



This action is funded by the European Union

**ANNEX I**

of the Commission Implementing Decision on the ENI East Regional Action Programme  
2015 Part 1

**Action Document for “Eastern Partnership Integrated Border Management Flagship Initiative: Support to the development of Red Bridge Border crossing point between Georgia and Azerbaijan”**

<b>1. Title/basic act/ CRIS number</b>	Eastern Partnership Integrated Border Management Flagship Initiative: Support to the development of Red Bridge Border crossing point between Georgia and Azerbaijan CRIS number: ENI/2015/037-902 financed under European Neighbourhood Instrument			
<b>2. Zone benefiting from the action/location</b>	Eastern Partnership Region; Azerbaijan and Georgia The action shall be carried out at the following location: Red Bridge Border Crossing Point			
<b>3. Programming document</b>	Programming of the European Neighbourhood Instrument (ENI) - 2014- 2020 Regional East Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017)			
<b>4. Sector of concentration/ thematic area</b>	Infrastructure development and network interconnections; Integrated Border Management/IBM, Trade.			
<b>5. Amounts concerned</b>	Total estimated cost: EUR 2,660,000 Total amount of EU budget contribution: EUR 2,128,000 This action is co-financed in joint co-financing by: - the Government of Azerbaijan for an amount of EUR 266,000;- the Government of Georgia for an amount of EUR 266,000			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality  Indirect management with UNDP			
<b>7. DAC code(s)</b>	33120 Trade Facilitation 99810 – Sectors non specified			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	governance			
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>				

## SUMMARY

This project will support the Governments of Azerbaijan and Georgia in securing their borders and facilitating the legal passing of persons and goods at the Red Bridge Border Crossing Point (BCP). It will do so by providing common training on BCP sanitary and phytosanitary (SPS) controls, as well as developing the necessary infrastructure and equipment on both sides, namely a secured customs area in Azerbaijan and SPS control facilities in Georgia, including sampling equipment. These activities will also help Georgia to be compliant with the AA/DCFTA requirements.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

Despite a common post-Soviet legacy, the economic and development situations of Azerbaijan and Georgia are different. Therefore, each will be addressed separately.

#### *1.1.1 Public Policy Assessment and EU Policy Framework*

##### **Georgia**

Georgia has a population of 4.5 million and a gross domestic product (GDP) per capita of USD 3,605 in 2013. According to the International Monetary Fund (IMF) and World Bank, one quarter of the population is living below the poverty line. Poverty and unemployment (at about 22% and 15%, respectively) remain high, and there is an evident urban-rural gap. Georgia is placed among countries with High Human Development and is ranked 72 in the 2012 Human Development Index. The World Economic Forum's Global Competitiveness Report 2013–2014 ranked Georgia 72 among 148 countries placing Georgia ahead of some EU Member States and other countries of Eastern Partnership.

At present, Georgia has not yet developed a consolidated poverty reduction strategy or launched any major efforts in this regard.

In line with the ENP Action Plan and EU-Georgia Country Strategy Paper National Indicative Programme (CSP NIP) 2007-2013, Georgia undertook a number of profound institutional reforms aimed at modernising the economy and improving the business climate. Implemented institutional reforms created an effective, professional and transparent public sector motivated to protect the principles of democracy and integrity. A key effort was the fight against corruption which has been successful - Transparency International ranks Georgia as the top country in the post-Soviet region and 51st in the global 2012 Corruption Perceptions Index (CPI) which measures perceived public sector corruption in 176 countries (up from 85th in 2002).

Georgia has signed an Association Agreement (AA) with the EU in June 2014, and has set out an EU-Georgia Association Agenda which defines priorities for 2014-2016 with a view to implement the AA along with a Deep and Comprehensive Free Trade Area (DCFTA). Provisional application (notably its trade part) started as of 1 September 2014.

In Georgia, customs control falls under the remit of the Georgian Revenue Service (RS) which is part of the Ministry of Finance. As in Azerbaijan, the RS has also been vested with the powers of the relevant agencies to deal with phytosanitary, veterinary and sanitary issues at BCPs. The Red Bridge BCP has been renovated in 2012. After the signing of the Association Agreement and the DCFTA, Georgia has now committed to adopting EU standards in many key areas – specifically chapter 4 on sanitary and phytosanitary measures.

Georgia recently adopted a new Integrated Border Management (IBM) strategy and Action Plan covering the period 2014-2018. The strategy, endorsed by the Prime-Minister, is a logical continuation of the first IBM strategy (2008-2013) and outlines major directions of reform for border management agencies. The IBM policy in the country is directed at improving inter-agency and international cooperation.

Both the Azerbaijani and Georgian institutions have signed a Memorandum of Understanding (MoU) on general co-operation, committing to exchange of information and closer collaboration.

Both countries face challenges in improving the Red Bridge BCP to meet international standards.

## **Azerbaijan**

Azerbaijan's economy has completed a transition from a post-Soviet state-run economy into a major oil-based one.

Azerbaijan GDP grew by more than 25% during 2005-2007, reflecting the increase of oil based industrial production, although by 2011 it actually dropped to near stagnation. Currently it stands at USD 10,202 per capita.

Large oil reserves are a major contributor to the economy. The national currency, the Azerbaijani Manat, was stable in 2011-2012, at an exchange rate of about EUR 1 = AZN 1.

Government spending has fallen to 32.8% of GDP. Large revenues from the energy sector enable budget surpluses, but strong growth in the non-energy sector has also encouraged fiscal health. Public debt remains low.

According to Government figures, between 2002-2007 the poverty line of the country increased from AZN 35 to AZN64, while the poverty level decreased from 46,7% to 15.8%.

The Government of Azerbaijan's development priorities are outlined in *Development Concept "Azerbaijan – 2020"*. It outlines that Azerbaijan's main objectives are the transition from the traditional economy to a “knowledge-based economy”, to avoid becoming a raw material appendage and technological outsider for the global economy, to boost economic efficiency and competitiveness, and to ensure innovation-based progress.

When it comes to the border sector agencies, it can safely be said that all enforcement agencies in Azerbaijan completely subscribe to this strategy and they are important players in its implementation. It is worth noting, however, that there is less priority attached to the development of law enforcement agencies.

The IBM policy in Azerbaijan started with the adoption of the State Migration Program for 2006 – 2008 and the subsequent establishment of the State Migration Service of the Republic of Azerbaijan approved by Decree of the President of Azerbaijan dated on 19 March 2007.

At the time, it was seen that the geographical position of the country led to an intensification of the migration process and created awareness of the need for a migration policy able to respond to the national interests of the country.

The status of illegal migrants represents a main problem for the State. In addition, there are a number of current potential risks linked to illegal migration stemming from the rapidly changing regional geo-political context and crises in neighbouring countries, which could potentially lead to future migrations that can have a heavy impact on Azerbaijan.

EU relations with Azerbaijan are governed by the EU-Azerbaijan Partnership and Co-operation Agreement (PCA) signed in 1996 and entered into force in 1999, and the European Neighbourhood Partnership Action Plan from 2005.

Since 2009, the EU and Azerbaijan have been negotiating an Association Agreement to succeed the PCA, although progress has recently stalled. The EU-Azerbaijan Visa Facilitation Agreement was signed on 29 November 2013 and the EU-Azerbaijan Readmission Agreement signed on 28 February 2014. A visa facilitation and readmission agreement came into force in September 2014.

The Institution Reform Plan 2 (IRP 2) developed under the Comprehensive Institution Building (CIB) programme addresses issues relevant to the Visa Facilitation and Readmission Agreements.

The EU funded "Consolidation of Migration and Border Management Capacities in Azerbaijan (CMBA)" project was launched in October 2014. The project, implemented by the International Organization for Migration (IOM), will support the government in its efforts towards achieving an effective management of procedures and processes vis-à-vis the emigration, immigration, transit and asylum flows by following a tailored approach and taking into account the specific roles and needs of five key State agencies of Azerbaijan. These five agencies are the State Migration Service (SMS), State Border Service (SBS), Ministry of Foreign Affairs (MFA), Ministry of Internal Affairs (MIA) and the Ministry of Labour and Social Protection of the Population (MLSPP) that have been identified by the IRP 2 as its main beneficiaries.

### **1.1.2 Stakeholder analysis**

In the Republic of Azerbaijan the main beneficiary will be the State Customs Committee (SCC), which has sole responsibility of customs and Sanitary and Phytosanitary Standards checks at the border.

In Georgia the main beneficiary will be the Revenue Service of the Ministry of Finance, which is responsible for customs and SPS checks at the border.

Indirect beneficiaries will be importers and exporters that use the Red Bridge BCP, as they should benefit from quicker processing at the border.

The final beneficiaries will be the citizens of both countries, who will benefit from increased SPS security.

### **1.1.3 Priority areas for support/problem analysis**

Azerbaijan and Georgia are located on the crossroads of Europe and Asia, and the Red Bridge BCP is the main crossing point between them, and to a large extent between the two regions.

Both countries face challenges in updating the Red Bridge BCP to meet international standards.

On the **Azerbaijani side**, from a customs perspective, the two key challenges are:

- *The need to improve SPS sampling at the border.* While central national SPS laboratories are in place and a national framework is being established, BCPs remain a weak point in the system as the SCC does not have adequate equipment to collect and store samples. Mistakes in sampling often lead to incorrect results, or require repeated sampling which further delay waiting times at borders;
- *Lack of a secure customs clearance area.* The lack of a secure customs clearance area outside of the BCP means that shipments which cannot be cleared immediately hold up processing for all shipments. A secure ‘overflow’ area would allow for secondary checks and facilitate border flows, in line with OSCE recommendations<sup>1</sup>. While the SCC has plans to establish a dedicated terminal area at Red Bridge (in line with their action plan), establishing fencing would kick-start this process and provide a base for the Government to continue with their investments.

On the **Georgian side**, the main challenges are related to *establishing facilities for EU standard SPS verification* at the BCP. While checks are currently being carried out, they do not meet the requirements set out in the DCFTA, and need to be upgraded. This requires the establishment of a dedicated facility along with sampling and laboratory equipment.

In the case of both countries, training on modern SPS procedures and sampling will be necessary to match the new equipment. Bearing in mind the principles of integrated border management (IBM), this training should include both the SCC and the RS, establishing the basis for potentially common SPS verification in the future.

It should be noted that the project will essentially focus on customs/SPS issues rather than movement of persons, for the following reasons:

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<sup>1</sup> OSCE Handbook of Best Practices at Border Crossings, 2012 ("Options for the Design of BCP's")

- The existence of on-going and planned support of mobility and migration issues through ENPI funding targeting the improvement of border guard capacities both for Georgia and Azerbaijan, especially after signature of the Visa Facilitation and Readmission Agreements with Azerbaijan in 2014 as well as the Agreement with Georgia on the readmission of persons residing without authorisation, which entered into force on 1 March 2011 and the Agreement on the facilitation of the issuance of visas, which entered into force on 1 March 2011. This is further complemented by Georgia taking gradual steps towards the shared objective of a visa-free regime as set out in the two-phase Action Plan on Visa Liberalisation;
- This is the first time that the State Customs Committee of Azerbaijan and the Georgian Revenue Service apply for joint assistance on improvement of the Red Bridge Border Crossing Point in order to meet international standards on SPS. The project also will help to establish deep cooperation with both state authorities for boosting further reforms in customs/SPS;
- The project focuses primarily on the sanitary, veterinary and phyto-sanitary part of the customs, which was identified as the segment needing most support on both sides of the border crossing, not least given the obligations of EU-Georgia association agreement as well as the need to support trade facilitation with Azerbaijan.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
<ul style="list-style-type: none"> <li>• External risks related to political instability and security constraints;</li> <li>• Internal risks related to insufficient human resources and technical expertise of the attendees involved in the training in this program. To mitigate this risk, both countries have committed to dedicate adequate human resources to the foreseen training activities.</li> </ul>	M	<p>A more detailed risk assessment and mitigation plan will be developed during the inception phase of the project, with an updated risk level for each risk, based on both likelihood of occurrence and potential impact on the project.</p> <p>The issue of ensuring sustainability of the project results will be specifically looked at in this plan.</p>
<b>Assumptions</b>		
A key assumption is the continued commitment of the Azerbaijani and Georgian customs administrations to adopt EU and international standards in the area of customs.		

## 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

### 3.1 Lessons learnt

While EU assistance programmes in the South Caucasus have focused on the IBM concept as part of border crossing point activities, the emphasis has been on identity checks, as is also the case for IOM and other international donors. SPS issues have received less attention both from the national governments and international donors.

The design and implementation modalities of the EU-funded programme “Supporting Integrated Border Management Systems in the South Caucasus” (SCIBM), which focused on training, equipment and infrastructure, proved to be effective and efficient in terms of enhancing workflow and co-operation at the border crossing points. Therefore, this experience can be used for design and implementation of projects aimed at improvement of land border protection, such as this one.

The project proposal was developed by the two beneficiary countries, Azerbaijan and Georgia. The present project team has held extensive interviews and discussions, and visited the border section. This gave the opportunity to discuss in detail the elements of the report and of this action document. All ideas raised by the beneficiaries, the target groups, and other stakeholders were included in the output, or handled with immediate effect.

### 3.2 Complementarity, synergy and donor co-ordination

The EU-funded actions most relevant to this intervention include:

- Eastern Partnership (EaP) IBM Capacity Building Project. This project falls under the umbrella of the EaP IBM Flagship Initiative. Implemented by Frontex, it supports the

application of the concept of IBM on the borders between the six EaP countries, although SPS is not a main focus;

- A joint Azerbaijan-Georgia project on securing the green border started in 2014;
- In Georgia a twinning project called “Strengthening the National Customs and Sanitary-Phytosanitary Border Control System in Georgia” was completed in 2013, and created a solid base for further work. Future interventions in Georgia in the area of SPS are under preparation and should start in 2015.
- Two TAIEX assistance workshops were held in Tbilisi for veterinary and phytosanitary inspectors. These workshops covered veterinary and phytosanitary physical checks, including sampling for laboratory analysis. The workshop on veterinary checks at Border Inspection Points/BIPs (27- 28 January 2014) addressed topics such as physical check of goods during the veterinary control (organoleptic and physic-chemical) and taking samples for laboratory analysis. The workshop on strengthening the capacity of phytosanitary officers ( 24-25 February 2014) dealt with plant health control, physical examination (using magnifier, binocular and microscope) and taking samples for laboratory analysis according to international standards. Within this framework, thirty veterinary and phytosanitary officers from Sanitary, Phytosanitary and Veterinary Border Control Division of the Revenue Service and twenty one representatives from National Food Agency were trained and gained special knowledge to undertake control procedures on goods, subject to veterinary and phytosanitary control.

In Georgia, following negotiations between experts and management of Comprehensive Institution Building Program (CIB) and representatives of the EU Delegation in Georgia, the Revenue Service agreed to participate in the CIB Programme Phase II. Within the framework of this programme, it is planned to fully equip two Border Inspection Posts (Kartsakhi and Poti) as well as to equip buildings for phytosanitary control in Adlia (customs clearance zone, near to Sarpi BIP).

In Azerbaijan, a new project funded by EU under IRP 2 and implemented by IOM "Consolidation of Migration and Border Management Capacities in Azerbaijan (CMBA)" was launched in October 2014. The project will assist in the development and establishment of an effective mechanism for the management of the new visa regime and readmission process, will aim to strengthen national capacity for integrated border management as well as increase capacity in reducing and combating irregular migration and trafficking in persons.

The twinning project ‘Support for the Professional Development of the Staff of the State Migration Service of the Republic of Azerbaijan' aims to sustain key readmission and migration management operations in the country and to institutionalize international and EU best practices. This project which started implementation in 2013 is to be finalised by March 2015.

The twinning project, “Support to the Improvement of Legal and Technical Aspects of Food Quality and Safety Assurance and Certification Requirements of Azerbaijani Fishery Products” (2008-2010), was implemented with the purpose of supporting the State Office for the Control of Consumer Market (SOCCM) in the design and implementation of an official control system that complies with the requirements laid down in EU legislation applicable to fishery products and aquaculture products with the aim of increasing export to the EU and other international markets.



Another twinning project implemented from 2011 until 2013 was supporting the State Veterinary Service to prepare for a National System for the Identification of Animals and Registration of Holdings.

In collaboration with the Food and Agriculture Organisation (FAO), the Ministry of Agriculture prepared and submitted to the Cabinet of Ministries a "National Strategy on Food Safety" and "Law on Food Safety", both of which are awaiting approval. In addition, based on the food safety strategy, FAO has developed a draft action plan.

Since 2008, Azerbaijan is also engaged in Performance of Veterinary Service Pathway (PVS), a framework developed by the World Organisation for Animal Health (OIE) to strengthen the Veterinary Service towards alignment with international standards. For the implementation of commitments, the OIE produced 2 reports: OIE-PVS report (September 2008) and the subsequent PVS-Gap Analysis report (April 2011) which were both endorsed by the Government of Azerbaijan and form part of the initial PVS Pathway.

Donor co-ordination in the area of IBM projects is to be organised by the EU Delegation of both Tbilisi and Baku. Participants to these meetings should include the EU MSs, the USA, UNDP, OSCE, IOM, Frontex and other interested stakeholders. Co-ordination of the activities of this project and other IBM related activities is key, and this should ideally be linked with more frequent co-ordination of donors in the capitals of the two countries. The regional IBM capacity building project implemented by Frontex will be very well positioned to support these co-ordination meetings; it is advised for their frequency to be a minimum of four times a year. Gradually, donor co-ordination should be handled by the main beneficiary agency, in this case the customs authorities of each country, and the EU should only facilitate these meetings.

### **3.3 Cross-cutting issues**

All the activities will follow EU standards and best practices laid out in the Schengen Catalogue and IBM guidelines.

Good governance and human rights: this project has no negative impact on minority and vulnerable groups. On the other hand, by introducing EU norms, it will have a positive effect on governance in both countries.

Gender balance: the programme will promote gender balance by ensuring that women's participation in training activities is encouraged.

Environment: capacity building components of the programme will take into consideration the environmental sustainability of projects. Infrastructure activities will be in compliance with EU environmental legislation and standards.

The project will work on trade facilitation between Georgia and Azerbaijan, which is one of its key objectives. This trade facilitation should be in line with the WTO requirements, and in particular the WTO Trade Facilitation Agreement.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives/results

The overall objective of this pilot project is to facilitate the movement of persons and goods across border between Georgia and Azerbaijan, while at the same time maintaining secure borders through the enhancement of bilateral and multilateral co-operation among the target countries, and EU Member States. A key focus of the project will be sanitary and phytosanitary measures, as these aspects are increasingly important to both countries.

The specific **objectives** [O] of the project are to:

- [O1] Develop closer co-operation among the Georgian RS and Azerbaijani SCC, especially in the area of SPS;
- [O2] Facilitate trade between Georgia and Azerbaijan.

The following **results** [R] will be achieved:

- [R1] Improved capacity of both Georgian RS and Azerbaijani SCC in the management of SPS related issues;
- [R2] Improved secure traffic flow on the Azerbaijani side of the Red Bridge achieved through improved SPS controls of Azerbaijani SCC and the establishment of fenced-off control area;
- [R3] Improved secure traffic flow on the Georgian side of Red Bridge achieved through improved SPS inspection facilities;

### 4.2 Main activities

To achieve the results above the following groups of activities (modules) shall be undertaken, as follows:

To achieve [R1]

**Module 1:** Joint Training<sup>2</sup> in EU SPS border check norms for key personnel of Azerbaijani SCC and Georgian RS. The training will be broken down into four chapters:

- General SPS Control Checks at EU Border Inspections Posts (for all);
- Phytosanitary (Plant Health) Issues (for Phytosanitary Inspectors)
- Veterinary (animal health) Issues (for Veterinary Inspectors)
- Food Safety (for all):

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<sup>2</sup> In the Republic of Azerbaijan the main beneficiary will be the State Customs Committee (SCC) which has sole responsibility of customs and Sanitary and Phyto-sanitary Standards/SPS checks at the border. The targeted audience, who should be trained, will be the employees of the Azerbaijani SCC and Georgian RS. Therefore, joint trainings can be considered adequate

This module builds on existing trainings that Georgia and Azerbaijan custom authorities are carrying out but for which additional technical support is required and beneficial. In fact, SPS border control has been the responsibility of the Georgian RS as well as the upgrade/further training of relevant staff in line with the national training system. Following request by the SPS Division, the Human Resources/HR division is in charge of arranging relevant training sessions to be conducted by RS qualified trainers (on topics such as plant health control and sampling for laboratory analysis according to international standards; identification of quarantine pests; biology, geographical spread, inspection methods, detections, economical importance, phytosanitary risks and phytosanitary measures; physical check of live animals, food and products of animal origin and taking of samples for laboratory analysis etc.). The SPS division staff also actively participates in a number of practical training sessions and workshops under EU-funded TAIEX projects as well as in joint training with the representatives of the National Food Agency under the Ministry of Agriculture of Georgia.

In Azerbaijan, the Ministry of Agriculture, in collaboration with the EU and FAO, prepared and submitted to the Cabinet of Ministries a "National Strategy on Food Safety" and "Law on Food Safety", both of which are awaiting approval. Despite the lack of a clear long-term policy guiding development of SPS control system at the borders, ad-hoc training on veterinary/food safety issues has been conducted by different donors covering mostly general issues without systematic approach to specifications of the border control. Thus, the suggested activities would complement and further enhance the current SPS control system in the country, which is part of the requirements under the AA/DCFTA.

The sustainability of the joint training support provided to the two public administrations (Georgia and Azerbaijan) should be reflected in the eventual incorporation/embedding of the trainings developed by the project in the two administration's training program. In addition, it is expected that the *train-the-trainers* methodology will be applied to this module ensuring a sufficient critical mass at the two beneficiary country's administrations to continue the trainings after the end of the project.

Additionally, it is to be noted that trainings will be systematically focussed on SPS control at border inspection posts and its technical aspects and will need to be complementing past, present and planned interventions in this domain.

To achieve [R2]

**Module 2:** Infrastructure and equipment support to Azerbaijani SCC to facilitate movement and increase security at Red Bridge. This will include:

- Completion of a fence around the customs area on the Azerbaijan side to ensure that goods that are to be cleared are under constant control of the authorities. The provisions for the fence will need to be in line with the OSCE Handbook of Best Practices at Border Crossings<sup>3</sup>;
- Procurement of EU standard laboratory sampling equipment permitting Azerbaijan SCC to efficiently collect and store SPS samples to be verified in central laboratories;

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<sup>3</sup> "Options for the Design of BCP's", 2012, page 137

To achieve [R3]

**Module 3:** Infrastructure and equipment support to Georgian RS to facilitate movement and increase security at Red Bridge. This will include:

- Construction of a storage room (SPS border control related infrastructure) where goods under control from the SPS inspectors can be stored before the transport to the main laboratory in Tbilisi;
- Procurement of equipment for the storage room in line with EU standards;

The equipment will be handed over to the beneficiaries at the end of the project. As regards the need to maintain infrastructure and equipment support provided by the project, it should be highlighted that the fact that the Georgian Revenue Service and State Customs Committee of Azerbaijan co-finance the intervention is a clear sign of the ownership of the intervention as well as their commitment to sustain the project results. Moreover, both institutions will commit to ensure budget for maintenance of the equipment and infrastructure after the end of the project.

#### **4.3 Intervention logic**

After the signing of the Association Agreement and the DCFTA, Georgia has now committed to adopting EU standards in many key areas – specifically chapter 4 on sanitary and phytosanitary measures. The comprehensive and gradual implementation of the SPS border control related obligations includes the necessity of the relevant infrastructure and equipment provisions on the borders. The personnel responsible for the SPS border controls needs comprehensive training in order to get acquainted with the standards of EU control and with the provided infrastructure and equipment.

Moreover, chapter 5.6.3 (on Sanitary, Veterinary and Phyto-Sanitary Control - Proposals/Recommendations within the scope of the State Border Management Strategy of Georgia) states the necessity of the above relevant infrastructure and equipment arrangements as well as of the regular SPS training for the RS personnel.

Reforms in the SPS sphere are among the core objectives of co-operation between Azerbaijan and the EU. In particular, the PCA (Art. 54) envisages gradual approximation of Azerbaijani sanitary and phytosanitary standards to EU regulation. Moreover, the increase in food safety for consumers and facilitation of trade through reforms as well as the modernisation of the sanitary and phytosanitary sectors are focal areas of the EU-Azerbaijan Action Plan embedded in the ENP policy framework.

WTO membership is a pre-condition for DCFTA negotiations and Azerbaijan continues negotiations on WTO membership. The priorities of the government of Azerbaijan which are related to trade and trade facilitation are outlined in the Development Concept "Azerbaijan – outlook for the future 2020", State Program on "Socio-Economic Development of Regions of the Republic of Azerbaijan for 2014-2018" as well as in the CIB Program – IRP 1 "Working towards further deepening of bilateral economic and trade relations with EU" (i.e. chapter 3.5 on SPS).

This project is a pilot project, part of the Eastern Partnership Integrated Border management Flagship Initiative. As such, specific attention will be drawn to the implementation and potential for replicability, in the region or in other countries. Progress will be regularly reported to the Eastern Partnership IBM panel.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is not 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 48 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the 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.

### **5.3 Implementation modalities**

#### *5.3.1 Indirect management with an international organisation*

This action may be implemented in indirect management with UNDP in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the management and co-ordination of the project (including visibility), including the carrying out of all the activities and results as envisaged under section 4.1 and 4.2 of this action document; e.g. training of staff, infrastructure and equipment support for both the Azerbaijan and Georgian customs institutions.

This implementation is justified because:

- UNDP has extensive experience with multi-country IBM projects in the South Caucasus demonstrated by, among others, their performance in the EU funded South Caucasus Integrated Border Management project;
- UNDP has offices and management teams in both beneficiary countries;
- UNDP has proven capacity to implement works and supply contracts with EU funding;
- UNDP has already established long-term relationship with the two main project beneficiaries through previous regional and national projects; more specifically, it has a key role in implementation of IBM projects in Georgia and Azerbaijan. UNDP is currently implementing the IBM project on "Better coordination of protection of the land border between Georgia and

Azerbaijan”. Implementation of the project by UNDP will ensure further synergy between the two projects for achieving better results.

The entrusted entity would carry out the following budget-implementation tasks: procurement and management of the contracts.

The entrusted international organisation is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission’s authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free co-operation, the international organisation can be entrusted with budget-implementation tasks under indirect management.

#### **5.4 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 and set out in the relevant contractual documents shall apply.

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.

#### **5.5 Indicative budget (in EUR)**

	<b>EU contribution</b>	<b>Indicative third party contribution Total</b>	<b>Azerbaijan contribution 10%</b>	<b>Georgia contribution 10%</b>	<b>Total cost of the action</b>
5.3.1 – Indirect management with UNDP	<b>2,128,000</b>	<b>532,000</b>	266,000	266,000	<b>2,660,000</b>

#### **5.6 Organisational set-up and responsibilities**

UNDP will ensure overall responsibility for quality assurance and administration of the intervention, including narrative and financial reporting, procurement, visibility, overall project co-ordination as well as carrying out all foreseen activities under this Action Document.

Steering Committees will be held on a semi-annual basis, comprising the relevant representatives from border management agencies from both countries, as well as representatives of the European Commission and UNDP.

## **5.7 Performance monitoring and reporting**

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 logframe matrix (for project modality). 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, including actions undertaken to ensure visibility of the action in coherence with the Communication and Visibility Manual for European Union External 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).

## **5.8 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. It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the project is a pilot.

The Commission shall inform the implementing partner at least 60 days 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 project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

The Commission may also carry out Results Oriented Monitoring (ROM) via independent consultants.

Where applicable relevant provisions included in the framework agreement signed with the entrusted entity will apply.

## 5.9 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.

The financing of that audit shall be covered by another measure constituting a financing decision.

Where applicable relevant provisions included in the framework agreement signed with the entrusted entity will apply.

## 5.10 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 a dedicated set of 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 costs of which are included in the budget indicated in section 5.5 above. Reporting on visibility will be integrated in the regular reporting system of the project and will be discussed as a recurring topic in the project's steering committee meetings.

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<sup>4</sup> shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Where applicable relevant provisions included in the framework agreement signed with the entrusted entity will apply.

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<sup>4</sup> [https://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions\\_en](https://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions_en)



## 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.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	The overall objective of the project is to facilitate the movement of persons and goods across border between Georgia and Azerbaijan, while at the same time maintaining secure borders through the enhancement of bilateral and multilateral co-operation among the target countries, and EU Member States.	<p>Protocol on preliminary data exchange signed;</p> <p>Common capacity building activities carried out.</p> <p>SPS Control equipment procured and delivered.</p> <p>SPS facilities functional on both sides of the border.</p>	<p>2015</p> <p>Protocol not signed</p> <p>0</p> <p>SPS Checks at Red Bridge are not conducted in full compliance with the EU regulations.</p>	<p>2018</p> <p>At least 10 common capacity building activities carried out</p> <p>Red Bridge BCP to meet international SPS standards (equipment available and used)</p>	<p>Protocol and MoU signed</p> <p>Records of training sessions and study visits (attendance record, evaluations by participants, training monitoring reports).</p> <p>Consultancy reports on services delivered and recommendations.</p> <p>Financial records of procured services and delivery records of supplied goods.</p>	<ul style="list-style-type: none"> <li>• A pre-condition is the continuation of general socio-economic and political stability in the region;</li> <li>• The beneficiary administrations of Georgia and Azerbaijan will demonstrate sense of ownership for the process;</li> <li>• There is commitment and interest from administrations of Georgia and Azerbaijan to share the information, harmonise procedures, systems and practices in accordance with EU standards and/or Project recommendations;</li> <li>• Beneficiary agencies of Georgia and Azerbaijan will make available sufficient numbers of appropriate qualified personnel for the project activities. Project will ensure gender- balanced participation of women and men.</li> </ul>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Specific objective: Outcome</b></p>	<p>The specific objectives of the project are to [O1]:Develop closer co-operation among the Georgian RS and Azerbaijani SCC, especially in the area of SPS; [O2]: Facilitate trade between Georgia and Azerbaijan</p>	<p>Information related to SPS control is exchanged on a regular basis between Georgia and Azerbaijan;  Public Awareness is raised on SPS controls  Trade turnover between the countries increased</p>	<p>2015 No legal act on co-operation  To be defined in 2015 (survey)  To be defined in 2015 (trade statistics)</p>	<p>2018 Legal act on co-operation adopted and in force  To be verified in 2018 (survey)  +5%</p>	<p>Legal act on co-operation adopted;  Information leaflets produced and disseminated at BCP.  Data from GeoStat  Data from AZE Statistical Committee</p>	<p><u>External conditions:</u> 1) Political commitment from the state agencies that partner on this Action;  2) Customs authorities in Georgia and Azerbaijan remain dedicated to co-operation and reform in the area of SPS</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Outputs</b></p>	<p>The following results will be achieved:  [R1]:Improved capacity of both Georgian RS and Azerbaijani SCC in the management of SPS related issues;  [R3]: Improved secure traffic flow on the Azerbaijani side of the Red Bridge achieved through improved SPS controls of Azerbaijani SCC and the establishment of fenced-off control area;  [R3]: Improved secure traffic flow on the Georgian side of Red Bridge achieved through improved SPS inspection facilities;</p>	<p>SPS staff of customs agencies is trained in SPS topics.  SPS staff participate in Study visits in EUMS  Conduct of SPS control at Red Bridge BCP.  Fenced off control area constructed and secured storage/sampling area in place  Establishment of mechanism of regular (or systematic) Exchange of information between the beneficiary agencies on SPS related issues</p>	<p>2015  No systematic SPS training of staff  Ad hoc SPS control  No fenced off control area  No regular exchange of information</p>	<p>2018  At least 15 AZ staff and 15 GE staff trained in SPS topics At least 10 AZ staff and 10 GE staff participated in Study visits to EUMS  Systematic SPS control  Fenced off control area in place  Weekly exchanges of information</p>	<p>Feedback collected from training participants.  Assessment and progress reports by project experts, monitoring and evaluation records.  Regular Trade Flow statistics  Legislation adopted by the beneficiary agencies.</p>	<p><u>Risks to be taken into consideration:</u> 1) Government interest and commitment to dedicate resources to this objective might decrease.  2) The security situation in the target countries would deteriorate to such an extent that project implementation would be delayed.  3) Negative changes in regional economic environment</p>