



ANNEX 3

of the Commission Implementing Decision on the Annual Action Programme 2019 in favour of Georgia

Action Document for the European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase IV (ENPARD Georgia IV)

ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	European Neighbourhood Programme for Agriculture and Rural Development in Georgia, phase IV (ENPARD Georgia IV) CRIS number: ENI/2019/041-937 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Georgia The Action shall be carried out at the following location: countrywide including in Georgia's breakaway region of Abkhazia; in the case of rural development actions: mainly in the four focal regions selected by the Government of Georgia in agreement with the European Union (Kakheti, Imereti, Guria, and Racha-Lechkhumi & Kvemo Svaneti).	
3. Programming document	Single Support Framework for EU support to Georgia (2017-2020)	
4. Sustainable Development Goals (SDGs)	SDG 1 – No poverty SDG 5 – Gender equality SDG 8 – Decent work and economic growth SDG 10 – Reduced inequalities SDG 11 – Sustainable cities and communities SDG 15 – Sustainable use of natural resources SDG 17 – Partnerships for the goals	
5. Sector of intervention/ thematic area	Agriculture, rural development, environment, food safety	DEV. Assistance: YES

6. Amounts concerned	<p>Total estimated cost: EUR 55 000 000</p> <p>Total amount of EU budget contribution EUR 55 000 000 of which: EUR 31 000 000 for budget support and EUR 24 000 000 for complementary support.</p>			
7. Aid modality(ies) and implementation modality(ies)	<p>Direct management through:</p> <ul style="list-style-type: none"> - Budget Support: Sector Reform Performance Contract - Grants - Procurement <p>Indirect management with the entrusted entity(ies) to be selected in accordance with the criteria set out in section 5.4.2</p>			
8 a) DAC code(s)	<p>43073 – Food safety and quality (33%) 43040 – Rural Development (33%) 31110 – Agricultural policy and administrative management (34%)</p>			
b) Main Delivery Channel	<p>12000 Recipient Government (budget support) 20000 Non-governmental organisations and Civil Society 40000 Multilateral Organisations (International Organisations and/or Member State donor Agencies)</p>			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality and Women’s and Girl’s Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	X	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>	
10. Global Public Goods and Challenges (GPGC) thematic flagships	<p>Environment and climate change, food and nutrition security and sustainable agriculture</p>			

SUMMARY

The proposed Action, building on positive outcomes of previous phases of the ENPARD Programme and on the commitment by Georgia to advance initiated reforms in the relevant sectors, is divided into two components: Food safety and sanitary and phytosanitary (SPS) measures (component 1) and rural development (component 2).

Under component 1, ENPARD IV will provide assistance in the **food safety and SPS sector**¹ (**food safety**) to enhance consumer protection in Georgia and to facilitate exports of safe Georgian products to EU Member States, taking advantage of the opportunities available under the DCFTA, as well as potentially to other countries. In this regard, ENPARD IV will build on the achievements of the Comprehensive Institution Building (CIB)² Programme and of previous ENPARD phases (in particular, ENPARD II which had a component on food safety). It will provide further support to the National Food Agency (NFA) for improved inspection and control systems, and to continue the legal approximation process³, including enforcement of newly adopted regulations. ENPARD IV will also support food business operators (FBOs) in their efforts to adapt to such reforms.

Under component 2, ENPARD IV will provide support to **rural development**, with the objective to improve living conditions for a larger proportion of the rural population in Georgia, rendering the rural development sector more dynamic and effectively contributing to Georgia's economic and social development. ENPARD IV will improve the economic and social integration of vulnerable households in disadvantaged rural regions of Georgia, including eco-migrants, conflict affected people (IDPs and their host communities), ethnic minorities, Georgian returnees and newly arrived migrants, using the EU's LEADER approach and promoting Local Action Groups (LAGs). The Action will further enhance civic participation in the regions of Georgia through increased civil society involvement in local decision-making processes by actively promoting and encouraging participation of youth and women, noting the specific needs and constraints of these groups. Drawing from lessons learnt from previous phases, the assistance will continue to promote a bottom-up model of rural development, based on EU best-practices and will expand support to additional municipalities under the four focal regions jointly identified by the EU and the Government of Georgia (namely Kakheti, Imereti, Guria, and Racha-Lechkhumi & Kvemo Svaneti).

In line with the EU engagement policy towards Georgia's breakaway region of Abkhazia, ENPARD IV activities in rural development and/or food safety will also be implemented in that region, in accordance with the crisis declaration.

¹ The term "food safety" is used in this document in its broader definition to include not only safety of food items but also veterinary (animal health) and phytosanitary (plant protection) as well as epidemiological (human health and foodborne illnesses) issues.

² The CIB Programme ended on 30.06.2019.

³ According to the agreed DCFTA Legal Approximation Plan (ref.: <http://www.dcfta.gov.ge/en/agreement>), 173 new normative acts have to be approximated between 2019 and 2027.

1 CONTEXT ANALYSIS

1.1 Context Description

Georgia is a small developing economy with a population of about 3.7 million (sex ratio of 91 men per 100 women) and a gross national income (GNI) per capita of USD 4,067⁴. Sound fiscal and monetary policies supported by structural reforms created supply-side dynamics which positively impacted upon economic growth in the larger Georgian cities, e.g. Batumi and Tbilisi.

Agriculture is a traditional productive sector for Georgia, which accounted for 7.2% of GDP in 2017⁵. Almost 50% of the Georgian workforce is engaged in agriculture, producing less than 10% of value added. Only 3.5 % of the working age population living in rural areas is involved in non-farm business and entrepreneurship activity⁶.

From 2011, **food safety** regulation was reintroduced as a priority in the Georgian political agenda. The National Service of Food Safety, Veterinary and Plant Protection under the Ministry of Agriculture (NS) was reorganised into the National Food Agency (NFA)⁷ and re-established as a legal entity of public law (LEPL) allowing it more financial and decision-making independence; the *Code of Food/Feed Safety, Veterinary and Plant Protection* became the fundamental legislation for the Georgian food safety system. The past few years have seen a significant increase in NFA's activities and the scale of control operations.

The EU has provided assistance for these reforms since 2012 through its CIB Programme, which provided support for the institutional strengthening of the NFA, the legal approximation process as well as the capacity development of food safety inspectors. It also helped the NFA, the Revenue Service (responsible for border inspection points) and the Laboratory of the Ministry of Agriculture (LMA) to improve their physical infrastructure and become better equipped for undertaking inspections in accordance with EU standards. ENPARD II also contributed to complementary reforms through budget support. This assistance resulted in large parts in positive developments in the sector.

In 2014, the signature of the Association Agreement between the EU and Georgia (which fully came into force in July 2016) provided further impetus to the reforms within the sector as it established the necessary food safety requirements for Georgian produce to be exported to the EU. Under this agreement, the Government of Georgia committed to approximating and implementing 271 EU legal instruments. Nevertheless, Georgia still has a long way to go before it establishes an efficient state system for food safety regulation. According to the DCFTA Legal Approximation Plan, 173 new normative acts need to be approximated between 2019 and 2027. Furthermore, from 2020 the NFA is required to start undertaking mandatory inspections to smaller FBOs, including the ones engaged in primary production, raising the number of entities to be inspected from 21,000 to 150,000.

⁴ Source: Geostat, 2017-2018 data

⁵ Geostat data.

⁶ Geostat data.

⁷ The NFA comprises 9 departments and 2 offices at central level as well as 12 regional offices.

In the **rural and agriculture sector** the Government started increasing financial allocations and undertaking substantial reforms since 2012, leading to a gradual growth in agricultural production and value, although there is still a vast potential to develop the sector and transform a primarily subsistence-based agriculture into vibrant market-oriented farming. This will require important structural reforms and investments. Since 2013 there has been a longstanding commitment from the EU to support agriculture and rural development as one of the key areas contributing to rural poverty alleviation and inclusive growth as reflected under successive Single Support Frameworks for EU Support to Georgia. Rural development at the level of state policy was first introduced in Georgia in 2016. The Government adopted the Rural Development Strategy of Georgia (RDSG) for 2017-2020 and subsequently the Action Plans for 2017 and 2018-2020 (RDAP) respectively, moving towards aligning Georgia's rural development policy with that of the EU. RDSG identifies three priority areas: (1) Economy and Competitiveness; (2) Social Conditions and Living Standards; and (3) Environmental Protection and Sustainable Management of Natural Resources. The Inter-Agency Coordination Council for Rural Development (IACC) led by the Ministry of Environment Protection and Agriculture (MEPA) was established to coordinate the implementation of rural development policies across all relevant institutions. The IACC adopted in December 2017 a Common Monitoring and Evaluation System (M&E) of the RDSG, including results (outcome) indicators.

With a total budget of EUR 179.5 million for the three phases, ENPARD supports Georgia in the implementation of the 2015-2020 Strategy for Agriculture Development in Georgia (SADG) along with the 2017-2020 RDSG. Since 2014 (under ENPARD I) an innovative approach within EU rural development policy (LEADER)⁸ was introduced in Georgia, based on bottom-up and participatory approaches to territorial development and leading to the creation of Local Action Groups (LAGs). The LEADER model was successfully implemented in three municipalities at first, expanded to five additional (ENPARD II) and four more (ENPARD III), leading to a total of 12 municipalities covered so far by this approach.

1.2 Policy Framework (Global, EU)

The proposed ENPARD IV actions in the area of food safety, SPS and rural development are in line with the priorities of the Single Support Framework 2017-2020 (more specifically, they fall under Sector 1 "Economic development and market opportunities" Specific Objective 4: *"to improve the competitiveness of the agri-food; to improve employment and living conditions in coastal and rural areas through diversification of the coastal/rural economy and developing infrastructure links"*).

The proposed actions fall under article 7: *Agriculture and rural development* and article 8: *Trade related reforms and sanitary and phytosanitary (SPS) measures* of the EU-Georgia Association Agenda 2017-2020.

⁸ Leader stands for 'Links between actions of rural development', see: https://ec.europa.eu/agriculture/sites/agriculture/files/publi/fact/leader/2006_en.pdf.

Furthermore, the proposed measures in the area of food safety and SPS are directly supportive of Georgia's commitments under the DCFTA and its Approximation Plan⁹ (2015-2027).

The proposed actions are also in line with the Eastern Partnership “20 Deliverables for 2020”, namely: 6) *The creation of new job opportunities at the local and regional level supported via EU programmes aimed at diversifying the economic activity and reducing disparities* and 8) *Trade among Partner Countries and between them and the EU supported, including through progress on the DCFTAs implementation for the three associated countries.*

ENPARD IV is fully in line with the Key Outcomes of the High-Level Meeting between Members of the Commission and of the Government of Georgia of 21 November 2018¹⁰, envisaging additional support to improve living conditions and boost export opportunities through better food safety systems.

The proposed measures, and in particular the actions in support of the legislative harmonisation with the *EU acquis* in the area of food safety and on the improvement of Regulatory Impact Assessments (RIA), are also in line with the Public Administration Reform (PAR) efforts included in the PAR Roadmap and Action Plan, outlining measures to set clearer rules, procedures and methodologies to improve the quality of legislation.

1.3 Public Policy Analysis of the partner country/region

Current strategies

As outlined under Section 1.1, two main strategies cover agriculture and food safety: the Strategy for Agriculture Development in Georgia (**SADG**) **2015-2020** and the Rural Development Strategy of Georgia (**RDSG**) **2017-2020**, along with their respective action plans.

The **SADG** aims at creating an environment that will ensure food safety and security, increase competitiveness in the agro-food sector, promote the stable growth of high-quality agricultural production, and eliminate rural poverty through the sustainable development of agriculture and rural areas.

The actions in the food safety area under the proposed Action are in line with the SADG Strategic Direction 3.6: *Food Safety, Veterinary and Plant Protection*. The Government foresees the development of an efficient and effective food safety system, consistent with EU legislation (3.6.1), the establishment of a reliable and efficient system for animal health (3.6.2) and for plant protection (3.6.3), the improvement of laboratory capacity and the establishment of modern testing techniques, compliant with international standards (3.6.4), as well as the development of capacities at border inspection points for veterinary and phytosanitary checks and for agricultural import/export monitoring.

⁹ Decision No 1/2017 of the EU-GEORGIA SANITARY AND PHYTOSANITARY SUB-COMMITTEE of 7 March 2017, modifying Annex XI-B to the Association Agreement (2017/683).

¹⁰<https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ec-georgia-high-level-meeting-agreed-outcomes.pdf>

The **RDSG** aims at ensuring the constant improvement of quality of life and social conditions of the rural population based on a combination of increased economic opportunities, more accessible social benefits, a rich cultural life, environmental protection and the sustainable management of natural resources. The RDSG refers to the EU LEADER approach as an effective mechanism for inclusive participation of the local population, with emphasis on women and youth, through provision of capacity building support and promotion of direct involvement for better identification of needs and decision-making on local development priorities and means to achieve them. Environment and climate change are recognised as an integral part of rural development, and as such incorporated as the third pillar of the RDSG.

Future strategies

As the RDSG and SADG are ending in December 2020, the Government is currently formulating the successor strategy, which will merge the current two strategies into one single framework, the **Agriculture and Rural Development Strategy of Georgia (ARDSG)**, covering rural development and agriculture and integrating food safety. The ARDSG is to be adopted before the end of 2019. It builds on the successes of its predecessor strategies and integrates the lessons learnt and recommendations from the 2018 Mid-term Evaluation of the SADG. The ARDSG also rectifies the weaknesses identified in its predecessor strategies. For example, the process of preparation of the new strategy (including the stakeholder consultations) will be described clearly in the strategy itself. The Strategy will also include a section describing the coordination and monitoring systems in place, and the Action Plan accompanying the strategy will have clear indicators with baselines and targets. Finally, the ARDSG will include an estimation of the resources required for its implementation

Costing, monitoring, evaluation

The SADG continues to be relevant, as refocussed and extended in 2015 towards key issues of agriculture and rural development. It also remains credible as demonstrated by the continued commitment to agriculture evidenced through the state budget. The Mid-Term Evaluation of the SADG (2018) reports: “*full relevance and sustainability, very high levels of implementation quality, high level of efficiency and effectiveness and good impact*”. Furthermore, Strategic Direction 2 (Institutional Development) of the SADG has been progressing.

The RDSG remains highly relevant to the most critical challenges affecting the rural population of Georgia, including higher relative poverty related to lower levels of income and living standards in comparison to the urban population. Constraints such as poor access to basic services or the lack of social and economic opportunities intensify the dependence on self-subsistence agriculture and other low-value activities, which in turn aggravate the problems of rural youth migration and marginalisation, especially in remote areas, including ethnic minorities and other vulnerable groups. The RDAP 2017 brought together all public programmes supporting rural development, classified by priority areas and strategic objectives, and provided specific budgetary allocations and annual indicators of achievement. As a result of support under the ENPARD Programme, Georgia is moving towards a more results oriented and accountable implementation of public support programmes for rural development, for which an integrated M&E system was adopted and is operationalised for data collection, analysis and reporting among all concerned implementing agencies.

On credibility, the Government's commitment to the development of rural areas is reflected in the adoption of a costed RDAP for 2018-2020 intended to fully implement the RDSG, for which budgetary allocations have been approved as part of the Basic Data and Directions (BDD) document¹¹ for 2018-2021. The document reflects the reality of existing rural development activities, budgets and targets, as well as an overall increase in the number of programmes and a more comprehensive presentation of activities and costs. On this basis, the annual allocations for the rural development programmes and activities are to be incorporated in the respective annual budgets for further adoption by government, ensuring financial sustainability of the implementation of the RDSG.

The draft ARDSG is highly relevant as it adequately responds to the needs of the sector and duly integrates cross-cutting considerations, among other issues pertinent to youth, gender equality and climate change. In this regard, the draft ARDSG takes into account the findings of the 2018 report *Gender, Agriculture and Rural Development in Georgia*¹² and builds on the experiences of implementing climate resilience actions in Georgia under the current ENPARD III.

The draft new Strategy is credible as demonstrated by the budget allocated, as per the BDD to its implementation, which appears adequate. The Strategy also foresees the advancement of a performance assessment/monitoring and evaluation framework. The institutional capacity of the MEPA is sufficient to coordinate the process of implementation of the new Strategy with other relevant Ministries. IACC will continue its functions as lead coordination body for rural development, steered by the MEPA Policy Unit. Reports on the implementation of the Strategy's Action Plan will continue to be issued on an annual basis, with reference to its specific indicators and targets.

IRDP and SIGMA

The Medium-Term Development Programme for 2017-2019¹³ of the National Food Agency's (NFA) Institutional Reform and Development Plan (IRDP) sets out the NFA's vision to transform the organisation into a highly effective and functional state institution, aligned with EU benchmarks. In particular, the IRDP foresees the development of a Quality Management System (QMS) based on international best practices, to ensure the quality, consistency and transparency of its operations. It also outlines key focus areas for activities under each of the different NFA functions (Food/Feed Safety and Quality, Veterinary, Phytosanitary).

The current policy framework is supplemented by the Law on Mountains and the 2019-2023 Strategy for Developing Mountainous Areas, as well as the 2018-2021 Regional Development Programme (RDP). Stemming from the RDP 2018-2021, a region-specific territorial development plan, called Pilot Integrated Regional Development Programme (PIRDP) will target the four focal regions. The Government has also declared its intention to develop a

¹¹ See Annexes GC1.6 - Basic Data and Directions document 2018-2021 (GE); and GC1.7 - Basic Data and Directions document 2018-2021 (EN translated chapters)

¹² Produced by FAO with the assistance of the Austrian Development Agency and the EU

¹³ The IRDP is currently being updated and the new programme will cover 2020-2025.

Decentralisation Strategy for 2019-2025 with the aim of granting more functions and finances to the local authorities.

The 2018 SIGMA Baseline Measurement on the Georgian Development and Coordination System found that there are some shortcomings in relation to e.g., the preparation, planning and analysis of laws as well as in the actual legal drafting practices, as evidenced by the fact that a significant portion of new laws are amended within a year of enactment. Additionally, the rate of implementation of the annual legislative plan is rather low in Georgia. ENPARD IV will contribute to capacity development in policy planning and implementation to address these identified shortcomings. The proposed interventions in support to legal approximation will seek to improve the legislative process, in accordance with the recommendations issued by the abovementioned report.

1.4 Stakeholder analysis

The **target groups** for this intervention are:

- a) **Government:** the Ministry of Environmental Protection and Agriculture (MEPA) and its agencies (such as the National Food Agency, the Scientific Research Centre and Laboratory), other Ministries and their agencies, involved in rural development (such as the Ministry of Regional Development and Infrastructure, the Ministry of Justice, the Ministry of Economy and Sustainable Development and the Ministry of Science, Education Culture and Sports) and the Revenue Service in relation to its border inspection operations.
- b) **Private sector:** food business operators and primary producers including individual farmers and agricultural cooperatives.
- c) **Civil society:** NGOs advocating for inclusive development, participatory governance, consumer rights or raising awareness on food safety matters.

The **final beneficiaries** are all the consumers in Georgia who will have access to safe food and more information on the food they consume (for the food safety component), and the rural population in particular with a special focus on vulnerable and marginalised groups, women and youth in the four focal regions and in the breakaway region of Abkhazia (for the rural development component).

At national level, the Ministry of Environmental Protection and Agriculture (MEPA) is leading the implementation of the SADG, including leading the coordination of the RDSG (and of the future Strategy). While the MEPA Policy Unit supervises the overall implementation of the SADG, a Rural Development Unit has been established to coordinate the development of the RSDG and to coordinate the formulation and implementation of the Rural Development Action Plan, in collaboration with local authorities and civil society organisations. MEPA is also responsible for producing and processing data and statistics in the agricultural sector; this information is then published by the National Statistics Office of Georgia (Geostat).

Other ministries and government agencies dealing with aspects that concern rural development include the Ministry of Regional Development and Infrastructure, the Ministry of Justice, the Ministry of Economy and Sustainable Development and the Ministry of Science, Education, Culture and Sports. The Autonomous Republic of Adjara has its own

well-functioning Ministry for Agriculture and Rural Development to coordinate the implementation of the regional strategy in Adjara.

The Inter-Agency Coordination Council (IACC) is the officially designated advisory body to the Government for coordinating the implementation of rural development support. It is chaired by the First Deputy Minister of MEPA, assisted by a dedicated Rural Development Policy Coordination Unit (RDU) under the Policy and Analysis Department of the Ministry. Other ministries are represented at deputy minister level for joint decision-making in areas related to rural development, on the basis of the work carried out by the IACC's four thematic working groups respectively covering social, economic, environmental and local development issues.

MEPA has been steadily improving its institutional capacities, with the ongoing support provided through ENPARD. According to the 2018 external mid-term review of the SADG, MEPA has improved its institutional capacity and has adequately implemented the Strategy. Some of the positive developments include improvements to its organisational structure, procedures and operations; strengthening of its human resources and training system based on a comprehensive staff training needs analysis; and improvement of its monitoring and evaluation systems. On this basis, there is good evidence to suggest that MEPA will have the capacity to implement the activities foreseen under ENPARD IV and to coordinate actions with other relevant ministries as well as to report back on implementation in a clear and adequate manner.

The National Food Agency (NFA) is a LEPL under MEPA, with the primary responsibility for regulating and controlling SPS measures and food safety in Georgia, covering the entire food chain (from primary production to final consumption). These measures include official control of food/feed business operators, monitoring of food/feed markets, animal identification and registration, epizootic surveillance, pest control, phytosanitary control, registering veterinarian medicines and plant protection products and monitoring their markets, responding to outbreaks of human diseases caused by foods or animals, animal diseases, plant diseases and pests. The NFA lacks qualified staff and Standard Operating Procedures (SOPs). The proposed intervention plans to assist NFA in addressing these shortcomings with the ultimate aim of increasing service provision for the consumers.

The Scientific Research Centre of Agriculture (SRCA) is a LEPL established under MEPA, responsible, *inter alia*, for risk assessments and risk communication. The establishment of the risk assessment unit, in 2014, follows the international SPS risk analysis principles of the *Codex Alimentarius*¹⁴, which separate the risk assessment and risk management roles between two governmental entities. In Georgia's case, these roles are split between the SRCA and the NFA. The SRCA has the mandate to perform risk assessments for the food safety, veterinary and phytosanitary sectors, whereas the NFA is in charge of risk management. The SRCA's ability to perform risk assessment is hampered by shortage of qualified staff. The proposed

¹⁴ The Codex Alimentarius or "Food Code" is a collection of standards, guidelines and codes of practice adopted by the Codex Alimentarius Commission. The Commission is the central organ of the Joint FAO/WHO Food Standards Programme and was established by FAO and WHO to protect consumer health and promote fair practices in food trade.

intervention would strengthen the SRCA's staff capacity to improve effectiveness of their operations.

The Laboratory of the Ministry of Agriculture (LMA) is a LEPL under MEPA, which focuses on providing services not provided by private laboratories. It received accreditation from the Georgian Accreditation Centre (GAC) in 2017. The LMA lacks resources including equipment and qualified staff. The proposed intervention would assist the LMA in improving its staff capacities and upgrade its equipment, as it relates to the areas covered under the newly approximated legislation.

The National Centre for Disease Control and Public Health (NCDC) is an agency established under the Ministry of IDPs from the Occupied Territories, Labour, Health and Social Affairs. It is tasked with protecting consumer health against disease outbreaks. It tracks the occurrence of both foodborne and waterborne diseases.

The Revenue Service (RS) of the Ministry of Finance is responsible for implementing SPS control plans at the Border Inspection Points (BIPs). This includes the RS Customs Department conducting documentary checks, physical identification and sampling with laboratory analysis. The RS lacks qualified staff as well the equipment to undertake inspections at the border. The proposed intervention will also aim to strengthen the RS' ability to perform its mandate in relation to border inspections.

The Agrarian Issues, Regional Policy and Environment and Mountain Areas Committees of the Parliament are responsible for reviewing legislation in their respective sectors. The EU is engaged in policy dialogue with these committees as they exercise a proactive role in reform.

Private Sector – Food Business Operators – are key stakeholders as they have to comply with the requirements of newly adopted legislation. At present there are approximately 21,000 FBOs. Out of these, all the high-risk FBOs have been recognised by the NFA and are subject to NFA's inspections. However, there is a large number of small scale FBOs who are not required by legislation to be registered until 2020 and therefore it is difficult to estimate the number of active FBOs still unregistered. FBOs often lack access to timely, precise and accessible information on what is required of them to comply with the new legislation. They also often lack financial resources to undertake the required upgrades. The proposed intervention would assist NFA in providing more adequate information to FBOs and would assist FBOs in their efforts to adapt to the requirements of the new regulations through technical and financial assistance.

Private sector – primary producers such as commercial farmers, agricultural cooperatives – are key stakeholders insofar as they also have to comply with the requirements of newly adopted legislation. At present the large majority of farmers operate in small holdings of less than 1 ha of land and suffer from lack of access to information, knowledge, quality productive assets (such as modern equipment) and inputs, and credit.

Civil society organisations (CSOs) play an active role in policy-making and advocacy for agriculture and rural development including policy dialogue and participation in coordination. Georgia has a well-established network of international and local NGOs working in agriculture and rural development, including environment. CSOs also have a key role to play

in the food safety area. In particular, they have a role in facilitating dialogue between Government agencies and consumers, by ensuring that consumer interests are included in governmental reforms, and in raising awareness of consumer rights amongst communities. In Georgia, CSOs have long been actively involved in the sector by representing consumer' interests in the civic hall public fora hosted by the NFA. The proposed Action will strengthen the role of CSOs in fulfilling their mandates in this regard.

With regard to rural development, the Local Action Groups are represented by the Georgian Association of LAGs (GALAG) at national level, while the recently established Georgian Rural Development Network (GRDN) represents broader national and international rural development stakeholders and still needs to prove its value added.

The local self-governments (LSGs, 60 municipalities and 5 self-governing cities¹⁵) possess the rights to administer their own budgets, assets, natural resources, local taxes, and manage local infrastructure. The bodies of self-government at the level of municipalities are a representative council, *Sakrebulo*, directly elected for a four-year term, and an executive branch, headed by a mayor, directly elected for a four-year term. Currently, LSGs have limited competencies and own financial resources to administer their jurisdictions. The (draft) Decentralisation Strategy aims at gradually increasing competences and financial resources by 2025.

1.5 Problem analysis/priority areas for support

Component 1: Food safety

Reform efforts to develop the country's food safety systems have become faster and more systematic in recent years, but a number of key challenges persist. First, despite improvements supported by the CIB Programme, the NFA still suffers from key institutional challenges ranging from the lack of SOPs to a shortage in quantity and quality of trained personnel. One of the main components of the NFA's IRDP is the development of NFA's human capital and internal processes. These reforms have been initiated but there is still a severe shortage of staff able to not only support the implementation of food safety reforms and ongoing monitoring and control plans but also to provide expertise to the private sector FBOs, laboratories, consulting firms and suppliers. Similarly, although SOPs have been developed for multiple NFA activities, such as market surveillance or documentary inspections and labelling, many are still missing. Support is therefore required for further institutional development of the NFA and in particular for the implementation of the NFA's Quality Management System (as foreseen under the IRDP) which will improve internal processes and consolidate them in a properly documented and transparently accessible system. Specific attention needs to be given to the establishment of proper consumer relations processes to improve the services provided by the NFA¹⁶.

¹⁵ Self-governing cities and municipalities have the same status and functions. Self-governing cities are established within the boundaries of a particular city. Municipalities represent the constellation of the settlements (villages, small towns).

¹⁶ The NFA's role is seen as predominantly punitive at present. It is important to support a shift towards a less punitive and more flexible approach (based on provision of guidance and advice to accompany FBOs in their

There is a need for capacity strengthening of MEPA and NFA human resources in the light of agreed commitments under the DCFTA, which require the approximation and implementation of 173 new normative acts between 2019 and 2027, and in view of the expanded scope of NFA's operations¹⁷. On the positive side, the inspection process has become increasingly risk-based and therefore more targeted and efficient. However, there are numerous FBOs still unregistered¹⁸ leading to unfair competition between the FBOs, who do not undergo any inspections or controls, and the properly registered ones, subject to the NFA's control and often needing to invest heavily to improve their food safety management systems. Overall, the number of controls (both scheduled and impromptu inspections as well as documentary checks and surveillance) remains quite low for the number of FBOs in Georgia and support is required to expand this coverage. At the same time the new requirements placed on FBOs with the new legislation often put their financial viability at risk. ENPARD IV will support FBOs in this process.

Additional support will be required for further training of NFA's technical staff (in particular inspectors)¹⁹ and for continuing the process of legal approximation, as per the Approximation Plan. Trainings for the inspection and control of animal feeding stuff and feed additives will also be required in the coming years in view of the respective legislation to be approximated. Training for the control of aquaculture, fish diseases and fish feed is also critical since the legislation has been adopted although practical control procedures have yet to start. Training to the laboratory staff will also need to be targeted towards the enforcement of such legislation and the consequent introduction of appropriate testing methods.

Although the NFA and MEPA's capacities in legal approximation have been significantly improved in recent years with support from CIB, the legal approximation process also requires systemic improvements. More generally, the process of legal approximation in Georgia has weaknesses as identified in the 2018 SIGMA Baseline Measurement Report on the Georgian Policy Development and Coordination System. ENPARD IV will contribute to addressing such weaknesses.

Just as it is essential for the NFA to ensure engagement with CSOs, it is equally if not even more critical for the NFA to engage in a timely manner with FBOs. The latter often note that they are made aware of changes to the legislation too late into the process, leading to fines and penalties for non-compliance. It is critical for the NFA to conduct specific information sessions and trainings for FBOs and to provide equal coverage to all FBOs (including the smaller FBOs which will be required to be registered by the NFA from 2020) to ensure fair treatment and avoid unequal competition. Finally, public awareness-raising shall be scaled up particularly in the more remote rural areas. When the drive for reforms will come from consumers and when consumers will be mature enough to demand that the products they buy comply with food safety standards (for example with regard to labelling requirements), the

reform processes) with the ultimate goal of moving towards complete self-regulations of FBOs (which is still a long way to go at present).

¹⁷ From 2020, the NFA will need to start undertaking mandatory inspection of smaller FBOs, including entities engaged in primary production, thus raising the number of entities to be inspected from 21,000 to 150,000.

¹⁸ These are small FBOs who will also be subject to inspections as of 2020.

¹⁹ E.g., NFA staff trainings currently do not include epidemiological sections that indicate how foodborne bacteria and infection occur and methods to avoid them. Trainings also need to go hand in hand with the newly adopted legislation.

FBOs will be obliged to take action, regardless of the NFA. The involvement of CSOs in mobilising consumers in this process would be critical.

Another particular area of concern is related to the lack of estimation of the cost of compliance with the newly adopted regulations, **both** for the Government and for the private sector. There is therefore the need to conduct Regulatory Impact Assessments (RIA) to estimate compliance costs for all governmental institutions involved and for the relevant FBOs. This should be undertaken for all legal acts remaining to be approximated until 2027 as per the DCFTA Approximation Plan. Technical assistance will be required to support the development of RIAs for government decrees.

Finally, support should be provided specifically in relation to animal-based products listed for export to the EU. In recent years, honey as well as Black Sea fish and fish products have been included in the list of third countries allowed to export to the EU. Nevertheless, only very limited export of honey has been recorded to this date, and no export of fish. This is partially due to the low competitiveness of these products on the EU market. However, food safety aspects have also proved to be problematic. Currently, discussions are ongoing regarding aquaculture products and potentially in the future dairy and poultry or other meats could be considered. However, food safety issues are particularly complex for these products.

In the veterinary field a number of key challenges persist. For example, the use of illegal veterinary medicines is still prevalent and local laboratories often cannot adequately test for these drugs due to lack of accredited methods. At present, six Veterinary Supervision Points (VSP) have been created. However, as their use is not mandatory, some farmers may bypass them. Furthermore, the lack of qualified personnel in the NFA is particularly problematic when it comes to veterinarians, as the 650 veterinarians employed by the NFA have varying level of qualifications and they are on average 65 years old²⁰. Challenges are also present in the animal slaughtering processes as meat is often sold without the form which certifies that the product comes from an NFA-controlled facility. Finally, the traceability of domestically produced food products remains a significant vulnerability in the Georgian food safety system. The National Animal Identification and Traceability Programme (NAITS) currently being implemented is likely to produce further improvements for both dairy and meat, and it is indeed a precondition for the possibility of export of products of animal origin to the EU.

In view of these challenges support is to be provided for the establishment of an effective prevention and control system for priority animal diseases of high importance for consumer protection. Support will also be provided to achieve food safety compliance for products with higher export potential. This will include improved control over the use of animal feeding stuff and animal medications. It may also include the introduction of a compensation scheme on a pilot basis for animals that are to be culled due to serious disease/epidemy²¹.

Plant protection is another key area of concern requiring technical assistance for the implementation of 17 outstanding legislative acts, further training of plant protection specialists on pest risk analysis, phytosanitary surveillance systems and on the use of the new electronic certification system and finally equipment required to carry out phytosanitary

²⁰ Veterinary medicine became a regulated profession again in 2017.

²¹ Prior to testing a compensation scheme the project will undertake a feasibility assessment.

control including sampling. Pests such as the Brown Marmorated Stink Bug (BMSB) have the potential to impact agricultural yields very significantly (in the case of BMSB for example this led to a substantial decrease in hazelnut exports) and cause significant revenue losses as well as increased economic vulnerability of primary producers.

As outbreaks of pests and animal diseases affect both sides of the conflict divide, sustainable progress in raising phytosanitary and veterinary conditions in the Tbilisi-administered territory thus requires sustained efforts to address pests and animal disease also in Georgia's breakaway region of Abkhazia, while complying with the EU's non-recognition policy.

To conclude, the obstacles hindering government institutions from successfully implementing the policies and regulations are primarily related to limited/inadequate financial and human resources and institutional capacities. The obstacles hindering the FBOs as well as primary producers to conform to food safety requirements are in its turn primarily related to lack of financial resources and knowledge. There is also an issue regarding dialogue and communication amongst stakeholders leading to a lack of trust and ineffective implementation. Measures under ENPARD IV propose to assist the Georgia's public and the private sector stakeholders specifically in addressing the abovementioned obstacles.

Component 2: Rural Development

There is a clear rural-urban divide when it comes to economic opportunities in Georgia. Agriculture represents the main source of food and income for rural households. The deterioration of the sector remains a root cause of poverty particularly for women, as 56% of self-employed women work as unpaid family workers²².

The poverty rate is gradually decreasing but remains high at 21.4 %, notably in rural areas where 42% of the population lives and poverty is 27.4%, as opposed to 15.1% in urban areas²³. Poverty is most severe in mountainous areas, and female-headed households are more likely to be poor than male-headed households, since they have fewer economic opportunities, especially in off-farm activities, earning on average 63 cents per each euro earned by a man²⁴. Insufficient infrastructure and lack of affordable child-care facilities severely affect women's opportunities for economic and social empowerment, as domestic and care work traditionally are the responsibility of women. In addition, limited access to mobility, transportation, markets and decision-making are hampering factors for women's participation.

A number of key challenges in Georgia's rural areas include the following:

General economic issues: poor diversification of the rural economy; lack of employment opportunities; limited access to finance for investments; lack of vocational education and training opportunities in rural areas.

²² *Ibid.*

²³ GeoStat (2015). Relative poverty is measured in terms of share of population below 60% of median consumption.

²⁴ GeoStat (2015). Women and Men in Georgia:

(http://www.geostat.ge/cms/site_images/files/english/health/Women%20and%20Men_2015.pdf).

Agricultural sector: poor irrigation infrastructure; lack of warehouses and grain storage facilities and/or high prices for their use; limited access to markets; low competitiveness of local production; limited access to trainings and consulting services; lack of modern technologies and quality productive inputs.

Infrastructure and services: poor access to clean water in households; poor condition of local roads; poor access to clean water in households. Services provided by community centres need improvement in order to be used as a platform to provide relevant information and trainings for the rural population and to benefit from the online portal my.gov.ge to access municipal services. In addition, rural areas are not covered by community centres, and LAGs need citizen access points.

Environment and natural resources: still not sufficient attention to preserving protected areas, as well as unsustainable use of natural resources; degraded forests and poorly managed and overgrazed upland pastures; inefficient management of climate change impacts.

These issues make rural areas less attractive (in particular for young people) and lead to population decline (massive rural to urban migration) and an ageing rural population. When this population group returns to these areas, the returnees are further alienated and find themselves in an even more vulnerable situation, which is exacerbated by non-existent reintegration services accessible at rural locations.

Furthermore, municipal authorities tend to lack experience in modern rural development approaches and the local population lacks experience in engaging in local self-government. The population living in remote areas and mountainous regions as well as vulnerable groups (IDPs, ethnic minorities, eco-migrants, etc.) face additional economic and social challenges.

1.6 Other areas of assessment

1.6.1 *Fundamental values*

Fundamental values of democracy and human rights are protected by the Georgian Constitution in line with main international standards. Georgia is considered to be a country adhering to the Rule of Law, although improvements are still needed in the areas of enforcement of judicial decisions and the independence of judiciary. Freedom House recognises Georgia as “partly free” with overall score 63/100²⁵.

1.6.2 *Macroeconomic policy*

Economic activity, which grew at 4.7%, proved resilient in 2018. Preliminary data suggest that weaker domestic demand towards the end of year was largely offset by strong export and tourism growth. The current account deficit narrowed to 7.7% of GDP in 2018, from 8.8% in 2017. The deficit is expected to gradually narrow supported by an improving trade balance.

Despite a weaker global outlook, preliminary data indicates robust growth in the first quarter of 2019. The IMF estimates 4.6% growth in 2019. Structural reforms and infrastructure

²⁵ <https://freedomhouse.org/report/freedom-world/2019/georgia>.

investment are expected to support growth over the medium term. Although the outlook is positive, Georgia remains vulnerable to spill-overs from external developments, including escalating global trade tensions and financial market volatility. A greater than expected slowdown in credit could impact growth in the short term. The economic impact of the measures imposed by the Russian Federation in the summer of 2019, banning flights to and from Georgia as of July 2019, remains to be analysed.

During the first five months of 2019 the inflation was above the 3% target of the National Bank, reaching 4.7% in May.

Monetary policy remains focused on price stability, and the stance of monetary policy is appropriate. Authorities are committed to exchange rate flexibility and build-up of external buffers. Despite the "de-dollarization" policy launched jointly by the Government and the National Bank in 2018, it remains high. Finance sector reforms remain focused on responsible lending principles that have tightened lending standards and slowed credit growth. This is likely to make credit growth more sustainable and needs to be balanced with sustained access to credit for creditworthy borrowers.

Fiscal targets of 2018 were met with a comfortable margin due to stronger growth (VAT) and over-performance in collection of certain taxes (Personal Income Tax and Corporate Income Tax) and non-tax revenues. The fiscal deficit will remain relatively stable in 2019 and over the medium term, although spending composition is expected to change reflecting new priorities toward implementing the education reform. The authorities also strengthened the fiscal rules by eliminating expenditure ceiling (set as 30% of GDP) and clarifying the scope of the deficit and public debt.

The authorities remain committed to the structural reform agenda that should create favourable conditions for balanced growth. In order to increase medium-term growth potential Georgia has to continue: improving infrastructure that will strengthen the connectivity, comprehensively reform the education system, supporting business sector and environment, mobilise domestic savings (financial market and pension reforms) and modernise commercial justice (insolvency law, effective commercial dispute settlements).

Macroeconomic stability in Georgia is also supported by the EU Macro-Financial Assistance (MFA), approved by the EU co-legislators in April 2018. Following the entry into force of a Memorandum of Understanding (MoU) and the accompanying loan and grant agreements in November 2018, the first instalment of EUR 20 million (EUR 5 million in grants and EUR 15 million in loans) was disbursed to Georgia in December 2018. The next step in the implementation of the MFA programme will be the disbursement of the second (final) instalment of EUR 25 million (EUR 5 million in grants and EUR 20 million in loans). Aside from the political precondition and good progress with the IMF programme, the second instalment will also be subject to specific policy conditionality agreed between Georgia and the EU in the MoU.

Based on the above, the general condition regarding the satisfactory progress in the maintenance of a stability-oriented macroeconomic policy is considered fulfilled.

1.6.3 Public Financial Management (PFM)

Overall progress in PFM throughout 2017 and 2018 is noticeable, particularly with regard to the expansion and strengthening of fiscal discipline and budgeting; enhancement of technical capacity in the Central Harmonization Unit (CHU) and selected Line Ministries and State Audit Office (SAO) for performance audits; rolling out rules and procedures for the establishment of financial control; improved regularity of consideration of SAO reports by the Parliament; enhanced parliamentary capacity for budget and fiscal analysis and positive emphasis on citizen engagement in the budget process.

International assessments of the accountability and transparency of Georgia's PFM system place it among the top tier of performers globally. Despite the fact that the Georgian system of public finances is internationally considered as one of the best amongst emerging and developing countries progresses, the 2018 central and subnational Government Public Expenditure Financial Accountability (PEFA) assessments show that challenges remain in the areas of public assets and investment management, consolidation of governments' financial fiscal statements and fiscal risk reporting, integration of policy planning and budgeting in the medium term, competitiveness and reliability of the public procurement system.

The EU-Georgia policy dialogue and cooperation in this specific field is strong, and ongoing and new joint actions support national progress in PFM. In this framework, the Ministry of Finance has developed a new PFM Strategy 2018-2021 focused on i) management and result-orientation of budget and of public investment, ii) International Public Sector Accounting Standards (IPSAS) oriented accounting and cash management reforms, iii) debt management, iv) tax and customs harmonisation with the EU acquis, v) macro-fiscal planning vi) public internal financial control and vii) supervision of the private sector financial accounting and reporting.

The new Strategy captures most of the weaknesses identified by PEFA assessments, IMF's Fiscal Transparency Evaluation (FTE) report, the Open Budget Index, the Tax Administration Diagnostic Assessment Tool (TADAT) and requirements of EU budget Directives.

In terms of comprehensiveness, targets indicators and reform cost estimations have been included for the entire duration (2018-2021) of the programme.

It is also worth noting that the State Audit Office, the State Procurement Agency and the Parliament are in the process of improving PFM related governance standards and that policy coordination amongst different PFM stakeholders is organised via the PFM Coordination Council of Georgia, which includes the participation of representatives of civil society organisations, IFIs and of the EU Delegation. Furthermore, policy dialogue between the EU and Georgian stakeholders is ongoing and, in this framework, a new programme (EU 4 Economic Governance and Fiscal Accountability) was approved and will start in 2019

Fiscal decentralisation is an important aspect of empowering local self-government sphere in the context of territorial development. Through its Decentralisation Strategy, the Government is currently planning to confer more responsibilities to municipalities, including more accountability and more funding. Although this is anticipated only in a mid-term perspective,

this Action could swiftly provide sound demonstration effect of what that could mean in practice, empowering local authorities to decide on their priorities and objectives.

The RDSG 2017-2020 foresees funding by the state budget and per responsible institution according to the BDD document, as well as the involvement of international partners and donors. In practical terms, the costs reflected in the adopted action plans include own resources as well as grants and loans from donors and financing institutions intended for the management of funds and programmes by appointed government institutions. This will also be the case for the new Agriculture and Rural Development Strategy to be adopted in 2019.

1.6.4 Transparency and oversight of the budget

The Open Budget Index (OBI) published end-January 2018 ranks Georgia as number five amongst all the assessed countries. In particular, Georgia makes all key budget documents publicly available online in a timeframe consistent with international standards and confirms an increase of 14 points compared to the 2015 OBI score. Such progress puts Georgia ahead of other countries in the Neighbourhood and Western Balkans regions and confirms the capacity of past and ongoing EU-Georgia policy dialogue and cooperation to deliver strong results in a critical governance area.

The Parliament holds hearings on the SAO's annual report as well as the report on the execution of the state budget, and parliamentary hearings are timely carried out. The technical capacities of the Budget Office of the Parliament are progressing, but more is needed to provide a timelier service to all relevant Committees.

As a direct result of EU-Georgia policy dialogue and cooperation, the Ministry of Finance is now publishing regularly a 'Citizen's Guide to the State Budget' in Georgian and in English, which better informs citizens and media on budget planning and priorities. The Guide also outlines the amount and the nature of transfers provided to the local self-governments.

It is also worth noting that the Government is following up on recommendations provided by the SAO and has committed to increased transparency also by providing implementation information in the documentation annexed to the annual budget execution report submitted to the Parliament.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Macroeconomic instability, economic/financial crises and/or poor public finance management disallows the budget support modality.	L/M	Continuous policy dialogue with the Government; reinforced economic/financial monitoring and other supportive measures; identification of possible impacts and remedial actions.
Geopolitical tensions in the Caucasus and the outcome of the parliamentary elections in Georgia in October 2020 divert the	L/M	Continuous political contacts with the Georgian Government and mediation with potential opposition parties; reinforced monitoring and other supportive measures;

government's focus and resources allocated to agriculture and rural development.		conflict analysis and identification of possible impacts and remedial actions.
The SADG and the RDSG or its successor sector strategy are not pursued by the government.	L	Continuous policy dialogue with Georgian Government, including the MEPA and the Inter-ministerial Council on Rural Development; continued reinforcement of beneficiary's monitoring and evaluation measures; identification of key supportive measures, possible impacts and remedial actions.
RIA not appropriately undertaken, limiting planning and implementation potential.	L/M	ENPARD IV will dedicate attention to capacity building in planning and legal approximation in the areas concerned.
General shortcomings in the quality of legislation and the legislative process in Georgia as identified in the 2018 SIGMA Baseline Measurement on the Georgian Policy Development and Coordination System.	L/M	ENPARD IV will provide support to address these issues through the complementary measures in support of the legal approximation process, which will integrate recommendations from the SIGMA report.
<i>For Abkhazia:</i> Tensions and sensitivities relating to status-issues result in possible restrictions or complete cancellation of implementation.	M	Continuous political contacts with the Georgian Government; conflict-sensitive implementation of grants based on conflict analysis and identification of remedial actions.
Assumptions		
(1) No high geopolitical tensions/deep economic crisis to happen during the implementation period.		
(2) Maintenance of stability-oriented macroeconomic policy and progress in the implementation of public finance management.		
(3) Strong commitment towards the implementation of the SADG, RDSG and future sector strategies by the Government remains in place.		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

Component 1: Food safety

The Europe Foundation produces annual independent evaluations of the Government's reform efforts in the area of food safety which also include recommendations for different stakeholders. The set of lessons learnt listed below are drawn primarily from this evaluation²⁶, also taking into account the general recommendations from the ROM report of the CIB-Phase

²⁶ Food Safety Regulation in Georgia: Assessment of the Government's Reform Efforts in 2017 – Europe Foundation.

II project in support of the NFA as well as the sections of the ENPARD II Aide Memoires relating to food safety:

- The quality of laws (their relevance and credibility) and their potential for implementation are dependent on the quality of the legislative process. MEPA and NFA therefore need to be supported in this process.
- Support for the approximation process needs to focus specifically on the transfer of expertise to ensure that MEPA and NFA are able to conduct the process independently in the long run.
- The approximation process needs to include relevant stakeholder (CSOs, FBOs) early in the drafting stages to ensure their buy-in and their full understanding of the reforms.
- The NFA's institutional development must be firmly grounded in its updated IRDP and should ideally be based on the establishment of a Quality Management System based on European best practices.
- To ensure improved awareness of consumers regarding food safety and regarding the operations of the NFA and to make consumers aware of their own rights in this area it is essential to actively involve CSOs for on-the-ground activities with communities (this is an area which was not directly covered by the CIB project).
- FBOs need to be informed and trained systematically and in a timely manner on the practical implications of new regulations.
- FBOs need to be accompanied in their reform efforts and the role of the NFA must gradually evolve to be perceived as less punitive and more advisory. Particular attention needs to be paid to smaller businesses whose financial viability is at stake.
- Outbreaks of pests and animal diseases affect both sides of the conflict divide and warrant continued interventions, also in Georgia's breakaway region of Abkhazia.
- A sustainability strategy will need to be adequately built into the Programme to ensure that reforms are able to continue after ENPARD IV.

Component 2: Rural Development

An important lesson learnt during the previous phases of implementation, as expressed by the beneficiaries of the farmers' grant schemes, is that while agricultural support is vital to them, it is absolutely important to address other social and economic needs to truly improve their livelihoods. This has been adequately considered through shifting from an agriculture sector-based approach to a territorial one that reflects the unique economic, environmental and social concerns affecting each territory. Other lessons learnt extracted from previous programme documents may be summarised as follows:

- The low level of skills of the rural population is one of the main reasons behind economic stagnation, rural poverty and inequalities.

- Unleashing the potential of the rural economy, while further developing tourism is needed to rebalance opportunities for productive participation in the economy across the country.
- The IACC members and the Government have still limited understanding of the purpose of rural development strategy resulting in low ownership.
- For sustainability, objectives need to be better translated into shorter-term operational solutions. M&E mechanisms need to be systematically applied.
- Knowledge and skills to provide result-oriented reporting and to improve the analytical part of reporting need to be enhanced across the board in a wide range of actors involved in the Programme.
- A cross-cutting capacity development approach needs to be further mainstreamed. In the current context, national counterparts are more enthusiastic to cooperate when a single intervention provides evidence for future planning and is a component of a longer-term initiative linked to highly important reforms on the national agenda.
- Institutional continuity needs to be addressed due to a very high staff turnover rate in the Georgian public service.
- There are positive examples where the value-chain approach was well understood. However, often the value chain approach was not followed due to insufficient capacities or incomplete value chain assessments.
- The LAGs should be institutionalised at the national level within the framework of respective policies.
- LAGs have yielded first promising results in supporting recovery and resilience of local communities in Georgia's breakaway region of Abkhazia.
- It is crucial to strengthen the institutional and fundraising capacities of the LAGs to develop a sustainability strategy and promote the active involvement of women and youth groups in fundraising and decision-making.
- Cooperation of the LAGs with local authorities should be strengthened and synergies among the local development plans of the municipality and the local development strategy of the LAG identified.
- The concept of involving educational institutions should be further expanded in ENPARD IV. Universities and vocational education institutions should play a more prominent role in promoting Georgian agriculture, supporting the transfer of technical capacities to farmers and linking them with agribusiness.
- An apprenticeship approach should be introduced and further developed in education and extension. The creation of a network of demonstration plots for agriculture would provide grounds to hand-on farmer training based on practical field work.

- There is a high degree of depopulation of rural areas without any return migration and intolerance towards newcomers (foreign migrants) to rural localities, causing unrest.
- Programmes and projects that attract people with technical skills and prevent depopulation of villages should be supported. Providing quality higher education and VET is important to build regional capacity and reduce the risk of young people emigrating to the capital or abroad.
- Further training on DCFTA is needed and should be funded. In this respect, it is important that both extension services and farmers are trained.

3.2 Complementarity, synergy and donor co-ordination

Sector coordination in the field of agriculture and rural development is led by the MEPA through the established Donor Coordination Council. It gathers approximately 40 members and is divided into 7 sub-groups corresponding to each of the 7 strategic directions of the SADG. Strategic Direction 3.6 concerns "Food safety, veterinary and plant protection".

Coordination amongst stakeholders also takes place within the ENPARD Stakeholder Committees, co-hosted between the EU and MEPA and organised on a quarterly basis. These Committees focus primarily on ENPARD activities but also include the participation of other key donors active in the sector and provide an opportunity for information exchange.

In addition, there is also a stakeholder coordination group on animal health. The coordination group was established under an animal health project which has ended by now, but it remains active after the project.

Proposals have been discussed between MEPA and donors on the establishment of a coordination mechanism specifically for food safety/SPS which would cover food safety in its widest definition including veterinary and plant protection. However, the coordination mechanisms in this regard have not been established yet.

Complementarity with other EU support

The measures are complementary to:

- The ongoing ENPARD III activities, targeting improved rural economic diversification, employment and services, enhanced competitiveness of agriculture and improved environment, sustainable management of natural resources and climate action.
- The EU4 Integrated Territorial Development Programme, also included as part of this Annual Action Programme. This Action aims at providing assistance to Georgian authorities for balanced territorial development and creating new centres of socio-economic gravity, including the implementation of large-scale projects in the four focal regions.
- The Economic and Business Development Programme (component on "Business sophistication") to foster socio-economic development in Georgia and its regions.

Building on endogenous potential of specific regions, SMEs are supported through the development of clusters and value chains. Target sectors include tourism, organic agriculture, seed and seedlings.

- The Skills Development and Matching for Labour Market Needs (Skills4Jobs) Programme, to support skills development and increase the employability of men and women in the selected regions.
- The Facility for the Implementation of the Association Agreement in Georgia, part II (2019-2021), aiming at strengthening the capacity of Georgian public institutions to comply with commitments set out in the EU-Georgia Association Agreement, including the Deep and Comprehensive Free Trade Area.
- The Support to the Public Administration Reform (PAR) in Georgia Sector Reform Programme.
- The OECD's Support for Improvement in Governance and Management (SIGMA) Programme.

ENPARD IV will follow and complement the upcoming Twinning (foreseen under the Technical Cooperation Facility 3 – Support for the Implementation of the EU-Georgia Association Agreement) on food safety, designed to cover the gap between the end of CIB III and the beginning of ENPARD IV. This will prepare the ground for ENPARD IV.

Complementarity with other donor support

Please refer to the table in Appendix II.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The overall objective of ENPARD IV is to help provide better quality livelihoods and living conditions for the citizens of Georgia.

The specific objective is to contribute to increased rural opportunities for citizens of Georgia via promoting sustainable and inclusive growth, creating employment and livelihoods in the rural areas as well as better food safety and improved protection of consumers in Georgia and increased share of exports of agriculture based products under the DCFTA.

The expected results and corresponding indicative activities are as follows:

Component 1: Food safety

Results:

- Enhanced consumer protection and increased food safety through increased quality and coverage of inspections and controls and effective enforcement of approximated legislation.
- Increased and timely awareness of SPS/food safety principles and regulatory requirements amongst food business operators, primary producers and civil society and increased general awareness of food safety of consumers at large.

- Increased compliance by producers and food business operators with the new SPS/food safety regulations entering into force.
- Improved export opportunities for Georgia both towards EU countries and potentially to non-EU countries through better SPS and food safety systems under the DCFTA, approximated with EU standards,.

Indicative activities:

1) Technical and financial support for legal approximation and its enforcement under the DCFTA, including support to competent authorities and support to food business operators for adapting to these reforms:

Activities may support, amongst others capacity building for conducting legal approximation processes, the establishment of a more participatory system to involve stakeholders (FBOs, CSOs) early on and meaningfully in the process, support to FBOs in the adoption of reforms including financial support in the form of grants (based on an established list of criteria to be defined) to be disbursed through MEPA. In view of the animal welfare legislation to be approximated as of 2022, trainings will also be provided to farmers and FBO staff handling animals on relevant animal health and welfare matters.

2) Institutional development support to MEPA and specifically to the NFA for improved delivery of services to citizens:

The support would focus on enhancing NFA's capacity for policy development, its governance structures, effectiveness and regulative implementation and oversight. Activities may support, amongst others, the establishment of SOPs, the improvement of internal processes leading to better consumer relations, improved internal audit systems for performance evaluation, improved human resource management, improved engagement of external stakeholders (CSOs, FBOs) in NFA processes, support to relevant IT systems/software (such as for example the needed upgrade of software for FBO inspections), etc. The establishment of an internationally certifiable Quality Management System may also be envisaged.

3) Technical and financial support for improved inspection and control systems and skills of staff of the NFA, Border Inspection Points and related laboratories:

Activities may include training of NFA staff, staff of border inspection points and relevant staff of the Scientific Research Centre of Agriculture (SRCA) and the Laboratory of the Ministry of Agriculture (LMA), procurement of limited equipment for NFA, BIPs and LMA to support improved performance of these tasks. Activities may also support private laboratories while not distorting open market competition and ensuring sustainability of the support.²⁷ Trainings will be delivered on subject matters that are critical for ensuring an efficient and well-functioning food safety system and on subject matters directly related to the

²⁷ The most urgent methods to be accredited as regards potential technical barriers to trade are mycotoxins in hazelnuts and feeding stuffs, antibiotics in aquaculture, milk and honey, histamine in Black sea fish and general rapid microbiological hygiene analysis. A needs analysis would precede any specific intervention.

adopted legislation. Trainings may also be provided to relevant government staff for the development of Regulatory Impact Assessments.

4) Support for the establishment of effective prevention and control systems for priority animal diseases of high importance for consumer protection and for export potential under the DCFTA:

This may include supporting the costs of eradication schemes for animal diseases, including mechanisms for stakeholder participation and sustainability through sharing of responsibilities, support for the control of animal feeds and animal medicines and for the laboratory testing of residues, support to make veterinary speciality products (VSP) usage mandatory or to incentivise their use through linking it with the National Animal Identification and Traceability System documentation, assistance for selected vaccination campaigns, etc.

5) Continuous awareness raising on food safety and consumer protection including possibly the support/strengthening of consumer advocacy groups (through the involvement of civil society organisations, as well as rural youth, women, migrants, newcomers, returnees, IDPs, and ethnic minorities to increase the effectiveness of the outreach):

This may include actions to improve dialogue and communication between government authorities and the public and actions to raise consumer awareness of food safety issues, the activities of the NFA, how and when to report violations, consumer rights, etc.

Component 2: Rural development

Results:

1) Improved target rural populations in the focal regions including via LAGs, following the EU's LEADER approach, for the implementation of rural development projects based on locally defined strategies, considering sustainable management of natural resources (main component).

2) State services made more accessible for particularly disadvantaged, remote and depopulated rural areas, including by encouraging capacity and diversity of public services for the rural population in an inclusive manner (with specific emphasis on needs of youth, women, migrants, newcomers, returnees, IDPs, and ethnic minorities).

3) Integrated policy implementation model promoted via synergies among economic, social and environmental pillars with strengthened roles of sub-national governments and self-government as well as stronger linkages among rural development and regional development.

4) More functional extension services for farmers with coordination of public and private extension initiatives and a coordinated network of demonstration plots.

5) New potential solutions for improving rural infrastructure promoted, as well as supporting mechanisms for resilient and sustainable rural livelihoods.

6) Improved inclusive rural development by considering the needs of the population with migration background (such as newcomers, migrants, IDPs, Georgian citizens returning from abroad and ethnic minorities).

7) Advanced institutional and technical capacities of MEPA and other competent authorities as regards rural development, including the Inter-Agency Coordination Council (IACC) for policy development and for the effective implementation of the Agriculture and Rural Development Strategy after 2020.

Indicative activities:

1) Financial and technical support to the target rural populations in the focal regions:

Activities will include support to the LAGs, following the EU's LEADER approach, for the implementation of rural development projects based on locally defined strategies and supporting the creation of employment and the improvement of living conditions in rural areas as well as the sustainable management of natural resources (main component).

2) Support to improve the institutional and technical capacities of the key stakeholders:

Support will be provided to MEPA and other competent authorities in rural development, including the Inter-Agency Coordination Council (IACC) for policy development and for the effective implementation of the Agriculture and Rural Development Strategy after 2020.

This will also include support to strengthening the national institutional set-up for effective implementation of the new Strategy (uniting the agriculture and rural dimensions) and to the implementation of area-based rural development mechanisms.

It will also seek for synergies among economic, social and environmental pillars with strengthened roles of sub-national governments and stronger synergies among various development policies – e.g. rural development and regional development

3) Support to the rural population:

This will include the promotion of new potential solutions for improving rural infrastructure; the promotion of resilient and sustainable rural livelihoods supporting mechanisms; and the establishment of better extension services for farmers. This will also include the coordination of public and private extension initiatives and a coordinated network of demonstration plots.

4) Support to inclusive rural development:

This activity will focus on the needs of the population with a migration background, such as newcomers, migrants, IDPs, Georgian citizens returning from abroad and ethnic minorities. Support will also aim at strengthening the capacity and diversity of public services at regional level and mainstreaming all services in an inclusive manner (with specific emphasis on needs of youth, women, migrants, newcomers, returnees, IDPs, and ethnic minorities). Particular attention will be paid to making state services more accessible for particularly disadvantaged, remote and depopulated rural areas.

The abovementioned results are to be achieved through budget support (Sector Reform Performance Contract) as well as complementary measures.

Sector Reform Performance Contract (SRPC)

The Sector Reform Performance Contract will be focused on results that are directly relevant to the implementation of the new Agriculture and Rural Development Strategy of Georgia and its policy objectives, to which the Government will have committed to by virtue of having adopted the said Strategy.

In the area of food safety, the SRPC will also support reforms related to the new legislation to be adopted as per the DCFTA Approximation Plan, already adopted by the Government.

Complementary support

Building on achievements from previous phases, complementary support will seek to provide further assistance to the Government for institutional strengthening including improved sector coordination, improved monitoring and reporting, strategic communication towards citizens and within public administration, and strengthened ownership and accountability of reforms.

The support will be provided to MEPA and its agencies as well as to other ministries with competences in rural development and/or food safety, and it will include assistance for strengthened coordination with relevant stakeholders including private sector and civil society as well as technical capacity building in relevant areas of operation.

Complementary support will be provided to ensure that the Government is better equipped to deliver on the commitments made under the agreed budget support policy matrix.

4.2 Intervention Logic

The intervention logic of ENPARD IV is built on the previous phases of the Programme, draws on lessons learnt and will continue to support the implementation of relevant sector strategies.

ENPARD III focussed on the expansion of rural support beyond agriculture, including delivery of services for diversification of rural income and employment, and improved management of natural resources. ENPARD IV will foster rural development in the EU focal regions.

The Programme will include service delivery to specific groups, such as the rural population in Abkhazia and minority and vulnerable population groups in other remote regions.

ENPARD IV will also build on the achievements of the CIB Programme in support to the NFA and other government institution and on the ENPARD II interventions in food safety, but it will also expand the support to other key actors, namely Food Business Operators and primary producers. Additionally it will seek to promote greater awareness of food safety issues amongst consumers through involvement of civil society.

Component 1: Food safety: Improved government food safety system, improved compliance by FBOs and improved awareness of food safety amongst all relevant stakeholders.

Output: Support will be directed towards the relevant governmental institutions in charge of food safety as well as towards private sector stakeholders directly impacted by the reforms (farmers, FBOs) and CSOs, which have a role in pushing governmental reforms, enhancing dialogue amongst governmental and non-governmental actors as well as consumers at large. Support will be focussed, *inter alia*, on promoting the safety of animal-based products that have the greatest risk to human health and/or the most promising perspectives in the export market under DCFTA. Support will be provided to achieve improved food safety systems, approximated with relevant EU legislations and adequately enforced by the different government institutions and to have new legislation's requirements adopted by FBOs in an effective and timely manner

Outcome: Georgian citizens will benefit from higher quality products due the implementation of higher standards for food safety systems; increased share of Georgian business will access external markets having adhered to qualitative standards aligned to EU legislation.

Component 2: Rural development: Improved and inclusive rural economic diversification, employment and services

Output: Support will be directed towards the different government institutions at central and local levels, as well as the population in the selected regions, to implement local projects prioritised in the local strategies for each location of the Action,, in the areas of agriculture, environment and other domains promoting rural economic diversification and improved social conditions and living standards, including through financial and capacity-building support to third parties.

Outcome: Improved agricultural competitiveness, empowered rural population (in particular, women, youth, migrants, newcomers, returnees, IDPs, and ethnic minorities) through enhanced participation in local decision-making processes, improved access for rural citizens to public services and infrastructure.

4.3 Mainstreaming

Cross-cutting issues are properly integrated in the reference policy framework for rural development, including democracy and good governance, gender equality and environment, which are key pillars of sector policies.

Concerning governance, ENPARD IV will advocate for improved policy dialogue and implementation of rural development approaches. It will also enhance the institutional capacities of the MEPA and promote stronger inter-institutional coordination around rural development matters. This would also promote better quality and actually implementable legislation through a more inclusive and evidence based legislative process, consistently with what is envisaged in the Public Administration Reform Roadmap and the other PAR related strategic documents.

Social and economic rights of the rural population will be enhanced by means of promotion of participatory approaches, as the Programme is supporting the established Local Action Groups (LAG) in target municipalities to implement local strategies for rural development.

Gender equality will be targeted in all stages of Programme implementation with the objective of reducing the gap between rural women and men. The approach will be based on the SRDG and its Action Plan, which reflect the principles of the National Gender Strategy and related Action Plan. The Programme also contributes to the EU Gender Action Plan 2016-2020.

Gender aspects will also be duly integrated in the food safety component. Food safety and risk management training should be targeted not only at primary producers and livestock owners or butchers. The training needs to be targeted at all actors along the value chain from production, to processing, retail and finally consumption. Many of these actors are women (for example, women often have a key role in the selling of food in informal markets as well as in the purchasing of food for their households and in the preparation of food). The Programme will therefore also target its trainings specifically at women involved in different stages of the value chain.

Environmental protection is an integral component of the rural development approach as it is outlined in the Rural Development Strategy and will be considered through:

- support to climate-resilient agricultural practices and environmentally sustainable economic activities;
- institutional capacities related to environment management and protection, climate change mitigation and adaptation;
- statistical systems including environment and natural resources related indicators.

Environmental aspects will also be duly integrated in the food safety component of the Programme. In particular:

- activities related to phytosanitary pest controls will be implemented following international standards in the management of pesticides and agrochemicals, hence reducing the risk of soil contamination;
- activities related to animal health, such as the management of animal origin residues from slaughterhouses and food processing plants will be handled according to EU standards (for example, through incineration) hence reducing the risk of contamination of other products and waterways;
- negative environmental impacts (for example, uncontrolled disposal of residues) by markets, retailers, restaurants, etc. will be reduced following the introduction of improved food safety practices and hygiene rules promoted by the Programme.

4.4 Contribution to SDGs

This Programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of:

- SDG Goal 1 – End poverty in all its forms everywhere.

The Programme will also promote progress towards:

- SDG 5 – Achieve Gender equality and empower all women and girls;
- SDG 8 – Promote sustained inclusive economic growth, full and productive employment and decent work for all;
- SDG 10 – Reduce inequality within and among countries;

- SDG 11 – Make cities and human settlements inclusive, safe, resilient and sustainable (secondary goal), to support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning;
- SDG 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
- SDG 17 – Strengthen the means of implementation and revitalise the global partnership for sustainable development.

This does not imply a commitment by the country benefiting from this Programme.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this Action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this Action, during which the activities described in section 4 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 the relevant contracts and agreements.

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for the budget support component is EUR 31 000 000 and for complementary support is EUR 24 000 000.

This amount is based on the commitment of the partner country to allocate national budget resources (including EU budget support) for the support to rural development and food safety.

The amount is commensurate with the financing needs related to the reforms supported and will provide substantial leverage for the policy dialogue. All line ministries concerned with the performance targets have demonstrated sufficient absorption capacity and a good track record in fulfilling the conditions under existing EU funded budget support programmes.

5.3.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- For first tranche (2020), satisfactory progress in the implementation of the Rural Development Strategy of Georgia 2017-2020, and continued credibility and relevance thereof;

- For subsequent tranches (2021 and beyond), satisfactory progress in the implementation of the Agriculture and Rural Development Strategy in Georgia 2021-2027 (ARDSG) adopted in December 2019, and continued credibility and relevance thereof;
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

b) The performance indicators for disbursement that may be used for variable tranches are the following²⁸:

Food Safety:

- Institutionally advanced NFA as per their updated IRDP;
- Functioning and certifiable Quality Management System at the NFA;
- Improved capacities of relevant staff under the National Food Agency/Revenue Service/Laboratory of the MEPA/ and/or Scientific Research Centre;
- Documented improved awareness of food safety/perception of NFA amongst consumers, farmers, FBOs;
- Financial and technical assistance provided to FBOs;
- Additional FBOs registered and controlled by the NFA (as per the new regulations entering into force in 2020) achieving compliance with relevant new food safety regulations;
- Decrease in the numbers of confirmed foodborne poisonings;
- Documented improved laboratory capacities in relation to the implementation of newly adopted legislation;
- Improved veterinary sector, *inter alia* in relation to animal welfare regulations;
- Reduced prevalence of priority animal diseases;
- Additional products of animal origin exported to the EU;

Rural Development:

- Increased quality agro-food production as per DCFTA requirements;
- Improved access to public services for rural population in the four focal regions;
- Improved inclusive rural development and local decision-making as per the baseline survey to be undertaken in the beginning of the Action;
- Strengthened LEADER approach and LAGs as compared with the results of the mid-term evaluation of ENPARD III;

²⁸ Noting that these are indicative at this stage.

- Improved diversification of the rural economy;
- Advanced rural infrastructure in the four focal regions;
- Extended advisory services for farmers;
- Improved inter-ministerial coordination for rural development;
- Advanced involvement of municipalities in rural development planning;
- Climate smart forest and land management.

The selected performance indicators and targets to be used for disbursements will apply for the duration of the Action. However, in duly justified circumstances, the Government of Georgia may submit a request to the Commission for the targets and indicators to be changed.

Note that any change to the targets should be agreed ex-ante at the latest by the end of the first quarter of the assessed year. The changes to the targets and indicators shall be agreed in advance and may be authorised in writing (through an amendment to the financing agreement, which may be done through an exchange of letters).

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Georgian Lari will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

5.4 Implementation modalities for complementary support to budget support

The Commission will ensure that the appropriate EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the Action with EU restrictive measures²⁹.

5.4.1 Grants: (direct management)

5.4.1.1 Countrywide grants

(a) Purpose of the grant(s)

The grants will contribute to achieve the results of both components 1 (food safety) and 2 (rural development) of the Action countrywide, with the exception of the breakaway region of Abkhazia.

²⁹www.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.

The purpose of the grants is to advance civil society's capacities in rural development including agriculture, food safety and the sustainable management of natural resources, as well as the promotion economic and social integration of women, youth and vulnerable households in rural regions of Georgia, including eco-migrants, returnees, newly arrived migrants, conflict-affected people (IDPs and their host communities) and ethnic minorities.

(b) Type of applicants targeted

Potential applicants include non-profit-making legal persons falling under the following categories: civil society organisations, international organisations and public sector institutions.

Other essential characteristics of the potential applicants, such as their place of establishment (if applicable, note the extension to other countries in section 5.5) shall be specified in the guidelines for applicants of the call for proposals. The default scope may be narrowed down in terms of nationality, geographical location or nature of the applicant where it is required on account of the specific nature of the Action.

5.4.1.2 Abkhazia-specific grants

(a) Purpose of the grant(s)

These grants will contribute to achieve the results of both components 1 and 2 of the Action in the breakaway region of Abkhazia.

The purpose of the grants is to improve employment and living conditions in rural areas of Abkhazia through the gradual adoption of a rural development approach based on the diversification of the rural economy and to improve pest management.

(b) Type of applicants targeted

Potential applicants include non-profit making legal persons falling under the following categories: civil society organisations, international organisations and public sector institutions.

(c) 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 NGOs: Halo Trust and/or Danish Refugee Council (DRC) and/or Action Against Hunger (ACF).

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 the breakaway region of Abkhazia is in a crisis situation as referred to in Article 2(21) and 195(a) of the Financial Regulation³⁰

³⁰ Regulation (EU, Euratom) 2018/046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union.

5.4.2 Indirect management with entrusted entity(ies) (Member State Organisation and/or International Organisation)

A part of this Action may be implemented in indirect management with an entity/several entities which will be selected by the Commission's services using the following criteria:

(1) For countrywide actions in relation to component 1 (food safety) and 2 (rural development)

- Proven experience and technical competence in rural development (for component 2) and in the agriculture sector including food safety (for component 1);
- Be reputable and credible in the above-mentioned area of operations and among beneficiary institutions;
- A proven strong management capacity in Georgia to date and the ability to deploy high level technical experts;
- Where relevant, readiness/flexibility to implement the Action in cooperation with other implementing partners;
- Comparative advantage of the organisation for implementing its share of the Action in this particular thematic field (approach, expertise, experience of similar actions and/or of comparable country situations, expected remuneration, etc.);
- A solid and coherent methodology and approach of the organisation to achieving the results;
- The organisation's approach in supporting the partner country to exercise effective leadership and ownership on policy implementation;
- Confirmation that the organisation is prepared to implement communication actions in close coordination with the EU Delegation and in line with the Visibility Guidelines;

In relation to component 1, the implementation by this entity/these entities entails, technical assistance in the areas covered by the Programme (food safety) to MEPA and related government institutions, including private sector stakeholders and direct delivery of food safety related activities as described under component 1 for targeted stakeholders.

In relation to component 2, the implementation by this entity/these entities entails technical assistance in areas covered by the Programme (rural development), policy support to the Government of Georgia and direct delivery of rural development related activities as described under component 2 for targeted stakeholders in areas targeted by the Programme.

It is possible that several entities complying with the above-established criteria and having similar experience will partner under one agreement and implement the above activities jointly if this is cost effective and suitable. It is also possible to have separate contracts with different entities.

In case the selected entity(ies) is/are an international organisation currently undergoing an ex-ante assessment of its systems and procedures, it can also now implement this Action under indirect management based on its compliance with the conditions in force at the time if previously other indirect management actions were awarded to the organisation and based on a long-lasting problem-free cooperation, pending the finalisation of the ex-ante assessment,

and, where necessary, subject to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria.

If negotiations with the above-mentioned entity(ies) fail, that part of this Action may be implemented in direct management in accordance with the implementation modalities identified in section 5.4.4.

(2) For Abkhazia-specific actions in relation to component 1 and/or 2

- Proven experience, technical competence and specialisation in rural development (for component 2) and in the agriculture sector including food safety (for component 1);
- Proven track record in providing technical assistance and/or service delivery support to rural development and livelihoods and/or pest management in Abkhazia.
- Be reputable and credible in the above-mentioned geographic area of operations and among beneficiaries;

The implementation by this entity/these entities entails providing assistance to the rural population in Abkhazia in the areas covered by the Programme (food safety and rural development).

It is possible that several international organisations complying with the above-established criteria and having similar experience will partner under one agreement and implement the above activities jointly if this is cost effective and suitable.

In case the selected entity(ies) is/are an international organisation currently undergoing an ex-ante assessment of its systems and procedures, it can also now implement this Action under indirect management based on its compliance with the conditions in force at the time if previously other indirect management actions were awarded to the organisation and based on a long-lasting problem-free cooperation, pending the finalisation of the ex-ante assessment, and, where necessary, subject to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation.

In case the envisaged entity would need to be replaced, the Commission's services may select another entity using the same criteria.

If negotiations with the above-mentioned entity(ies) fail, that part of this Action may be implemented in direct management in accordance with the implementation modalities identified in section 5.4.4.

5.4.3 Procurement (direct management)

External review missions will provide an independent assessment of compliance with relevant policy reform conditions. The self-assessment provided by the Government, and the assessment of independent experts will be verified by the Commission, which on that basis, and taking into account any other relevant data, will produce its own assessment on compliance.

5.4.4 Changes from indirect to direct management mode due to exceptional circumstances

The alternative option for implementing the action described in section 5.4.2 is:

For component 1 (food safety): procurement of services (direct management) if the preferred modality (indirect management) cannot be implemented due to circumstances outside of the Commission's control. This procurement will contribute to achieving results outlined in section 4.1 – component 1 (food safety).

For component 2 (rural development): grants (direct management – cf. section 5.4.1) 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 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 (EUR)	Indicative third party contribution, (EUR)
Budget support - Sector Reform Performance Contract covering component 1 and 2 (cf. section 5.3)	31 000 000	N.A.
Complementary support:	24 000 000	N.A.
Component 1 – Food safety: Indirect management with IOs and/or Member State donor agency/ies (cf. section 5.4.2)	10 000 000	N.A.
Component 2 – Rural development:	13 500 000	N.A.
2.1 Grants (direct management) (cf. section 5.4.1)	10 500 000	N.A.
2.2 Indirect management with IOs and/or Member State donor agency/ies (cf. section 5.4.2)	3 000 000	N.A.
Procurement - total envelope (cf. section 5.4.3)	250 000	N.A.
Evaluation (cf. section 5.9)	250 000	N.A.
Audit/ Expenditure verification (cf. section 5.10)		
Total	55 000 000	0

5.7 Organisational set-up and responsibilities

The MEPA is the lead ministry for the implementation, monitoring and coordination of the reform (both agricultural and rural development) and subsequently for ENPARD IV and will coordinate all activities under the Programme.

Oversight will be entrusted to the ENPARD Steering Committee (SC), established by Ministerial Order in 2013 and fully operational. It is composed of the EU and MEPA as members as well as the UNDP and FAO as observers (by virtue of their key role and involvement under each phase of the Programme).

In addition, the ENPARD Stakeholders Committee, also established by Ministerial Order in 2013, includes Steering Committee members plus all entities relevant to the implementation of ENPARD including NGOs and other organisations. It will serve as an advisory body for coordination, coherence and effective implementation of ENPARD IV and is already fully operational and active.

The ENPARD Steering Committee usually meets back-to-back with the ENPARD Stakeholders Committee. Meetings are organised on a trimestral basis.

5.8 Performance and Results 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 reforms, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators in the Action Plans.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

At Programme level, the ENPARD Steering Committee (details under 'Organisational Set Up and Responsibilities') will oversee the implementation of the Programme as a whole to assess and report on progress and performance.

Each individual project under the complementary support will have its own dedicated logical framework which will include clear indicators with baselines and targets. These individual logical frameworks will be aligned with the general ENPARD IV logical framework and they will serve as a basis for the projects' ongoing monitoring, evaluation and reporting. The reports (narrative and financial) will be drafted in accordance with the relevant templates. Each project will also have its own Steering Committee.

The reports 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 reports, 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).

For budget support:

External review missions will provide an independent assessment of compliance with relevant policy reform conditions (aide memoires) on a yearly basis (from 2022 to 2025 referring to the years 2021 to 2024).

The self-assessment provided by the Government, and the assessment of independent experts will be verified by the Commission, which on that basis, and taking into account any other relevant data, will produce its own assessment on compliance.

5.9 Evaluation

Having regard to the importance of the Action, a mid-term and a final evaluation will be carried out for this Action or its components via independent consultants.

A mid-term evaluation will be carried out for learning purposes, in particular with respect to assessing progress of implementation and performance of the various components of the Programme, so that corrective actions can be put in place.

A final evaluation 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 Programme targets an EU focal sector of support and a policy priority for Georgia.

The evaluation of this Action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner at least three months 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.

Evaluation services may be contracted under a framework contract.

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.

It is foreseen that audit services may be contracted under a framework contract.

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.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), 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 Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

With regard to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this Action. Visibility actions should also promote transparency and accountability on the use of funds.

Outreaching/awareness raising activities will play a crucial part in the implementation of the Action, in the case of budget support the national government shall ensure that the visibility of the EU contribution is given appropriate media coverage. The implementation of the communication activities shall be the responsibility of the implementing organisations, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the Commission (European Neighbourhood Policy and Enlargement Negotiations) will be strictly adhered to.

Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

It is the responsibility of the implementing organisation to keep the EU Delegations and, where relevant, DG NEAR, fully informed of the planning and implementation of the appropriate milestones specific visibility and communication activities.

The implementing organisation shall report on its visibility and communication actions, as well as the results of the overall Action to the relevant monitoring committees.

This Action will be communicated externally as part of a wider context of EU support to the country, and where relevant to the Eastern Partnership region in order to enhance the effectiveness of communication activities and to reduce fragmentation in the area of EU communication.

The implementing organisation shall coordinate all communication activities with EU Delegations as well as regional communication initiatives funded by the European Commission to the extent possible. All communication strategies developed as part of this Action shall ensure they are in line with the priorities and objectives of regional communication initiatives supported by the European Commission and in line with the relevant EU Delegation's communication strategy under the "EU4Georgia" umbrella initiative.

Communication and visibility measures will be implemented through a separate contract (financed under the Support for the Implementation of the EU-Georgia Association Agreement).

APPENDIX I - INTERVENTION LOGIC TABLE (FOR BUDGET SUPPORT)³¹

	Results chain	Indicators (max. 15)	Baselines	Targets by the end of the budget support contract	Sources of data
Expected impact of the policy (Overall objective)	Better quality livelihoods and living conditions for the citizens of Georgia	Rate of absolute rural poverty (%) **	51% (2017)	30% (2025)	Performance Assessment Framework (PAF), World Bank reports, Asia Development Bank Reports
		Rate of depopulation of rural Georgia (%) **	43% (2017)	20% (2025)	Geostat statistics
Expected outcomes of the policy (Specific objective(s))	Increased employment rates in rural areas (in particular for non-farming jobs)	Rate of (self) employment among (VET graduated) rural population disaggregated by sex, economic and other vulnerabilities*	47% (2015)	70% (2025)	Tracer study conducted by Ministry of Education and Science
		Rate of unemployment (disaggregated by sex, rural/urban) **	Average 12.7% ³² (2018)	8% (2025)	Geostat statistics

³¹ Mark indicators aligned with the relevant programming document with '*' and indicators aligned to the EU Results Framework with '**'. Indicators used within variable tranches must be flagged **in bold**.

³² <https://www.geostat.ge/en/modules/categories/38/employment-and-unemployment>

	Food safety is improved for better protection of consumers in Georgia and enhanced export opportunities under the DCFTA	Total number of cases of <u>confirmed</u> foodborne disease recorded	Situation prevailing in 2020	Targets to be defined during baseline study	
		Percentage of exports of food of animal origin*	Situation prevailing in 2020		
		Level of awareness/understanding of food safety in rural areas by different stakeholders (figures disaggregated by sex)	Project to generate baseline		
Induced outputs	Enhanced consumer protection through increased quality and coverage of inspections and controls and effective enforcement of approximated legislation	Number of inspections performed by NFA Level of compliance with regulations by FBOs / Share of FBOs complying with EU regulations	Project to generate baseline	Approximated legislation implemented	Geostat statistics Baseline reports data Consumer Surveys Independent reports on government reforms

	Improved exports for Georgia both towards EU countries and to non-EU countries	Number of agricultural products approved for EU market export Number of new animal based products approved for export to the EU	Geostat 2019 statistics 3	Targets to be defined during baseline study	
	Enhanced economic opportunities, employment and services to the population ³³	Numbers of jobs created with support from the project (disaggregated by sex) Number of financial services provided in rural areas (e.g. micro loans, grants, etc.) Number of business registration centres established/upgraded in rural areas	Project to generate baseline	Targets to be defined during baseline study	
	Improved agricultural competitiveness (in particular for selected sub-sectors with high potential for export and/or import substitution)	Percentage increase in productivity per hectare (in areas supported by the Programme)	Geostat 2019 statistics	Target to be defined during baseline study	

³³ While ensuring complementarity with the Skills 4 Jobs Programme (AAP 2017) and the EU 4 Integrated Territorial Development Programme (AAP 2019).

Direct outputs	Increased awareness of and compliance with SPS/food safety amongst producers, food business operators, civil society and the general public (consumers at large)	Number of awareness raising activities and trainings implemented Level and number of financial and technical assistance provided to FBOs	Project to generate baseline	Target to be defined during baseline study	NFA reports
	Improved environmental protection and management of natural resources	Number of initiatives implemented that directly improve environmental protection and/or management of natural resources (for ex. through CSA practices introduced)	Project to generate baseline	Target to be defined during baseline study	MEPA Annual Reports Geostat reports
	Improved access of inhabitants of rural areas to public services and infrastructure, free from any discrimination	Percentage of citizens (including returnees) and foreigners in rural areas, disaggregated by sex, enjoying quality public services via community centres and MEPA in regions	Project to generate baseline	Target to be defined during baseline study	Ministry of Justice Reports MEPA Reports
	Empowered rural population (in particular, women and youth) through enhanced participation in local decision-making processes	Number of meetings held Number of women, youth, minorities etc. represented at such meetings	Project to generate baseline	Target to be defined during baseline study	Project reports MEPA reports

APPENDIX II – COMPLEMENTARY SUPPORT FROM OTHER DONORS

Donor	Programme Title	Dates of implementation	Brief Description and Amount (where available)
Austrian Development Agency (ADA) and Swiss Development Cooperation (SDC)	Establishment of a National Animal Identification, Registration and Traceability System (NAITS)	1.12.2016 – 30.11.2020	Impact: The Georgian livestock sector is more productive and more competitive thanks to improved animal health, reduced food risks and facilitated access to regional and international markets; allowing for a higher income for farmers. CHF 5.4 million FAO implementing
ADA	Promoting integrated approaches to Animal Health and Plant Protection in Abkhazia	1/10/2017 – 31/12/2019	Impact: Improved animal health and plant protection by the <i>d.f.</i> government service providers and increased community access to technical services. EUR 780.000 ACF (Action Against Hunger) implementing
ADA	Strengthening capacities of stakeholders for the implementation of the Strategy for Agricultural Development and the Rural Development Strategy of Georgia	2018-2022	Outcome: Increased competitiveness of agriculture and rural development by supporting the implementation of the SADG and the RDSG through policy support and small-scale investment measures. Output 1 - Capacity of the MEPA and other relevant staff related to gender sensitive and socially inclusive rural development policy and community development planning improved; Output 2 - Agricultural extension services are improved through supporting the enhanced capacity of central and decentralised ICC (Information and Consulting Centre) offices to provide community needs-based services and brokerage in an inclusive and participatory manner; Output 3 - Policies and practices related to environmentally friendly agriculture and sustainable ecosystems in rural areas developed based on promotion of GAPs (good agricultural practices), new

			environmentally friendly practices as well as establishment of demonstration plots. EUR 2 137 500
ADA	Farming Support Initiative (FSI)	2018-2021	Outcome: Small-scale farmers in selected regions strengthen their position in the system and increase their income thanks to improved productivity, diversified products and better access to markets. EUR 987 367
Netherland's Embassy to Georgia	Capacity Building on Quality Management System for the NFA	November 2018 – January 2020	Development of a roadmap for QMS Implementation, and capacity strengthening (Training of Trainers) of the core group at the NFA responsible for QMS
USAID	ToT for agronomists	Spring 2019	Training of Trainers (ToT) for agronomists in west Georgia to train farmer groups in implementation of the measures against the BMSB and other pests and diseases
FAO TCP Facility	Technical Assistance to the Georgian NFA for meeting of the EU Association Agreement priorities	March 2019 – July 2020	Main priorities covered: Principles of Phytosanitary Risk Analysis (PRA) Development of Strategy for Electronic Certification Assistance in the monitoring of antibiotics used in veterinary medicine Economic Analysis of Anti-Disease Measurements (cost-benefit) Planning and implementation of official control. Risk management and communication Support for approximation of legislation in relation to meat production, milk and dairy products. Support for state control (inspection and administration)
FAO TCP Facility	Support for establishment of the national plant pest	April 2018 – April 2019	Establish National Pest Monitoring and Forecast System for sound management of plant pest in Georgia

	monitoring and forecast system		and to improve the plant protection services in order to facilitate trade of agricultural commodities.
FAO	Technical Assistance to the NFA for meeting of the EU Association Agreement priorities	1/03/2019 1/07/2020	<p>Based on the national strategic documents and in cooperation with NFA/MEPA, the following priorities will be addressed:</p> <ul style="list-style-type: none"> • Principles of Phytosanitary Risk Analysis (PRA) • Development of Strategy for Phytosanitary Electronic Certification • Monitoring of antibiotics used in veterinary medicine • Economic Analysis of Anti-Disease Measures (cost-benefit) • Planning and implementation of official control in risk management and risk communication. • Support for approximation of legislation in relation to meat production, milk and dairy products. • Support for state control (inspection and administration) • Achieving Reference Laboratory Status for LMA. <p>Indicative budget: USD 175 000</p>
Czech Development Agency	Sustainable Development of Beekeeping in Georgia	2016 - 2020	<p>Introduction of internationally certified methods in the Laboratory of the Ministry of Agriculture and implementation of control over the quality of apiculture products by accreditation of the laboratory so it is authorised to issue international quality certificates.</p> <p>Scale up of new knowledge and skills among beekeepers through provision of needs-oriented trainings and workshops, grants and technical support, enhancing the cooperation among small and medium-scale beekeeper and establish a regional, multifunctional educational and consulting facility.</p> <p>EUR 630 000</p>
Czech Development Agency (+ USAID as minor donor)	Formation of Phytosanitary Surveillance System	2017 - 2021	To introduce national phytosanitary control system and formation of phytosanitary surveillance in Georgia.

			<ol style="list-style-type: none"> 1. Design and implementation of the Georgian plant health monitoring and identification system 2. Introduction of EU standards and methods to laboratory phytosanitary analyses 3. Regulation of the use of pesticides and fertilisers 4. Scale up of information among practitioners (farmers) <p>EUR 875 000</p>
SDC	GE Vocational Education and Training (Ph. 2)	1/9/2018-31/08/2022	<p>Improving agricultural extension and vocational education in agriculture.</p> <p>UNDP</p> <p>CHF 5 352 000</p>
SDC	Alliances Caucasus Program (ALCP) (Ph. 3)	1/4/2017-30/3/2021	<p>Support development of livestock value chains: dairy, meat, wool, honey.</p> <p>Mercy Corps</p> <p>CHF 6 600 000</p>
SDC	Regional and municipal infrastructure development project	2014-2019	EUR 5 000 000
USAID	ZRDA – Economic Growth Project	2016-2020	EUR 15 000 000
USAID	USAID Agriculture Programme	2018-2022	<p>To accelerate growth of agricultural subsectors which demonstrate strong potential to create jobs and increase incomes and revenues of micro, small and medium enterprises (MSME).</p> <p>USD 16 000 000</p>
USAID	Georgia Hazelnut improvement project	2015-2020	<p>To increase the quality and quantity of Georgian hazelnut production, improve processing capabilities, and establish market linkages that will allow smallholder growers to reach lucrative end markets.</p> <p>USD 3 000 000</p>
GIZ	Sustainable biodiversity in the South Caucasus	2015-2019	EUR 14 900 000

EBRD-FAO	Improving food quality and safety through capacity building in Georgia's Dairy Sector	2017-2020	<p>To support the competitiveness of commercial dairy farms and new private sector investments in Georgia by building capacity of relevant private and public stakeholders; supporting an enabling business environment and legislative reforms; and promoting better organisation at production level, including continuing to improve the efficiency, safety and hygiene standards of local dairy production.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • Assignment 1: Policy advocacy and dairy business strategy development • Assignment 2: Training and knowledge-sharing for local stakeholders <p>EUR 678 582</p>
EBRD-FAO	Improving high value trade opportunities in horticulture	2017-2019	<p>To identify opportunities and potential for future investment in the horticultural sector across Georgia, Moldova, Tajikistan and Uzbekistan, while supporting the capacities of producers across the identified value chains. EUR 327 069</p>
International Fund for Agricultural Development (IFAD)	Dairy Modernisation and Market Access (DiMMA) Programme	2019-2025	<p>The Programme aims at rural economic development and poverty reduction by contributing to the modernisation and emergence of a competitive, diversified, resilient and sustainable dairy industry in Georgia. It is expected to enhance the livelihoods and resilience of smallholder dairy producers, especially in mountain areas, and improve the management of the natural resources on which they depend. DiMMA will broker the development of profitable linkages between target households and dairy aggregators in the programme areas and will support the emergence and capacity development of Farm Level Service Providers (FLSPs) to supply the specialised services and inputs (e.g. fodder, veterinary services, etc.)</p>

			<p>which are required by the target households to achieve their dairy production targets.</p> <p>EUR 16 million</p>
USDA Food for Progress 2018	Georgia Safety & Quality Investment in Livestock (SQIL)	September 2018 to September 2023	<p>The project aims to improve food safety and quality along Georgia's dairy and beef value chains. Throughout the project, Land O'Lakes International Development is partnering with Michigan State University and the Georgian Farmers' Association, uniting agribusiness know-how with industry leading food safety acumen and deep Georgian agribusiness connections. From farm-to-fork, this project aims to reduce losses, improve food safety and quality, boost competitiveness, productivity and trade within the Georgian dairy and beef market systems. The project has six interlinked components: Expand market access; improve Sanitary and Phytosanitary Standards; improve post-harvest handling and storage; improve productivity; improve access to financial services; capacity building to inform food safety policy development.</p> <p>Approximate budget: USD14.5 million</p>