

# **Summary of the EU Georgia ENI Single Support Framework**

## **2017-2020**

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### **GEORGIA**

#### **1. Key Data**

**Alignment to political agreements with the EU:** The framework for EU-Georgia relations is embodied in the Association Agreement (AA), including a Deep and Comprehensive Free Trade Area (DCFTA), which was signed in 2014, provisionally applied from September 2014 and entered into force on 1 July 2016. The Association Agreement and the derived Association Agendas covering 2014-2016 and 2017-2020 set out a detailed and demanding schedule both for political and economic reform and approximation to EU rules and policies. Visa liberalisation for Georgia entered into force on 28 March 2017.

**Existing/forthcoming overall national development strategy of the partner country:** The Government's national development strategy Georgia 2020 (November 2013) underlines the need to foster economic reforms to stimulate growth of small and medium sized enterprises, enhance trade and revitalise the agriculture sector as a means to address poverty and unemployment. Georgia 2020 is further developed into the government's Programme 2016-2020 "Liberty - Rapid Development – Welfare" and is supplemented by a variety of sector strategies including the country's SME Development Strategy (2016-2020), the Human Rights Strategy, as well as the National Action Plans to Combat Violence against Women and for implementation of the UN Security Council Resolutions on "Women, Peace and Security". Georgia targeted in Paris a reduction in emission intensity per unit of GDP by approximately 34% to 43% from 2013 to 2030 and detailed relevant actions to achieve this in its Low Emission Development Strategy, to be adopted in the coming months.

#### **2. Strategic objectives for EU relationship with Georgia**

The **EU-Georgia AA/DCFTA** illustrates a deep mutual commitment based on shared values and interests in the areas of democracy and the rule of law, human rights and fundamental freedoms, good governance, a market economy and sustainable development. The Agreement commits Georgia to an ambitious reform agenda in key areas such as security policy, economic recovery and growth, trade, transport and energy, environment and social development, with the aim to reach political association and economic integration with the EU.

The priorities and indicative allocations for financial assistance to be included in the Single Support Framework are connected to the priority actions set out by the revised 2017-2019 Association Agenda.

#### **3. Choice of priority sectors, justification and indicative allocations foreseen**

**Sector 1:**      **Economic development and market opportunities**, including smart, sustainable and inclusive economic growth (40%)

With relative political and security stability in place over the last years and given that the revised European Neighbourhood Policy<sup>1</sup> identifies stabilisation and economic resilience as key for Georgia, support for sustainable, inclusive and smart economic growth has emerged as the crucial

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<sup>1</sup> JOIN(2015) 50 final

issue in Georgia. The demand to unlock private sector, import substitution and exports, innovation and investment potential is reinforced by the AA and DCFTA, which have been presented with an implicit promise of promoting prosperity. Public support to the EU choice will depend in large part on success in these areas.

**Sector 2:     Strengthening institutions and good governance**, including consolidating the Rule of Law and addressing Security (20%)

An effective state and justice apparatus is crucial not only to fulfil Georgia's reform aspirations and to effectively implement the EU-Georgia Agreements, but also to gain citizen and investor confidence. Reforms need to be consolidated to entrench the Rule of Law. Georgia is a pilot country as part of the EU strategy for Security Sector Reform. Finally, the EU needs to continue work to deepen and entrench democracy in Georgia. The EU will finance under this sector actions to increase security and also step up its engagement and non-recognition policy towards the breakaway regions.

**Sector 3:     Connectivity, energy efficiency, environment and climate change (15%)**

Sustainable management of natural resources (including use of energy and energy efficiency), sustainable production and consumption, environmental resilience and circular economy are underdeveloped in Georgia. Implementation of the commitments stemming from the Association Agreement, the Energy Community Treaty (including the "Energy Efficiency" and "Renewable Energy" Action Plans) and the Paris Agreement on Climate Change will also be supported. Actions in these areas will cross dividing lines, and confidence-building components will be encouraged.

**Sector 4:     Mobility and people-to-people contacts**, including support to the continuous implementation of the visa liberalisation action plan and to vocational educational, training (10%)

Georgia has made the reform of its education system one of its central government priorities for the coming years and indeed support will be needed to establish a greater link between the education system, the labour market and the economy. In addition, support will be provided to the EU-Georgia Mobility Partnership and the continuous fulfilment of all benchmarks of the Visa Liberalisation Action Plan including on fight against organised crime (complementing the priorities under the second sector).

NB: One or two pilot regions will be identified to systematically feature among targets of sector programmes, following a multi-sectoral approach and with full involvement of local stakeholders.

**Complementary support for capacity development/institution building (5%)**

It will address the implementation of priority commitments deriving from EU agreements where not already covered under the four principal priority sectors. It will focus on approximation to EU rules and policies as well as EU best practices. Capacity development and institution building activities will also address participation in EU programmes and in the work of EU agencies.

**Complementary support for civil society development (5%)**

In order to build stronger democratic processes and accountability systems outside the four sectors of concentration, civil society will be supported beyond sector specific assistance where the EU will promote participation of civil society (including business and/or producers associations) in policy dialogue as well as support civil society initiatives.

**Complementary support for communication on EU activities, including strategic communication (5%)**

Specific efforts will be made to foster communication on EU policies and support. This means a focus on effectively communicating the EU's messages to various audiences, reducing the risk of fragmentation of communication under an individual project approach. This includes engaging partners and Georgian authorities, ensuring sound understanding of target audiences through robust

opinion analysis and making use of most appropriate communication tools and channels. Support will also be provided to sustainable independent media.

#### **4. Brief description of objectives and corresponding expected results**

The focus for 2017-2020 is on key areas such as security policy, economic recovery and growth, trade, transport and energy, environment and social development. The assistance will also include expertise provided through Twinning and TAIEX instruments.

##### **Sector 1: Economic development and market opportunities, *including* smart, sustainable and inclusive economic growth**

The **overall objective** is to contribute to reducing the trade deficit, promoting investment and innovation and fostering smart, sustainable and inclusive growth and resilience in Georgia and its regions, including market opportunities, business development, agriculture and territorial development.

Main **specific objectives** include:

- To reap the full benefits of the DCFTA, to improve the business operational and financing environment, to facilitate substitution of imports in, exports from and investments in the country, to promote business sophistication models, to enhance innovation and technology transfer towards business and strengthen business-related capacities of key institutions using the potential of the digital economy;
- To support structural reforms to improve economic governance, in close synergy with the IMF and World Bank;
- To support diversification of access to finance beyond the banking sector;
- To improve the competitiveness of the agricultural and agro-food sector; to improve employment and living conditions in rural areas through diversification of the rural economy and to reduce regional disparities and develop infrastructure links.

##### **Sector 2: Strengthening institutions and good governance, *including* consolidating the Rule of Law and addressing security**

The **overall objective** is enhancing Governance, consolidating Rule of Law and addressing security.

Main **specific objectives** include:

- To consolidate actions engaged within the last SSF: to enhance the Government and the Parliament evidence based decision making policy development capacities and gender sensitive human resource management, to strengthen the structures and processes of local governance; to further improve public finance policy processes as well as transparency, accessibility and quality of government services with the aim to strengthen the fight against corruption and money laundering and to assist the Government in further aligning its legal system with European rules and best practices in particular on disputes, registries and legislation related to the business sphere; to promote a rights based approach encompassing all human rights, and strengthen the institutional and human resource capacities in the judiciary / justice sector;
- To support the Government inclusion policy: access to justice and legal aid for vulnerable people; zero-tolerance policy against ill-treatment; improving further the election process in line with international standards;
- To enhance resilience: vis-à-vis hybrid threats, natural or industrial disasters and through strengthening security sector reform (incl. in the field of cyber security and organised crime).

### **Sector 3:**      **Connectivity, energy efficiency, environment and climate change**

The **overall objective** is to enhance the connectivity in terms of energy and transport, environmental and energy governance, sustainable development of infrastructures, as well as management of resources (including energy) and support for circular economy.

Main **specific objectives** include:

- To enhance energy efficiency, to increase energy independence including through the promotion of energy efficiency improvements, increased market competition and transparency, use of untapped renewable energy sources and boosting investments in low emission technologies;
- To build, rehabilitate and upgrade infrastructures and to promote energy interconnections for market development and security purposes;
- To develop the circular economy, meet Paris targets on emission reduction, to enhance environmentally-friendly policy making, promote sustainable production and consumption, to strengthen the capacity for environmental protection, to support the extension of sustainable waste and water management systems;
- To enhance the governance of the connectivity sector to assist prioritisation of key actions and
- To deliver on commitments such as TEN-T.

**Sector 4:**      **Mobility and people-to-people contacts, including** support to the continuous implementation of the visa liberalisation benchmarks and to vocational education and training

The **overall objective** is to enhance mobility of citizens, sustain implementation of the visa liberalisation benchmarks, develop human capital and skill sets and strengthen the coordination between the education system and the labour market.

Main **specific objectives** include:

- To enhance the matching between skills and jobs, e.g. through raising the quality of vocational education and training, through active skills development measures and labour market policies and develop Europeanisation of education in Georgia also for the EaP region;
- To sustain the fulfilment of all benchmarks of the Visa Liberalisation Action Plan;
- To support the EU-Georgia Mobility Partnership;
- To strengthen the inclusion of disadvantaged groups (including minorities) in mainstream education;
- To support innovation and research including fostering research/industry partnerships or the creative sector.

### **5. Indicative allocation foreseen**

<i>Indicative allocation 2014-2020</i>	€610 million – €746 million
<i>Indicative allocation for the 2nd period (2017-2020 or 2018-20, depending on the programme)</i>	€371 million – €453 million
<i>Breakdown for 2017-2020</i>	
<b><u>Sector 1:</u></b> Economic development and market opportunities, including sustainable and inclusive economic growth	40%
<b><u>Sector 2:</u></b> Strengthening institutions and good governance, including the Rule of Law and Security	20%
<b><u>Sector 3:</u></b> Connectivity, energy efficiency, environment and climate change	15%
<b><u>Sector 4:</u></b> Mobility and people-to-people contacts, including support to the	10%

implementation of the visa liberalisation action plan and to vocational education and training	
<b>Complementary support for capacity development/institution building</b>	<i>5%</i>
<b>Complementary support for civil society development</b>	<i>5%</i>
<b>Complementary support for strategic communication</b>	<i>5%</i>

**Programming of the European Neighbourhood Instrument (ENI) – 2017-2020**

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**Single Support Framework for EU support to Georgia  
(2017-2020)**

## Single Support Framework for Georgia

### 2017-2020

#### Introduction

Georgia is an upper-middle income country<sup>1</sup> with a population of 3.7 million, 57% live in urban areas, 13% are national minorities. The country has a gross national income per capita of EUR 3498 (2015) and ranks 70 out of 194 countries/territories in the UN Human Development Index, categorising it as highly developed<sup>2</sup>.

**Politically**, the country is a stable representative democracy with fair, free, transparent and accountable elections. General parliamentary elections took place in October 2016, with the constitutional majority gained by the ruling party. Commitment to the EU approximation agenda is likely to remain strong (currently from 60 to 82 % of the population consistently supports the pro EU-NATO course of the government). The extent to which the European orientation will bring tangible benefits for the people will influence the long term breadth and depth of the domestic consensus regarding the EU.

Regarding human rights and good governance, legal provisions for press freedom are in place. However growing consolidation of media ownership in few hands, together with low media revenues grant Georgia a 'partly free' rating by Freedom House in 2016. A series of radical reforms from the 2000s led to the de-facto abolition of petty corruption and violent crime. Georgia has also made progress in other areas of human rights and good governance, such as penitentiary reform.

The challenges stemming from the conflicts of the 90ies and the 2008 conflict in Georgia remain high. In line with the European Council's conclusions on the European Neighbourhood Policy Review (ENP Review), the EU will enhance cooperation with partners, including through, where appropriate, CSDP activities or the EU's Special Representatives, to support the management and resolution of conflicts in the neighbourhood including through agreed frameworks<sup>3</sup>. In this context, the EU supports Georgia's territorial integrity within its internationally recognised borders and will step up its commitment to conflict resolution and to its policy of non-recognition and engagement in the breakaway regions of Georgia with a particular focus on the security related issues; the EU Special Representative for the South Caucasus and the crisis in Georgia as well as the EU Monitoring Mission are visible and substantial signs of this commitment.

**Economically**, after free market oriented reforms undertaken following the Rose Revolution, Georgia experienced rapid growth averaging 7% in 2000-2008, which recently decreased to around 3% (2.9% in 2015 and 2.7% in 2016), below potential (estimated at 4%) in 2017. Georgia's macroeconomic situation remains stable overall and the Government places significant attention to continually reforming public finance management but fiscal policies and the balance of payments need attention. The EU is Georgia's main trading partner, and the EU-Georgia Association Agreement, including a Deep and Comprehensive Free Trade Area (AA/DCFTA), which was signed in 2014 and provisionally applied from September 2014, entered into force in July 2016. In order to fully benefit from this opportunity and mitigate transitory effects, though, the country needs to advance a number of priority reforms.

The official unemployment rate remains high (12% in 2015, which is however the lowest level since 2005), with 26% of the population inactive and a large share of "self-employed" in low-income activities. Youth unemployment remains at high 31% (2015) As such, poverty has declined but remains a major concern with 20.1% of Georgians still living in relative and around 20.8% in absolute poverty in 2015 (3% in rural areas). Important territorial disparities persist and the

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<sup>1</sup> Georgia was re-classified by the World Bank from a lower-middle to an upper-middle income country on 01/07/2016 (according to the World Bank Atlas method).

<sup>2</sup> A series of countries feature in this category including Albania and Belarus.

<sup>3</sup> Council Conclusions of 14/12/2015

economic potential of the regions remain mostly unutilized. The economic activity is largely concentrated in Tbilisi, with a population of 1,3 mln inhabitants generating more than 50% of the national GDP. Subsistence farming constitutes a social safety net in the absence of a comprehensive social insurance system. Georgia's Gender Inequality Index was at 0.36 in 2015, ranking it 76 out of 155 countries. Regular **public opinion** surveys show that the top two concerns of Georgians are economic well-being and national security.

In this context, the lasting success of the EU engagement with Georgia will also require tangible results on most of UN 2030 Sustainable Development Goals and on the Paris Agreement on Climate Change.

The Government's national development strategy *Georgia 2020* (November 2013) underlines the need to introduce economic reforms to stimulate growth of small and medium sized enterprises, enhance trade and revitalise the agriculture sector as a means to address poverty and unemployment. Georgia 2020 is further developed into the Georgian Government's Programme 2016-2020 "Liberty - Rapid Development – Welfare" and is supplemented by a variety of sector strategies and programmes including the country's SME Development Strategy (2016-2020), the Regional Development Programme of Georgia for 2015-2017, the Migration Strategy of Georgia 2016–2020, the Human Rights Strategy, as well as the National Action Plans to Combat Violence against Women and for implementation of the UN Security Council Resolutions on “Women, Peace and Security”. Georgia targeted in Paris a reduction in emission intensity per unit of GDP by approximately 34% to 43% from 2013 to 2030 and detailed relevant actions to achieve this in its Low Emission Development Strategy, to be adopted in the coming months.

## 1. EU Response

### 1.1. Strategic objectives of the EU's relationship with the partner country

The stabilisation and resilience building of neighbouring countries, particularly by boosting sustainable economic development, are the EU's main political priorities outlined in the European Neighbourhood Policy (ENP) review of November 2015<sup>4</sup> and in the Global Strategy for the European Union's Foreign and Security Policy of June 2016. The framework for the EU-Georgia relations is embodied in the above-mentioned AA/DCFTA, which illustrates a deep mutual commitment based on shared values and interests in the areas of democracy and the rule of law, human rights and fundamental freedoms, good governance, economy and sustainable development. Through the Association Agreement and the derived Association Agendas covering 2014-2016 and 2017-2020, Georgia commits to an ambitious reform agenda with the aim of reaching political association and economic integration with the EU. Visa liberalisation for Georgia came into effect in March 2017.

The priorities and indicative allocations for financial assistance to be included in the Single Support Framework are connected to the priority actions set out by the revised 2017-2020 Association Agenda.

### 1.2. Choice of sectors of intervention

The priority sectors reflect the revised ENP and Association Agenda and are coherent with the **Eastern Partnership priorities** set in the "20 Deliverables for 2020"<sup>5</sup>. The priorities are in line with the Georgian Governments 4 Point Action plans strategic objectives that include Economic Development; Spatial Planning; Good Governance and Education. The choice of priority sectors has

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<sup>4</sup> The ENP review highlighted the stabilisation of neighbouring countries as an important political priority, to be achieved through support to good governance, democracy, human rights and rule of law, economic governance, as well as cooperation on security and on migration and mobility.

<sup>5</sup> European Commission/HRVP - Joint Staff Working Document of 15 December 2016 "Eastern partnership – Focusing on key priorities and deliverables" – SWD(2016) 467 final



also been guided by the Joint Programming exercise, initiated in Georgia in 2013 and recently embodied into a Joint Strategy on six sectors as well as with the key global policy goals set by the **UN 2030 Sustainable Development Goals** and the **Paris Agreement on Climate Change**.

The following priorities and indicative allocations are building on a consensus that emerged from consultations with the Government of Georgia, representatives of civil society, business and agro-food sector, International Financial Institutions, as well as key bilateral donors, e.g. during several high level European External Action Service and Commission services visits (from Spring and Summer of 2016 until December 2016).

The following indicators are purely indicative; they are not conditionality for the EU Assistance.

The indicative budget allocations reflect the focus on delivering tangible and visible results for citizens. In order to maximise the impact of EU assistance, a cluster of interventions may be focused on specific regions of Georgia whilst recognising that there are development needs across the entire country. To enhance the impact and visibility of EU support, the EU will identify, together with the Government of Georgia, one or two pilot regions. In each pilot region, the EU will aim to concentrate support from a number of cross-sectoral initiatives to maximise impact. This will also allow new initiatives to be piloted in the selected regions, where appropriate. The approach of pilot regions does not mean that EU assistance will be limited to these regions. It will permit concentration of EU support, where appropriate. The aim is to ensure that EU support is as close to citizens as possible.

A number of **lessons learned** during the implementation of the ENPI 2007-2013 and the ENI 2014-2016 have informed the programming of this SSF:

- The need for projects that produce tangible results for citizens and provide high visibility for the EU;
- The need to programme assistance within the framework of clear national sector strategies, supported by costed Action Plans and evidence of ownership by the Government;
- The importance of a sustained policy dialogue;
- The importance of Government capacity to coordinate external assistance, ensure coherence between the budgetary processes and policy agenda, and to monitor the implementation of the AA/DCFTA;
- The importance of mainstreaming the key principles of Public Administration, including on inclusive and evidence-based policy and legislative development (in line with the Better Regulation approach advocated at the EU level) in sector programmes and policy dialogue
- The importance of mainstreaming cross-cutting issues, notably civil society engagement, youth, gender, a rights-based approach, social inclusion, environment and climate change, and of employing confidence building measures in potential and post-conflict situations, taking into account the condition of Internally Displaced People (IDPs) and other conflict affected persons;
- The need to ensure coherence between interventions financed through the national, thematic, cross-border and regional envelopes;
- The desirability and necessity of pursuing a joint programming approach with EU Member States and willing partners and ensuring synergy with bilateral and multilateral donors, IFIs and International Organisations;
- The importance of fostering strategic communication on EU policies and support;
- The need to step up EU's policy of engagement and non-recognition towards the breakaway regions of Georgia and promote confidence and peace building measures between communities and across the Administrative Boundary Line (ABL), as well as to mainstream

this engagement throughout the different programmes where relevant.

**The priority Sectors of Intervention are:**

The previous Single Support Framework (2014-2016) focused on Public Administration Reform, Agriculture and Justice ; following the European Neighbourhood Policy Review and with the ambition to deepen relations between Georgia and the European Union, it is proposed that the sectors of intervention under the new Single Support Framework are:

**Sector 1: Economic development and market opportunities, including smart, sustainable and inclusive economic growth (indicative 40% of total budget)**

With relative political and security stability in place over the last years, the revised ENP identifies stabilisation and economic resilience as key for Georgia. In this context, EU support to sustainable, inclusive and smart economic growth can contribute to unlock private sector development, import substitution and boost exports, innovation and investment potential, so that Georgia can fully reap the benefits of the AA/DCFTA. Against this background, the 3rd Association Council of December 2016 agreed “to focus future assistance for 2017-2020 on Economic Growth, Private Sector Support and developing efficient value chains and increased competitiveness in selected sectors with high export potential and/or import substitution”.

Further structural economic reforms are needed to maximise the benefits of the AA/DCFTA. EU support needs to focus on improving technical/entrepreneurial skills, creating clustering/value chain opportunities, fostering technology, research and innovation, broadening access to finance and insurance services as well as a more balanced territorial development and creating better environment for business. In addition, it will help upgrading sanitary, technical and quality levels and adapting standards and regulations to allow producers to really boost exports.

The contribution of marine and coastal ecosystems to the Georgian economy might also be considered, in line with the EU Blue Growth strategy.

**Sector 2: Strengthening institutions and good governance, including the Rule of Law and addressing Security (indicative 20% of total budget)**

An effective state and justice apparatus is crucial not only to fulfil Georgia's reform aspirations and to effectively implement the EU-Georgia Agreements, but also to gain citizen and investor confidence. Reforms need to be consolidated to entrench the Rule of Law. Georgia is a pilot country for conducting a coordination matrix as part of the role out of 2016 Joint Communication on Security Sector Reform. Finally, the EU needs to continue work to deepen and entrench democracy and respect for human rights in Georgia. The EU may finance under this sector actions to increase security and step up its engagement and non-recognition policy towards the breakaway regions and improve confidence building.**Sector 3: Connectivity, energy efficiency, environment and climate change (indicative 15% of total budget)**

Increasing energy independence is a geostrategic necessity, which can be supported through energy sector reforms in line with the integration process with the EU and use of renewable energy sources. Sustainable management of natural resources (sustainable production and consumption, environmental protection and resilience, energy and resource efficiency) and circular economy (along with green economy) are still under-performing in Georgia. Implementation of the commitments stemming from the Association Agreement, the Energy Community Treaty<sup>6</sup> as well as the Paris Agreement on Climate Change will also be supported.

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<sup>6</sup> Including the "Energy Efficiency" and "Renewable Energy" Action Plans and the EU Monitoring Mechanism Regulation.

In parallel, transport and ICT infrastructure need to be further developed in the country. Huge and well-chosen investments are needed, proactive coordination and synergies with International Financial Institutions are essential.

**Sector 4: Mobility and people-to-people contacts**, *including* support to the continuous implementation of the visa liberalisation benchmarks, and to vocational education, training (indicative 10% of total budget)

Georgia has made the reform of its education system one of its central government priorities for the coming years and indeed support will be needed to establish a greater link between the education system, the labour market and the economy. Support to research will be essential to make the link with innovation. In addition, support will be provided to the EU-Georgia Mobility Partnership and the continuous fulfilment of sustained implementation of all benchmarks of the Visa Liberalisation Action Plan including on fight against organised crime (complementing the priorities under the second sector). To the same end, work needs to continue on all migration and related security aspects, including on regulating legal and on effective fight against irregular migration (including human trafficking) and engagement in line with the EU's policy of engagement and non-recognition of the breakaway regions including through enhanced reintegration of communities within the breakaway regions.

Cross cutting issues, notably **environmental protection and climate change, gender, digital and human rights** will be mainstreamed in the priority sectors, **together with the key principles of Public Administration**<sup>7</sup>. Particular attention will be paid to support vulnerable groups such as women, youth and people with disabilities, internally displaced people and persons belonging to minorities. Complementary support may also be provided, in order to implement priority commitments that are not already covered. Following the ENP review and line with the EU's engagement and non-recognition policy towards the breakaway regions, actions targeting breakaway regions and confidence and peace building measures between communities and across the ABL will be enhanced and may be mainstreamed in all sectors.

The **regional and multi-country programmes** will continue to provide key complementary support to implement results to citizens in the context of the EaP priorities set in Riga and the regional multiannual indicative plan. With regards to strengthening market opportunities, support will continue under the EU4Business Initiative – with support ranging from a business friendly regulatory environment to the implementation of the DCFTA - as well as EU4Digital, which will provide support to strengthening the digital economy within and across the region. Support to strengthening the international and regional connectivity agenda including on transport in line with the TEN-T network, energy and climate change and the environment will be provided both through relevant regional programmes (i.e. EU4Energy) as well as the Neighbourhood Investments Facility EU4Innovation will provide a coordinated framework to support innovation capacity-building. Similarly, EU4Youth as well as continued programmes such as Erasmus+ will continue to benefit the mobility and people to people contacts.

Both **Security** (which is an overarching matter of attention in Georgia in a variety of areas but is specifically addressed within priority 3.2) and **Strategic communication** (which will constitute an integral part of the EU response but is addressed within a specific 5% envelope, section 6. below), have dedicated funds earmarked in the present document. Security and communication will thus also be mainstreamed in the other sectors.

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<sup>7</sup> Policy and legislative developments need especially to be inclusive and based on evidence. This is key in ensuring implementation and enforcement of adopted policies and legislation, including those required by commitments under the AA/DCFTA.

## 2. Financial overview

The indicative allocation for 2014-2020 is EUR 610 million to EUR 746 million. The indicative allocation for 2017-2020 is EUR 371 million to EUR 453 million. The indicative breakdown by sector is the following:

<i>Sectors</i>	<i>Indicative allocation</i>	<i>Percentage of total allocations</i>
<b>1. Economic development and market opportunities, including smart, sustainable and inclusive growth</b>	EUR148.4 million - EUR 181.2 million	40%
<b>2. Strengthening institutions and good governance, including consolidating the Rule of Law and addressing security</b>	EUR74.2 million – EUR 90.6 million	20%
<b>3. Connectivity, energy efficiency, environment and climate change</b>	EUR55.65 million – EUR67.95 million	15%
<b>4. Mobility and people-to-people contacts, including support to the continuous implementation of the visa liberalisation benchmarks and to vocational education, training (indicative 10% of total budget)</b>	EUR37.1 million – EUR45.3 million	10%
<b>Complementary support for capacity development/institution building</b>	EUR18.55 million – EUR22.65 million	5%
<b>Complementary support for civil society development</b>	EUR18.55 million – EUR22.65 million	5%
<b>Complementary support for strategic communication</b>	EUR18.55 million – EUR 22.65million	5%

In addition, and in accordance with the differentiation and 'more for more' principles agreed within the Neighbourhood policy, Georgia may benefit from supplementary allocations, e.g. under the umbrella programme. Such supplementary allocations will be granted on the basis of progress towards deep and sustainable democracy and implementation of agreed reform objectives contributing to the attainment of that goal.

Georgia is also eligible for support under a number of other EU instruments, such as the Instrument contributing to Stability and Peace, Humanitarian Aid, the Partnership Instrument, the European Instrument for Democracy and Human Rights, the Instrument for Nuclear Safety Cooperation, Macro-Financial Assistance, Development Co-operation Instrument thematic programmes and external actions under EU internal programmes for e. g. research and innovation, energy, transport, education and youth (Erasmus+) and culture (Creative Europe).

## 3. EU support per sector

### **3.1 Economic development and market opportunities, including smart, sustainable and inclusive economic growth (indicative 40% of total budget)**

3.1.1 The following overall and specific **objectives** will be pursued:

The **overall objective** is to contribute to reducing the trade deficit, promoting investment and innovation and fostering smart, sustainable and inclusive growth and resilience in Georgia and its regions, including market opportunities, business development, agriculture and territorial development.

**Specific objectives** include:

- to reap the full benefits of the AA/DCFTA and regional trade, to improve the business operational and financing environment, to facilitate the substitution of imports, to boost exports and investment, to promote business sophistication models, to enhance innovation and technology transfer towards business and strengthen business-related capacities of key institutions including by using the potential of the digital economy (specific objective 1);
- to support structural reforms to improve economic performance and governance, in cooperation with the IMF and World Bank (specific objective 2);
- to support a broader and easier access to finance, including through non-bank finance (specific objective 3);
- to improve the competitiveness of the agricultural and of the agri-food sector ; to improve employment and living conditions in coastal and rural areas through diversification of the coastal/rural economy and developing infrastructure links (specific objective 4).
- to reduce disparities, especially in terms of competitiveness, growth and jobs, between the levels of development of the various regions by means of a multi-sectoral approach, including investments related to specific objectives 1-4. (specific objective 5).

3.1.2. The **main expected results** include:

- For specific objective 1: Georgian exports diversify and increase (both in volume and value), participation to regional and international value chains is enhanced, production systems are improved and efficient business networks are established in pilot sectors. Trade is facilitated, including through coordinated border management and improved customs management.
- For specific objective 2: Small and Medium Enterprises (SME) strategy is implemented. The Georgian institutions' capacity to deliver better services for businesses is improved (*inter alia* through a "one stop shop" approach and digital economy);
- For specific objective 3: access to finance is broadened through a modernised financial infrastructure, allowing for alternative financing and better collateralisation conditions (including for women, youth and disadvantaged groups), improved regulation and functioning of credit bureau/registries, enhanced consumer/depositor/investor protection and reduced dollarization, and through the development of the local capital market.
- For specific objective 4: trade balance of Georgian agri-food sector is improved. Quality and coverage of food safety/Sanitary and Phytosanitary Standards (SPS) inspections and controls are increased as well as competitiveness in selected sub-sectors with high potential for export and/or import substitution. Better living conditions and employability of rural population will be measured by an increased access to credit, insurance and increased income of population in the pilot regions.
- For specific objective 5: disparities between regions and between urban and rural areas in Georgia are reduced and the competitiveness of regions is strengthened. The contribution of the regions outside Tbilisi to balanced economic growth and the competitiveness of Georgia is enhanced. 3.1.3. The main indicators are:

- Total trade volume; diversification and increase (both in volume and value) of Georgian exports; total volume and value of trade with EU;
- Export volumes of selected agri-food products ;
- New EU markets open for Georgian exports;
- Business sophistication index and proportion of high-tech industry value added in total;

- Average time-cost reduction for businesses attributed to provision of services including through one-stop shops;
- Number of small farmers (women in particular), and cooperatives with access to capital and financing facilities;
- Number of farmers that received advice from extension services;
- Average monthly incomes of rural households;
- Poverty rates at regional level;
- Number of beneficiaries in Georgian regions and rural areas using improved infrastructure and services

Gini indicators (at national and regional levels).NB: Indicators will be disaggregated by gender as much as possible.

3.1.4. **Donor coordination and policy dialogue** are taking place in various formats, mainly government led, varying according to the thematic area. Directly related with the Association Agreement, important fora of discussion include the Association Committee and the specific sub-committees, which provide an opportunity to strengthen policy dialogue. In addition, for what pertains to economic growth, it is done within the Economic Growth Thematic Group (Administration of Government). With respect to Agriculture, it is the Donor Coordination Council and the ENPARD Stakeholder Committee. For Business development there are the DCFTA/SME budget programme steering committee, the Trade and DCFTA Advisory Body, the Private Sector Development Council and the Investors Council. On Regional Development discussions take place in the framework of the Government Commission on Regional Development (GCRD); there is also a donor led group on Regional and Local Development Strategic Dialogue.:

3.1.5. The *partner country's authorities' policy commitments* are described in the revised Association Agenda 2017-2020.

3.1.6. When needed the appropriate type of environmental **assessment** (Strategic Environmental Assessment or Environmental Impact Assessment - SEA or EIA) will be carried out according to EU standards. Based on framework legislation adopted in June 2017 the EU could support a pilot SEA in this sector.

3.1.7. The overall **risk assessment** of the sector intervention is:

Major risks include further deterioration of economic and/or political situation in the main trading partners as well as with the breakaway regions; further deterioration in the country's public finances calling for a less ambitious public investment strategy; climate-related risks. These can partly be mitigated by enhanced policy dialogue and better prioritisation in public investment projects.

### **3.2 Strengthening institutions and good governance, including consolidating the Rule of Law and addressing security (indicative 20% of total budget)**

3.2.1 The following overall and specific **objectives** will be pursued:

Overall objective: enhancing Governance, consolidating Rule of Law and addressing security.

Specific objectives are:

- to enhance the quality and effectiveness of the Government and the Parliament functioning and actions : to consolidate Public Administration reform in line with the Principles of Public Administration; to enhance the Government's and the Parliament's inclusive and evidence-based policy, based on reliable official statistics and legislative development and decision making capacities; to further improve public finance policy processes as well as transparency, accessibility and quality of Government services; to promote gender equality in human resource management; to strengthen the structures and processes of

local governance; to strengthen the fight against corruption including by supporting the effective implementation of the Georgian anti-corruption strategy; to promote a rights based approach encompassing all human rights with particular attention to the rights of vulnerable groups, including women, youth, people with disabilities and minorities (Specific Objective 1);

- to strengthen Rule of Law and the Justice system: to improve access to justice and legal aid for vulnerable people; to establish zero-tolerance policy against ill-treatment; to strengthen the institutional and human resource capacities in the justice sector, including criminal justice, prosecution, investigation, and penitentiary reforms; to enhance the mechanisms for settlement of commercial disputes; to support the implementation of the 3rd wave of judiciary reforms; to improve independence and impartiality of the judiciary and to fight any forms of corruption in the justice system; to assist the Government in further aligning its legal system with European rules and best practices in particular on disputes, registries and legislation related to the business sphere; to support the implementation of the Human Rights Strategy and Action Plan (Specific Objective 2);
- to enhance resilience and address security: vis-à-vis hybrid threats, natural or industrial disasters and through strengthening security sector reform (incl. in the field of cyber security and organised crime); to strengthen the fight against money laundering ; to step up EU's policy of engagement and non-recognition towards the breakaway regions and promote confidence and peace building measures (Specific Objective 3).

3.2.2. For each of the specific objectives the main expected **results** are:

- For specific objective 1: greater oversight of government from relevant institutions, including Parliament and independent institutions; more inclusive and evidence based policy development processes and improved quality of policy making (including law making); the availability of official statistics is improved and statistics are increasingly used in policy- and decision-making. enhanced civic engagement; higher participation of women, youth and ethnic minorities in elections, politics, policy development and decision making; broader access to user-centric, high quality and accountable public services thanks to efficient quality delivery control systems and merit-based, professional and de-politicised civil service; progress in public finance policy reforms; continued effective implementation of anti-corruption reforms at the sectoral and local levels and effective prevention and fight against complex forms of corruption; monitoring and enforcement of the system for asset-declaration and conflict of interest is in place, as well as effective asset recovery; protection of all Human Rights is mainstreamed and incorporated into Georgian legislation and its enforcement and promoted in business.
- For specific objective 2: broader access to justice for vulnerable categories of population (wider use of legal aid), including support to environmental justice; progress with effective implementation of the 3<sup>rd</sup> wave of judiciary reforms; higher speed and quality of settlement of commercial disputes; gender equality advanced and mainstreamed into Georgian legislation and its implementation. For specific objective 3: better countering of hybrid threats and cybercrime by Georgian Authorities; improved disaster preparedness and natural and industrial risk reduction; Increased capacity and cooperation at national and international level in combating organised crime, money laundering and financing of terrorism, including coordination and cooperation in the development and implementation of policies and effective cooperation with Europol; Stronger engagement towards the breakaway regions and increased confidence and stability;

3.2.3. The main **indicators** are:

- Performance in World Governance indicators on voice and accountability, regulatory quality control of corruption and government effectiveness in World Justice Report Rule of Law Index;
- Increase of Parliament's hearings and recommendations on the implementation of AA/DCFTA and government's policies;
- Increase of accessibility to public services by citizens and businesses (development of community centres, increase of services provided by community centres, increase of services through national and local e-portals such as mygov.ge, mytbilisi.ge...);
- Number of statistical indicators produced by GEOSTAT;
- National PEFA (Public Expenditure and Financial Accountability) scores, Open Budget Index scores;
- Wider use of state-funded legal aid (cases and consultations);
- Percentage of women/youth/ethnic minorities/IDPs in elections, politics, policy development and decision making processes;
- Percentage of Municipalities having adopted a Disaster Prevention Plan and/or having disaster/conflict information system of quick reaction available for population;
- Number of convictions for organized crime;

Value of illicit goods seized;NB: indicators will be disaggregated by gender as much as possible.

3.2.4. **Donor coordination and policy dialogue** are taking place in various formats, both government and donor led, varying according to the thematic area. Directly related with the Association Agreement, important fora of discussion include the Association Committee and the specific sub-committees, which provide an opportunity to strengthen policy dialogue. In addition, governance as a general theme is discussed in joint government-donor governance thematic group. Public Administration Reform is discussed within the Public Administration Reform Council, government led group where the EU is an observer; there is in parallel an informal donor led group of discussion. Local governance is discussed at Government level in the Commission for Regional Development and there is in parallel a United Nations Development Programme (UNDP)-led donor coordination group on local government. Justice is discussed in the governmental Judicial Strategic Committee; there is in parallel donor groups including Government, United States, EU, the German Development Agency, UNDP, Open Society and Council of Europe. Criminal justice is discussed in the framework of the Criminal Justice Reform Inter-Agency Council (Working Group); there is a parallel discussion group including the EU and the US. For what pertains to Civil, Administrative and Constitutional laws, discussions take place in the Private Law Reform Inter-Agency Council (working groups) and there is a parallel discussion group including the EU, Germany and the US. Human rights are discussed within the Rule of Law and Justice Thematic Coordination Group and the EU leads a coordination group. On Civil Society, there is a government led thematic governance group (democratic participation and civil society); in parallel there is a reference group for the EU Road Map for engagement with CS (donors, Civil Society organisations...), EU Development Counsellors meetings and EU-USAID meetings. On Elections (incl. Media Election Monitoring) there are meetings at Working Group level with Central Election Commission (including donors); EU - EU Member States meeting also took place on elections. On Gender there is a Government Gender Donor coordination group. On Women's political participation there is a Gender Task Force on Women's political participation and a parallel working group including NGOs, political parties and international organisations (coordinated by National Democratic Institute). There is also Coordination Council on the implementation of the NAP on UN SC Resolution 1325 (and sister resolutions) which serves as a prevention and early warning/postconflict rehabilitation mechanism.



3.2.5. The *partner country's authorities'* **policy commitments** are described in the revised Association Agenda 2017-2020

3.2.6. When needed the appropriate type of environmental assessment (SEA or EIA) will be carried out according to EU standards.

3.2.7. The overall **risk assessment** of the sector intervention is:

Risks include further deterioration of political circumstances in the region as well as with the breakaway regions, continued political polarisation, potential constitutional changes facilitated by general election results, strong opposition of the judiciary to the reform process. This can partly be mitigated by enhanced policy dialogue and by greater use of incentive based mechanisms.

### **3.3 Connectivity, energy efficiency, environment and climate change (indicative 15% of total budget)**

3.3.1 The following overall and specific **objectives** will be pursued:

Overall objective: to enhance the connectivity in terms of energy and transport, environmental and energy governance, sustainable development of infrastructures and management of resources (including energy) and support for circular economy.

Specific objectives:

- to enhance energy efficiency, to increase energy independence including through energy sector reforms, the promotion of energy efficiency improvements, use of untapped renewable energy sources and boosting investments in low emission technologies (Specific Objective 1);
- to build, rehabilitate and upgrade infrastructures and to promote energy interconnections for market development and security purposes (Specific Objective 2);
- to develop the circular economy, meet Paris targets on emission reduction and adaptation to climate change, to enhance environmentally-friendly policy making, to support implementation of new EIA/SEA legislation, to enhance capacity for introducing integrated permitting system, promote sustainable production and consumption, to strengthen the capacity for environmental protection and resilience, to support the extension of sustainable waste, wastewater and water management systems as well as recycling facilities and actions to minimise the production of waste (Specific Objective 3);
- to enhance the governance of the connectivity sector to assist prioritisation of key actions and to deliver on commitments such as TEN-T. This includes investments in transport, water and sanitation, waste management, energy (including energy efficiency) and social infrastructures (Specific Objective 4).

3.3.2. For each of the specific objectives the main expected **results** include:

- For specific objective 1: reduced seasonal dependence on energy imports, increased supply of energy from renewable sources, increased market competition and transparency, and enhanced energy efficiency in the whole country
- For specific objective 2: stable, affordable and reliable energy supply (energy security) and strengthened domestic production and infrastructure;
- For specific objective 3: reduced levels of air pollution, better inclusion of climate change impact in policy making, improved monitoring, collection, management and sharing of environmental data, introduced integrated permitting system, elaborated sectoral guidelines and conducted at least one pilot transboundary and strategic environmental assessment, improved water and wastewater municipal infrastructure, introduction or upgrade of waste collection systems (including hazardous and medical waste) and better valorisation and minimisation of waste, including improved recycling;

- For specific objective 4: implementation of transport interconnection internally and with neighbours, increased capacity to plan, budget and prioritise infrastructure projects according to TEN-T and AA/DCFTA provisions.

3.3.3. For each result, the main **indicators** are:

- Total net energy imports as part of energy consumption;
- Share of renewable energy in total energy supply;
- Energy efficiency ratio;
- Energy security index (World Energy Council);
- Implementation of the Energy Community acquis (Energy Community Implementation Reporting);
- Percentage reduction of the values from core air pollutants in selected urban agglomerations (including primary particulate matter, SO<sub>2</sub>, NO<sub>x</sub>);
- Number of projects implemented under the Low Emission Development Strategy, the National "Energy Efficiency" and "Renewable Energy" Action Plans, the National Adaption Plan and the Nationally Appropriate Mitigation Actions;
- Number of sectoral guidelines elaborated according to a new EIA/SEA legislation;
- Number of pilot transboundary and strategic environmental assessments carried out;
- Number of population with improved access to reliable water supply, sanitation and waste management services, waste recycling rate, number of actions implemented towards circular economy, improved environmental data and reporting;
- Number of infrastructure projects supported by the government for connection to TEN-T transport system;
- Transit of goods (Tons).

NB: indicators will be disaggregated by gender as much as possible.

3.3.4. **Donor coordination and policy dialogue** are taking place in various formats, both government and donor led, varying according to the thematic area. Directly related with the Association Agreement, important fora of discussion include the Association Committee and the specific sub-committees, which provide an opportunity to strengthen policy dialogue. In addition, for Green Economy and Sustainable Management of Resources, there are two AoG donor coordination groups. There is also the Caucasus Biodiversity Council, which is discussed through a Regional/transboundary coordination platform supported by the WWF.

3.3.5. The *partner country's authorities'* **financial and policy commitments** are described in the revised Association Agenda 2017-2020.

3.3.6. When needed the appropriate type of **environmental assessment** (SEA or EIA) will be carried out according to EU standards. Strategic Environmental Assessments are being developed for energy infrastructure development, notably hydropower. Environmental Impact Assessments will also be of relevance for developing other infrastructure projects, such as for solid waste treatment and waste water treatment. Based on framework legislation adopted in June 2017, the EU could support a pilot SEA in this sector.”

3.3.7. The overall **risk assessment** of the sector intervention is:

Risks include further deterioration of political circumstances in the region as well as with the breakaway regions, continued political polarisation, potential constitutional changes facilitated by

general election results, strong opposition of the judiciary to the reform process. This can partly be mitigated by enhanced policy dialogue and by greater use of incentive based mechanisms.

### **3.4. Mobility and people-to-people contacts, including support to the continuous implementation of the visa liberalisation benchmarks and vocational education, training (indicative 10% of total budget)**

3.4.1. The following overall and specific **objectives** will be pursued:

**Overall objective:** to enhance mobility of citizens, sustain fulfilment of the visa liberalisation benchmarks, develop human capital and skill sets and strengthen the coordination between the education and training system and the labour market.

**Specific objectives** include:

- to enhance employability, foster skills development and better match between education and labour market, e.g. through raising the quality of vocational education and training, through strengthening entrepreneurial and creative skills, developing adult's training and learning through life-long learning active labour market policies and development of quality education in Georgia (specific objective 1);
- to sustain the fulfilment of all benchmarks of the Visa Liberalisation Action Plan and support the Mobility Partnership (specific objective 2);
- to strengthen the inclusion of disadvantaged groups (including minorities, IDPs and other conflict affected persons) in mainstream education (specific objective 3);
- to support innovation and research including fostering research/industry partnerships (specific objective 4).

3.4.2. For each of the specific objectives the main expected **results** include:

- For specific objective 1: more and better employability (in particular for youth, women and disadvantaged groups) through an active labour market policy (ALMP) developed and implemented, Vocational and Educational Training (VET) reform implemented, Labour Market Information System (LMIS) operational, regional expansion of available European education offer. For specific objective 2: improved and secure mobility between Georgia and Europe, successful implementation of integrated border management (IBM) projects; improved safety and security at the borders through integrated border management and modernisation of border control services; effective fighting against irregular migration (including human trafficking) and engagement in line with the EU's policy of engagement and non-recognition of the breakaway regions, including through enhanced reintegration of communities within the breakaway regions'
- For specific objective 3 : more resilient inclusive society in Georgia; young people, women, IDPs and other conflict affected persons from both sides of the ABL, minorities and other vulnerable groups gain access to quality education and training.
- For specific objective 4 : Increased opportunities and enhanced partnerships in the area of research and innovation.

3.4.3. For each result, the main **indicators** are:

- Labour market information system and career guidance web portals operational;
- Employment rate of graduates, including from women and disadvantaged groups minorities, IDPs and other conflict-affected persons;
- Number of VET students (disaggregated by gender);
- Number of enrolled students in the newly established European School

- Number of convictions/indictments for human trafficking, smuggling and counterfeiting offences;
- Number of reintegrated migrants (disaggregated by sector);
- Education enrolment and completion rate increased and drop-out rate decreased among women and disadvantaged groups in less developed regions;
- Rate of people not in education, employment or training (NEET);
- Number of research/industry partnerships;

NB: indicators will be disaggregated by gender as much as possible.

3.4.4. **Donor coordination and policy dialogue** are taking place in various formats, both government and donor led, varying according to the thematic area. Directly related to the Association Agreement, important fora of discussion include the Association Committee and the specific sub-committees, which provide an opportunity to strengthen policy dialogue. In addition, for Human capital there is the Human Capital Development Thematic Coordination Group led by the government. For Labour Market there is the Tripartite Social Partnership Committee (EU+ILO). For Education and Science, discussions take place in the National VET Council (led by the Ministry of Education and Science). For Migration, discussions are led by the State Commission on Migration Issues and its working groups (focusing on Reintegration, Integration, Strategy, Analytical System, Risk Analysis, Migration and Development or Statelessness and migration related project co-ordination meetings involving all actors – state, international and local organizations). Integrated border management is discussed under the Integrated Border Management Council under the Crisis Management Council of Georgia. The Horizon 2020 Association Agreement created an EU-Georgia Research and Innovation Committee<sup>8</sup>.

3.4.5. The *partner country's authorities'* **policy commitments** are described in the revised Association Agenda 2017-2020

3.4.6. When needed the appropriate type of environmental assessment (SEA or EIA) will be carried out according to EU standards.

3.4.7. The overall **risk assessment** of the sector intervention is:

Major risks include further deterioration of economic and/or political situation in the main trading partners as well as with the breakaway regions; further deterioration in the country's public finances leading to a cut in education spending. These can partly be mitigated by enhanced policy dialogue and better prioritisation of public expenditure.

#### **4. Complementary support for capacity development/institution building (indicative 5%)**

This support will address the implementation of priority commitments deriving from EU agreements, the strengthening of competition policy, including state aid control, the EU-Georgia Mobility Partnership and the continuous fulfilment of all benchmarks of the Visa Liberalisation Action Plan, where not already covered under the four principal priority sectors. It will focus on approximation to EU rules and policies as well as EU best practices. Complementary support might also help increasing opportunities for cultural exchanges and facilitate peer-to-peer learning in the culture sector, and this might include initiatives in the field of cultural diplomacy.

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<sup>8</sup> Georgia's Association to the EU's Horizon 2020 programme in 2016 also led to the signature in 2017 of an InnovFin agreement between the European Investment Fund and ProCredit Bank, making 50MEuro available as loan guarantee funds for innovative SMEs. Georgia is also using the H2020 Policy Support Facility to support reform of its research and innovation system.

Capacity development and institution building activities – either through sector-related assistance or through this complementary provision – will also address participation in EU programmes and in the work of EU agencies.

## **5. Complementary support for civil society development (indicative 5%)**

In order to build stronger democratic processes and accountability systems, civil society will be supported, beyond sector specific support, through this complementary envelope. The targeted civil society will include business and/or producers associations, and/or representative social partners' organisations. The development of civil society's professionalism, skills and their links to the citizens, including their ability to work on regional and local level will also be targeted. This support will notably aim at:

- ensuring sustainability of civil society actors, including social partners, at national level by developing their capacity to contribute to dialogue and policy making in all sectors of the Association Agenda,
- developing civic engagement, increasing CSOs' outreach and contacts with their constituencies, stimulating networking between CSOs', media, business organisations, local authorities and schools, improving management of CSOs at regional level,
- fostering gender equality active engagement of youth, women and minorities in CSOs and in voluntary work,
- implementing the provisions of the EU Gender Action Plan.

## **6. Strategic communication (indicative 5%)**

Specific efforts will be made to foster communication on EU policies and support in all programmes. This also means a focus on effectively communicating the EU's messages to various audiences, reducing the risk of fragmentation of communication under an individual project approach. Promoting evidence-based information (including through better statistics) will be part of this exercise. This also includes engaging partners and Georgian authorities, ensuring sound understanding of target audiences through robust opinion analysis and making use of most appropriate communication tools and channels. Support will also be provided to sustainable independent media.

### **Attachments**

Sector of intervention framework and performance indicators

Indicative timetable for commitment of funds

## **Attachment 1. Sector of intervention framework**

The indicators provided in this section are *indicative* and provide a framework for assessing progress under the present multi-annual programming document. Specific indicators will be defined in each Annual Action Programme, along with baselines and targets which it may not be possible to define at this stage.

### **Sector 1: Economic development and market opportunities, including smart, sustainable and inclusive economic growth**

**Specific objective 1:** reap the full benefits of the AA/DCFTA and regional trade, to improve the business operational and financing environment, to facilitate the substitution of imports, to boost exports and investment, to promote business sophistication models, to enhance innovation and technology transfer towards business and strengthen business-related capacities of key institutions including by using the potential of the digital economy.

<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) Georgian exports diversify and increase (both in volume and value), participation to regional and international value chains is enhanced, production systems are improved and efficient business networks are established in pilot sectors.	a1) GCI 11 pillar: Business Sophistication Index (3.5 in 2015) a2) Proportion of medium and high-tech industry value added in total (MHT in Manufacturing 2014 - 29%) a3) GCI 12 pillar- Innovation Index (2.7 in 2015) a4) Volume and value & diversification of Georgian exports a5) Overall volume of production of Georgian enterprises	WEF Indicator - Ministry of Economy; WEF Publications  SDG Indicator (GeoStat)  Ministry of Economy; WEF Publications GeoStat/EuroStat
b) Expansion of the number of EU markets opened to Georgian Exporters	Number of EU markets open for Georgian exporters	GeoSTAT

**Specific objective 2:** to support structural reforms to improve economic performance and governance, in cooperation with the IMF and World Bank

<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) SME strategy is implemented and economic governance of the sector is improved	Progress in IMF and WB assessments for Georgia in structural reforms and economic governance as envisaged in the SME strategy	Annual reports of the Government, the WB and IMF. EDA reports
b) The Georgian institutions' capacity to deliver better services for businesses is improved (inter alia through a "one stop shop" approach and digital economy)	Average time-cost reduction for businesses attributed to provision of services through one-stop shops (5 services e.g. field of permits, start-up advice, legal advice, setting up a business, one	Business surveys, Business Association of Georgia, Chamber of Commerce and Industry of Georgia

	for submitting annual reports... )	
<b>Specific objective 3:</b> to support a broader and easier access to finance, including through non-bank finance		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Access to finance is broadened through a modernised financial infrastructure, allowing for alternative financing and better collateralisation conditions (including for women, youth and disadvantaged groups), improved regulation and functioning of credit bureau/registries, enhanced consumer/depositor/investor protection and reduced dollarization. and through the development of the local capital market.	a1) percentage of gaps in SME finance plugged (baseline 2016 = 0%). a2) Account at a financial institution (female over 15 year) – baseline 2014 = 39.8%  a3) Domestic credit to private sector (percentage of GDP) – baseline 2015 = 49.8%	European Investment Bank “Neighbourhood SME Financing, Georgia” report  World bank data site World bank data site
<b>Specific objective 4:</b> 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		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Trade balance of Georgian food sector is improved. Trade is facilitated.	Total agri-food trade volume (increase)	National Accounts of Georgia
b) Quality and coverage of food safety/SPS inspections and controls are increased as well as competitiveness in in selected sub-sectors with high potential for export and/or import substitution. Improved conditions for production, processing and marketing of selected agri-food products	b1) productivity of selected agri-food products (increase) b2) agricultural value added of selected agri-food products (increase) b3) percentage increase in number of inspections carried out on high risk food processing companies– b4) number of non-compliances b5) number of relevant regulation in regards to inspections and control mechanisms approximated to EU standards b6) Direct Compliance Cost savings (as defined by the WB)	Ministry of Agriculture National Accounts of Georgia Annual Reports of National Service for Food Safety, Veterinary and Plant Protection  EU FVO assessment
c) Better living conditions and employability of rural population will be measured by an increased access to credit, insurance and increased income of population in the pilot regions.	Number of / percentage of agri-food establishments (farm businesses/producer groups) meeting EU food safety and quality requirements	GeoStat, Ministry of Agriculture

d) Development of efficient value chains and increased competitiveness in selected subsectors with high potential for export and/or import substitution	a1) export volumes of selected agri-food products a2) number of infrastructure for storage and processing of selected crops	Ministry of Agriculture  National Accounts
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**Specific objective 5:** to reduce disparities, especially in terms of competitiveness growth and jobs, between the levels of development of the various regions by means of a multi-sectoral approach, including investments related to specific objectives 1-4.

<u><b>Expected Results</b></u>	<u><b>Indicators</b></u>	<u><b>Means of verification</b></u>
a) Decrease disparities between regions and between urban and rural areas in Georgia are reduced and the competitiveness of regions is strengthened. The contribution of regions outside Tbilisi to balanced economic growth and the competitiveness of Georgia is enhanced.	a1) Average monthly incomes of fishers/rural households, disaggregated by gender a2) Volume of non- agriculture rural employment, disaggregated by gender (27.2 % of non-agricultural rural employment in 2015) a3) Added value of the tourism sector a4) Number of population with improved access to rural services and infrastructure including water supply, sanitation and waste services a5) number of new/improved services available in regions a6) regional GDP per capita a7) Number of municipalities with renewed ICT infrastructure (community centre buildings, technical equipment, furniture) a8) legislation on ICT / Digital Agenda approximated)	Ministry of Agriculture, GEOSTAT  Being negotiated with GoG/MoA GeoStat, Household survey  MENRP, MRDI/SWMCG Municipalities data  Ministry of Justice Ministry of Economy/GITA MRDI  Assistance Implementation report

**Sector 2: Strengthening institutions and good governance, including consolidating the Rule of Law and addressing security**

**Specific objective 1:** to enhance the quality and effectiveness of the Government and the Parliament functioning and actions

<u><b>Expected Results</b></u>	<u><b>Indicators</b></u>	<u><b>Means of verification</b></u>
a) greater oversight of government from relevant institutions, including Parliament and independent institutions	a1) Improvement of election legal framework integrating ODIHR/Venice Commission recommendations a2) World Governance	a1) ODIHR EOMs and Venice Commission reports Parliament reports; Annual Reports of the Ministry of Justice



	<p>indicator on voice and accountability</p> <p>a3) Number of Parliament enquiries on Government's policies/programme performance</p> <p>a4) Number of Parliament's hearings and recommendations on the implementation of AA/DCFTA</p>	<p>Georgia's State Reporting to CEDAW</p> <p><del>a2) CEDAW recommendations to Georgia</del></p> <p>a3) Worldwide Governance indicator – voice and accountability</p> <p>a4) Committee Reports, Assessment reports of d local and international organizations, including TI Georgia, OSCE/ODIHR, etc.</p> <p>a5) Committee action plans and reports;</p> <p>a6) Parliament's hearing reports - decisions of Parliamentary Committees</p> <p>Reports of the State Minister's Office on European and Euro - Atlantic Integration</p>
<p>B) more inclusive and evidence based policy development processes and improved quality of policy making (including law making), enhanced civic engagement; higher participation of women, youth and ethnic minorities in elections, politics, policy development and decision making</p>	<p>b1) Worldwide Governance indicator on regulatory quality</p> <p>b2) Number of tools for civic engagement (e-petition etc.) and number of petitions and enquiries of citizens at local level</p> <p>b3) Number of policies adopted following participatory consultations with involvement of Civil society</p> <p>b4) Ratio of national policies aligned with national gender and civic integration action plans</p> <p>b5) Number of gender responsive budgeting in all areas of public policy</p> <p>b6) More statistical indicators produced by GEOSTAT in 2020 than in 2017</p>	<p>c1) d4) improvement in Worldwide Governance indicator on regulatory quality</p> <p>c2) SIGMA baseline assessment on policy development and subsequent reports, PAR Council reports;</p> <p>b3) available tools for civic engagement , CSOs reports</p> <p>b4) Parliamentary Committee Reports, Reports of CSOs</p> <p>b5) Annual State Budgets of Georgia with National statistics on GEOSTAT website or in publications in the period 2017-2020</p>
<p>d) broader access to user-centric, high quality and accountable public services thanks to efficient quality delivery control systems and merit-based</p>	<p>d1) Number of community centres, number of services provided by community centres, Use of national and local e-portals (mygov.ge, my.tbilisi.gov.ge...)</p>	<p>d1) PAR Council report, PAR roadmap reviews</p> <p>d2) Line ministries and municipalities reports</p> <p>Ministry of Justice reports</p> <p>d3) assessments of Open</p>

	<p>d2) Number of answers to enquiries launched by the administration towards citizens and businesses,</p> <p>d3) Worldwide Governance indicator on Government effectiveness</p> <p>d4) Number of new decrees on civil service by central and local public administrations, consistent with EU Directive on equal opportunities.</p> <p>d5) fair and transparent implementation of HRM new rules in national, regional and local public institutions.</p>	<p>Governance Strategy and Action Plan,</p> <p>CSOs/Business associations reports</p> <p>d4)Worldwide Governance indicator – Government effectiveness</p>
<p>e) professional and de-politicised civil service; progress in public finance policy reforms;</p>	<p>e1) Number of municipal economic/development strategies aligned to local needs, local budgets</p> <p>e2) Number of legal acts initiated/amended to harmonize LSG legislation</p> <p>e3) National PEFA scores, Open Budget Index scores</p> <p>e4) percentage of positive assessment of in taxpayers' opinion surveys</p> <p>e5) Number of recommendations from State Audit Office (SAO) and Parliament and share of them implemented</p>	<p>PAR council reports</p> <p>OECD Anticorruption network report</p> <p>Sigma reports</p> <p>Civil Service Bureau reports</p> <p>WGI- Government effectiveness</p> <p>Public Expenditure and Financial Accountability Assessment (PEFA)</p> <p>Public Expenditure Tracking Surveys</p> <p>Government reports and statistics</p> <p>Methodology for Assessing Procurement Systems (MAPS) by OECD</p> <p>Taxpayers' opinion surveys</p>
<p>g) continued effective implementation of anti-corruption reforms at the sectoral and local levels including those foreseen by Anti-Corruption Strategy and effective prevention and fight against complex forms of corruption</p>	<p>g1) Worldwide Governance indicator on control of corruption + World Justice Report Rule of Law index + World Justice Project Open Government Index</p> <p>g2) Number of sectoral and regional development plans with effective anticorruption measures.</p> <p>g3) continued implementation of OECD-ACN and GRECO recommendations (3<sup>rd</sup>-4<sup>th</sup> monitoring rounds)</p> <p>g4) Number of corruption</p>	<p>Worldwide Governance indicator + TI reports</p> <p>GRECO and OECD-Anticorruption network (Istanbul Anti-Corruption action Plan) reports</p> <p>Report of the Ministry of Interior</p> <p>World Justice Project reports</p> <p>World Bank Group - CPIA database</p> <p>Reports of the Anti-Corruption Council;</p>

	cases reported, disaggregated by source (State or non-State actors), as well as number of investigations and convictions of these cases.	
h) monitoring and enforcement of the system for asset-declaration and conflict of interest is in place, as well as effective asset recovery	h1) Number of asset declarations introduced and verified h2) Track record for identification, freezing, management and confiscation of unjustified wealth (number of cases and value).	GRECO and OECD-Anticorruption network (Istanbul Anti-Corruption action Plan) reports Reports of Civil Service Bureau MONEYVAL Reports FATF monitoring reports Reporting by the Office of the Prosecutor Reporting by the Office of the Prosecutor Justice, Freedom and Security sub-committee meetings
k) protection of all Human Rights is mainstreamed and incorporated into Georgian legislation and its enforcement and promoted in business.	k1) percentage of actions of the National Human Rights Strategy and Action Plan (NHR SAP) 2015-2016 and 2017-2020 implemented or in progress; k2) percentage of Public Defender's Office's recommendation on compliance with human rights standards implemented by line institutions k3) percentage of IDPs receiving durable housing and livelihoods support according to the NAPs for 2016-2018	Public Defender's Office assessments and statistics Human Rights Secretariat/Human Rights Council annual implementation report on NHR SAP ECRI report Civil society reports State Ministry for Reconciliation and Civic Equality Reports MIA reports EU-funded projects/reports

**Specific objective 2:** to strengthen Rule of Law and the Justice system.

<u><b>Expected Results</b></u>	<u><b>Indicators</b></u>	<u><b>Means of verification</b></u>
a) Gender equality and gender based violence/domestic violence advanced and mainstreamed into Georgian legislation and its implementation;	a1) percentage of women/youth/ ethnic minorities in elections, politics, policy development and decision making (increase) a2) Number of employment among women/youth/ethnic	CEC Election Reports, CSOs and International Organisations Reports; Parliamentary, Committees Reports, Government Reports Employment statistics

	<p>minorities (increase)</p> <p>a3) Number of adopted laws and legislative amendments duly addressing gender equality aspects</p> <p>a4) percentage representation of women on election lists</p> <p>a5) Level of progress in the implementation of gender equality and gender based violence/domestic violence legislation</p>	<p>Draft laws and legal amendments</p> <p>Election lists as published by Central Election Commission</p> <p>CEDAW recommendations to Georgia</p>
b) broader access to justice for vulnerable categories of population (wider use of legal aid)	Amount of legal aid spent per capita in relation to GDP	Statistics of the mediation and arbitration bodies
c) land registration reform implemented; land register and cadastre able to serve as reliable sources for policy makers and the financial sector;	<p>d1) number of drafts of Laws/legislative amendments on land registration submitted to the Parliament for approval</p> <p>d2) Number of Pilot projects in 11 Sakrebulo's implemented, percentage of land plots surveyed and registered</p>	<p>Laws/legislative amendments</p> <p>Strategy on pilot project for land registration</p> <p>Geostat data /statistics on land registration.</p>
d) Increased public trust in the independence of justice and its efficiency, through implementation of key judicial reforms ; progress with effective implementation of the 3rd wave of judiciary reforms; increase the quality of settlement of commercial disputes;	<p>d1) track record of transparent and merit-based recruitment of judges</p> <p>d2) Number of reported disciplinary cases, number of proceedings initiated and number of convictions (sanctions and reasoning)</p> <p>d3) Level of user satisfaction and scope of legal needs</p> <p>d4) Clearance rate, number of pending cases and disposition time</p> <p>d5) Adopted laws and legal amendments enhancing financial sustainability of CSO and enabling environment and their accountability to citizens</p>	<p>Ministry of Justice reports and statistics</p> <p>Draft Law</p> <p>Legal Amendments</p> <p>CSO reports</p> <p>Governments/Parliamentary committees report</p>
<b>Specific objective 3:</b> to enhance resilience and address security.		
<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) Stronger engagement towards the breakaway regions	<p>a 1) Gender sensitive practices for asylum claims at Georgia's borders improved</p> <p>a 2) Gender sensitive</p>	<p>Ministry of Internal Affairs Reports</p> <p>Geostat Reports</p> <p>CSO Monitoring reports</p>

	employment policies for border management agencies advanced	EU Projects Reports
b) Better cooperation and confidence building between CSOs from both sides of the ABL on peace and human security issues	Number of CSO projects and initiatives implemented across the ABL on peace and security issues	EU projects reports CSO reports Government reports
d) better countering of hybrid threats and cybercrime by Georgian Authorities;	Number of international Police Cooperation cases for fighting cyber crime	Government Reports Europol Reports Ministry of Internal Affairs reports Council of Europe reports Ministry of defence reports
e) Improved disaster preparedness and natural and industrial risk reduction	b1) Number of Municipalities having a Disaster Prevention Plan b2) Amount of human and economic losses due to natural and man-made disasters.	MIA, MoENRP Reports MRDI reports
f) Increased capacity and cooperation at national level and across-borders in combating organised crime, money laundering and financing of terrorism, including effective cooperation with Europol; national and international coordination and cooperation in the development and implementation of policies	c1) No. of convictions for trafficking, organized crime, smuggling and counterfeiting offences. c2) number of assisted victims of human trafficking using State Referral System c3) Number of investigations and convictions of money-laundering cases	Ministry of Interior and Justice Reports and statistics; Revenue Service Reports Reports by Ministry of Refugees and Accommodation  MONEYVAL reports FATF monitoring reports

### **Sector 3: Connectivity, energy efficiency, environment and climate change**

**Specific objective 1:** to enhance energy efficiency, to increase energy independence including through energy sector reforms, the promotion of energy efficiency improvements, use of untapped renewable energy sources and boosting investments in low emission technologies

<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) Reduced seasonal dependence on energy imports	a1) Total net energy imports as part of energy consumption a2) IEA indicators TPES/population; a3) percentage of electricity losses a4) percentage of gas losses.	Ministry of Energy Reports and Statistics Draft Feasibility studies/proposals Geostat data  IEA data
b) increased supply of energy	b1) percentage of	Ministry of Energy Reports

from renewable sources, increased market competition and transparency and enhanced energy efficiency in the whole country	implementation of Energy Community and Association Agreement legislative and regulatory commitments including on energy efficiency b2) energy efficiency ratio for Georgia b3) Share (percentage) of energy supply from renewable sources in total energy supply; b4) percentage of electricity losses in electricity distribution system; b5) percentage of natural gas losses in gas distribution system;	and statistics Reports of the Athens Energy Community Secretariat  Ministry of Energy Reports/Data  EU project reports
<b>Specific objective 2:</b> to build, rehabilitate and upgrade infrastructures and to promote energy interconnections for market development and security purposes.		
<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) Stable, affordable and reliable energy supply (energy security) and strengthened domestic production and infrastructure	a1) Electricity trade balance with neighbouring countries a2) percentage of internal electricity transmission network rehabilitated and number of new substations a3) percentage of rehabilitated/new gas transmission lines a4) percentage in uninterrupted energy supply to all households a5) Energy security index of WEC	Ministry of Energy Reports/Statistics  World Energy Council data
<b>Specific objective 3:</b> to develop the circular economy, meet Paris targets on emission reduction and adaptation to climate change, to enhance environmentally-friendly policy making, to support implementation of new EIA/SEA legislation, to enhance capacity for introducing integrated permitting system, to promote sustainable production and consumption, to strengthen the capacity for environmental protection and resilience, to support the extension of sustainable waste, wastewater and water management systems as well as recycling facilities and actions to minimise the production of waste.		
<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) Improved monitoring, and reporting collection, management and sharing of environmental data	Percentage of national, regional and international commitments related to environmental reporting implemented in line with the requirements of the EU-GE	Reports of the Ministry of Natural Resources and Environmental protection (MoENRP)

	Association Agreement and the EU/EEA best practices	
b) Improved water and wastewater municipal infrastructure, introduction or upgrade of waste collection systems (including hazardous and medical waste) , improved recycling practices, better valorisation of and minimisation of waste	b1) Number of pilot projects implemented which effectively introduce good practices under the circular economy approach; b2) Number of new green jobs created following the implementation of pilot projects introducing circular economy approaches (disaggregated by sector and gender) b3) percentage of investments from public and private operators introducing good practices under the circular economy approaches in agriculture, energy, water and transport sectors; b4) Number of population with improved access to reliable water supply and sanitation services (disaggregated by gender). b5) Investments from public and private operators introducing good practices under circular economy approaches in agriculture and industry and services sectors (in euros). b6) Number of new green jobs created following circular economy based business expansions (disaggregated by gender); b7) Number of population with improved access to waste management services, including for hazardous and medical waste, in compliance with EU and international standards; b8) Waste recycling rate	b1) Reports of the Ministry of Economy; b2) Project progress and Final Reports b3) Evaluation report b4) MRDI/SWMCG Reports Ministry of Economy Annual Reports; b5)Geostat publications/statistics b7)MoENRP Reports, b8) MRDI/SWMCG Reports Municipalities MRDI data
c) Reduced level of air pollution	Percentage reduction of the values from core air pollutants in selected urban areas including Primary particulate matter, Sulphur dioxide (SO <sub>2</sub> ) and/or Nitrogen oxides (NO <sub>x</sub> )	MoNREP Annual Reports Geostat Covenant of Mayors Reports

d) Finalised Nationally Determined Contributions (NDC) of Georgia	GHG emissions	MoENRP Annual Reports
e) Better inclusion of climate change impact in policy making	Number of projects implemented under the Low Emission Development Strategy, the National Energy Efficiency Action Plan (NEEAP), the National Adaption Plan and the Nationally Appropriate Mitigation Actions (NAMA) and the National Renewable Energy Action Plan (NREAP)	MoE Annual Reports/Statistics MoENRP Reports; Ministry Of Labor Health And Social Affairs Reports; Data of Municipalities; MRDI/SWMCG Reports
d) f) elaborated sectoral guidelines and conducted pilot transboundary and strategic environmental assessment	f1) Number of sectoral guidelines elaborated according to a new EIA/SEA legislation; f2) Number of pilot transboundary and strategic environmental assessments carried out;	MoENRP Annual Reports/Statistics
f) elaborated sectoral guidelines and conducted pilot transboundary and strategic environmental assessment	f1) Number of sectoral guidelines elaborated according to a new EIA/SEA legislation; f2) Number of pilot transboundary and strategic environmental assessments carried out;	MoENRP Annual Reports/Statistics
e)		
a) Better disaster preparedness and natural and industrial risk reduction.	b1) Number of Municipalities having a Disaster Prevention Plan b2) Reduction of human and economic losses due to natural and man-made disasters. b3) Level of awareness of population about existing Disaster Prevention Plan; number of shelters, stocksetc.	MRDI Reports
f) Better management of natural resources	Number of hectares or percentage of forest and protected areas where sustainable and climate-resilient management practices have been introduced;	MoENRP reports and Statistics
i). Increased awareness of the population on green and circular economy principles	Number of people with knowledge and awareness about green and circular	MoENRP reports Annual Reports of Ministry of Agriculture,



	economy approaches (disaggregated by occupation and gender if possible);	
<b>Specific Objective 4:</b> to enhance the governance of the connectivity sector to assist prioritisation of key actions and to deliver on commitments such as TEN-T. This includes investments in transport, water and sanitation, waste management, energy (including energy efficiency) and social infrastructures		
<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) Implementation of transport interconnections internally and with neighbours;	a1) Volume (in percentage) of transported goods and passenger by all mode of transport a 2) Number of infrastructure development projects supported by the Government for connection to TEN-T transport system	Ministry of Economy Annual Reports MRDI Annual Reports Georgian Railway
b) Increased capacity to plan, budget and prioritise infrastructure projects according to TEN-T and AA/DCFTA provisions	b1) Transit of goods ( tons) ; b2) Volume (in percentage) of hydrocarbons transported from Central Asia to Western Markets.	Ministry of Economy Annual Reports; Ministry of Energy Annual Reports
<b>Sector 4: <u>Mobility and people-to-people contacts, including support to the implementation of the visa liberalisation action plan, to the development of human capital and skills and to research</u></b>		
<b>Specific objective 1:</b> to enhance employability, foster skills development and a better match between education and training and the labour market;		
<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) More and better employability (in particular for youth, women and on disadvantaged groups) through an Active Labour Market Policy (ALMP) developed and implemented b) Public Employment Services (PES) establishment advances and capacity is strengthened	a1) NEETs rate, disaggregated by region, gender, age, education, vulnerable groups a2) Number of beneficiaries of ALMPs, disaggregated by region, gender, age, education, vulnerable groups and by type of ALMPs where possible a3) Number of PES operating the new service model	Act of the Parliament GEOSTAT (LFS) Statistics of the Ministry of Sport and Youth Affairs Admin data of EES  Laws and act published
c) Social Partnerships (SP) established on regional and national level, and contribute to the planning and implementation of education and labour market	Number of dialogue/meetings of Tripartite Social Partnership Commission and National VET Council	Meeting agendas Minutes of the meetings ILO reports EU Project reports

and employment policies, taking into account the gender perspective;		
d) VET reform implemented	c1) Number of New VET law, by-laws, regulations adopted c2) enrolment in VET	Law and regulations Implementation plans and monitoring reports Education Sector Strategy Government reports EU project reports Amended/new laws and/or regulations on models of education financing Implementation plans and monitoring reports Education Sector Strategy Government reports EU projects reports
e) Labour Market Information System (LMIS) operational;	d1) Number of new service/unit on skills anticipation established, staffed and resourced in the MoESD d2) Number of labour market reports produced and disseminated d3) Number of yearly updates of web-portals on LMIS (MoHLSA) and Career Guidance (CG-MoSYA)	Reports of the MoESD Annual reports of relevant line ministries Web-portals LM reports Government decisions and reports EU project reports
<b>Specific objective 2:</b> to sustain the fulfilment of all benchmarks of the Visa Liberalisation Action Plan and the Mobility Partnership		
<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
improved and secure mobility between Georgia and Europe, successful implementation of integrated border management (IBM) projects; improved safety and security including at the borders through integrated border management and modernisation of border control services; effective fighting against irregular migration (including human trafficking) and engagement in line with the EU's policy of engagement and non-recognition of the breakaway regions	a1) number of reintegrated migrants (disaggregated by gender) under the EU-Georgia Readmission Agreement including a2) Number of new efficient systems for migration data management and risk analysis. a3) Number of asylum seekers, stateless persons, and persons with a humanitarian or refugee status receiving protection and assistance in compliance with the principles of the international law a4) Number of staff trained on	Georgia's reporting under Joint Readmission Committee Annual reports of Ministry of Internal Affairs Data and Statistics of the State Commission on Migration Issues and other government reports Geostat reports SDG evaluation reports Revenue Service Reports Geostat Reports CSO Monitoring reports EU Projects Reports Justice, Freedom and

	<p>migration regulations; a5) detection rate of counterfeit goods, drugs, arms etc. seized; a6) Number of Border Crossing Points and Green Border sectors implementing Integrated border management a7) percentage of Border control services (including green and blue border as well as BCPs) modernised to the internationally recognised standards and in compliance with the AA/DCFTA commitments a8) Gender sensitive practices for asylum claims at Georgia's borders improved a9) increased detection rate of counterfeit goods, drugs, arms etc. seized; a10) Gender sensitive employment policies for border management agencies advanced</p>	<p>Security Subcommittee meetings Commission monitoring reports on visa-free regime</p>
<p><b>Specific objective 3:</b> to strengthen the inclusion of disadvantaged groups (including minorities , IDPs and other conflict affected persons) in mainstream education;</p>		
<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) More resilient inclusive society in Georgia; young people, women and other vulnerable groups gain access to quality education and training;	Enrolment, completion and drop-out rates disaggregated by region, gender, age, education, vulnerable groups	GEOSTAT EMIS Ministry of Education and Science statistics
<p><b>Specific objective 4:</b> to support innovation and research including fostering research/industry partnerships.</p>		
<b><u>Expected Results</u></b>	<b><u>Indicators</u></b>	<b><u>Means of verification</u></b>
a) Increase opportunities and enhanced partnerships in the area of research and innovation	<p>a1) number of adopted policy documents on innovation and research a2) number of research/industry partnerships a3) number of Georgian entities involved in Horizon 2020 projects</p>	<p>Ministry of Education and Science statistics GITA/MoE reports Horizon2020 Statistics</p>

	a4) number of recommendations of the 2015 S&T Peer Review implemented	
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**Attachment 2. Indicative timetable for commitments**

	<b>Indicative allocation</b>			
<b>SECTOR OF INTERVENTION 1 – Economic development and market opportunities</b> , <i>including</i> smart, sustainable and inclusive growth	<b>EUR 148.4 million – EUR 181.2 million</b>			
<b>SECTOR OF INTERVENTION 2 – Strengthening institutions and good governance</b> , <i>including</i> consolidating the Rule of Law and addressing security	<b>EUR 74.2 million – EUR 90.6 million</b>			
<b>SECTOR OF INTERVENTION 3 – Connectivity, energy, environment and climate change</b> and support for circular economy	<b>EUR 55.65 million – EUR 67.95 million</b>			
<b>SECTOR OF INTERVENTION 4 – Mobility and people-to-people contacts</b> , <i>including</i> support to the continuous implementation of the visa liberalisation action plan and vocational education, training	<b>EUR 37.1 million – EUR 45.3 million</b>			
<b>Complementary support for capacity development /institution building</b>	<b>EUR 18.55 million – EUR 22.65 million</b>			
<b>Complementary support in favour of civil society development</b>	<b>EUR 18.55 million – EUR 22.65 million</b>			
<b>Strategic communication</b>	<b>EUR 18.55 million – EUR 22.65 million</b>			
<b>Total Commitments</b>	<b>EUR 371 million – EUR 453 million</b>			

\*Breakdown by year is useful for planning, but not required