

# COOPERATION REPORT

GEORGIA 2005



# **Table of Content**

Part	I - EU and Georgia Partnership
1.	Framework
2.	Important Developments
3.	Georgia's Foreign Relation Orientation
4.	Conflict Resolution
5.	Energy
6.	Visits and Meetings
Part	II - EU External Assistance Approach
1.	General
2.	EU Assistance Implementation Set-up
3.	Focus Areas of EU Assistance
4.	Assistance Framework in Georgia
Part	III - Assistance to Georgia through Commission
	General
2.	TACIS National Programme
	2.1 Support for Institutional, Legal and Administrative Reforms
	2.2 Support in Addressing the Social Consequences of Transition
	2.3 Small Projects Programmes
	2.4 Tempus Programme
3.	Other Instruments
	3.1 Conflict Resolution and Rehabilitation
	3.2 European Commission Humanitarian Aid (ECHO)
	3.3 European Initiative for Democracy and Human Rights (EIDR)
	3.4 Macro-Financial Assistance
	3.5 Food Security Programme
	3.6 NGO Co-financing
	3.7 Youth Programme
4.	Regional Programmes (TACIS funded)
	4.1 INOGATE
	4.2 TRACECA
	4.3 Environment
	4.4 Anti-drug Programme
5.	Common Foreign and Security Policy (CSFP) Joint Actions
	5.1 Rapid Reaction Mechanism
	5.2 Other CFSP Actions

Part IV - EU Member States Development Cooperation	49
Austria	49
Czech Republic	51
Denmark	52
Estonia	54
Finland	56
France	59
Germany	61
Greece	66
Italy	69
Lithuania	73
The Netherlands	75
Poland	78
Sweden	79
United Kingdom	83



# **Foreword**

The Cooperation Report provides details of and the context within which cooperation takes place between the European Union and Georgia. It contains information concerning the cooperation framework and the principal programmes financed by the European Commission on behalf of the European Union as well as information on the bilateral cooperation between individual EU Member States and Georgia. This cooperation will continue to shape and enhance the partnership and cooperation that has been steadily building between Georgia and the EU.

On 1 May 2004 the EU enlarged with ten new Member States. As the borders of the European Union moved further eastwards and will border the Black Sea when Bulgaria and Romania in the near future will join the European Union, the prospects for increased cooperation between the EU and Georgia are enhanced. This was also expressed by the inclusion on 14 June 2004 of Armenia, Azerbaijan and Georgia in the European Neighbourhood Policy (ENP). The implementation of this policy is envisaged through action plans for each country. The consultations on formulation of action plans started in the second half of 2005. For Georgia, the text of the action plan has basically been agreed and it is planned to be adopted in the second half of 2006. Its implementation will develop an increasingly close relationship, going beyond co-operation, and involve a significant measure of economic integration and a deepening of political co-operation. This process is a continuation and expansion of the implementation of the Partnership and Cooperation Agreement, the framework for the activities described in the present report.

The challenges for Georgia are continued to be addressed. The event that took place in the end of 2003 and led to a remarkable change of government was followed by introduction of a number of new policies and reforms with a view to establish a free-market economy, democracy and good governance. This has led to profound changes and progress in many areas and the European Union and its Member States support the efforts of the Government. In this respect support for democracy, human rights, rule of law and poverty reduction remain important areas for the European Union.

The European Union hopes to see poverty reduction be reflected in the positive economic development and that democracy, respect of human rights and good governance become firmly embedded as well as a prevailing vibrant civil society and independent media.



Molbro

Torben Holtze

Head of the Delegation of the European Commission to Georgia



Patricia Flor

Ambassador of the Federal Republic of Germany



# Part I - EU and Georgia Partnership

## 1. Framework

The past three years have been an important period both for the European Union and for Georgia. Remarkable changes have taken place, which also have had a major impact on the relationship between the European Union and Georgia.

On May 1, 2004 ten more countries - Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia - joined the 15 members of the European Union. The enlargement brought changes to the political geography of the European Union, offering new opportunities to its neighbours to the East and to the South.

A stable neighbourhood is of vital interest to the EU. Thus, it seeks to enhance its relationship with its neighbours. This relationship should be mutually beneficial and promote security and prosperity to all involved. These objectives were addressed in the European Security Strategy published in December 2003.

In order to avoid the emergence of new dividing lines between the enlarged EU and its neighbours and instead enhance co-operation, the European Neighbourhood Policy (ENP) was developed.

With the enlargement the South Caucasus has moved closer to Europe. Once Bulgaria and Romania become members, Georgia will share a sea border with the EU. Consequently, Georgia's successful transition to democracy and a market economy has become a strategic interest of the EU. On 14 June 2004, the EU decided to include Georgia along with Armenia and Azerbaijan in the ENP. This marks a significant step forward in the EU's engagement in the region. The ENP offers a deeper political relationship and economic integration based on a strong commitment to shared values, key foreign policy objectives, as well as political, economic, and institutional reforms.

The ENP is a process, the intensity and speed of which depends on Georgia's will and capability. To begin with, the Commission prepared a Country Report assessing the political and economic situation and aspects of institutional and sectoral capacity. The Country Report for Georgia was published in March 2005.

The next step and a key element of the ENP was the bilateral ENP Action Plan. The EU negotiated the Action Plan individually with each partner country and tailored it to the country's needs as well as common interests. The negotiations for Georgia's Action Plan started in the second half of 2005. The third and final phase of negotiations was concluded in May 2006. The adoption of the Action Plan is expected to take place in October 2006.

The Georgian Government has outlined its **priorities re**garding the ENP Action Plan. These cover: rule of law, security and stability, border management, free movement of people, goods, services and capital, rehabilitation of infrastructure; energy, transport; education and science, as well as facilitation of conflict resolution. In return for progress on relevant reforms, the EU offers greater integration into European programmes and networks, increased assistance and enhanced market access.

As part of the reform of EU assistance instruments, geographical or thematical programmes will be replaced by a single instrument - the European Neighbourhood and Partnership Instrument (ENPI). It is designed to target sustainable development and approximation to EU policies and standards - supporting the agreed priorities in the ENP Action Plan.

The ENP for Georgia builds upon the existing framework of co-operation. In the case of Georgia, this framework is the Partnership and Cooperation Agreement (PCA). The PCA, which entered into force in 1999, forms the legal basis of EU-Georgia relations. Respect for democracy, principles of international law, human rights, and market economy is the essential elements on which the EU-Georgia relationship is based.

Through the PCA, the EU and Georgia have accorded each other Most Favoured Nation (MFN) treatment. Furthermore, Georgia benefits from the EU's General System of Preferences Plus (GSP+) allowing duty and quota free access to European markets for around 8 000 products. In order to receive these preferences, countries must have ratified and implemented key international conventions on core political, human and labour rights.

Recognizing that the resolution of the conflicts is an essential condition for the economic development of the region, the Council of the European Union appointed for the first time a Special Representative for the South Caucasus (EUSR) in July 2003. An important part of the mandate of the EUSR is to assist the three South Caucasian countries in resolving the conflicts in the region.

In July 2004, the Georgian government established a Commission for Georgia's Integration into the EU chaired by the Prime Minister Zurab Zhvania. The aim of the Commission was to facilitate the implementation

of the PCA and the participation in the ENP. Under the Commission, EU departments were established in sectoral ministries. In 2003, the previous government had adopted a national programme on the harmonization of

legislation. The current government has developed it further and instructed the ministries to develop action plans for harmonization. Inter-ministerial expert groups have been formed to move the process forward.

# 2. Important Developments

The "Rose Revolution" started with protests against fraudulent parliamentary elections in November 2003 and eventually led to the resignation of President Shevardnadze in the same month. **Presidential elections on 4 January 2004 were won by Mikheil Saakashvili** with a resounding 96,2 % of the votes based upon an 80% turnout.

Constitutional amendments were rushed through Parliament in February 2004 strengthening the powers of the President to dismiss Parliament and creating the post of the **Prime Minister.** Zurab Zhvania, the second of the triumvirate of opposition leaders leading the November demonstrations, was appointed Prime Minister. The third member, Nino Burjanadze, the Interim President, became **Speaker of Parliament.** 

The Supreme Court of Georgia partially annulled the results of the fraudulent November elections. In the **repeat parliamentary elections**, held on 28 March 2004, the alliance of Saakashvili's party National Movement and Burjanadze/Zhvania's Democrats Party won an overwhelming majority securing the support of more than 170 out of 253 seats. The Rightist Opposition – an alliance consisting of the New Rights Party and the Industrialists - was the only other group which managed to pass the 7 % threshold.

In June 2004, the Commission co-chaired together with the World Bank a **Donor's Conference on Georgia in Brussels.** The Georgian Government presented its *Strategic Vision and Urgent Financing Priorities 2004-2006*. The Georgian government has identified four goals for 2004-2006: 1) Rooting out corruption and mismanagement; 2) restoration of lasting stability; 3) reduction of poverty; 4) establishment of sustainable economic growth.

# 3. Georgia's Foreign Relation Orientation

Georgia has strategic importance far beyond its size being located between the Black Sea, Russia, Armenia, Azerbaijan, and Turkey. It is developing as the gateway for the Black Sea to the Caucasus and the larger Caspian region.

Georgia is a member of the United Nations, the Coun-

Georgia's presentation was well received by the donor community, which pledged to provide € 850 million to meet urgent needs of the country for the period 2004-2006. The EC, for its part, pledged a total of € 125 million taking total EC assistance to Georgia to € 137 million for 2004-2006. The EC assistance doubled when compared with 2001-2003. Particular emphasis has been placed by the EC on assisting Georgia in reforming the judicial and rule of law sectors as well as capacity building in key institutions including the Georgian Parliament.

In May 2004, popular protests led to the **resignation of the Head of the Autonomous Republic of Adjara**, Aslan Abashidze. New elections to the Adjaran Parliament – the Supreme Council – were held on 20 June 2004.

Victorious Adjara, the party backed by the Government won 28 out of 30 seats. The Republican Party received 9 % of the votes and thus won the remaining two seats. However, the Republicans accused the central authorities of having rigged the elections and consequently suspended their cooperation with the ruling National Movement – Democrats Faction with which they had been in a coalition until then.

In the same month, the Georgian parliament passed a Constitutional Law on the Status of the Autonomous Republic of Adjara. The law gives the President of Georgia considerable powers over the Adjaran structures established by the Constitutional Law including the right to nominate the head of the Adjarian government.

On February 3, 2005 **Prime Minister Zurab Zhvania** was found dead in an apartment. The cause of death was declared to be carbon-monoxide poisoning due to a faulty gas heater. With the death of Zhvania Georgia lost one of its most experienced politicians. Finance Minister Zurab Noghaideli took over the post of Prime Minister.

cil of Europe, Organization for Security and Cooperation in Europe (OSCE), Commonwealth of Independent States (CIS), Black Sea Economic Cooperation Organisation (BSEC), GUAM (Georgia, Ukraine, Azerbaijan and Moldova), International Monetary Fund (IMF), the World Bank and European Bank of Reconstruction and Development (EBRD). It is a party to the Nuclear Non-



Proliferation Treaty and in 2000 Georgia joined the World Trade Organisation (WTO).

Georgia's foreign policy is oriented towards the integration into the North Atlantic Alliance and the European Union, a direction former President Eduard Shevardnadze set. Current President Mikheil Saakashvili has declared both goals long-term top priorities.

Georgia was the first Caucasian country to join the NATO Individual Partnership Action Plan (IPAP) in October 2004, followed by Azerbaijan and Armenia in 2005. The IPAPs, launched at the November 2002 Prague Summit, allow countries to deepen their relationship with NATO. According to NATO, Georgia has made considerable progress in implementing reform targets set out by the IPAP. The next step is the Intensified Dialogue (ID), which is viewed as a precursor to being invited to enter NATO membership.

Georgia's strong orientation to the West has led to uneasy relations with its northern neighbour Russia. One of his first visits abroad in the beginning of 2004 took President Saakashvili to Moscow, where he met his counterpart President Putin. Russian media and politicians hailed the visit as a new, positive chapter in Russian-Georgian relations. However, this early optimistic attitude did not last long due to continuing tensions between the two countries.

A long-standing issue between the two neighbours has been the withdrawal of Russian military bases from Georgia. According to the Istanbul Agreement signed between both sides in 1999 at the OSCE summit, Russia agreed to vacate Gudauta and Vaziani military bases by 2001 and set timetables for the withdrawal of the remaining two bases. For several years little progress was made and Moscow continued to extend the deadline, claiming it needed years and millions of dollars to remove its troops.

Following prolonged negotiations, on May 15, 2005, Russian Foreign Minister Sergey Lavrov and then Georgian Foreign Minister Salome Zourabishvili signed a joint declaration. The declaration outlines a stage-by stage withdrawal of the two remaining Russian military bases in Akhalkalaki and Batumi. It also deals with border delimitation and conflict resolution.

A consecutive agreement signed by both sides in Sochi in March 2006, identifies the timeframe, modalities and rules for the withdrawal of the two military bases by the end of 2008 and the conditions for transit of Russian military personnel and cargo through Georgia. The process of withdrawing the hardware was launched in 2005 and should be completed towards the end of 2007.

In March 2006, Russia's Chief of the Sanitary Department claimed to have found traces of **pesticides in Georgian and Moldovan wines and banned the import.** In May 2006, Russia also banned the import of Georgian mineral water, Borjomi and Nabghlavi, citing falsifications and low quality of tested products. Russia had imposed temporary restrictions on the import of Georgian agricultural products in December 2005 citing sanitary concerns. In 2005, 90% of Georgia's wine and 60% of its mineral water export went to Russia, corresponding to a value of US\$ 63 million and US\$ 24 million respectively.

Georgian authorities do not deny that Georgian wine has issues with its quality, often containing illegal additives or stray grape varieties. However, Georgia sees the ban as a politically motivated economic embargo. Attempts by Georgians to meet with their Russian counterparts to discuss a way out of the crisis have failed due the refusal of the Russian side. In order to alleviate the situation for Georgian winemakers, the Government granted them a temporary tax exemption. Since the ban was imposed, the Georgian Government has been searching for new markets for its products.

#### 4. Conflict Resolution

Georgia's unresolved conflicts remain a major impediment to the country's development. Thus, the government under President Saakashvili has declared the resolution of these conflicts its top priority.

Due to the two unresolved territorial disputes in Abkhazia and the Tskhinvali region/South Ossetia, nearly 18 % of Georgian territory remains beyond the control of the Georgian authorities. The two conflicts have created more than 300 000 internally displaced persons (IDPs). Both conflicts are the result of the civil war, which broke

out in the wake of Georgia's declaration of independence in 1991.

Since 1993, Russia has increased its influence in **Abkhazia** notwithstanding its official policy of recognition of the sovereignty and territorial integrity of Georgia. There are increasing commercial connections between Abkhazians and Russians.

In 2001-2004 smuggling flourished in **South Ossetia**. As part of its anti-corruption campaign, the Georgian gov-



ernment began anti-smuggling measures in May 2004 around the Tskhinvali region. This led to a deteriorating security situation and in August 2004 the first killings in a number of years. A ceasefire was agreed in the end of August 2004 including measures of demilitarization. The late Prime Minister Zhvania met with the South Ossetian leader Kokoity in November 2004. However, tensions have remained high and clashes flare up from time to time

Although the EU is not directly involved in the political side of conflict resolution, it actively supports economic rehabilitation and confidence building measures in both regions. Currently, the EU is the largest donor in both Abkhazia and South Ossetia.

From November 2005 to February 2006, the **OSCE** conducted a **Needs Assessment Study** in the South Ossetian conflict zone. The Study was mainly funded by USAID, but also by the European Commission, Belgium, France, and the Netherlands. It surveyed six areas - agriculture, energy, social infrastructure, business development, finance and roads. The study provided a basis for a package of proposals for economic and infrastructure rehabilitation projects in the conflict zone, which were presented at a **donor's conference**, held under the Belgian Chairmanship of the OSCE in Brussels in June 2006. Western donors pledged a total of  $\in$  7.9 million with the EU contributing the largest share of  $\in$  2 million followed by the US pledging US\$ 2 million.

In October 2005, Georgian Prime Minister Zurab Noghaideli presented at the OSCE Permanent Council in Vienna the most recent version of President Saakashvili's proposal for a conflict settlement plan for South Osse-

tia. Saakashvili had initially introduced such a plan to the UN Assembly in September 2004 and presented a revised and more detailed version at the Parliamentary Assembly of the Council of Europe in Strasbourg in January 2005. In December 2005, de-facto President of South Ossetia, Eduard Kokoity proposed that Georgians and Ossetians work jointly on such a peace plan.

Proposals from both sides – the Georgian and the South Ossetian side - envision **a three-stage-plan**. The first stage calls for demilitarization of the conflict zone, the second stage on confidence building measures, security guarantees and social-economic rehabilitation measures, while the political settlement of the conflict is left to the third and final stage. The timeframe for implementation of the peace plan is envisaged over 2-3 years.

Regarding Abkhazia, the Georgian Government started to look into peace plans in the beginning of 2006 and two documents are being prepared. One document - the Georgian Government's Strategy on Peaceful Resolution of the Abkhaz Conflict – is intended for the international community. The second document – the Abkhaz Conflict Resolution Roadmap – is designed for de-facto authorities of Abkhazia.

An important confidence building project is the **Rehabilitation of the Abkhaz Railway** involving Georgian, Russian, Abkhaz and Armenian sides. Subject to negotiations is the creation of a consortium - Black Sea Railways – which will deal with the rehabilitation of Abkhaz section of the railway. The project, which is estimated to cost € 150-250 million, revitalizes Trans-Caucasian railway network linking Armenia and Georgia with Russia.

# 5. Energy

Energy is important for Georgia as both a transit and import country. Georgia imports 85% of its energy requirements. Events in the beginning of 2006 have catapulted the issues of energy dependency and security to the attention of the international community.

In the beginning of January 2006, the Russian state-run gas company Gazprom, stopped deliveries to Ukraine over a price dispute. 75 % of Russian gas aimed for Western Europe is delivered via Ukrainian pipelines. Thus, several EU Member States, such as Austria and Hungary, were affected and experienced a reduction in supplies. At the end of the month, explosions on two gas pipelines in the Russian North Ossetian Republic cut off Georgia and Armenia from gas supply for eight days at the end of January. That event hit Georgia hard as it is currently lacking any gas storage facilities and depends on gas imports. The Georgian government accused Russia of sabotage, a charge Russia denied.

Against this background, a discussion on a possible future common EU energy policy was launched in March 2006. The Green Paper, published the same month, calls for a clear policy on securing and diversifying energy supplies. Andris Piebalgs, EU Commissioner on Energy Issues, has declared external energy relations one of the six priorities in his mandate. As the EU is looking for ways to diversify supplies and transits, EU's interest in the South Caucasus has increased. "The new neighbourhood policy is particularly apt in the energy field," said Piebalgs at the World Energy Council in March 2006. Piebalgs has welcomed the official opening of the **Baku-Tbilisi-Ceyhan (BTC) Pipeline** in June 2006 as an important step towards energy diversification.

The 1 760 kilometers long Baku-Tbilisi-Ceyhan (BTC) pipeline transports oil from the Caspian Sea to the Turkish east Mediterranean coast via Georgia. British Petroleum (BP) leads the international consortium of energy



companies in charge of building and operating the pipeline. Other consortium members include Azerbaijan's State Oil Company, Turkish Petroleum, Conoco Phillips, the U.S. Unocal and Amerada Hess, the Japanese Itochu and Inpex, the Norwegian Statoil, the Italian Eni and the French *Total*. The construction cost was roughly € 3 billion. BTC will not run at full capacity until 2009. Then it is expected to carry one million barrels of oil per day. Georgia will receive about US\$ 70 million in annual transit revenues. Kazakhstan officially joined BTC in June 2006. Kazakhstan has pledged to transport 7.5 million tons of oil annually in the initial phase.

BTC is coupled with a natural gas pipeline, which will stretch between Baku, Tbilisi and Turkey's eastern Anatolian city of Erzurum and thus is called the Baku-Tbilisi-Erzurum-Pipeline. It is expected to start operating in the end of 2006 and will provide Georgia with a gas supply alternative. Under the transit agreement, Georgia will receive the transit fee in kind and Georgia has the option to purchase smaller gas quantities at a favourable rate, while the purchase of additional quantities and pricing is subject to negotiations.

Another project under discussion is the Georgian-Ukraine-European Union (GUEU) Gas Pipeline project. The 700 km-long pipeline will link Georgia with Ukraine and Europe via the Black Sea, bypassing Russia. A pre-feasibility study is expected to be concluded by the end of 2006. The initial stage of the project is estimated to cost at least US\$ 2 billion. Design, tendering and construction of the pipeline will take a minimum of five years.

# 6. Visits and Meetings

The growing engagement of the EU and its relationship with Georgia is reflected in a number of high level visits over the last two years.

#### Visit to Thilisi

Javier Solana, EU High Representative for the Common Foreign and Security Policy (CFSP) was the first one to arrive after the change of government. He came in January 2004 for a two-day visit where he met the then Interim President Nino Burjanadze, President-elect Mikheil Saakashvili and State Minister Zurab Zhvania. "The meetings are intended to consolidate high-level contacts between the EU and the new political establishment in the country and to assure Georgia of the EU's continued support," Solana said during his visit.

At the inauguration of President Mikheil Saakashvili in January 2004, the EU was represented by Brian Cowen, Irish Foreign Minister (EU Presidency) as well as by Heikki Talvitie, EU Special Representative for the South Caucasus.

Commissioner Janez Potočnik visited Georgia in July 2004 as part of a tour through the South Caucasus following the decision of the European Council to include the three countries into the European Neighbourhood Policy. The aim of his trip was to explain the objectives of the ENP and outline the next steps to be made to follow-up the Council's decision. Meetings were held with President Saakashvili, Parliament Speaker Burjanadze and the late Prime Minister Zhvania.

In September 2004, President of the European Commission Romano Prodi visited Georgia. Being the first EC President to ever visit the region Prodi brought a simple message, namely that the Commission "is opening a new chapter of cooperation with Georgia." In his meetings with President Saakashvili and Parliament Speaker Burjanadze, Prodi encouraged the authorities to fully make use of the existing tools of cooperation and develop stronger ties with the EU.

In December 2005, Kurt Juul, Head of Unit for Central Asia and Caucasus of Commission's External Relations, headed a Commission's delegation for the first round of the ENP Action Plan consultations taking place in Tbilisi. In these initial talks, Deputy Foreign Minister Chechelashvili headed the Georgian delegation.

Benita Ferrero-Waldner, Commissioner for External Relations and European Neighbourhood Policy made her first bilateral visit to the three countries of the South Caucasus in February 2006. Her visit demonstrated the commitment to a deeper relationship between the EU and South Caucasus. "2006 should be the year that takes our partnership up a gear", Ferrero-Waldner said during her stay in Tbilisi.

In April 2006, the European Troika visited the South Caucasus. The delegation consisted of Hans Winkler, State Secretary for Foreign Affairs of Austria (Presidency), Terhi Hakala, Ambassador of Finland to Georgia (next Presidency), Peter Semneby, EUSR, Kurt Juul, Head of Unit (Commission). The delegation held talks with President Saakashvili, Prime Minister Nogaideli and Foreign Minister Bezhuashvili. Issues related to Georgia's EU Action Plan were discussed as well as energy security.

In May 2006, Hugue Mingarelli, Commission's Director for Eastern Europe, Central Asia and Caucasus, headed a delegation for the third round of ENP Action Plan



consultations taking place in Tbilisi. Deputy Foreign Minister Chechelashvili headed the Georgian delegation in the talks. Agreement was reached on the text of the Action Plan with the exception of a few issues.

#### Visit to Brussels

Visits by European representatives were mirrored by an equal or even higher number of trips by Georgian government representatives to Brussels and Strasbourg.

In her function as Interim President Nino Burjanadze visited Brussels in December 2003 immediately following the "Rose Revolution". In his talks with Burjanadze, President Romano Prodi stressed the support of the EU for Georgia's democratic process.

In April 2004, President Mikheil Saakashvili paid a visit to Brussels, where he met with EU and NATO leaderships. President Prodi and Chris Patten, Commissioner for External Relations, stressed the support of the EU in Georgia's reform process. "Georgia is at a particularly crucial moment in its history", Chris Patten commented.

In June 2004, at the start of the Donor's Conference for Georgia, organized by the European Commission and the World Bank, President Prodi met with the late Georgian Prime Minister Zurab Zhvania in Brussels. The importance of the donor conference and the situation in Adjara was discussed. Adjara had returned to central government control the previous month. The launch of the first ever Rule of Law Mission of the European Union, which was scheduled to begin its work in Georgia the following month, was another point for discussion.

The Cooperation Council between the EU and Georgia held its sixth meeting in Brussels on September 14, 2004. Mrs. Salome Zourabishvili, Foreign Minister of Georgia chaired the meeting. Mr. Bernard Bot, Foreign Minister of the Netherlands representing the EU Presidency, headed the EU delegation. The meeting was the first one at this level after the enlargement of the EU. The inclusion of the South Caucasus in the European Neighbourhood Policy was part of the discussions, as well as Georgia's conflict in South Ossetia and Abkhazia. The EU Presidency hosted a dinner for the EU ministerial Troika, with the participation of the High Representative for CFSP Javier Solana and the Commissioner for External Relations Chris Patten, together with the foreign ministers from the three Caucasus countries, including Georgia. This was the occasion for a useful informal exchange of views on issues of mutual interest, especially regional issues and the role of the EU in the region.

Foreign Minister Salome Zourabishvili was a frequent guest visiting Brussels, where she met with high officials of Commission and the Council, in June and December 2004, February and March 2005. The decision to intensify bilateral EU-Georgia relations topped the agenda, but also Georgian-Russian relations and the situation of Georgian-Russian border were discussed after the OSCE Border Monitoring Operation ended in December 2004.

The border monitoring is the reason that the **Parliament** Speaker Nino Burjanadze came to meet Solana in Brussels in April 2005. The Parliament Speaker sought support for an EU Border Mission.

Under the co-chairmanship of Mrs. Marie Anne Isler Beguin (EU Parliament) and David Bakradze (Georgian Parliament), the seventh meeting of EU-Georgia Parliamentary Co-operation Committee was held in Brussels on 13-14 June 2005. During the meeting there was an exchange of views on the economic and social situation in Georgia; democratisation and human rights; environmental issues; relations with neighbouring countries; regional conflicts; European Neighbourhood Policy implementation as well as the most significant recent developments in the EU.

In November 2005, Prime Minister Zurab Nogaideli travelled for the first time to Bruessels where he met with Jose Manuel Barroso, President of the European Commission and its Commissioner for External Relations Benita Ferrero-Waldner as well as Javier Solana, EU High Representative for CFSP. Georgia's proposed peace plan for South Oseetia was discussed as well as the prospects for the EU involvement in helping to achieve a negotiated settlement.

In December 2005, the EU Ministerial Troika hosted the foreign ministers from Georgia, Armenia and Azerbaijan in Brussels. The joint ministerial working breakfast was chaired by Javier Solana, EU High Representative for the CSFP. EUSR Heikki Talvitie, Sir Brian Fall, UK Special Representative for the South Caucasus, Karel Kovanda, Deputy Director General for External Relation (Commission) and Hans Winkler, State Secretary for Foreign Affairs of Austria (incoming Austrian Presidency) attended the meeting. Foreign Minister Gela Bezhuashvili led the Georgian, Vartan Oskanian the Armenian, and Elmar Mammadyarov the Azeri delegation. Regional issues were discussed in the joint meeting, while the subsequent three bilateral meetings provided opportunity to take stock of developments in each of the three South Caucasus countries and discuss the start of the technical consultations on the three Action Plans.

In February 2006, Deputy Foreign Minister Chechelashvili headed a Georgian delegation to Brussels for the second round of the ENP Action Plan consultations. Hugue Mingarelli, Commission Director for Eastern Europe, Central Asia and Caucasus, headed Commission's delegation in the talks. Good progress was made on most issues of the Action Plan.



Benita Ferrero-Waldner, Commissioner for External Affairs and the European Neighbourhood P olicy and Gela Bezhuashvili, Minister of Foreign Affairs of Georgia during the meeting at the Ministry of Foreign Affairs on 16 February 2006



Hugues Mingarelli, Head of the Directorate for Eastern Europe, Southern Caucasus and Central Asia in the Directorate General of External Relations and Valeri Chechelashvili, First Deputy Minister of Foreign Affairs following the ENP negotiations on 16 May 2006



Peter Semneby (centre), the new European Union's Special Representative for the South Caucasus at a press briefing, European Commission Delegation office in Tbilisi, 20 February 2006



President of the European Commission Romano Prodi giving a speech at the Tbilisi State University on 18 September 2004



Benita Ferrero-Waldner and Gela Bezhuashvili



Kurt Juul, Head of Unit for the South Caucasus and Central Asia in the European Commission at a press conference, Foreign Ministry, 30 November 2005



The EU Troika meets Georgian press during the visit to the South Caucasus on 25-27 October 2005



Commissioner Janez Potočnik presenting the European Neighbourhood Policy at the Georgian Parliament on 6 July 2004



Award ceremony of medical doctors re-trained for the Family Medicine Centres in Kakheti funded by the EU



Seminar on EU-Georgian Trade Issues on 18 July 2006



Speakers at the seminar for west-Georgian journalists in Batumi, June 2006



Torben Holtze, Head of Delegation, Giorgi Baramidze, State Minister for Integration into European and Euro-Atlantic Structures and Tamar Beruchashvili, Deputy State Minister for Integration into European and Euro-Atlantic Structures at the award ceremony of Georgian civil service training project



Training of Probation Officers held by the Penal Reform International funded by the EU



Participants of the Seminar on EU-Georgian Trade Issues



Discussions during the seminar for west- Georgian journalists



Torben Holtze, Head of Delegation and Zurab Adeishvili, Prosecutor General at the opening of the Procuracy Reform Project funded by the EU

# Part II - EU External Assistance Approach

## 1. General

The European Union plays a central role in development as it is the biggest donor providing 55% of the world's development assistance. EU assistance goes to more than 160 countries, territories and organizations. In 2005, the European Commission managed one fifth of EU assistance, around € 7 billion, thereby making it the third biggest donor. According to a survey carried out in 2004, nine out of ten European citizens believe that the EU goal of helping poor people in developing countries is important.

Development policy is a key element of EU external relations. Article 177 of the Treaty of the European Community sets three objectives for EC development policy:

1) Sustainable economic and social development of the developing countries.

- 2) Smooth and gradual integration of the developing countries into the world economy.
- 3) Campaign against poverty in the developing countries.

In November 2000, the EU adopted a single overall framework to guide development co-operation policy with developing countries. The Declaration of 10 November 2000 by the EU Council identifies the reduction and the eventual eradication of poverty as the primary focus of EU development assistance.

The new focus arose from persistence of poverty throughout the developing world and particularly in the least developed countries. Georgia is no exception to this experience with figures suggesting that 54% of the population live under the official subsistence minimum.

# 2. EU Assistance Implementation Set-up

Alongside the emphasis on better policy focus, the Commission launched in 2000 a management reform package to radically improve the speed and quality of the delivery of its external assistance programmes. As part of the wide-ranging reforms, the various agencies within the Comission, which handled development assistance, were merged into a single organization - the EuropeAid Cooperation Office.

EuropeAid is responsible for the implementation of all the Commission's external assistance instruments financed by the Community budget and the European Development Fund, with the exception of pre-accession instruments, humanitarian aid (ECHO), macro-financial assistance, Common Foreign and Security Policy actions and the Rapid Reaction Facility.

Another component of the reforms is a process of **decen**tralisation or devolution where much of the management of external assistance and simultaneously staff was shifted from central Comission institutions to the delegation within a given country. This process involved shifting staff from central Comission institutions to delegations. In Georgia, devolution was initiated in 2002 and completed in 2004. As a result, the staff of the EC Delegation in Georgia has increased from 28 to 45.

Providing aid as a **direct budget support** wherever the conditions allow has become a priority. It has many advantages over traditional forms of aid, which tend to set up parallel administrative structures with expatriate advisors and with their own procedures of monitoring, procurement and financial control. However, it does require a careful assessment of the beneficiary's existing budgetary systems and plans for reform.

Commission is closely working with other leading donors, particularly the World Bank in the framework of the initiative on Public Expenditure and Financial Accountability (PEFA) developing ways to improve transparency and efficiency in the public financial management of the beneficiary countries

No donor alone is in a position to address the whole range of issues and themes that affect development. Therefore, the EU places a high priority upon effective relations with other donors and consultations with other agencies, in particular with United Nations (UN) agencies, the International Monetary Fund (IMF) and the World Bank.

The EU is at the forefront of international effort to harmonise donor practice. In over 60 developing countries, donors are beginning to use harmonized and simplified procedures, joint analytical work, enhanced focus on delivery and development results, common implementation procedures and common arrangements for support through the partner's country budget. At the *High Level Forum on Joint Progress on Aid Effectiveness* in Paris in 2005, participating countries and organizations adopted a framework, known as *the Paris Declaration* which in-

cludes operational targets and indicators.

In order to contribute and implement those engagements the EU adopted a work plan. Since 2000, every effort has been made to ensure much wider consultation in the preparation of these strategies and further improvements in the quality and extent of this participation will be sought in future exercises, targeting i.a. civil society. In 2004 the guidelines on principles and good practices for the participation of *Non-State Actors (NSAs)* in dialogue and consultations on development were published.

# 3. Focus Areas of EU Assistance

The European Union focuses on 6 areas to promote and implement the policy objectives that it has established. These are:

# 1) Promotion of trade

Trade as an engine of development has significant impact in the fight against poverty. The EU exerts considerable influence in trade matters through its pivotal position at the centre of European trade policy and in the international debate over trade liberalization. It is also in a primary role to develop innovative approaches given the degree of expertise and ability that resides within the EU. This is already reflected in the *Everything but Arms Initiative* (EBA) for least developed countries.

# 2) Regional integration and cooperation

Progress in support of regional integration and cooperation helps to move beyond traditional systems of tariff and other preferences. The EU is thus working towards a monitored and effective integration of regions such as the Caucasus and other developing areas into the mainstream of trade and investment flows.

# 3) Macroeconomic support and extending access to social services

There remains a requirement within poverty reduction strategies to link social sectors with macroeconomic policies. With the International Monetary Fund (IMF) and the World Bank, the EU will continue to ensure that the promotion of equitable access to social services remains and retains a social role in the context of development policies that embrace poverty reduction as a central objective.

# 4) Transport development

Transport development is a priority because efficient transport systems are essential for economic and social development and for access to basic social services. The EU has unparalleled experience in construction and maintenance of transport infrastructure.

# 5) Food Security and sustainable rural development

The EU has been one of the major donors with respect to developing food security in developing countries and has developed considerable expertise and experience in this respect. Its competence in policy regarding agriculture provides the EU with a comparative advantage in the sector. The development of the agricultural sector remains an important component of any anti-poverty strategy.

# 6) Institutional capacity

Democratic institutions are a condition for sustainable development. The EU continues to strive for improved governance performance with those countries with which it cooperates and assists in the fight against corruption and the promotion of the rule of law. Both are decisive in the success or failure of genuine poverty reduction.

As the Comission implements and monitors programmes in these six core areas, it also incorporates horizontal and crosscutting themes. These include gender equality, environmental sustainability and respect for human rights. Such issues have concrete and operational implications on the definition of country strategies, the implementation of cooperation programmes and in the overall definition of policy support.

# 4. Assistance Framework in Georgia

The EU poverty reduction focus is in line with the UN Millennium Development Goals (MDGs). Adopted in 2000, the MDGs serve as a blueprint for countries around the world and the leading development institutions. They range from halving extreme poverty, to halting the spread of HIV/AIDS and other diseases as well as reducing child mortality, improving maternal health, achieving gender equality and providing universal primary education all by the target date of 2015.

The objective of poverty reduction entails support for sustainable economic, social and environmental development, promotion of the gradual integration of developing countries into the world economy and a determination to combat inequality. Peace, security, democracy, rule of law, good governance and respect of human rights are key factors for development.

While the EU's external assistance is no substitute for sound national policies in third countries, it can and does assist the process of working out what the policies should be and how to implement them successfully. The re-tuning process and the reform of the management of development from the Comission is a clear demonstration that it remains committed to the twin track objective of trade and aid.

In June 2003, the Georgian government approved the **Economic Development and Poverty Reduction Pro**gram (EDPRP) after close consultations with civil society, international organizations and donor countries.

The Programme sets out two overarching strategic objectives:

> - Fast and sustainable economic development with an average growth rate of real GDP at

- 5-8% per year which should ensure twothreefold growth of real GDP by 2015 in comparison to 2001.
- Reduction of extreme poverty from 14% to 4-5 % of the population and reduction of less severe poverty (defined as the official subsistence minimum) from 52 % to 20-25% of the population by 2015.

Within the framework of these two objectives, nine strategic priorities for advancing the economic and social development of Georgia have been selected: 1) Improving governance and transparency; 2) Macroeconomic stability; 3) Improving the structural and institutional environment; 4) Human capital development (health and security sectors); 5) Improving social risk management; 6) Advancing priority sectors of the national economy; 7) Improving the environmental situation; 8) Improving the socio-economic condition of post-conflict zones; 9) Developing science-intensive and information technology.

The EDPRP also provides the strategic framework for the orientation of donor community support. Thus, the EU/EC is committed to support the EDPRP and aligns its assistance accordingly.

The EU now provides a strategic framework of its central priorities for its development assistance through the Country and Regional Strategy Papers. These provide a coherent framework for relations with third countries covering both development assistance and other essential activities. The strategies are developed in collaboration with national governments, Member States, other bilateral and multilateral donors, and, wherever possible, with representatives of civil society. For Georgia, the country and regional strategy papers cover the years 2002-2006. The country strategy paper was revised in 2004.





# Part III - Assistance to Georgia through Commission

## 1. General

The EU recognized Georgia's independence in 1992. Georgia almost immediately opened a mission to the European Union based in Brussels. The European Commission opened its Delegation to Georgia and Armenia in Tbilisi in 1995. The Delegation has a full diplomatic status and its role is to facilitate the development of relations between the Governments of Georgia and Armenia on the one hand and EU institutions on the other. It also negotiates and coordinates the European Community's (EC) major cooperation programmes in the two countries.

Nine EU Member States – the Czech Republic, France, Germany, Greece, Italy, Lithuania, the Netherlands and the United Kingdom have embassies in Georgia. Georgia receives assistance from these and other member states. In March 2004, the Swedish International Development Cooperation Agency opened an office in Tbilisi.

The EU was one of the first outsiders to assist Georgia in the difficult early years of transition through both national and regional initiatives. Both – EU institutions and the member states - began supporting Georgia soon after independence in 1991. In the early years, assistance was principally in the form of humanitarian aid that subsequently transformed into high levels of technical and financial assistance.

During the period 1992-2006 the EU provided through

Commission a total of € 502 million. The table below displays the allocation of grants under various instruments that the EU employs to provide assistance.

The EU assistance to Georgia started in 1992 with ECHO (European Commission Humanitarian Aid Department) followed by several different instruments, such as TACIS (Technical Assistance to the CIS-Commonwealth of Independent States), Food Security Programme (FSP), Macro-Financial Assistance (MFA) and EIDHR (European Initiative for Democracy and Human Rights).

On July 1, 1999 the Partnership and Cooperation Agreement (PCA) entered into force. It was a significant step for Georgia-EU relations. The PCA provides the legal framework for relations and cooperation until at least 2009 after which it is renewed unless either party gives six months written notice of withdrawal. The PCA promotes a wide multi-sectoral approach which deepens the legal, economic, social and scientific, civil and cultural relationships and partnerships between the EU and Georgia.

On June 14, 2004 the EU included Georgia in the European Neighbourhood Policy (ENP). This marks the beginning of a new chapter in the relationship between Georgia and the EU. A key element of the ENP is the bilateral ENP Action Plan.

## **EU Assistance 1992-2006 Provided through Commission**

	1992 1993	1994 1995	1996 1997	1998 1999	2000 2001	2002 2003	2004	2005	2006	1992 2006
TACIS	13	10	16	16	15	14	27	0	20	131
ЕСНО	12	45	16	13	4	4	4	1		99
FEOGA (Food Aid)	-	41	22	-	-	-	-	-		63
Exceptional humanitarian assistance	6	-	-	-	-	-	-	-	0	6
Food Security Programme	-	-	34	12	13		12	10	10	91
Rehabilitation in conflict zones	-	-	8	4	5	-	2	2	0	21
Macro financial assistance	-	-	-	19	6	-	7		33	65
CFSP* and RRM**	-	-	-	-	2	2	5			9
European Initiative for Democracy & Human Rights	-	-	-	-	-	2	2	2	2	8
Other instruments				4			2	1	2	9
TOTAL	31	96	96	68	45	22	61	16	69	502

<sup>\*)</sup> Common Foreign and Security Policy; \*\*) Rapid Reaction Mechanism

Under the ENP the assistance will change, geographical or thematic programmes will be replaced by a single - the European Neighbourhood and Partnership Instrument (ENPI). This will be a much more flexible, policy-driven instrument. It will be designed to target sustainable development and approximation to EU policies and standards - supporting the agreed priorities in the ENP Action Plans.

Coordination for all the assistance from the European Commission was through a National Coordination Unit in the Ministry of Foreign Affairs that reported directly to the then Deputy Minister Tamar Beruchashvili who was the National Coordinator for Georgia. Following the change of government in 2003, cooperation between donors and the government has been revised and a new arrangement was put in place. At the beginning of 2004 Tamar Beruchashvili was appointed as State Minister for European Integration to coordinate relations with the EU

as well as other donors. In December 2004, Giorgi Baramidze was appointed Minister for Integration to European and Euro-Atlantic Structures while Tamar Beruchashvili remained as his deputy.

For the extensive Food Security Programme, the Commission set up coordination units within the Ministry of Finance and the Ministry of Agriculture with experts who work with counterpart government officials. Coordination between donors happens through sector donor meetings. Relevant external and development agencies in the country attend such meetings.

Every two months, the EC Delegation hosts round-table meetings with the EU Member States to discuss cooperation and coordination issues. The EC Delegation also participates in regular cooperation meetings with other donors in order to avoid potential overlapping of assistance and ensures the efficient implementation of external assistance to Georgia.

# 2. TACIS National Programme

TACIS – an acronym for Technical Assistance to the CIS - is the main instrument the EU uses in its cooperation with the countries of Eastern Europe, the Caucasus and Central Asia. It is also the main instrument used to support the Georgian government in implementing the PCA. The current TACIS programme is based on a Council regulation from 2000, which sets out the objectives of promoting the transition to a market economy and reinforcing democracy and the rule of law in partner states. The regulation is due to expire in 2006.

In Georgia, TACIS has contributed to the strengthening of central government and contributed to the country's transition towards a market economy by providing assistance in the fields of legal and regulatory reform. It was instrumental in creating a stable environment needed for the initial process of privatization by laying the founda-

tions for reforms in enterprise privatization and restructuring, financial markets, energy, transport and Small and Medium Enterprise (SME) development. TACIS supported Georgia's accession to the World Trade Organization (WTO), enabling Georgia to become a member in June 2000. The programme has also helped Georgia to develop a stronger sense for the values it shares with the EU and contributed to the progress made in the approximation of Georgia's legislation to that of the EU.

The purpose of the **National Indicative Programme** (**NIP**) is to set the framework for Georgia's TACIS National Action Programmes 2004-2006. It is based on the revised EC Country Strategy Paper 2003-2006 for Georgia which sets out certain conditions for assistance from the EC aiming at encouraging the reform process and strengthening civil society in particular.

# TACIS activities for 2004 to 2006 focused on two priority areas:

# a) TACIS Regulation Priority Area 1

Support for institutional, legal, administrative reform, reforms of the judiciary and law enforcement, strengthening of civil society and human rights, implementing the PCA, and Economic Development and Poverty Reduction Paper (EDPRP). The allocation for this priority area according to Indicative TACIS Programme 2004-2006 is € 11.5 million.

# b) TACIS Regulation Priority Area 2

Support in addressing the social consequences of transition, including through health sector reform, improving targeting of social assistance, pilot schemes for poverty alleviation. The allocation is  $\in$  12.5 million.

In addition,  $\in$  4.0 million have been allocated to rehabilitation programmes in the conflict zones, noticeably in Abkhazia.

# 2.1 Support for institutional, legal and administrative reforms

The new Georgian government has declared a strong commitment to the eradication of corruption and governance reforms with the aim of enhancing political stability, the rule of law and economic stabilization in the country. The strategic objective is to create an efficient, professional, honest and transparent civil service which follows democratic principles, implements social goals and provides competent public services. To achieve this, substantial reforms in all governmental institutions have started. The EC is supporting the reform process in several main areas:

# 1) Reform of the Ministry of Justice

The Ministry of Justice has been charged with an increasing amount of responsibilities over the past few years. In January 1999 the penitentiary system came under the authority of the Ministry and since 2003 additional responsibilities have been included in its portfolio. The establishment of a one-step civil registry and the design of a new criminal procedural code are among the most challenging tasks. Besides supporting administrative and management reform, the EC has also launched TACIS projects to support the reform of the penitentiary system and the establishment of a probation service.

## 2) Reform of the Procuracy

Following the Constitution's revision in February 2004, the General Procuracy of Georgia is no longer under the Ministry of Justice but is a designated independent body. The EC assists the Procuracy in harmonisation of the organisation, in increasing effectiveness, efficiency and transparency, as well as the respect for human rights.

# 3) Ministry of the Interior

The Ministry of the Interior is a central part of the government's effort to improve governance. The Ministry has presented an outline that covers the management of the Ministry, regulation of police activities (protection of human rights, policing methods, definition of tasks), the conversion of the Ministry to a civilian body, human resources policy, decentralisation and public control. The EC is supporting the Ministry in designing an implementation plan for the overall reform strategy as well as assisting in the transfer of Border Guards Department to the Ministry of the Interior.

# 4) Reform of the Parliament

In order to contribute to the development and consolidation of democratic institutions in Georgia, the EC is supporting the Georgian Parliament in improving its capacity, professionalism, accountability and in building relations with civil society and interest groups as well as with the European Parliament and parliaments of the EU Member States.

## 5) Reform of the Customs and Tax Administration

The EC assistance to the Customs and Tax Administration is aimed at improving Georgia's revenue collection, while improving transparency following the adoption of a new Tax Code in January 2005.

Title of Project and Implementing Body	Project Cost € Duration	Status		
Support to PCA implementation process in Georgia	620 862	Beneficiary: Office of the Minister of Integration to European and Euro-Atlantic Structures.		
Altair Accessories		Main Objectives: To build the capacity in state institutions to effectively support the Partnership and Cooperation Agreement implementation and economic reform process.		
	2004-05	Components: Building the capacity of the PCA Governmental Commission and line ministries; building the human resource capacity and skills in line ministries, state agencies and Parliament in charge of implementing and monitoring the PCA National Programme and economic reform process through tailor-made training; building the Government's capacity to increase participation, visibility and accountability of PCA implementation.		
GEPLAC Phase IV	1.5 million	Beneficiary: Office of the Minister of Integration to European and Euro-Atlantic Structures.		
GTZ	2003-06	Main Objectives: To support Georgian Government with PCA implementation (article 43) and National Programme of Harmonisation of Legislation.		
		Components: Assisting high level policy making institutions in PCA legislation approximation implementation and enforcement; defining a clear benchmarking approach against which it will be possible to measure concrete results in both the adoption and the actual implementation of legislative and regulatory provisions; monitoring application and enforcement of legislation and reporting to the PCA Governmental Commission and the Delegation in Georgia; providing independent and high-quality economic policy and legal advice in identified key policy areas of EU-Georgian relations.		
Strategy and project development for comprehensive	144 990	Beneficiary: Ministry of Justice, Office of the Prosecutor General.		
EC support to the ROL in Georgia  BS Europe		Main Objectives: To develop a programme which allows the EC to support the Ministry of Justice in its administration reforms in 2005-2007 including penitentiary and probation as well as procuracy.		
	2004-05	Components: Developing an overarching support strategy for upcoming EC programmes such as: Supporting the Ministry of Justice; Strengthening Procuracy Reform in Georgia-Phase 2; Strengthening Penitentiary Reform in Georgia-Phase 2; Strengthening Probation in Georgia.		



1.0 million	Beneficiary: Office of the Prosecutor General
	Main Objectives: To improve organization and management of the Procuracy so that the office meets the Council of Europe standards.
2004-05	Components: Supporting the harmonisation of the organisation and functions of the Procuracy of Georgia with international standards. A team of Georgian and European experts will cooperate to: review the administrative organisation of the Procuracy; introduce information and communication technology; hold judicial training for prosecutors; improve statistics.
1.0 million	Beneficiary: Ministry of Justice.
	Main Objectives: To provide assistance in administration and management including piloting IT utilization, reform, linking to civil society.
2004-05	<u>Components</u> : Reducing corruption and promoting human rights in the penitentiary system in Georgia by providing the Chairman of the Penitentiary Commission with viable methods to: establish a strengthened, transparent and de-centralised management structure; improve penitentiary regimes to achieve maximum safety, security and protection of human rights; develop a strengthened partnership with relevant government departments and civil society.
2.0 million	Beneficiary: Ministry of Justice.
	Main Objectives: To help with expertise on penitentiary infrastructure planning, maintenance.
2004-05	<u>Components:</u> Supporting the Ministry of Justice in designing a National Infrastructure Strategy based on the Penitentiary Reform and supporting the supervision of effective and transparent implementation of urgent works to be undertaken.
850 000	Beneficiary: Georgian Border Police.
	Main Objectives: To support the transition of the border guards from a defence force into a law enforcement body.
2005-07	<u>Components:</u> Assessing the feasibility of establishing a border police faculty; in case of feasibility, preparation and beginning of train-trainer activities.
140 000	Beneficiary: Georgian Border Police.
	Main Objectives: To support the transition of the border guards from a defence force into a law enforcement body.
2006	<u>Components:</u> Delivering IT equipment for a local area network; installing the network; training of a system administrator; delivering office equipment.
	2004-05  1.0 million  2004-05  2.0 million  2004-05  850 000  2005-07  140 000



Reform of the National	350 000	Beneficiary: Sakstandarti.
Standardisation System (DIN)		Main Objectives: To modernize the standardisation system.
Deutsches Institut für Nor- mung (DIN)	2004-05	Components: Promoting the concept of voluntary standardization; reviewing the law on standards; advising on international standardization, standardization in the EU in particular; training in the use of IT in standardization; supporting the elaboration of a business plan for Sakstandarti; training on international and national standards, management skills, certification and accreditation.
Support to implementation	199 630	Beneficiary: Finance Ministry.
of MTEF, Strengthening Macroeconomic and Fiscal Forecasting Capacity in the		Main Objectives: To create capacity in macro-economic forecasting in the Ministry of Finance.
Ministry of Finance		Components: Developing a macro-economic model of develop-
Ecorys	2004-05	ment, providing training in fiscal forecasting; developing framework for fiscal forecasting and providing training in fiscal policy.
TA to plan and enforce in-	199 860	Beneficiary: SEMA.
stitutional and management changes in the State Enter- prise Management Agency		Main Objectives: To help the State Enterprise Management Agency to more efficiently manage State Owned Enterprises (SOEs).
(SEMA)  HTSPE	2005	Components: Revising the structure of the agency, processes, and procedure to make them compatible with international standards; rationalizing institutional and management arrangements to improve management efficiency and effectiveness within the SEMA; improving SEMA management policy to increase the financial and economic results of the enterprises; designing a training programme to build the needed capacity and increase efficiency in the SEMA.
Increase of financial man-	952 840	Beneficiary: Ministry of Agriculture.
agement capacity within the Ministry of Agriculture and Food		Main Objectives: To allow the Ministry of Agriculture to prepare, execute and administer its policies through proper and transparent budget preparation, execution, reporting, monitoring and evaluation, and internal control.
Agrisystem Limited	2004-06	<u>Components</u> : Improving budgetary processes including strengthening policy and economic analysis capabilities; establishing improved links with the Finance Ministry; strengthening the Department of Finance and Economy through a targeted training programme; developing a financial information system for the Ministry of Agriculture.



## 2.2 Support in addressing the social consequences of transition

With the focus on efforts to reduce poverty, TACIS has embarked upon projects that tackle this issue directly. The European Commission, in agreement with the Georgian authorities, decided to concentrate efforts in the health sector on one region of the country, namely Kakheti. Such an approach enables the maximisation of resources into one area and also provides synergy with the interventions of other donors in other parts of the country. First statistical data on living conditions for poverty measurement in Kakheti was collected. The next step was to improve health conditions in the region.

Title of Project and Project Cost € Implementing Body Duration		Status
Re-training of medical work-	925 000	Beneficiary: Ministry of Health.
force from Kakheti Region		Main Objectives: To retrain 85 teams of physicians and nurses from Kakheti Region.
HLSP	2005-06	<u>Components:</u> Organising the re-training; lending support to Family Medicine Training Centres; developing re-training evaluation tools.
Refurbishment of PHC fa-	4.0 million	Beneficiary: Ministry of Health.
cilities, provision of essential medical equipment and health promotion activities in Kakheti Communities		<u>Main Objectives:</u> To support the Primary Health Care system reform in Kakheti region; supporting development of quality health services.
MERLIN	2005-07	<u>Components:</u> Refurbishment of health facilities; provision of essential medical equipment; health promotion activities in communities.
Support to Primary Health-	2.2 million	Beneficiary: Ministry of Health.
care Development in Georgia: Reform of the healthcare financing system		Main Objectives: To establish an efficient and effective financing system for Primary Health Care.
GVG/EPOS	2004-06	Components: Health Care financing plan for Kakheti region; training of health managers and administrators; information, education and communication activities on the reform for stakeholders; HMIS development.
Equipment to support the im-	196 000	Beneficiary: Ministry of Health.
plementation of the reform of the health care financing system in Georgia		Main Objectives: To equip the institutions responsible for contracting and payment to healthcare providers.
UGT, ESABI	2005-06	Components: IT equipment; office furniture.
Reproductive Health Initia-	2.5 million	Beneficiary: Health Services in the Caucasus.
tive for Youth in the Caucasus		Main Objective: To improve sexual and reproductive health and rights of young people in the region.
SANTE 2006 UNFPA	2006-09	<u>Components:</u> Education activities; improving access to youth-friendly S&RH services; strengthening the policy environment.

^							
Advice in Support of Social	149 650	Beneficiary: Ministry of Health.					
Insurance and Health Care reforms	2005-06	Main objectives: To advise the EC Delegation on social protection and social insurance reforms and health care sector reform.					
AEDES	2003 00	Components: Technical assistance.					
Co	Centre for European Studies at the Tbilisi University						
Title of Project and Implementing Body	Project Cost €	Status					
	Duration						
Preparation of ToR for a	68 760	Beneficiary: Tbilisi State University.					
project to establish a Centre for European Studies at TSU		Main Objectives: To assess the conditions for establishing a Centre for European Studies at the Tbilisi State University and other state universities.					
Ars Progetti	2005	<u>Components:</u> Providing an assessment and recommendations for the outline of the project; providing detailed terms of reference for a TACIS project.					
Support to	Support to the Private Sector and Assistance to Economic Development						
Title of Project and	Project						
Implementing Body	Cost € Duration	Status					
Support to Small and Medi-	155 000	Beneficiary: SME.					
um Enterprises (SMEs) and Regional Economic Devel- opment		Main Objectives: To facilitate Small and Medium Enterprise (SME) development.					
Enterprises TAM/BAS	2003-04	Components: The initial programme design proposals were based upon the standard EU approved methodology. This involves direct assistance to the SME using industry specific advisors and developing smaller enterprise business capacity and skills via inputs from local consultants. Both programmes operate directly with the enterprises and do not seek to build institutional capacity.					
Georgian Export Promotion	550 000	Beneficiary: GEPA.					
Agency (GEPA) III  TDI Group	2004-05	Main Objectives: To contribute to the development of trade between Georgia and the rest of the world by increasing the export capacity of Georgian firms and facilitating foreign companies' access to the Georgian market.  Components: Technical assistance and training.					
Strangthaning of the comes	1.0 million						
Strengthening of the capacity of Agro-Business Bank of Georgia	1.0 IIIIIII0II	Beneficiary: Agro-Business Bank of Georgia.  Main Objectives: To strengthen the banking capacity in Agro-Business Bank.					
Sofreco	2003-05	Components: Support to the development of operations and human resources of the Agro-Business Bank with a view to its preparation for privatisation; assist the Government and the EC in privatisation of the Agro-Business Bank.					



#### 2.3 Small Projects Programmes

The Small Projects Programmes (SPPs) provide financing packages of smaller projects of a similar type under one umbrella. The SPPs enable TACIS to finance a broad range of activities quickly and often at grassroots level. The programmes cover such areas as cooperation in the political sphere, the promotion of democracy and human rights, private sector development, and the development of educational models and scientific cooperation.

The SPPs support and complement the conventional TACIS programming process within the National Action Programme agreed as part of a national or regional programme of activity.

The SPPs permit TACIS a considerable degree of flexibility, as they are structured to meet a general rather than

a specific set of objectives. The flexibility of the Small Project Programmes' mechanism means that each one is managed in a different way, in order to achieve its objectives as effectively as possible.

The Small Projects Programme in Georgia has basically been implemented as policy advice programmes aiming at assisting in the development of reform oriented, sustainable social and economic policies by appropriate institution building and legislation.

Projects implemented under SPPs tend to be short-term, typically covering a period of between four to six months and involving the services of 2-4 European experts, selected primarily on the basis of their expertise and experience in the policy areas in question.

Title of Project and Implementing Body	Project Cost €	Status
	Duration	
Technical Assistance to the	200 000	Beneficiary: Georgian Customs Department.
Development of Customs secondary legislation and customs management		Main Objectives: To elaborate prioritized catalogue of customs legislation and proposals for priority secondary legislation
Charles Kendall & Associate	2004-05	<u>Components:</u> Legally assessing and elaborating a priorities catalogue; elaborating proposals for key secondary legislation.
Support to the Ministry of	200 000	Beneficiary: Ministry of the Interior.
the Interior Reform Group		<u>Main Objectives:</u> To support the elaboration of strategy for reforming the Ministry of the Interior.
Sema	2004-05	<u>Components:</u> Assessing the Interior Ministry, its responsibilities, management, human resources management and relationship vis-à-vis other services supporting the elaboration of the Interior Ministry's "Strategic vision and development priorities 2004-2006."
Technical assistance to the	200 000	Beneficiary: Ministry of the Interior.
elaboration of the Ministry of the Interior Strategy		Main Objectives: To support the institutional integration of the border guards into the Ministry of the Interior.
Atos Origin (the consultancy formerly known as Sema)	2005-06	<u>Components:</u> Supporting the elaboration of a strategy for the Interior Ministry; advising the European Commission on a follow-up project to support the Ministry of the Interior.
Legal Advice in Support of	199 520	Beneficiary: Ministry of Health.
Reform of the Social Protection and Health Care Sectors		Main Objectives: To assist Ministry of Health in redesigning its legislation in support of the reforms undertaken in the social protection and health sectors.
AEDES	2005-06	<u>Components:</u> Advising on legal and policy matters; supporting the drafting of new legislation; training of local legal experts.

## 2.4 Tempus Progamme

The Tempus programme has been running in Georgia since 1995. Tempus provides assistance in higher education to bring reform and cooperation between universities in partner countries and the European Union. The latest phase of the programme, known as Tempus III, which covers the period 2000-2006, aims to ensure that all projects correspond to the national priorities and involve a large range of actors including policy makers, the academic community and civil society at large.

In Georgia, Tempus is engaged in activities, which pursue reforms in the management and structure of higher education, developing administrative and institutional structures, helping to develop curricula and specific training issues.

Tempus Programmes distinguish three types of projects:

- 1) Joint European Projects (JEP), through which Tempus provides grants on a co-financing basis to groups of universities co-operating together over two- or three-year periods to achieve objectives set out in structured projects.
- 2) Structural and Complementary Measures (SCMs) are a project concept, which was launched in 2003. SCMs are shorter-term activities from just a few weeks up to one year in support of partner countries efforts in formulating and implementing higher education reform strategies.
- 3) Individual Mobility Grants (IMG) allow professors, lecturers, and staff or ministry officials to travel to other countries in order to explore issues relevant to reforms

Title of Project and Implementing Body	Project Cost € Duration	Status
Establishment of National Centres of Excellence in	247 000	Beneficiary: Higher education sector in Georgia, Armenia and Azerbaijan.
Biomedical and Veterinary Education in the Southern Caucasus		Main Objectives: To develop and restructure higher education in medicine, veterinary and biology.
University College London	2003-05	<u>Components:</u> Creating centres of excellence in biomedical and veterinary education.
Development of Occupa-	49 570	Beneficiary: Disabled people in Georgia and Armenia.
tional Therapy in Armenia and Georgia (Facilitate Par- ticipation of the Disabled in		Main Objectives: To develop occupational therapy (OT) education.
Armenia and Georgia)  Hogeschool Van Amsterdam	2003-06	<u>Components:</u> Establishing a network of co-operating universities and practical centres to provide OT education; implementing modules in OT in a flexible structure.
Introduction of Environmen-	296 685	Beneficiary: South Caucasus universities.
tal Studies in South Caucasus Region	2003-05	Main Objectives: To introduce environmental studies in agricultural curricula in the South Caucasus region.
University of Hohenheim, Germany	2003-03	<u>Components:</u> Establishing a network of universities; disseminating knowledge and concern of environmental problems.
Upgrading food technology	294 800	Beneficiary: Georgian State Agrarian University.
curricula in Georgia		Main Objectives: To improve food technology teaching output.
Universidad de Lleida, Spain	2003-05	<u>Components:</u> Upgrading curricula and teaching methodology in food technology to meet EU standards by introduction of EU food law; updating teaching facilities and literature in food technology; providing training in specific fields in food technology to teaching staff and students.



#### 3. Other Instruments

#### 3.1 Conflict Resolution and Rehabilitation

The European Commission supports the peaceful resolution of the internal conflicts, encourages meaningful negotiations and continuing search for a political settlement. However, the EC is not directly involved in the political side of conflict prevention and resolution in Abkhazia and South Ossetia. Instead, the EC actively supports various economic rehabilitation and confidence building activities in the Georgian-Abkhaz and Georgian-Ossetian zones of conflict as an important measure to build greater trust between the conflict-affected populations. These projects aim at improving living conditions of the population affected by the conflict, creating conditions for the return of internally displaced persons (IDPs), restarting economic activity, as well as facilitating progress in a constructive dialogue between the 'opposing social groups.'

In Abkhazia, the ongoing and planned programmes that are financed by the EC include humanitarian assistance, economic rehabilitation, confidence building projects with local and international NGOs, and democracy and human rights projects with local NGOs. Since 1997, the EC has allocated about € 25 million worth in assistance to Abkhazia.

In South Ossetia, the EC has been funding economic rehabilitation programmes since 1998. The current programme is the third phase of economic rehabilitation in the conflict zone. Earlier phases included the rehabilitation of water and electricity supply and gas networks, railway links and Tskhinvali station, schools and the establishment of agriculture cooperatives. The EC assistance in South Ossetia amounts to about € 8 million. In 2004, the EC allocated an additional € 2.5 million for rehabilitation projects in Tskhinvali.

That makes the EC in South Ossetia as well as in Abkhazia the largest donor. The EC uses different instruments, such as ECHO, EIDHR, Rapid Reaction Mechanism and TACIS for delivering its assistance in the zones of conflict.

Abkhazia:						
Title of Project and Implementing Body	Project Cost € Duration	Status				
EC Economic Rehabilitation Programme for the Geor- gian-Abkhaz conflict zone, Phase 1	2.0 million	Beneficiary: Communities in the Abkhaz conflict zone.  Main Objectives: To support rehabilitation and reconstruction operations in the conflict zone that improve living conditions for Georgian and Abkhaz communities and create the right conditions for economic reconstruction.				
UNOMIG, UNDP	2005-08	<u>Components</u> : Rehabilitation works of local electricity network, public health services, and local agricultural development.				
Decentralized Cooperation Programme  Local NGOs in Abkhazia in partnership with internation- al NGOs	950 000 2005-08	Beneficiary: Communities in the Abkhaz conflict zone.  Main Objectives: This Programme includes eleven projects that aim to complement the rehabilitation programme outside the Georgian/Abkhaz conflict zone in western Abkhazia.  Components: Local economic development; community-based income generation activities; local NGO confidence and capacity building activities.				

European Commis	,51011	
Support to farming to im-	340 000	Beneficiary: Subsistence farmers Abkhazia.
prove food security in Su- khumi, Abkhazia		Main Objectives: To provide assistance to 300 householders (subsistence farmers).
Premier Urgence	2004-05	<u>Components:</u> Consolidation of farming activities to reinforce food security in Abkhazia, with a special focus on the district of Sukhumi, Gulripshi, Ochamchira, Tkvarcheli and Gali.
Association of Women in	200 000	Beneficiary: Association of Women in Abkhazia.
Abkhazia  Foundation Civic Initiative of Human Beings for the Fu-	2005-07	Main Objectives: EC supports two projects of local NGOs in Abkhazia with the objective to promote and protect the rights of vulnerable people and to monitor court cases and legal education of the judiciary in Abkhazia.
ture		<u>Components:</u> Monitoring and evaluation of legislative basis; publication in mass media; organizing training seminars; organizing exhibitions; free legal assistance to the population; monitoring of cases in courts; education seminars.
Confidence Building Project	170 000	Beneficiary: Stakeholders in confidence building.
I:  Georgia - Capacity Building for dialogue		Main Objectives: To help stakeholders from Abkhazia develop their capacities in regard to approaches to conflict resolution in general and the situation in Abkhazia in particular.
Conciliation Resources	2004-05	<u>Components:</u> Organizing study visits to Northern Ireland and visits of experts to Georgia; organizing dialogue workshops in the framework of the Schailing process.
Confidence Building project	170 000	Beneficiary: Stakeholders in confidence building.
II: Enhancing Confidence in Georgia		Main Objectives: To support the confidence-building process between the Georgian and Abkhaz civil societies through a series of joint activities between International Alert and its partner organizations in Georgia/Abkhazia.
International Alert	2004-05	<u>Components:</u> Civil society needs assessment; promote understanding between the ethnic different groups in Abkhazia; the role of the media and civil society; understanding of grassroots security.
		South Ossetia
Title of Project and	Project Cost €	Status
Implementing Body	Duration	
Confidence Building project	155 000	Beneficiary: Stakeholders in confidence building.
III: Dialogue and Capacity Building - Georgian-South-		Main Objectives: To promote confidence building between Georgia and South Ossetia through a dialogue and thus to develop a basis for transforming the recent crisis into a political dialogue.
Ossetian Conflict  International Institute for Strategic Studies (IISS)	2004-05	Components: Dialogue meetings with participants from Georgia and South Ossetia.



Rehabilitation in the Zone of	2.5 million	Beneficiary: Communities in the South Ossetia Conflict Zone.
the Georgian-Ossetian Conflict, Phase III (OSCE)		<u>Main Objectives:</u> To improve the living conditions of the local and returning population and to re-start economic activity in the region.
OSCE (management), UNDP, UNHCR (implement- ing agencies)	2004-06	<u>Components:</u> Providing basic shelter assistance and repatriation kits to returnees and IDPs; rehabilitating basic infrastructure such as rebuilding gas and water distribution networks, rehabilitation of drinkable water supply and electricity network, and establishment of agriculture cooperatives.
2.Support to the Joint Con-	183 000	Beneficiary: Joint Control Commission (JCC).
trol Commission for South Ossetia		Main Objectives: To assist the Georgian and South Ossetian sides within the framework of JCC with an EU grant to OSCE.
OSCE	2003-06	<u>Components:</u> Travel, training, meetings and other expenses for the operation of JCC.
Support to the South Ossetia	50 000	Beneficiary: OSCE.
Needs Assessment Study (Co-financed)		Main Objectives: To support the OSCE-led needs assessment study for South Ossetia.
OSCE	2005-06	<u>Components:</u> Providing JCC and donor community with appraisal of infrastructure and economic development needs.
Decentralized Cooperation	950 000	Beneficiary: Abkhaz IDPs.
Programme		Main Objectives: To support NGO activities which address the needs of IDPs.
Local NGOs in Abkhazia in partnership with international NGOs	2005-08	Components: Building capacity of NGOs representing IDPs or working on IDP issues; promoting social and policy dialogue between civil society and the government, including local authorities on IDP issues; promoting IDP rights and their integration into society in Georgia.

# 3.2 European Commission Humanitarian Aid (ECHO)

The EU assistance to Georgia started in 1992 through ECHO - the European Commission Humanitarian Aid Department. It provided immediate humanitarian assistance to a starving population caused by the country's civil war in the beginning of the nineties, followed by economic collapse. Since then ECHO has provided assistance worth € 99 million in total. In 1996 the focus of assistance shifted from immediate to post-emergency relief.

In 2004, a package for humanitarian aid worth €4 was approved to support vulnerable people affected by the conflict in Abkhazia. The recipients include vulnerable people in Abkhazia and Western Georgia, IDPs in Georgia, as well as children in Tbilisi. The aid covers sectors such as food, medical support and shelter.

Title of Project and Implementing Body	Project Cost €	Status
monung Doug	Duration	
Economic Assistance Pro-	1.5 million	Beneficiary: IDPs and other vulnerable people.
gramme  ICRC		Main Objectives: To provide assistance to 53 700 persons (IDPs and vulnerable local residents) in Abkhazia, Samegrelo and Western Imereti.
Tene	2004-05	<u>Components:</u> Assisting manly IDPs with small income generation activities.
Food for work programme	185 000	Beneficiary: IDPs and other vulnerable people.
Acion Contra el Hambre	2004.05	Main Objectives: To enhance the food security of the most vulnerable households in Abkhazia and Samegrelo - Upper Svaneti region. Assistance provided to 14 000 householders.
	2004-05	<u>Components:</u> Assisting manly IDPs with food for work activities.
Rehabilitation and training to	500 000	Beneficiary: IDPs and disable children.
vulnerable children in Tbilisi and IDP families in Rustavi.		Main Objectives: To provide assistance to 530 IDPs and 830 children in Rustavi and Tbilisi.
Alisei	2004-05	<u>Components:</u> Water sanitation and rehabilitation of collective centres for IDPs in Rustavi, and the rehabilitation of schools for disabled children.
Emergency Rehabilitation of IDP Collective Centres	210 000	Beneficiary: IDPs in Western Georgia.
Danish Refugee Council	2004.05	Main Objectives: Assistance provided to 5 600 IDPs.
7 3	2004-05	<u>Components:</u> Rehabilitation of collective centres for IDPs in Kutaisi and Zugdidi.
Aide to reproductive health	500 000	Beneficiary: Women in Zugdidi.
in Samegrelo		Main Objectives: To provide assistance to 51 000 people in Samegrelo.
Medecins du Monde	2004-05	Components: Improving access to health care for women in Zugdidi.
ECHO Humanitarian Relief Programme	4.0 million	Beneficiary: Vulnerable people in Abkhazia, Upper-Svaneti and Western Georgia.
International Committee of the Red Cross (ICRC), Ac-		Main Objectives: To support humanitarian assistance and a food-for-work-programme as to improve the living conditions of the most vulnerable households.
cion Contra El Hambre, Pre- mier Urgence	2004-05	<u>Components:</u> ICRC Humanitarian relief programme; Accion Contra el Hambre food-for-work and income generation programme; Premier Urgence local agricultural income generating projects.



## 3.3 European Initiative for Democracy and Human Rights (EIDHR)

The principles of liberty, democracy, respect for human rights and the rule of law form a cornerstone of the European Union. In support of these principles, the *European Initiative for Democracy and Human Rights* (EIDHR) was created in 1994 following an initiative of the European Parliament. It supports and promotes human rights and democracy in non EU-countries around the world. More € 100 million are allocated annually under this budget-line. Since EIDHR projects are not negotiated with the government, they are useful as tools for support to civil society initiatives.

Georgia is one of 29 focus countries for EIDHR. For 2002-2004 activities in Georgia were supported with ap-

proximately  $\in$  2 million annually. For 2005-2006 around  $\in$  1 million have been allocated for Georgia annually. The focus of support in Georgia is promotion of democratisation, good governance, culture of human rights, and the rule of law.

EIDHR has helped to develop civil society in Georgia. European NGOs involved in the activities have gained an understanding of transition countries such as Georgia and thus improved their capacity. For local civil society actors in the region, this has been an opportunity to build confidence and networks with their neighbours as well as with European partners.

Micro-Projects - Human Rights/ Democracy		
Title of Project and Implementing Body	Project Cost € Duration	Status
Information to All Citizens	50 000	Beneficiary: Minority groups in Akhakalaki, Akhaltsikhe, and villages of Samtskhe –Javakheti.
Union of Democrat Meskhs	2004-05	<u>Main Objectives:</u> To provide access to information, foster interethnic relations, and support the media.
		<u>Components:</u> Informing minorities on their basic rights by translating legislative acts into minority languages; publishing the Digest of Georgian press in three languages; creating information centres and a library of legislative acts.
Peace Education in Second-	49 064	Beneficiary: Georgian and Abkhaz youth and teachers.
ary Schools in Georgia and Abkhazia		Main Objectives: To promote tolerance, confidence building, train trainers and teachers.
UMCOR Georgia	2004	<u>Components</u> : Establishing teams of teacher trainers of various ethnic backgrounds from Georgia and Abkhazia, trained to teach peace education to students.
Ombudsman in Disability	44 266	Beneficiary: Social workers and disabled people.
Sphere  Association of Disabled  Women & Mothers of Disabled Children		Main Objectives: To raise awareness about human rights and disability issues, provide training to social workers and disabled people in Samegrelo and Svaneti.
	2004-05	<u>Components:</u> Analysing legislative acts on human rights in Georgia; studying the experience of five European countries in the sphere of Public Defender for disabled people; training to social workers and disabled people.



Advocacy of "Leave No	49 335	Beneficiary: Disadvantaged children.
Child Out" Campaign focus- ing on the neglect and abuse of children		Main Objectives: To assess needs in the area of children's rights, support disadvantaged children, and raise general awareness in Tbilisi, Kutaisi and Zugdidi.
Regional Network for Chil- dren (RNC) National Coor- dinator CLARITAS XXI	2004-05	Components: Conducting a needs assessment on child rights and rights of children in pre-detention facilities; providing basic education on healthy life-style; establishing anti-crisis child centres and a hot line; conducting police training on children's rights.
Protection of Socio Econom-	47 000	Location: People in the Adjara and Guria Black Sea costal zone.
ic & Environmental Rights of Local Communities and Individuals in Georgia Black		Main Objectives: To provide access to information, defending the environmental rights of citizens in the costal zone.
Sea Costal Zone  Black Sea EcoAcademy	2004-05	<u>Components:</u> Providing free legal support and establishing a hot line; conducting an information campaign, public meetings and training of activists, NGOs and community leaders.
Local Governance for and	48 950	Beneficiary: Tbilisi and Rustavi cities.
with people		Main Objectives: To monitor the two cities' budgets in a transparent way, good governance and accountability.
Centre for Strategic Research & Development	2004-05	<u>Components:</u> Preparing proposals to improve the municipal budgetary rules and procedures; translating the budget into accessible language and disseminating information.
Regional Conflicts in Geor-	17 400	Beneficiary: Stakeholders in the conflict solutions.
gia		Main Objectives: To publish legal acts concerning conflicts, help with conflict resolution.
"The Regional Research Centre"	2004-05	Components: Publishing a Georgian-Russian – English edition of: Status of the Autonomous Regions of Abkhazia and South Ossetia within Georgia 1918-1989. The Collection of Political legal acts"; collecting all legal and political documents concerning the conflict.
Useful Tools for Better	29 100	Beneficiary: The Tbilisi population.
Health Care		Main Objectives: To provide access to information on free public health care services.
Transparency International Georgia	2004-05	<u>Components:</u> Conducting a study of new city budget 2004 on healthcare; publishing and distributing 90.000 brochures; monitoring of the implementation of Tbilisi city's health care services.
Protect Rights of Minorities who are victims of the Georgian-Ossetian conflict	42 900	Beneficiary: Victims of the Georgian-South Ossetian conflict.
		<u>Main Objectives:</u> To help protect minority rights, promote interethnic relations and the reconciliation between Georgians and Ossetians.
Helsinki Citizens Assem- bly Georgian National Committee	2004-05	Components: Monitoring HR violations effected by the Georgian-Ossetian conflict; conducting capacity building training for current and new leaders of minority groups; providing peace—building seminars; conducting awareness raising.



50 000	Beneficiary: Torture victims.
	Main Objectives: To help rehabilitate victims of torture and raise awareness about torture.
	Components: Developing and implementing a model for a national wide system of torture prosecution and rehabilitation of victims; developing and implementing a multi-faceted educational pro-
2004-05	gram on medical ethics, monitoring and rehabilitation of torture victims.
65 600	Benficiary: Minorities in Akhaltsikhe, Adigeni and Akhalkalaki.
	Main Objectives: To find ways in how to prevent ethnic and religious conflicts.
2005-06	Components: Creating groups of ethnic minorities' representatives in each district; organizing conferences and workshops to discuss and analyze problems; publishing materials in three languages.
28 200	Beneficiary: Schools in Telavi, Kakheti.
	Main Objectives: To reduce the level of corruption in the educational system.
	<u>Components:</u> Meeting in 10 schools with school administration, boards and teachers to select working groups; training of working
2005-06	groups; conducting presentation meetings in schools; developing school boards as functioning bodies.
84 500	Beneficiary: Georgian language teachers in Kvemo Kartli.
	Main Objectives: To improve teaching of Georgian language in Kvemo Kartli.
2005-06	<u>Components:</u> Conducting workshops and training seminars for Georgian language teachers working in Kvemo Kartli; organizing meetings for teachers and local authorities, providing seminars for Sakrebulos on legislation application.
26 200	Beneficiary: Meskhetian returnees.
	Main Objectives: To integrate Meskhetian returnees into society.
2005-06	<u>Components:</u> Establishing and functioning of two integration centres for Meskhetian repatriates in Akhaltsikhe and Ianeti; providing legal consultation and support, conducting different trainings.
58 200	Beneficiary: Georgian military forces.
	Main Objectives: To help the enforcement of the Rule of Law in the military sphere.
	<u>Components:</u> Analyzing legal acts issued by the Ministry of Defence; analyzing and monitoring financial activities of the Minis-
2005-06	try of Defence; offering active participation of non governmental sector in reforms.
	2004-05 65 600 2005-06 28 200 2005-06 84 500 26 200 2005-06 58 200



Development of local capac-	93 100	Beneficiary: Forest environment.
ity for the prevention of illegal logging in Georgia		Main Objectives: To protect environmental rights and fight illegal logging.
Association "Green Alterna-tive"	2005-06	<u>Components:</u> Analyzing policy and legislation; advocacy and public awareness building; reviewing transparency; conducting workshops with decision makers.
Interethnic understanding	92 600	Beneficiary: Youth.
and promotion of minority rights through interethnic ed- ucation and debate education in Georgia		Main Objectives: To teach youngsters how to debate and thus to facilitate understanding between the different ethnicities and minorities.
Debate Education Associa- tion	2005-06	Components: Providing teacher training for 480 teachers in interethnic and debate education workshops; developing teachers manual and training curriculum for secondary school teachers; establishing 64 debate youth clubs in ethnically mixed schools in Georgia.
Let's make our Community	42 800	Beneficiary: Youth in Guria.
better place to live		Main Objectives: To get youth involved in the issues of local self-governance.
Guria Resource Center	2005-06	Components: Providing community reinforcement trainings and human rights education for youth; preparing village youth development plans; establishing youth councils.
Improved law-enforcement	74 600	Beneficiary: Law enforcement in Adjara.
system and protected citizens' rights		Main Objectives: To improve the law-enforcement system in Adjara and to ensure the protection of human rights.
Regional Centre of Legal Information and Human Rights Protection	2005-06	<u>Components</u> : Providing free legal assistance; monitoring of court and police bodies activities; providing training for judges and policemen; conducting public information campaign.
Building and Developing	44 200	Beneficiary: Schools in Adjara.
Open Schools Network in Adjara		Main Objectives: To create an open school network in Adjara.
School-Family-Society Association	2005-06	<u>Components:</u> Providing five training cycles in school management and development; financial management; school–family-society.
State University without	80 000	Beneficiary: Tbilisi, Akhaltsikhe, Kutaisi Universities.
Corruption		Main Objectives: To promote good governance to higher educational state institutions.
Liberty Institute	2005-06	<u>Components:</u> Developing indicators for university performance; creating strategic plans and drafting budgets for universities; establishing procurement regulation; developing university management guide.



Preventing and combating corruption in Georgia through the reinforcement of civil society pressure and promotion of citizens political process  Centre for Change and Conflict Management "Partners-Georgia"	92 400 2005-06	Beneficiary: NGOs.  Main Objectives: To fight corruption by fostering active public participation and pressure of civil society.  Components: Training of 20 NGO representatives on anti-corruption capacity building; training of trainers; organizing 16 public forums; publishing results and presenting them to the government.	
Radio Bridge Tbilisi Batumi in support of the democracy and human Rights  Green Waive Association	87 000 2005-06	Beneficiary: Minorities.  Main Objectives: To provide informational support to minorities.  Components: Supporting a radio network and programs on minorities' languages, 40 programs and 40 radio bridges.	
TV story It is your right  Internews Georgia	51 800 2005-06	Beneficiary: General public.  Main Objectives: To teach the general public how to defend their rights.  Components: Creating 40 TV films and regular broadcasting on main TV channel.	
Healthy Child-Strengthened Community- Integrated So- ciety  Rugby Supporters League RSL	78 800 2005-06	Beneficiary: Children in Samtskhe –Javakheti.  Main Objectives: To get children involved in sports and thus help prevent ethnic conflicts.  Components: Creating sport centres in Aspindza, Ninotsminda, Akhalkalaki; training staff; creating ethnically mixed teams; organizing rugby matches.	
	Torture Macro-Projects		
Title of Project and Implementing Body	Project Cost € Duration	Status	
Prevention of Torture in Georgia - Government, Society, Victims  Former Political Prisoners for Human Rights (GEO)	380 000 (incl. 20% co-finan- cing) 2003-05	Beneficiary: Civil society.  Main Objectives: To prevent torture through activation of civil society capacity and public in protection of human rights.  Components: Monitoring of police stations; conducting civil society roundtables; providing NGO training; training police officers; supporting victims of torture; publishing a website, booklets, TV and newspaper adds; publishing an alternative human rights report.	



Rule of Law			
Title of Project and Implementing Body	Project Cost € Duration	Status	
Promoting behavioural change among the public and the police forces of Georgia	860 000 (incl. 20% co-financ- ing)	Beneficiary: Georgian Police Force.  Main Objectives: To change the behaviour of law enforcement bodies and to increase their respect for human rights.	
Association of Legal and Public education (ALPE)	2003-05	<u>Components:</u> Informing public of their rights vis-à-vis police and prosecutor's office; training the police; increasing the understanding of human rights in the police force; strengthening NGO's, ombudsman and media capacity to protect human rights.	
Joint programme of cooperation between the EC and the CoE to strengthen local and regional democracy, human rights protection methods, and the rule of law in Georgia	750 000 2003-05	Beneficiary: Georgian journalists.  Main Objectives: To strengthen local and regional democracy, human rights protection methods, and the rule of law in Georgia.  Components: Empowering ethnic minorities by improving the skills of journalists reporting on minority issues in media; supporting the professionalisation of minority media; training the media	
Council of Europe		on the issue of diversity.	

# **Ethnic Minorities, Media & Youth**

Title of Project and Implementing Body	Project Cost € Duration	Status
Georgia regional & public	780 000	Beneficiary: Georgian media.
accountability project  Institute for War & Peace		Main Objectives: To strengthen print media in Georgia with an emphasis on the regions; to increase independent, public interest in journalism.
Reporting (IWPR)	2003-06	<u>Components:</u> Establishing a baseline of understanding on the position of regional media; supporting five regional newspapers; increasing the flow of information in regions; providing trainings.
Inter-communal Centres for	672 000	Beneficiary: Youth in Samtskhe-Javakheti and Kvemo Kartli.
Youth (ICY) - Georgia  World Vision Deutschland		<u>Main Objectives:</u> To establish youth community centres in order to improve perspectives for youngsters through educational, sport and leisure activities.
The first of Deutsenham	2003-06	<u>Components:</u> Creating centres where youth from different ethnic and religious background can interact in structured environment.
Training the media, empow-	1.2 million	Beneficiary: Media/journalists in the Caucasus.
ering minorities: a project for improved media coverage of ethnic and minority issues in		Main Objectives: To improve media coverage of ethnic and minority issues in the South Caucasus.
the South Caucasus		Components: Empowering ethnic minorities; building awareness and providing training to journalists and media decision-makers through workshops and
Media Diversity Institute (MDI/UK)	2003-06	conferences; conducting media monitoring; providing network building and support.

#### 3.4 Macro-Financial Assistance

The EU assists Georgia not only in programmes and projects but also what is termed Macro-Financial Assistance (MFA) originally conceived for intra-Community balance-of-payment support but extended to third countries in 1990. MFA supports economic and structural reform efforts implementing in coordination with the International Monetary Fund and the World Bank. In case of Georgia, MFA is used to contribute to budget stability and assist the country in fulfilling conditions made by the IMF.

In July 1998, Georgia settled the remaining amount of its arrears towards the EC, consisting of € 131 million.

Subsequently Georgia benefited from a new assistance package covering the time period 1998-2004. The package consisted of a loan of € 110 million and a grant of € 65 million. Three grant tranches were disbursed between 1998 and 2001 totalling € 18 million. Georgia since then has repaid € 25 million and has an outstanding debt to the EC of € 92 million.

In January 2006, the Council approved to provide € 33, 5 million to Georgia under this instrument to be disbursed over a two-year period linked to the repayment of the € 92 million debt.

#### 3.5 Food Security Programme

The Food Security Programme (FSP) is the follow-up to the major food aid operations funded by the European Union between 1994 and 1996. The overall objective of the European Union's Food Security Programme (of budgetary support) is to assist national governments in their structural adjustment efforts to implement poverty reductions strategies. At the same time, the programme intends to provide an impetus to key reforms in sectors with an important bearing on food security, poverty reduction and public expenditure management.

In Georgia, the focus of FSP is to tackle the principal aspects of food security, i.e. supply of and access to food. The main sectors of intervention are therefore agriculture, public services (irrigation, veterinary, plant protection, etc) and the social sector respectively (family benefits and childcare institutions). Related areas of intervention include land reform and public finance management.

During 1996-04 the Commission committed over € 71 million through the Food Security Programme. An allocation of € 20 million for 2005-06 is under implementation as a biannual FSP programme for 2005 and 2006 (Georgian) fiscal years. The partners involved in the Programme are the Ministry of Finance, the Ministry of Agriculture and Food, the Ministry of Education, the Ministry of Labour, Health and Social Welfare and the State Department of Statistics.

Title of Project and Implementing Body	Project Cost € Duration	Status
2005 Food Security Programme – Georgia	20.0 mil- lion	Beneficiary: Agriculture Ministry, Education Ministry, Health Ministry and State Department of Statistics.
		Main Objectives: To improve state services with an important bearing on poverty reduction and food security i.e. in agriculture and social protection.
GoG	2005-06	Components: Providing financial support to the state budget.

#### 3.6 NGO Co-financing

NGO Co-financing is part of the EU's commitment to combat poverty, promote the rule of law and respect fundamental freedoms, human rights and equal opportunities. The facility enables the Commission to back activities proposed by European NGO's specializing in development cooperation.

#### **Overview of Projects**

Title of Project and Implementing Body	Project Cost € Duration	Status
"Learners for life" life skills & employment services for vulnerable youth, Georgia	452 000	Beneficiary: Youth in Adjara, Kakheti and Imereti.  Main Objectives: To improve the economic prospects of vulnerable youth, aged 14 to 20, by initiating training and employment services in Batumi, Kutaisi and Telavi.
World Vision	2004-07	Components: Establishing sustainable community-based preventive services for vulnerable youth including life skills training and economic opportunities assistance; increasing employability of 550 to 900 youth; demonstrating the unit cost of small group homes for youth deprived of parental care to be less than institutional care; initiating community-based preventive health programs for vulnerable youth.

#### 3.7 Youth Programme

The Youth Programme of the EU supports non-formal educational activities for young people between 15 and 25. The Programme, which started in 2000, offers possibilities to young people in the form of group exchanges and individual voluntary work, as well as support activities.

Title of Project and Implementing Body	Project Cost € Dura- tion	Status
Georgien – Lyzeum	9 750	Beneficiary: Versatile School Lyceum.
Pro International e.V.  Marburg (Germany)	2005-06	Main Objectives: To organize free-time activities for the pupils in the hosting boarding school, Versatile School Lyceum.  Components: Volunteers will help the pupils with their homework, give support to young people who take part in a vocational training course at the boarding school's carpentry workshop.



Inter Echanges   Pantin Cedex (France)   2005-06   200			
Main Objectives; To gather volunteers from Poland, France and Georgia to undertake activities of hosting Georgian organization International Union "Ertoba".		12 900	Beneficiary: International Union "Ertoba".
Pantin Cedex (France)  2005-06  Youth and Social Inclusion EU-CIS Multilateral EVS project  International Office of the ICYF Federation  Intercultural Training Course Path to Equality Land  Intercultura	"Ertoba"		<u>Main Objectives:</u> To gather volunteers from Poland, France and Georgia to undertake activities of hosting Georgian organization International Union "Ertoba".
Main Objectives: To enhance youth mobility and offer them to support projects of one of the hosting organizations participating in the project; to support projects with young people who have fewer opportunities.    International Office of the ICYE Federation	Ü	2005-06	<u>Components:</u> Organizing cultural and social activities, like creative workshops, festivals, discussions for the local ethnic mixed youth in Georgian rural communities and facilitating teaching of computer and English language skills to socially disadvantaged youth.
EVS project    Main Objectives: To enhance youth mobility and offer them to support projects of one of the hosting organizations participating in the project; to support projects with young people who have fewer opportunities.    Components: The volunteers can assist in projects such as SOS children villages, child care centres, after-school clubs and volunteering and support people with disabilities or other difficulties and organize leisure activities or household tasks.    Intercultural Training Course Path to Equality Land		68 800	Beneficiary: Youth in Georgia and Armenia.
Intercultural Training Course Path to Equality Land   18 900   Beneficiary: International Union "Ertoba".   Main Objectives: To empower youth leaders and workers, dealing with strategies and activities to address racism, discrimination and gender-based form of violence.   Components: Offering intercultural training course through the hosting organization International Union "Ertoba", preparing young people to plan and run youth activities on human rights activities.   Social and Psychological Aid Foundation Vilnius   1 200   Beneficiary: Educational TV Centre.   Main Objectives: Make media as a tool for expression for youngsters and support youth in preparing their own TV productions.   Components: A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the hosting organization Educational TV Centre to improve the work of the hosting organization Educational TV Centre to improve the work of the hosting organization Educational TV Centre to improve the work of the hosting organization Educational TV Centre to improve the work of the young-sters there.   Components: A volunteer will support the hosting organization The Human Rights Information and Documentation Centre.   Components: The support will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of so-			Main Objectives: To enhance youth mobility and offer them to support projects of one of the hosting organizations participating in the project; to support projects with young people who have fewer opportunities.
Course Path to Equality Land  Main Objectives: To empower youth leaders and workers, dealing with strategies and activities to address racism, discrimination and gender-based form of violence.  Components: Offering intercultural training course through the hosting organization International Union "Ertoba"; preparing young people to plan and run youth activities on human rights activities.  New dimensions  7 800  Beneficiary: IDPs.  Main Objectives: To bring new dimensions in the work with IDPs.  Social and Psychological Aid Foundation Vilnius  Studio Europe  1 200  Beneficiary: Educational TV Centre.  Main Objectives: Make media as a tool for expression for youngsters and support youth in preparing their own TV productions.  Components: A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the youngsters there.  Empowerment of Georgian local community through informal education  To 500  Beneficiary: The Human Rights Information and Documentation Centre.  Main Objectives: A volunteer will support the hosting organization The Human Rights Information and Documentation Centre.  Components: The support will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of so-	66 6	2005-06	<u>Components:</u> The volunteers can assist in projects such as SOS children villages, child care centres, after-school clubs and volunteering and support people with disabilities or other difficulties and organize leisure activities or household tasks.
Land  Europejski dom Spotkan- Fundacja Nowy Staw Lublin  New dimensions  7 800  Beneficiary: IDPs.  Main Objectives: To bring new dimensions in the work with IDPs.  Social and Psychological Aid Foundation Vilnius  Studio Europe  1 200  Beneficiary: Educational TV Centre.  Main Objectives: Make media as a tool for expression for youngsters and support youth in preparing their own TV productions.  Components: A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the youngsters there.  Empowerment of Georgian local community through informal education  Falkor 1.C.Y  Main Objectives: To bring new dimensions in the work with IDPs.  Components: An international volunteer will help in organizing different events of Social Programs Foundation.  Components: A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the youngsters there.  Empowerment of Georgian local community through informal education  Total Randon With Endows Propenting Transport will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of so-	C	18 900	Beneficiary: International Union "Ertoba".
Pundacja Nowy Staw Lublin   2005   organization International Union "Ertoba"; preparing young people to plan and run youth activities on human rights activities.    New dimensions   7 800   Beneficiary; IDPs.   Main Objectives: To bring new dimensions in the work with IDPs.			Main Objectives: To empower youth leaders and workers, dealing with strategies and activities to address racism, discrimination and gender-based form of violence.
Main Objectives: To bring new dimensions in the work with IDPs.	Fundacja Nowy Staw	2005	<u>Components:</u> Offering intercultural training course through the hosting organization International Union "Ertoba"; preparing young people to plan and run youth activities on human rights activities.
Social and Psychological Aid Foundation Vilnius   2005-06   Components: An international volunteer will help in organizing different events of Social Programs Foundation.	New dimensions	7 800	Beneficiary: IDPs.
Studio Europe  1 200  Beneficiary: Educational TV Centre.  Main Objectives: Make media as a tool for expression for youngsters and support youth in preparing their own TV productions.  Components: A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the youngsters there.  Empowerment of Georgian local community through informal education  Total Components: The Human Rights Information and Documentation Centre.  Main Objectives: A volunteer will support the hosting organization The Human Rights Information and Documentation Centre.  Components: The support will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of so-			Main Objectives: To bring new dimensions in the work with IDPs.
Main Objectives: Make media as a tool for expression for youngsters and support youth in preparing their own TV productions.  Components: A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the youngsters there.  Empowerment of Georgian local community through informal education  Main Objectives: A volunteer will support the hosting organization The Human Rights Information and Documentation Centre.  Main Objectives: A volunteer will support the hosting organization The Human Rights Information and Documentation Centre.  Components: The support will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of so-	, ,	2005-06	<u>Components:</u> An international volunteer will help in organizing different events of Social Programs Foundation.
Rada Uczelniana Collegium Civitas ZSP (Polland)2005Components: A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the youngsters there.Empowerment of Georgian local community through informal education7 500Beneficiary: The Human Rights Information and Documentation Centre.Main Objectives: A volunteer will support the hosting organization The Human Rights Information and Documentation Centre.Components: The support will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of so-	Studio Europe	1 200	Beneficiary: Educational TV Centre.
Components: A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the young-sters there.    Empowerment of Georgian local community through informal education   Total Education	Rada Uczelniana Col-		Main Objectives: Make media as a tool for expression for youngsters and support youth in preparing their own TV productions.
tre.  Main Objectives: A volunteer will support the hosting organization The Human Rights Information and Documentation Centre.  Components: The support will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of so-	legium Civitas ZSP (Po-	2005	<u>Components:</u> A foreign expert will co-facilitate the work of the hosting organization Educational TV Centre to improve the work of the youngsters there.
tion    Main Objectives: A volunteer will support the nosting organization The Human Rights Information and Documentation Centre.    Components: The support will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of so-	gian local community	7 500	Beneficiary: The Human Rights Information and Documentation Centre.
Falkor I.C.Y 2005 projects: their on-line magazine and database and empowerment of so-	_		Main Objectives: A volunteer will support the hosting organization The Human Rights Information and Documentation Centre.
	Falkor I.C.Y	2005	<u>Components:</u> The support will be dedicated mainly to two of their projects: their on-line magazine and database and empowerment of socially excluded women in Georgia.

Capacity Building in the CIS – Stage VII	30 600	Beneficiary: Youth in Russia, Georgia and Ukraine.
CIS – Stage VII		Main Objectives: To build capacity of EVS' partner organizations in the CIS region.
Service Civil Internation- al – EVS	2004-05	<u>Components:</u> Supporting the development of volunteer initiatives in the region and promoting the spirit of voluntarism among local youth in general; expanding partnerships and strengthening links between organizations involved.
Multilateral Project on	63 500	Beneficiary: Disadvantaged youth in the CIS region.
Youth Volunteering and Social Inclusion in EU		Main Objectives: To enhance the youth mobility in CIS countries.
and CIS Countries		Components: Offering service in projects dealing with disadvantaged
International Office of the ICYE Federation Ger-		youth and children, ranging from orphanages and care centres for the disabled to youth networks and schools.
many	2005	

### 4. Regional Programmes (TACIS funded)

The EC external relations with the CIS countries are primarily based on a bilateral national approach. Approximately two thirds of TACIS is allocated to national activities.

However, the national approach needs to be complemented by a regional approach to help the countries address challenges of a global or trans-boundary nature and benefit from common approaches, collaborative action and economies of scale, which arise from a regional approach.

The TACIS Regional Programme started in 1992. Since then it has financed more than 140 projects. In its first phase from 1992 to 1995, the programme covered several sectors: networks, environment, enterprise development, human resources, financial services, agriculture, and TACIS facilities. Since 1996, the programme has concentrated on three areas: networks, environment and justice and home affairs.

The TACIS Regional Cooperation Strategy Paper and Indicative Programme 2004-2006 provides the strategic framework for EC assistance to multi-country activities until 2006. It was adopted by the Commission on 11 April 2003. The strategy for regional cooperation complements the specific country strategies.

The main conclusion of the TACIS Regional Cooperation Strategy Paper and Indicative Programme 2004-2006 is that the promotion of regional cooperation among countries in Eastern Europe and Central Asia is crucial for ensuring peace, stability and security as well as promoting sustainable economic and social development in a Pan-European context.

Three thematic areas have been identified as priorities:

- Sustainable Management of Natural Resources, focusing mainly on water, while also supporting biodiversity, forest resources and climate change.
- 2) Promoting Trade and Investment flows, through increased interstate cooperation in the fields of energy, transport and information society.
- Justice and Home Affairs, addressing enhanced integrated border management, combating organised crime and international terrorism, and improving migration and asylum management.

While the Regional Action Programme 2004 allocated € 45 million, the Regional Action Programme 2005 earmarked € 54 million for activities.

#### **4.1 INOGATE**

INOGATE – an abbreviation for  $\underline{\mathbf{In}}$  terstate  $\underline{\mathbf{O}}$ il and  $\underline{\mathbf{Ga}}$ s  $\underline{\mathbf{T}}$  ransport to  $\underline{\mathbf{E}}$  urope – is a programme designed to improve the security of Europe's energy supplies.

The programme started in 1995 and was refined in 2000 following the publication of a green paper *Towards a European Strategy for the Security of Supply.* The strategy of the European Union is concerned with controlling the growth of demand for energy on the one side and the



Kitchen at Rustavi Prison N6 refurbished with EU funds



Enguri power station, Generator N3 before rehabilitation



Enguri Dam, stop-log manufactured by Siemens under EU funding



School in South Ossetia rehabilitated under EU funding



Cells at Rustavi Prison N6 refurbished with EU funds



Enguri power station, Generator N3 rehabilitated under EU funding



Gas metering station in Gveleti built under EU funding



Kekhvi Dam in South Ossetia rehabilitated under EU funding



Border police trained under EU funding



Border police trained under EU funding, Tbilisi Airport



Civil registry office in Batumi opened under EU funding



Presentation of Distribution Study for Georgian Wine in Germany funded by the EU



"Europes seen through the eyes of the Georgian children" – exhibition organised by the Delegation in May 2005



Art class at the Bolnisi Inter-communal Youth Centre funded by the EU



Disabled children with which "Association of Disabled Women and Mothers of Disabled Children" funded by the EU is worrking



Youth of the Community Youth Centre in Telavi funded by EU



management of supply dependence on the other. Thus, the INOGATE Programme facilitates the transport of oil and gas within the regions and towards markets in Europe and the west in general. It also promotes the regional integration of oil and gas pipeline systems. Committed to increasing bilateral relations between Europe and the regions of Eastern Europe, Central Asia and the Caucasus, the INOGATE is assisting the respective state oil and gas companies to develop and promote specific interstate energy transportation projects for financing.

INOGATE is a complementary programme and thus is funded mainly under the TACIS Regional Cooperation Programme. But the programme also acts as catalyst for attracting private investors and international financial institutions to pipeline projects.

Georgia became one of the first members of INOGATE when officially signing the INOGATE Umbrella Agreement on 22 July 1999. The Umbrella Agreement defines

the overriding rules of co-operation according to international standards. Twenty-one countries in the Caucasus, Central Asia, Eastern Europe and Europe have signed the Umbrella Agreement. INOGATE activities are based on two key elements. The first element is the actual physical security of supply while the second relates to the strategic and commercial aspects of security of supply.

INOGATE participating countries usually require support in preparing necessary dossiers for financing bankable projects. Sound legal basis is essential to attracting financing. Assisting to improve the institutional and legal basis for co-operation has been among the most successful activities of INOGATE.

The total indicative EC budget for 2004-2006 allocated €18 million for INOGATE activities. The Indicative Programme 2004-2006 highlights three priorities for the energy sector: harmonisation of EU standards and rules; security and safety aspects; environment and health impacts.

Supply of Mobile Emergency Interven- tion Units in Georgia and Armenia	480 000 2004-05	Beneficiary: Georgia Gas International Corporation.  Main Objectives: To supply Georgia Gas International Corporation with emergency intervention units.  Components: Delivering mobile equipment for emergency repairs on pipelines.
Supply of Mobile	740 000	Beneficiary: Georgia Gas International Corporation.
Emergency Intervention Units		<u>Main Objectives:</u> To supply Georgia Gas International Corporation with emergency intervention units.
Ravasini	2004-06	Components: Delivering mobile laboratories to identify hidden gas leaks and do spot checks on gas quality.
Small scale invest-	290 000	Beneficiary: Georgia Gas International Corporation.
ment for regional Oil & Gas infrastructure Caucasus		Main Objectives: To supervise the supply of equipment to the gas metering station in Gveleti and the supply of the emergency units.
		Components: Controlling the quality of the supplies and works deliv-
Renco	2003- 05	ered by the supplier (Pietro Fiorentini); controlling the quality of the emergency intervention units and supervision of their delivery.
Supply of equipment	2.4 million	Beneficiary: Georgia Gas International Corporation.
for the gas metering station in Gveleti, Georgia		Main Objectives: Supply of the technical equipment necessary to construct a gas metering station in Gveleti.
		Components: Supplying equipment for the gas metering station in Gveleti; day-to-day supervision of the construction of the gas metering station.
Pietro Fiorentini	2004-05	tion; commissioning and training of staff for the gas metering station.

INOGATE – Development of maintenance	1.5 million	Beneficiary: Gas sector in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan, Ukraine and Uzbekistan.
excellence in NIS gas companies		<u>Main Objective:</u> To help enhance security of the gas supply within the region and to Europe; to support the modernization of maintenance policies and practices in the gas companies.
Fichtner GmbH	2005-07	<u>Components:</u> Analyzing the existing maintenance practices; elaborating standards based on EU best practice; supporting the elaboration of maintenance manual specific to the country; providing training and study tour.
IFI Technical Assistance Support Fund	2.6 million	Beneficiary: Gas sector in Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine.
for facilitating invest- ments in Oil and Gas Projects		Main Objective: To provide technical, financial, legal and environmental expertise to oil and gas companies in the Caucasus and Eastern Europe regions with a view to preparing sound investment projects for financing by IFIs.
Kallimopoulos, Lou- kopoulos & Chiotellis Law Firm	2005-07	<u>Components:</u> Supporting the preparation of applications for IFI funding including: Financial analysis and appraisal services; analysis of management structure and capacity; accounting and other financial services corresponding to International Accounting Standards; technical consultancy services; management consultancy services including business plans and corporate governance; environmental services.
Regional Technical Secretariat	3.0 million	Beneficiary: Gas sector in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Ukraine, Uzbekistan.
EIR Development Partners	2005-06	Main Objective: To strengthen the INOGATE Secretariat in Kyiv through the establishment of two regional offices in Tbilisi and Tashkent; to advocate institutional reforms; to improve security and safety through capacity building.
		<u>Components:</u> Establishing of regional offices in Tbilisi and Tashkent; supporting ongoing INOGATE activities and raise INOGATE awareness; improving the coordination between the INOGATE national coordinators; to identify projects for IFI funding or private investment.

#### 4.2 TRACECA

The purpose of TRACECA - <u>Transport Corridor Europe</u> – <u>Caucasus – Asia - is to build an east-west-transport corridor that links the EU with countries from the Black Sea through the Caucasus and Central Asia to the borders of China. In essence, it provides the infrastructure to revive the old silk route. The programme was launched at a conference in Brussels in May 1993 which brought together trade and transport ministers from five Central Asian republics and three Caucasian republics.</u>

#### The objectives of TRACECA are:

• To support the political and economic independence of the republics by enhancing their capacity

- to access European and World markets through alternative transport routes.
- To encourage further regional co-operation among the partner states.
- To increasingly use TRACECA as a catalyst to attract the support of International Financial Institutions (IFIs) and private investors.
- To link the TRACECA route with the Trans European Networks (TENs).

The TRACECA programme has resulted in closer cooperation and dialogue among government authorities, which



has led to agreements to keep transit fees at competitive levels, and efforts to simplify border crossing formalities. There also have been agreements to ship larger volumes of cargo along the TRACECA corridor, recognising that this route is the shortest and potentially the fastest and cheapest route from Central Asia to deep-water ports linked with the world markets.

In the past activities transport activities under TACIS

have focused on road and rail projects. The 2004 Action Programme takes steps in the field of aviation safety and maritime transport links.

With Georgia's strategic location at the centre of the Caucasus, the country has been benefited from a number of TRACECA interventions. In all Georgia has been part of 38 technical assistance exercises and 11 investment programmes.

Capacity Development for Senior Transport Officials	1.0 million	Beneficiary: Officials from Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan.
NEA Transport Research	2003-05	Main Objectives: To familiarise the management of the ministries, the railway companies, the custom authorities at the borders, the ports and in the headquarters of the involved TRACECA countries with modern documentation and declaration techniques, the transfer of cargo relevant information and modern custom clearance methods.
		<u>Components:</u> Development of customs identification procedure; the training in the field of modern practice of transit traffic in Western Europe containing as a minimum custom procedures.
Rehabilitation of Caucasian Highways	2.0 million	Beneficiary: National Road Directorates in Armenia, Azerbaijan, Georgia.
		Main Objectives: To assist the national road directorates in upgrading the Caucasian highways.
Louis Berger	2002-05	<u>Components:</u> Economic and technical studies for the remedial measures to be taken; detailed field investigations of soils, materials and pavements; surveys of structures such as bridges, culverts; traffic surveys; detailed engineering design and preparation of tender documents; assessment of environmental impact.
Freight forwarders training courses	2.0 million	Beneficiary: Freight forwarders in Armenia, Azerbaijan, Georgia, Moldova, Kazakhstan, Kygyzstan, Ukraine, Tajkistan, Uzbekistan. and Turkmenistan.
NEA Transport Research	2005-07	Main Objectives: Improving trade along the TRACECA corridor through strengthening of the freight forwarding profession in TRACE-CA countries.
		<u>Components:</u> Promotion of changes to regulations along European lines; strengthening of freight forwarders associations through capacity building; development and delivery of training for freight forwarders.



Trade facilitation institution support	2.0 million	Beneficiary: Freight forwarders in Armenia, Azerbaijan, Georgia, Kazakhstan, Kygyzstan, Tajikistan, Turkmenistan, and Uzbekistan.
Dornier Consulting		Main Objectives: Improve conditions for trade along the TRACECA transport routes.
	2004-06	<u>Components:</u> Development and follow-up to the implementation of the TRACECA visa & TRACECA freight documentation; improved communication with TRACECA corridor users; technical assistance to the activities of the TRACECA Secretariat in Baku.
Financial and administrative framework agreement between the UN and EU. Participation in the UNECE inland transport	121 000	Beneficiary: Road sector officials from the Caucasus countries.  Main Objectives: Allow Georgia, Armenia and Azerbaijan to participate in the UNECE meetings in Switzerland.  Components: Covering travel expenses.
committee.	2004-06	<u> </u>
Maritime Training	1.8 million	Beneficiary: Maritime training institutions in Ukraine, Georgia, Azerbaijan, Kazakhstan and Turkmenistan.
Hamburg Port Training Institute (HPTI)	2005-07	<u>Main Objectives:</u> To improve the maritime training and strengthening of the maritime training institutions of Azerbaijan, Georgia, Kazakhstan, Turkmenistan and Ukraine.
		Components: Analysis of needs for training;
		developing curricula; provision of full sets of materials such as conventions; training trainers; advice on capacity building in the recipient institutions.

#### 4.3 Environment

Cooperation in the environment field is based on the *Environment for Europe Process*. The *Environment for Europe Process* was initiated at an all-European Ministerial Conference held in Dobris, Czech Republic in 1991.

The result is a strategy contained in the Environmental Action Programme (EAP). It provides the framework for better, pan-European coordination between national and international efforts. The sixth edition of the EAP, which defines the environmental policy of the EC until 2012, identifies four priority areas: climate change; nature and biodiversity; environment, health and quality of life; natural resources and waste.

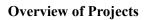
An Environmental Action Programme task force was created in 1993 in order to promote policy reform and institution building in Eastern and Central Europe countries and the US. The *Organisation for Economic Co-operation and Development (OECD)* and *Regional Environmental Centre (REC) for Central and Eastern Europe* serve as secretariat for the task force. The EC funded a Regional Environmental Centre for the Caucasus in Tbilisi, which opened its doors in 2000.

For the South Caucasian countries, the main environmental concerns are land degradation and water management. Groundwater is polluted by agriculture and mining activities.

The Georgian National Environmental Action Plan, adopted in 2000, sets out nine priorities. These are: water supply and pollution, air pollution, resource use, waste and chemicals management, land resources, protection of the Black Sea, forests and forestry, global environmental problems, and problems in the state system for environment and nature use management. A National Environmental Health Action Plan was approved in 2003.

Environmental co-operation with the EU has been developed mainly through the respective Partnership and Co-operation Agreements and relevant sub-committees. It is also an important element of the European Neighbourhood Policy.

The TACIS Regional Indicative Programme 2004-2006 highlights three priority areas in environmental field: water management; biodiversity and sustainable management of forest resources; climate change.



Cleaner production in se-	1.5 million	Beneficiary: Enterprises in Almaty, Chisinau and Tbilisi.
lected countries of CIS - Moldova, Georgia and Kazakhstan at Almaty,		Main Objectives: To reduce pollution through promoting efficient use of resources in enterprises.
Chisinau and Tbilisi  IMC ECONOMICS	2003-05	<u>Components:</u> Supporting the process of making the framework conditions more favourable for introduction of cleaner production in critical industrial sectors; increasing the capabilities of cleaner production centres; increasing the awareness of decision makers in government and industry in CIS of the economic potential of cleaner production.
Support to the CIS Re-	882 000	Beneficiary: REC.
gional Environmental	002 000	Main Objectives: Support to the REC Caucasus.
Centres (REC) for the Caucasus	2005-06	Components: To assist in solving environmental problems in the Caucasus and beyond through the promotion of cooperation at local, national and regional levels among NGOs, government, business and local communities.
TA to Armenia, Azerbai-	1.2 million	Beneficiary: Environmental stakeholders.
jan, Georgia and Moldova with respect to their Global Climate Change commitments		Main Objectives: To raise awareness of Kyoto Protocol; to develop national climate change strategies and a greenhouse forecast modelling; to build capacity for cleaner development mechanism.
Fichtner & C	2004-06	<u>Components:</u> Building capacity for hosting CDM projects in the beneficiary countries; enhancing awareness among key-policy makers, the business community and the general public on the issues related to the Kyoto protocol; developing local capacity in emission forecast modelling and assessment; assisting the beneficiary countries in developing their national climate change strategies.
EC Contribution to inter-	1.5 million	Beneficiary: Eastern Europe and Central Asia (EECA) countries.
national agreement: EAP Task Force support to the CIS environment strategy		Main Objectives: To monitor water sector legal and institutional reforms; to promote financial reform and manage their social impacts.
Organisation for Eco- nomic Co-operation and Development (OECD)	2003-06	Components: Water sector financial, legal and institutional reform by: improving environmental expenditure systems; strengthening realism and affordability of environmental financing strategies for municipal waste, sanitation and water management; improving management of public environmental expenditure; harnessing local financial and capital markets to work for the environment.
Investment facility for the	3.3 million	Beneficiary: Black Sea communities.
Black Sea: Georgia, Russia, Ukraine		Main Objectives: To contribute to the reduction of water related pollution and environmental degradation in the Black Sea.
Thales Engereening Consult	2004-06	<u>Components</u> : Focusing on projects that are in the later stages of preparation and require specific inputs to facilitate completion to the standards required by the IFIs; preparing targeted pre-feasibility and regional screening studies to identify suitable investment opportunities for IFIs.

#### 4.4 Anti-Drug Programme

The three South Caucasian countries are strategically located between Asia and Europe, thus located at the crossroad of a major smuggling route which originates in Afghanistan and leads to Europe through the South Caucasus and Central Asia. All three countries have signed the three existing drug control conventions of the United

Nations, but lack the modern technology which would enable them to prevent the transit of narcotics. In 2000, the EC inaugurated the South Caucasus Action Plan (SCAD) and since then has provided  $\in$  5.1 million in assistance as to help improve the capacities in the South Caucasus in fighting drug abuse and trafficking.

#### **Overview of Projects**

Title of Project and Implementing Body	Project Cost € Duration	Status
South Caucasus Anti Drug Programme, SCAD 4	2.2 million (incl. 10% UNDP co- financing)	Beneficiaries: Interior Ministries in Armenia, Azerbaijan and Georgia.  Main Objectives: To reduce the drug transit through the South Caucasus through supporting demand and supply reduction measures.
UNDP	2004-06	<u>Components:</u> Providing legal assistance; supporting drug control at airports, seaports and at land borders; helping police intelligence; establishing a drug abuse monitoring system; supporting the prevention at schools; NGO networking.

### 5. Common Foreign and Security Policy (CSFP) Joint Actions

In order to respond to global and regional crises and challenges, the EU decided to develop a Common Foreign Security Policy (CSFP). The CSFP was established in 1993 through the Treaty of Maastricht. CFSP Joint Ac-

tions are financed by the Community and/or by the Member States. They assist a country where there is a threat to law and order and the safety of individuals that threatens to escalate into armed conflict or destabilisation.

#### **5.1 Rapid Reaction Mechanism**

The Rapid Reaction Mechanism (RRM) is one of the instruments under the CSFP. It is important tool allowing the European Commission to respond fast and effectively to crisis situations in third countries. The RRM can mobilise funds at a very short notice for actions aimed at stabilisation of political crisis. However, the duration of operations is limited to six months.

Following the so-called "Rose Revolution" the EU decided to use the Rapid Reaction Mechanism to assist the new authorities in conducting fresh presidential elections in January 2004 and repeating parliamentary elections in March of the same year. The EU disbursed € 2 million

with the general objective to help the new authorities with legal and technical capacity as well as material and logistical means to administer elections.

On July 2, 2004, the European Commission decided to make available a further €4.65 million under its Rapid Reaction Mechanism for measures to reinforce the rule of law and democratic processes in Georgia. The funds were allocated to policy and institutional reform in four areas: (i) penitentiary and probation service reform; (ii) organisational reform of the Ministry of Justice as well as other public institutions; (iii) parliamentary and electoral reform; (iv) confidence building among population groups affected by conflict.

Title of Project and Implementing Body	Project Cost € Duration	Status
Policy Support and Ur-	600 000	Beneficiary: Ministry of Justice.
gent Capacity Building for the Ministry of Justice of Georgia		Main Objectives: To assess institutional capacities of Justice Ministry; to draw up recommendations for future strategy and action planning.
TL – Eric Minnegheer	2004-05	<u>Components:</u> Enhancing the institutional strategic and organisational capacity of the Ministry of Justice by advising on institutional reform and build capacity with respect to specific fields of high urgency; financial and budgetary management reform; human resources management reform; establishment of a civil registry under the Ministry of Justice.
Support to the Georgian Pro-	235 000	Beneficiary: Ministry of Justice.
bation Service		Main Objectives: To provide policy support in order to strengthen the institutional capacity of the probation services.
Penal Reform International	2004	<u>Components:</u> In addition to strategy development, and training for the Probation Department, this project also aims to expose the local NGO community to various types of probation projects with a view to providing information and ideas to the NGO community enabling them to design projects which could be implemented in cooperation with the Probation Service.
Technical Assistance to	196 200	Beneficiary: Parliament of Georgia.
Georgian Parliament – EU legislative screening		Main Objectives: Enhance parliamentarians' understanding of EU decision-making processes and law approximation; to enhance the oversight and law-making capacity of the Georgian parliament.
Coviconsult	2004-05	Components: Recommendations on organizational change within the Parliament to enhance the capacity of parliamentary staff as well as MPs; improved understanding of the mechanisms of EU law harmonization and of the role of the Parliament in drafting and screening legislation; improved expertise on legal drafting; improved structure of parliamentary committees; enhanced in-house research and training capacity; adequate support for MP's involvement in the governmental commission for EU integration.
Parliamentary Reform -	80 500	Beneficiary: Parliament of Georgia.
IABP Georgia Business and Parliament Model		Main Objectives: To enhance the Parliament's impact on sound and sustainable business and fiscal policy.
Parliament of Georgia International Association of Business and Parliament (IABP)	2004	<u>Components:</u> Strengthening parliament's representation and oversight capacity regarding issues of economic development; increase MP's understanding of business and economy; improve parliament's legislative expertise in economic policy.

Capacity Development of the	2.1 million	Beneficiary: Ministry of Justice.
Ministry of Justice in Georgia		Main Objectives: To rehabilitate Rustavi 6 prison; to provide capacity building for Rustavi 6 prison; to support pilot offices of Civil Registry in regions of Georgia.
UNDP	2005	<u>Components:</u> Equipment, construction works, training and capacity building activities.
UNDP: "Strengthening Ef-	500 000	Beneficiary: Parliament of Georgia.
fectiveness and Transparency of the Parliament of Georgia"		Main Objectives: To increase efficiency and effectiveness of the Parliament of Georgia.
UNDP	2005	Components: Mainstreaming and simplifying internal and law-making processes; enhancing the skills of parliamentarians and staff in modern methodology and ICT-tools; making parliamentarians and staff more effective and pro-active in all areas of responsibility of the parliament.
Latvian-Georgian Parliamen-	149 200	Beneficiary: Parliament of Georgia.
tary Co-operation  LINKS		Main Objectives: To support the Parliament of Georgia in its goal of implementing democracy and the rule of law and bringing the country closer to European standards.
2	2005	<u>Components:</u> Establishing an exchange of experience and relations between Georgian Parliament's European Integration Committee and its counterpart in the Saiema of Latvia through study visits and peer mentoring.

#### **5.2 Other CSFP Actions**

The EU has been assisting Georgia with respect to the conflict in South Ossetia where it helped with establishing a Georgian-Ossetian police force. It also continues to support the Joint Control Commission, which serves as a negotiation body with Georgian, Russian, South Ossetian and North Ossetian representatives. The OSCE is here the implementing partner. Under the CSFP, implemented by the Council, the EU supports the three actions listed below:

# Special Representatives for the South Caucasus (EUSR)

In order to assist the Council in developing a comprehensive policy towards the South Caucasus and help conflict resolution in the region, the EU appointed a **Special Representative** for the South Caucasus in July 2003. H.E. Heikki Talvitie from Finland was the first one to be appointed to this position. In his function of a Special Representative, Ambassador Talvitie supported the work of the High Representative Javier Solana in the region.

After the "Rose Revolution" in November 2003, Talvitie

gave special attention to Georgia and met regularly with the new Georgian leadership as well as representatives from Armenia, Azerbaijan, Russia, Turkey and the US. He assisted in the efforts to find a peaceful solution in the situation in Adjara and held regular talks with the separatist leaders in Abkhazia and South Ossetia. In February 2006, Talvitie retired from the post and was replaced by Peter Semneby from Sweden.

### EUJUST THEMIS - The Rule of Law Mission

In the area of Rule of Law, Georgia faces major and urgent challenges in the whole chain of Rule of Law ranging from the courts, through the procuracy, to the penitentiary system. The Georgian government has identified the reform of judiciary as one of its priorities and thus requested assistance from the EU in outlining a more thorough strategy. In response, the **EUJUST THEMIS** was the first Rule of Law Mission ever launched by the EU in the context of the European Security and Defence Policy (ESDP). As such it was a significant step forward in the development of the civilian strand of ESDP.

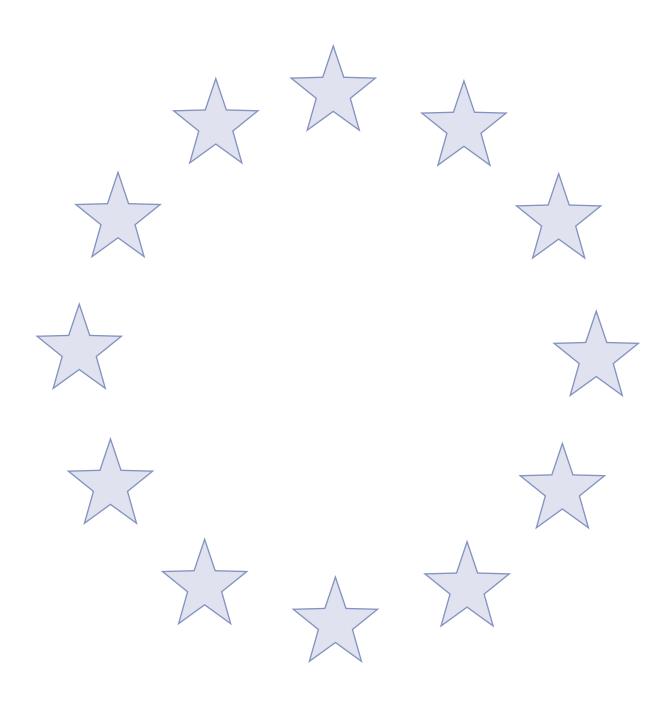


The EUJUST THEMIS team - consisting of 12 experts from Western and Eastern Europe - together with 12 Georgian colleagues started working in July 2004 and completed its mission a year later. The Mission assisted the Georgian government in developing a co-ordinated overall approach to the reform process.

The final strategy, a 28-page document which outlines the procedures starting from investigation of a crime to sending the perpetrator to jail, was approved by the Georgian President. A Steering group was established which developed an implementation plan. The strategy is reflected in the ENP Action Plan and its implementation has been declared a top priority by the Georgian government.

#### South Caucasus Border Support Team Mission

In order to help Georgia with a long-term perspective regarding the security of its borders, the European Union initiated the Border Support Team (BST). It started operating in September 2005 under the European Union Special Representative (EUSR) for the South Caucasus and consists of 14 people, 9 international and 5 Georgian experts. The BST is working closely with the Georgian government to reform the system of border security both at a strategic and operational level. On a strategic level BST has been assisting the preparation of a comprehensive single state strategy and an implementation plan for reforming the Georgian border protection system. On an operational level the BST focuses on helping to elaborate operational procedures for the Georgian border guards.



## Part IV - EU Member States Development Cooperation

#### Cooperation Activities of the European Union Member States in Georgia

The European Union assistance to Georgia channelled through the Commission is financed from the EU budget that is approved by the Council of the European Union and the European Parliament. Each Member State contributes to this budget. However, member states also conduct their own bilateral development programmes financed from their own national budgets. In Georgia there are projects financed by the Member States of the EU as well as those that are financed and managed by the European Commission.

Mechanisms exist to ensure coordination between the programmes managed by the European Commission and those directly managed by the Member States in Georgia. Member States are consulted in the forum of the Tacis Committee that is chaired by the European Commission and meets regularly in Brussels. Each Member State has a representative on this committee and their role is to ex-

amine and vote on programmes and projects proposed by the European Commission. In this way, each Member State can compare European Commission's programme proposals with their own development initiatives. This process enables potential duplication or redundancy to be identified at an early stage. A second consultation and coordination mechanism exists within Georgia itself. Regular meetings are held between the Delegation of the European Commission to Georgia and the embassies of the Member States. The meetings allow a forum for an exchange of information and views and reviews of ongoing assistance projects. This annual report is a further concrete product of this coordination process.

The following sections provide more details of the projects financed directly by the EU Member States that have diplomatic representation in Georgia. Many of them carry out and manage development assistance projects in Georgia.

### **Austria**

#### **General Framework**

#### Know-How-Transfer-Centre:

The Austrian Development Agency (ADC), through the Austrian Association of Cities and Towns, i.e. its Know How Transfer Centre (KHTC), can provide funding for study visits and alike, supporting contacts and the exchange of know-how in various fields of public administration. The programme focuses on cooperation at the municipal level and acts upon request of public Austrian institutions.

#### NGO-Co-Financing:

ADC supports civil society activities and partnerships between Austrian and local NGOs through a specific co-financing scheme. Proposals are to be submitted by Austrian NGOs in the framework of a Call for Proposals, taking place twice a year. Currently, the thematic focus of this programme is on conflict prevention and reconciliation, human rights education, combatting trafficking in human beings and HIV/Aids.

#### **Development and Business Partnerships:**

Acknowledging the importance of private sector activities for economic development in general, and its potential social value added in particular, the Austrian Development Cooperation (ADC) provides assistance to private companies engaged in developing and transition countries.

In order to be eligible, a project must fulfill the following criteria: bring a benefit to the local population which extends beyond the corporate core business; be in line with development policy goals and quality criteria; adhere to national laws and international environmental and social standards; avoid unfair competition; be substantially financed by the partners concerned.

Within the "Development Partnership Programme" ADC supports joint projects with companies through public-private cooperation. Joining forces will help the partners reach their goals more quickly and effectively at less cost. Thus, companies can succeed under difficult cir-



cumstances and the situation of the population will be improved.

Within the "Business Partnership Programme" ADC supports cooperation between companies in Europe and developing or transition countries, i. e. business-to-business linkages. For instance, it encourages joint ventures, outsourcing, supply contracts, know-how transfer, joint marketing, management contracts and franchising agreements, which benefit local enterprises and communities. Within both programs, ADC supports enterprises with financial support for development-related projects; advice and experts; project monitoring.

Title of Project and Implementing body	Project Cost € Duration	Status
Alternative civilian service	€ 200 000	Beneficiary: Environment Ministry.
Austrian Development Agen- cy/Federal Environment		Main Objectives: To help to establish an alternative civilian service and to strengthen civil society in Georgia.
Agency	2005-06	Components:
Ministry for Environment/ Georgia		Lobbying with help of international NGOs to assure that institutionalization of an alternative civilian service is achieved; consulting the Georgian Ministry of Environment.
Terrorism Prevention	€ 150 000	Beneficiary: Justice Ministry.
Branch		Main Objectives: To implement legislative structures and international recognized instruments in order to fight terrorism.
United Nations Office on Drugs and Crime	2005-06	<u>Components:</u> Assisting Georgia in creating legislative structure in order to fight against terrorism.
Children, our Future	€ 45 000	Beneficiary: Community of Dusheti.
Austrian Development Agen-		Main Objectives: To provide basic health care.
cy/Federal Environmental Agency)	2005-06	Components: Constructing a Health Care Centre.
Gas Security	€ 27 000	Beneficiary: Tbilisi Gas.
Wiener Stadtwerke/Tbilisi Gaz		Main Objectives: To assist Tbilisi Gas in order to improve the security of gas deliveries of the distribution systems of Tbilisi.
	2005	<u>Components:</u> Providing transfer of know-how through the exchange of experts and organized visits of Georgian delegations to Vienna as well as seminars.
Communal Services	€ 14 500	Beneficiary: Tbilisi City.
City of Wels	2005	Main Objectives: To provide assistance in the field of marketing, tourism, commercial control over parking space, economy in the public administration.
	2005	<u>Components:</u> Organizing a series of workshops in order to accomplish a transfer of know- how in the above mentioned fields.

### **Czech Republic**

#### **General Framework**

In the framework of the foreign development assistance system of the Czech Republic Georgia is included in the category of non-priority countries. Nevertheless, for several years now the Czech Republic has been providing Georgia with development assistance.

Up to now, the Czech assistance program for Georgia has focused on removing illegal migration - the implementation of the first project started in 2003. The projects concentrate mainly on stabilizing the living conditions of Georgian inhabitants in order to reduce the number of illegal migrants to the Czech Republic. The total sum provided for these projects is € 928 155.

In 2005 the Czech Republic allocated € 69 000 in support of recovery operations following devastating floods and landslide in Western Georgia in April. It also dispersed € 20 000 to aid a boarding school in Mestia in Svaneti region.

#### **Upcoming actions**

At present, the assessment of several development project proposals submitted by Georgian partners for the year 2007 is taking place in the Czech Republic. The project proposals are aimed at poverty reduction in different parts of Georgia, particularly in the agricultural sphere.

Title of the Project and Implementing Body	Project Cost € Duration	Status
Stabilizing the situation of Georgian inhabitants	€ 371 155	Beneficiary: Tbilisi and Javakheti communities.  Main objectives: To stabilize the life situation of young
Czech Catholic Charity	2005-07	people and families.  Components: Providing retraining and skill courses and support to small entrepreneurship, help creating small manufactures and thus support development of a village community.
Prevention of illegal migration from Georgia to The Czech Republic, support of infrastructure and development in a selected region of Georgia affected by a recession due to ethnic, political and economic circumstances	€ 419 000 2005-07	Main objective: To reduce illegal migration to the CR/EU by means of stabilization and development of living conditions.  Components: Supporting healthcare and educational infrastructure, employment, re-training courses, new small economic activities.
People in Need		
Reintegration of unsuccessful asy- lum seekers and illegal migrants	€ 138 000	Beneficiary: Interior Ministry.
who voluntarily return to Georgia  – prevention of repeated illegal mi-		Main objective: To help create a basis for migration and for an asylum infrastructure in Georgia.
gration and stabilization of potential migrants	2003-05	Components: Helping target group to find employment, providing re-training courses, supporting small entrepreneurs, conducting an information campaign; promoting the
International Organization for Migration		project in Georgian state institutions, with employers and agencies, etc.

### **Denmark**

#### General Framework and Past Danish Support to Georgia/Caucasus

The Danish Neighbourhood Programme in the Caucasus 2005 – 2007 is concentrated on two population groups in the Caucasus, displaced people (refugees and internally displaced) and national minorities as these two population segments hold the key to a more stable and democratic development in the region. Therefore, the current Programme Document is prepared by the Danish Ministry of Foreign Affairs, the Neighbourhood Programme Department (NAB), in collaboration the Danish Refugee Council (DRC) and the European Centre for Minority Issues (ECMI), the latter two organisations having global work experience with the two target groups.

The Danish Refugee Council, being the lead organisation of the current programme, has been present in the Caucasus region since 1996 responding to displacement problems emerging from the conflicts and civil strife following the dissolution of the former Soviet Union, the civil wars in Georgia (Abkhazia and South Ossetia), the conflict between Armenia and Azerbaijan over Nagorny-Karabakh, the conflict between North Ossetia and Ingushetia and the conflict between Russia and Chechnya.

Financed by DANIDA, DRC launched a social and economic rehabilitation program in Azerbaijan in 1996 and, a year later, a similar program was established in the Northern Caucasus focussing on refugees from the first Chechen war. In 1999, a social and economic rehabilitation program was established in Georgia and in 2000, under which DRC took up the facilitation of a Caucasus regional networking initiative of NGOs with the aim of strengthening their capacity for cross boundary collaboration. By the turn of the year 2004 with NAB funding, DRC started a (re)integration programme in Armenia targeting returnees from the region and third countries. Today the programmes in Georgia and Azerbaijan are merged into one programme and the operation in the Northern Caucasus has developed into a humanitarian assistance programme serving some 250 000 – 400 000 people affected by the conflict in Chechnya.

The European Centre for Minority Issues began its programme in the Caucasus in 2003, moving forward with a strategy for the period 2005 – 2007. ECMI has developed an integrated strategy that fully encompasses issues of integration and minority rights. This strategy encompasses the economic, political and social realms ECMI's activities in the Caucasus are funded by the foreign ministries of Denmark, Norway and Germany.

During September/ October 2004 the Danish Neighbourhood Programme performed a field mission to the Caucasus with the purpose of establishing the basis for deciding on priorities and strategic directions of the present programme.

The NAB mission recommended that the programming will take the existing project activities as well as experiences in programme implementation as the basis for developing a focussed, coherent and integrated programme within the overall sphere of stabilisation and reintegration.

#### **Implementation Background**

The programme will strive to achieve the objectives by building the capacity of government structures and civil society partners for i) responding to the needs of the target group on the basis of accountability and good governance, and to ii) interact across the lines of demarcation (de facto and de jure boundaries) in the region.

The programme is built upon the long-standing local partnerships of DRC and ECMI. The regional and local interventions, described below, embrace process-oriented collaboration with local organisations, coalitions and state structures.

On the regional level, the programme will render support to CRINGO (Caucasus Refugee and IDP (Internal Displaced People) NGO Network). CRINGO consist of 60 plus refugee and IDP assisting organisations, which strives to promote refugee and IDP rights and possibilities via joint advocacy and lobby activities, dialogue and concrete interventions.

In Armenia, Georgia and Azerbaijan, the programme will be launched by a refugee law gap analysis seeking to accumulate accurate knowledge of the compliance of



national legislation and implementation to international refugee conventions and protocols. The analysis will take place in co-operation with UNHCR and local governments with a view to identifying and prioritising issues, barriers and subsequent solutions to the integration of refugees, IDP and migrants.

As response to the above-mentioned exercise, grants mechanisms will be established targeting identified areas, aiming at supporting more concrete opportunities for integration/reintegration of refugees, IDPs and migrants. The grants can be implemented by NGOs or by government institutions that are capable of jointly seeking solutions despite demarcation lines (geographical and political).

The Danish programme will moreover support the facilitation of processes in all three South Caucasian countries leading to consolidated approaches to sustainable (re)integration embracing two prioritised issues i) refugee reintegration ii) migration prevention. In Georgia, ECMI will seek to engage two fringe regions densely populated with Armenia and Azeri minorities in the political dialogues with local and central Georgian authorities.

#### **Budget 2005**

- 1) Danish Neighbourhood Programme in the Caucasus 2005 - 2007: in 2005, total disbursement for the Programme amounted to DKK 3.5 million (€ 470 000). No additional money has of yet been disbursed in 2006, but a three-months bridging phase for ECMI will be approved in March 2006.
- 2) Other interventions in 2005 for civil society: disbursements were DKK 1.0 million (€ 130 000). No disbursements as of yet in 2006.

#### **Upcoming Actions**

NAB carried out a fact-finding mission to the Caucasus in April/May 2006. The aim was to prepare for a larger upcoming Programme for the region from 2008 onwards. Areas of intervention could be: 1) Public sector reform and decentralisation; 2) Civil Society; 3) Private sector Development.

### **Estonia**

#### **General Framework**

The below projects have been carried out with the support of means allocated for development co-operation within the Foreign Ministry's budget. In 2005, the Foreign Ministry allocated around  $\in$  83 000, representing 34% of the Foreign Ministry's resources for bilateral development aid, to Georgia. In 2004, the allocated amount was  $\in$  67 000 representing 26% of the Foreign Ministry's resources for bilateral development aid.

The project focus is on training and Georgians' exposure to the Estonian experience of development since its independence, especially in the area of IT and e-governance. With reference to the Estonian Tiger Leap programme, Georgian officials were introduced to this programme's application in different internet based educational programmes with a view to the development of education and information society in Georgia. On a broader field, Georgian officials have been introduced to the computerisation in Estonia.

Various training courses have been carried out in Estonia for a number of Georgian officials from the ministries of Education, Foreign Affairs, Finance, Environment and Interior as well as a few officials from other ministries.

Title of Project and Implementing body	Project Cost € Duration	Status
Training of law enforcement of- ficers of Georgia, I phase  Estonian Public Service Acade- my in co-operation with Finnish Interior Ministry and UNOMIG  Co-financed by the Ministry for Foreign Affairs of Finland	€ 61 320 2005-06	Beneficiary: Local law enforcement agencies, Georgian Police Academy, Ministry of Internal Affairs of Georgia.  Main Objectives: To support the development of a democratic police organisation, including a training system for police officers. To improve public order and general security conditions in the Georgian-Abkhaz zone of conflict.  Components: Strengthening capacities of local law enforcement officers. Specifically organizing a training course for instructors of the Georgian Police Academy and for civilian police officers from the Georgian-Abkhaz zone of conflict at the Estonian Public Service Academy.
Study tour of the officials of the Georgian Parliament to the Riigikogu	€ 15 290	Beneficiary: Georgian Parliament.  Main Objectives: To contribute to the development of law making and democratic institutions in Georgia.
Chancellery of the Estonian Par- liament Riigikogu	2005	<u>Components:</u> Introducing practical work of the Riigikogu to officials from the Georgian Parliament. Organizing week-long study programmes to Estonia and Sweden.
Allocating of scholarships to	€ 12 970	Beneficiary: Georgian Ministry of Foreign Affairs.
young Georgian diplomats  Estonian School of Diplomacy		Main Objectives To support the studies of young Georgian diplomats in Estonia in the field of international relations and European integration.
	2005-06	<u>Components:</u> Providing a scholarship for a one-year-study at the Estonian School of Diplomacy.



EU training for Georgian civil servants	€ 22 180	Beneficiary: Office of the State Minister for European Integration, line ministries, National Bank, Parliament.
Estonian School of Diplomacy in co-operation with the team		Main Objectives: To support Georgia's increasing integration with the European Union.
of the EU TACIS funded project Support to PCA Implementation Process in Georgia	2005	Components: Conducting a one-week training course on the European Union in Estonia for Georgian civil servants. The course was carried out by the ESD, the University of Tartu, the Estonian Foreign Ministry and State Chancellery.
Dear Leap	€ 68 000	Beneficiary: Georgian Ministry of Education and Science.
e-Governance Academy Foundation in cooperation with Esto-		Main Objectives: To support the development of education and information society in Georgia.
nian Tiger Leap Foundation, Estonian Ministry of Education and Research, Tallinn University: Educational Technology Centre, Georgian Ministry of Education and Science and Regional Development Agency of Georgia.	2005	Components: Developing a programme of computerisation of Georgian schools for the Georgian Ministry of Education and Science, using the experience of a similar and successful project called Tiger Leap. Organising a conference where Estonian teachers trained their Georgian colleagues.
Training in VET for Georgian	€ 22 570	Beneficiary: Georgian Ministry of Education and Science.
vocational school leaders and specialists  SOS- Kinderdorf International		Main objectives: To acquaint the participants with the Estonian experience in organising and developing vocational education to help them contribute to modernising Georgia's system of vocational education.
Coordination Centre in cooperation with the Estonian Ministry of Education and Research along with four Estonian vocational training institutions	2005	Components: Organising a study visit to Estonia for the leaders and specialists of Georgian vocational schools and the Georgian Ministry of Education and Science.
Presenting the experiences of	€ 7 980	Beneficiary: Women NGOs Coalition of Georgia.
Estonian reforms to the public sector of Georgia and Georgian NGOs		Main objectives: To contribute to the raising of general entre- preneurial awareness, to promote civil initiative and participa- tion in democracy by sharing Estonia's experience in reform- ing these fields.
Women's Training Centre in Estonia	2004-05	<u>Components:</u> Conducting a brief training programme and a round table for representatives of Georgian NGOs and the public sector of Georgia.

### **Finland**

#### **General Framework**

Finland established diplomatic relations with independent Georgia in 1992. Since 2001 Finland has had a roving Ambassador to South Caucasus, including Georgia. The MFA of Finland and its Unit of Eastern Europe and Central Asia distributes assistance to the region. Ambassador of Finland to Georgia has considerable role in allocation of the so called "Fund for Local Cooperation". That money has been growing in recent years. Finland prefers assistance to be continuous and successful. Finland is committed to give assistance to Georgia at least until 2010. The biggest part of the assistance is channelled through

different international organizations and other multilateral donors like the UN and the OSCE. Finland intends to increase amount of regional projects.

Currently Finland is prioritizing projects especially in:

- Conflict prevention and conflict resolution.
- Development of rule of law.
- Gender issues.
- Freedom of media.
- Environment.

#### **Upcoming Actions**

In the future, Finland's assistance will be given even more in the framework of the EU and the OSCE for civilian crisis management. Finland aims at improving the stability in the region and further integration of the countries to the international community. Finland will have an active

role in the upcoming years due to the EU and the OSCE Presidencies of Finland. Development and implementation of the EU Neighbourhood Policy are the challenges of the future.

Title of Project and Implementing body	Project Cost €	Status
Recycling and destruction of stockpiles of ammunition and bombs on former military bases in Georgia - 3 <sup>rd</sup> stage	€ 400 000	Beneficiary: Environment Ministry.  Main Objectives; To destruct bombs and ammunition. Continuation of stages 1 and 2 of the previous projects.  Components: Purchasing and installing a TNT smelting device recycle various warheads and ammunition, as well as developing and testing equipment in order to ensure the implementation of
OSCE	2004-05	the utilization process.
Contribution for the Women for Conflict prevention and Peace Building in Southern Caucasus	€ 600 000	Beneficiary: Women in Georgia, Armenia and Azerbaijan.  Main Objectives: To encourage and enable the development of a transformative peace agenda for the Southern Caucasus.  Components: A large number of groups are involved; therefore the activities are outlined by clusters with which the items are be-
UNIFEM	2003-05	ing dealt with.



Georgia regional media de-	€ 420 000	Beneficiary: Georgia media.
velopment & public accountability project		Main Objectives: To strengthen print media in Georgia with emphasis on the regions; to increase independent, public interest in journalism.
Institute for War & Peace Reporting (IWPR)	2003-05	<u>Components:</u> Establishing a baseline understanding of the position of regional media through research and reporting, training workshops and seminars, media monitoring and evaluation, print and electronic publication, including within local media.
The Georgian Police Train-	€ 43 000	Beneficiary: Interior Ministry.
ing in Estonia		Main Objectives: For every Georgian participant to acquire competences in everyday work in supervising patrols in the crisis area, interpret the contents of democratic police work and tactical approaches, organize training events.
Public Service Academy of Estonia and Ministry of Inte- rior of Finland	2005-06	<u>Components:</u> Conducting courses in police tactics for police leaders from Georgia underlining principles of modern police work, patrol tactics, basics of criminal law and criminal law procedure law etc.
A Regional Seminar Åland	€ 25 000	Beneficiary: Stakeholders in conflict solutions.
Peace Model in the South Caucasus		Main Objectives: To create a workable model of peace tailored to the realities and needs of the region.
The Peace Institute Marie- hamn Åland Finland	2005	Components: Bringing together leading stakeholders from Armenia, Azerbaijan and Georgia; creating working groups to analyze peace model and modify it to fit local needs and educate on the principles of the Åland Peace Model through publications, a documentary, roundtables and other activities.
Regional cooperation EEC-	€ 24 230	Beneficiary: EECCA.
CA/a workshop in Georgia "Capacity for Water Cooperation"		Main Objectives: To strengthen capacity of trans-boundary water management in EECCA.
UNECE and Finnish Envi- ronment Institute	2005	<u>Components:</u> Conducting a work-ship, documenting important principles, successful approaches and case studies in EECCA, as well as a promoting a publication of conclusions and selected material from the workshop.
School rehabilitation	€ 60 000	Beneficiary: Communities in Gali.
projects	C 00 000	Main Objectives: To complete renovation of the schools in Pirveli Gali and Medani Districts.
UNOMIG	2005	Components: Construction works.

# **European Commission**

Raising political awareness	€ 29 527	Beneficiary: Civil society.
among the youth in the regions of Georgia		Main Objectives: To increase the level of civic education and political awareness of the Georgian society among the younger generation in the regions of Georgia.
Georgian Foundation for Strategic and International Studies (GFSIS)	2005-06	<u>Components:</u> Printing an issue-based handbook and distribute it; creating a forum for discussion on the web-site.
Increased Participation of Women in Democratic Proc-	€ 90 000	Beneficiary: Women's NGO's in Azerbaijan, Georgia and Kyrgyzstan.
esses in Azerbaijan, Georgia and Kyrgyzstan		Main Objectives: To increase participation of women in demo- cratic processes and advancing the role of women at all levels of decision making.
OSCE/ODIHR	2005-06	Components: Helping the coalition of women's NGOs raising awareness on gender equality.
Environmental monitoring	€ 30 800	Beneficiary: Environment Ministry.
system		Main Objectives: To conduct a fact- finding-mission in order to
Finnish Environment Insti- tute	2005	analyze the present situation of the environmental monitoring in Georgia.
EBRD/ETC -fund	€ 500 000	Participation of Finland in the multi-donor fund for early transi-
	2005-06	tion countries which partly benefits also Georgia.

### France

#### General Framework

#### I. Bilateral cooperation based on 4 priorities and on partnership

France's cooperation and diverse cultural activities have benefited from the favourable image that has been created in Georgia and from the cultural platform that has been set by the Dumas Cultural Centre (CCF), as well as from the significant heritage represented by the French language and cultural studies. The French-Georgian bilateral cooperation is focused on 4 priorities:

- 1. Training of the elite in the French language entails strengthening of French language and culture studies (Francophonie) by:
  - a) Setting up of a French school (Lycee) to serve as a model for education and pedagogy is underway. This school shall be complementary to the existing French-language educational establishments
  - b) Creation of a specific partnership regarding privileged access to regional universities (Nantes, Caen, Lyon) and increase of the number of scholarships for the ever-growing number of good Georgian students in France.
  - c) Developing of three French language faculties/ courses, with the active support of partner universities in France and a systematic recourse to the Community programmes.
- 2. Support to the European Union-led activities in Georgia through assistance to the development of the Neighbourhood Policy Action Plan:
  - A specialised French consultant has been commissioned to work in the office of the Prime Minister of Georgia since January 2006.
- 3. Support to the modernisation of the State of Georgia in six selected areas:
  - a) Education: Assistance in teaching French (new programmes, new manuals, initial and ongoing training of teachers) jointly with the Ministry of Education and in partnership with the University of Nantes (IUFM). In addition, two areas of research have been identified: medicine, in partner-

- ship with the University of Aix in Marseille, and archaeology, in partnership with the Museum of Natural History.
- b) Administrative cooperation: Training at the School of National Administration (ENA) for Georgian diplomats.
- Provision of equipment to the Georgian administrative bodies (State Minister for Conflict Resolution, Ministry of Foreign Affairs and Ministry of Justice).
- d) Training of journalists in partnership with the Georgian Institute of Public Affairs GIPA and Canal France International (CFI).
- e) French broadcasts on the Georgian TV: Canal France International (CFI) and ARTE on two public channels (44 hours a month). Also, CFI has been on private channel Mze since November 2005.
- f) Policing.
- Diversification of French-Georgian cultural cooperation through:
  - Pursuing cultural cooperation in the areas of music and the fine arts, in partnership with the Conservatory, the Opera and museums in Tbilisi and in the regions.
  - b) The establishment of a new domain in 2006: song writing and performance.
  - c) Developing our cinematographical cooperation by promoting French films in Tbilisi and in the regions and by setting up classes ("Atelier Varan" for documentary makers in the South Caucasus).
  - d) Strengthening the partnership between the Dumas Cultural Centre (CCF), the National Museum and the National Library, by developing scientific themes and support for the distribution of French books, together with the Ministry of Culture of France.



#### II. Dynamic decentralised cooperation complementing main actions/financing

1. Department of Yonne and region of Kakheti diversified cooperation:

The regional council of Yonne provides support to various development projects in the Kakheti region, as well as in Tbilisi, consisting of: renovation of the viticulture network of Signaghi, financing of French educational projects (interns, FLE, manuals, theatre festivals etc.), reconstruction of hospital in Telavi and financing of a French-language course in Informatics at the Technical University, with an annual budget of 50 000 euros.

Major projects for 2006 are the setting up of a diagnostic centre in Gurjaani and genetic improvement of cattle (through importing and breeding of the "Charloise" cow and training of vets).

2. Nantes and Tbilisi – from education to technical assistance:

The city of Nantes has been twinning with Tbilisi for the past 25 years. With the change of the Georgian government and the executives of the Mayor's office, the cooperation between these two cities has entered a new phase. The main fields of cooperation during 2005-2007 are potable water management training, health awareness training and setting up of a local democracy office in Tbilisi. The municipality also takes responsibility for educational projects

(training of primary school teachers at the University of Nantes, admission of applicants, missions of the Freinet group).

3. Urban community of Lyon and Kutaisi – assistance in municipal infrastructure:

The Urban Community of Lyon has elaborated a cooperation project with the city of Kutaisi in the fields of water and road infrastructure. The Urban Community will support projects in Kutaisi with a view to making them eligible for international funding; engineers from Lyon will visit Kutaisi and students from Kutaisi will travel to Lyon for an internship. Water and road infrastructure remain priorities for this cooperation. In December 2005 a mission from GDF was in Georgia to assess the city's needs as regards gas infrastructure and the training of personnel.

4. Eure Chamber of Agriculture and Kvemo Kartli - agriculture:

The Eure Chamber of Agriculture studies the possibilities of cooperation and technical assistance, which is aimed at the development of the dairy network in the region of Dmanisi, supported by a pilot dairy farm where all the knowledge and experience of partners can be pooled (genetics, animal nutrition, training and development of breeders).

### Germany

#### **General Framework**

Germany was the first country to establish diplomatic relations with independent Georgia in 1992. The German Federal Government soon after commenced its bilateral cooperation programme with Georgia. The German assistance programme currently focuses on the following fields:

- Decentralization, democratisation and municipal development.
- Economic reforms / development of a market economy.

Energy sector.

Complementing its 2001 bi-lateral programmes Germany has started its (Southern) Caucasus initiative, which aims to foster regional cooperation between the three Caucasus republics. This aim is achieved through creating trans-boundary synergies between the ongoing projects and the regional design of new initiatives.

In addition to the above-mentioned development assistance activities the German embassy has a fund for small ad-hoc measures in the humanitarian field as well as rural infrastructure

#### Implementation background

Georgia is the only country in the Caucasus and Central Asia that is a major partner for German development cooperation. Since Georgian independence in 1992 Germany has made in excess of € 240 million available for development cooperation and is a major bi-lateral donor. Further, Germany also participates in actions of other multilateral donors such as the World Bank, International Monetary Fund, the European Union and the European Bank for Reconstruction and Development.

#### Technical assistance

Germany renders technical assistance to Georgia mainly through the "Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH". Technical assistance consists of advisory services, training and the limited supply of equipment in this context. Although the projects are based on an overall calculation, the Federal Government's commitment is in kind, not in money.

Further, the "Centrum für Internationale Migration und Entwicklung" (CIM) supplies experts to support Georgia's development. In 2005 CIM had seconded 5 experts in Georgia.

The legal bases for bilateral technical assistance project are set in the Framework Agreement on Technical Cooperation concluded in 1998, as well as annual or bi-annual agreements on technical cooperation.

Following are some activities within the a.m. main sectors of cooperation in 2005:

#### Democratisation:

- Support to the reform of the legal and justice system with an emphasis on civil and economic law.
- Land management: Establishment of a land registration system as a precondition for a real estate market and legal property.
- Support to the Chamber of Control.
- Support to municipal development.

#### Support to economic development:

- Private sector development supporting state and private institutions providing services to entrepreneurs.
- Establishment of a wine quality system in Georgia.
- Increase in value added in agricultural sector enhance food quality and safety.
- Supporting agricultural education.

#### Special purposes:

- Advisory services to the National Tuberculosis Programme.
- Support to the Seismological Institute.
- Supporting food security, regional cooperation and stability.



#### **Financial Cooperation**

Germany started rendering financial assistance through KfW Entwicklungsbank in 1993. KfW offers long-term loans at highly concessionary (IDA) rates as well as grants. KfW's investments are usually accompanied by project-related training and consultancy measures. More than € 200 million of financial cooperation funds have been committed up to now.

Examples of ongoing Financial Cooperation projects include:

Support to economic development:

- Cadastre and land management.
- Microfinance Bank of Georgia, now ProCredit Bank.
- Guarantee Fund for SME lending in favour of local commercial banks.

#### Decentralisation:

- Borjomi Kharagauli National Park.
- Municipal infrastructure investments in the Borjomi-Kharagauli Region through the Municipal Development Fund (schools, roads etc.).
- Feasibility study for rehabilitation of water supply in Batumi.
- Technical assistance for reforming the water sector in Adjara.

#### Energy:

- Promotion of small hydropower plants.
- Rehabilitation of major bottlenecks in the electricity transmission network (e.g. Alaverdi substation), co-financing of international management contract for the state transmission company.
- Installation of electricity meters in the service area of the United Distribution Company (UDC).
- Team of experts supporting debt restructuring in the electricity sector.

Studies and Experts' funds complement GTZ as well as KfW projects through the facilitation of short-term expertise.

#### **Upcoming actions**

In the area of Financial Cooperation a major investment project for the rehabilitation of water and sewerage facilities in Batumi will start to be implemented in 2006. Municipal infrastructure is also expected to be the main focal area for fresh financial commitments to be made at the intergovernmental negotiations planned for 2006.

Negotiations on the cooperation portfolio as to funding out of the budget 2006/2007 will take place either in May or late summer 2006.

Title of Project and Implementing body	Project Cost € / Financing Terms  Duration	Status
Introduction of cadastre and land registry I	€ 15. 3 million loan	Beneficiary: National Agency for the Public Registry (NAPR).
KfW	+ € 1.4 million grant 1998-06	Main Objectives: To support the private sector and a viable market economy through functioning land registry.
Introduction of cadastre and land registry II + Soil Atlas	€ 4.0 million loan	Beneficiary: National Agency for the Public Registry (NAPR).
KfW	+ € 4.0 million grant 2003-06	Main Objectives: To support the private sector and a viable market economy through functioning land registry.



Credit Guarantee Fund	€ 6.1 million loan + € 500 000 grant	Beneficiary: Government local commercial banks.  Main Objectives: To provide access for local banks to international capital markets; provision of small loans.
KfW	2004-06	
Support to Retail Banking Business in Georgia (and Azerbaijan)	€ 2.0 million grant 2002-06	Beneficiary: Local commercial banks.  Main Objectives: To lend organizational advice, to help with product development and assist in improving cross border cooperation.
Private Sector Development	€ 1.8 million	Beneficiary: Ministry for Economic Development.
Gesellschaft für technische Zusammenarbeit (GTZ)	direct services	Main Objectives: To support state and private institutions in providing services to entrepreneurs.
Development of a Wine	€ 2.9 million	Beneficiary: Ministry of Agriculture and private wineries.
Quality System  GTZ/AFC-IAK	direct services	Main Objectives: Establishment of an EU conform wine quality assurance system and a wine quality laboratory.
Land Management	€ 1.4 million direct services	Beneficiary: Ministry of Justice, National Agency for Public Registry.  Main Objectives: To secure a regulated real estate market and
GTZ	2000-06	improve land management.
Enhance Food Quality and Safety	€ 1.2 million direct services	Beneficiary: Ministry of Agriculture.  Main Objectives: To help develop an adequate strategy for the sustainable provision of services to commercially oriented
GTZ	2004-06	farmers, to improve quality and safety of food.
		Energy
Rehabilitation Programme Electricity Transmission II/	€ 12.8 million loan	Beneficiary: Government/ Electricity Transmission Company GSE.
Electricity Market Support Programme  KfW	2001-06	Main Objectives: To support management contract for transmission company GSE (co-financing with World Bank), rehabilitation of Zestafoni substation.
Alaverdi transmission line	€ 10.0 million loan	Beneficiary: Government Electricity Transmission Company GSE.
KfW	2005-08	Main Objectives: To rehabilitate 220 KV electricity transmission line from Armenia.
Electricity Transmission III (Sector Programme)	€ 8.3 million loan	Beneficiary: Government/ Transmission Company GSE.  Main Objectives: To continue with the GSE management
KfW	2005-08	contract, to carry out critical maintenance works and substation rehabilitation.
Promotion of Renewable Energy	€ 5.1 million grant	Beneficiary: Government commercial local banks.  Main Objectives: To revelve funds for gradit lines to private
KfW	2005-08	Main Objectives: To revolve funds for credit lines to private small hydro power plants.

# **European Commission**

Power Distribution I	€ 25.0 million loan	Beneficiary: Government United Distribution Company UDC.		
KfW	2005-07	Main Objectives: To install electricity meters in the regions outside Tbilisi and thereby achieve a sustainable increase in collections.		
Debt Management Agency	€ 3.3 million	Beneficiary: Government.		
	grant	Main Objectives: To support private and governmental elec-		
KfW	2004-06	tricity companies in restructuring legacy debt.		
Democracy, civil society and public administration				
Support to the Legal and Jus-	€ 2. million	Beneficiary: Ministry of Justice.		
tice System	direct services	Main Objectives: To support the application and implementation of private, commercial and administrative law in order to increase the investment climate for commercial actors in		
GTZ	2004-06	Georgia.		
Support to the Development of Municipal Infrastructure	€ 2.2 million direct services	Beneficiary: Communities around Borjomi Kharagauli National Park.		
around Borjomi/Kharagauli National Park	direct services	Main Objectives: To support the setting-up of the institutional		
GTZ	2001-06	basis and a legal framework concerning municipal infrastructure on regional level.		
Support to the Georgian	€ 1.8 million	Beneficiary: Georgian Chamber of Control.		
Chamber of Control	direct services	Main Objectives: To improve the legal base, the organisa-		
	2003-06	tional structure and the audit methodology of the Chamber of Control of Georgia.		
Municipal Infrastructure Programme (Borjomi/Kha-	€ 3.8 million grant	Beneficiary: Communities around Borjomi Kharagauli National Park.		
ragauli)	+ € 562 000	Main Objectives: To remove the bottlenecks on the drinking		
KfW	grant 2001-06	water supply in six towns around the Borjomi Kharagauli National Park.		
Georgian Social Investment	€ 7.5 million	Beneficiary: Georgian Social Investment Fund.		
Fund (GSIF II)	loan + € 600 000	Main Objectives: To improve social and economic infrastructure in the six districts around Borjomi Kharagauli National		
VIW	grant	Park.		
KfW	2004-07			
Special Purposes				
Borjomi Kharagauli National	€ 2.6 million	Beneficiary: Government.		
Park	grant	Main Objectives: To support the establishment and mainte-		
	+ € 870 000 grant	nance of the Borjomi Kharagauli National Park; currently the operational costs of the park are co-financed by the German		
KfW/WWF	+ € 400 000	government.		
	1998-06			
	-550			



Combating Tuberculosis  KfW	€ 482 000 grant 2005-06	Beneficiary: Ministry of Health and Social Services.  Main Objectives: To give technical assistance to the National Tuberculosis Programme.		
Combating Tuberculosis in the Caucasus  KfW	€ 2.6 million grant  2002-07	Beneficiary: Ministry of Health and Social Services.  Main Objectives: To improve the diagnosis and treatment capabilities of tuberculosis by DOTS; provision of equipment for the treatment of children's leukaemia.		
Combating Tuberculosis in the Caucasus II  KfW	€ 1.0 million grant  2003-07	Beneficiary: Ministry of Health and Social Services.  Main Objectives: To improve diagnosis and treatment capabilities of tuberculosis by DOTS; provision of equipment for the treatment of children's leukaemia.		
Earthquake Emergency Aid	€ 2.5 million grant	Beneficiary: Ministries of Health, Refugees, Education and Infrastructure.		
	2002-05	Main Objectives: Rehabilitation works on hospitals, schools and refugee shelters.		
Study and Experts Fund				
Study and Expert Fund IV  KfW	€ 1.5 million grant 2003-06	Beneficiary: Various  Main Objectives: Project Preparation (feasibility studies etc.).		
Study and Expert Fund V  KfW	€ 2.6 million grant 2004-07	Beneficiary: Various  Main Objectives: Project Preparation (feasibility studies etc.).		
Study and Expert Fund (Technical Cooperation)  GTZ	€ 1.4 million direct services 2000-06	Beneficiary: Various  Main Objectives: To support the design, preparation as well as the monitoring and evaluation of technical assistance projects and programmes, implementation of small scale TA Projects.		

### Greece

#### **General Framework**

Greece has a long historic presence in Georgia. Approximately 50 000 citizens of Greek origin live in Georgia and about 100 000 Georgians live in Greece. It has provided humanitarian and development assistance, bilaterally and through international organizations.

The Ministry of National Economy of Greece has provided ongoing scholarships for Georgians to study at Greek universities and higher education institutions. In addition, the Ministry of Defence has provided scholarships to Georgian military officers and petty officers.

A study on the development of the Tsalka region was conducted by the Greek Agricultural University. In 1997 an Institute for Classical, Byzantine and Modern Greek studies within Tbilisi State University that coordinates a program of Modern Greek throughout Georgia, translates Greek literature and organizes conferences. Since 1996 over € 500 000 was invested into the promotion of Greek studies.

The legal framework for economic cooperation between

Georgia and Greece is guided by the following three bilateral agreements:

- 1) The Economic and Technological Cooperation Agreement, in force since 1994.
- 2) The Agreement on Reciprocal Protection and Promotion of Investments, in force since 1995.
- 3) The Avoidance of Double Taxation Agreement, in force since 1999.

These agreements have enabled several Greek companies to invest in Georgia. Furthermore, Greece is also an important partner in the field of defence, with the "Agreement for military cooperation" formalising this relationship. The significant level of cooperation in this area shows the strength of the Greek-Georgian political and strategic relationship. In 2003 Greece delivered a rocket missile boat of 300 tons plus a programme for the formation of the Georgian navy.

#### **Implementation Background**

Greek bilateral development assistance to Georgia was traditionally coordinated to a large extent by the Greek Ministry of Foreign Affairs. On 1st October 2002 however, the Directorate General for International Development Cooperation, officially known as Hellenic Aid, was created within the Greek Ministry of Foreign Affairs as the organ responsible for the coordination of Greece's international development assistance worldwide. Its policy is to work directly with the NGO's on the ground rather than through the Greek Embassies for the provision of assistance.

Greek development assistance to Georgia started mainly in 1995, and up until and including 2003, Greece has provided Georgia with approximately € 28.6 million. The

largest part of this sum has been used to provide technical cooperation projects-export credit facilities, with the rest

being offered as emergency assistance. Humanitarian aid is provided by the Ministry of Foreign Affairs through Greek subsidiaries of international NGO's such as Médecins Sans Frontières and the International Red Cross.

Additionally, Greece has often given financial support to International Organizations to provide development and humanitarian assistance to Georgia.

#### **Important Events in 2004-2006**

A Georgian-Greek Business Forum was conducted in April 2006, for which the Georgian Minister of Economy travelled to Greece to acquaint Greek authorities and businessmen with investment possibilities in Georgia.

Title of Project and Implementing body	Project Cost €	Status
	Duration	
Development Cooperation and Solidarity	€ 150.000 2005	Beneficiary: Medical Centre Hippocrates.  Main Objectives: To provide equipment to Medical Centre Hippocrates, Tbilisi.
Foundation "Doctors of Health and Love"	€ 30.000	Beneficiary: Residents of Tbilisi.
	2005	Main Objectives: To improve health of the residents of Tbilisi.
ЕКҮӨККА	€ 10.000	Beneficiary: Citizens of Georgia.
	2005	Main Objectives: To support the citizens of Georgia.
IOCC	€ 75.000	Beneficiary: Schools.
	2005	Main Objectives: To renovate schools and boarding houses in Georgia.
Foundation "Doctors of	€ 30. 000	Beneficiary: Residents of Tbilisi.
Health and Love"	2005	Main Objectives: Improve health of the residents of Tbilisi.
Centre for research and Activity for Peace (KEΔE)	€ 25.000	Beneficiary: Women.
		Main Objectives: Support to socially isolated women.
	2005	
Foundation for the Support of Arts and Culture	€ 15.000	Beneficiary: Musicians.
	2005	<u>Main Objectives:</u> To support the polyphonic traditional music of the Caucasus, its support and development at European and international level.
Hellenic Development Company	€ 20.000	Beneficiary: Medical Centre Hippocrates.
	2005	Main Objectives: To improve the material and technical infrastructure of the Medical Centre Hippocrates.
"Open Embrace"	€ 45.000	Beneficiary: Guramishvili Clinic in Tbilisi.
	2005	Main Objectives: To establish and equip the nursery of the Guramishvili Clinic with "Play therapy room."
ЕΚΥΘΚΚΑ	€ 25.000	Beneficiary: Childcare units.
	2005	Main Objectives: To prevent child trafficking in the units of child care in Georgia.
Pan-Hellenic Union of Young Lawyers	€ 105.000	Beneficiary: Young lawyers.
	2005	Main Objectives: To do research on collaboration with young lawyers in Georgia.



ARGO –International Sup-	€ 20.000	Beneficiary: School in Foka.
port and Strategic Develop- ment	2005	Main Objectives: To improve and partially renovate and equip of the school in Foka.
OGYGOS	€ 30.000	Beneficiary: Citizens of Georgia.
	2005	Main Objectives: To improve services to citizens through the project "Agora."
IOCC	€ 75.000	Beneficiary: Schools of Georgia.
	2005	Main Objectives: To renovate schools of Georgia.
Hellenic Aid	€ 30.000	Beneficiary: Western Georgia.
	2005	Main Objectives: To financially contribute to the World Food Programme's actions after the spring floods in Western Georgia.
Hellenic Aid	€ 300.000	Beneficiary: Ministry of Justice.
	2005	Main Objectives: To assist the Ministry of Justice in the initiation of the Civil registry project.
Hellenic Development Com-	€ 160.000	Beneficiary: Health services.
pany	2005	Main Objectives: To provide medical equipment for X-ray, colonoscopy and 2 ambulances equipped with electrocardiograph.

# **Italy**

### **General Framework**

Italy opened its Embassy to Georgia in February 2000 which coincided with the visit by Georgia's then president Eduard Shevardnadze to Italy. Since then the relations have significantly increased and developed on a number of fronts. In 2002, Italy signed with Georgia a wide-ranging cultural and scientific cooperation agreement. Between 2000 and 2005, Italy has provided a range of development and cooperation assistance projects either bilaterally or through multilateral agencies. While

Georgia is not included in the Italy's development cooperation policy, the last two years have been marked by an intensive political dialogue between the two countries. The number of visits of Italian ministers and politicians to Georgia has increased significantly. Together with President Saakashvili's visit to Italy in March 2005 they underline the fact that Italian-Georgian relations have entered into a new phase.

#### Implementation Background

Consequently, Italian assistance since 2004 has increased. The different fields covered by Italian assistance are:

- Humanitarian assistance and emergency aid.
- Political assistance.
- Assistance to institutional reforms and democratization process.
- Economic projects and assistance for a market economy development.
- Financial support to assistance projects implemented by International Organizations.
- Cultural assistance.

#### Humanitarian assistance and emergency aid

Between 2004 and 2005 several activities of humanitarian assistance, as well as donations and emergency aid, have been carried out. The focus of the assistance has been flood victims in Western Georgia, Abkhaz refugees living in Tbilisi, and vulnerable people in general.

#### Political assistance

The Italian Embassy, in cooperation with the UNOMIG mission, has organized a Georgian-Abkhazian joint mission to Trentino-Alto Adige to study the special local autonomous status.

## Assistance to institutional reforms and democratization process

In order to support Georgian institutions in the process of democratization, the Italian Embassy has organized several missions to Italy and courses for Georgian high ranking public officers such as judges, Interior Ministry officers and Financial Police officials.

### Economic projects and assistance for a market economy development

SIMEST, a public company owned by the Italian Ministry for Productive Activities, has created a Venture Capital Fund of € 70 million in order to finance Italian-Georgian joint-ventures for investment projects.

Several projects supporting the development of infrastructure and the training of human resources are currently being implemented. Italian legislature (law 212/90) which aims at financially supporting the internationalization of the Italian firms provides the legal framework.

In 2004 and 2005 the Italian Embassy organized two Italian-Georgian Business Forums to foster the economic relations between the two countries and to attract Italian investors to Georgia.

### Financial support to assistance project implemented by **International Organizations**

Italian assistance has been given to international organizations for implementing various assistance projects. The assistance has been provided as humanitarian rehabilitation and peace building in Abkhazia programme (UNDP), support to prevention of trafficking and irregular migration into the EU (IOM), and a trust fund for the purpose of implementing the CIVPOL activities in the Gali region (UNOMIG).

#### Cultural assistance

Between 2004 and 2005, Italy granted scholarships of about 250 study-months for Georgians to study in Italy.



The bilateral cultural agreement between Italy and Georgia, which was concluded in 2002, provides the legal basis.

In 2005 the Italian Embassy initiated the "Roma Prize".

Georgian students selected from 6 different disciplines - music, drama, cinema, architecture, journalism and fashion design - are awarded a nine-month-long scholarship to study at the Academy in Italy.

Title of Project and Implementing body	Project Cost € Duration	Status
Donation of military equipment  Ministry of Defense of Georgia	€ 8.0 million	Beneficiary: Defence Ministry.  Main Objectives: To improve the equipment of the Georgian armed forces.  Components: Providing military equipment excluding weapons.
Food donation  United Nations World Food  Programme	€ 1.0 million	Beneficiary: Vulnerable People.  Main Objectives: To help the most vulnerable population.  Components: Donating food aid.
Humanitarian assistance and emergency aid  United Nations World Food Programme	€ 15 000 2004	Beneficiary: Abkhaz refugees.  Main Objectives: To ease the difficult situation of the Abkhazian refugees living in Tbilisi.  Components: Donation of food products.
Humanitarian assistance and emergency aid  Medical aids	€ 25 000 2004	Beneficiary: Georgian public.  Main Objectives: Provision of modern medical treatments.  Components: To provide medical aid.
Humanitarian assistance and emergency aid  Emergency kits	€ 250 000 2005	Beneficiary: Flood victims.  Main Objectives: To sustain population facing the emergency situation after the flooding in April 2005.  Components: Donating tents and blankets.
Humanitarian assistance and emergency aid  Ministry of Health of Geor-	€ 1.0 mil- lion	Beneficiary: Health Ministry.  Main Objectives: To ease the conditions of the people living in great poverty in all the regions of Georgia.  Components: Donation of food supplies, e.g. oil, rice, and
gia	2005-06	cheese.



Support of institutional re-	N. A.	Beneficiary: Justice Ministry.
forms in Georgia		Main Objectives: To train a team of Georgian judges.
Training mission	2005	Components: Offering a training programme on Italian criminal law in collaboration with the Comune di Palermo.
Assistance for institutional	N.A.	Beneficiary: Interior Ministry.
reforms  Training mission	2005	Main Objectives: To offer a training programme to a delegation of high officers from the Ministry of Internal Affairs.  Component: Training at the Italian General Command in Rome.
Assistance to institutional re-	N. A.	Beneficiary: Finance Ministry.
forms		Main Objectives: To give an overview on the Italian Corp Guardia di Finanza to a delegation of the financial Police of Georgia.
Training mission	2005	<u>Component:</u> Training at the Italian Headquarter Guardiadi Finanza in Rome.
Financial Support to some	€ 50 000	Beneficiary: Interior Ministry.
assistance projects		Main Objectives: To prevent illegal trafficking of people and ir-
International Organization for Migration (IMO)		regular migration into the EU.
for Migration (1MO)	2005	
Financial Support to some	€ 39 000	Beneficiary: Gali Region.
assistance projects		Main Objectives: To implement the CIVPOL activities.
United Nations Observer		Components: Purchase of vehicles for the local police and of
Mission in Georgia (UN- OMIG)	2005	equipment, materials and services for forensics.
Financial Support to some	€ 72 000	Beneficiary: Population of Abkhaz conflict zone.
assistance projects		Main Objectives: To support humanitarian rehabilitation and peace
United Nations Development		building process.
Programme (UNDP)	2004-05	<u>Components:</u> Developing the peace process in the conflict zones of Georgia and support the population.
Economic assistance for a	€ 70.0 mil-	Beneficiary: Georgian business.
market economy develop- ment	lion	Main Objectives: To finance Italian-Georgian joint ventures in order to develop a tight economic cooperation between Italy and Georgia.
SIMEST	2004-05	<u>Components</u> : The Italian Ministry for Productive Activities has created a Venture Capital Fund to foster investment projects.



Infrastructure development	N. A.	Beneficiary: Georgian business.
Italian Georgian Economic Partnership Cooperation		Main Objectives: To financially support the internationalisation of Italian firms.
Programme (IGEPP)	2004-05	<u>Components</u> : Organizing training courses on market analysis for business operators; providing Italian companies with a data-base containing information on the main investment opportunities in Georgia.
Economic projects	N. A.	Beneficiary: Georgian economy.
Business Forums	2004-05	Main Objectives: To further enhance the economic cooperation between Italy and Georgia by offering an overview of specific economic relationships between Italy and Georgia.
Cultural Assistance	€ 212 800	Beneficiary: Georgian students.
		Main Objectives: To allow Georgian students to study in Italy.
Premio Roma	2005	Components: Awarding scholarships of 250 student-months at € 750 per student-month to students for studying in Italy; the <i>Roma Prize</i> allows 6 students to study for nine months their disciplines – music, drama, architecture, journalism, and fashion design - at the Academies in Italy.

## Lithuania

#### General Framework

Lithuania fully supports the aim of the enlarged EU to intensify relations with its new, in this case, Eastern neighbours. Lithuania also believes that development cooperation should bring tangible results so that citizens - both of the EU and its neighbours - realize the importance. Lithuanian experts have profound competence and extensive practical experience in the accession process which can be seen as very useful to post-Soviet countries (Ukraine, Moldova, Belarus, Georgia, Armenia, and Azerbaijan).

Referring to the foreign policy priorities of Lithuania, the Ministry of Foreign Affairs of the Republic of Lithuania has initiated important technical assistance to Georgia on European integration issues in 2005. The main aim of the assistance was to provide support to the principal Georgian euro-integration institution - Office of the

State Minister of European and Euro-Atlantic Integration - in developing and implementing EU-Georgia relations (both at strategic and operational level). The project was partly financed by the Canadian International Development Agency.

Project implementation started at the end of January, 2005 and was concluded at the end of October 2005. Implementation of the Project was divided in 2 stages: the first stage took from January to May and the second - from June to October. Project activities were implemented by Project Team which consisted of a Team leader/Long-Term Expert and 7 Short-Term Experts.

In addition, assistance was provided as humanitarian aid, training of Georgian officials, and promotion of Georgian-Lithuanian parliamentarian cooperation.

Title of Project and Implementing body	Project Cost € Duration	Status
Urgent Humanitarian assist-	€ 29 000	Beneficiaries: Orphanages and kindergartens in Tbilisi.
ance  Ministry of Education and	2004-05	<u>Main Objectives:</u> To support Ministry of Education and Science in improving the welfare of boarding-schools and kindergartens.
Science of Georgia	2001 03	<u>Components:</u> Purchasing of different equipment and beddings to meet boarding-schools and kindergartens needs.
Technical assistance for	€ 22 000	Beneficiary: Georgian government.
training of Georgian public officials		Main Objectives: To assist in building administrative capacity of Georgian public officials.
Georgian Institute of Public Affairs	2004	<u>Components:</u> Training staff of different ministries and governmental institutions in Tbilisi; conducting workshops in Lithuania; helping the improvement of professional skills.
Technical assistance regarding European Integration is-	€ 86 500	Beneficiary: Office of the State Minister for the European and Euro-Atlantic Integration.
sues		Main Objectives: To provide support to the Office of the State Minister of European and Euro-Atlantic Integration in developing and implementing EU-Georgia relations.
Office of the Minister of European and Euro-Atlantic Integration	2005	<u>Components:</u> Conducting consultations on preparation of Georgia's EU strategy development; planning of ENP Action Plan; monitoring of PCA; training for target groups the EU association; dissemination of information on Georgia's and EU relations to broader audience.

Traineeship on Lithuanian experience of integration to the EU	€ 5 000	Beneficiary: Foreign Ministry.  Main Objectives: To share Lithuanian experience of integration into the EU and to increase the understanding among Georgian representatives of integration issues.
MFA of Georgia	2005	<u>Components:</u> Establishing a baseline understanding of the activities of the MFA in EU integration issues; providing training; improving professional skills; arranging traineeship for 2 representatives from the Georgian MFA.
Strengthening National ca-	€ 26 000	Beneficiary: Media.
pacity of Lithuania as an Emerging Donor		Main Objectives: To build public awareness and support for development cooperation between Lithuania and Georgia.
Joint project of MFA of Lithuania and UNDP Lithuania in co-operation with the MFA Georgia, UNDP Georgia and Office of State Minister of Euro-Atlantic integration	2005	<u>Components:</u> Organizing a study tour to Georgia for a group of 15 journalists from major national/regional media outlets, as well as representatives from UNDP Lithuania and MFA in order to improve the understanding of concrete development cooperation activities.
Program of Lithuanian-	€ 4 500	Beneficiary: Georgian Parliament.
Georgian parliamentary co- operation		Main Objectives: To increase the cooperation between both parliaments in order to develop good parliamentary practice and a partnership with the EU.
Parliament of Georgia	2005	<u>Components:</u> Promoting the exchange of experience regarding between the parliaments of both countries and thereby help to improve the skills of Georgian parliamentarians and staff; organizing study tours on EU integration issues.

# The Netherlands

#### General Framework

Poverty reduction is one of the main objectives of the foreign policy of the Netherlands. The Netherlands spend approximately 0, 8% of its GNP on tackling global poverty. The Official Development Assistance is provided in the form of bilateral and multilateral initiatives, bilateral assistance is given to 36 partner countries. In the assistance, a strong emphasis is placed on the achievement of

the Millennium Development Goals in 2015 and the national strategies in the countries in which the Netherlands provides assistance.

A strong characteristic of the Netherlands Development Cooperation Policy is the complementary nature of the initiatives and efforts that stimulate harmonisation and alignment of assistance.

#### Cooperation Programme for Georgia

Georgia is a member of the Netherlands' constituency group at both the World Bank and the IMF. Georgia is a partner country for the Netherlands Government on the list of 36 countries that receive bilateral development aid. The Netherlands Government provides assistance to Georgia via central budget lines within the Ministry of Foreign Affairs and delegated funds at Embassy level. Since June 2004, Georgia is eligible for funds aimed to stimulate sustainable economic development in emerging markets (PSOM and ORET) financed by the Dutch Government.

Support to Georgia via central budget lines in 2005 was, among others, given to the EBRD (Trade Facilitation programme and the Early Transition Countries fund), ODIHR (regional activities in the area of election technical assistance, increased participation of women in democratic processes, etc), HALO Trust fund for Demining Activities, Centre for International Legal Cooperation (rule of law seminars), the Avalon Foundation to support the development of organic agriculture and to Milieukontakt, a Dutch NGO working in the area of elimination of obsolete pesticides in the region / solid waste management.

The overall objective of the (delegated) development cooperation programme in Georgia is poverty reduction. In 2005, delegated funds amounted to € 4.9 million. The focus of the Netherlands interventions, given its specific constituency relationship, are on good economic governance; i.e. strengthening the public sector, stimulate the transition towards a democratic form of government with a particular focus on the rule of law, human rights and peace building efforts and strengthen the creation of a sound macro-economic climate and promotion of

a further transition towards a functioning market economy. Under the budget line for small projects aimed to strengthen civil society initiatives, the Embassy has allocated  $\in$  80 000.

In 2005, the Netherlands co-financed the Poverty Reduction Support Operation (PRSO-1) of the World Bank with an amount of € 4 million. This programme is geared towards the improvement of 1) the financial accountability and effectiveness of the public sector; 2) electricity and gas supplies; 3) the enabling environment to further develop the private sector and 4) social services with a particular emphasis on health and education.

#### 1) Good (Economic) Governance

In the area of Good (Economic) Governance support is given to the reform agenda of the country, notably public sector reform (PFM) and the strengthening of key institutions in this process. To stimulate the transparent functioning of the different political powers and the creation of well institutionalized checks and balances activities are aimed to strengthen central government bodies and oversight institutions.

In 2005, preparatory work was done for the Public Sector Financial Management Support Programme. This programme provides technical assistance and support to 1) the strengthening of planning and budgeting capacities through support of the Medium Term Expenditure Framework; 2) introducing more effective systems for tracking the use of public resources through an expanded Treasury management system; 3) improving the management of the civil service size, composition and cost and



4) increasing accountability through strengthened external oversight capacities, notably by the Chamber of Control. The programme was signed on the  $10^{th}$  of March 2006 and provides for pooled funding from the Government of Georgia, SIDA, DFID, the Netherlands and the WB. The Netherlands are contributing  $\in$  1.8 million to the programme for a period of 3 years.

Other programmes under this category are 'Modernization of the Financial System' (via UNDP), the 'Strengthening the Georgian Parliament in Public Finance Management Issues' (by a Dutch organization called East West Parliamentary Practice Project), 'Strengthening public awareness of civil society / media on PFM issues' by Transparency International and Support to the State Department of Statistics by UNDP.

#### 2) Human Rights

In the area of human rights and rule of law, the support was concentrated on activities aimed to strengthen supervisory mechanisms and increasing the public knowledge on rights and duties. In 2005, support was given to IOM in the area of anti-trafficking until 2006 and to the South Caucasus branch of IDEA in support of the democratization process. The programme 'Prevention of trafficking human beings' was supported with an amount of  $\in$  220 000, the main focus is to increase awareness and informing the public about the consequences of trafficking.

#### 3) Peace building

The Netherlands have supported initiatives on both multilateral and bilateral level aimed to lead to peaceful and sustainable solution of the conflicts in Georgia. In 2005 delegated support was provided to UNOMIG and Conciliation Resources to strengthen dialogue between parties and social rehabilitation for and in Abkhazia. In the fall of 2005, the Embassy contributed € 50 000 to the OSCE - Needs Assessment Study for social rehabilitation and economic development in South Ossetia.

Title of Project and Implementing body	Project Cost €  Duration	Status
Modernisation of the finan-	€ 700 000	Beneficiary: Finance Ministry.
cial system, phase II		Main Objectives: To improve the system of public finance, administration and management within Ministry of Finance.
UNDP	2005-07	Components: Strengthening management capacity and development HR.
BRIDGE program for capa-	€ 150 000	Beneficiary: Central Election Committee.
city building in Central Election Committee (CEC)		Main Objectives: To support capacity building within CEC.
IDEA	2004-05	<u>Components:</u> Building on best practices within the electoral administration, strengthening training capacities and skills, organising a BRIDGE south Caucasus network.
Strengthen public awareness	€ 80 000	Beneficiary: Georgian journalists.
civil society in the field public finance management by training journalists		Main Objectives: To increase public awareness of the budget- ary process and to publicise the financial reform.
Transparency International	2005-06	<u>Components:</u> Organising training sessions for journalists, roundtable discussions (nation and regional wide) and supporting publications.



Strengthening the Georgian Parliament in Public Finance	€ 270 000	Beneficiary: Georgian Parliament.
Management Issues		Main Objectives: To strengthen oversight capacities in the budgetary process.
East-West Parliamentary Practice	2005-06	<u>Components:</u> Organising training sessions including Budget/ Finance Committee within Parliament, conducting regional seminars, regional visits, promoting networking.
Implementation of the ED-	€ 202 460	Beneficiary: Economy Ministry.
PRP		Main Objectives: To strengthen the unit within Ministry of Economic Development, which works on timely implementing EDPRP.
UNDP	2004-06	<u>Components:</u> Supporting the drafting of an action plan and a communication strategy.
Assistance to conduct inte-	€ 194 000	Beneficiary: State Department of Statistics.
grated household surveys by SDS		Main Objectives: To conduct integrated and qualitative household surveys.
UNDP	2004-07	Components: Supporting training and capacity building within SDS.
Prevention of trafficking hu-	€ 2780 00	Beneficiary: Interior Ministry.
man beings, phase II		Main Objectives: To conduct information campaigns.
IOM	2004-06	<u>Components:</u> Supporting telephone hotlines and consultation centres in Tbilisi, Gurdjaani and Kutaisi.
Support to the programme	€ 68 000	Beneficiary: Stakeholders in resolving the Abkhaz conflict.
of Conciliation Resources, which is aimed to strengthen peace dialogue between par-		Main Objectives: To promote dialogue between political and civic leaders and conflict education with youth groups.
ties in Georgia and Abkhazia	2005-07	<u>Components:</u> Conducting workshops and visits for example to Northern Ireland, organizing joint meetings and discussions between different youth groups.
Trust fund confidence build-	€ 99 000	Beneficiary: Abkhaz conflict resolution.
ing		Main Objectives: To strengthen initiatives which foster confidence building.
UNOMIG	2006	<u>Components:</u> Supporting NGOs as well as rehabilitation and restoration of small infrastructural settings, etc.
Needs assessment study	€ 50 000	Beneficiary: Office of State Minister for Conflict Solution.
South Ossetia  OSCE		<u>Main Objectives:</u> To support study on social rehabilitation and economic development in the zone of the Georgian – South Ossetian conflict.
OSCE	2005-06	<u>Components:</u> To support the development of rural areas, businesses and infrastructure in energy, finance and social fields.
Cofinancing the World Bank	€ 4.0 million	Beneficiary: Georgian Government.
in PRSC-1		Main Objectives: To support the Georgian government to execute its reform agenda.
World Bank	2005	<u>Components:</u> (1) Strengthening of the public sector, (2) Improving electricity and gas supplies, (3) Developing the private sector and (4) Improving social protection, health and education.

# **Poland**

#### **General Framework**

Georgia is one of the priority countries for Poland's development co-operation programme. In 2006 Polish MFA is going to earmark PLN 3 million (€ 750 000) for official development assistance to Georgia. The priority areas are the following:

- Transfer of Polish experience on the development of local government.
- Economic development planning and management.
- Reform of the penitentiary system, including drafting of legislation, in co-operation with the OSCE.

- Reintegration of former soldiers into the civil society.
- Assistance to national police including training, transfer of equipment, and co-operation between Police academies.
- Providing technical assistance to the Georgian parliament.
- Agriculture.
- Environment.
- Energy.

#### **Implementation Background**

Polish assistance in the fields mentioned above is to be implemented by non – governmental organizations and line ministries. Polish contribution to the development activities implemented by other donors - such as other European Union Member States – are under consideration. Poland may also join multilateral programmes aimed at reconstructing the post – conflict areas and integrating IDPs into society or co-operate with the World Food Programme of the United Nations in giving assistance to the

most vulnerable groups of Georgian society.

In the years 2004 - 2005 Polish MFA co-financed 8 development projects for Georgia implemented by civil society organizations amounting to nearly PLN 800 000 ( $\in$  200 000).

The Projects covered the areas health, development of local government, development of public administration, gender equality, education and journalism.

## Sweden

#### General Framework

Swedish support to Georgia began in the form of humanitarian aid. Humanitarian efforts have primarily been channelled via the International Committee of the Red Cross and International Federation of Red Cross and Red Crescent Societies. Long-term development cooperation began in 1992. Swedish support was based on considerable measures of experience gained in other parts of the former Soviet Union. The majority of initiatives were un-

dertaken by Swedish parties who have worked successfully with development cooperation in the Baltic States, Russia and Ukraine. In a number of cases, experts from these partner countries were recruited to work in parallel with the Swedish experts. As a result, it was possible to launch a relatively large number of projects in the quest for efficient ways of undertaking development cooperation in a complex environment.

#### **Implementation Background**

The 2003-2005 regional strategy for the South Caucasus placed emphasis on Georgia vis-à-vis Armenia and Azerbaijan. This focus was strengthened by the Rose Revolution when Sweden felt the need to support the new government in its efforts towards democratic reform. In order to increase its activities in Georgia, the Swedish International Development Cooperation Agency (SIDA) opened an office in Tbilisi in March 2004. Consequently, contributions increased in 2004 and amounted to 30 million SEK (€ 3.3 million). In 2005 contributions have further increased to 40 million (€ 4.3 million). According to the new South Caucasus cooperation strategy 2006-2009, it is planned to double the cooperation with Georgia and presumably the annual contribution will reach approximately 100 million SEK (€ 11 million) by the end of the strategy period.

In 2004-2005, Swedish assistance to Georgia focused primarily on democratic governance and agriculture development. The most crucial input was support to governance reform programmes, the ombudsman system, gender projects, land surveying and dairy projects.

Swedish assistance with UNDP and the Soros Founda-

tion to the Governance Reform programme successfully resulted in substantial government ownership and participation in reform initiatives. Salaries of top government leaders previously being funded by the project were incorporated into the central budget much earlier than planned. Remaining project funds have been transferred to the capacity building Fund of the same programme and contributed to the support of ministry reforms.

The Rule of Law mission under 2004-2005, EUJUST THEMIS, provided technical assistance through secondment of European legal experts to key government institutions (one Swedish expert).

In addition, the countries of the South Caucasus have regularly been invited to participate in SIDA's international training programmes during the period 1999-2005. Furthermore, Sweden is financing a Junior Program Officer with the UNDP.

The Swedish Institute has administered scholarship programmes in the educational and research field. In addition, the Swedish Institute has funded exchange programmes of experts in the fields of education, research and culture.

Title of Project and Implementing body	Project Cost SEK Duration	Status
Support to the Interministerial Commission for Joint Action on Child Welfare	SEK 2.8 million	Beneficiary: Inter-ministerial Commission.  Main Objectives: To enhance the capacity of the government to
	(€ 300 000)	coordinate the reform process across public and private stake- holders and provide technical support to the Government Com- mission.
UNICEF Georgia	2005 -08	<u>Components:</u> Providing a national coordinator and assistant, several experts in various fields of relevance, studies and research to inform the policy decisions of the Commission; capacity building within the government through study tours and communication strategies with stakeholders to facilitate transformation of child welfare system.
Disseminating the UN	SEK 3.9 mil-	Beneficiary: Internally- Displaced Persons.
Guiding Principles in Georgia and Human Rights Education	lion (€ 420 000)	Main Objectives: To increase the understanding and competence on IDP's rights and to promote them. Training in guiding principles and Georgian legislation will be conducted for IDPs, local and central officials as well as local NGOs and international agencies concerned with IDP issues.
The Norwegian Refugee Council	2005-08	Components: drama education; HIV/AIDS and gender; promotion of tolerance; cooperation and compassion through teaching of conflict transformation concepts; critical thinking and cross cultural communication skills.
Conflict Prevention and In-	SEK 6.6 mil-	Beneficiary: Armenian minorities in Samtskhe-Javakheti.
tegration Programme for Samtskhe- Javakheti Region	lion (€ 720 000)	Main Objectives: To reduce ethnic tensions in Samtskhe-Java-kheti and to help neutralise potential conflict factors that may lead to an escalation of tension; to support political and civic integration of Armenian minorities representing the majority in Samtskhe-Javakheti into Georgian society.
OSCE High Commissioner on Ethnic Minorities	2005-08	<u>Components:</u> Supporting political and civic integration of Armenian minorities into Georgian society.
Support to the Milk and Dairy Sector in Georgia	SEK 39 mil- lion	Beneficiary: Farmers in Kakheti and Tskhinvali/South Ossetia.
OPTO International	(€ 4.3 million)	Main Objectives: To reduce rural poverty through increasing the income for women and men engaged in milk production on small and mid-sized farms in Kakheti and Tskhinvali (South Ossetia). This will be done by developing sustainable milk production on small and mid-sized farms in Kakheti and Tskhinvali and the development of sustainable dairy markets in Georgia.
AB	2003-06	<u>Components:</u> Developing sustainable milk production on small and mid-sized farms in Kakheti and Tskhinvali and the development of sustainable dairy markets in Georgia.



		!
Salary Supplement Fund of	SEK 8.0 mil-	Beneficiary: Finance Ministry.
the Governance Reform Programme  UNDP Georgia	lion (€ 860 000)	Main Objectives: To support the new Georgian government's civil service reform and fight against corruption in a context where public expectations for real change are high and the time granted for success very limited.
(Discontinued due to governments progress fully overtaking salary support for state employees).	2004-07	Main Components: Salary support for high level civil servants in the Tax department during a three year phase out period, which will enable the Government to maintain competent professionals to manage the reform process and provide disincentives for corruption.
Tbilisi School of Political	SEK 3.2 mil-	Beneficiary: Tbilisi School of Political Studies.
Studies -Democracy Conferences – 3 Phases  Swedish Institute of Inter-	lion (€ 340 000)	Main Objectives/Components: Phase I and 2: to support Tbilisi School of Political Studies by conducting conferences on democracy and civil society in which Swedish experts participated, June/November 2001.
national Affairs Utrikespoli- tiska Institutet	2001-06	Phase 3: To support the public debate on democracy in Georgia and the whole region through assisting TSPS in arranging seminars in Georgia and Sweden on different subjects relating to the democratic process and the creation of a viable civil society, and with Swedish experts participating.
Women Resource Centre in	SEK 5.0 mil-	Beneficiary: Woman Resource Centre in Samtskhe-Javakheti.
Samtskhe-Javakheti  UNDP Georgia	lion (€ 540 000)	Main Objectives To reduce the conflict potential through promoting local governance, poverty alleviation and the active participation of rural women in social, political and economic life.
	2003-06	<u>Components:</u> Establishing and supporting a woman resource centre in the Samtskhe-Javakheti region as part of a larger UNDP programme, the Samtskhe-Javakheti Integrated Development Programme.
Dairy Project - From Cow to	SEK 10 mil-	Beneficiary: Georgian dairy industry.
Consumer  Scanagri (formerly Swede Agri)	lion (€ 1.1 mil- lion)	Main Objectives: To contribute to the development and revitalisation of the dairy industry in Georgia; to increase the consumtion per capita; to supply safe (processed) milk to the consumers. The project is co-ordinated with a TetraLaval investment project "A diary and juice project in Georgia".
	2000-05	Components: 1) Training and capacity building among farmers/milk producers
		2) Knowledge transfer to decision-makers and opinion leaders.
Women in Georgia – Phase 1	SEK 16 mil-	Beneficiary: Ministry of Health and Social Affairs of Georgia.
and 2	lion (€ 1.8 mil- lion)	<u>Main Objective:</u> To contribute to the development of human resources; answering to the needs of the new modernised health care system in Georgia.
Kvinna till Kvinna	1999-06	Main Components: Training of key personnel within three major areas: Public Health/Primary Health Care, Hospital Management, Technical Management and Maintenance of Medical Equipment, training seminars and workshops in Sweden and in Georgia.



Management and training support project for Registra-	SEK 21 mil- lion	Beneficiary: National Agency of Public Registry, Ministry of Justice.
tion and Cadastre	(€ 2.3 million)	<u>Main Objective:</u> To develop a computer system for database management centres, <u>Components:</u> Establishing procedures for data exchange with district offices; training of staff at all
SwedeSurvey		levels and introduction of modern managerial methods.
Strengthening of the Defender's Office - 3 Pha-	SEK 19 mil- lion	Beneficiary: Public Defender's Office.
ses	(€ 1.8 mil- lion)	Main Objective: To promote knowledge and respect for human rights in Georgia. The project, an integral part of a larger UNDP initiative.
Raoul Wallenberg Institute Public	1998-06	<u>Components:</u> Human Rights Training for PDO staff; establishing a human rights library; translating and publishing human rights documentation and training materials; installing a computerised office management system at the PDO Office.
Secondment to EU Rule of	SEK 1.7 mil-	Beneficiary: Prosecutor General's Office.
Law Mission in Georgia	lion (€ 190 000)	Main Objective: Support to the one-year EU Rule of Law Mission to Georgia. The mission's objective is to contribute to rule of law and decrease of corruption. The immediate objective is
Swedish General Prosecutor (RÅ)		to assist in the development of a horizontal governmental strategy guiding the reform process within the criminal justice sector, including the establishment of a mechanism for co-ordination and priority setting for the criminal justice reform.
	2004-05	<u>Component:</u> Secondment of a Swedish public prosecutor to the Prosecutor General's Office.
Education HIV/Aids and	SEK 3.0 mil-	Beneficiary: NGOs.
Gender	lion (€ 340 000)	Main Objective: To contribute to the introduction and strengthening of civil society values in Georgia; to promote peace and tolerance among displaced and local communities.
Norwegian Refugee Council	2003-05	<u>Components:</u> Protecting from further traumatisation; reducing the tensions between groups of IDPs and locals; developing a teacher's manual, which will facilitate and make the teaching of human right more effective.
Penitentiary Reform Prepar-	SEK 184 000	Beneficiary: Ministry of Justice.
atory Study  Swedish Prison and Probation Administration	(€ 20 000) 2005	Main Objective: The penitentiary system in Georgia is undergoing reform to bring the system in line with European standards. A tripartite cooperation between Georgia, Estonia and Sweden is suggested. A preparatory visit to Georgia will be conducted in order to develop a proposal and work plan for such a tripar-
	2003	tite cooperation. <u>Component.</u> Short term study.

# **United Kingdom**

#### General framework

The UK and Georgia established diplomatic ties in 1992 and the UK has since become an active friend and partner of Georgia assisting, for example, with the development and promotion of human rights, good governance and the rule of law.

Cooperation in the development sphere is the responsibility of the Department for International Development (DFID) the British government's department responsible for promoting development and the reduction of poverty. DFID seeks to work in partnership with governments, which are committed to the international targets, and seeks to work with businesses, civil society and the research community to encourage progress, and help re-

duce poverty. In addition to its work as a bilateral donor to individual countries, 43% of total DFID development assistance goes through multilateral agencies including the World Bank, United Nations agencies and the European Commission.

In 2006 the UK will contribute £ 500 000 (€710 000) to support ongoing conflict resolution work in Abkhazia and South Ossetia through the Global Conflict Prevention Pool. The UK is supporting democracy building through the Global Opportunity Fund (reuniting Europe strand). The UK supports human rights development through the Global Opportunity Fund.

### Implementation background

Georgia is one of the focal countries for DFID's work in the South Caucasus and Central Asian region. DFID budget for programmatic work for 2005-06 is £ 3 million (€ 4.3 million) and the main activities to which this is allocated are:

#### Health and Welfare

In October 2003 DFID launched the Primary Health Care (PHC) Project II that has been built upon the previous DFID support to the Health Sector. WB, EC/Tacis, DFID and the Ministry of Labour, Health and Social Affairs signed a memorandum of Partnership in support of the PHC reform. DFID project provides Technical Assistance in the following areas: Organisational Development and institutional strengthening of the Ministry of Labour, Health and Social Affairs, Primary Health Care implementation, Improving Healthcare Financing System; Health Management Information System; Health Promotion.

## Sustainable Livelihoods

In October 2005 DFID launched SLAAR that is built upon the previous DFID support to Samtskhe-Javakheti region. The project will expand its activities and will support socio-economic development in all six districts of Samtskhe-Javakheti. The project will assist to develop the Regional Development Plan (RDP) and improve the socio-economic infrastructure through better access to financial and legal services, training, small grants and other possible aid.

#### **Good Governance**

*Technical Assistance to the Ministry of Finance* - A shortterm Technical Assistance to the Ministry of Finance of Georgia started in January 2004 to support Medium-Term Expenditure Framework. DFID is going to build on the success of this assistance and further support Public Finance Management reform. Upcoming DFID assistance to Public Finance Management reform in Georgia will be provided within the framework of a Public Sector Reform Support Programme (PSRSP) that will be financed by the World Bank, DFID, the Dutch and Swedish governments.

Assistance to the Department of Statistics - The project started back in 2000. It supported the Department of Statistics to improve their social statistics. Integrated household survey was introduced. A set of quick indicators for poverty measurement and monitoring was built. Training of staff, provision of equipment, improved system for migration, health and education statistics, as well as support to the press and public relations department of SDS were also provided. At the request of Department of Statistics DFID will support a nine-month extension.

Assistance to the Reform of Civil Registration and Identity – Together with other donors DFID project contributes to Phase I of the Government's Civil Registry Reform and lays foundation for the effective functioning of the civil registration system through developing adequate IT design for the system, legal framework, raising public awareness.



Scoping mission - Adviser to the GoG on the ENP AP and Policy - The project provides support to the Office of State Minister of European and NATO Integration with development of the European integration strategy; assessment of the policy coherence across the various GoG ministries, donor coordination and participation of wider civil society.

Assistance to the Chamber of Control of Georgia - The project provided support to the GoG in elaboration and approval of a five-year Strategy for Corporate Development and Reorganisation Implementation Plan.

Support the Government of Georgia in Sovereign Credit Rating – DFID project assisted the Government of Georgia, in general, and the Ministry of Finance, in particular, in obtaining a sovereign credit rating which could serve an additional benchmark for assessment of the development of the country.

#### **DFID Strategic Fund**

The Fund is designed to take forward small strategic initiatives identified and to respond to proposals from government, other donors, civil society organisations, including academic bodies and the private sector from within the country.

#### **Upcoming actions**

DFID will further support strengthening of the State Minister's Office of European and Euro-Atlantic Integration. An international advisor will be providing advice on policy making, roles and responsibilities and internal coordination and communication with Parliament and civil society.

DFID will promote Civil Sector Participation in the dialogue on European Integration to bolster capacity among the South Caucasus region's public policy organisations to promote harmonisation of domestic legislation and policy with European and international standards and improve journalists and the public's understanding of a targeted set of policy issues through articles and broadcasts prepared by participating journalists from all three countries of the South Caucasus.

In the area Accountability and Transparency of Public Finance, DFID together with SIDA will facilitate effective civil society engagement in public finance issues to support government to be more accountable for the use of public spending towards poverty reduction and economic and social development.

Title of Project and Implementing body	Project Cost £ Duration	Status
DFID		
Georgia Primary Health Care Project II	£ 5 million (€ 7.1 mil-	Beneficiary: Ministry of Labour, Health and Social Affairs (MOLHSA).
Oxford Policy Management (OPM)	lion) 2003 – 2008	Main Objectives: to improve national and local capacity to provide basic social services to poor; strengthen institutional capacity of the Ministry, assist the Ministry to co-ordinate and drive internal and external resources allocated for PHC reform.
Sustainable Livelihoods in Adigeni and Adjacent Rayons – Extension phase (SLAAR2EP)	£ 2.6 million (€ 3.7 million)	Beneficiaries: Rural households of Samtskhe-Javakheti region, local and central authorities.  Main Objectives: to facilitate development of plans for social and economic benefits in the rayon/region with local participation and ownership; to ensure rayon/region development plans are established and consistent with national development plans; strengthen the Government both at local and central level to
Care International	2005-2008	manage internal and external resources; encourage other donors and IFIs to harmonise their development plans and activities.



Technical Assistance to the Ministry of Finance  Enterplan	£ 165 000 (€ 240 000) 2006	Beneficiary: Ministry of Finance.  Main Objectives: to support Medium-Term Expenditure Framework process at the Ministry.
Public Sector Financial Management Reform Sup- port Project (PSFMRSP)	£ 3 million (€ 4.3 million)	Beneficiary: Government of Georgia.  Main Objectives: to promote effective and transparent financial management, improve government's capacity for planning and implementation, linking up policy [National Development Plan] to the state budget and resource allocation; contribute to anti-
Ministry of Finance	2006–2010	corruption efforts through supporting Chamber of Control and other public expenditure accountability mechanisms.
Effective Civil Society Engagement for Accountability and Transparency of Public Finance  Tendering	£ 400 000 (€ 570 000) 2006-2008	Beneficiary: Ministry of Finance, Civil Society.  Main Objectives: to strengthen governance and poverty reduction through improving the effectiveness, efficiency and accountability of public resource management.
Assistance to the Department of Statistics  Hart Group	£ 80 000 (€ 11 000) 2006-2007	Beneficiary: Department of Statistics.  Main Objectives: further support to Integrated Household Survey, institutional strengthening, user relations and training in various fields.
Assistance to the Reform of Civil Registration and Identity – Phase I  OSCE  Ministry of Justice	£ 269 000 (€ 370 000) 2005-2006	Beneficiaries: Ministry of Justice, all citizens of Georgia.  Main Objectives: to set up an electronic, unified, centralised, and multifunctional civil registration system to enable the country to maintain population information necessary for providing public services.
Scoping mission - Adviser to the GoG on the ENP AP and Policy Coherence across Government  HTSPE Limited	£ 32 660 (€ 46 000)	Beneficiary: State Ministry of EU Integration.  Main Objectives: to provide support to the Office of State Minister of European and Euro-Atlantic Integration with development of the European Integration strategy; to assess the policy across the various GoG ministries leading on the ENP AP, the Economic Development Poverty Reduction Programme, other key National strategies and development plans, donor coordination and participation of wider civil society.
Assistance to the Chamber of Control of Georgia	£ 50 000 (€ 71 000)	Beneficiary: Chamber of Control.  Main Objective: to develop Chamber of Control's reorganization plan.
Support the Government of Georgia in Sovereign Credit Rating  S&P	£ 78 000 (€ 11 000) 2005	Beneficiary: Government of Georgia.  Main Objectives: to obtain a sovereign credit rating in order to improve the investment climate; a positive impact on policy and government.

Promoting Civil Sector Participation in the dialogue on European Integration	£ 104 000 (€ 150 000)	Beneficiaries: Civil Society and Governments of Georgia, Armenia and Azerbaijan.  Main Objectives: to promote harmonisation of domestic legisla-
		tion and policy with European and international standards in the South Caucasus; to improve journalists' and the public under-
Eurasia Foundation	2006-2007	stands of a targeted set of policy issues; to establish and deepen cooperative relationships within the South Caucasus region.
Strategic Fund	£ 300 000	Beneficiaries: various.
	(€ 430 000)	Main Objectives: Support youth and opinion formers to drive
	2005-2008	change, encourage Parliament and public participation in anti- corruption work; support work on ENP and EU integration process in-country and across the region; support national ex- perts/think tanks for better analysis and evidence based policy making.
GCPP Funding		
Promoting conflict transfor-	£ 200 000	Beneficiaries: various.
mation and peace building in the Georgian-Abkhaz	(€ 285 000)	Main Objectives:  To help develop track II diplomacy in Abkhazia in support of
conflict	• • • •	ongoing conflict resolution efforts.
Conciliation Resources	2006	
Advocating for human security through civic initiatives	£ 64 776 (€ 93 000)	Beneficiaries: various.  Main Objectives: Developing civic awareness and actions to support human security in Abkhazia.
International Alert	2006	Support numan security in Abkhazia.
Defusing ethnic tensions through responsible report-	£ 45 000 (€ 64 000)	Beneficiaries: various.  Main Objectives: To ensure responsible, fair, accurate and ba-
ing Thomson Foundation	2006	lanced reporting by the media covering the conflict situations in South Ossetia and Abkhazia.
Support to the Economic rehabilitation of South Ossetia	£ 125 000 (€ 193 000)	Beneficiaries: various.  Main Objectives: To support the OSCE led initiative to improve
OSCE	2006	living standards and economic opportunities in South Ossetia in order to help ongoing conflict resolution efforts.
Supporting regional media	£ 44 740 (€ 64 000)	Beneficiaries: various.  Main Objectives: To ensure responsible, fair, accurate and ba-
BBC World Service Trust	2006	lanced reporting by the media covering issues in the predominantly Armenian populated areas.
GOF Funding		
Accountability and transpar-	£ 161 000	Beneficiaries: Majoritarian MPs.
ency of Government: training Majoritarian MPs	(€ 230 000)	Main Objectives: To support the work of the majoritarian MPs through training; helping to develop an understanding of the role
Transparency International	2005-2008	and responsibility to electorate providing support and training to the MP's bureau staff.



## **DELEGATION OF THE EUROPEAN COMMISSION TO GEORGIA**

38, Nino Chkheidze Str, Tbilisi 0102, Georgia tel: (99532)943763; 943768 e-mail: DELEGATION-GEORGIA@ec.europa.eu

www.delgeo.ec.europa.eu