ventures established by the diaspora members investments. Project will also respond to pressing social needs of ethnic minority communities and rural youth in focal regions by development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. This further means, entire process by which new responses to social needs are developed in order to deliver better social outcomes. **Duration:** 18 months.

**Output 2.2. New potential solutions for improving rural infrastructure, as well as supporting mechanisms for resilient and sustainable rural livelihoods promoted.** (year 1,2,3). *UNDP (activity 2.2.2 ESTDEV)*

**Activity 2.2.1. Development of mechanisms to ensure that sub-national infrastructure investment plans reflect national and sub-national development goals and plans.** The project will facilitate integrated rural infrastructure development in the focal regions through mapping of the development strategies and action plans across national-level strategies (e.g., Agriculture and Rural Development Strategy, Regional Development Strategy, and funds: e.g., regional development fund, capital development grants), regional/municipal development plans (incl. regional development strategies, existing local development strategies (LDS) among others) and financial instruments. Synergies with ongoing complementary initiatives, implemented by development partners, such as World Banks' Log-in project and EU's ITD program), will systematically be considered and promoted. To ensure overall coherence of infrastructure investments, location-based comprehensive mapping of the enabling infrastructure development will be prepared, also providing descriptions and contact details of all development partners and local stakeholders (local authorities, LAGs and vulnerable groups representatives). The action will also facilitate increased engagement of local government authorities from the focal regions in the infrastructure development planning (be it on project identification, financing instruments, program design, resource allocation etc.) through existing and future inter-municipal working groups on infrastructure development. **Duration:** 23 months.

**Activity 2.2.2. Further empower local LAGs for locally generated, owned and sustained capacity.** The project will facilitate further empowerment of local LAGs for resilience through infrastructure development. Thematic working groups of LAGs will gather multiple stakeholders from local, regional and national levels and private ventures, youth and women groups, service providers (e.g., Community Centers) to seek diverse 'buy-in', a systematic and synergetic approach that enables resilient infrastructure initiatives, in turn helping to mobilize resources (incl. non-traditional) for livelihoods risk management and recovery. These thematic working groups will also have joint meetings across the focal regions and may be joined by the national level partners. These new and existing infrastructure rehabilitation projects will be identified and analyzed (Community Based Assessment (CBA)) to find ways of unlocking investment opportunities, e.g., in green infrastructure (e.g., related to energy efficiency, renewable energy, transportation mobility, sustainable agriculture). **Duration:** 19 months.

**Activity 2.2.3. Mobilize private and other actors to diversify sources of funding.** The action will activate public private partnerships (PPPs) for improved infrastructure, i.e., consolidated co-designed infrastructure projects will be used for basis for early PPP projects. To this end, the project will approach already existing business communities (business communities of the resilience platforms in particular) to take advantage of their networks and capacities so they become partners of the project to broker investments from governmental funds, which ideally could be coupled with co-investment of private actors belonging to the associations themselves. Local Business associations may also receive support in capacity building from the project since their role in RD is essential. The project will be guided by similar actions being carried by EU Member States in the framework of EU's CAP interventions. The project will also work closely with local and national actors and draft concrete programs and policy proposal to increase and target infrastructure investments that favors greater impact for women and support renewable energy generation and energy efficiency. **Duration:** 20 months.

**Activity 2.2.4. Pilot innovative financing instruments.** The project will support piloting of the new, innovative financing instruments on national/sub-national levels based on previous and ongoing experiences in Georgia by structuring the action through two major components: (1) conditions in existing infrastructure development programs and (2) new financing instruments for rural infrastructure. Under component 1, for Regional Development Fund's projects, new detailed conditions/criteria applied can be: proposed projects' contribution to the carbon-neutral transitions and projects' ability to leverage the opportunities of the urban-rural partnerships. Under the second component, projects will facilitate design of the innovative/new infrastructure programs on the national level, for example 'green infrastructure (GI) grants. This approach will help use of the potential for green investments in rural areas. Some initiatives can serve as pilot actions for further replication. In this sense, certain rural areas where successful initiatives have been developed could be considered as laboratories for improving and utilizing the full potential of GI. The project will promote the GI approach in integrated and strategic planning, so that decisions about conservation, protection and restoration of ecosystems systematically incorporates all relevant information on their potential benefits across different thematic

domains. Other potential innovative financing instruments envisaged are: Smart Villages, Social Innovation and supporting Digital Connectivity. **Duration:** 15 months.

**Activity 2.2.5. Best practice models and innovative practices disseminated and shared across Georgia.** This activity will be implemented at national and regional levels and will cover most relevant aspects related to rural infrastructure development. The project will source, share and make public information available on ENPARD IV programme delivery performance in rural infrastructure development. In particular, the project will ensure appropriate dissemination of the direct positive impact the ENPARD programme has achieved for improved employment and living conditions in Georgia. The project will also facilitate knowledge-transfer across the country and beyond on the basis of validated research and demonstrated approaches. The CLLD bottom-up approach will systematically be promoted so learning by doing becomes the motto of these dissemination exercises. **Duration:** 7 months.

**Output 2.3. Accessibility of public services improved for disadvantaged, remote and depopulated rural areas** (year 1,2,3). *UNDP*

**Activity 2.3.1. Increase access to additional services and capacities of Community Centers.** As of today, the Houses of Justice provide up to 470 different services, while the Community Centers will provide up to 250 services. Unlike the Houses of Justice, the services of such agencies as: National Bureau of Enforcement, services of the Ministry of Internal Affairs (e.g., certificate of conviction, certificate of border crossing) are not available in the existing 88 Community Centers. Project will support capacity building of Community Center personnel (in the focal regions) for rendering additional services and may also provide certain equipment needed to provide new services (readers, signature pads, etc.). Project will also facilitate selection of the experienced staff from the Community Centers in the focal regions, who receive coaching guidance and coach/train new staff members, as well as periodically conduct trainings/informational meetings for rural youth, women and other vulnerable groups on the topics such as 'how to register as an entrepreneur' or 'how apply for the citizenship'. **Duration:** 19 months.

**Activity 2.3.2. Organizing Georgian language courses for ethnic minorities and trainings/informational sessions on diverse topics of interest.** Many of the Community Centers operate where mainly ethnic minorities (Azerbaijanis, Armenians) live and they have a challenge with knowledge of the Georgian language. Project will facilitate the creation of several groups (of ethnic minority citizens) to whom to provide courses at the community centers (art, reading, film show, discussion evenings are possible new activities for these Georgian language groups). Project will also facilitate organizing training/informational sessions on the topics that are on high demand in rural communities (e.g., how to apply for business grants) at the Community Centers. Some other topics will also include e.g., violence prevention, women empowerment, children rights, etc. Project will also arrange visits of schoolchildren to Community Centers, where they will receive information about Community centers' role, public services, the importance of administrative documents to claim their rights and play their citizen's role in the future, and other useful information. **Duration:** 14 months.

**Activity 2.3.3. Other direct support to Community Centers and vulnerable groups.** Real estate operations will be facilitated for persons with disabilities/illiterate through the use of a new functionality designed for illiterate, blind (fully and partially) persons. To accommodate this specific process/procedure, the project will provide special capacity building courses for the Community Center's staff in the focal regions and may also provide certain equipment needed. The action also intends to provide support to rural vulnerable in the focal regions by facilitating the provision of certain, equipment for Community Centers. For example, in Community Centers, unlike Houses of Justice, there are no wheelchairs provided to the citizens in need. Similarly, in areas where no access to Community Centers is available, a mobile center in a vehicle can provide services at regular intervals. **Duration:** 13 months.

**Output 2.4. Empowered rural women.** (year 1,2,3). *ESTDEV*

**Activity 2.4.1. Support in development of gender-sensitive rural development policies and programs.** Gender aspects will be foreseen in multisectoral rural development related policies and programmes to create an enabling environment for women to pursue economic empowerment opportunities. Awareness raising on gender aspects among government bodies, incl. Civic Committee of IACC will be organised including the establishment of a specific working group to promote concrete policy actions targeted to gender equality in rural areas. Rural women will be specifically encouraged to participate in decision making and local development processes, by joining LAGs in focal regions. **Duration:** 23 months.

**Activity 2.4.2. Stimulation entrepreneurial activities.** Rural women will be encouraged and supported to join entrepreneurial initiatives and networks of rural women to become economically active in non-agricultural sectors. To help realize the project ideas business coaching, including the identification of financing sources, will be organised. As access to finance is a critical issue for any grass root initiative to materialize, specific financing modules for projects for rural women will be made available. **Duration:** 16 months.

**Activity 2.4.3. Support to education, vocational training and building of new skills.** To empower rural women to become economically independent, specific educational and vocational training opportunities are created to enhance their capabilities and employability in the labour market. To stimulate non-agricultural activities trainings, experience-sharing visits and seminars will be organised to foster entrepreneurship among rural women. Rural women and girls will be encouraged to consider an education in science, technology, engineering, and mathematic (STEM) fields through

informational sessions, to overcome the currently prevailing gender pay gap. The opportunities derived from increased digitalisation of rural areas will be promoted to enable rural women to engage in new forms of economic activities (e.g., teleworking). **Duration:** 14 months.

These interventions are also in line with the concluding observations on the combined fourth and fifth periodic reports of Georgia of the Committee on the Elimination of Discrimination against Women CEDAW/C/GEO/CO/4-5: “promoting access to social, health-care and other basic services and economic opportunities, in addition to equal opportunities to participate in political and public life”. Activities 2.4.2 and 2.4.3 correspond also to the issues indicated in the List of issues and questions in relation to the sixth periodic report of Georgia by the Committee of the Elimination of the Discrimination against Women CEDAW/C/GEO/Q/6. For example, under para 19 “Economic empowerment and social benefits”: additional information is requested on “programmes aimed at reducing the engagement of rural women and girls in unpaid work, including care, agricultural and domestic work”.

### **Output 3.1. Support Sustainable Forest Management** (year 1,2,3). *UNDP*

**Activity 3.1.1. Support National Forestry Agency (NFA) and/or the Agency of Protected Areas (APA) to develop Forest Management Plans with intensive participation of local communities to take into account the livelihood needs and concerns of local communities.** All forest districts require Forest Management Plans (FMPs), based on up-to-date inventories and forest information. Forest inventories in Georgia are still outdated, with many conducted 20-30 years ago. The outdated inventory data results in short-term (often ad hoc) forest utilization plans often unrelated to the conditions prevailing in that specific forest area. Such practices put Georgia’s forests at risk of unsustainable management, particularly unsustainable harvesting levels that are not aligned with forest conditions and growth rates. The project will support the development of FMPs by technical assistance in 2 regions: Imereti and Racha. The development of the plans will follow a participatory multi-stakeholder engagement process to ensure that needs of local communities are addressed properly, while promoting improved cooperation between NFA/APA and local communities. **Duration:** 32 months.

**Activity 3.1.2. Promotion of VET and employment opportunities related to forest management.** To support country’s forest reforms, it is expected the sector will generate substantial new opportunities for employment. It further emphasizes the opportunities to offer formal employment to local people currently informally employed in fuelwood harvesting. At present, undergraduate and graduate training programs lack specialized modules that would provide training in forest administration, forest law and law enforcement, forest economics, etc. The project will continue supporting the “Forest Engineers programme” and explore possibilities to further institutionalize the training module and ensure sustainable continuation of the programme. **Duration:** 24 months.

**Activity 3.1.3. Support to eco-tourism development including forest related ecotourism to provide alternative income to rural communities.** The project will study and analyse the opportunities for developing ecotourism. Further, the project will identify together with the LAGs of the two selected regions of Imereti and Racha, opportunities for disseminating information related to community-based ecotourism business models, and if needed, support the design and implementation of initiatives based on this approach. The project will pay particular attention to previous experiences and lessons learnt from similar undertakings in Georgia and in the EU Member States. **Duration:** 20 months.

### **Output 3.2. Renewable Energy and Energy Efficiency Market Development for Reducing Pressure on Forest Resources and Creation of Alternative Livelihood Opportunities at Rural Areas** (year 1,2,3). *UNDP (activity 3.2.3 UNDP/ESTDEV)*

**Activity 3.2.1. Support to Energy Efficiency/Renewable Energy (EE/RE) Local Manufacturers or Technology Providers.** The Project will support local manufacturers or technology suppliers with skills development, advisory services on technology application/improvement of production and delivery systems, provision of information on applicable standards and requirements. The project will also support development of business plans for EE/RE suppliers to support their loan applications via RDA partner banks, as well as to access investment support instruments offered by RDA. **Duration:** 25 months.

**Activity 3.2.2. Support Households and businesses to access Bank Financing to Household and Businesses.** The project will explore cooperation mechanisms with Banks or Microfinance Institutions (MFIs) willing to offer low interest loans to households or businesses interested in Renewable Energy/Energy Efficient technologies. **Duration:** 24 months.

**Activity 3.2.3. Support to establish Renewable Energy Communities in target regions.** Renewable Energy Communities (RES communities) are a growing and extraordinarily multifaceted phenomenon which involves a range of possible activities around renewable energy (notably, production, supply, distribution, sharing and consumption) collectively carried out by citizens, often in partnership with small and medium enterprises and local public authorities. The project will support establishment of Renewable Energy Communities in one of the target regions (preferably in a mountainous area) and ensure the capacity development of RES community members through trainings on skills development, advisory services on technology application/improvement, maintenance of production and delivery systems. The project will support RES community to initiate and implement EE/RE initiatives. **Duration:** 25 months.

**Implementing Partner - ESTDEV** will be responsible for implementing selected activities of Output 1 - *Improved Rural Development Governance System for Integrated and Effective Policy Development and Implementation* and of Output 2 - *Improved Rural Services, Infrastructure, Empowered Rural Women and Inclusive Rural Development* and Output 3 - *Sustainable Use of Forest Resources and Improved Environmental Protection and Climate Action*.

Through the partnership with the Estonian Development Cooperation the project will provide Estonia's knowledge and experience in implementing Rural Development policies to respective stakeholders in Georgia, in particular, in relation to bottom-up policy making and implementation, institutional and governance framework. The project will use Estonian experts in cooperation with the partner organization ESTDEV, particularly in relation to the topics related to LEADER/CLLD institutionalization, Rural Development governance structure and institutional development.

ESTDEV will ensure institutional engagement of Estonian institutions responsible for planning and delivery of rural development policy and services. **UNDP in partnership with ESTDEV will support institutionalization of engagement of relevant stakeholders (public institutions and civic organizations) with their EU counterparts.** With the support from ESTDEV, Agriculture Registers and Information Board (Paying Agency) of the Republic of Estonia will be engaged in implementation of the project activities related to aligning rural development governance structure and rural development measures with that of the EU. To institutionalise the EU institutional presence and engagement in rural development in Georgia UNDP and ESTDEV will support integration of Georgian Rural Development Network (GRDN) into the European Network for Rural Development (ENRD) and Rural Development Agency of Georgia (RDA) will be supported to contribute to the work of EU network of Paying Agencies getting observer's status that creates an important platform for advanced European experience and knowledge sharing. ESTDEV and Agriculture Registers and Information Board of the Republic of Estonia will have a representation in the project steering committee.

## Methodology

The project activities will be implemented coherently based on the logical sequence to achieve the indicators set in the Logical framework. At initial step various needs-assessments and studies will be conducted to identify the most effective approaches.

UNDP will ensure that ESTDEV implements its mandate effectively, using for detailed planning of its activities all available information, resources, access to stakeholders, government institutions and municipalities, as well as other donors and projects implementers. UNDP will apply mix of service providers (companies and national and international consultants) for implementing the planned activities. Wherever possible, the project will use the competencies and technical skills within the mandated government institutions and other national agencies to implement project activities. These institutions are: Rural Development Agency, National Forestry Agency, Agency for National Protected Areas Agency which will have special role in implementing the project activities under the UNDP contractual modalities.

UNDP will apply tools for ensuring high-cost effectiveness:

- participatory based planning of technical assistance to national and sub-national institutions and stakeholders,
- effective targeting of rural beneficiaries by the state budget and the project resources,
- comprehensive planning of the targeted municipal level interventions for economic diversification and environment,
- proper monitoring and evaluation systems design and functioning.

Costs incurred for project implementation will focus only on those actions required to provide key support to rural development national and sub-national stakeholders in undertaking strategic interventions to improve quality of life in rural areas and achieve the results set under the Project and National Agriculture and Rural Development Strategy.

The proposed action is based on the 7 cross-cutting domains: **Governance, Multiple Sectors, Infrastructure and Services, Inclusiveness and Gender, Demography, Sustainability and Territorial Sensitive Approach** that will be applied to all activities. *Governance* - a consistent and robust strategy is not enough if implementation capacity is weak. It is thus important for an effective strategy to build governance capacity and integrity at all levels. *Multiple sectors* - although agriculture remains a fundamental sector, rural development interventions should also promote off-farm activities and employment generation in the industrial and service sectors. *Infrastructure and services* - improving both soft and hard infrastructure to reduce transaction costs, strengthen rural-urban linkages, and build capability is key. It includes improvements in connectivity across rural areas and with secondary cities, as well as in access to multiple services such as education and health. *Inclusiveness and gender* - rural development interventions should not only aim at tackling poverty and inequality, but also account for the importance of facilitating the demographic transition and migration. Improving rural livelihoods should consider the critical role of rural women in rural development, including

their socio-economic challenges and their ability to control and deploy resources. *Demography* – migration and rapidly ageing populations are two of the most relevant challenges faced by rural areas. Although the policy implications of these two issues of rural ‘shrinkage’ are different, addressing these challenges will imply good co-ordination across education, health and social protection policies and smart adaptation. *Sustainability* - considering environmental sustainability in rural development strategies should not be limited to the high dependence of rural populations on natural resources for livelihoods and growth, but also their vulnerability to climate change and threats from energy, forest and other resource scarcity. *Territorially sensitive approach* – as rural areas are diverse; it is essential delivering integrated policies and capitalizing on opportunities that arise as a result of proximity of cities or urban agglomerations.

Furthermore, interventions of the proposed actions will be organized following three main building blocks of the rural development policymaking: (1) multi-objectives: economic, social and environmental; (2) types of rural areas: continuous view of territories where rural is everywhere; and (3) multi-stakeholder engagement: from national and local government to working with civil society and the private sector.

**Needs-assessments and studies** will be conducted in concrete activities for evidence-based decisions. The concrete specific methodological approaches will be used towards effective implementation of activities.

**Output 1.1. Advanced institutional and technical capacities of MEPA and IACC and its working groups in rural development planning and implementation** (year 1,2,3). *UNDP (Activity 1.1.3 ESTDEV)*

Following methods of implementation will be applied: (a) **assessment of institutional and legal frameworks** and needs for legal approximation; (b) **needs-based and competency-based** capacity building of MEPA in producing RD-related outputs and organizational effectiveness; (c) **Technical assistance (TA) to RDA** to implement all functions as paying agency; (d) **identification instruments and mapping** of MEPA’s staffing plan **and capacity building**; (e) **partnership approach** for MEPA (incl.), IACC and other institutions; (e) **networking**, as an instrument for exchange of knowledge, practice, consultations and information; (f) **coaching, monitoring and evaluation** as methods for improvement.

*Participants: project team, MEPA (incl. RDA), IACC members, related agencies (e.g., National Wine Agency, National Food Agency and National Agency for Sustainable Land Management and Land Use Monitoring, National Agency of Public Registry under Ministry of Justice)*

*Main means: study/needs assessment, technical assistance, consultations, trainings, implementation support, M&E*

**Output 1.2. Strengthened bottom-up and area-based approach in Rural Development policy development and implementation** (year 1,2,3). *UNDP*

Following methods of implementation will be applied: (a) **desk-review, analyses and benchmarking** to European/international best practices and local initiatives; (b) **capacity building** of MEPA/RDA for effective function of LEADER/CLLD system; (c) **technical support to MEPA and RDA** to design and deliver the operational framework of the LEADER/CLLD approach; (d) **needs-based and competency based** capacity building of LAGs in M&E functions; (e) **coaching**, knowledge/practice exchange **roundtables, monitoring and evaluation** as methods for improvement;

*Participants: project team, MEPA, RDA, LAGs, local governments, GRDN, CSOs/representatives.*

*Main means: studies, consultations, trainings, technical assistance, M&E*

**Output 2.1. The needs of the population with migration background addressed in the state programs** (year 1,2,3). *UNDP*

Following methods of implementation will be applied: (a) **institutional mapping** to identify relevant actors, their roles and their functional relations; (b) **facilitation meetings for coordination** in policy and program work for improved integration of people with migrant background; (c) **needs-based and competency-based** capacity building of local governments; (d) **coaching**, knowledge/practice exchange **coordination bodies, municipal thematic working groups, monitoring and evaluation** as methods for improvement; (e) **technical assistance** to design and deliver skills-matching, entrepreneurship support interventions; (d) **social innovation approach** for migrants and ethnic minorities.

*Participants: project team, local governments, MEPA and other line ministries, ethnic minority and migrants’ communities, CSOs, relevant national agencies, LAGs.*

*Main means: mapping, consultations and technical assistance, facilitation, trainings, implementation support, M&E, social innovation.*

**Output 2.2. New potential solutions for improving rural infrastructure, as well as supporting mechanisms for resilient and sustainable rural livelihoods promoted.** (year 1,2,3). *UNDP (activity 2.2.2 ESTDEV)*

Following methods of implementation will be applied: (a) **mapping of the enabling infrastructure** and development strategies/action plans; (b) competency-based **capacity development** on needed skills; (c) cost-benefit analysis (CBA) unlocking investment opportunities; (d) **technical assistance and capacity building** for locally generated, owned and sustained capacity; (e) **technical assistance** for PPP initiatives; (f) **piloting method** as a validation and improvement

instrument for innovative financial instruments. (g) **knowledge/practice exchange** for dissemination of the direct positive impact the ENPARD programme.

*Participants: project team, MRDI, MEPA, local governments, vulnerable community organizations/representatives, private ventures, youth and women groups, Community Centers, LAGs.*

*Main means: mapping/needs assessment, consultations and technical assistance, trainings, networking, implementation support, M&E, piloting, knowledge/practice exchange.*

**Output 2.3. Accessibility of public services improved for disadvantaged, remote and depopulated rural areas** (year 1,2,3). UNDP

Following methods of implementation will be applied: (a) **assessment** of capacity needs and coaching of Community Centres; (b) **organizing** of sustainable courses for ethnic minorities. (c) other direct support (as needed).

*Participants: project team, Community Centres, MEPA and other line ministries, local governments, ethnic minority groups/organizations/representatives, LAGs.*

*Main means: study/needs assessment, consultations and technical assistance, coaching and trainings, direct support, implementation support, M&E*

**Output 2.4. Empowered rural women.** (year 1,2,3). ESTDEV

Following methods of implementation will be applied: (a) **facilitation meetings** for gender-sensitive rural development policies and programs; (b) **competency-based** capacity building; (c) **coaching** as method for stimulating entrepreneurial activities.

*Participants: project team, MEPA and other line ministries, women groups/organizations/representatives, financial intermediaries, educational institutions (e.g., VETs), Civic Committee of IACC, LAGs.*

*Main means: facilitation meetings, study/needs assessment, consultations, coaching and trainings, M&E*

**Output 3.1. Support Sustainable Forest Management** (year 1,2,3). UNDP

Following methods of implementation will be applied: (a) **technical assistance** to take into account the livelihood needs and concerns of local communities (b) **study and analysis** of the opportunities for developing ecotourism (c) **piloting method** as a validation and improvement instrument.

*Participants: project team, local governments, MEPA and other line ministries, NFA, APA, VETs, LAGs.*

*Main means: study and analysis, consultations, technical assistance, trainings, piloting, M&E*

**Output 3.2. Renewable Energy and Energy Efficiency Market Development for Reducing Pressure on Forest Resources and Creation of Alternative Livelihood Opportunities at Rural Areas** (year 1,2,3). UNDP (activity 3.2.3 UNDP/ESTDEV)

Following methods of implementation will be applied: (a) **coaching and advisory services** on technology application/improvement of production and delivery systems; (b) **competency-based** capacity building; (c) **networking** as an instrument for exchange of knowledge, practice, consultations and information; (d) **cost-benefit analyses**.

*Participants: project team, MFIs and Banks, MEPA and other line ministries, local manufacturers and technology suppliers, Renewable Energy Communities, rural households.*

*Main means: study/needs assessment, technical assistance consultations, networking, coaching, consulting and trainings, M&E.*

**Further methodological framework applied to the proposed action:**

Evidence based and needs-oriented - The project start-up phase will be used to identify current needs vis a vis the agenda for the advanced and more inclusive rural development, making full use of counterparts' knowledge and experience. This needs assessment at the beginning of the project will ensure the best use of resources and support to the highest benefit for the beneficiaries. UNDP's project team will take care of ongoing activities and priorities of ARD administration, other Ministries, LAGs and different Donor organisations before operationalizing the project work plan.

Sustainability and ownership oriented - The project team will be guided by permanent measuring of the sustainability of actions under the key components identified. The focus on the transfer of skills, practical experience and capacity building will produce a multiplier effect that can long outlive the project duration. Local expertise of ARD administration will be complemented with EU Member States' expertise (Estonia as model countries) to build skills and increase the know-how of staff of MEPA, RDA and other institutions to unleash the potential of rural socio-economic development, create jobs and increase environmental & climate resilience and foster inclusive growth. From the very beginning, close coordination and consultation with ARD administration staff and all other stakeholders will be the guiding principle of daily work so as to build ownership, commitment from the local partner institutions and ensure the sustainability of results after the project ends.

Quality and process oriented - UNDP management and the project management will provide ongoing quality assurance as regards efficient and effective project implementation according to the agreed schedule, input of resources and expected



output of the individual tasks of the work plan. The project implementation is proposed as an ongoing process which will be supported by the project team throughout the overall project lifetime. Taking into account the objectives to be met it will be necessary to identify detailed working steps in order to achieve just in time transparency on processes and decision needs.

*Flexible and partnership-oriented* - New ideas will be appreciated by the project team along with the project life as the project team tries to adapt plans and activities to the needs of the project beneficiaries.

*Social and Environmental Standards (SES) compliant* - The project will comply with UN Social and Environmental Standards (SES), which are mandatory for all UNDP projects. Social inclusion of vulnerable groups of the population in rural development will be a priority so the action becomes a driver of employment, entrepreneurial activity, and income generation for under-served people, including women. This will be done by putting in place specific indicators (e.g., % of minorities, migrants, women participants in training and project activities). Compliance with sustainability standards (people, economy, environment) will also be a priority.

*Gender and youth mainstreaming-oriented* - The project will comply with the Commission's Gender Equality Strategy 2020-25 as well as UN Gender Mainstreaming: a global strategy for achieving gender equality and the empowerment of women and girls as well as the Youth 2030: The UN Youth Strategy and concluding observations on the combined fourth and fifth periodic reports of Georgia of the Committee on the Elimination of Discrimination against Women CEDAW/C/GEO/CO/4-5. Gender sensitiveness is a significant and integral element of the action. The empowerment of women, especially in rural and remote areas, is addressed as a transversal priority in all activities undertaken within the project. By doing so, the action shall positively impact the social and financial status of women in the workplace and society by sustainably strengthening their capacity, improving their knowledge, and developing their skills. More active engagement of women in decision making will be an overall priority during project implementation.

*Climate/resources efficiency* - The project will take knowledge of the European Green Deal strategy. The action will support the propagation of environmentally friendly income generation activities in rural development in Georgia by applying higher standards in environmental protection. Citizens worldwide are becoming more demanding and concerned about sustainability (both social and environmental).

## **Indicative Action Plan and Workplan**

(Please see below)

Year 1													
	Half-year 1						Half-year 1						
Activity	Mon 1	2	3	4	5	6	7	8	9	10	11	12	Implementing body
Preparation: Project Launching and Preparation work (administrative, technical and financial arrangements, development of detailed action plan, contracts, kick-off meeting of project team).	■												UNDP
Activity 1.1.1 Support to the ARD administration to align its institutional and legal framework with the respective EU requirements (year 1,2,3).			■	■	■	■	■	■	■	■	■	■	UNDP
Activity 1.1.2 Improved operational efficiency of MEPA in producing RD-related outputs and organizational effectiveness in anticipating and responding to challenges relating to climate change, inclusive growth and jobs in rural areas, (year 1,2,3).		■	■	■	■	■	■	■	■	■	■	■	UNDP
Activity 1.1.3 Technical assistance to Rural Development Agency to implement all functions as paying agency for Agriculture and Rural Development. (year 1,2,3).			■	■	■	■	■	■	■	■	■	■	ESTDEV
Activity 1.1.4 Elaboration of the staffing plan of MEPA and RDA and provision of respective capacity development activities within MEPA and RDA to reach full functionality. (year 1,2,3).							■	■	■	■	■	■	UNDP
Activity 1.2.1 Provision of Capacity development support following the general logic of the EU LEADER/CLLD implementation that is based on a decentralized multi-level governance structure aiming at an integrated rural development with enhanced autonomy at the local level. (year 1,2,3).						■	■	■	■	■	■	■	UNDP
Activity 1.2.2 Support to Development of the National LEADER/CLLD programme in line with the strategic goals of the Agriculture and Rural Development Strategy of Georgia 2021 – 2027 and ENPARD IV financing agreement (year 1,2,3).		■	■	■	■	■	■	■	■	■	■	■	UNDP
Activity 1.2.3 The remit of the Georgian National Rural Development Network which specifically includes support for LAGs is enabled to facilitate exchange and learning between all the partners involved in LEADER/CLLD implementation: public authorities, economic and social partners, beneficiaries, and the relevant bodies representing civil society. (year 1,2,3).			■	■	■	■	■	■	■	■	■	■	UNDP

Activity 2.1.1 Enhance effectiveness and coherence of migrant integration and needs response policies through improved co-ordination across government levels and implementation at the relevant scale. (year 1,2,3).														UNDP
Activity 2.1.2 Advancing capacities and promoting bottom-up initiatives for increased accessibility and diversity of public services for migrants and newcomers. (year 1,2,3).														UNDP
Activity 2.1.3 Matching skills with economic opportunities and promotion of social innovation. (year 1,2,3).														UNDP
Activity 2.2.1 Development of mechanisms to ensure that sub-national infrastructure investment plans reflect national and sub-national development goals and plans. (year 1,2,3).														UNDP
Activity 2.2.2 Further empower local LAGs for locally generated, owned and sustained capacity. (year 1,2,3).														ESTDEV
Activity 2.2.3 Mobilize private and other actors to diversify sources of funding. (year 1,2,3).														UNDP
Activity 2.2.4 Pilot innovative financing instruments. (year 1,2,3).														UNDP
Activity 2.2.5 Best practice models and innovative practices disseminated and shared across Georgia. (year 2,3).													Year 2, 3	UNDP
Activity 2.3.1. Increase access to additional services and capacities of Community Centres. (year 1,2,3).														UNDP
Activity 2.3.2 Organizing Georgian language courses for ethnic minorities and trainings/informational sessions on diverse topics of interest. (year 2,3).													Year 2, 3	UNDP
Activity 2.3.3 Other direct support to Community Centres and vulnerable groups. (year 1,2,3).														UNDP
Activity 2.4.1 Support in development of gender-sensitive rural development policies and programs. (year 1,2,3).														ESTDEV
Activity 2.4.2 Stimulation entrepreneurial activities. (year 1,2,3).														ESTDEV
Activity 2.4.3 Support to education, vocational training and building of new skills. (year 2,3).														ESTDEV

Activity 3.1.1 Support National Forestry Agency (NFA) and/or the Agency of Protected Areas (APA) to develop Forest Management Plans with intensive participation of local communities to take into account the livelihood needs and concerns of local communities. (year 1,2,3).													UNDP
Activity 3.1.2 Promotion of VET and employment opportunities related to forest management. (year 1,2,3).													UNDP
Activity 3.1.3 Support to eco-tourism development including forest related ecotourism to provide alternative income to rural communities. (year 1,2,3).													UNDP
Activity 3.2.1 Support to Energy Efficiency/Renewable Energy (EE/RE) Local Manufactures or Technology Providers. (year 1,2,3).													UNDP
Activity 3.2.2 Support Households and businesses to access Bank Financing to Household and Businesses. (year 1,2,3).													UNDP
Sub-activity 3.2.3 Support to establish Renewable Energy Communities in target regions. (year 2,3).												Year 2, 3	UNDP/ESTDEV

**Year 2, 3**

Activity	Year 2	3	Implementing body
Activity 1.1.1 Support to the ARD administration to align its institutional and legal framework with the respective EU requirements (year 1,2,3).			UNDP
Activity 1.1.2 Improved operational efficiency of MEPA in producing RD-related outputs and organizational effectiveness in anticipating and responding to challenges relating to climate change, inclusive growth and jobs in rural areas, (year 1,2,3).			UNDP
Activity 1.1.3 Technical assistance to Rural Development Agency to implement all functions as paying agency for Agriculture and Rural Development. (year 1,2,3).			ESTDEV
Activity 1.1.4 Elaboration of the staffing plan of MEPA and RDA and provision of respective capacity development activities within MEPA and RDA to reach full functionality. (year 1,2,3).			UNDP

Activity 1.2.1 Provision of Capacity development support following the general logic of the EU LEADER/CLLD implementation that is based on a decentralized multi-level governance structure aiming at an integrated rural development with enhanced autonomy at the local level. (year 1,2,3).			UNDP
Activity 1.2.2 Support to Development of the National LEADER/CLLD programme in line with the strategic goals of the Agriculture and Rural Development Strategy of Georgia 2021 – 2027 and ENPARD IV financing agreement (year 1,2,3).			UNDP
Activity 1.2.3 The remit of the Georgian National Rural Development Network which specifically includes support for LAGs is enabled to facilitate exchange and learning between all the partners involved in LEADER/CLLD implementation: public authorities, economic and social partners, beneficiaries, and the relevant bodies representing civil society. (year 1,2,3).			UNDP
Activity 2.1.1 Enhance effectiveness and coherence of migrant integration and needs response policies through improved co-ordination across government levels and implementation at the relevant scale. (year 1,2).			UNDP
Activity 2.1.2 Advancing capacities and promoting bottom-up initiatives for increased accessibility and diversity of public services for migrants and newcomers. (year 1,2,).			UNDP
Activity 2.1.3 Matching skills with economic opportunities and promotion of social innovation. (year 1,2,3).			UNDP
Activity 2.2.1 Development of mechanisms to ensure that sub-national infrastructure investment plans reflect national and sub-national development goals and plans. (year 1,2).			UNDP
Activity 2.2.2 Further empower local LAGs for locally generated, owned and sustained capacity. (year 1,2,3).			ESTDEV
Activity 2.2.3 Mobilize private and other actors to diversify sources of funding. (year 1,2,3).			UNDP
Activity 2.2.4 Pilot innovative financing instruments. (year 1,2,3).			UNDP
Activity 2.2.5 Best practice models and innovative practices disseminated and shared across Georgia. (year 2,3).			UNDP
Activity 2.3.1. Increase access to additional services and capacities of Community Centres. (year 1,2,3).			UNDP
Activity 2.3.2 Organizing Georgian language courses for ethnic minorities and trainings/informational sessions on diverse topics of interest. (year 2,3).			UNDP
Activity 2.3.3 Other direct support to Community Centres and vulnerable groups. (year 1,2).			UNDP

Activity 2.4.1 Support in development of gender-sensitive rural development policies and programs. (year 1,2).			ESTDEV
Activity 2.4.2 Stimulation entrepreneurial activities. (year 1,2,3).			ESTDEV
Activity 2.4.3 Support to education, vocational training and building of new skills. (year 2,3).			ESTDEV
Activity 3.1.1 Support National Forestry Agency (NFA) and/or the Agency of Protected Areas (APA) to develop Forest Management Plans with intensive participation of local communities to take into account the livelihood needs and concerns of local communities. (year 1,2,3).			UNDP
Activity 3.1.2 Promotion of VET and employment opportunities related to forest management. (year 1,2,3).			UNDP
Activity 3.1.3 Support to eco-tourism development including forest related ecotourism to provide alternative income to rural communities. (year 1,2,3).			UNDP
Activity 3.2.1 Support to Energy Efficiency/Renewable Energy (EE/RE) Local Manufactures or Technology Providers. (year 1,2,3).			UNDP
Activity 3.2.2 Support Households and businesses to access Bank Financing to Household and Businesses. (year 1,2,3).			UNDP
Activity 3.2.3 Support to establish Renewable Energy Communities in target regions. (year 2,3).			UNDP/ESTDEV

## Implementation Arrangements

**Project Governance Arrangements.** UNDP will be responsible for the execution of all the project activities and provision of inputs, including implementation of all support services and management of all project funds.

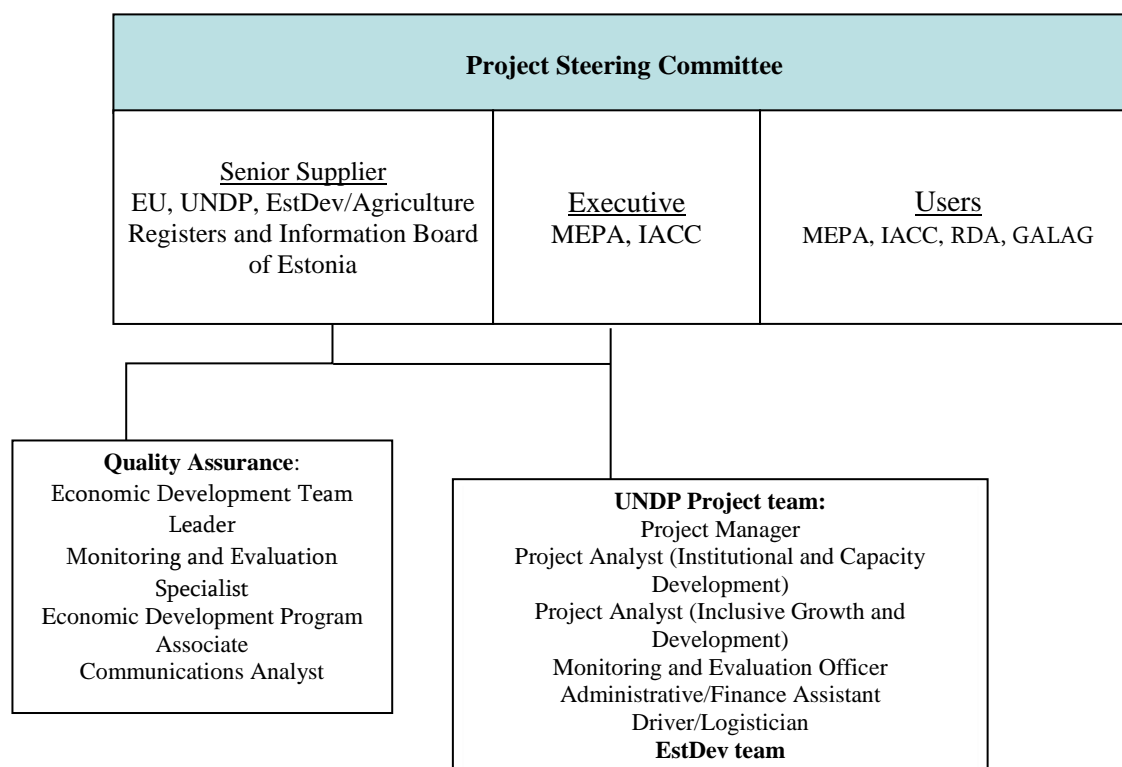
The action will be coordinated by a project Steering committee composed of representatives from EU Delegation, UNDP, ESTDEV and Agriculture Registers and Information Board of Estonia, MEPA. A proposed structure is presented in the chart below.

The action will be implemented under the National Implementation Modality (NIM) with full UNDP Country Office support. The Action activities will be steered by the Steering Committee per UNDP procedures and requirements including the One UN approach:

- MEPA will represent the Project Executive for this project, and will ensure ownership and upscale, high value for money, balancing the demands of beneficiary and suppliers.
- UNDP, the European Union and EstDev/ Agriculture Registers and Information Board will assume the role of the Senior Suppliers and provide resources, skills and guidance to produce the project output.
- MEPA, IACC, RDA GALAG and target will be the Senior Beneficiaries/Users of the Action.

The Steering Committee will seek to engage relevant stakeholders and may invite external experts as observers for example from other UN bodies or EU Member State development agencies or NGOs active in the domains relevant to rural development.

The Steering committee is expected to provide overall guidance and decision-making support during all phases of project implementation, and will grant final approval of municipal assessment reports, subsequent municipal proposals and contracts related to the delivery of rural services. The project Steering committee is proposed to meet every 6 months, although meetings could be called by any of the members at any time to discuss any particular issue of concern and steering of project implementation specific topics may happen through e-mail communication when needed.



**Project Implementation Team.** UNDP will allocate team of professional staff who will be directly involved in the implementation, monitoring and evaluation of the Action. The staff time allocated to the implementation of the Action will be fully recorded. The team will consist of the Country Office Staff and the project staff. UNDP staff will provide support and quality assurance for smooth implementation for achieving the set results.

The key project management functions will be carried out by the Project Manager. Project management team will be composed as follows:

- **Project Manager, NPSA 10** (100%): will provide administrative oversight and internal controls, coordination and supervision of institutional relations with concerned government institutions, representation of the project in relevant fora events, communication and reporting to the EU Delegation. The Manager will be responsible to ensure that project implementation is in line with the conditions set forth through the EU-UNDP agreement, and all UNDP rules and regulations are respected throughout project implementation.
- **Project Analyst (Institutional and Capacity Development), NPSA 9** 100%. Institutional and Capacity Development Coordinator will be responsible for project components targeting the beneficiary's institutional development needs. S/he will provide support to the Project Manager in all the on-going project planning and implementation activities.
- **Project Analyst (Inclusive Growth and Development), NPSA 9** 100%: Inclusive Growth and Development Coordinator will be responsible for project components targeting the beneficiary's economic development and growth needs. S/he will provide support to the Project Manager in all the on-going project planning and implementation activities.
- **Project Monitoring and Evaluation Specialist, NPSA 9** (50%): Project Monitoring and Evaluation officer will be responsible for the overall quality of analysis as well as M&E and lessons learned products, facilitation of knowledge building, knowledge sharing and guidance to all stakeholders on M&E matters. S/he will provide support to the Project Manager in all the on-going project planning and implementation activities.
- **Project Admin/Finance Associate, NPSA 6** (100%): Project Admin/Finance Assistant will be responsible for technical support in financial, contractual, and organizational matters.
- **Driver/Logistician, NPSA 2** (100%): Driver and logistician will be responsible for driving project staff to and from different meetings/events and supporting in logistical matters including transportation in regions during implementation of project activities when and as necessary.
- **UNDP CO Economic Development Team Leader, NOB 10**, (20%): UNDP CO ED Team Leader will provide overall quality assurance, oversight and monitoring of the project to ensure that the project produces the results (outputs) specified in the project document and compliant with the required standard of quality and within the specified constraints of time and cost. The ED TL will provide liaison support with counterparts as needed, oversee reporting (both for the EU delegation and internal UNDP reporting), provide additional analysis of risks and mitigation measures, ensure coherence and promote cooperation between this project and other relevant UNDP projects. UNDP ED Team Leader will be charged through direct project costs for the time spent directly attributable to the implementation of the Project, not exceeding 20% of the working time.
- **UNDP CO Economic Development Programme Associate** (10%): UNDP CO ED Programme Associate will be responsible for providing administrative support and advice supporting project implementation from the Country Office. S/he will be responsible for providing administrative, contractual and reporting related support to ensure compliance of administrative processes with respective UNDP rules and regulations not exceeding 10% of the working time.
- **UNDP CO Communications Analyst** (5%): UNDP CO Communication Analyst will be responsible to provide advice on all communications-related matters and support the project in the implementation of its communication and visibility activities. S/he also will liaise directly with the communications team of the EU Delegation to Georgia. UNDP Communications Specialist will complete monthly timesheets reflecting actual time spent on the given project (5 percent of the time).
- **UNDP CO Monitoring and Evaluation Specialist** (5%): UNDP CO Monitoring and Evaluation Specialist will be responsible to track, monitor and evaluate project implementation progress based on logical framework as well as work plans; Report to the Project Management on the results of the monitoring and evaluation; (5 percent of the time).

Country Office staff (Economic Development Team Leader, Programme Associate, Communications Analyst and Monitoring and Evaluation Specialist), who dedicate part of their time to this project throughout its duration, will keep the accurate record of the time dedicated to the project (timesheet), verified/approved by their supervisors on a monthly basis, and the project will be charged according to the actual time worked for the project, up to the maximum of the percentages specified above.

For ensuring smooth shift from ENPARD 3 to this project UNDP will introduce inception phase (tentatively first three months of the project) for announcing the project staff positions and contracting. The ENPARD 3 staff will continue work to ensure continuity and avoid gap in implementation of this project during the inception phase.

UNDP will convey the administrative support services to the project implementation, implying undertaking administrative, financial, procurement and recruitment services according to its rules and regulations.

**Project Office Costs.** The Project will cover all costs required to implement all project activities, as listed in Budget for the Project.

The Project will have a project office in Tbilisi. The Project budget includes the following costs for the office:



- rental costs (40%), including security charges.
- Cost of IT and telecommunication, utilities (electricity/heating) and maintenance.
- Consumables and stationery supplies.
- Maintenance, insurance, fuel and depreciation costs a vehicle.
- IT/Computer and office equipment purchase and maintenance.
- Office cleaning services.
- Costs of travel and field trips for the project activities.
- Costs of project communication and visibility activities.

Following travel costs will be allocated from the Action budget:

- DSA for local staff (UNDP): project staff per diem for travel to regions within Georgia while organizing events, trainings, supporting local consultants and etc.
- DSA for local consultants (UNDP): for travel in regions for the local consultants engaged in the action.
- DSA for International consultants (UNDP): for the international consultants engaged in the action
- International travel (consultants) (UNDP): Travel flight costs for the international consultants engaged in the action. missions.
- Local transportation (UNDP): Rental of transportation (vehicle/bus/minivan/etc.) for transporting the trainings/seminar/events participants to the event venue, as well as transportation provided for projects staff upon the need.

Other costs and services:

Additionally, project budget includes costs for publications, studies/research, evaluations, translation/interpreters, conferences/seminars.

#### *Local and international experts*

Project will engage local experts for the following activities: 1.1.2; 1.1.4; 1.2.1; 1.2.2; 1.2.3; 2.1.1; 2.1.2; 2.1.3; 2.2.1; 2.2.2; 2.2.3; 2.2.4; 2.2.5; 2.3.1; 2.3.2; 2.3.3; 3.1.2; 3.1.3; 3.2.1; 3.2.2 with a total estimated time of 595 days. In addition, project will hire international experts for the implementation of the following activities: 1.1.1; 1.1.2; 1.2.2; 1.2.3; 3.1.3 with a total estimated time of 250 days.

#### *Role and Participation in the Action of Implementing Partner - ESTDEV*

With the support from ESTDEV, Agriculture Registers and Information Board (Paying Agency) of the Republic of Estonia will be engaged in implementation of the project activities related to aligning rural development governance structure and rural development measures with that of the EU. ESTDEV and Agriculture Registers and Information Board of the Republic of Estonia will have a representation in the project steering committee.

ESTDEV will ensure institutional engagement of Estonian institutions responsible for planning and delivery of rural development policy and services. ESTDEV will be represented at the project steering format and will have permanent interlocutor for the project related communication with EUD. For implementation of this project UNDP and ESTDEV will sign respective agreement outlining ESTDEV mandate and obligations.

#### *Other sub-contractors*

Project will contract CSOs to implement certain tasks of the following activities of the workplan: 2.1.2, 2.1.3, 2.2.2, 2.2.3, 2.2.4, 2.3.1, 2.3.2, 2.3.3, 3.1.1, 3.1.2, 3.1.3, 3.2.1.

## **Sustainability**

#### *Expected Impact of the Action on its Target Group/Beneficiaries*

**The expected impact of the action: Enhanced well-being of rural population by strengthening conditions for more inclusive and sustainable growth.** The proposed action aims at boosting and strengthening opportunities for rural

population for improved well-being. Based on this the impact of the action will be evidential at National, Regional, Local, Institutional and individual dimensions.

The proposed action will lead to the multiple impacts at the following levels:

**Technical level:** the impact of the action on target groups and beneficiaries at technical level will be facilitated through provision of capacity and institutional development activities to the Ministry of Environmental Protection and Agriculture of Georgia, Rural Development Agency, National Forestry Agency, Agency of Protected Areas, IACC member authorities aimed at **improved operational efficiency** to produce evidence-based, **inclusive rural development policies and programmes**. In addition, the technical assistance provision to local authorities of focal regions and LEADER groups will enhance their role in delivering diverse services to rural residents, especially to those representing disadvantaged groups with full accessibility.

**Economic level:** the impact of the action on target groups and beneficiaries at economic level will be facilitated through the **orientation of the action on diversification of rural economic opportunities for project beneficiaries**, including through supporting rural tourism and eco-tourism development. Furthermore, improved rural infrastructure, which is among project's main priorities, creates conducive environment for economic activities. Dissemination of **energy efficiency and renewable energy technologies** in rural areas and respective support measures envisaged by the action for the producers and suppliers, as well as the use of such technologies by the rural households and businesses, apart from environmental impact, has a **positive economic effect**. Development of entrepreneurial skills and competencies of rural women, minorities, migrants and other vulnerable groups, will create additional perspectives in business, self-employment and distance work beneficial to employers and beneficiaries of this action. Opening employment opportunities for disadvantaged groups will contribute to **inclusive economy**, which is also among priorities of the Government of Georgia.

**Social level:** the impact of the action on target groups and beneficiaries at social level will be facilitated by the **social dimension** of the proposed action and its focus **on women and socially and economically excluded groups** to maximize their participation in rural economic activities for improved well-being, which is sought to be achieved through blended interventions in **social cohesion** where households have access to a broad set of services and infrastructure.

**Policy level:** the impact of the action on target groups and beneficiaries at policy level will be facilitated through the transmission of full **ownership on the project results** to MEPA its respective agencies and IACC line ministries. The impact on policy level will be evident by **Improved rural development governance system** for integrated and effective policy development and implementation, **strengthened bottom-up and area-based approach** in Rural Development policy development and implementation.

### *Risk Analysis and Contingency Plan*

**Physical risks:** There are no physical risks envisaged within this action, unless the repeated outbreak of COVID-19, however, UNDP respects and promotes the right to decent work. For Projects that aim to strengthen employment and livelihoods, UNDP will ensure compliance with national labour and occupational health and safety laws, with obligations under international law. Occupational health and safety issues will be integrated in capacity building programmes.

**Environmental risks:** there are no environmental risks expected from the implementation of this action. Moreover, environmental protection and sustainable use of forest resources and the dissemination of energy efficiency and renewable energy technologies are among the key objectives of the action.

**Political risks** are expected from the potential change of political parties in Government. However, the binding international obligations and agreements, including Association Agreement between the EU and Georgia, ENPARD IV budget support conditionalities will be respected by any government of Georgia.

**Economic risks:** some economic risks may be associated to decrease of state funding for implementation of national rural development funding Risks also may arise from interventions on micro-economic level that will negatively influence business/employers.

**Social risks:** there are no social risks envisaged within this action. Moreover, the project will contribute largely to social integration and social cohesion.

#### *Risks associated with each proposed action:*

Act.	Risks	Mitigation measures
1.1.1	Low level of compliance with EU provisions	Project will support national authorities to accelerate approximation of their institutional, legal and functional frameworks with the EU's respective provisions.
1.1.2	Low capacity of national authorities	Project will support capacity development of MEPA in the respective areas

1.1.3	National agencies are not actively engaged in policy and programme coordination actions with respect to their contribution to the effective functioning of the paying agency	Project will provide capacity building of related agencies and will create strong partnership among them
1.1.4	Lack of ownership and understanding of the national authorities	Project will development standard operating procedures for the appropriate functioning of the Managing Authority (MEPA) as well as the RDA. This will be done in a tandem approach to foster understanding and ownership of staff.
1.2.1	Lack of experience of MEPA in implementing LEADER/CLLD programmes.	Project will support strengthening the capacity in programming and implementation of an area-based bottom-up approach, as the main features of LEADER/CLLD programme
1.2.2	Reluctance of the national authorities to recognize LAGs	Project will provide support to national authorities to design the operational framework of the LEADER/CLLD approach, covering basic financing of LAGs, local development strategies (LDS) development, information campaigns, and implementation of local development strategies
1.2.3	Reluctance of the national authority to take over the administration of the network	Project will support awareness raising on the benefits of the network among national authorities to ensure their ownership
2.1.1	National and local partners are not actively engaged in policy and programme coordination actions and related mechanisms	Project will create strong partnership basics to different stakeholders to motivate and support network functioning in long-term way
2.1.2	Quality of local services to migrants is low	Project will provide competency-based trainings to the local government staff/migrant communities and provide consultations during the project implementation. Implementation monitoring will be conducted to provide feedbacks for service quality assurance
2.1.3	Low accessibility of migrant's groups to VET institutions and limited engagement of private sector in employment measures Lack of innovative social projects	Project will provide carefully designed skills-matching and social innovation schemes, support in networking and advocate the model to respective stakeholders Project will use effective communication strategies, provide consultations to beneficiaries and private sector to motivate participation
2.2.1	Local and national actors design infrastructure projects on ad hoc basis	Project will develop horizontal and diagonal partnerships of governmental institutions and facilitate synergies among development plans and infrastructure interventions across local and national partners
2.2.2	LAGs and its partners cannot identify innovative resources for infrastructure development	Project provide technical assistance to beneficiaries with coaching and learning-by-doing approach. Project will also provide competency-based trainings to the instructors and provide consultations during the project implementation.
2.2.3	Private sector is unwilling/has low motivation to engage in PPP initiatives	Other good practices of PPP projects will be carefully examined to reveal possible models and scenarios of engagement. Project will also use effective communication strategies, provide consultations to beneficiaries and private sector to motivate participation
2.2.4	Local actors beyond the beneficiaries have low usage of innovative financing instruments	Project will develop scale-up and replication approach for gradual pilot implementation, that will take into consideration the existing capacities. All the resources developed within the project will be accessible to partner institutions and communicated properly during and after the completion of the project
2.2.5	Best practice models and innovative practices are not effectively disseminated to potential actors for replication	Project will develop and implement the communication and reach out strategy to attract potential beneficiary groups
2.3.1	Community Centres will need increased funding for provision of new services	Project will provide capacity building of Community Centres in resource mobilization and facilitate advocacy process for additional public finances

2.3.2	Teaching of courses and information sessions may lack quality in some partner Community Centres	Implementation monitoring will be conducted to provide feedbacks for the improvement of quality of teaching and learning
2.3.3	Certain needs of Community Centres may require significant investments beyond the project resources	Project will facilitate co-financing mechanisms in partnership with national agencies
2.4.1	Reluctance of public agencies to design/re-design programs to address the needs of rural women	Project will facilitate promotion of concrete policy actions through existing platforms of addressing gender issues, as well as through IACC, special working group on rural women needs, etc. and mobilize the support groups and communities
2.4.2	Rural women activity in coaching sessions may not be high	Project will invest in outreach campaigns, incl. showcasing of the successful results of coaching and other entrepreneurship empowering actions
2.4.3	Participation of rural women and girls in STEM education may be low	Project will work closely with local communities, provide mentorships, promote visible role models, expose young rural women to STEM
3.1.1	Lack of skilled professionals to conduct respective works needed for putting together forest management plans	Project will provide assistance to National Forestry Agency to provide training courses to forest engineers
3.1.2	National Forestry Agency will need additional support for providing trainings	Project will support institutionalization of the “Forest Engineers programme”
3.1.3	Reluctance of LAGs to be engaged in the activity	Project will work closely with LAGs, provide mentorships, promote visible models
3.2.1	Lack of interest and reluctance from the side of EE/RE producers and suppliers	Project will support development of business plans for EE/RE suppliers to support their loan applications, as well as to access investment support instruments offered by RDA
3.2.2	Reluctance of commercial banks or microfinance institutions to issue low interest loans to rural households or businesses	The project will explore cooperation mechanisms with Banks or Microfinance Institutions (MFIs) willing to offer low interest loans to households or businesses interested in <u>Renewable Energy/Energy Efficient technologies</u> .
3.2.3	Lack of understanding and awareness on the benefits of EE/RE technologies	Project will support establishment of Renewable Energy Communities in one of the target regions and ensure the capacity development of RES community members through trainings on skills development, advisory services on technology application/improvement, maintenance of production and delivery systems. The project will support RES community to initiate and implement EE/RE initiatives.

### *Sustainable after Completion*

UNDP interventions have always supported national and local government institutions in strengthening their policymaking and administration capacities. Each initiative has been implemented in a way that aims to maximize the sustainability of results. It has been proven that ownership among stakeholders is vital for an initiative’s sustainability. UNDP’s key strategy has always been ensuring that the national and local counterparts are the genuine owners and drivers of different initiatives. Consequently, the project will actively engage partner and beneficiary organizations in planning and implementing all project activities to enhance the national and local authorities’ (duty-bearers’) ownership over the project interventions and thus pave the way for smooth transfer/up-scale of relevant project activities in the future.

#### **a. Financial sustainability:**

Financial sustainability will be achieved by optimizing project operations to fit existing legal and institutional framework. The project will prioritize cost-effective models of services and projects to ensure their sustainability beyond project lifetime.

#### **b. Institutional sustainability:**

Strengthened capacities of project stakeholders is another measure to ensure project sustainability. With improved human and systemic changes adopted to strengthen institutional capacities, the project stakeholders are in a position to embrace the change and carry-on activities independently once the project is finalized. Therefore, capacity development support represents a core component of project interventions and targets all project stakeholders including national and local government institutions, CSOs (especially LAGs) and community members. In addition, UNDP will strengthen project

management capacities of the MEPA and RDA, regional and local authorities. Training and experience sharing will be complemented with designing and formalising relevant templates for report writing, monitoring, contracts and other contractual documents that will be used beyond the project life cycle. Furthermore, UNDP will support streamlining a legal framework in 4 target municipalities to allow co-funding of community driven initiatives. Institutionalising practical legal mechanisms will contribute to improved cooperation between stakeholders in the process of solving local challenges far beyond the project implementation period.

**c. Policy level sustainability:**

Ensuring sustainability of the achieved results will remain at the heart of this project and will be strongly emphasized over its entire duration. The project is closely aligned with Georgian Government's national programme and policy priorities. Notably, it builds on ARDSG 2021-2027 and ENPARD, thus ensuring full national ownership and sustainability of project outcomes. The project sustainability strategy will be based on the experience and lessons learned from the previous interventions as well as the best practices from UNDP's work in general. The project will seek institutionalization of a number of changes to ensure sustainability of results. The project will provide intensive support to the MEPA to ensure consistent and accurate monitoring and reporting on the implementation of the ARDSG 2021-2027, as well as in streamlining the monitoring and evaluation process for the ENPARD, in order to draw accurate conclusions and make timely adjustments to project implementation. Through institutionalising these mechanisms, the project will ensure its lasting results.

**d. Environmental sustainability:**

Environmental protection and sustainable use of forest resources and the dissemination of energy efficiency and renewable energy technologies are among the key objectives of the action. The project will continue supporting the "Forest Engineers programme" and will support institutionalization of the training module and ensure sustainable continuation of the programme. In addition, by supporting energy efficiency and renewable energy technology producers and suppliers as well as introducing "Renewable Energy Community" concept, the project will contribute to reducing the widespread use of fuelwood in rural areas, thus decreasing pressure on forests which eventually will have a long-lasting positive environmental impact.

*Dissemination plan and the possibilities for replication, extension of the action outcomes*

The results of the action will be **integrated in the policies and programmes** of stakeholders on different levels. As stated above, the MEPA, RDA and other IACC line ministries will have **full ownership on the results** of the project and thus, models and approaches developed within the action will be integrated into the system as instruments for implementation of Agriculture and Rural Development strategy of Georgia 2021-2027. While the project will work with four focal regions of the ENPARD, it intends to **create and promote best practices** and success stories, including in terms of **inter-municipal cooperation** that could be further **replicated** in other regions of Georgia. To that end the project will ensure that it vigorously documents the efforts of its pilot schemes and works with all the partners to provide evidence-based support for the modification and continuation of the policy.

**Logical Framework**

<i>Results</i>	<i>Results chain</i>	<i>Indicator</i>	<i>Baseline (value &amp; reference year)</i>	<i>Target (value &amp; reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Sources of data</i>	<i>Assumptions</i>
<i>Impact (Overall objective)</i>	Impact 1 <b>Enhanced well-being of rural population by strengthening conditions for more inclusive and sustainable growth.</b>	Impact indicator 1: <b>Absolute rural poverty level</b>	Baseline for impact indicator 1 <b>In 2020 – 27.5%</b>	Target for impact indicator 1 <b>At the end of project’s implementation– 25%</b>	Current value for impact indicator 1 <b>N/A</b>	Sources of data for impact indicator 1 <b>GEOSTAT data</b>	N/A
<i>Outcome (s) (Specific objective(s))</i>	Outcome 1 <b>Improved rural development policy and governance system for integrated and effective policy development and implementation</b>	1.1 – <u>Indicator 1 to Outcome 1</u> <b>Level of operational efficiency and organisational effectiveness of MEPA, RDA and other IACC member ministries and agencies in producing Rural Development related outputs</b>	1.1 – <u>Baseline</u> for indicator 1.1 (same unit of measure) <b>1.1/a RDA reform action plan adopted, and implementation started.</b> <b>1.1/b Inter-agency Coordination Council established and functioning</b> <b>1.1/c MEPA’s procedures as managing authority (MA) established</b>	1.1 – <u>Target for</u> Indicator 1.1 <b>At least 2 new components of management and control system requirements established in RDA in compliance with IPARD requirements (At the end of project’s implementation)</b>	1.1 – Current value for indicator 1.1 <b>N/A</b>	1.1 – Source of data for indicator 1.1 (values) <b>Government and project reports; Annual ARDSG 2021-2027 and M&amp;E data and implementation reports</b> <b># of components of management and control system requirements introduced in RDA</b>	Government officials ensure conducive environment, cooperative conditions and are open for further advancement of RD policy-making and institutional development

<i>Results</i>	<i>Results chain</i>	<i>Indicator</i>	<i>Baseline (value &amp; reference year)</i>	<i>Target (value &amp; reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Sources of data</i>	<i>Assumptions</i>
		1.2 – <u>Indicator 2 to Outcome 1</u>  <b>Compliance of the Action Plan of Agriculture and Rural Development Strategy of Georgia 2021-2027 to new EU CAP and IPARD policy objectives and policy measures.</b>	1.2 – Baseline for indicator 1.2 (same unit of measure)  <b>Action Plan 2021-2023 is adopted</b>	1.2 – Target for Indicator 1.2  <b>At least one EU CAP and IPARD compliant measure adopted and operational (At the end of project’s implementation)</b>	1.2 – Current value for indicator 1.2  N/A	1.2 – Source of data for indicator 1.2 (values)  <b>Government and project reports; Annual ARDSG 2021-2027 and M&amp;E data and implementation reports</b>  <b># of EU CAP and IPARD compliant measures adopted</b>	
	Outcome 2  <b>Improved rural services, infrastructure, empowered rural women and inclusive rural development</b>	<u>2.1 – Indicator to outcome 2</u>  <b>Average monthly incomes per household in rural areas (excludes income from property disposal, borrowing and dissaving).</b>	<u>2.1 – Baseline for indicator 2.1</u> (same unit of measure)  <b>In 2020 (GEL) - Kakheti – 928; Guria – 809; Imereti – 1023; Racha-Lechkhumi and Kvemo Svaneti – 1020</b>	<u>2.1 – Target for Indicator 2.1</u>  <b>At the end of project’s implementation (GEL) - Kakheti – 992; Guria – 865; Imereti – 1094; Racha-Lechkhumi and Kvemo Svaneti – 1091</b>	<u>2.1 – Current value for indicator 2.1</u>  N/A	<u>2.1 – Source of data for indicator 2.1</u> (values)  <b>GEOSTAT data</b>	Government officials ensure conducive environment, cooperative conditions and are open for further advancement of RD policy-making and institutional development
	Outcome 3  <b>Improved environment protection, sustainable use of natural resources, and climate action</b>	3.1 Indicator to outcome 3  <b># of hectares of forest areas using sustainable management plans in Imereti and Racha regions.</b>	3.1 – Baseline for indicator 3.1 (same unit of measure)  <b>Zero (2021)</b>	3.1 – Target for Indicator 3.1  <b>At least 100 000 ha of forests using improved management practices in Imereti and Racha regions (At the end of project’s implementation)</b>	3.1 – Current value for indicator 3.1  N/A	3.1 – Source of data for indicator 3.1 (values)  <b>Government and project reports; Annual ARDSG 2021-2027 and M&amp;E data and implementation reports</b>	Relevant National authorities are committed to adopt forest management plans

<i>Results</i>	<i>Results chain</i>	<i>Indicator</i>	<i>Baseline (value &amp; reference year)</i>	<i>Target (value &amp; reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Sources of data</i>	<i>Assumptions</i>
						# of forest management plans	
<i>2Outputs</i>	1.1 Output 1 related to Outcome 1  Advanced institutional and technical capacities of MEPA and other competent national authorities as regards rural development	1.1.1 <u>Indicator 1 to Output 1</u>  1.1.1/a Inter-agency coordination established for forming functional IACS in RDA (Yes/No)  1.1.1/b Capacities of staff of MEPA and other national authorities involved in the implementation of ARD Strategy	1.1.1 <u>Baseline for indicator 1.1.1</u> (same unit of measure)  1.1.1/a Inter-agency coordination on IACS not existent  1.1.1/b Training plan on the alignment with EU requirements is not existing  1.1.1/c No specific targeted formal trainings / on the job trainings	1.1.1 <u>Target for Indicator 1.1.1</u>  1.1.1/a Inter-agency working group established involving RDA, National Wine Agency, National Food Agency, National Agency for Sustainable Land Management and Land Use Monitoring as well as the National Agency of Public Registry under the Ministry of Justice (At the end of year 1 of the project's implementation)  1.1.1/b IACS roadmap and action priorities adopted, and implementation started. (At the end of year 2 of the project's implementation)  1.1.1/c MEPA staff training plan developed (At the end of year 2 of the project's implementation)  1.1.1/d Formal trainings and on the job trainings of MEPA are delivered (At the end of project's implementation)	1.1.1 <u>Current value for indicator 1.1.1</u>  N/A	1.1.1 <u>Source of data for indicator 1.1.1</u> (values)  Government and project reports; Annual ARDSG 2021-2027 and M&E data and implementation reports  Official MEPA decrees establishing working group and IACS roadmap and action priorities	Public administration remains effective, allowing governance systems to function normally
		1.1.2 <u>Indicator 2 to Output 1</u>  Improved application processing and management in RDA (Yes/No)	1.1.2 <u>Baseline for indicator 1.1.2</u> (same unit of measure)	1.1.2 <u>Target for Indicator 1.1.2</u>  Application Programmes Management System (APMS) fully	1.1.2 <u>Current value for indicator 1.1.2</u>  N/A	1.1.2 <u>Source of data for indicator 1.1.2</u> (values)  Government and project reports; Annual ARDSG 2021-	



<i>Results</i>	<i>Results chain</i>	<i>Indicator</i>	<i>Baseline (value &amp; reference year)</i>	<i>Target (value &amp; reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Sources of data</i>	<i>Assumptions</i>
			APMS system not in place (2021)	developed and operationalized in RDA (At the end of project's implementation)		2027 and M&E data and implementation reports  Official MEPA/RDA decrees establishing APMS in RDA	
	1.2 Output 2 related to Outcome 1  Strengthened bottom-up and area-based approach in Rural Development policy development and implementation	1.2.1 <u>Indicator 1 to Output 2</u>  LEADER approach institutionalized and integrated into RD programming (Yes/No)	1.2.1 <u>Baseline for indicator 1.2.1</u> (same unit of measure)  LEADER approach is not institutionalized (2021)	1.2.1 <u>Target for Indicator 1.2.1</u>  1.2.1/a LEADER focal point at MEPA established (At the end of project's implementation)  1.2.1/b Selection criteria for LAGs and local development strategies developed and approved (At the end of the year 1 of the project's implementation)  1.2.1/c State support programme designed and adopted (At the end of the year 1 of the project's implementation)	1.3.1 <u>Current value for indicator 1.2.1</u>  N/A	1.2.1 <u>Source of data for indicator 1.2.1 (values)</u>  Government and project reports; Annual ARDSG 2021-2027 and M&E data and implementation reports  Official decrees providing evidence	MEPA and IACC demonstrate commitment towards institutionalization of LEADER/CLLD approach
	2.1 Output 1 related to Outcome 2  The needs of the population with migration background considered in the state programs	2.1.1 <u>Indicator 1 to Output 1</u>  Number of state programs (as part of the ARDSG AP 2021-2027) that support advanced inclusive rural development by considering the needs of the population with migration background	2.1.1 <u>Baseline for indicator 2.1.1</u> (same unit of measure)  Zero (2021)	2.1.1 <u>Target for Indicator 2.1.1</u>  At least 6 state services considering the needs of the population with migration background (At the end of the project's implementation)	2.1.1 <u>Current value for indicator 2.1.1</u>  N/A	2.1.1 <u>Source of data for indicator 2.1.1(values)</u>  Government and project reports; Annual ARDSG 2021-2027 and M&E data and implementation reports  # of state programs	Local authorities actively engage in policy/programme coordination actions

<i>Results</i>	<i>Results chain</i>	<i>Indicator</i>	<i>Baseline (value &amp; reference year)</i>	<i>Target (value &amp; reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Sources of data</i>	<i>Assumptions</i>
	2.2 Output 2 related to Outcome 2  New solutions for improving rural infrastructure promoted	2.2.1 <u>Indicator 1 to Output 2 related to Outcome 2</u>  Number of rural infrastructure projects (as part of the ARDSG AP 2021-2027) that are developed with active engagement of the diverse groups of stakeholders (e.g., youth, women) in the focal regions, following substantial support from the ENPARD IV RD program	2.2.1 <u>Baseline for indicator 2.2.1</u> (same unit of measure)  Zero (2021)	2.2.1 <u>Target for Indicator 2.2.1</u>  At least 25 rural infrastructure projects developed with active engagement of the diverse groups of stakeholders (at the end of the project's implementation)	2.2.1 <u>Current value for indicator 2.2.1</u>  N/A	2.2.1 <u>Source of data for indicator 2.2.1 (values)</u>  Government and project reports; Annual ARDSG 2021-2027 and M&E data and implementation reports  # of rural infrastructure projects	National partners proactively coordinate synergies between rural development programs across horizontal and vertical domains
	2.3 Output 3 related to Outcome 2  Accessibility of public services improved for disadvantaged, remote and depopulated rural areas	2.3.1 <u>Indicator 1 to Output 3 related to Outcome 2</u>  Number of state services (as part of the ARDSG AP 2021-2027) that are designed/re-designed in an inclusive manner (reflecting needs of disadvantaged groups) and to have improved accessibility (particularly for disadvantaged, remote and depopulated rural areas)	2.3.1 <u>Baseline for indicator 2.3.1</u> (same unit of measure)  Zero (2021)	2.3.1 <u>Target for Indicator 2.3.1</u>  2.3.1/a At least 9 state services designed/re-designed for increased accessibility (at the end of the project's implementation)  2.3.1/b At least 6 state services designed/re-designed in an inclusive manner (at the end of the project's implementation)	2.3.1 <u>Current value for indicator 2.3.1</u>  N/A	2.3.1 <u>Source of data for indicator 2.3.1 (values)</u>  Government and project reports; Annual ARDSG 2021-2027 and M&E data and implementation reports  #of state services	Ministry of Justice, Ministry of Finance demonstrate commitment to further advance Community Centres
	2.4 Output 4 related to Outcome 2  Empowered rural women	2.4.1 <u>Indicator 1 to Output 4 related to Outcome 2</u>  Number of rural women supported for increased entrepreneurial activities and	2.4.1 <u>Baseline for indicator 2.3.1</u> (same unit of measure)  Zero (2021)	2.4.1 <u>Target for Indicator 2.4.1</u>  At least 200 women in rural areas received support for increased entrepreneurial activities and employment in non-agriculture	2.4.1 <u>Current value for indicator 2.4.1</u>  N/A	2.4.1 <u>Source of data for indicator 2.4.1 (values)</u>  Project reports	Critical mass of rural women entrepreneurs exists to promote further engagement of potential beneficiaries

<i>Results</i>	<i>Results chain</i>	<i>Indicator</i>	<i>Baseline (value &amp; reference year)</i>	<i>Target (value &amp; reference year)</i>	<i>Current value* (reference year) (* to be included in interim and final reports)</i>	<i>Sources of data</i>	<i>Assumptions</i>
		<b>employment in non-agriculture sector</b>		<b>sector (at the end of the project's implementation)</b>			(esp. young rural women)
	3.1 Output 1 related to outcome 3  <b>Forest Engineers skills development programme is institutionalized under MEPA</b>	3.1.1 Indicator 1 to Output 1 related to Outcome 3  <b>Number of additional Forest Engineers trained and hired by National Forestry Agency (gender disaggregated)</b>	3.1.1 Baseline for indicator 3.1.1 (same unite of measure)  <b>40 (2021)</b>	3.1.1. Target for Indicator 3.1.1  <b>At least 20 additional Forest Engineers trained and hired by National Forestry Agency to conduct forest management inventory field works (at the end of the project's implementation)</b>	3.1.1 Current value for indicator 3.1.1  <b>N/A</b>	3.1.1 Source of data for indicator 3.1.1  <b>Government and project reports; Annual ARDSG 2021-2027 and M&amp;E data and implementation reports  # of Forest Engineers</b>	Forest engineers programme is institutionalized
	3.2 Output 2 related to outcome 3  <b>Renewable Energy Community concept introduced in Georgia</b>	3.2.1 Indicator 1 to Output 2 related to Outcome 3  <b>Number of Renewable Energy Communities established in focal regions</b>	3.2.1 Baseline for indicator 3.2.1 (same unit of measure)  <b>Zero (2021)</b>	3.2.1. Target for Indicator 3.2.1  <b>At least one Renewable Energy Community established (at the end of the project's implementation)</b>	3.2.1 Current value for indicator 3.2.1  <b>N/A</b>	3.2.1 Source of data for indicator 3.1.1  <b>Government and project reports; Annual ARDSG 2021-2027 and M&amp;E data and implementation reports  # of Renewable Energy Communities</b>	Rural market development for EE/RE technologies has big potential

<p><i>What are the key activities to be carried out to produce the intended outputs?</i></p>	<p><b>Means</b></p>	<p><b>Assumptions</b></p>
<p>(*activities should be linked to corresponding output(s) through clear numbering)</p> <p><b>1.1 Output 1 related to Outcome 1– Activities</b></p> <p>1.1.1 Support to the ARD administration to align its institutional and legal framework with the respective EU requirements.</p> <p>1.1.2 Improved operational efficiency of MEPA in producing RD-related outputs and organizational effectiveness in anticipating and responding to challenges relating to climate change, inclusive growth and jobs in rural areas.</p> <p>1.1.3 Technical assistance to Rural Development Agency to implement all functions as paying agency for Agriculture and Rural Development.</p> <p>1.1.4 Elaboration of the staffing plan of MEPA and RDA and provision of respective capacity development activities within MEPA and RDA to reach full functionality.</p> <p><b>1.2 Output 2 related to Outcome 1– Activities</b></p> <p>1.2.1 Provision of Capacity development support following the general logic of the EU LEADER/CLLD implementation that is based on a decentralized multi-level governance structure aiming at an integrated rural development with enhanced autonomy at the local level.</p> <p>1.2.2 Support to Development of the National LEADER/CLLD programme in line with the strategic goals of the Agriculture and Rural Development Strategy of Georgia 2021 – 2027 and ENPARD IV financing agreement.</p> <p>1.2.3 The remit of the Georgian National Rural Development Network which specifically includes support for LAGs is enabled to facilitate exchange and learning between all the partners involved in LEADER/CLLD implementation: public authorities, economic and social partners, beneficiaries, and the relevant bodies representing civil society.</p> <p><b>2.1 Output 1 related to Outcome 2 - Activities</b></p> <p>2.1.1 Enhance effectiveness and coherence of migrant integration and needs response policies through improved co-ordination across government levels and implementation at the relevant scale.</p> <p>2.1.2 Advancing capacities and promoting bottom-up initiatives for increased accessibility and diversity of public services for migrants and newcomers.</p>	<p><i>What are the political, technical, financial, human and material resources required to implement these activities, e.g., staff, equipment, supplies, operational facilities, etc.</i></p> <p>UNDP will implement activities using its own Country Office Staff, specially recruited Project Team, external short-term and long-term consultants and advisers to attract best available technical expertise.</p> <p>The Country Office staff will provide quality assurance, guidance and support to the Project Team ensuring that the planned targets and results are achieved within the agreed time and quality reporting is done in compliancy with high standards and agreed formats. UNDP will provide operational support to the project in the following areas: human resources management services, financial services, procurement and contracting services, as well as with logistics and administration.</p> <p>The Project Manager will lead the Project Team recruited exclusively for this Project purposes according to UNDP rules, regulations and procedures. His/her primary responsibility will be, to ensure that the project achieves results that can deliver the set targets, results with due consideration of outcome level performance. The Project Team will consist of relevant coordinators/advisers with high quality technical expertise in the target areas.</p> <p>Various Consultants will be recruited as required for provision of high-level expertise. The external consultancy needs will be finally shaped after identification of target institutions and stakeholders’ needs, through mapping of institutional capacity development needs. This will help to ensure a high project efficiency and effectiveness by ensuring that we acquire only the most appropriate and competitive resource form local and international markets.</p> <p>Implementing Partner - ESTDEV will be responsible for implementing selected activities of Output 1 - Improved Rural Development Governance System for Integrated and Effective Policy Development and Implementation and of Output 2 - Improved Rural Services, Infrastructure, Empowered Rural Women and Inclusive Rural</p>	<p>Government officials ensure conducive environment, cooperative conditions and are open for further advancement of RD policy-making and institutional development.</p>

<p>2.1.3 Matching skills with economic opportunities and promotion of social innovation.</p> <p><b>2.2 Output 2 related to Outcome 2 - Activities</b></p> <p>2.2.1 Development of mechanisms to ensure that sub-national infrastructure investment plans reflect national and sub-national development goals and plans.</p> <p>2.2.2 Further empower local LAGs for locally generated, owned and sustained capacity.</p> <p>2.2.3 Mobilize private and other actors to diversify sources of funding.</p> <p>2.2.4 Pilot innovative financing instruments.</p> <p>2.2.5 Best practice models and innovative practices disseminated and shared across Georgia.</p> <p><b>2.3 Output 3 related to Outcome 2 - Activities</b></p> <p>2.3.1 Increase access to additional services and capacities of Community Centres.</p> <p>2.3.2 Organizing Georgian language courses for ethnic minorities and trainings/informational sessions on diverse topics of interest.</p> <p>2.3.3 Other direct support to Community Centres and vulnerable groups.</p> <p><b>2.4 Output 4 related to Outcome 2 - Activities</b></p> <p>2.4.1 Support in development of gender-sensitive rural development policies and programs.</p> <p>2.4.2 Encouragement for entrepreneurial activities.</p> <p>2.4.3 Support to education, vocational training and building of new skills.</p> <p><b>3.1 Output 1 related to Outcome 3 - Activities</b></p> <p>3.1.1 Support National Forestry Agency (NFA) and/or the Agency of Protected Areas to develop Forest Management Plans with intensive participation of local communities to take into account the livelihood needs and concerns of local communities.</p> <p>3.1.2 Promotion of education and research in higher education institutions, supporting formal and informal education.</p> <p>3.1.3 Support to eco-tourism development including forest related ecotourism to provide alternative income to rural communities.</p>	<p>Development and Output 3 - Sustainable Use of Forest Resources and Improved Environmental Protection and Climate Action.</p> <p><i>Costs</i>  <i>What are the action costs? How are they classified? (Breakdown in the Budget for the Action)</i></p> <p><b>See the detailed budget in Annex 3</b></p>	<p>Relevant National authorities are committed to adopt forest management plans</p>
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<p><b>3.2 Output 2 related to Outcome 3 - Activities</b></p> <p>3.2.1 Support to EE/RE Local Manufactures or Technology Providers.</p> <p>3.2.2 Support Households and businesses to access Bank Financing to Household and Businesses.</p> <p>3.2.3 Support to establish Renewable Energy Communities in target regions.</p>		
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## Visibility and Communication

UNDP will implement **communication and visibility activities** that will contribute to the effective implementation of the project by sharing information with appropriate stakeholders, partners and with the public to facilitate the project implementation and encourage synergies where necessary, and to promote the project activities and increase awareness about the benefits and advantages of effective rural development.

UNDP will ensuring **full visibility of the European Union's leading role** in promoting rural development in Georgia and communicating successful cooperation between the EU and UNDP in working together towards enhancing rural development policies and implementation mechanisms.

The communication and visibility activities will contribute to the effective implementation of the project, by achieving the following objectives: 1) Communicate the project goals, objectives, outputs and results to the appropriate stakeholders and partners to facilitate the project implementation and encourage synergies. 3) Communicate the project goals, objectives, outputs and results to the Georgian public to promote the project activities and increase awareness about the benefits and advantages of sustainable rural development. 3) Promote the EU and UN values, such as rule of law, transparency, openness, human rights, gender equality, inclusion, engagement, anti-discrimination, education, personal development, and entrepreneurship. 4) Ensure full visibility of the European Union's leading role in promoting rural development in Georgia and communicate successful cooperation between the EU and UNDP in working together towards enhancing rural development policies and implementation mechanisms.

The above will be achieved in strategic coordination with the Press and Information Team of the EU Delegation to Georgia and the EU4Georgia initiative. Communication and visibility activities will be focused on **three major target groups**:

Target group 1: a) National and sub-national authorities directly engaged in designing and implementing rural development policies. This includes the following agencies and entities: the Ministry of Environmental Protection and Agriculture of Georgia (MEPA), the Inter-Agency Coordination Council for Agriculture and Rural Development (IACC); regional and municipal authorities, especially in ENPARD IV target regions; b) Public agencies, such as the National Forestry Agency and the National Agency for Protected Areas; c) Civil society actors engaged in different areas of rural development. This includes non-governmental and community organizations across Georgia, as well as the Local Action Groups (LAGs), established with ENPARD support to drive local rural development; d) Donor community and international organizations engaged in the field of rural development.

Target Group 2: a) Georgia's population at large; b) Women, youth and vulnerable groups, such as minorities, persons with disabilities (PWDs), Internally Displaced Persons (IDPs), migrants and returnees; c) Multipliers – the mainstream and social media in Georgia, including the national and local media outlets and social media channels.

Target group 3: a) International partners from the EU Member States, interested to support Georgia's efforts in rural development; b) The population of the EU member states, interested to find out about the EU-supported activities in the neighbourhood countries; c) Multipliers – the mainstream and social media in the EU, looking for information about development processes in Georgia.

Specific objectives of the communication and visibility plan will be to position rural development as one of the key national priorities of Georgia and one of the areas that drive progress towards European integration, to increase **awareness about the EU support to rural development**, ongoing activities and achieved results, to strongly communicate and position the leading role of the EU (and UNDP) in supporting sustainable and inclusive development of Georgia, including effective rural development, to inform about Georgia's rural areas, introduce people and communities, and tell a story of their successes and challenges.

UNDP will utilize following communication tools: High-profile public events, regular public events, public campaigns, websites, social media, mainstream media, multimedia content, distinguished visual identity

Communications and visibility activities will be designed for specific target audiences described above, covering all consecutive stages of the Project cycle, and will be implemented by the project team with substantial support from the communication teams at UNDP and the EU Delegation to Georgia. All activities will be agreed upon and approved by the EU Delegation to Georgia.

Public events will be held in relevant locations, online, or at the premises of the Project beneficiaries. High-profile events, campaigns and other relevant communication activities will be flagged to the EU Delegation in advance to facilitate high-level attendance and coverage.

Coordination with the EU Delegation and the EU4Georgia initiative will be implemented through regular consultations, information-sharing, meetings and discussions.

## Where Relevant, Agreed Evaluation and/or Verification Missions

In the middle of the project implementation (beginning of the second year of the project's implementation), the project will commission external mid-term evaluation and close to its end external final evaluation in order to measure project achievements, assess sustainability of its results, identify best practices and provide recommendations that may be used in the future programming.

M&E of the project will be conducted using the project-specific logical framework attached to the present description of the action. Reporting shall be made on the results at impact, outcome and output levels, linked to sources of verification presented in the logical framework. Reporting will be carried out through Interim Progress and Final Reports and will be based on evidence-based data collected and analysed using the internal M&E system, and, when relevant, other reliable sources of information. The project M&E system will be completed upon signing the contract, on the basis of the above Results Framework, including the establishment of a robust baseline and the regular collection and analysis of evidence-based data and other information relevant to M&E purposes. On this basis, the project will submit annual progress reports. Reporting will be based on progress as per annual implementation work plans, to be submitted and approved by the EUD Georgia.

The project will support the establishment of the mechanisms required for regular collection, analysis and reporting of evidence-based statistical data, including trainings and other incentives, equipment and complementary materials including baselines/end lines, dedicated research, surveys, needs assessments, results snapshots, lessons learned initiatives, study tours, field and exchange visits, ad hoc evaluations and others.

The project M&E will introduce ad-hoc/quick assessments, needs and capacity assessments and monitoring exercises to be regularly updated. For this purpose, dedicated M&E tools will ensure that specific information is available on the support and the impact of the project considering gender aspects, youth, ethnic and other minority groups.



## ANNEX II - General Conditions for Contribution Agreements

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## Article 1: Definitions

**Action:** the cooperation programme or project partly or wholly financed by the EU, which is carried out by the Organisation as described in Annex I. Where reference is made to the Action or part of the Action financed by the EU Contribution, this refers both (i) to activities exclusively financed by the EU Contribution and (ii) to activities jointly co-financed by the EU.

**Contractor:** a natural or legal person with whom a Procurement Contract has been signed.

**Days:** calendar days.

**Early Detection and Exclusion System:** a system set up by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015 on the financial rules applicable to the general budget of the Union (OJ L 286/1, 30.10.2015), which includes information on the early detection of risks threatening the EU financial interests, on the cases of exclusion from EU funding of legal and natural persons and on the cases of imposition of financial penalties.

**End Date:** the date by which the Agreement ends, i.e. the moment of the payment of the balance by the Contracting Authority in accordance with Article 17 or when the Organisation repays any amounts paid in excess of the final amount due pursuant to Article 18. If any of the Parties invokes a dispute settlement procedure in accordance with Article 13, the End Date shall be postponed until the completion of such procedure.

**EU Financial Regulation** Regulation (EU, Euratom) No. 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Council Regulation (EC, Euratom) No 996/2012 (OJ L 193, 30.7.2018, p. 1).

**Ex ante Pillar-Assessment:** an assessment of the systems, rules and procedures carried out in order to check whether such entity demonstrates a level of protection of the EU financial interests equivalent to that existing when the European Commission implements the budget itself.

**Final Beneficiary:** a natural or legal person ultimately benefitting from the Action.

**Force Majeure:** any unforeseeable and exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under the Agreement, which may not be attributed to error or negligence on either part (or on the part of the Grant Beneficiaries, Partners, Contractors, agents or staff), and which could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making them available cannot be invoked as force majeure, unless they stem directly from a relevant case of force majeure. Labour disputes, strikes or financial problems of the Organisation cannot be invoked as force majeure by the defaulting Party.

Grant:	a direct financial contribution by way of donation given by the Organisation or a Partner to finance third parties activities, including sub-granting and procurement for the implementation of these activities.
Grant Beneficiary:	a natural or legal person to whom a Grant has been awarded.
Grave Professional Misconduct:	any of: <ul style="list-style-type: none"> <li>a violation of applicable laws or regulations, in particular the Organisation's Regulations and Rules, or ethical standards of the profession to which a person or entity belongs, including any conduct leading to sexual or other exploitation or abuse, or</li> <li>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.</li> </ul>
Impact:	the overall objective of the Action entailing positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator:	the quantitative and/or qualitative factor or variable that provides a simple and reliable means to measure progress in the achievement of the relevant Results of the Action. An indicator must have an agreed baseline, target and source of data.
Internal Control System:	a process applicable at all levels of management designed to provide reasonable assurance of achieving the following objectives: <ul style="list-style-type: none"> <li>a) effectiveness, efficiency and economy of operations;</li> <li>b) reliability of reporting;</li> <li>c) safeguarding of assets and information;</li> <li>d) prevention, detection, correction and follow-up of fraud and irregularities;</li> <li>e) adequate management of the risks relating to the legality and regularity of the financial operations, taking into account the multiannual character of programmes as well as the nature of the payments concerned.</li> </ul>
International Organisation:	an international public-sector organisation set up by international agreement (including specialised agencies set up by such organisations), or an organisation assimilated to international organisations in accordance with the EU Financial Regulation.
Member State Organisation:	an entity established in a Member State of the European Union as a public law body or as a body governed by private law entrusted with a public service mission and provided with adequate financial guarantees from the Member State.
Multi-Donor Action:	an Action co-financed by the EU Contribution (whether or not earmarked) and other donor(s).
Outcome:	the specific objective of the Action entailing the likely or achieved short-term and medium-term effects of an Action's Outputs. For non-EU external actions "Outcomes" are synonymous of Results.
Output:	the products, capital goods and services which result from an Action's activities.
Partner:	an entity implementing part of the Action and being a party to the relevant Contribution Agreement together with the Organisation.

**Procurement Contract:** a contract signed between the Contractor and either the Organisation or a Partner under which the Contractor provides services, supplies or works.

**Regulations and Rules:** regulations, rules, organisational directives, instructions and other parts of the regulatory framework of the Organisation.

**Result:** the Output, Outcome or Impact of an Action.

**Sound Financial Management:**

a principle overarching the implementation of this Agreement, namely economy, effectiveness and efficiency (including all aspects of internal control). The principle of economy requires that resources used in the pursuit of the implementation of the Action shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of effectiveness concerns the attainment of the specific objectives and the achievement of the intended results. The principle of efficiency concerns the best relationship between resources employed and results achieved.

## **Article 2: General obligations**

### **Implementation of the Action**

2.1 The Organisation is responsible for the implementation of the Action described in Annex I, regardless of whether the activities are performed by the Organisation itself, a Contractor or a Grant Beneficiary. Both Parties will endeavour to strengthen their mutual contacts with a view to foster the exchange of information throughout the implementation of the Action. To this end, the Organisation and the Contracting Authority shall participate in coordination meetings and other jointly organised common activities, and the Organisation shall invite the European Commission to join any donor committee which may be set up in relation to the Action.

2.2 In the performance of the activities and subject to ad-hoc provisions stipulated in the Special Conditions, if any, the Organisation shall apply its own rules and procedures, which have been subject to the Ex-ante Pillar-Assessment, as regards:

- a) internal control;
- b) accounting system;
- c) independent external audit;
- d) exclusion from access to funding;
- e) publication of information on recipients;
- f) protection of personal data.

The Organisation may apply its own rules and procedures as regards the award and management of Grants and/or Procurement Contracts only if and to the extent provided for by the Special Conditions, including any ad hoc measures.

As regards the publication of information on recipients, the Organisation shall authorise the publication of the internet site where it publishes the information referred to in Article 3.8 d) on the European Commission's internet site.

2.3 Where the Organisation has been fully or partially exempted, by the European Commission, from undergoing the Ex-ante Pillar Assessment, it may apply its own rules and procedures in the areas provided for under Article 2.2, subject to ad-hoc provisions stipulated in the Special Conditions, if any.

2.4 The Organisation may use any Regulations and Rules which have not been subject to an Ex-ante Pillar Assessment to the extent that these Regulations and Rules are not in conflict with the provisions of this Agreement and with the rules and procedures which have been subject to the Ex-ante Pillar-Assessment.

## **Responsibility**

- 2.5 The Organisation shall be responsible for the performance of the obligations under this Agreement with a due degree of professional care and diligence, which means that it shall apply the same level of duty and care which it applies in managing its own funds. The Organisation shall respect the principles of Sound Financial Management, transparency, non-discrimination and visibility of the European Union in the implementation of the Action.
- 2.6 The Organisation shall have full financial responsibility towards the Contracting Authority for all funds, including those unduly paid to or incorrectly used by Contractors or Grant Beneficiaries. The Organisation shall take measures to prevent, detect and correct irregularities and fraud when implementing the Action. To this end, the Organisation shall carry out, in accordance with the principle of proportionality and its positively assessed Regulations and Rules, ex-ante and/or ex-post controls including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions, to ensure that the Action financed by the EU Contribution is effectively carried out and implemented correctly. The Organisation shall inform the European Commission and the Contracting Authority of irregularities and fraud detected in the management of the EU Contribution and the measures taken. Where funds have been unduly paid to or incorrectly used by Contractors or Grant Beneficiaries, the Organisation shall take all applicable measures in accordance with its own Regulations and Rules to recover those funds, including, where appropriate, by bringing legal proceedings and by endeavouring to assign claims against its Contractors or Grant Beneficiaries to the Contracting Authority or the European Commission. Where the Organisation has exhausted such measures and the non-recovery is not the result of error or negligence on the part of the Organisation, the Contracting Authority will consider the amounts that could not be recovered from Contractors and/or Grant Beneficiaries as eligible costs.

## **Other obligations**

- 2.7 The Organisation undertakes to ensure that the obligations stated in this Agreement under Articles 2.9-Other obligations, 5-Conflict of interests, 7- Visibility, and Article 15-Archiving, access and financial checks apply, where applicable, to all Contractors and Grant Beneficiaries.

In addition, the Organisation also undertakes to require Contractors and Grant Beneficiaries to: (i) comply with the relevant national laws and regulations as regards protection of personal data and (ii) ensure accurate and regular records and accounts.

- 2.8 The Organisation shall notify the Contracting Authority and the European Commission without delay of any substantial change in the rules, procedures and systems applied in the implementation of the Action. This obligation concerns in particular (i) substantial changes affecting the Ex-ante Pillar Assessment undergone by the Organisation or affecting the rules and procedures which have been assessed by the European Commission for the purpose of granting an exemption from the obligation to undergo an Ex-ante Pillar Assessment, or (ii) those that may affect the conditions for eligibility provided for in the applicable legal instruments of the EU. The Parties shall use their best efforts to resolve amicably any issues resulting from such changes. The Contracting Authority reserves the right to adopt or require additional measures in response to such changes. In the event an agreement on such measures or other solutions cannot be reached between the Parties, either Party may terminate the Agreement in accordance with Article 12.3.
- 2.9 The Organisation shall promote the respect of human rights and respect applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards. The Organisation shall not support activities that contribute to money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion.

- 3.10 Where the European Commission is not the Contracting Authority, it shall not be a party to this Agreement, with the consequence that rights and obligations are conferred upon it only where explicitly stated. This is without prejudice to the European Commission's role in promoting a consistent interpretation of the terms of this Agreement.

### **Article 3: Obligations regarding information and reporting**

#### **General issues**

- 3.1 The Organisation shall provide the Contracting Authority with full information on the implementation of the Action. To that end, the Organisation shall include in Annex I a work plan at least for the first year of the Implementation Period (or the whole Implementation Period where it is less than one (1) year). The Organisation shall submit to the Contracting Authority progress report(s) and a final report in accordance with the provisions below. These reports shall consist of a narrative part and a financial part.
- 3.2 Every report, whether progress or final, shall provide a complete account of all relevant aspects of the implementation of the Action for the period covered. The report shall describe the implementation of the Action according to the activities envisaged in Annex I as well as the degree of progress towards the achievement of its Results (Outputs, Outcomes and if possible Impact ) as measured by corresponding Indicators. The report shall be drafted in such a way as to allow monitoring of the Results, the means envisaged and employed. The level of detail in any report shall match that of Annexes I and III.
- 3.3 Where the overall action of the Organisation lasts longer than the Implementation Period of this Agreement, the Contracting Authority may request – in addition to the final reports to be submitted pursuant to Article 3.8 - the final reports of the overall action, once available. The Special Conditions shall lay down the rules concerning any remaining funds.
- 3.4 Any alternative or additional reporting requirement shall be set out in the Special Conditions.
- 3.5 The Contracting Authority may request additional information at any time, providing the reasons for that request. Subject to the Organisation's Regulations and Rules, such information shall be supplied within thirty (30) Days of receipt of the request. The Organisation may submit a duly motivated request to extend the 30-Day deadline.
- 3.6 The Organisation shall notify the Contracting Authority without delay of any circumstances likely to adversely affect the implementation and management of the Action, or to delay or jeopardise the performance of the activities.

#### **Content of the reports**

- 3.7 The progress report(s) shall relate directly to this Agreement and shall at least include:
- a) summary and context of the Action;
  - b) actual Results: an updated table based on a logical framework matrix (as included in Annex I) including reporting of Results achieved by the Action (Outputs, Outcomes s, and if possible, Impact) as measured by their corresponding Indicators, against agreed baselines and targets, and relevant data sources;
  - c) information on the activities directly related to the Action as described in Annex I and carried out during the reporting period;
  - d) information on the difficulties encountered and measures taken to overcome problems and eventual changes introduced;
  - e) information on measures taken to identify the EU as source of financing, in accordance with Article 7;

- f) a breakdown of the total costs, following the structure set out in Annex III, incurred from the beginning of the Action as well as the legal commitments entered into by the Organisation during the reporting period;
- g) a summary of controls carried out and available final audit reports in line with the Organisation's policy on disclosure of such controls and audit reports. Where errors and weaknesses in systems were identified, an analysis of their nature and extent, as well as information on corrective measures taken or planned, shall also be provided;
- h) where applicable, a request for payment;
- i) work plan and budget forecast for the next reporting period.

3.8 The final report shall cover the entire Implementation Period and include:

- a) all the information requested in Article 3.7 a) to h);
- b) a summary of the Action's receipts, payments received and of the eligible costs incurred;
- c) where applicable, an overview of any funds unduly paid or incorrectly used which the Organisation could or could not recover itself;
- d) the exact link to the webpage referred to in last subparagraph of Article 2.2;
- e) if relevant, details of transfers of equipment, vehicles and remaining major supplies mentioned in Article 8;
- f) where the Action is a Multi-Donor Action and the EU Contribution is not earmarked, a confirmation from the Organisation that an amount corresponding to that paid by the Contracting Authority has been used in accordance with the obligations laid down in this Agreement and that costs that were not eligible for the EU Contribution have been covered by other donors' contributions;
- g) where applicable, a request for payment.

3.9 The Organisation shall submit a report for every reporting period as specified in the Special Conditions starting from the commencement of the Implementation Period, unless otherwise specified in the Special Conditions<sup>1</sup>. Reporting, narrative as well as financial, shall cover the whole Action, regardless of whether this Action is entirely or partly financed by the EU Contribution. Progress reports shall be submitted within sixty (60) Days after the period covered by such report. The final report shall be submitted, at the latest, six (6) months after the end of the Implementation Period.

### **Management declaration**

3.10 Every progress and final report shall be accompanied by a management declaration in accordance with the template included in Annex VI, unless Article 1.5 of the Special Conditions states that a global management declaration shall be sent annually to the European Commission headquarters, separately from the reports provided under this Agreement.

### **Audit or control opinion for organisations other than International Organisations/Member State Organisations**

3.11 In case the Organisation is neither an International Organisation, nor a Member State Organisation, the Organisation shall provide an audit or control opinion in accordance with internationally accepted audit standards, establishing whether the accounts give a true and fair view, whether the control systems in place function properly, and whether the underlying transactions are managed in accordance with the provisions of this Agreement. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration mentioned above.

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<sup>1</sup> By default, the reporting period is every twelve (12) months as from the commencement of the Implementation Period.

- 3.12 Such audit or control opinion shall be provided up to one (1) month following the management declaration sent with every progress or final report, unless Article 1.5 of the Special Conditions states that the global management declaration and the global audit or control opinion shall be sent annually to the European Commission headquarters separately from the reports provided under this Agreement.

#### **Currency for reporting**

- 3.13 The reports shall be submitted in the Currency of the Agreement as specified in Article 3 of the Special Conditions.
- 3.14 The Organisation shall convert legal commitments, the Action's receipts and costs incurred in currencies other than the accounting currency of the Organisation according to its usual accounting practices.

#### **Failure to comply with reporting obligations**

- 3.15 If the Organisation is unable to present a progress or final report, together with the accompanying documents, by the deadline set out in Article 3.9, the Organisation shall inform the Contracting Authority in writing of the reasons. The Organisation shall also provide a summary of the state of progress of the Action and, where applicable, a provisional work plan for the next period. If the Organisation fails to comply with this obligation for two (2) months, following the deadline set out in Article 3.9, the Contracting Authority may terminate the Agreement in accordance with Article 12, refuse to pay any outstanding amount and recover any amount unduly paid.

#### **Article 4: Liability towards third parties**

- 4.1 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable for damage or injury sustained by the staff or property of the Organisation while the Action is being carried out, or as a consequence of the Action. The European Commission shall not therefore accept any claim for compensation or increase in payment in connection with such damage or injury.
- 4.2 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the implementation of the Action.
- 4.3 The Organisation shall discharge the European Commission of all liability associated with any claim or action brought as a result of an infringement of the Organisation's Regulations and Rules committed by the Organisation or Organisation's employees or individuals for whom those employees are responsible, or as a result of a violation of a third party's rights in the context of the implementation of the Action.

#### **Article 5: Conflict of interests**

- 5.1 The Organisation shall refrain, in accordance with its Regulations and Rules, from any action which may give rise to a conflict of interests.
- 5.2 A conflict of interest shall be deemed to arise where the impartial and objective exercise of the functions of any person implementing the Agreement is compromised.

#### **Article 6: Confidentiality**

- 6.1 The Contracting Authority and the Organisation shall both preserve the confidentiality of any document, information or other material directly related to the implementation of the Action that is communicated as confidential. The confidential nature of a document shall not prevent it from being communicated to a third party on a confidential basis when the rules binding



the Parties, or the European Commission when it is not the Contracting Authority, so require. In no case can disclosure put in jeopardy the Parties' privileges and immunities or the safety and security of the Parties' staff, Contractors, Grant Beneficiaries or the Final Beneficiaries of the Action.

- 6.2 The Parties shall obtain each other's prior written consent before publicly disclosing such confidential information unless:
- a) the communicating Party agrees in writing to release the other Party from the earlier confidentiality obligations; or
  - b) the confidential information becomes public through other means than in breach of the confidentiality obligation by the Party bound by that obligation; or
  - c) the disclosure of confidential information is required by law or by Regulations and Rules established in accordance with the basic constitutive document of any of the Parties.
- 6.3 The Parties shall remain bound by confidentiality for five (5) years after the End Date of the Agreement, or longer as specified by the communicating Party at the time of communication.
- 6.4 Where the European Commission is not the Contracting Authority, it shall nonetheless have access to all documents communicated to the Contracting Authority, and shall maintain the same level of confidentiality.

## **Article 7: Visibility**

### **Visibility**

- 7.1 Unless the European Commission requests or agrees otherwise, the Organisation shall take all appropriate measures to publicise the fact that the Action has received funding from the EU. Such measures shall be carried out in accordance with the Visibility Requirements for EU External Action<sup>2</sup>, as in effect at the time of entry into force of this Agreement or with any other guidelines agreed between the European Commission and the Organisation.
- 7.2 If, during the implementation of the Action, equipment, vehicles or major supplies are purchased using the EU Contribution, the Organisation shall display appropriate acknowledgement on such vehicles, equipment or major supplies, including the display of the EU emblem (twelve yellow stars on a blue background). Where such display could jeopardise the Organisation's privileges and immunities or the safety of the Organisation's staff or of the Final Beneficiaries, the Organisation shall propose appropriate alternative arrangements. The acknowledgement and the EU emblem shall be of such a size and prominence as to be clearly visible in a manner that shall not create any confusion regarding the identification of the Action as an activity of the Organisation, nor the ownership of the equipment, vehicles or major supplies by the Organisation.
- 7.3 If, pursuant to Article 8.5, the equipment, vehicles or remaining major supplies purchased with the EU Contribution have not been transferred to the local authorities, local Grant Beneficiaries or Final Beneficiaries when submitting the final report, the visibility requirements as regards this equipment, vehicles or major supplies (in particular display of the EU emblem) shall continue to apply between submission of the final report and the end of the overall action, if the latter is longer. Where the Organisation retains ownership in accordance with Article 8.6, the visibility requirements shall continue to apply as long as the relevant equipment, vehicles or remaining major supplies are used by the Organisation.
- 7.4 Unless otherwise provided in the Special Conditions, if disclosure risks threatening the Organisation's safety or harming its interests, the European Commission and the Contracting Authority (if other than the European Commission) may publish in any form and medium,

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<sup>2</sup> Visibility in EU-financed external actions – Requirements for implementing partners (Projects), available at: [https://ec.europa.eu/intpa/comm-visibility-requirements\\_en](https://ec.europa.eu/intpa/comm-visibility-requirements_en).

including on its internet sites, the name and address of the Organisation, the purpose and amount of the EU Contribution.

- 7.5 The Organisation shall ensure that reports, publications, press releases and updates relevant to the Action are communicated to the addresses stated in the Special Conditions upon their issuance.
- 7.6 The Parties will consult immediately and endeavour to remedy any detected shortcomings in implementing the visibility requirements set out in this Article. This is without prejudice to measures the Contracting Authority may take in case of substantial breach of an obligation.

### **Communication**

- 7.7 In addition to the obligations stipulated under Article 7.1 to 7.6, the Organisation shall implement, if applicable, communication activities as described in Annex I.

## **Article 8: Right to use results and transfer of equipment**

### **Right to use**

- 8.1 Ownership of the results of the Action shall not vest in the Contracting Authority. Subject to Article 6, the Organisation shall grant, and shall act to ensure that any third party concerned grants the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use free of charge the results of the Action, including the reports and other documents relating to it, which are subject to industrial or intellectual property rights.
- 8.2 Where the results mentioned in Article 8.1 include pre-existing rights and the Organisation cannot warrant the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use such results, the Organisation shall inform in writing the Contracting Authority (and the European Commission, where it is not the Contracting Authority) accordingly.

### **Transfer**

- 8.3 The equipment, vehicles and remaining major supplies purchased with the EU Contribution shall be transferred to or remain with local authorities, local Grant Beneficiaries or Final Beneficiaries, at the latest when submitting the final report.
- 8.4 The documentary proof of those transfers shall not be presented with the final reports, but shall be kept for verification for the duration and along with the documents mentioned in Article 15.1.
- 8.5 By way of derogation from Article 8.3, the equipment, vehicles and remaining major supplies purchased with the EU Contribution in the framework of actions which continue after the end of the Implementation Period may be transferred at the end of the overall action. The Organisation shall use the equipment, vehicles and remaining major supplies for the benefit of the Final Beneficiaries. The Organisation shall inform the Contracting Authority on the end use of the equipment, vehicles and remaining major supplies in the final report.
- 8.6 In the event that there are no local authorities, local Grant Beneficiaries or Final Beneficiaries to whom the equipment, vehicles and remaining major supplies could be transferred, the Organisation may transfer them to another action funded by the EU or - exceptionally - retain ownership of the equipment, vehicles and remaining major supplies at the end of the Action or the overall action. In such cases, it shall submit a justified written request with an inventory listing of the items concerned and a proposal concerning their use in due course and - at the latest – together with the submission of the final report. In no event may the end use jeopardize the sustainability of the Action.

## **Article 9: Monitoring and evaluation of the Action**

- 9.1 Keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement, the Organisation shall invite representatives of the European Commission and the Contracting Authority (if other than the European Commission) to participate at their own costs to the main monitoring missions and evaluation exercises related to the performance of the Action. Participation in evaluation exercises should be ensured by requesting comments from the European Commission and the Contracting Authority on the terms of reference before the exercise takes place, and on the different deliverables related to an evaluation exercise prior to their final approval (as a minimum, on the final report). The Organisation shall send all monitoring and evaluation reports relating to the Action to the European Commission and the Contracting Authority once issued, subject to confidentiality.
- 9.2 Article 9.1 is without prejudice to any monitoring mission or evaluation exercise, which the European Commission as a donor, or the Contracting Authority, at their own costs, may wish to perform. Monitoring and evaluation missions by representatives of the European Commission or the Contracting Authority shall be planned ahead and completed in a collaborative manner between the staff of the Organisation and the European Commission's (or Contracting Authority's) representatives, keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement. The European Commission (or the Contracting Authority) and the Organisation shall agree on procedural matters in advance. The European Commission (or the Contracting Authority) shall make available to the Organisation the terms of reference of the evaluation exercise before it takes place, as well as the different deliverables (as a minimum, the draft final report) for comments prior to final issuance. The European Commission (or the Contracting Authority) shall send the final monitoring and evaluation report to the Organisation once issued.
- 9.3 In line with the spirit of partnership, the Organisation and the European Commission (and the Contracting Authority, if applicable), may also carry out joint monitoring and/or evaluation. Such arrangements will be discussed and agreed in due time, planned ahead and completed in a collaborative manner.
- 9.4 Representatives of the relevant partner country may, whenever possible, be invited to participate at their own costs in the main monitoring missions and evaluation exercises, unless such participation would be detrimental to the objectives of the Action or threaten the safety or harm the interests of Partners, Grant Beneficiaries or Final Beneficiaries.

## **Article 10: Amendment to the Agreement**

- 10.1 Without prejudice to Articles 10.3 to 10.6, any amendment to this Agreement, including its annexes, shall be set out in writing in an addendum signed by both Parties. This Agreement can only be amended before the End Date.
- 10.2 The requesting Party shall request in writing any amendment thirty (30) Days before the amendment is intended to enter into force and no later than thirty (30) Days before the End Date, unless there are special circumstances, duly demonstrated by it, and accepted by the other Party. The other Party shall notify its decision regarding the amendment proposed in due time and in any case no later than thirty (30) Days after the date when the amendment request was received.
- 10.3 By way of derogation from Articles 10.1 and 10.2, where an amendment to Annex I and/or Annex III does not affect the main purpose of the Action and the financial impact is limited to a transfer within a single budget heading, including cancellation or introduction of an item, or a transfer between budget headings involving a variation (as the case may be in cumulative terms) of 25 % or less of the amount originally entered (or as amended by a written addendum) in relation to each concerned heading, the Organisation may unilaterally amend Annex I and/or Annex III and shall inform the Contracting Authority accordingly in writing, at the latest in the next report.

- 10.4 The method described in Article 10.3 shall be used neither to amend the contingency reserve referred to under Article 16.2, the rate for remuneration, nor the agreed methodology or fixed amounts/rates of simplified cost options.
- 10.5 The Organisation may, in agreement with the Contracting Authority and before the modification takes place, change the following without a formal addendum to the Agreement:
- (a) Outputs, the Indicators and their related targets, baselines and sources of verification described in Annex I and in the logical framework if the change does not affect the main outcome of the Action;
  - (b) Communication activities described in Annex I.
- Approved changes must be explained in the next report.
- 10.6 Changes of address and of bank account shall be notified in writing to the Contracting Authority. Where applicable, changes of bank account must be specified in the request for payment, using the financial identification form attached as Annex IV.

## **Article 11: Suspension**

### **Suspension of the time limit for payment**

- 11.1 The Contracting Authority may suspend the time limit for payment following a single payment request by notifying the Organisation that either:
- a) the amount is not due; or
  - b) the appropriate supporting documents have not been provided and therefore the Contracting Authority needs to request clarifications, modifications or additional information to the narrative or financial reports. Such clarifications or additional information may notably be requested by the Contracting Authority if it has doubts about compliance by the Organisation with its obligations in the implementation of the Action; or
  - c) credible information has come to the notice of the Contracting Authority that puts in doubt the eligibility of the reported expenditure; or
  - d) credible information has come to the notice of the Contracting Authority that indicates a significant deficiency in the functioning of the Internal Control System of the Organisation or that the expenditure reported by the Organisation is linked to a serious irregularity and has not been corrected. In this case, the Contracting Authority may suspend the payment deadline if it is necessary to prevent significant damage to the EU's financial interests.
- 11.2 In the situations listed in Article 11.1, the Contracting Authority shall notify the Organisation as soon as possible, and in any case within thirty (30) Days from the date on which the payment request was received, of the reasons for the suspension, specifying - where applicable - the additional information required. Suspension shall take effect on the date when the Contracting Authority sends the notification stating the reasons for the suspension. The remaining payment period shall start to run again from the date on which the requested information or revised documents are received or the necessary further checks are carried out. If the requested information or documents are not provided within the deadline fixed in the notification or are incomplete, payment may be made on the basis of the partial information available.

## **Suspension of the Agreement by the Contracting Authority**

- 11.3 The Contracting Authority may suspend the implementation of the Agreement, fully or partly, if:
- a) the Contracting Authority has proof that irregularities, fraud or breach of substantial obligations have been committed by the Organisation in the procedure of its selection, in its Ex-ante Pillar Assessment or in the implementation of the Action;
  - b) the Contracting Authority has proof that irregularities, fraud or breach of obligations have occurred which call into question the reliability or effectiveness of the Organisation's Internal Control System or the legality and regularity of the underlying transactions;
  - c) the Contracting Authority has proof that the Organisation has committed irregularities, fraud or breaches of obligations under other agreements funded by EU funds provided that those irregularities, fraud or breaches of obligations have a material impact on this Agreement.
- 11.4 Before suspension, the Contracting Authority shall formally notify the Organisation of its intention to suspend, inviting the Organisation to make observations within ten (10) Days from the receipt of the notification. If the Organisation does not submit observations, or if - after examination of the observations submitted by the Organisation - the Contracting Authority decides to pursue the suspension, the Contracting Authority may suspend all or part of the implementation of this Agreement serving seven (7) Days' prior notice. In case of suspension of part of the implementation of the Agreement, upon request of the Organisation, the Parties shall enter into discussions in order to find the arrangements necessary to continue the part of the implementation that is not suspended. Any expenditures or costs incurred by the Organisation during the suspension and related to the part of the Agreement suspended shall not be reimbursed, nor be covered by the Contracting Authority. Following suspension of the implementation of the Agreement, the Contracting Authority may terminate the Agreement in accordance with Article 12.2, recover amounts unduly paid and/or, in agreement with the Organisation, resume implementation of the Agreement. In the latter case, the Parties will amend the Agreement where necessary.

## **Suspension for exceptional circumstances**

- 11.5 The Organisation may decide to suspend the implementation of all or part of the Action if exceptional and unforeseen circumstances beyond the control of the Organisation make such implementation impossible or excessively difficult, such as in cases of Force Majeure. The Organisation shall inform the Contracting Authority immediately and provide all the necessary details, including the measures taken to minimise any possible damage, and the foreseeable effect and date of resumption.
- 11.6 The Contracting Authority may also notify the Organisation of the suspension of the implementation of the Agreement if exceptional circumstances so require, in particular:
- a) when a relevant EU Decision identifying a violation of human rights has been adopted; or
  - b) in cases such as crisis entailing a change of EU policy.
- 11.7 Neither of the Parties shall be held liable for breach of its obligations under the Agreement if Force Majeure or exceptional circumstances as set forth under Articles 11.5 and 11.6 prevent it from fulfilling said obligations, and provided it takes any measures to minimise any possible damage.
- 11.8 In the situations listed in Articles 11.5 and 11.6, the Parties shall minimise the duration of the suspension and shall resume implementation once the conditions allow. During the suspension period, the Organisation shall be entitled to the reimbursement of the minimum costs, including new legal commitments, necessary for a possible resumption of the implementation of the Agreement or of the Action. The Parties shall agree on such costs, including the reimbursement of legal commitments entered into for implementing the Action

before the notification of the suspension was received which the Organisation cannot reasonably suspend, reallocate or terminate on legal grounds. This is without prejudice to any amendments to the Agreement that may be necessary to adapt the Action to the new implementing conditions, including, if possible, the extension of the Implementation Period or to the termination of the Agreement in accordance with Article 12.3. In case of suspension due to Force Majeure or if the Action is a Multi-Donor Action, the Implementation Period is automatically extended by an amount of time equivalent to the duration of the suspension.

## **Article 12: Termination**

- 12.1 Without prejudice to any other provision of these General Conditions or penalties foreseen in the EU Financial Regulation, where applicable, and with due regard to the principle of proportionality, the Contracting Authority may terminate the Agreement if the Organisation:
- a) fails to fulfil a substantial obligation incumbent on it under the terms of the Agreement;
  - b) is guilty of misrepresentation or submits false or incomplete statements to obtain the EU Contribution or provides reports that do not reflect reality to obtain or keep the EU Contribution without cause;
  - c) is bankrupt or being wound up, or is subject to any other similar proceedings;
  - d) is guilty of Grave Professional Misconduct proven by any justified means;
  - e) has committed fraud, corruption or any other illegal activity to the detriment of the EU's financial interests on the basis of proof in the possession of the Contracting Authority;
  - f) fails to comply with the reporting obligations in accordance with Article 3.15;
  - g) has committed any of the failings described in Article 11.3 on the basis of proof in the possession of the Contracting Authority.
- 12.2 Before terminating the Agreement in accordance with Article 12.1, the Contracting Authority shall formally notify the Organisation of its intention to terminate, inviting the Organisation to make observations (including proposals for remedial measures) within thirty (30) Days from the receipt of the notification. During this period, and until the termination takes effect, the Contracting Authority may suspend the time limit for any payment in accordance with Article 11.2 as a precautionary measure informing the Organisation immediately in writing. If the Organisation does not submit observations, or if, after examination of the observations submitted by the Organisation, the Contracting Authority decides to pursue the termination, the Contracting Authority may terminate the Agreement serving seven (7) Days' prior notice. During that period, the Organisation may refer the matter to the responsible director in the European Commission. Where the Contracting Authority is the European Commission, the termination will take effect if and when confirmed by the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not suspend the effects of the decision of the Contracting Authority. In case of termination, the Contracting Authority may demand full repayment of any amounts paid in excess of the final amount determined in accordance with Article 18 after allowing the Organisation to submit its observations. Neither Party shall be entitled to claim indemnity by the other Party on account of the termination of this Agreement.
- 12.3 If, at any time, either Party believes that the purpose of the Agreement can no longer be effectively or appropriately performed, it shall consult the other Party. Failing agreement on a solution, either Party may terminate the Agreement by serving sixty (60) Days written notice. In this case, the final amount shall cover:
- a) payment only for the part of the Action carried out up to the date of termination;
  - b) in the situations described in Articles 11.5 and 11.6, the unavoidable residual expenditures incurred during the notice period; and,
  - c) in the situations described in Articles 11.5 and 11.6, reimbursement of legal commitments the Organisation entered into for implementing the Action before the

written notice on termination was received by it and which the Organisation cannot reasonably terminate on legal grounds.

The Contracting Authority shall recover the remaining part in accordance with Article 14.

- 12.4 In the event of termination, a final report and a request for payment of the balance shall be submitted in accordance with Articles 3 and 17. The Contracting Authority shall not reimburse or cover any expenditure or costs which are not included or justified in a report approved by it.

### **Article 13: Applicable law and settlement of disputes**

- 13.1 The Parties shall endeavour to settle amicably any disputes or complaints relating to the interpretation, application or validity of the Agreement, including its existence or termination.
- 13.2 Where the Organisation is not an International Organisation, and the European Commission is the Contracting Authority, this Agreement is governed by EU law, complemented - if necessary - by the relevant provisions of Belgian law. In the absence of an amicable settlement in accordance with Article 13.1 above, the General Court, or on appeal the Court of Justice of the European Union, has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU). Notwithstanding the foregoing sentence, where the Organisation is not established or incorporated in the EU, any of the Parties may bring before the Brussels courts any dispute between them concerning the interpretation, application or validity of the Agreement, if such dispute cannot be settled amicably. Where one party has brought proceedings before the Brussels courts, the other party may not bring a claim arising from the interpretation, application or validity of the Agreement in any other court than the Brussels courts before which the proceedings have already been brought.
- 13.3 Where the Organisation is not an International Organisation and the European Commission is not the Contracting Authority, the Agreement shall be governed by the law of the country of the Contracting Authority and the courts of the country of the Contracting Authority shall have exclusive jurisdiction, unless otherwise agreed by the Parties. The dispute may, by common agreement of the Parties, be submitted for conciliation to the European Commission. If no settlement is reached within one hundred and twenty (120) Days of the opening of the conciliation procedure, each Party may notify the other that it considers the procedure to have failed and may submit the dispute to the courts of the country of the Contracting Authority.
- 13.4 Where the Organisation is an International Organisation:
- a) nothing in the Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any Party by its constituent documents, privileges and immunities agreements or international law;
  - b) in the absence of an amicable settlement pursuant to Article 13.1 above, any dispute, controversy or claim arising out of or in relation to this Agreement, or the existence, interpretation, application, breach, termination, or invalidity thereof, shall be settled by final and binding arbitration in accordance with the 2012 Permanent Court of Arbitration Rules for Arbitration, as in effect on the date of entry into force of this Agreement. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration. The arbitration proceedings must take place in the Hague and the language used in the arbitral proceedings will be English. The arbitrator's decision shall be binding on all Parties and there shall be no appeal.

### **Article 14: Recovery**

- 14.1 Where an amount is to be recovered under the terms of the Agreement, the Organisation shall repay the amount due to the Contracting Authority.

- 14.2 Before recovery, the Contracting Authority shall formally notify the Organisation of its intention to recover any undue amount, specifying the amount and the reasons for recovery and inviting the Organisation to make any observations within 30 Days from the date of receipt of the notification. If, after examination of the observations submitted by the Organisation or if the Organisation does not submit any observations, the Contracting Authority decides to pursue the recovery procedure, it may confirm recovery by formally notifying the Organisation. If there is a disagreement between the Organisation and the Contracting Authority on the amount to be repaid, the Organisation may refer the matter to the responsible director in the European Commission within thirty (30) Days. Where the Contracting Authority is the European Commission, a debit note specifying the terms and the date for payment may be issued after the deadline for the referral to the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not prevent the Contracting Authority from issuing the debit note.
- 14.3 If the Organisation does not make the payment by the date specified in the debit note, the Contracting Authority shall recover the amount due:
- a) by offsetting it against any amounts owed to the Organisation by the EU;
  - b) by taking legal action pursuant to Article 13;
  - c) in exceptional circumstances justified by the necessity to safeguard the financial interests of the EU, the Contracting Authority may, when it has justified grounds to believe that the amount due would be lost, recover by offsetting before the deadline specified in the debit note without the Organisation's prior consent.
- 14.4 If the Organisation fails to repay by the due date, the amount due shall be increased by late payment interest calculated at the rate indicated in Article 17.7(a). The interest shall be payable for the period elapsing from the day after the expiration of the time limit for payment up to and including the date when the Contracting Authority actually receives payment in full of the outstanding amount. Any partial payment shall first cover the interest.
- 14.5 Where the European Commission is not the Contracting Authority, it may, if necessary, proceed itself to the recovery.
- 14.6 The European Commission may waive the recovery in accordance with the principle of Sound Financial Management and proportionality or it shall cancel the amount in the event of a mistake.

## **Article 15: Archiving, access and financial checks**

- 15.1 For a period of five (5) years from the End Date and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by the European Anti-Fraud Office (OLAF), if notified to the Organisation, has been disposed of, the Organisation shall keep and make available according to Article 15 all relevant financial information (originals or copies) related to the Agreement and to any Procurement Contracts and Grant agreements financed by the EU Contribution.
- 15.2 The Organisation shall allow the European Commission, or any authorised representatives, to conduct desk reviews and on-the-spot checks on the use made of the EU Contribution on the basis of supporting accounting documents and any other document related to the financing of the Action.
- 15.3 The Organisation agrees that OLAF may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions laid down by EU law for the protection of the financial interests of the EU against fraud, corruption and any other illegal activity.



- 15.4 The Organisation agrees that the execution of this Agreement may be subject to scrutiny by the Court of Auditors when the Court of Auditors audits the European Commission's implementation of EU expenditure. In such case the Organisation shall provide to the Court of Auditors access to the information that is required for the Court to perform its duties.
- 15.5 To that end, the Organisation undertakes to provide officials of the European Commission, OLAF and the European Court of Auditors and their authorised agents, upon request, information and access to any documents and computerised data concerning the technical and financial management of operations financed under the Agreement, as well as grant them access to sites and premises at which such operations are carried out. The Organisation shall take all necessary measures to facilitate these checks in accordance with its Regulations and Rules. The documents and computerised data may include information that the Organisation considers confidential in accordance with its own established Regulations and Rules or as governed by contractual agreement. Such information once provided to the European Commission, OLAF, the European Court of Auditors, or any other authorised representatives, shall be treated in accordance with EU confidentiality rules and legislation and Article 6. Documents must be accessible and filed in a manner permitting checks, the Organisation being bound to inform the European Commission, OLAF or the European Court of Auditors of the exact location at which they are kept. Where appropriate, the Parties may agree to send copies of such documents for a desk review.
- 15.6 Where applicable, the desk reviews, investigations, on-the-spot checks and inspections referred to in Article 15.2 to 15.5 shall refer to a verification that shall be performed in accordance with the verification clauses agreed between the Organisation and the European Commission. This is without prejudice to any cooperation arrangement between OLAF and the Organisation's anti-fraud bodies.
- 15.7 The European Commission shall inform the Organisation of the planned on-the-spot missions by agents appointed by the European Commission in due time in order to ensure adequate procedural matters are agreed upon in advance.
- 15.8 Failure to comply with the obligations set forth in Article 15 constitutes a case of breach of a substantial obligation under this Agreement.

#### **Article 16: Eligibility of costs**

- 16.1 Direct costs are eligible for EU financing if they meet all the following criteria:
- a) they are necessary for carrying out the Action, directly attributable to it, arising as a direct consequence of its implementation and charged in proportion to the actual use;
  - b) they are incurred in accordance with the provisions of this Agreement;
  - c) they are actually incurred by the Organisation, i.e. they represent real expenditure definitely and genuinely borne by the Organisation, without prejudice to Article 16.6;
  - d) they are reasonable, justified, comply with the principle of Sound Financial Management and are in line with the usual practices of the Organisation regardless of their source of funding;
  - e) they are incurred during the Implementation Period with the exception of costs related to final report, final evaluation, audit and other costs linked to the closure of the Action which may be incurred after the Implementation Period;
  - f) they are identifiable and backed by supporting documents, in particular determined and recorded in accordance with the accounting practices of the Organisation;
  - g) they are covered by one of the sub-headings indicated in the estimated budget in Annex III and by the activities described in Annex I; and
  - h) they comply with the applicable tax and social legislation taking into account the Organisation's privileges and immunities.

- 16.2 A reserve for contingencies and/or possible fluctuations in exchange rates - not exceeding 5 % of the direct eligible costs - may be included in Annex III to allow for adjustments necessary in the event of unforeseeable changes of circumstances on the ground. In such case, the reserve can be used only with the prior written authorisation of the Contracting Authority, upon a duly justified request from the Organisation.
- 16.3 The following costs may not be considered eligible direct costs, but may be charged as part of the remuneration: all eligible costs that, while necessary and arising as a consequence of implementation, are supporting the implementation of the Action and not considered part of the activities that the European Union finances as described in Annex I, including corporate management costs or other costs linked to the normal functioning of the Organisation, such as horizontal and support staff, office or equipment costs (except when duly justified and described in Annex I, such as a project office).
- 16.4 The remuneration shall be declared on the basis of a flat-rate which shall not exceed 7% of the total eligible direct costs to be reimbursed by the Contracting Authority. The remuneration does not need to be supported by accounting documents. For Multi-Donor and comparable actions, the remuneration shall not be higher than that charged by the Organisation to comparable contributions.
- 16.5 The following costs are ineligible for EU financing:
- a) bonuses, provisions, reserves or non-remuneration related costs. Employers' contributions to pension or to any other employee insurance funds run by the Organisation shall only be eligible to the extent they do not exceed the cost incurred during the reporting period, calculated following applicable international accounting standards;
  - b) full-purchase cost of equipment and assets unless the asset or equipment is specifically purchased for the Action and ownership is transferred in accordance with Article 8;
  - c) duties, taxes and charges, including VAT, that are recoverable/deductible by the Organisation;
  - d) return of capital;
  - e) negative remuneration charged by banks or other financial institutions;
  - f) debts and debt service charges;
  - g) provision for losses, debts or potential future liabilities;
  - h) banking charges for the transfers from and to the Contracting Authority;
  - i) costs incurred during the suspension of the implementation of the Agreement except the minimum costs agreed on in accordance with Article 11.8;
  - j) costs declared by the Organisation under another agreement financed by the European Union budget (including through the European Development Fund);
  - k) contributions in kind. The cost of staff assigned to the Action and actually incurred by the Organisation is not a contribution in kind and may be declared as a direct eligible cost if it complies with the conditions set out in Article 16.1; and
  - l) costs of purchase of land or buildings, unless otherwise provided in the Special Conditions.

## **Simplified cost options**

- 16.6 Direct eligible costs may also be declared by using any or a combination of unit costs, lump sums and flat-rate financing.
- 16.7 The methods used by the Organisation to determine unit costs, lump sums or flat-rates shall comply with the principles provided in Articles 16.1, 16.3 and 16.5, be clearly described and substantiated in Annex III, shall avoid double funding of costs and shall respect the principle of Sound Financial Management. These methods shall be based on the Organisation's historical or actual accounting data, its usual accounting practices, an expert judgment or on statistical or other objective information where available and appropriate.
- 16.8 Costs declared under simplified cost options do not need to be backed by accounting or supporting documents except if they are necessary to demonstrate that the costs have been declared according to the declared method or cost accounting practices and that the qualitative and quantitative conditions defined in Annex I and III have been respected.
- 16.9 Simplified cost options not linked to the achievement of concrete Results shall only be eligible if they have been ex ante-assessed by the European Commission.
- 16.10 If a verification reveals that the methods used by the Organisation to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this Agreement, the Contracting Authority shall be entitled to recover proportionately up to the amount of the unit costs, lump sums or flat-rate financing.

## **Article 17: Payments**

- 17.1 Payment procedures shall be as follows:
- a) the Contracting Authority shall provide a first pre-financing instalment as set out in Article 4.1 of the Special Conditions within thirty (30) Days of receiving the Agreement signed by both Parties;
  - b) the Organisation may submit a request for further pre-financing instalment for the following reporting period in accordance with Article 4 of the Special Conditions; the following provisions apply:
    - i) the reporting period is intended as a twelve-month period, unless otherwise provided for in the Special Conditions. When the remaining period to the end of the Action is up to eighteen (18) months, the reporting period shall cover it entirely;
    - ii) if at the end of the reporting period less than 70% of the last payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party, the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the immediately pre-financing payment (and 100% of previous payments, if any) and the part of the previous pre-financing payments which has been paid by the Organisation to its staff or has been subject to a legal commitment with a third party;
    - iii) the Organisation may submit a request for further pre-financing payment before the end of the reporting period, once more than 70 % of the immediately preceding payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party. In this case, the following reporting period starts anew from the end date of the period covered by this payment request;
  - c) at the end of the Implementation Period, the Organisation shall submit a payment request for the balance, where applicable, together with the final report. The amount of the balance shall be determined according to Article 18 and following approval of the request for payment of the balance and of the final report; and

- d) the Contracting Authority shall pay the further pre-financing instalments and the balance within ninety (90) Days of receiving a payment request accompanied by a progress or final report, unless the time limit for payment was suspended according to Article 11 or 12.
- 17.2 Payment requests shall be accompanied by narrative and financial reports presented in accordance with Article 3. The requests for pre-financing payments and the request for the balance shall be drafted in the Currency of the Agreement as specified in the Special Conditions. Except for the first pre-financing instalment, the payments shall be made upon approval of the payment request accompanied by a progress or final report. The final amount shall be established in line with Article 18. If the balance is negative, the payment of the balance takes the form of recovery.
- 17.3 Approval of the requests for payment and of the accompanying reports shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information contained therein.
- 17.4 The Contracting Authority shall make payments in the Currency of the Agreement as specified in the Special Conditions to the bank account referred to in the financial identification form in Annex IV.
- 17.5 Payment arrangements for performance-based financing in accordance with Article 19 shall be set out in Article 4 of the Special Conditions and Annex I.
- 17.6 If no payment has been made by the Contracting Authority within two (2) years of the entry into force of the Agreement, the Agreement shall be terminated.

#### **Late payment interest**

- 17.7 In case of late payment of the amounts stated in Article 4 of the Special Conditions the following conditions apply:
- a) upon expiry of the time limits for payments specified in Article 17.1, if the Organisation is not a Member State Organisation, it shall receive interest on late payment based on the rate applied by the European Central Bank for its main refinancing operations in Euros (Reference Rate), increased by three and a half percentage points. The Reference Rate shall be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the Official Journal of the EU;
  - b) the suspension of the time limit for payment by the Contracting Authority in accordance with Article 11 or 12 shall not be considered as late payment;
  - c) interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article 17.1. Any partial payment shall first cover the interest;
  - d) by way of exception to point (c), when the interest calculated in accordance with this provision is lower than or equal to EUR 200, the Contracting Authority shall pay such interest to the Organisation only upon request from the Organisation submitted within two (2) months of it receiving late payment;
  - e) by way of exception to point (c), when the Contracting Authority is not the European Commission, and the European Commission does not make the payments, the Organisation shall be entitled to late payment interest upon its request submitted within two (2) months of it receiving late payment.

## **Article 18: Final amount of the EU Contribution**

- 18.1 The Contracting Authority shall determine the final amount of the EU Contribution when approving the Organisation's final report. The Contracting Authority shall then determine the balance:
- a) to be paid to the Organisation in accordance with Article 17 where the final amount of the EU Contribution is higher than the total amount already paid to the Organisation; or
  - b) to be recovered from the Organisation in accordance with Article 14 where the final amount of the EU Contribution is lower than the total amount already paid to the Organisation.
- 18.2 The final amount shall be the lower of the following amounts:
- a) the maximum EU Contribution referred to in Article 3.1 of the Special Conditions in terms of absolute value;
  - b) the amount obtained after reduction of the EU Contribution in accordance with Article 18.3.
- 18.3 Where the Action (i) is not implemented, (ii) is not implemented in line with the Agreement or (iii) is implemented partially or late, the Contracting Authority may, after allowing the Organisation to submit its observations, reduce the EU Contribution in proportion to the seriousness of the above mentioned situations. If there is a disagreement between the Organisation and the Contracting Authority on the reduction, the Organisation may refer the matter to the responsible director in the European Commission.

## **Article 19: Performance-based financing**

- 19.1 The payment of the EU Contribution may be partly or entirely linked to the achievement of Results measured by reference to previously set milestones or through performance Indicators. Such performance-based financing is not subject to Article 16. The relevant Results and the means to measure their achievement shall be clearly described in Annex I.
- 19.2 The amount to be paid per achieved Result shall be set out in Annex III. The method to determine the amount to be paid per achieved Result shall be clearly described in Annex I and take into account the principle of Sound Financial Management.
- 19.3 The Organisation shall not be obliged to report on costs linked to the achievement of Results. However, the Organisation shall submit any necessary supporting documents, including where relevant accounting documents, to prove that the Results triggering the payment as defined in Annex I and III have been achieved.
- 19.4 Articles 3.7 f), 3.8 b), 3.8 f), 10.3 and 10.5 do not apply to the part of the Action supported by way of performance-based financing.

## **Article 20: Contracting and Early Detection and Exclusion System**

### **Contracting**

- 20.1 Unless otherwise provided for in the Special Conditions, the origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Action shall be determined in accordance with the Organisation's relevant rules. However, and in any event, goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible. Without prejudice to the foregoing or to the Organisation's assessed Regulations and Rules, the Organisation shall promote the use of local contractors when implementing the Action.

## Early Detection and Exclusion System

- 20.2 The Organisation shall inform the European Commission if, in relation to the implementation of the Action, it has detected a situation of exclusion pursuant to its rules and procedures referred to in Article 2.2 d) and any ad hoc measure stipulated in the Special Conditions or if it has detected a fraud and/or an irregularity pursuant to Article 2.6. This information may be used by the European Commission for the purpose of the Early Detection and Exclusion System. The Organisation shall inform the European Commission when it becomes aware that transmitted information needs to be rectified updated or removed. The Organisation shall ensure that the entity concerned is informed that its data was transmitted to the European Commission and may be included in the Early Detection and Exclusion System and be published on the website of the European Commission. These requirements cease at the end of the Implementation Period.
- 20.3 Without prejudice to the power of the European Commission to exclude a person or an entity from future procurement contracts and grants financed by the EU and/or to impose financial penalties according to the EU Financial Regulation, the Organisation may impose sanctions on third parties according to its own Regulations and Rules ensuring, where applicable, the right of defence of the third party.
- 20.4 The Organisation may take into account, as appropriate and on its own responsibility, the information contained in the Early Detection and Exclusion System, when implementing the EU Contribution. Access to that information can be provided through the authorised persons or via consultation with the European Commission as referred in Article 5.6 of the Special Conditions.

**1. Budget for the Action**

Costs	All Years				Year 1		
	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)	Unit	# of units	Unit value (in EUR)
<b>1. Human Resources **</b>							
1.1 Salaries (gross salaries including social security charges and other related costs, local staff)							
1.1.1 Technical							
1.1.1.1 Local Experts	Per Person/day	595	250,00	148.750,00	Per Person/day	200	250,00
1.1.1.2 International Experts	Per Person/day	250	700,00	175.000,00	Per Person/day	50	700,00
1.1.2 Administrative/ support staff							
1.1.2.1 Project Manager NPSA10	Per month	36	4.400,00	158.400,00	Per month	12	4.400,00
1.1.2.2 Project Admin/Finance Associate NPSA6	Per month	36	2.000,00	72.000,00	Per month	12	2.000,00
1.1.2.3 Project Analyst (Inclusive Growth and Development) NPSA9	Per month	36	3.500,00	126.000,00	Per month	12	3.500,00
1.1.2.4 Project Analyst (Institutional and Capacity Development) NPSA9	Per month	36	3.500,00	126.000,00	Per month	12	3.500,00
1.1.2.5 Project Monitoring and Evaluation Specialist NPSA9 (50%)	Per month	18	3.500,00	63.000,00	Per month	6	3.500,00
1.1.2.6 Driver/Logistician NPSA2	Per month	36	1.050,00	37.800,00	Per month	12	1.050,00
1.1.2.7 UNDP CO ED Team Leader (20%)	Per month	7,2	5.000,00	36.000,00	Per month	2,4	5.000,00
1.1.2.8 UNDP CO ED Programme Associate (10%)	Per month	3,6	2.400,00	8.640,00	Per month	1,2	2.400,00
1.1.2.9 UNDP CO Communications Analyst (5%)	Per month	1,8	4.000,00	7.200,00	Per month	0,6	4.000,00
1.1.2.10 UNDP CO Monitoring & Evaluation Specialist (5%)	Per month	1,8	4.000,00	7.200,00	Per month	0,6	4.000,00
1.3 Per diems for missions/travel							
1.3.1 Abroad (staff assigned to the Action)	Per diem	75	300,00	22.500,00	Per diem		300,00
1.3.2 Local (staff assigned to the Action)	Per diem	65	170,00	11.050,00	Per diem	15	170,00
<b>Subtotal Human Resources</b>				<b>999.540,00</b>			
<b>2. Travel **</b>							
2.1. International travel	Per flight	25	750,00	18.750,00	Per flight	5	750,00
2.2 Local transportation	Per month	36	700,00	25.200,00	Per month	12	700,00
<b>Subtotal Travel</b>				<b>43.950,00</b>			
<b>3. Equipment and supplies **</b>							
3.2 Furniture, computer equipment	Per set	10	1.587,00	15.870,00	Per set	7	1.587,00
<b>Subtotal Equipment and supplies</b>				<b>15.870,00</b>			
<b>4. Project office **</b>							
4.1 Vehicle costs	Per month	36	350,00	12.600,00	Per month	12	350,00
4.2 Office rent 40%	Per month	14,4	7.500,00	108.000,00	Per month	4,8	7.500,00
4.3 Consumables - office supplies	Per month	36	200,00	7.200,00	Per month	12	200,00
4.4 Other services (tel/fax, electricity/heating, maintenance)	Per month	36	1.000,00	36.000,00	Per month	12	1.000,00
4.5 Office cleaning services (50%) NPSA1	Per month	18	900,00	16.200,00	Per month	6	900,00
<b>Subtotal Project office</b>				<b>180.000,00</b>			

<b>5. Other costs, services**</b>							
5.1 Publications	Per publication	5	1.000,00	5.000,00	Per publication	2	1.000,00
5.2 Studies, research	Per study	3	25.000,00	75.000,00	Per study	1	25.000,00
5.3 Evaluation costs	Per evaluation	2	20.000,00	40.000,00	Per evaluation		20.000,00
5.4 Translation, interpreters	Per person/day	150	350,00	52.500,00	Per person/day	30	350,00
5.5 Costs of conferences/seminars	Per event	35	2.500,00	87.500,00	Per event	10	2.500,00
5.6. Visibility actions	Per year	3	23.480,00	70.440,00	Per year	1	25.000,00
<b>Subtotal Other costs, services</b>				<b>330.440,00</b>			
<b>6. Grants to Responsible Parties and Other Subcontractors</b>							
6.1. Estonian Center for International Development (EstDev) - 1 contract	contract	1	400.000,00	400.000,00			
6.2. Other Subcontractors - 12 units 25,000 each	contract	12	25.000,00	300.000,00	contract	4	25.000,00
<b>Subtotal Grants to Responsible Parties and Other Subcontractors</b>				<b>700.000,00</b>			
<b>7. Subtotal direct eligible costs of the Action (1-6)</b>				<b>2.269.800,00</b>			
<b>8. Remuneration</b>							
8.1. % of direct costs - (EU, EstDev share)*				160.700,00			
<b>9. Total eligible costs of the Action (7+ 8)</b>				<b>2.430.500,00</b>			
10. Provision for contingency reserve (maximum 5% of 7 'Subtotal of direct eligible costs of the Action')				0			
<b>11. Total eligible costs (9+10)</b>				<b>2.430.500,00</b>			
12. - Taxes - Contributions in kind				0			
<b>13. Total accepted costs of the Action (11+12)</b>				<b>2.430.500,00</b>			

\* For budgeting purposes, the indirect cost (remuneration cost) is calculated at 8% of the total eligible direct cost, whereas for the purpose of reporting in a harmonized way to all donors, the costs incurred during the implementation of this specific multi-donor action, the remuneration is calculated exceptionally on the direct actual expenses only, and separately from each donor's expenditure in line with UNDP's accounting rules. The overall remuneration can be higher than 7% (due to the different share of various resources and GMS rates in the Action). However, the remuneration applied to the EU funds will not exceed the agreed 7% in Article 3.2 of the SCs and 16.3 of the GCs. The total amount of the heading 8: EUR 160,700.00 is calculated as follows EUR 2,250,000 (EU funding) \* 7% = EUR 157,500.00 + EUR 40,000 (EstDev funding) \* 8% = 3,200.00

\*\* For the purpose of interpreting clause 11.3 of the General Conditions, the budget heading is understood as 'subtotal' 1, 2, 3, 4, 5 and 6



<b>Total Cost (in EUR)</b>
50.000,00
35.000,00
52.800,00
24.000,00
42.000,00
42.000,00
21.000,00
12.600,00
12.000,00
2.880,00
2.400,00
2.400,00
-
2.550,00
<b>301.630,00</b>
3.750,00
8.400,00
<b>12.150,00</b>
11.109,00
<b>11.109,00</b>
4.200,00
36.000,00
2.400,00
12.000,00
5.400,00
<b>60.000,00</b>

2.000,00
25.000,00
-
10.500,00
25.000,00
25.000,00
<b>87.500,00</b>
150.000,00
100.000,00
<b>250.000,00</b>
<b>722.389,00</b>
46.917,23
<b>769.306,23</b>
<b>769.306,23</b>
<b>769.306,23</b>

## 2. Justification of the Budget for the Action

Costs	All Years	
	Clarification of the budget items	Justification of the estimated costs
<b>1. Human Resources</b>		
1.1 Salaries (gross salaries including social security charges and other related costs, local staff)		
1.1.1 Technical		
1.1.1.1 Local Experts	Project will have a heavy engagement of local experts for the following activities: 1.1.2; 1.1.4; 1.2.1; 1.2.2; 1.2.3; 2.1.1; 2.1.2; 2.1.3; 2.2.1; 2.2.2; 2.2.3; 2.2.4; 2.2.5; 2.3.1; 2.3.2; 2.3.3; 3.1.2; 3.1.3; 3.2.1; 3.2.2 with a total estimated time of 595 days required.	Average remuneration per day for local experts is EUR 250 x 595 = 148,750.00
1.1.1.2 International Experts	International experts will be heavily engaged in the project's following activities: 1.1.1; 1.1.2; 1.2.2; 1.2.3; 3.1.3 with a total estimated time of 250 days required.	Average remuneration per day for international experts is EUR 700 x 250 = 175,000.00
1.1.2 Administrative/ support staff		
1.1.2.1 Project Manager NPSA10	Project Manager will provide programmatic and administrative oversight and internal controls, coordination and supervision of institutional relations with the Project beneficiary institutions, communication and reporting to the EU Delegation.	Salary per month - 4,400.00 EUR per UNDP salary scale
1.1.2.2 Project Admin/Finance Associate NPSA6	Project Admin/Finance Associate will be responsible for technical support in financial, contractual and organizational matters.	Salary per month - EUR 2,000.00 per UNDP salary scale
1.1.2.3 Project Analyst (Inclusive Growth and Development) NPSA9	Project Analyst (Inclusive Growth and Development) will be responsible for project components targeting the beneficiary's economic development and growth needs. S/he will provide support to the Project Manager in all the on-going project planning and implementation activities.	Salary per month - EUR 3,500.00 per UNDP salary scale
1.1.2.4 Project Analyst (Institutional and Capacity Development) NPSA9	Project Analyst (Institutional and Capacity Development) will be responsible for project components targeting the beneficiary's institutional development needs. S/he will provide support to the Project Manager in all the on-going project planning and implementation activities.	Salary per month - EUR 3,500.00 per UNDP salary scale

## 2. Justification of the Budget for the Action

Costs	All Years	
	Clarification of the budget items	Justification of the estimated costs
1.1.2.5 Project Monitoring and Evaluation Specialist NPSA9 (50%)	Project Monitoring and Evaluation Specialist will be responsible for the overall quality of analysis as well as M&E and lessons learned products, facilitation of knowledge building, knowledge sharing and guidance to all stakeholders on M&E matters. S/he will provide support to the Project Manager in all the on-going project planning and implementation activities.	Salary per month - EUR 3,500.00 X 18 months (= 36 month x 50%) per UNDP salary scale
1.1.2.6 Driver/Logistician NPSA2	Driver and logistician will be responsible for driving project staff to and from different meetings/events and supporting in logistical matters including transportation in regions during implementation of project activities when and as necessary.	Salary per month - EUR 1,050.00 per UNDP salary scale
1.1.2.7 UNDP CO ED Team Leader (20%)	UNDP Economic Development (ED) Team Leader will be responsible for quality assurance of the project, supporting the Project Board, facilitating coordination within UNDP, other UN agencies and concerned stakeholders (20 percent of the time).	Salary per month - EUR 5,000.00 x 7.2 month (= 36 month x 20%) per UNDP salary scale
1.1.2.8 UNDP CO ED Programme Associate (10%)	UNDP ED Programme Associate will be responsible for providing administrative advice and supporting project implementation from the Country Office. S/he will provide administrative, contractual and reporting related support to ensure compliance of administrative processes with respective UNDP rules and regulations (10 percent of the time).	Salary per month - EUR 2,400.00 x 3.6 month (= 36 month x 10%) per UNDP salary scale
1.1.2.9 UNDP CO Communications Analyst (5%)	UNDP CO Communication Analyst will be responsible to provide advice on all communications-related matters and support the project in the implementation of its Communication and Visibility Plan. S/he also will liaise directly with the communications team of the EU Delegation to Georgia. UNDP Communications Specialist will complete monthly timesheets reflecting actual time spent on the given project (5 percent of the time).	Salary per month - EUR 4,000.00 x 1.8 month (= 36 month x 5%) per UNDP salary scale

## 2. Justification of the Budget for the Action

Costs	All Years	
	Clarification of the budget items	Justification of the estimated costs
1.1.2.10 UNDP CO Monitoring & Evaluation Specialist (5%)	UNDP CO Monitoring & Evaluation Officer will be responsible to track, monitor and evaluate project implementation progress based on logical framework as well as work plans; Report to the Project Management on the results of the monitoring and evaluation; (5 percent of the time)	Salary per month - EUR 4,000.00 x 1.8 month (= 36 month x 5%) per UNDP salary scale
1.3 Per diems for missions/travel		
1.3.1 Abroad (staff assigned to the Action)	This category includes the per diem for project staff and beneficiaries' travel abroad to participate in the study/exchange visits within the activities 1.1.2; 1.1.3; 1.2.4; 1.3.2.	1 visit of 6 days (5 nights) duration up to 15 participants per visit, with an average daily subsistence amount of EUR 300.00 per day in European countries (per UN official DSA rates). Number of unit is calculated as follows 1 visit x 5 nights x 15 participants
1.3.2 Local (staff assigned to the Action)	This envisages project staff per diem for travel to regions within Georgia while organizing events, trainings, etc., outside Tbilisi (all activities).	65 visits of 1 day (1 night) duration each on average, with an average daily subsistence amount of EUR 170.00 per day in Georgia (per UN official DSA rates)
<b>Subtotal Human Resources</b>		
<b>2. Travel</b>		
2.1. International travel	International travel of the beneficiary institution's representatives, Project staff for the exchange visits and the travel of the international consultants engaged in the action to arrive to Georgia for mission, trainings, consultancy, etc.; Activities 1.1.1; 1.1.2; 1.1.3; 1.2.3; 1.2.4; 1.3.2; 1.3.3; 1.4.2; 1.4.3.	25 flights with an average round trip ticket cost of EUR 750.00
2.2 Local transportation	Rental of transportation (bus/mini-van/etc.) for transporting the trainings/seminar/events participants to the event venue.	36 months requiring transportation with an average cost of EUR 700.00 per round-trip travel
<b>Subtotal Travel</b>		
<b>3. Equipment and supplies</b>		
3.2 Furniture, computer equipment	Indicated cost covers 10 sets of IT equipment - 2 laptops and 2 printers for project offices and respective supply/maintenance expensed for 3 years	Total ICT equipment and supply/maintenance is estimated at EUR 15,870.00; In the 1st year EUR 11,109.00 will be utilized for purchasing required number of laptops and printers. Supply and maintained costs will be disbursed throughout the project lifetime

## 2. Justification of the Budget for the Action

Costs	All Years	
	Clarification of the budget items	Justification of the estimated costs
<b>Subtotal Equipment and supplies</b>		
<b>4. Project office</b>		
4.1 Vehicle costs	Vehicle maintenance, insurance, fuel and monthly depreciation costs.	Estimated costs of EUR 350.00 per month
4.2 Office rent	Office rent and security costs	Estimated costs of EUR 3,000.00 per month
4.3 Consumables - office supplies	Costs from the budget line will cover following costs - stationery, telecommunication and other monthly costs for the project office.	Estimated costs of EUR 200.00 per month
4.4 Other services (tel/fax, electricity/heating, maintenance)	Costs from the budget line will cover utility costs	Estimated costs of EUR 1,000.00 per month
4.5 Office cleaning services (50%) NPSA1	Cleaner will be responsible to Perform cleaning functions as required, including washing, sweeping, dusting, vacuum-cleaning and polishing of the project office premises. (50 percent of the time)	Remuneration per month - EUR 900.00 X 18 months (= 36 month x 50%) per UNDP salary scale
<b>Subtotal Project office</b>		
<b>5. Other costs, services</b>		
5.1 Publications	Project will publish research papers, strategic documents, knowledge materials and other publications.	Editing, design and printing of the publication - EUR 1,000.00 per publication * 5 publications

## 2. Justification of the Budget for the Action

Costs	All Years	
	Clarification of the budget items	Justification of the estimated costs
5.2 Studies, research	Project will be contracting consultancy companies for conducting research, assessment and preparing different strategic documents for the beneficiary institutions.	3 company contracts are envisaged with estimated cost of EUR 25,000.00 per each
5.3 Evaluation costs	An independent mid-term and final external evaluations will be done for the project.	International evaluators to be recruited to conduct the mid-term and final evaluations with an estimated cost of EUR 20,000.00
5.4 Translation, interpreters	Interpretation and translation services will be required for different events involved international experts.	An estimated 150 days of interpretation will be required during trainings, workshops, study visits and other events, with an average cost of EUR 350.00 per day
5.5 Costs of conferences/seminars	Project will organize different events including trainings, workshops, presentations and conferences within each project activity.	An estimated number of conferences/events/trainings is 35, with an average cost of EUR 2,500.00 per event
5.6. Visibility actions	Cost of project visibility, to be mainstreamed throughout the entire action.	Total visibility costs amount to EUR 70,440.00
<b>Subtotal Other costs, services</b>		
<b>6. Grants to Responsible Parties and Other Subcontractors</b>		
6.1. Estonian Center for International Development (EstDev) - 1 contract	Estonian Center for International Development is an Implementing partner which will implement the activities 1.1.3, 2.2.2, 2.4, and partially 3.2.3 of the workplan. Costs disaggregated per the lines of the budget template can be provided by UNDP per request.	An estimated value of the contract - EUR 400,000.00
6.2. Other Subcontractors - 12 units 25,000 each	The project will contract CSOs to implement certain tasks of the following activities of the workplan: 2.1.2, 2.1.3, 2.2.2, 2.2.3, 2.2.4, 2.3.1, 2.3.2, 2.3.3, 3.1.1, 3.1.2, 3.1.3, 3.2.1.	Up to 12 contracts with approximate value of each contract - EUR 25,000
<b>8. Remuneration</b>		
8.1. % of direct costs - (EU, EstDev share)*	Overhead rate - 7% for EU share and 8% of EstDev share	7 percent of direct eligible costs of the Action - EU Funds; 8 percent of direct eligible costs of the Action - Estonian Center for International Development (EstDev)

### 3. Expected sources of funding & summary of estimated costs

	Amount EUR
<b>Expected sources of funding</b>	
EU/EDF contribution sought in this application (A)	2.250.000,00
CO-FINANCING (1+2+3+4) (B)	180.500,00
1. Other contributions (Applicant, other Donors etc)	
Name	Conditions
UNDP	140.500,00
Estonian Center for International Development	40.000,00
2. Revenue from the Action	
To be inserted if applicable and allowed by the guidelines:	
3. In-kind contributions	
4. Volunteers' work	
<b>Expected TOTAL CONTRIBUTIONS (A) + (B)</b>	<b>2.430.500,00</b>
<b>Estimated Costs</b>	
<b>Estimated TOTAL ELIGIBLE COSTS (C)</b>	<b>2.430.500,00</b>
To be inserted if applicable and allowed by the guidelines: Taxes/In-kind contributions	
<b>Estimated TOTAL ACCEPTED COSTS (D)</b>	<b>2.430.500,00</b>



Percentage
%



## FINANCIAL IDENTIFICATION

PRIVACY STATEMENT

[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/financial\\_id/financial\\_id\\_en.cfm#en](http://ec.europa.eu/budget/contracts_grants/info_contracts/financial_id/financial_id_en.cfm#en)

Please use CAPITAL LETTERS and LATIN CHARACTERS when filling in the form.

### BANKING DETAILS ①


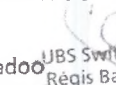

ACCOUNT NAME ②	UNDP CONTRIBUTIONS EURO ACCOUNT		
IBAN/ACCOUNT NUMBER ③	CH2200240240FP1030940		
CURRENCY	EUR		
BIC/SWIFT CODE	UBSWCHZH80A	BRANCH CODE ④	
BANK NAME	UBS S.A. (SWITZERLAND)		
ADDRESS OF BANK BRANCH			
STREET & NUMBER	RUE DES NOIRETTES 35, P.O BOX 2600		
TOWN/CITY	CH-1211 GENEVA 2	POSTCODE	
COUNTRY	SWITZERLAND		

### ACCOUNT HOLDER'S DATA

AS DECLARED TO THE BANK

ACCOUNT HOLDER	UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)		
STREET & NUMBER	1 UN PLAZA, DC 1 BUILDING		
TOWN/CITY	NEW YORK	POSTCODE	10017
COUNTRY	USA		

REMARK	
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<b>BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE ⑤</b> UBS Switzerland AG / Geneva  Nathan Ramadon Associate Director  Régis Baumgartner Executive Director	<b>DATE (Obligatory)</b> 22/03/2022
	<b>SIGNATURE OF ACCOUNT HOLDER (Obligatory)</b> Paul Gravenese, Treasurer, UNDP 

- ① Enter the final bank data and not the data of the intermediary bank.
- ② This does not refer to the type of account. The account name is usually the one of the account holder. However, the account holder may have chosen to give a different name to its bank account.
- ③ Fill in the IBAN Code (International Bank Account Number) if it exists in the country where your bank is established
- ④ Only applicable for US (ABA code), for AU/NZ (BSB code) and for CA (Transit code). Does not apply for other countries.
- ⑤ It is preferable to attach a copy of RECENT bank statement. Please note that the bank statement has to confirm all the information listed above under 'ACCOUNT NAME', 'ACCOUNT NUMBER/IBAN' and 'BANK NAME'. With an attached statement, the stamp of the bank and the signature of the bank's representative are not required. The signature of the account-holder and the date are ALWAYS mandatory.

**CLEARANCE SLIP FOR AN EU (CO-)FUNDED  
UNDP PROJECT**


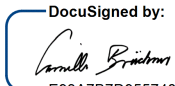
**Title of the Action and (Proj. # if applicable):** "Support to the Rural Development in Georgia"  
Project 00113522; Output: 00111647

**EU contribution amount:** €2,250,000.00

**EU Agreement ref:** ENI/2022/438-215

**Designated Manager:**

**Mr. Nick Beresford, UNDP Resident Representative in Georgia**

	<b>Bureaux/Units</b>	<b>Signatures</b>	<b>Date</b>
1.	<p><b>Country Office / Regional Bureau / Business Unit</b></p> <p>a) Agreement reviewed and conformity with UNDP's mandate verified b) Check the conformity with UNDP Regulations and Rules c) Reporting requirement noted and accepted d) Executing agency acceptance of support cost arrangement confirmed e) Administrative cost arrangements confirmed f) Manager informed of his/her responsibilities as per attached document</p>	<p><b>Nick Beresford</b> UNDP Resident Representative in Georgia Authorizing Signature</p> <p>DocuSigned by:  87B6354624D7437...</p>	9-December-2022
2.	<p><b>BERA/ Brussels Office:</b></p> <p>a) General review of the agreement undertaken b) Conformity to general practice with donor confirmed c) Propriety of EU modality for intended contribution verified d) Noting and clearing deviations from standard format e) Special issues noted as relevant</p>	<p><b>Camilla Bruckner</b> BO Director</p> <p>DocuSigned by:  E93A7B7D955748F... Authorizing Signature</p>	12-Dec-2022

**Comments:** The signatory authority is delegated to Nick Beresford, UNDP Resident Representative in Georgia