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**COMMISSION IMPLEMENTING DECISION**

**of 6.5.2022**

**on the financing of the individual measure in favour of Georgia for 2021**

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## on the financing of the individual measure in favour of Georgia for 2021

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>1</sup>, and in particular Article 110 thereof,

Having regard to Regulation (EU) 2021/947<sup>2</sup> of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument - Global Europe and amending and repealing Decision No 466/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009, and in particular Article 23(3) thereof,

Whereas:

- (1) In order to ensure the implementation of the individual measure in favour of Georgia for 2021, it is necessary to adopt an annual financing Decision, which constitutes the annual work programme for 2021. Article 110 of Regulation (EU, Euratom) 2018/1046 ('the Financial Regulation') establishes detailed rules on financing decisions.
- (2) The envisaged assistance should comply with the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>3</sup>.
- (3) The actions provided for in this Decision contribute to climate and biodiversity mainstreaming in line with the European Green Deal<sup>4</sup> and the inter-institutional agreement.
- (4) The Commission aims at adopting in the first half of 2022 the Multiannual Indicative Programme (MIP) for European Union support to Georgia for the period 2021-2027, which sets out the following priorities: Resilient, sustainable and integrated economy; Accountable institutions, the rule of law and security; Environmental and climate resilience; Resilient digital transformation; and Resilient, fair and inclusive societies.
- (5) This measure is urgently needed as the absence of timely additional financial support would put at risk the implementation of the EU-Georgia Association Agreement<sup>5</sup> and

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<sup>1</sup> OJ L 193, 30.7.2018, p.1.

<sup>2</sup> OJ L 209, 14.6.2021, p.1.

<sup>3</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

<sup>4</sup> COM(2019)640 of 11.12.2019

could add further strains to the already difficult social-economic situation in Georgia, hard hit by the COVID-19 pandemic. No other means of financing this measure are currently available. It is therefore justified in the present case to adopt an individual measure pursuant to Article 23(3) of Regulation (EU) 2021/947.

- (6) The objectives pursued by the measure to be financed under the ‘Neighbourhood’ geographic programme of the Regulation (EU) 2021/947 are to drive forward Georgia’s capacity to reap the benefits of the Economic and Investment Plan for the EaP including the Flagship initiatives, continue supporting Georgia’s economic and societal recovery and its reform agenda, and help the country pursue innovation and sustainability while building a more resilient society and economy after the COVID-19 pandemic.
- (7) The first action entitled “EU4 Smart Economic Development” aims to contribute to smart, sustainable and inclusive growth in Georgia. The Action will support Georgia's private sector to raise productivity levels, including by increasing the role of Georgia’s creative economy, and integrate more effectively into global value chains. It also contributes to the achievement of Flagships 1 and 4 of the Economic and Investment Plan (EIP) for the Eastern Partnership (EaP), which aim respectively at improving data and energy connections with the EU and enhancing digital connectivity in rural communities.
- (8) The second action entitled “EU Green Connectivity Programme for Georgia” aims to improve the environmental conditions through better protection of natural resources and of the health of citizens, and the development of sustainable connectivity infrastructure that will improve the quality of life of Georgian citizens, while at the same time reinforcing the competitiveness of the Georgian economy. One component also directly contributes to the fulfilment of Flagship 2 of the EIP for the EaP, focusing on improving physical connections between Georgia and the EU across the Black Sea. Another component will contribute to the implementation of Flagship 5 of the EIP for the EaP, aiming at improving air quality in Georgia.
- (9) The third action entitled “Support to the Implementation of the EU-Georgia Association Agreement and Migration Management” aims to support Georgia in the implementation of EU related commitments, notably the Association Agreement including Deep and Comprehensive Free Trade Area – with a particular focus on reforms in the area of the Visa Liberalisation Action Plan requirements, justice reform, public administration reform and public accountability. One component will contribute to the implementation of Flagship 3 of the EIP for the EaP, supporting SMEs to reap the full benefits of the DCFTA.
- (10) It is appropriate to authorise the award of grants without a call for proposals and to provide for the conditions for awarding those grants.
- (11) Pursuant to Article 26(1) of Regulation (EU) 2021/947, indirect management is to be used for the implementation of the measure.
- (12) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of the Financial Regulation.

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<sup>5</sup> Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, OJEU, L261, 30.8.2014

- (13) To this end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 154(4)<sup>6</sup> of the Financial Regulation and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of thereof before a contribution agreement can be signed.
- (14) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of the Financial Regulation.
- (15) In order to allow for flexibility in the implementation of the measure, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of the Financial Regulation.
- (16) The measure provided for in this Decision is in accordance with the opinion of the Committee established under Article 45 of Regulation (EU) 2021/947.

HAS DECIDED AS FOLLOWS:

*Article 1*  
*The action plan*

The annual financing Decision, constituting the annual work programme for the implementation of the individual measure in favour of Georgia for 2021, as set out in the Annexes, is adopted.

The measure shall include the following actions:

- (a) - Annex I: “EU 4 Smart Economic Development”
- (b) - Annex II: “EU Green Connectivity Programme for Georgia”
- (c) - Annex III: “Support to the Implementation of the EU-Georgia Association Agreement and Migration Management”

*Article 2*  
*Union contribution*

The maximum Union contribution for the implementation of the measure for 2021 is set at EUR 75 000 000, and shall be financed from the appropriations entered in the Budget line 14.020111 line of the general budget of the Union.

The appropriations provided for in the first paragraph may also cover interest due for late payment.

*Article 3*  
*Methods of implementation and entrusted entities or persons*

The implementation of the actions carried out by way of indirect management, as set out in the Annexes, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 4.3.3 of the Annex I, point 4.3.2 of Annex II, and point 4.3.3 of Annex III.

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<sup>6</sup> Except for the cases referred to in Article 154(6) of the Financial Regulation, where the Commission may decide, not to require an ex-ante assessment.

*Article 4*  
*Flexibility clause*

Increases<sup>7</sup> or decreases of up to EUR 10 million and not exceeding 20% of the contribution set in the first paragraph of Article 2, or cumulated reassignments of funds between actions contained in an action plan not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of the Financial Regulation, provided that these changes do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may apply the changes referred to in the first paragraph acting in accordance with the principles of sound financial management and proportionality.

*Article 5*  
*Grants*

Grants may be awarded without a call for proposals in accordance with the conditions set out in the Annexes. Grants may be awarded to the bodies selected in accordance with point 4.3.1.1 of Annex I and point 4.3.1.2 of Annex III.

Done at Brussels, 6.5.2022

*For the Commission*  
*Olivér VÁRHELYI*  
*Member of the Commission*

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<sup>7</sup> These changes can come from external assigned revenue made available after the adoption of the financing Decision.