

ACTION FICHE FOR GEORGIA - ENPI AAP 2008

1. IDENTIFICATION

Title	Support to the peaceful settlement of Georgian internal conflicts – CRIS N° ENPI/2008/19631		
Total cost	6 million Euros		
Aid method / Management mode	Joint management / centralised management		
DAC-code	73010 72030 15220 15150	Sector	- Rehabilitation/Economic reconstruction; - Aid to refugees (in recipient country); - Civilian conflict and peace-building - Strengthening civil society

2. RATIONALE

2.1. Sector context

Georgia has two unresolved regional conflicts in Abkhazia and South Ossetia, Georgia. As a result of both conflicts a group of internally displaced persons (IDPs) is unable to return to their homes. Upon his election in January 2004 Georgia's new President Mikheil Saakashvili vowed to restore the Georgia's territorial integrity before the end of his term. Since May 2004 President Saakashvili has repeatedly stated that the issue of returning South Ossetia, Georgia and Abkhazia, Georgia is a high priority on the political agenda and a corresponding plan will be developed by the Georgian Government. Fourteen years of negotiation, led respectively by the UN (in Abkhazia, Georgia) and the OSCE (in South Ossetia, Georgia) have done little to resolve the conflicts. Increased involvement of the European Commission (EC) to support a peaceful settlement of the conflict included an increasing number of assistance programmes to support the population that is affected by the conflicts. As a result the EC is the largest donor organisation in both conflict zones. However, the EC-funding for conflict mitigation and post-conflict reconstruction and confidence building programmes is an ongoing process that involves a long-term commitment to ensure sustainable results on the ground. This commitment from both sides has also been affirmed in the EU-Georgia ENP AP where promotion of peaceful resolution of conflicts is one of the priority areas for cooperation.

Problem analysis

Economic rehabilitation South Ossetia, Georgia / Tskhinvali Region

South Ossetia, Georgia has been increasingly affected by the collapse of the Soviet Union and the resulting conflict. The process of conflict settlement has been slow and has faced several setbacks over time. The armed confrontation of 1991-1992 ended and peaceful political settlement negotiations started, although not yet yielding nearing lasting political resolution. This situation changed in 2004 when the newly-elected Georgian President Mikhail Saakashvili made restoration of territorial integrity the main government priority. Since then the conflict has varied in intensity and content depending on both external circumstances and local political, social and economic conditions.

While some progress in rehabilitation is being made, poor infrastructure and insufficient basic services, destroyed houses, concerns about safety and security and lack of trust are still prevalent

features in South Ossetia, Georgia. At present it is difficult to estimate even approximate number of residents of both ethnicities in South Ossetia, Georgia/ Tskhinvali Region.

Support to Internally Displaced Persons (IDP)

The EC recognises the necessity to support the needs of persons who are internally displaced (IDPs) and are located outside the conflict zones of Abkhazia and South Ossetia, Georgia. The Georgian government has acknowledged the need for a consistent policy to address the needs of the IDPs, which resulted in the adoption of a State Strategy on IDPs in February 2007. Work on a strategy implementation Action Plan (AP) has been ongoing since then and it is to be finalised and adopted by spring 2008. Upon adoption of the Action Plan, the Government plans to organize a donor's conference on assisting the Government to finance AP implementation. The AP aims to improve protection and provide social and economic rehabilitation assistance to the IDPs with the aim to facilitate their return as well as to promote integration of IDPs into Georgian society.

Confidence building measures

The lack of confidence between the opposing sides to the conflict is still a major impediment to the settlement of the regional conflicts. At the time of establishing the ENPI 2008 Action Programme, a package of new Confidence Building Measure (CBMs) has been adopted by the EU following up a joint council-commission mission in 2007. The EC Delegation proposes to support the implementation of this package of CBMs. Past experience shows that there is a need for flexibility in programming to be able to respond to the needs of the beneficiaries in a politically volatile environment and also to accommodate to potential requests stemming from the follow-up of the COM/SEC mission of January 2007.

2.2. Lessons learnt

The European Commission (EC) supports the peaceful resolution of the internal conflicts on the basis of meaningful negotiations and a continuing search for a political settlement. However, the EC is not directly involved in the political side of conflict resolution in Abkhazia, Georgia or South Ossetia, Georgia. Instead, the EC actively supports various economic rehabilitation and confidence building activities in the Georgian-Abkhaz and Georgian-Ossetian zones of conflict as an important measure to build greater trust between the conflict-affected populations. One key factor of the European Commission's programmes in Abkhazia, Georgia and South Ossetia, Georgia has been the deliberate policy of assisting each of the ethnic communities divided by the conflict. While confidence building in conflict situations remains a long-term process, the EC programmes have shown that through its assistance the European Commission can play an important role in creating a dialogue and build confidence between the sides as well as in efforts to build bridges within local communities. This was confirmed in the EC monitoring reports of the economic rehabilitation programmes in the Georgian-Ossetian zone of conflict in 2007.

2.3. Complementary actions

Economic Rehabilitation South Ossetia, Georgia (Phases I-IV)

For the past ten years the EC has been the main donor contributing to the peaceful settlement of the conflict between Georgia and South Ossetia, Georgia and supporting rehabilitation and economic development in the zone of conflict with the total budget of 9.5 million Euros. Since 2004 the OSCE is the main implementing partner of EC-funded rehabilitation programmes in the conflict zone.

Support to IDPs

Under several programmes for Abkhazia, Georgia, the EC supports returnees with shelter assistance and income-generation projects. Under the Decentralised Cooperation programme the EC also funds several NGO initiatives that address the needs of IDPs outside the conflict zones. However, there is ample scope to broaden these initiatives, especially in line with the new IDP strategy.

Confidence Building measures

In the beginning of 2007 a joint commission-council mission has been conducted in the conflict region of Abkhazia, Georgia. A certain number of confidence building measures have been defined, relating basically to the promotion of people to people contacts between the conflict parties, facilitation of customs operations, integration of conflict zone population in community programmes, etc. The European Union Special Representative, who is already involved with activities in support to the state border management, may take up some of these CBM.

2.4. Donor coordination

Regular coordination meetings take place among the main stakeholders. The issue of conflict management is a regular topic in the ambassadorial meetings. The EC chairs the steering committee for the implementation of EC projects in Abkhazia, Georgia where the main project implementation partners, i.e. UNOMIG, UNDP are coming together. EC also partakes in the meetings of the Joint Control Commission (JCC) for South Ossetia, Georgia where negotiations on peaceful settlement are currently stalled. Working contacts between programme managers of different organisations involved in the conflict zones take place on a regular and frequent basis.

3. DESCRIPTION

3.1. Objectives

The overall objective of the EC programmes in the conflict zones of Abkhazia, Georgia and South Ossetia, Georgia and adjacent areas is to enhance stability and security through **confidence building** measures aiming at the prevention and settlement of internal conflicts and promoting actions in favour of affected populations. The EC programmes aim to create preconditions for local economic and social development, as well as for safe and dignified repatriation of refugees and displaced persons.

The specific objectives of the proposed programme are to continue and broaden activities in the following three fields,

- a) Continued economic rehabilitation in South Ossetia, Georgia;
- b) Support to IDPs (in line with the State Strategy for IDPs of the Georgian Government);
- c) Additional confidence building measures promoting among others people to people contacts

Concurrently the programme will improve the living condition for approximately 70,000 people of all ethnic groups residing in the area and contribute to building and strengthening confidence between the various ethnic communities at all levels within the population.

3.2. Expected results and main activities

The expected results, and related main activities, of the proposed programme are set forth below – with civil society support for confidence building as integrated cross-cutting issue:

a) Continued economic rehabilitation in South Ossetia, Georgia/ Tskhinvali Region

A needs assessment has been conducted by OSCE in 2005 for South Ossetia, Georgia and the areas of Rural Economy, Road, Construction, Business Development, Energy and Finance have been retained. A certain number of activities have been adopted by the JCC that will serve as a basis for further discussions with main stakeholders on the definition of concrete interventions in the framework of the AAP2008.

b) Support to IDPs (in line with IDP strategy):

This component covers support operations and initiatives that address the needs of IDPs as well as returnees who are affected by the conflicts and are centred on poverty reduction and sustainable development.

c) Additional Confidence Building Measures

This component addresses the support to the peace process and complements ongoing EC programmes on conflict transformation with a series of confidence building measures. A number of concrete measures have been defined by a joint commission-council mission in 2007 and will serve as a basis for further discussions with the main stakeholders.

Cross-cutting issues: civil society support for confidence building

Support to civil society capacity building and awareness rising for post-conflict resolution is an integrated element of the overall programme. There is a need to build capacity at local level within the NGO community on both sides in the zone of conflict. Here civil society, e.g. international and local NGOs, play an important role. There is a need to continue, and where possible strengthen, the dialogue between the different communities. Amongst others, there is a clear need to advance confidence within and between inhabitants of different ethnicities in the zones of conflict, by gaining a clearer understanding of their needs, supporting the development of stronger civil society representatives and strengthening their commitment towards peaceful ways of resolving issues.

3.3. Stakeholders

The programme components require the consultation and consent of the Georgian Government and other relevant stakeholders. The Steering Committees of the on-going programmes in South Ossetia, Georgia and Abkhazia, Georgia will represent the forum for oversight of the overall programme implementation.

The main actors involved in the implementation of the programme are listed below:

- 1) Economic rehabilitation – South Ossetia, Georgia: OSCE, EU member states, USA, Russia, Georgian Government, UN Agencies (UNDP, UNHCR);
- 2) Support to IDPs - UNHCR, international and local NGOs (DRC, NRC, SDC, etc.), ICRC;
- 3) Confidence building measures - OSCE, EUSR's office, international and local NGOs.

The final beneficiaries will be the population affected by the conflict on both sides.

3.4. Risks and assumptions

The Georgian/Ossetian conflict has festered since the conflict ended in 1992 with a ceasefire agreement. Fourteen years of negotiations led by the OSCE and Russia, have to date not been able to resolve the conflict. Prospects for an early comprehensive settlement of the conflict are bleak. While the conflict itself remains unsolved there are also positive developments. Ceasefire violations are rare, internally displaced persons have returned to their homes in the zone of conflict, while the situation on the conflict zone remains relatively calm and quiet. However, there is a frequent recurrence of political tensions that potentially affect the security situation in the conflict zone, which could hamper the implementation of the programme on the ground. Political support to economic rehabilitation and confidence building activities, as well as willingness to cooperate between the conflicting sides, are preconditions for implementation of the programme.

3.5. Crosscutting Issues

The programme will contribute to the improvement of livelihoods of the population affected by the conflict on both sides. At the same time the rehabilitation activities serve as a confidence building measure. EC project assistance in the conflict zone plays an important role in creating a dialogue between the sides and in mitigating political tensions and risks of resumption of hostilities in the zones of conflict. The programme has the following overarching development and cross-cutting objectives that are directly targeted: conflict resolution and peace building. The project has a significant indirect impact on the following issues: poverty reduction, good governance, environment and gender balance.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

Component 1 (Economic rehabilitation – South Ossetia) will be implemented by contribution agreement with OSCE, while components 2 (Support to IDPs) and 3 (confidence building measures) will be implemented through centralised management.

4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

With regard to component 1, all contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

4.3. Budget and calendar

The total budget of the programme is 6 million Euros. Taking into account the volatile situation in the zones of conflict, a flexible approach in budget allocation between the three components should be retained. The tentative allocations between the three components could be (*but are not limited to*) the following: Infrastructure rehabilitation: €3 million; Support to IDPs: €1 million; CBMs: €2 million. The tentative allocations cover also expenditures related to audit and evaluation.

Each above-mentioned component should include the necessary provision for audit, evaluation and communication/visibility activities (see sections 4.5 and 4.6 below).

The operational duration of the programme should indicatively be of a maximum of 36 months as from signature of the Financing Agreement.

4.4. Performance monitoring

Project monitoring and evaluation will be based on periodic assessment of progress on delivering of specified project results and towards achievement of project objectives. Suitable objectively quantifiable indicators will be agreed between the contracting authorities and the project partners. The Steering Committee is the mechanism that is foreseen for the overall monitoring of the programme implementation. The performance will also be monitored by the Delegation during regular visits to the projects. In addition, it is foreseen that the practice to introduce monitoring and evaluation reporting of the EC-funded programmes in the zones of conflict by the external EC monitoring team, as commenced in 2007 for the EC rehabilitation programmes in South Ossetia, Georgia/Tskhinvali Region, will be continued under this programme.

4.5. Evaluation and audit

Evaluation of the programme as well as external audits may be carried out if so decided by the Commission. In such a case, they may be entrusted to independent consultants.

4.6. Communication and visibility

EU visibility will be an important political aspect of the programme in conveying EU values as integrated part of any rehabilitation and confidence building measures. The programme will follow the orientations of the Manual on Visibility of External Actions (e.g., press release at the signature of the FA, visibility for reports and studies, etc).