



ANNEX 2

of the Commission Implementing Decision on the Annual Action Programme 2016 in favour of Georgia

Action Document for Technical Cooperation Facility II

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning calls for proposals:

5.4.1 Grants: up to 8 calls for proposals for Twinning projects (direct management)

and in the following sections concerning grants awarded directly without a call for proposals:

5.4.2 Grants: direct award to Public Service Development Agency (PSDA) on "Support to the State Commission on Migration Issues to ensure policy compliance with all benchmarks under the Visa Liberalisation Action Plan " (direct management)

5.4.3 Grant: direct award for participation of Georgia in the EU Programme "Creative Europe" (direct management)

5.4.4 Grant: direct award for participation of Georgia in the EU Programme "Horizon 2020" (direct management)

1. Title/basic act/ CRIS number	Technical Cooperation Facility II CRIS number: ENI/2016/039-337 financed under European Neighbourhood Instrument
2. Zone benefiting from the action/location	Georgia

	The action shall be carried out at the following location: country wide			
3. Programming document	Single Support Framework for EU support to Georgia 2014-2017			
4. Sector of concentration/ thematic area	Complementary support for capacity development and institution building			
5. Amounts concerned	<p>Total estimated cost: EUR 35,323,500</p> <p>Total amount of EU budget contribution: EUR 32,000,000</p> <p>This action is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"> - International Centre for Migration Policy Development (ICMPD) <p>for an amount of EUR 50,000.00</p> <ul style="list-style-type: none"> - International Organisation for Migration (IOM) <p>EUR 50,000.00</p> <p>This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 3,223,500</p>			
6. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>Direct management: grants – call for proposals; grants – direct award; procurement of services</p> <p>Indirect management with International Centre for Migration Policy Development (ICMPD)</p> <p>Indirect management with International Organisation for Migration (IOM)</p>			
7. DAC code(s)	15110, Public Sector Policy and Administrative Management			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	x
	Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	x
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>	

	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships				

SUMMARY

The programme will support Georgia in the implementation of EU-Georgia agreements, as well as mobility of persons between the EU and Georgia.

The specific objectives are:

- To enhance the capacity of the Georgian public institutions in selected priority areas to comply with the commitments set out in the Association Agreement (AA), Deep and Comprehensive Free Trade Area (DCFTA), Visa Liberalisation Action Plan (VLAP) and Readmission Agreement (RA);
- To support the participation of Georgian organisations and individuals in EU programmes "Creative Europe" and "Horizon 2020".

Particular attention under this programme, while supporting the implementation of the EU-Georgia agreements, will be paid to governance issues, especially ensuring that policies and laws are prepared, implemented and reviewed on the basis of inclusive and evidence-based approach.

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

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

1.1.1 *Public Policy Assessment and EU Policy Framework*

The European Neighbourhood Policy review conducted in 2015 reiterated the interest of the EU in strengthening its ties with neighbours offering more differentiation and flexibility in its approach. Particular emphasis is put on fostering economic development and modernisation, particularly for countries having signed an Association Agreement with the EU.

The EU-Georgia Association Agreement (AA), including the Deep and Comprehensive Free Trade Area (DCFTA), provisionally applied since September 2014 and due to enter into force on 1 July 2016, sets out the foundation for political association and enhanced economic integration between Georgia and the EU. The Association Agenda, agreed between the EU and Georgia in 2014, was prepared to facilitate the implementation of the AA and provides a list of priorities for

joint work in the period 2014-2016, and Georgian line ministries have developed action plans for implementing the Association Agenda. The EU and the Government of Georgia have started preparations for negotiation of the next phase of the Association Agenda, covering the period 2017-2020.

Under the AA/DCFTA, Georgia has taken important commitments in terms of reform and approximation with the EU in a wide range of areas. The EU-Georgia Association Council, as well as the Association Committee and its relevant Sub-Committees, have taken stock of progress and identified areas where further efforts are needed. The connectivity of the country has emerged as an area requiring specific attention, particularly in the energy area where Georgia is negotiating for full membership in the Energy Community Treaty. Against Georgia's good overall progress in complying with the DCFTA requirements, further efforts are needed in certain areas in order to take full advantage of the agreement. Those areas include trade facilitation, intellectual property rights, banking services and public procurement.

The EU-Georgia Visa Dialogue has proved to be an important and effective tool for advancing far-reaching and difficult reforms in the Justice and Home Affairs area and beyond. The final progress report by the European Commission on the Visa Liberalisation Action Plan (VLAP) in December 2015 concluded that Georgia has fulfilled all the required benchmarks. On this basis, the Commission tabled a legislative proposal on 9 March 2016 to the European Parliament and the Council to exempt Georgian citizens from the visa requirement in line with the criteria of Regulation 539/2001, i.e. to include Georgia on the list of the countries whose nationals are exempted from the visa requirement for short stays (90 days out of 180). The EU-Georgia Readmission Agreement (RA) also has a clear requirement to sustain the reforms promoting secure mobility between the EU and Georgia.

Under the European Neighbourhood Policy, particularly following its recent review, the EU is promoting participation of its partner countries in the EU programmes. In this framework, Georgia joined as full member the EU programme "Creative Europe" in February 2015 and as associated member the EU programme "Horizon 2020" in April 2016.

The programme of the government of Georgia "*For a Strong, Democratic and United Georgia*" and the National Social-Economic Strategy (*Georgia 2020*) serve as the main strategic documents; they provide the overall priority-setting and development framework of the country. Also, the Public administration Reform Roadmap 2020, and the Policy Planning System Reform Strategy 2015-17 provides a framework to address better policy and legislative development across sectors. These documents are complemented by sector specific strategic documents as well as the national Human Rights Strategy with its Action Plan which includes a number of issues falling under the VLAP.

The Single Support Framework (SSF) for EU support to Georgia 2014-2017 includes support to the capacity development and institution building for implementation of the prioritised commitments under the EU-Georgia agreements. This support complements assistance channelled through the three focal areas.

1.1.2 Stakeholder analysis

The capacities of the public institutions supported under this programme, including their departments as potential direct beneficiaries, have been jointly assessed by the Government representatives and the EU Delegation. For the selection of the intervention areas under this

programme and specific institutions selected, a sufficient capacity to receive EU assistance and to contribute to successful implementation of this programme was one of the key criteria.

In relation to the **AA and DCFTA areas**, the following institutions will be involved in the implementation of activities within this programme direct beneficiaries: Department on Coordination of EU Assistance at the Office of State Minister on European and Euro-Atlantic Integration (OSMEEAI) **for horizontal support to AA and DCFTA implementation**; Energy and Water Regulatory Commission (GNERC) in the field of **energy**; Legal and Policy Planning Departments at the Ministry of Economy and Sustainable Development; National Intellectual Property Centre of Georgia Sakpatenti in the field of **intellectual property rights**; Legal and Human Resource and Services Departments at the National Bank of Georgia in the field of **banking services**; State Procurement Agency in field of **procurement**; Shota Rustaveli National Science Foundation (SRNSF) and the International and Programmes Department of the Ministry of Education and Science for participation in the field of **research, technological development and innovation**; International and Policy Planning Departments at the Ministry of Culture and Monument Protection in the field of **culture**. In addition, the Administration of the Government of Georgia is a key stakeholder, as it coordinates the reforms in the policy planning system.

The following public institutions are also relevant stakeholders involved **in the implementation of VLAP and RA**: Public Service Development Agency (PSDA) under the Ministry of Justice; Ministry of Internal Affairs, Ministry of Foreign Affairs, Ministry of Labour, Health and Social Affairs (MoLHSA), State Security Service, State Ministry on Diaspora issues.

Civil society organisations will be associated to the implementation and monitoring of the programme with a view to promoting reforms, transparency and public accountability. Specific attention will be paid in the framework of this programme to ensure that civil society and other non-state stakeholders are consulted in the right time of the legislative and policy-making process and that the decision-makers are informed about the outcomes of the consultations.

The final beneficiaries of the programme are customers (public and private) of improved services rendered by the public institutions supported; the researchers and scientists in Georgia and in the EU Member States participating in the projects funded within EU programme "Horizon 2020"; representatives of the cultural and creative sectors of Georgia benefitting from participation in the EU programme "Creative Europe". Citizens in both Georgia and the EU Member States can also be considered as final beneficiaries of the programme since it supports the visa liberalisation and contributes to the decrease of irregular migration from and through Georgia into the EU Member States, enhancing secure migration in and from Georgia.

1.1.3 Priority areas for support/problem analysis

1. To enhance the capacity of the Georgian public institutions to implement the EU-Georgia agreements

Interconnectivity of Georgia is a key part of the **AA and the DCFTA**, with a number of specific requirements: As the country is negotiating for full membership in the Energy Community Treaty, it has to ensure that **energy** markets are operated to reach competitive, secure and environmentally sustainable conditions. While the first phase of the Technical Cooperation Facility (TCF I) provided support on electricity distribution tariffs, regulatory audit and market monitoring, this programme will assist in improving policy and regulations in electricity and gas sectors to implement new energy legislation in compliance with the Third Energy Package.

While bilateral **trade** flows between the EU and Georgia seem to profit from the provisional application of the DCFTA, a number of core institutions were identified as needing support. First of all, support in improving overall monitoring over implementation of the AA and DCFTA is required. Also, in order to comply with requirements of legal approximation with the EU 'acquis', the areas of **trade facilitation, intellectual property rights, banking services and public procurement** are in need of further assistance. More specifically, the Georgian authorities have requested support for establishment of an anti-fraud system, simplification of formalities in trade and goods, integration of Georgia in the EU new computerised transit system platform, risk-management, as well as export promotion and attracting investments. These support measures are in line with the trade related indicators presented in a recent OECD country analysis paper¹. The other areas in which support has been requested are related to the approximation of the Georgian banking legislation with EU *acquis*, the efficient protection and control system over Geographical Indications, the development of a transparent, and non-discriminatory, competitive public procurement system comparable with EU standards. These concrete needs have not been tackled by other EU programmes, which have focused on other important priorities such as sanitary and phyto-sanitary standards as well as technical norms and standards.

As concerns the visa liberalisation process, the Commission concluded in December 2015 that Georgia meets all the **VLAP** benchmarks. However, the envisaged EU visa waiver suspension mechanism, particularly the non-regression clause, foresees that VLAP benchmarks should not only be met at the time of granting the visa free regime but also sustained thereafter. Therefore, Georgia must build on its solid legislative and institutional framework to further improve its track-record and continue delivering results in all VLAP-related areas. In this context, the Commission will continue to actively monitor Georgia's continuous implementation of all benchmarks under the four blocks of the VLAP. The fields to monitor include: Block 1: Document security, including biometrics; 2) Integrated border management, migration management, asylum; 3) Public order and security (including fight against corruption, organised crime, trafficking in human beings, terrorism and drugs, as well as personal data protection); and 4) External relations and fundamental rights (including anti-discrimination). Furthermore, as effective implementation of the EU-Georgia **RA** is needed for smooth implementation of the VLAP, it is essential to carry on upgrading the capacities of relevant Georgian institutions to respond to rapidly changing international migration threats.

The Georgian **institutions monitoring all the four VLAP areas and those responsible for the respective policy areas** require stronger capacities. Specifically under **migration and border management**, support is required in establishing a single sign-on system for Georgian citizens to authenticate themselves in order to continue ensuring high level of data protection and document security. This is one of the crucial elements of the VLAP and RA. The programme helps to extend these services throughout the country, covering the most remote areas which are more prone to migration. Such support has not been provided through previous EU assistance. The ultimate results of this support will also benefit the EU and its Member States notably in terms of improved application of readmission procedures.

The reforms and legislative approximation require continued progress in **institution building and capacity development** of the Georgian public institutions initiated in previous EU funded

¹ Trade Facilitation Indicators, Country note – Georgia, OECD

actions, including TCF I. The areas for support within this programme have been negotiated and agreed between the Government of Georgia and EU representatives at several high-level and technical meetings. The following selection criteria have been applied for assessing the specific support actions: (a) importance for the EU-Georgia cooperation agenda and political dialogue; (b) relevance to the Georgian strategies/action plans for implementation of the agreements with the focus on the priority areas for this programme; (c) level of approximation of national legislation with the EU ‘*acquis*’/implementation of the EU best practices; (d) maturity and sustainability of the presented proposals; (e) capacity of the beneficiary institution to implement project/action.

In order to ensure implementation and enforcement of adopted policies and legislation under this programme, specific attention will be paid that the **legislative and policy-making process** is inclusive and evidence-based. The process of EU approximation and economic integration will require Georgia to strengthen the policy-making and strategic planning capacities of its public institutions, including relevant policy guidance, effective leadership and coordination. As evidenced in the ongoing reform process, Georgia faces a number of issues in selected areas such as improving legislation, increasing awareness of stakeholders, improving monitoring and strengthening the knowledge for adequate policy-making. Furthermore, there is a need to increase awareness on gender equality and the impact that policies and selection of priorities by public institutions might have on the lives of men and women.

2. Support to the participation of Georgian organisations and individuals in EU programmes "Creative Europe" and "Horizon 2020"

Participation in the EU programmes “Creative Europe” and “Horizon 2020” will allow cultural and creative organisations as well as researchers and scientists of Georgia to team up with partners from EU Member States, to get funding and implement jointly the cooperation projects, and to improve and deepen the networking and strengthen platforms. Such participation is expected to also strengthen capacities of the beneficiary institutions to implement the AA in the areas covered by this programme. The initial support started within TCF I by reimbursing up to 50% of participation fees in both programmes (years 2015, 2016 and 2017 for "Creative Europe and years 2016, 2017 for "Horizon 2020"). The present programme envisages sustained support until 2020 for Georgia to participate in these programmes as it would ultimately provide a mutually beneficial environment in the area of economic, scientific and cultural cooperation .

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
External political tensions, social or economic instability in Georgia, or a further downturn in the global economy divert the Government’s focus and resources away from its reform agenda	M	Continued policy dialogue with the Georgian authorities; Supporting implementation of the EU-Georgia agreements
Human rights are not guaranteed for all groups (religious, ethnic,	M	Support the Government in the implementation of the National Human

vulnerable women, sexual minorities and children) of society		Rights Strategy
High turnover of staff in public institutions and associated loss of institutional memory	L	Continuous policy dialogue with the government; EU support to public administration reform
Weakening of the Government's commitment to or political base for reforms related to EU-Georgia agreements	L	Continued political and policy dialogue with the authorities; Information campaigns to the institutions and the general public
Limited capacity of the Government to effectively perform functions of policy coordination, policy analysis and (regulatory, fiscal, etc.) impact assessments, inter-ministerial coordination and public consultations	M	Policy dialogue and assistance to ensure strengthening of policy coordination function and improve evidence-based policy and legislative development and organisation of public consultations
Assumptions		
<p>The Government of Georgia (a) remains committed to fundamental values of democracy, rule of law and human rights; (b) continues actions for political and economic integration with the EU; (c) pursues public administration reform in line with the best international and EU practices.</p> <p>The beneficiary institutions are properly staffed and with necessary absorption capacity to receive and benefit from the proposed actions.</p> <p>Sufficient institutional capacity / maintaining key leadership and technical staff as well as strong planning, implementation and coordination capacity in beneficiary institutions.</p>		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The programme is designed based on the lessons learnt from the implementation of the Comprehensive Institution Building (CIB) programme as well as TCF I. In addition, the recommendations of the Country Evaluation on EU Support to Georgia in 2007-2013 as well the Evaluation of the Twinning instrument in Georgia (2007-2014) are taken into account. One of the main lessons learnt from previous EU support, also highlighted by both evaluations, is the need to allow for flexibility in implementation of the EU programmes. The recent European Neighbourhood Policy review also calls for greater flexibility, stating that "*flexibility must be sought to enable the EU and its partners to respond to changing needs and circumstances*". Under this programme, the specific amounts for individual actions will be adjusted in function of the latest developments and updated needs assessment. A customised approach for different

support needs using various tools, such as technical assistance, twinning, direct grants to Georgian public institutions and services, has also proved to be success factor under the CIB and has been applied in the design of this programme.

Another lesson learnt from the CIB implementation and preparation of TCF I was the need for an inclusive approach: whereas most support was focused on a limited number of institutions, which were holders of the Institutional Reform Plans and central in preparing the ground for implementation of the AA, the practice showed that it was essential to cooperate also with other related public institutions in the same policy areas. Such an inclusive approach is also applied under this programme, e.g. in reaching the support to regional and local level actors.

A general lesson learnt, applying to all sectors, is that policy and legislative development needs be evidence-based, costed and subject to appropriate internal and external stakeholder consultations at the right time of the legislative and policy-making process. This is a key in ensuring implementation and enforcement of adopted policies and legislation.

3.2 Complementarity, synergy and donor coordination

The programme is complementary to existing and foreseen EU assistance under the three focal sectors of the SSF. Whereas EU assistance in the focal sectors also helps Georgia to address its commitments under the EU-Georgia agreements, this programme allows to target certain institutions outside these sectors but still of key importance for the implementation of the agreements. The programme represents an effective continuation of the CIB and the first phase of the TCF. It extends the time period of support for participation of the Georgian organisations and individuals in EU programmes "Creative Europe" and "Horizon 2020" started within TCF I. It also complements previous support in the energy sector: Under the CIB and TCF I, support was provided on electricity distribution tariffs, regulatory audit and market monitoring, while this programme will assist in improving policy and regulations of the electricity and natural gas sectors. In the trade area, standardisation, accreditation, market surveillance of the trade facilitation area are supported via the CIB, while this programme focuses on trade facilitation as well as intellectual property rights, banking services and public procurement – these areas are not covered by other ongoing EU bilateral or regional programmes.

The implementation of both VLAP and RA has been supported through previous EU assistance including TCF I, with a focus on enhancing the capacities of the State Commission on Migration Issues; supporting cooperation and channels of communication with EU Member States and third countries in the fight against organised crime. This programme provides further support to the State Commission on Migration Issues in extending the VLAP relevant measures to the most remote regions of Georgia which are more prone to migration, and in monitoring Georgia's continued compliance with all benchmarks under the four blocks of the VLAP, in particular as regards authenticity and security of documents as well as data protection. This support will be coordinated with the ongoing Council of Europe implemented Eastern Partnership regional project on fight against money laundering. As concerns implementation of RA, this programme builds on previous EU support taking into account the swift evolution of EU requirements on personal identification.

Furthermore, this programme will be complementary to the ongoing and upcoming EU budget support operations, such as the European Neighbourhood Programme for Agriculture and Rural Development in Georgia (ENPARD), with phase III under this AAP, in activities linked to trade facilitation; as well as those supporting Public Administration Reform and the DCFTA, Small

and Medium sized Enterprises (SMEs). The Civil Society Facility in Georgia helps to reinforce the role of civil society actors in monitoring Georgian reform efforts, including in areas covered by this programme, whereas the European Initiative for Democracy and Human Rights (EIDHR) supports civil society organisations active particularly in the VLAP and RA areas.

This programme is also complementary to activities implemented or planned by other donors, such as the World Bank, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, USAID, Sweden and Netherlands) active in the fields of trade facilitation, intellectual property rights and in certain areas under VLAP (Sweden, Netherlands on anti-discrimination; US Department of Justice and US Bureau of International Narcotics and Law Enforcement Affairs (INL) on trans-border security).

The coordination of EU assistance is with the Office of the State Minister for European and Euro-Atlantic Integration (OSMEEAI), which will be the main coordinator for this programme. It is expected that OSMEAI will ensure proper coordination of the programme with the Administration of Government (AoG), which assumes overall responsibility for the coordination of external assistance. As concerns specific sectors covered, the Ministry of Economy and Sustainable Development has started efforts in coordinating donor efforts supporting DCFTA – this programme helps to reinforce such coordination. In the VLAP and RA areas, the donor coordination has been well established, with the Ministry of Justice and Ministry of Internal Affairs sharing responsibilities.

In addition, the EU Delegation ensures co-ordination with the EU Member States through regular meetings, inviting Georgian authorities to the meetings. The EU Delegation also coordinates and chairs sectorial donor co-ordination groups in a variety of sectors like Governance, Human Capital development, Rule of Law and Justice.

3.3 Cross-cutting issues

All activities under this programme will be designed and implemented in accordance with principles of good governance and human rights, gender equality and environmental sustainability and the inclusion of socially or economically deprived groups wherever these issues are of particular relevance to the institutions to be assisted. Gender equality is strongly embedded in activities supporting the implementation of VLAP and RA. In this area, the programme activities include awareness raising campaigns as well as support to mainstreaming gender issues into national planning and budgeting processes. Particular attention will be given to mainstreaming environmental aspects into other areas (such as energy and trade facilitation) and to compliance with EU environmental standards.

4. DESCRIPTION OF THE ACTION

4.1 Objectives/results

The **overall objective** of the programme is to support Georgia in the implementation of the EU-Georgia agreements, as well as mobility of persons between the EU and Georgia.

The **specific objectives** are:

- to enhance the capacity of Georgian public institutions in selected priority areas to comply with commitments set out in AA, DCFTA, VLAP and Readmission Agreement (RA);
- to support participation of Georgian organisations and individuals in EU programmes "*Creative Europe*" and "*Horizon 2020*".

The following **main results** are expected:

- **Result 1:** Strengthened institutional and administrative capacities of the Georgian public institutions in selected priority areas to implement EU-Georgia agreements and uphold compliance with all the VLAP benchmarks;
- **Result 2:** Active participation of Georgian organisations and individuals in the EU programmes "*Creative Europe*" and "*Horizon 2020*".

4.2. Main activities

The main activities corresponding to **Result 1** are as follows:

Priority Areas for AA and DCFTA

- **Horizontal support to AA and DCFTA:** enhancing capacity building, coordination, monitoring and awareness raising on AA/DCFTA implementation.
- **Energy:** regulation of the gas market in accordance with the EU Third Energy Package: enhancing the capacity of GNERC to regulate and monitor the internal electricity and gas markets; support to transposition and implementation of the relevant EU 'acquis'.
- **Trade facilitation:** (i) support to the implementation of requirements set out by the EU Convention on the Simplification of Formalities in Trade in Goods as well as to the EU Convention on Common Transit Procedure including integration of Georgia into the EU New Computerized Transit System (NCTS) platform and; (ii) the review of the national legislative framework in relation to trade in goods, in line with EU '*acquis*'; (iii) increasing training capacities of the relevant government institutions; development of training packages with the focus on trade-related issues, export promotion, attracting investment, trade related EU '*acquis*', ensuring that staff of public institutions, including current and future diplomats, is well prepared for monitoring and implementation of commitments taken by Georgia under DCFTA.
- **Intellectual property rights:** (i) strengthening capacities of national institutions to transpose the respective EU '*acquis*'; (ii) sharing EU best practice on protection of intellectual property rights.
- **Banking services:** support on approximation of Georgian banking legislation with respective EU '*acquis*' and enhancing institutional capacity in banking services in line with EU best practice.
- **Public procurement:** (i) reviewing the national legislative framework in relation to state procurement in line with EU '*acquis*' and provision of recommendations; (ii) increasing institutional capacity of the Dispute Resolution Board (DRB) based on the EU '*acquis*' and best practices ensuring lawfulness and transparency of contract award procedures, building confidence among businesses and enhancing fair competition.

Priority Areas for VLAP and Readmission Agreement

- **Migration; integrated border management; fight against organised crime, including preventing and fighting corruption, trafficking in human beings; protection of fundamental human rights (i.e. all 4 Blocks of the VLAP):** support to the following specific areas: **(i)** safety of travel documents, in particular (a) building a single sign system of authentication service for Georgian citizens; (b) developing of high-assurance identification scheme to ensure data protection and document security; (c) bridging the gap between accessibility of about 200 public services in the area of citizen/residence/foreigner registration in urban and rural populations with particular focus on the rights of ethnic minorities and vulnerable groups; (d) capacity building at central and local level for ensuring proper delivery of safe travel documents, minimising the risks of discrimination on any ground; **(ii)** developing migration management capacities primarily at the local level throughout the country; **(iii)** policy advice in migration and border management with due emphasis on human rights centred approach (including prevention of discrimination, corruption and trafficking in human beings); **(iv)** risk analysis, including pre-entry, on-entry, after-entry.

The main activities corresponding to **Result 2** are as follows:

- Support to participation of Georgia in the EU programme for the cultural and creative sectors "**Creative Europe**".
- Support to participation of Georgia in the EU framework programme for research and innovation "**Horizon 2020**".

4.3 Intervention logic

The action is aimed at creating the necessary conditions for the effective implementation of the EU-Georgia AA, DCFTA VLAP and RA through different forms of technical assistance, policy advice, inputs into the legal approximation process in the selected priority areas, and provision of capacity development and institution building to relevant state authorities. *Acquis* alignment and policy development is ensured in line with the inclusive and evidence-based approach to public governance: draft legal and policy proposals should be based on evidence, the cost of their implementation should be calculated and budgeted and they should be consulted at the right time of the process with internal and external stakeholders. The evidence based policy and legislative development is an integral part of the Georgian public administration reform efforts and will need to be addressed in all sectors.

The action also supports participation of Georgia in the EU programmes "Creative Europe" and "Horizon 2020".

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.4 Implementation modalities

5.4.1 Grants: up to 8 calls for proposals for Twinning projects (direct management)

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

The Twinning modality via calls for proposals will be used for actions supporting following priority areas: trade facilitation, intellectual property rights, banking services and public procurement in line with the objectives, results and activities described in sections 4.1 and 4.2.

(b) Eligibility conditions

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

(c) Essential selection and award criteria

The essential selection criterion is the operational capacity of the applicant.
The essential award criteria are the technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

(d) Maximum rate of co-financing

The rate of co-financing for Twinning grant contracts is 100%².

(e) Indicative timing to launch the calls

2nd trimester 2017.

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

Twining 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. The use of this system of unit costs and flat rate financing, which exceeds

² As provided for in the Twinning Manual

the amount of EUR 60 000 per beneficiary of a Twinning contract, is subject to the adoption of a separate, horizontal Commission decision.

5.4.2 Grants: direct award to Public Service Development Agency (PSDA) on "Support to the State Commission on Migration Issues to ensure policy compliance with all benchmarks under the Visa Liberalisation Action Plan" (direct management)

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

The objectives of both grants (the initial and follow up grant agreements) are to contribute to effective migration management throughout Georgia, with specific emphasis on local level and particularly remote administrative units. Particular emphasis shall be put on the delivery of safe travel documents, closer to the regions of Georgia, with a special focus on the most vulnerable population.(e.g. ethnic minorities, inhabitants of the most remote and/or mountainous areas, e.g. alongside Georgia's state border). The support shall also be geared towards: ensuring access for refugees and other persons in need of international protection to travel documents foreseen by the legislation, regular updating of Georgia's Migration Profile (MP), and effective analysis of data on migration stocks and flows. This grant will also contribute to efficient expulsion of illegally staying and/or transiting third country nationals from the territory of Georgia (RA related), according to the EU and international standards and in full respect of migrants' human rights. Expected results and fields of intervention will be in line with results and activities described in sections 4.1 and 4.2.

(b) Justification of a direct grant

In accordance with Article 190(1) (f) of Commission Delegated Regulation (EU) No 1268/2012, under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the PSDA.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because this action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. The Secretariat of the State Commission on Migration Issues at the PSDA, a Legal Entity of Public Law established under the legislation of Georgia, has unique specialised and exclusive technical competence in the field of migration governance, and coordination based on Governmental Decree, coordinating the activities of 12 ministries of the Government as well as, since late 2015, the State Security Service of Georgia.

The State Migration Commission was set up as the sole and unique specialised coordination and steering body on 13 October 2010 on the basis of Government's Decree No 314 to ensure effective coordination of the migration-related developments in Georgia and coordinate the competences of various bodies. The State Commission's analytical and administrative support is provided through the Secretariat created within the PSDA. Therefore, PSDA, among other functions, supports activities of the State Commission on Migration Issues, which is the key state institution tasked to coordinate implementation of VLAP, as well as execution of tasks defined in the Migration Strategy. The Secretariat of the State Commission on Migration Issues has coordinated all the work related to implementation of all benchmarks of VLAP since 2012.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80%. In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

Initial grant agreement - 3rd trimester 2017; follow up grant agreement – 3rd trimester 2019

5.4.3 Grant: direct award for participation of Georgia in the EU Programme "Creative Europe" (direct management)

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

The objective is to co-finance the participation of Georgia in the EU Programme "Creative Europe" for three years (2018, 2019 and 2020). This will be achieved by means of reimbursement of a share of the annual participation fee required from Georgia for being part of this programme.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Ministry of Culture and Monument Protection of Georgia. The recourse to an award of a grant without a call for proposals is justified because, in accordance with Article 190(1)(f) of Commission Delegated Regulation (EU) No 1268/2012, the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. The Ministry of Culture and Monument Protection has been designated by Georgia as public entity in charge of this EU programme and is responsible for topics relevant to the concerned EU programme.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the concerned institution. The essential award criterion is the relevance of the proposed action to the objectives, results and activities as described in sections 4.1 and 4.2 above. These criteria will be verified by ensuring

that the institution is the one in charge of the payment of the participation fee and that the payment of the entire fee for the corresponding year has been done.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 50%.

(e) Indicative trimester to conclude the grant agreement

3rd trimester 2017.

5.4.4 Grant: direct award for participation of Georgia in the EU Programme "Horizon 2020" (direct management)

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

The objective is to co-finance the participation of Georgia in the EU Programme "Horizon 2020" for three years (2018, 2019 and 2020). This will be achieved by means of reimbursement of a share of the annual participation fee required from Georgia for being part of this programme.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Ministry of Education and Science of Georgia. The recourse to an award of a grant without a call for proposals is justified because, in accordance with Article 190(1)(f) of Commission Delegated Regulation (EU) No 1268/2012, the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. The Ministry of Education and Science has been designated by Georgia for being in charge of Georgia's participation in the EU programme "*Horizon 2020*" and is responsible for topics relevant to the concerned EU programme.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the concerned institution. The essential award criterion is the relevance of the proposed action to the objectives, results and activities as described in sections 4.1 and 4.2 above. These criteria will be verified by ensuring that the institution is the one in charge of the payment of the participation fee and that the payment of the entire fee for the corresponding year has been done.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 50%.

(e) Indicative trimester to conclude the grant agreement

3rd trimester 2017.

5.4.5 Procurement (direct management)

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Support to AA and DCFTA	Services	1	1 st trimester 2018
Support to Trade facilitation	Services	1	3 rd trimester 2017
Visibility and Communication	Services	1	3 rd trimester 2017
Evaluation and Audit	Services	2	3 rd trimester 2017, 3 rd trimester 2020, 3 rd trimester 2023

5.4.6 Indirect management with International Centre for Migration Policy Development (ICMPD) on "Sustaining Migration Management in Georgia"

A part of this action may be implemented in indirect management with the International Centre for Migration Policy Development (ICMPD) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails support to specific priorities and actions to ensure sustainable follow-up to the Visa Liberalization Action Plan (VLAP) for Georgia, in particular activities related to migration management, consistent implementation of an effective methodology on inland detection of irregular migrants, risk analysis (including the reporting of relevant agencies and analysis on all administrative levels), asylum policies and procedures, supporting Georgia's competent authorities in upgrading their skills and practices in line with the best EU practices in the fields of organised crime (e.g. human trafficking, drugs), reduction of irregular migration.

This implementation is justified because ICMPD has for years proved the high degree of competence, good internal structure, as well as excellent professional cooperation record in Georgia necessary for implementation of such action. ICMPD is well-positioned to contribute to the sustainable follow-up to the implementation of the VLAP that requires particular technical competence, high degree of specialisation as well as strong functioning administration. The action also requires high degree of involvement of expertise from EU Member States, and ICMPD has proven effective cooperation with such experts.

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

5.4.7 Indirect management with International Organisation for Migration (IOM) on "Sustaining Border Management in Georgia"

A part of this action may be implemented in indirect management with the International Organisation for Migration (IOM) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails support to specific priorities and actions to ensure sustainable follow-up to the VLAP for Georgia, as concerns the activities related to integrated border management, including further support to effective implementation of the EU-Georgia Readmission Agreement, risk analysis (including the reporting of relevant agencies and analysis on all administrative levels), and investigation of cases of organised facilitated irregular migration, including effective cooperation between relevant agencies, asylum policies and procedures, supporting Georgia's competent authorities in upgrading their skills and practices in line with the best EU practices in the fields of organised crime (e.g. terrorism) and reintegration of returned nationals.

This implementation is justified because IOM has for years proved the high degree of competence, good internal structure, as well as excellent professional cooperation record in Georgia necessary for implementation of such action. IOM is well-positioned to contribute to the sustainable follow-up to the implementation of the VLAP in the area of border management in line with EU IBM standards. This requires particular technical competence, high degree of specialisation as well as strong functioning administration. The action also requires high degree of involvement of expertise from EU Member States, and IOM has proven effective cooperation with such experts.

IOM would carry out the following budget-implementation tasks: running the public procurement, grant award procedures; concluding and managing the resulting contracts, including making of the related payments.

5.4.8 Changes from indirect to direct management mode due to exceptional circumstances (one alternative second option)

The alternative option for implementing the actions described in 5.4.6 and 5.4.7 is procurement (direct management), if the preferred modality (indirect management) cannot be implemented due to circumstances outside of the Commission's control.

5.5 Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly

substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (in EUR million)	Indicative third party contribution (in EUR million)
5.4.1 Twinning calls for proposals (direct management)	12.0	
5.4.2 Direct grants to Public Service Development Agency (direct management)	2.61	0.65
5.4.3 Direct grant: Participation in EU Programme <i>Creative Europe</i> (direct management)	0.111	0.111
5.4.4 Direct grant: Participation in EU Programme <i>Horizon 2020</i> (direct management)	2.46	2.46
5.4.5 Procurement (direct management)	3.349	
5.4.6 Indirect management with International Centre for Migration Policy Development (ICMPD)	4.3	0.05
5.4.7 Indirect management with International Organisation for Migration (IOM)	6.37	0.05
5.9 – Evaluation; 5.10 – Audit	0.3	
5.11 – Communication and visibility	0.5	
Totals	32	3.323

5.7. Organisational set-up and responsibilities

The EU Delegation will be responsible for the management of the programme and will monitor its overall implementation. It will also be the focal point for any communication with the contractors or the beneficiary institutions.

On the Government of Georgia side this action will be coordinated by the Office of State Minister on European and Euro-Atlantic Integration, acting as a National Coordinator for the EU Assistance Programmes. More specifically, the Programme Administration office (PAO) has a key role in the implementation of the whole programme and in promotion and application of institution building instruments from design to implementation. It is also a central point of coordination between the EU and the national institutions.

5.8 Performance monitoring and reporting

The Commission and the partner country will regularly review progress made in the overall implementation of the action through a Programme Steering Council (PSC) 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 projects funded under this action, specific Steering Committees (SCs) will be convened by the beneficiary institutions involving the EU Delegation and other relevant stakeholders. These SCs will meet regularly to review progress on the basis of periodic reports.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission, for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the programme.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

5.11 Communication and visibility

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

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

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

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

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

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To support Georgia in the implementation of the EU-Georgia Agreements, as well as mobility of persons between the EU and Georgia.	<ul style="list-style-type: none"> Progress in implementation of Association Agenda, DCFTA Action Plan, Visa Liberalisation Agreement and compliance with related VLAP benchmarks expressed in percentage of achievement (% of achievement) 	<ol style="list-style-type: none"> For Association Agenda - State of 2016 (0 % in 2016 on the basis of the newly negotiated Agenda) For DCFTA – 6.33 % in May 2016 For VLAP –Commission report of 18/12/2015 (i.e. 100 % technical compliance - with the need to sustain the state of play) For RA - state of 2016 (i.e. 90% compliance with the need to sustain the state of play) 	<p>Enhanced approximation of Georgia with EU i.e.</p> <ol style="list-style-type: none"> 90% by 2020 for Association Agenda 81,44 % by 2020 Sustained full compliance throughout 2016-2023 95 % compliance by 2020 (sustained state of play by the end of 2023) 	<p>Association Council (Government, EU reports)</p> <p>1 & 2 Association Committee and relevant Sub-committees (Government, EU reports)</p> <p>3. Commission reports, JFS Subcommittee reports, State Commission on Migration reports</p> <p>4. Commission reports, JFS Subcommittee reports, State Commission on Migration reports, Joint Visa Facilitation/Readmission Agreements, Committee reports</p>	

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Specific objective(s): Outcome(s)</p>	<p>1. to enhance the capacity of Georgian public institutions in selected priority areas to comply with commitments set out in AA, DCFTA, VLAP and Readmission Agreement (RA);</p> <p>2. To support participation of Georgian organisations and individuals in EU programmes "Creative Europe" and "Horizon 2020"</p>	<p>1.Number of measures implemented under AA, DCFTA</p> <p>- Number of VLAP measures implemented</p> <p>- Number of efficiently administered readmissions from EU Member States to Georgia</p> <p>2. Number of Georgian entities participating in selected EU programmes (Horizon 2020 and Creative Europe)</p>	<p>1.Quantitative references used in Monitoring reports on AA and DCFTA 2016; Commission Monitoring Reports on VLAP; Reports of relevant Sub-committees under the AA</p> <p>State of reforms in 2016 in the areas of energy, trade facilitation, intellectual property rights, banking services and public procurement (VLAP and RA</p> <p>2. State of play for May 2016</p>	<p>Progress in implementation of EU-Georgia agreements; Continuous progress in VLAP and RA</p>	<ul style="list-style-type: none"> • Minutes of negotiation rounds, Cooperation Committees and Councils etc. • AA and DCFTA implementation monitoring reports by the EU and shadow reports •Final reports by institution/intervention 	<p>Government of Georgia remains committed to fundamental values of Democracy, Rule of Law and Human Rights; continues actions for political and economic integration with the EU; The concept of Public Administration Reform is adopted and implemented in line with the best international (EU) practice.</p> <p>The beneficiary institutions are properly staffed and with necessary absorption capacity to receive and benefit from the proposed actions.</p>
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Induced outputs	<p>1. Strengthened institutional and administrative capacities of the Georgian public institutions in selected priority areas to implement EU-Georgia agreements and uphold compliance with all the VLAP benchmarks</p> <p>2. Active participation of Georgian organisations and individuals in the EU programmes "Creative Europe" and "Horizon 2020"</p>	<p>1. To be completed at later stage for each individual action financed under this Technical Cooperation Facility</p> <p>2. Number of projects awarded to Georgian organisations or individuals under programmes "Creative Europe" and "Horizon 2020"</p>	<p>1. Degree of EU '<i>acquis</i>' implementation by Georgian beneficiary institutions in 2016</p> <p>2. May 2016: Creative Europe - 2 projects; Horizon 2020 - 9 projects</p>	<p>1. Enhanced capacity of Georgia with EU '<i>acquis</i>'</p> <p>2. Increase by 120% of funded projects involving Georgian institutions under "Creative Europe" and "Horizon 2020"</p>	<p>Reports by PAO to relevant Sub-Committees or Steering Committees</p>	<p>Sufficient Institutional capacity / maintenance of key leadership and technical staff in Beneficiary Institutions; Strong planning, implementation and coordination capacity in beneficiary institutions</p>
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