

ANNEX 02

of the Commission Implementing Decision on the Special Measure 2014 in favour of Georgia and the Republic of Moldova

Action Document for Framework Programme in support of EU-Georgia Agreements (top-up)

1. IDENTIFICATION

Title/Number	Framework Programme in support of EU-Georgia Agreements (top-up) CRIS number: ENI/2014/037-375		
Total cost	Total estimated cost: EUR 8 Million (allocated through the multi-country umbrella programme) Total amount of EU budget contribution: EUR 8 million		
Aid method / Management mode and type of financing	Project Approach Direct management: grants (calls for proposals) and procurement of services		
DAC-code	15110	Sector	Public Sector Policy and Administrative Management

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The top-up complements actions already undertaken under the Framework Programmes (2011-2013) in support of EU-Georgia Agreements. It supports a set of distinct actions aimed at raising the institutional capacity of a number of institutions key to the fulfilment of Georgia's obligations under the Association Agreement/Deep and Comprehensive Free Trade Area (AA/DCFTA). The top-up will thus further contribute to facilitate the implementation of the Georgian commitments under the Association Agreement (AA) following the priorities set in the Association Agenda.

The choice of institutions to be supported under this programme has been made following a proposal submitted by the Government of Georgian. With the exception of the Parliament, these are all institutions which have not previously received support under the Comprehensive Institution Building (CIB) Programme. All the institutions have been selected on the basis of their capacity needs and/or or in light of the importance of the policies they deal with, both in terms of the Association Agreement as well as for the process of democratic consolidation in Georgia.

Funding for this action is granted to Georgia through the 'more for more' mechanism of the European Neighbourhood Instrument (multi-country umbrella programme).

2.2. Context

2.2.1. *Georgia context*

Georgia is a lower-middle income country with a population of around 4.5 million people, about 50% of whom are urban dwellers and 16% minorities. The country has a gross national income per capita (GNI) of USD 3 136 and ranked 72nd out of 194 countries/territories in the 2012 United Nations Human Development Index. Poverty, particularly amongst the rural population, remains a major concern with 27% of the population estimated as living below the poverty line.

Over the past years, Georgia has undertaken significant economic, social and governance reforms resulting, inter alia, in progress in reducing petty corruption and crime rates, and in developing a more favourable business environment. The Government has pursued sound fiscal and monetary policies underpinned by structural reforms. Despite the shocks caused by the 2008 conflict with Russia, the global economic downturn and a sharp decrease in foreign investments, Georgia has recovered macroeconomic stability and real Gross Domestic Product (GDP) has grown steadily (6.2% in 2012), and the budget deficit has been reduced from 6.6% of GDP in 2010 to approximately 3.0% in 2013. Current forecast for GDP growth according to the Ministry of Finance is 5% in 2014. The current account deficit remains traditionally high (13.8% of GDP in 2013), and its medium-term outlook may represent a challenge to fiscal stability. Despite evident progress, the economy remains vulnerable to external shock. There are still concerns regarding the current account and trade deficits, the debt servicing requirements, and the substantial decline in Foreign Direct Investment in 2012 and 2013 (over 30%), which may challenge macro-economic stability in the medium term.

2.2.2. *Sector context: policies and challenges*

Georgia's relevant policy framework remains firmly oriented towards closer EU links and eventual integration, confirmed by the initialling of the Association Agreement/DCFTA by Georgia in November 2013.

The recent finalisation on an Association Agenda between the EU and the Government of Georgia that is based on the structure of the Association Agreement, provides priorities for joint work in the period 2014-2016, as well as time-bound actions to achieve them. The present top-up reflects the priority areas of cooperation set in the Association Agenda: Chapter 2.1 focused on the equal treatment issues, Chapter 2.6 covering cooperation in the fields of environment and information society, while the strengthening of the oversight function of the Parliament is one of the fundamental principles of the AA.

A common theme of the actions proposed for funding under this decision is an increase in transparency and accountability of the institutions in question, an improvement in the clarity and quality of their policy-making, and a corresponding increase in citizens' awareness, access to information and ability to participate in influencing decisions which affect their daily lives.

The Ministry of Environment Protection and Natural Resources of Georgia

The purpose of the action in support of the Ministry of Environment Protection and Natural Resources of Georgia will be to support development of its capacity to

formulate policies and strategies in a variety of areas falling within its competence and to oversee compliance with the AA in these areas.

In 2011, the Ministry got back its previous functions related to the protection of the environment and national natural resources. Since then its budget has almost doubled and its staff numbers increased.

Among the goals of the Ministry are to support sustainable development of the country in the field of environment; to organise an environmental planning system; to elaborate and implement state policy, target programs, a strategy of environmental protection for sustainable development, national environmental action programmes and management plans in the field of environmental protection and natural resources; to protect and preserve unique landscapes and ecosystems, rare and endangered species of indigenous flora and fauna, biodiversity, atmospheric air, water, land and mineral resources; to implement public administration (regulation, registration, supervision and control) on waste management and chemicals; to follow the Georgian legislation in the field of environmental protection and to implement assumed international commitments within its competence.

In terms of public relations, the Ministry of Environment Protection and Natural Resources seeks to provide public access to environmental information, public participation in environmental decision-making processes and supports the development of environmental education and raising environmental awareness.

Nevertheless, Georgia is faced with a range of environmental issues which have a direct impact on the lives of citizens. Among these issues are i) air quality, ii) water quality, iii) management of waste of all types, iv) protection from exposure to natural disasters and subsequent displacement. Citizens have the right to be informed about risks to their environment, what steps the government proposes to reduce these risks and how citizens can participate in these processes.

Despite this long list of responsibilities, the Ministry itself has limited policy-making, management and co-ordination capacity. Yet it will have responsibility for overseeing compliance with several chapters of the Association Agreement.

The Data Exchange Agency

The Data Exchange Agency (DEA), a Legal Entity of Public Law under the Ministry of Justice of Georgia, was established in 2010. The Agency is in charge of public databases interoperability and responsible for monitoring the e-Governance Strategy of Georgia; it is also responsible for the country's cyber security. Eventually, the DEA was tasked to set up an electronic platform aimed at facilitating external trade, which will contribute to reinforce impact of the DCFTA. The DEA is a key stakeholder in the Information Society sector in Georgia.

The aim of the Agency is to support e-government development and coordination, ensure electronic data exchange between ICT systems by acting as a Georgian governmental gateway, as well as devise and implement information and cyber security policies in Georgia.

The DEA has five structural units, these are: Information Security and Policy Division; Data Exchange Infrastructure Division; Legal Division; Financial Division; and an Administrative Division. Each division is managed by a Head of Division and

the DEA is led by the Chairman of the Agency. Totally 30 employees work with the DEA.

The DEA has the responsibility to coordinate and ensure implementation of the majority of actions envisaged by two major government strategies; the e-Government Strategy of Georgia 2014-2018 and the Cyber Security Strategy of Georgia 2013-2015. However, the DEA currently lacks the necessary capacity and resources required for the implementation of some areas of the e-Government Strategy, namely those focused on leadership and capacity building, research activities and training of target groups in e-Government.

The Parliament of Georgia

The Georgian Parliaments elected in 2004 and 2008 were largely filled by members of the United National Movement (UNM) while few parliamentary seats were taken by opposition representatives. As a result of the 2012 and 2013 elections, the "Georgian Dream", a coalition comprising six political parties with different ideological orientations, took over legislative and executive powers.

In contrast to the previous Parliaments, the current Georgian legislature has a strong representation of the opposition as the former ruling party (UNM) holds about 40% of the seats. For the first time in the recent history of independent Georgia, the previous ruling party has remained in Parliament with a sizable share of seats, and thus with sufficient capacities to create a political balance with the parties currently holding the political majority.

Analysing the Parliament's powers vis-à-vis the government, the Parliament has the possibility to question officials from the executive and can establish commissions to investigate the executive. The Georgian Parliament has the power to influence and scrutinize the national budget throughout all stages. The Prime Minister, as the chief executive, as well as the cabinet of ministers, is approved by the Parliament. Georgian Members of Parliament are prohibited from serving simultaneously in ministerial positions.

In March 2013, the Parliament adopted a set of constitutional amendments reducing presidential powers in favour of the Parliament and the Government formed with parliamentary approval. This has been a significant step towards creating conditions for the development of an effective system of checks and balances. The constitutional amendments, which entered into force after the inauguration of the new President in November 2013, transformed Georgia into an essentially parliamentary republic, thus putting even more emphasis on Parliament and increasing its role within the political system.

A window of opportunity has opened to support the Georgian Parliament to exercise its full potential within the new distribution of power. However, challenges remain in terms of Parliament's effectiveness in exercising its policy-making, legislative, representational and oversight functions.

Inter-agency Gender Equality Commission

In January 2014, a National Action Plan for Implementation of a Gender Equality Policy in Georgia 2014-2016 was approved. As part of this Plan, it is envisaged to establish an Inter-agency Gender Equality Commission (IGEC). The Prime Minister of Georgia has made a political commitment to establish a special position in his

apparatus tasked with gender equality and women's empowerment issues. A Special Advisor has been appointed as Assistant to the Prime Minister on Human Rights and Gender Equality Issues. The National Action Plan, which will be the guiding document, sets out a number of areas where assistance will be required to achieve a more gender sensitive approach in legislation and policy-making. The Inter-Agency Gender Equality Commission itself may also benefit from institutional strengthening in order to firmly anchor it in the state structures.

2.3. Lessons learnt

The current support to the Ministry of Environment Protection and Natural Resources through Twinning on waste management and management of protected areas revealed a need of assistance in conducting structural reform, particularly in building decision-making capacities and strategic planning, improving public access to the environmental information and approximation of environmental legislation with the EU *acquis*.

The Data Exchange Agency is currently successfully implementing a Twinning project tackling the improvement of the legislative framework for e-governance; capacity-building in e-governance network management, monitoring and security, development of an e-governance policy and communication on e-security issues. The importance of a comprehensive approach towards e-governance, including cyber security, and information society issues will prove all the more necessary in the perspective of the DCFTA.

With actions already being implemented within the ongoing Framework Programmes in support of EU-Georgia Agreements, it is important to highlight the need to remain flexible in terms of programming and contracting. The comprehensive nature of the Framework Programmes in support of EU-Georgia Agreements also presents certain challenges, in that many different types of activities, ranging from legislative work and policy development through human resources' and quality management systems' overhaul and procurement are required to achieve the necessary institutional reforms.

2.4. Complementary actions

The Ministry of Environment Protection and Natural Resources is the recipient of a large number of ongoing projects. The action proposed under this programme will need to take a careful inventory of those projects as some touch upon areas covered by this fiche. However, activities under this proposal are aimed at long-term capacity development of the Ministry rather than short term outputs and, therefore complementarity is ensured.

In relation to the Data Exchange Agency, the proposed intervention will build on the outcomes of the ongoing Twinning project "Promote the strengthening of e-Governance in Georgia" – in particular, the e-Government Strategy and Legal Framework components - which is planned to be finalized before summer 2014. Another relevant EU-funded project is the technical assistance project "EU-Georgia e-Governance Facility", under which the DEA is a beneficiary in terms of the development of the Registry portal and CERT.GOV.GE training capacity. Finally, the DEA is supported by the Economic Prosperity Initiative of the USAID in the development of the Trade Facilitation System of Georgia.

The Parliament of Georgia is currently benefitting from support under CIB 2012 and 2013 budgets. Interventions focus on institutional strengthening of the Parliament in general, as well as on oversight functions specifically in relation to budget oversight. Technical assistance to strengthen the financial oversight functions of the Parliament is also foreseen under the Sector Reform Contract on Public Finance Policy Reform (under Annual Action Programme 2013). The issue of civilian oversight of the security sector is not one which is covered under the ongoing project. In general, this is an issue which is recognised in Georgia as gaining in significance and so support in this area would be timely.

The Inter-agency Gender Equality Commission will work in accordance with a detailed action plan which already sets out key areas of intervention, a timeframe and sources of funding. At the same time, a number of donors such as Swedish International Development Agency (SIDA) and USAID through National Democratic Institute (NDI) are already supporting efforts in the Parliament to address gender equality issues. Any support to the IGEC would be tailored to reinforce actions already being implemented.

2.5. Donor coordination

Co-ordination is ensured by the active participation of donors, sometimes with the inclusion of the Georgian authorities. The EU Delegation regularly organises meetings of Member States' Development Counsellors and also coordinates as well as chairs sectorial donor co-ordination groups in a variety of sectors. In addition to these existing mechanisms, the EU Delegation has made a particular effort to keep all stakeholders informed of the implementation of Framework Programmes in support of EU-Georgia Agreements. The EU Delegation will continue to make full use of the existing donor structures to ensure co-ordination and complementarities of all actions under the Programme. At the level of the Parliament, a donor co-ordination mechanism exists, which will be further supported and strengthened through the ongoing EU-funded Parliamentary support project.

3. DETAILED DESCRIPTION

3.1. Objectives

The proposed action is a top-up to the existing Framework Programmes in support of EU-Georgia Agreements, and thus keeps the same overall and specific objectives.

The overall objective of the Framework Programme is to effectively support Georgia in the implementation of its obligations under the Association Agreement and Deep and Comprehensive Free Trade Area.

The Specific Objectives of the Framework Programme are the following:

- To strengthen the key capacities of a number of institutions important for the ensuring compliance with AA/DCFTA commitments and priorities as reflected in the Association Agenda.
- To increase the transparency and accountability of the institutions in question, through an improvement in the clarity and quality of their policy-making, and a corresponding increase in citizens' awareness, participation and access to information which affects their daily lives.

3.2. Expected results and main activities

3.2.1. Results and activities under the Ministry of Environmental Protection and Natural Resources of Georgia

3.2.1.1. Enhanced policy-making and strategic planning capacities of the Ministry, including environmental impact and strategic environmental assessment capabilities.

- Development of a National Environment Action Plan (NEAP);
- Development of a National Marine Strategy;
- Improved Chemicals Management System;

3.2.1.2. Enhanced public access to environmental information and more transparent and effective decision-making and review procedures introduced.

- Creation of an Environmental Information System and integration of the Georgian system into the EU's Shared Environmental Information System (SEIS);

3.2.1.3. Approximation of environmental legislation with the EU acquis

- Policy and legal advice;
- Exchange of best practices with relevant EU institutions;

3.2.2. Results and activities under the Data Exchange Agency

3.2.2.1. Approximation of the regulatory framework with the EU acquis and promotion of a comprehensive regulatory framework for electronic communications

- Research into topics particularly relevant to the further development of e-Governance and information security;
- improvements in network security and training in combating cybercrime;

3.2.2.2. Capacity-building for the establishment of an E-Government Centre of Excellence

- Feasibility of an E-Government Centre of Excellence assessed and Centre Development Plan adopted;
- Support to design, develop and deliver training curricula in e-Governance;

3.2.2.3. Exchange of information on best practice in the area of network security

- Development of co-operation modalities in the areas of information and cyber security;

3.2.3. Results and activities under the Parliament of Georgia

3.2.3.1. Improved legislative framework for effective civilian oversight

- Provision of information about various models of civilian oversight and policy advice;

3.2.3.2. Strengthened Oversight Capacity of Parliament

- Capacity-building for parliamentary committee members and staff in effective methods of control, including in the defense and security sectors;

3.2.3.3. Improved interaction between Parliament and Civil Society on matters of security sector oversight

- Means of civil society input to security sector oversight defined and operationalised;

3.2.4. Results and activities under the Inter-agency Gender Equality Commission

3.2.4.1. Increased awareness among government agencies of the effects of a gender sensitive approach to policy-making and corresponding budgetary requests in their specific sectors and its consistent implementation

- Capacity-building on gender mainstreaming in sectoral policy-making, budgeting and staffing policies across government agencies;

3.2.4.2. Strengthened institutional capacity of the Inter-Agency Gender Equality Commission

- Provision of support for implementation of the National Gender Equality Plan.

3.3. Risks and assumptions

The following risks have been identified:

- Lack of political commitment to and quality of the reform process
- Political instability in the region, including Georgia and consequent changes in government structures and staffing remains a risk
- The low absorption capacity of the main institutions due to the high staff turnover, difficulties in filling some positions in the State and public service. High turnover of staff
- The reluctance of certain institutional stakeholders (most notably, those outside the executive branch) to comply with the scope and extent of the reforms.

The success of the intervention will highly depend on a number of assumptions:

- Georgia remains committed to cooperate with the EU, with a view to an eventual integration.
- The selected institutions will allocate the necessary human, financial and technical resources to the implementation of the projects
- No drastic reshuffling of the current political forces and their current favourable position towards EU integration takes place.

3.4. Cross-cutting issues

This support will directly contribute to good governance by improving the work of public institutions and management of public resources. It will also directly contribute to ensuring respect for human rights and fundamental freedoms by efforts to increase transparency and accountability of government institutions. It will directly support the activities related to gender equality and sustainable development.

3.5. Stakeholders

The relevant stakeholders to the top-up project are: the Ministry of Environment Protection and Natural Resources, The Data Exchange Agency, the Parliament and the Inter-Agency Gender Equality Commission.

The final beneficiaries of these actions are the whole population of Georgia as the results will target areas related to democratic representation, data protection, gender equality promotion and environmental protection.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is foreseen to amend a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative execution period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 48 months from the date of entry into force of the financing agreement or, where none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

4.3. Implementation components and modules

The top-up project will be implemented under direct management mode.

For supporting the Parliament and the Ministry of Environment Protection and Natural Resources, twinning contracts will be concluded.

For support to the Data Exchange Agency and the Inter-Agency Gender Equality Commission, service contracts will be concluded.

4.3.1. Grants: 2 calls for proposal for Twinning projects

(a) Objectives

The Twinning calls for proposals modality will be used for implementing actions under objectives defined in section 3.1, providing assistance to the Ministry of Environment and Natural Recourses (result 3.2.1) and to the Parliament (result 3.2.3).

(b) Eligibility conditions

In line with Article 5(10)(b) of Regulation (EU) No 236/2014, participation in Twinning calls for proposals is limited to public administrations of the EU member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies entrusted with a public service mission under their control provided they act for the account and under the responsibility of that member State.

(c) Essential selection and award criteria

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

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

(d) Maximum rate of co-financing

The rate of co-financing for the twinning grant contracts is 100%¹.

(e) Indicative trimester to launch the calls

2nd trimester of 2015.

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

Twinning contracts include a system of unit costs and flat rate financing, defined in the Twinning Manual, for the reimbursement of the public sector expertise provided by the selected Member States administrations. This system of unit costs and flat rate financing exceeds the amount of EUR 60 000 per beneficiary of a Twinning contract.

4.3.2. Procurement (direct management)

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance to the Data Exchange Agency (result 3.2.2)	services	1	2 nd trimester 2015
Technical assistance to the Inter-agency Gender Equality Commission (result 3.2.4)	services	1	2 nd trimester 2015
Communication and visibility	services	1	3rd trimester 2015

4.4. Scope of geographical eligibility for procurement and grants

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

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(3) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

¹ As provided for in the Twinning Manual.

4.5. Indicative budget

Module	Amount in EUR million	Third party contribution (indicative, where known)
4.3.1. – Twinning calls for proposals (direct management)	3.2	N.A.
4.3.2. – Procurement (direct management)	4.5	N.A.
4.8. – Communication and visibility	0.3	N.A.
Totals	8.0	N.A.

4.6. Performance monitoring

The Commission and the partner country regularly review progress made in the implementation of the Framework Programmes in support of EU-Georgia Agreements through a special Steering Committee (SC) which meets twice a year. Apart from steering the overall process, the SC also aggregates information about progress in implementation which will be made available to relevant stakeholders.

At the level of the individual interventions, one Management Committee (MC) per intervention will be convened by the beneficiary institution involving the Commission and other co-financing donors. The committees will meet regularly to review progress on the basis of periodic reports.

Monitoring of actions aimed at achieving objectives prioritised under the Association Agenda will be based on the results agreed during the project preparation phase and steering committee meetings.

In view of the importance of holding government to account, entry points for non-state actors, especially in monitoring and evaluation activities of the overall achievement of agreement objectives or as representatives of end users of specific institutions' services, will be increasingly explored.

4.7. Evaluation and audit

A mid-term and final evaluation are foreseen for the existing Framework Programmes in support of EU-Georgia Agreements and will also include the activities funded under this top-up.

4.8. Communication and visibility

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 4.5 above.

The measures shall be implemented either (a) by the Commission, and/or (b) by the partner country, contractors and grant beneficiaries. Appropriate contractual obligations shall be included in, respectively, financing agreements, procurement and grant contracts.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Additional communication and visibility measures will be implemented by way of procurement for an indicative amount of EUR 300 000.