UNITED NATIONS DEVELOPMENT PROGRAMME

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PROJECT DOCUMENT

GEORGIA

Project Title: Improving Rural Development in Georgia (ENPARD III)
Project Number:
Implementing Partner: Ministry of Agriculture of Georgia
Start Date: 1 January 2018 **End Date:** 02 December 2022

Brief Description

There are significant structural and systemic weaknesses within rural Georgia which impact negatively on the rural population and the natural environment. High levels of poverty and unemployment and low incomes of the rural population are reflections of an overdependence on an agriculture sector characterized by subsistence farming with low levels of output and investment, high levels of land fragmentation, and inefficiencies of scale across the food chain. Specific social and cultural barriers, lack of finances and access to technology and information, and skills and knowledge, prevent those involved in agriculture from going beyond subsistence farming to more diverse and active, income generating activities. These barriers have a particular negative impact on the well-being and quality of life of old people, women and young people, and have a consequential detrimental impact on natural resources through the adoption of unsustainable land management practices.

The project will address these challenges by improving rural economic diversification and sustainable environmental practices in target areas across rural Georgia and Ajara in complementarity with the "FAO support to Georgian agricultural sector under ENPARD III".

Contributing Outcome (UNDAF/CPD, RPD or GPD):

Indicative Output(s) with gender marker[2]:

Total resources required:		EUR 10,083,200
Total resources allocated:		
	UNDP TRAC:	
	EU:	EUR 10,000,000
	Government:	EUR 83,200
	In-Kind:	
Unfunded:		0

List of Abbreviations

AMAG	Georgian acronym referring to "Local Group of Active Citizens'"
ESC	ENPARD Steering Committee
EStC	ENPARD Stakeholder Committee
ERDN	European Rural Development Network
FAO	Food and Agriculture Organisation
GIS	Geographic Information Systems
HRM	Human Resource Management
HRMS	Human Resource Management System
IACC	Inter-Agency Coordination Council for rural development
IDP	Internally displaced persons
KPI	Key Performance Indicator
LAG	Local Action Group
LEADER	A French acronym meaning "Links between actions for the development of the rural economy"
LFA	Less Favoured Area
MoA	Ministry of Agriculture
MRDI	Ministry of Regional Development and Infrastructure
MoESD	Ministry of Economy and Sustainable Development
MoENRP	Ministry of Environment and Natural Resource Protection
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NGO	Non-governmental Organisation
NRN	National Rural Network
PWD	Persons with disabilities
RD	Rural Development
RDAP	Rural Development Action Plan
RDC	Rural Development Council
RDS	Rural Development Strategy
RDP	Rural Development Programmes
RDPU	Rural Development Policy Unit of the Ministry of Agriculture
SADG	Strategy for Agriculture Development in Georgia
TWG	Thematic Working Group
UNDP	United Nations Development Programme

Contents

I. THE DEVELOPMENT CHALLENGE

1.1. THE DEVELOPMENT CHALLENGE

Rural Development aims to improve the lives and well-being of rural dwellers while protecting the natural environments within which they live. Adopting an effective rural development policy in Georgia will:

- involve a new focus for public administrators and policy makers,
- require investment in a robust evidence base and
- necessitate linkages with local stakeholders

In Georgia, there is a clear rural-urban divide related to economic opportunities, and public service provision. The poverty rate in the country is gradually decreasing but remains high at 20.6%, notably in rural areas where 43% of the population lives, and the poverty is 26.5% as opposed to 14.5% in urban areas.[1] Poverty is most severe in mountainous areas, and female-headed households are more likely to be poorer than male-headed households, since they have fewer economic activities especially in off-farm activities, earning on average 63 cents per each euro earned by a man.[2] Limited skills, access to finance, insufficient infrastructure and lack of affordable child-care facilities severely affect women's opportunities to economic and social empowerment, as domestic and care work traditionally are the responsibility of women. In addition, limited access to mobility, transportation, markets and decision-making are hampering factors for women's participation.

Rural poverty in Georgia is related to lack of economic opportunities, isolation, insufficient skills, capabilities and assets. Under these circumstances, the resilience of poor rural households relies heavily on subsistence farming and the unsustainable exploitation of natural resources such as forests and pasturelands, all affected by worsening climatic conditions.

Agriculture represents the main source of food and income for rural households. The deterioration of the sector remains a root cause of poverty particularly for women, for whom 56% of self- employed women work as unpaid family workers. Major land reform during the 1990s led to erratic privatisation and fragmentation of farmed land resulting in 95% of small farmers with extremely low output and productivity. For decades, the lack of support to improve cultivation and post-harvest technologies, capital and basic skills have also led to massive under-utilization of fertile land, overgrazing in communal areas and decreasing soil fertility.

Skills mismatch on labor market is treated as one of the major impediments for development according to local stakeholders. The vocational education and training (VET) sector has been perceived as the main tool for decreasing skills mismatch and increasing employability of job seekers. Yet, there are currently no formal and institutionalized training programmes for adults provided by the public sector, which would enable lessening the gap.

The situation of Georgian forests, although important safety nets for rural women and men (for fuel, building materials and food), is continuously degrading because of unsustainable usage. Hazardous and non-hazardous waste is also a widespread problem in rural areas due to uncontrolled practices and poor coverage of waste collection systems, which reach less than 74% of the population.
Aiming to addressing the key challenges in rural areas, in December 2016 the Georgian government adopted a national Rural Development Strategy of Georgia (RDS) 2017-2020[3] with a focus on three priority areas: economy and competitiveness; social conditions and living standards; and environmental protection and sustainable management of natural resources. Similar to the above, some of the key challenges referenced in the Strategy, include:

- Low household incomes and high poverty rates
- Lack of employment opportunities
- Poor public services
- Limited access to markets and finance
- Poor business and marketing skills and low production capacity
- Low levels of investment both in agriculture and in related areas
- A decreasing and ageing population
- Land fragmentation and inefficient economic conditions
- Degraded forests and poorly managed and overgrazed pastures

[1] *GeoStat (2016): relative poverty is measured in terms of share of population below 60% of median consumption*
[2] *GeoStat (2015): Women and Men in Georgia*
[3] *http://enpard.ge/en/wp-content/uploads/2015/05/Rural-Development-Strategy-of-Georgia-2017-2020.pdf*

- Water pollution and unregulated, disorganized waste management

In addition, the analysis underpinning the Strategy found specific gender issues, where for example, 58.6% of self-employed women in the high mountain regions in 2015 were involved in uncompensated activities. The Strategy also identified an absence of mechanisms in rural areas to foster inclusive participatory approaches to local decision making.

Furthermore, during the summer of 2017, research was undertaken by UNDP and FAO amongst farmer community groups in the 8 ENPARD funded pilot rural development projects' locations. The research sought to identify issues and obstacles related to agriculture and rural development, and to capture potential opportunities for investment. A number of related issues emerged as being obstacles to development including: the capacity of households to invest depending on household size, level of debt, levels of skills and knowledge and access to finance, technical support, guidance and public services. Opportunities for investment, as defined by the survey groups, were numerous and covered agriculture, environmental protection, social infrastructure, education and the rural economy.

At regional and local government levels, capacities to develop confidence, understanding and the skills required to influence rural policy dialogue need substantial improvement. There is a lack of technical and experienced staff to understand and formulate appropriate rural policies and strategies grounded on participatory planning approaches, which emphasizes the complexities of putting multi-stakeholder processes for public and sector policies into practice; human capital management systems within public sector, including local authorities, are mainly limited to personnel matters and are primarily administrative in nature.

In view of this, rural community capacity building will continue to be an area of importance in relation to enhancing the effectiveness of implementation frameworks by specially targeted interventions, especially in the 8 ENPARD funded pilot projects where the EU LEADER approach is being promoted. Community learning and development has an essential role to play in giving communities the confidence and skills they need to engage effectively with Community-led Local Development (CLLD). Yet, commitment to community engagement and understanding of the importance of knowledge and skills are weak, therefore enhancing skills and resources that support community achievements that go above and beyond what any individual or household could accomplish alone needs to be enhanced. Representatives of public and private institutions, economic and social interest groups need to take a comprehensive approach to rural development by empowering local communities, with strong emphasis on promoting women and youth engagement and formation of active groups in rural areas. This includes enabling communities to provide and manage local actions to meet rural needs; enable communities to have a real influence over the planning, delivery and quality of mainstream municipal services related to rural development, as well as specific initiatives such as those aimed at achieving priority goals for integrated rural development support in Georgia.

Public sector capacities at regional and national levels also need advancement towards improved harmonization and coordination of actions through stronger economic, social and territorial cohesion. To this end, institutional capacity to integrate rural development concepts and strategies into governmental functioning for efficient and effective impact on rural poverty reduction is weak, and civil service is lacking organizational and managerial skills for implementation of rural development programmes and projects. In this respect, there are no strong mechanisms for adequate stakeholder coordination and involvement in rural development planning, delivery and evaluation, and there is a weak linkage between sectors and actors in ways that have multiple negative effects on the efficiency and effectiveness of supporting actions.

Therefore, the development challenge that this project seeks to address encompasses capacity gaps both within the public sector and amongst civil society to design and effectively deliver rural development strategies, plans and programmes that ensure a substantial impact in rural poverty and living standards.

1.2. Background and Policy Framework

The EU signed an Association Agreement (AA) with Georgia in June 2014. This aims to deepen political and economic relations between the parties and to gradually integrate Georgia into the EU's internal market. This entails, as one element, creating a Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Georgia. Under Article 333 of the Association Agreement (Cooperation between the Parties in the field of agriculture and rural development), there is provision for 'facilitating the mutual understanding of agricultural and rural development policies'.

Since 2012, the government of Georgia (GoG) has undertaken a fundamental reform of state support to the agriculture sector due to recognition of its strategic importance to the country as it represent 51% of employment.

The government has increased public allocations to the Ministry of Agriculture (MoA) from 1.52% of the central budget in 2012 to 3.11% in 2015, and the adoption of the Strategy for Agricultural Development in Georgia (SADG) reflects policy support toward a gradual growth in agricultural production and value. The SADG highlights the need for:

- increased competitiveness of agriculture,
- while promoting the stable growth of high quality agricultural production,
- ensuring food safety and security, and
- overcoming rural poverty.

ENPARD is the single largest programme supporting the SADG and the RDS, with an EU allocation of 102 million euro. Building on existing support the 3rd phase of ENPARD (ENPARD III), with an EU allocation of 77.5 million euro will focus on:

- promoting inclusive and sustainable growth and development
- creating employment and livelihoods for the poor and excluded

Special measures will help build the resilience of vulnerable people in remote regions, and to promote the economic and social empowerment of rural women.

The Regional Development Programme of Georgia (2015 – 2017) aims at supporting a more balanced and sustainable socio-economic development of the country's regions. The Programme establishes that the MoA and the Ministry of Regional Development and Infrastructure (MRDI) share competences over rural development. The Law on Development of High Mountain Regions is expected to facilitate their social and economic progress by means of improving fiscal and social benefits for local resident support, infrastructure and business development.

Under the Law on the Environment of Georgia the policies of the Ministry of Environment and Natural Resources Protection (MENRP) are guided by the National Environment Action Programme. The forest sector is significant, considering that it covers 40% of the territory and provides direct benefits and resources to the population. A National Forest Concept approved by Parliament in 2014 will lead to the adoption of a Forest Code in 2017 to help regulate forests more efficiently under sustainable management practices. The Law on Protected Areas guides the mandate of a dedicated Agency for the sustainable management of the protected network covering 7.5% of Georgia territory. Also relevant is the development of the waste sector, which is regulated by MENRP through the Waste Management Code for improved coverage and adoption of sustainable practices.

The Georgian National Tourism Administration under the Ministry of Economy and Sustainable Development (MoESD) is tasked with the promotion of sustainable tourism, a sector which represents a 7% share of total economic output in 2014 and has a high potential for expansion and support to the diversification of the rural economy.

With support from ENPARD and in line with the EU approach[4], Georgia has established a policy framework for rural development. The goal is to improve the competitiveness of agriculture, promote the sustainable management of natural resources and to support more balanced territorial development of rural economies and communities. The Autonomous Region of Ajara adopted a Regional RDS in the spring of 2016, followed by the adoption of the national RDS for Georgia at the end of 2016. ENPARD has supported rural development projects piloting the EU LEADER[5] approach in eight selected municipalities. These pilots have promoted the establishment of local partnerships drawn from the public and private sectors, who constitute Local Action Groups (LAG). The LAGs formulate Local Development Strategies (LDS) which represent a prioritization framework for articulating local developmental needs. On this basis ENPARD III will provide further support to these projects through targeted assistance for improved rural development services and improved living conditions.

The actions foreseen by ENPARD III are coherent with the focal sectors of SSF 2014 – 2017, and in line with the 2015 review of the European Neighbourhood Policy[6] which emphasises the need to support reforms for improved competitiveness, inclusive growth and social development, as part of the contribution to develop Georgia's economic resilience, modernisation and diversification, particularly in rural areas.

ENPARD III will also contribute to the EU-Georgia AA for improved competitiveness of agriculture under the DCFTA, the support to rural development, the harmonization of environmental legislation and enforcement mechanisms, and the improved management of natural resources.

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[4] *Regulation (EU) No 1305/2013*
[5] http://enrd.ec.europa.eu/en/leader
[6] *EC (2015) Review of the European Neighbourhood Policy*

1.3. The EU and Rural Development

Rural development is a process that delivers improvements in the quality of life and economic well-being of people living in relatively isolated and sparsely populated rural areas. Rural development, traditionally, has focussed on the exploitation of land-intensive natural resources, such as agriculture and forestry. However, changes in global production networks, increased urbanisation and dynamic links between rural and urban environments have changed the character of rural areas. Increasingly tourism, niche products and recreation have replaced resource extraction and agriculture as dominant economic factors.

Rural development plays an important role in transition economies where improving the quality of life for rural people and reducing poverty are often the driving factors by means of improving basic infrastructure, access to services and increasing economic opportunity.

The need for rural communities to approach development from a wider perspective has created more focus on a broad range of development goals rather than merely creating incentives for agricultural or resource based businesses. Education, entrepreneurship, physical and social infrastructure, biodiversity protection and enhancement, climate change adaptation and mitigation all play an important role in developing rural regions. Rural development is also characterised by its emphasis on locally produced economic development strategies.

The EU has championed rural development for several years and has developed an architecture and framework within which Member States formulate strategies and seven-year programmes to address rural development challenges. The EU's three long-term strategic objectives for rural development covering the 2014-2020 period are listed as:

- Fostering the competitiveness of agriculture;
- Ensuring the sustainable management of natural resources, and climate action; and
- Achieving a balanced territorial development of rural economies and communities including diversification, and the creation and maintenance of employment.

The EU has strategic guidelines for rural development[7]. While not explicitly designed as such, these are used as reference when defining the objectives and scope of rural development under ENPARD beneficiary countries and hence the measures that might be adopted.

Under these guidelines, actions under rural development fall within four axes (although, in fact, the fourth of these axes – LEADER – is more properly an instrument). The axes are:

- Improving the competitiveness of the agricultural and forestry sectors;
- Improving the environment and countryside;
- Improving the quality of life in rural areas and encouraging diversification of the rural economy; and
- Building local capacity for employment and diversification (the LEADER axis).

The LEADER[8] programme is an initiative to support rural development projects initiated at the local level to revitalize rural areas and create jobs and income in a proactive and participatory manner. LEADER projects are managed by local action groups (LAGs). Each project must involve a certain rural administrative unit with actions aimed at one of three objectives:

(a) to encourage experiments in rural development;
(b) to support cooperation between the main stakeholders from different rural territories: several LAGs can share their resources; and
(c) to network rural areas, by sharing experiences and expertise in the development of rural areas by creating databases, publications and other modes of information exchange.

A LAG brings together individuals from local public, private and civil society who are responsible for preparing a Local Development Strategy(LDS) and its implementation, based on which they tackle important priorities in a locally-

[7] http://europa.eu/legislation_summaries/agriculture/general_framework/l60042_en.htm
[8] *A French acronym meaning Links between actions for the development of the rural economy*

specific, innovative and participative way. Increasingly, it is being recognized that these local participatory bottom-up processes are an integral factor toward building stronger resilience within local communities.

1.4. Rural Development and Sustainable Development Goals

Rural development approach corresponds closely and leads to achievement of the Sustainable Development Goals (SDG) which are also closely compatible with the EUs approach to rural development and its six common priorities:

- fostering knowledge transfer and innovation in agriculture, forestry and rural areas
- enhancing the viability and competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management
- promoting food chain organisation, animal welfare and risk management in agriculture
- restoring, preserving and enhancing ecosystems related to agriculture and forestry
- promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors
- promoting social inclusion, poverty reduction and economic development in rural areas

1.5. Rural Development in Georgia

Under ENPARD I (2013-2017), the primary focus of the programme was on support to agriculture through institutional capacity building, support for the development of small farmers' cooperatives and pilot activities on rural development in three areas, Borjomi, Kazbegi and Lagodekhi. The rationale for establishing the 3 rural development pilot projects is given as:

- Diversification of rural economic activities to address poverty and promote sustainable and inclusive growth.
- ENPARD experience in agriculture to help increased coverage and integration in rural development strategies and plans.
- Validation of EU approach to rural development.
- Inform the national strategy (contextual analysis, local level strategies).

Under ENPARD II (2016-2018), the primary focus is to shift from agriculture to rural development support (while consolidating the agricultural support already given under ENPARD I). The roll out of rural development support is based, and conditional on:

- Adoption and implementation of a National Rural Development Strategy and Action Plan
- Adoption and implementation of a Ajara Rural Development Strategy and Action Plan
- Adaptation of EU best experiences and practices, including LEADER approach
- Complementarity of support programmes (EU, government, other donors) for effective implementation of rural development support measures at central, regional and municipal levels.

The main rural development components under ENPARD II include:

- Institution-building support for policy development
- Expansion of rural development projects to five new municipalities: Akhalkalaki, Dedoplistskaro, Tetritskaro, Keda and Khulo

Accordingly, work has been underway since 2015 to enhance understanding of how a RDS for Georgia should be developed and implemented. Some of the key milestones in this process have been:

- Annual Rural Development Conferences in 2015, 2016 and 2017 with International contributions, opened by the Minister of Agriculture, and including policy and thematic discussions about rural strategy development in Georgia.
- The production of a RDS for Ajara in 2016, including a vision for the region with identified priority outcomes. The production of the strategy was overseen by a Cross-Ministerial Rural Development Council (RDC), ensuring integrated policy thinking and stakeholder engagement.
- The production and adoption of a national RDS (2017 – 2020) and Action Plan (2017)
- The establishment and operation of an Inter-Agency Coordinating Council (IACC) for rural development to oversee the implementation of the Action Plan for 2017 and preside over the Action Plan for 2018-2020.

Recognizing the progress made so far and demonstrated by adoption of the RDS, the key challenge will be to facilitate an efficient and effective implementation by the government including inter-ministerial agreements for integration of the support to agriculture alongside other measures targeting the diversification of rural economic opportunities and the environment for a more effective impact on poverty alleviation.
This project will contribute to the main purpose of ENPARD III, which is to promote inclusive and sustainable growth and development, creating employment and livelihoods for the poor and excluded, and to the achievement of results related to improvement of institutional capacities for the implementation of the RDS; improvement of rural economic diversification, employment and services; and Improvement of environment, sustainable management of natural resources and climate action.

1.6. Engagement of Women, Youth and other Groups (IDPs, PWDs, Minorities) in Rural Development

Rural development aims to improve the quality of life of rural population, including through promotion of social inclusion. Social inclusion helps to ensure equal access for individuals and communities to opportunities, rights, and resources (like employment, healthcare, education, housing, civic engagement, democratic participation, etc.) that are normally available to society and are key to social integration.

The project will therefore put a special emphasis on the groups that are under higher risk of being deprived of equal opportunities. In the project context, these are women in rural areas, youth, minorities, persons with disabilities (PWD) and internally displaced people (IDP).

- Even though, Georgia has committed itself to improving **gender equality** and has achieved significant developments on the legislative level, it is noteworthy that gender equality is insufficiently mainstreamed in relevant national, regional and local policies and strategies. Diverse needs, interests and viewpoints of men and women, girls and boys are not reflected in day to day lives and it is often difficult to assess what could be the gender impact of certain policies and programs supporting rural and agriculture development. Research also shows that there is a clear lack of synergy between gender equality policies and the sectorial agricultural and regional development policies.[9] The dearth of sex-segregated data and the lack of gender-sensitive outreach strategies make it even harder to implement well thought out and inclusive policies that benefits men and women, boys and girls equally well.

  Country specific social and cultural barriers, along with existing stereotypes of traditional roles of women in Georgia, the so called double burden, lack of finances and access to technology and information, as well as women's participation in decision making processes at the local level, prevent many women involved in agriculture to go beyond subsistence farming to active, income generating involvement in an agriculture business.

  Modest amount of research carried out in Georgia for understanding gender and agriculture suggest a number of recommendations that seek to significantly improve the status quo of women in rural development. For example, rural development and agricultural strategies and programs should be responsive to gender inequalities and stereotypes, and contribute effectively to reducing structural social barriers that limit women's economic empowerment, and improve women's access to land, information, agricultural equipment, financial recourses, and marketing among others.

  On this basis, well targeted actions creating income generation and diversification of economic opportunities for rural women should be supported. These actions would include improving access for women to information and modern technologies as well as supporting women's participation in vocational training and agricultural studies[10]. It is particularly important to promote women's and girls' education in the agricultural sector and to support initiatives that remove barriers for girls from entering educational programs, including accessibility to financial support and student loans[11].

- At over 30 %, unemployment rate is highest for the **young men and women** (15-24 years) in Georgia, compared with any other age groups. Besides, young people face various barriers to access productive resources and income generation opportunities. Education, including vocational education, has not turned

[9] 1 http://www2.unwomen.org/-/media/field%20office%20georgia/attachments/publications/2016/report%20-%20the%20gender%20assessment%20of%20agriculture.pdf?la=en&vs=3323
[10] UN FAO, Country Gender Assessment Agriculture and Rural Development in Georgia, October 2017, pp. 43-47
[11] "The Gender Assessment of Agriculture and Local Development Systems", UNWOMEN, SCO, ADC, 2016, p 34

into the resource, providing young people with sufficient skills and capacities so that to facilitate smooth transition to the labor market. Therefore, in addition to involving young people in all stages of the project implementation, the project will design specialized support measures targeting youth. The project will align its activities with the "National Policy Document on Youth" which prioritizes: youth engagement in public life; education and employment; healthy life; civic education, and safety and protection of rights for people with special needs. Local development strategies will also provide a good basis for identifying priority actions supporting young people across all 8 municipalities.

- There are **ethnic minorities** residing in several of the project target areas (mostly in Akhalkalaki and Lagodekhi). Minorities face special challenges, including insufficient integration into the regional economic and civic processes. Geographic isolation and/or language barriers often hinder access to various services, including those providing income-generation opportunities. Therefore, a special communication and engagement efforts is necessary to reach out to these minority groups. The special needs of the minority communities will be examined thoroughly during the project assessment stage, and the tailored measures designed respectively. As a rule, engagement of the minority groups will be ensured across all project activities.

- The same approach will be applied to **persons with disabilities** and **internally displaced people** (i.e. in Borjomi), to ensure their full engagement in the project. There is evidence that PWD face difficulties and barriers for social-economic integration in general, but these are further compounded in rural areas due to lower quality of inclusive infrastructure, limited income generation opportunities and substandard access to services. Likewise, IDPs also face problems when it comes to their full engagement in economic activities, as evidenced in Borjomi. This is mainly conditioned by limited availability of productive resources, (land, property), as well as low skills and qualifications. Therefore, the project will put all efforts to ensure that the needs of these disadvantaged groups are fully incorporated into the project priorities and addressed through various support measures.

The project will incorporate special tracing indicators in its M&E system to assess the effectiveness of its engagement with women, youth, people with disabilities, IDPs and ethnic minorities.

II. PROJECT STRATEGY

The project will contribute to the overall objective of ENPARD III, which is to assist the Georgian government in eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance.

In line with the Action Document for ENPARD III[12], the expected **impact** of the project is to improve employment and living conditions as a result of better quality and quantity of available rural services for the rural population in Georgia

The expected **outcome** of the project is that more diverse rural services are delivered to population in more efficient, effective and sustainable manner. The project will be **complementary** to the "FAO support to Georgian agricultural sector under ENPARD III", which will deliver agricultural services to the rural population in the same target areas.

On this basis, the **results framework** of the project is designed to ensure that the content of the RDS and RDAP, nation-wide and for Ajara region, remain relevant and that they are implemented, monitored and evaluated in the most relevant, efficient, effective and sustainable way.

In this respect, the project is expected to deliver the following **outputs**:

1. Improved governance for effective implementation of the RDS, RDAP and related programmes
2. Improved rural economic diversification, employment and services
3. Improved environment, sustainable management of natural resources and climate action

[12] *Action Document for ENPARD III, constituting the work programme for grants in the sense of Article 128 (1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2102) I the following section concerning calls for proposals: 5.4.1 Grants; call for proposals "Support to development in disadvantaged rural regions of Georgia" (direct management)*

4. Improved rural development governance and economic diversification, environment, natural resources and climate action in Ajara autonomous region.

In doing so, the project will support two **complementary areas**:

- improving the governance systems for rural development in Georgia including Ajara region, through support to put in place a strong institutional framework for managing of the implementation of the respective RDS and the RDAP, and to establish an active coordination of actions with participation by government, international partners and donors, civil society and the private sector at central, regional and local levels;

- providing direct delivery of rural services for improved economic diversification, sustainable management of natural resources and climate action to the rural population in targeted municipalities, either through government programmes or through UNDP and their implementing partners, on the basis of local needs-based priorities established using an integrated territorial approach.

The project will be implemented in compliance with the **strategic approach** defined in the adopted RDS 2017-2020 of Georgia and Ajara:

- ensuring the active participation of all interested parties in rural development, which will make a significant contribution to effective implementation of the RDS objectives and achieving sustainable outcomes, putting special emphasis on awareness rising and the inclusion of the local population, including private sector and civil society.

- strengthening the mechanisms for stakeholder engagement through gradual expansion of the 'bottom up' approach, which ensures the deepening of social education, trust and mutual understanding as part of the engagement process required to effectively support rural development priorities at local level, including the involvement of municipalities and the Local Action Groups according to the EU LEADER approach for successful elaboration and implementation of local needs oriented development plans.

On a technical level, for the institutional component the project will give special focus to the support to the dedicated Rural Development Policy Unit (RDPU) under the MoA, which leads and coordinates rural development process within government (IACC), guided by the RDS and the RDAP and is responsible for the administration of activities provided in the RDS and the RDAP, including the collection of data related to their implementation, and related coordination of regular monitoring, evaluation and reporting.

The project will also support respective units in other ministries which are responsible to shape and monitor the contribution of these ministries to rural development. The same approach will apply for Ajara AR with regards to the support to the Ajara RDC.

For the delivery of direct services to the rural population, the project will ensure that all supported activities are consistent with the priorities of the local development strategies in the target areas. Moreover, these activities should be complementary to the programmes and projects established under the RDS and RDAP funded by the state budget, as well the projects implemented by international partners, private sector, donors and financial institutions in the target areas.

To achieve this, the project will provide dedicated support to the establishment of active rural development coordination mechanisms at national, regional and local levels. This will ensure more efficient and effective planning processes, and the promotion of sustainable approaches using integrated planning for the implementation of supporting programmes, enhancing synergies and complementarity among the various programmes and projects.

III. RESULTS AND PARTNERSHIPS

3.1. EXPECTED RESULTS

The project is complementary to the "FAO support to Georgian agricultural sector under ENPARD III", which will deliver agricultural services to the rural population in the same target areas.

The project includes the following **intermediate results and activities** under each of the following outputs:

1. Improved governance for effective implementation of the RDS, RDAP and related programmes
2. Improved rural economic diversification, employment and services
3. Improved environment, sustainable management of natural resources and climate action
4. Improved governance for effective implementation of RDS, RDAP and related programmes in Ajara AR, and improved economic diversification, environment, natural resources and climate action in the region

For outputs 1 and 4, the intermediate results and activities related to institutional support to policies, improved governance and coordination systems will complement and extend in time ongoing activities under the project "Support to Rural Development in Georgia" implemented by UNDP under ENPARD II until 2018. The multi-year work plan under section VI already reflects the time schedule for each activity.

The project has defined an appropriate **logical framework (LFM)**, as contained in section IV, and a **monitoring and evaluation system**, as contained in section V. Both will ensure the appropriate delivery of targeted outputs to achieve the expected outcome and impact of the project, as reflected in the LFM, which includes relevant indicators, baselines and sources of verification. The project will ensure evidence-based data collection, analysis and reporting on the basis of the LFM in order to ascertain progress and achievements on a regular basis, and to inform further review processes upon completion.

Output 1. Improved governance for effective implementation of the RDS, RDAP and related programmes

It is recognized that many rural areas of Georgia could develop their local potential much further beyond agriculture, given the opportunities offered by their unique natural landscape, culture and traditions. In this respect, the European experience of support to rural areas, and the emphasis placed on bottom-up participatory processes, should assist the process of rural development in Georgia.

Across Europe, the support to rural development over the last decades has helped strengthen the ownership of local development processes, improving capacities and providing local actors with resources and incentives to access better rural services and jobs in a variety of activities related to agriculture, eco-tourism and other rural businesses. However, it is widely acknowledged that supporting bottom up development in rural areas require investment in building capacity across several levels including government institutions, organised civil society, the private sector and the rural communities that will be the ultimate direct beneficiaries of the support.

The rural development approach recognizes that each territory has its own unique features, and that communities and local authorities need capacities and resources to implement their local strategies for development. This approach has helped large portions of the rural population across the EU to improve infrastructure, services and living conditions.

Under ENPARD II, the EU agreed with the government the provision of package of support leading to the adoption of RDS nation-wide and for Ajara in 2016. Further, the establishment of the IACC and specific support to the RDPU of the MoA and the Ajara MoA represented a first step in the process of integrating the various sectoral priorities that need to be reflected in a sustainable rural policy whose implementation should be guided by the principles of territorial approach to local development.

After adoption of the strategies for 2017 – 2020, the project will continue to provide support to their implementation on the basis of the above principles, as well as for preparation of the new RDS 2021 – 2024. For both, the project will focus on improving governance and management systems for more efficient, effective and sustainable implementation of rural development programmes over the coming years.

As part of the integration process, the project will promote a more efficient integration and rationalisation of the various public and donor funded programmes related to rural development through proper mapping and the use of territorial and multi-sectoral approaches. The focus will be on enhancing access to evidence-base information for improved decision-making, and to achieving a more active and meaningful coordination and exchange of information between central, regional and local authorities, including active participation of civil society and the private sector.

The **intermediate results and activities** for this output are:

1.1: More relevant rural development strategies, plans and programmes adopted and implemented

1.2: Improved governance and coordination mechanisms for rural development

Intermediate result 1.1: More relevant rural development strategies, plans and programmes adopted and implemented

1.1.1: An in-depth analysis of the gaps in evidence carried out to inform annual RDAP reviews and the drafting of future RDAP and the Rural Development Strategy (2021 – 2024)

The baseline assessment that underpinned the national and Ajara regional RDS for 2017–2020 made it apparent that gaps exist in the evidence base, particularly at the regional and municipal level. This activity will deliver a more robust evidence base to enable higher quality of the annual reviews of the RDS 2017-2020 and the production of the RDS 2021 – 2024 on the basis of improved access to evidence-based information and statistical data for analysis and decision-making purposes.

1.1.2: Establishment of a unified Monitoring and Evaluation (M&E) framework for the RDAP 2018 – 2020 and the RDAP 2021-2024

As foreseen in the RDS 2017-2020, a common monitoring and evaluation system needs to be elaborated to ensure a common approach and the evaluation of the results of activities implemented under the particular policy directions that are important for the efficiency of the planned activities. On this basis, the RDS expects that the agreed upon indicators, reflecting the baseline situation, the situation related to the implementation of activities under the RDAP, their immediate results and final goals, will be used for the common monitoring and evaluation system.

For this purpose, the project will assist the RDPU under the MoA, in coordination with relevant IACC ministers and the Ajara RDC, in setting-up a robust and unified M&E framework for the RDAP 2018 – 2020 and RDAP 2021-2024 including for Ajara region. The support includes the design of a relevant and realistic logical framework, and the assistance to put the M&E system in place in order to ascertain progress and achievements during the implementation of the strategies and plans.

The project will support the establishment and the maintenance of the M&E system as required, including trainings and other incentives, equipment and other complementary support such as research, baselines, needs assessments, results snapshots, lessons learned initiatives, study tours, field and exchange visits, ad hoc evaluations, etc.

1.1.3: Enhancing availability of evidence-based data and mapping information about rural development at central, regional and municipal level

Under this activity, the project will continue to work with GeoStat to improve capabilities to enhance the availability of evidence-based data and mapping information about rural development at central, regional and municipal level, including statistical systems and maps.

This activity will inform the feasibility of establishing a Geographic Information System (GIS) for rural development in Georgia, including Ajara AR. A fully functioning GIS would enable users to create interactive queries (user created searches), analyse spatial information, edit data in maps, and present the results of all these operations. It would also allow for more effective targeting of publicly funded interventions and enable the concept of focus areas to be developed (areas where due to a multitude of indicators warrants special attention).

1.1.4: Collection of evidence, good practices and lessons learned on LAG experience

ENPARD is supporting pilot projects following the LEADER approach to demonstrate how community led local development (CLLD) can lead to local socio-economic development in 8 municipalities of rural Georgia, including Ajara AR. Outcomes to date have been encouraging with strong participation at local level in the

form of LAGs, delivering local strategies based on which nearly 300 new rural jobs have been created in various sectors, apart from the social and economic benefits provided at community level.

After finalisation of the 1st phase, the project will provide specific support in order to understand the concrete success factors that make LAGs work efficiently and effectively in rural Georgia, so as to incorporate this learning as part of the process of establishing better governance mechanisms for rural development nation-wide and in Ajara.

The project will interact closely with implementing NGOs, LAGs, municipalities and beneficiary communities in order to understand how and to which extent their functions have helped deliver sustainable rural solutions. In addition, the project will undertake periodic reviews with LAG members in order to identify and document best practices, and will share this learning with national, regional and local authorities, to analyse how relevant functions by LAGs could be incorporated as part of the existing local governance mechanisms in an effective and sustainable way.

1.1.5: Commissioning new research to inform annual RDAP reviews and the drafting of future plans

The information generated with support from activities 1.1.1 to 1.1.4 above should provide a comprehensive reference to inform periodic reviews of ongoing RDAP, as well as the drafting of future RDAP for 2021-2024 nation-wide and for Ajara AR. In addition and as required, complementary research should be identified and supported for this purpose, including for the completion of baseline and databases and subsequent analyses as required ensuring high quality of the annual reviews of existing RDAP 2018-2020 as well as for the drafting of the RDS for 2021 – 2024.

1.1.6: Supporting government to undertake annual reviews of existing RDAP until 2020, and develop new RDS and RDAP for the period 2021 – 2024

On the basis of the support provided under activities 1.1.1 to 1.1.5 above, the project will assist the government, including Ajara, to collect, analyse and discuss relevant data about the performance of the implementation of the RDAP in order to adopt relevant annual reviews of the RDAP for more relevant, efficient, effective and sustainable implementation of support programmes.

Using the same approach, the project will assist the national and Ajara AR governments to design and adopt new strategies and plans for the period 2021 – 2024.

As a complement, activities described under Intermediate result 1.2 will support government to define and implement better governance and coordination mechanisms for rural development, which should be considered during the annual reviews of RDAP, as well as during preparations of future strategies and plans.

Intermediate result 1.2: Improved governance and coordination mechanisms for rural development

1.2.1: Supporting government to improve integration of governance and coordination systems for rural development

UNDP support measures under ENPARD II have been largely focused on promoting a stronger institutional engagement through awareness and knowledge rising on rural development to the RDPU of the MoA, the IACC and the RDC of Ajara, leading to the adoption of existing RDS and related RDAP 2017-2020. This is expected to continue under this project, complemented with a new focus on assisting government to gradually introduce more relevant governance and coordination mechanisms in order to achieve a higher impact in the support to the rural population, including nation-wide and for Ajara AR.

For the coming years, the establishment of a more integrated rural development governance system should help improve the government functions in relation to policy planning, formulation, implementation, monitoring and evaluation of rural development strategies, plans and programmes, considering the high number of responsible ministries under the IACC and the still limited role municipalities play in decision-making on rural development priorities. On the other hand, there are relevant management models in EU countries which have helped improve the delivery of rural services to the population that could be adapted to the Georgian reality.

In addition, the establishment of active coordination mechanisms dedicated to rural development at national, regional and local levels should help government adopt more integrated planning processes including public, private and donor funded support programmes, enhancing synergies and complementarity among them.

For all the above, the project will facilitate access to relevant knowledge and experience sharing on modern rural development approaches, and will assist the RDPU of the MoA, the IACC and the RDAC of Ajara AR to identify and analyse the best possible models that could help improve rural development governance and coordination in Georgia, including through case studies study tours and other methods, as required. Issues for discussion should be focused on best practical arrangements that could facilitate the integration and optimisation of managerial, administrative and service delivery functions by government, and best available options to achieve higher cost-efficiency and impact on rural income and employment, including through the use of integrated territorial approaches in Georgia, as promoted at municipal level through the ENPARD pilot projects.

UNDP will work closely with IACC to identify areas where capacity requires further investment to deliver evidence based polices and effective programmes. The support measures will be primarily focused on four core issues as the drivers of change in capacity: leadership, institutional arrangements, knowledge and accountability. As part of technical capacity building support, the project will cover relevant topics related to rural development outside agriculture sector, including rural economic diversification, job creation, innovation and entrepreneurship, environmental protection, sustainable management of natural resources and climate change. In addition, specific activities will cover the appropriate mainstreaming of gender, youth and other groups' needs and considerations.

1.2.2: Supporting organised civil society, private sector and rural communities for more active engagement and participation in rural development.

So far, the engagement and participation of civil society, private sector and rural communities has been promoted through partners implementing the pilot projects under ENPARD through the creation of LAGs and the development of, and support to local strategies.

In terms of institutional engagement, the project will support the coordination of concerned LAGs and civil society representatives with the government at central, regional and local levels, including for Ajara. This will help improve the functions that civil society needs to play as part of the improved governance and coordination systems for rural development supported under activity 1.2.1, and to ensure their effective integration into these systems.

In view of the direct involvement in the delivery of rural services at local level, the project will provide complementary support to ensure the active engagement and participation in decision-making by LAGs, civil society, private sector and rural communities with regards to the selection and support of priority activities that should be implemented at municipal level, ensuring synergies and complementarity with the support provided by the pilot projects. To this end, the project will liaise with the pilot projects to define the scope of complementary support needed in order to promotion more active awareness, leadership and participation of the population in local development at the level of planning, implementation and monitoring of support actions.

The project will provide technical capacity support to organized civil society groups on relevant topics related to rural development outside agriculture sector, including improvement of skills and knowledge on rural economic diversification, job creation, innovation and entrepreneurship, environmental protection, sustainable management of natural resources and climate change. In addition, specific awareness activities will cover the appropriate mainstreaming of gender, youth and other special groups' needs and considerations.

As part of the above, the project will provide dedicated capacity support to women, the youth and other special groups including IDPs, people with disabilities, ethnic minorities and others, creating concrete opportunities for these groups to access the rural services offered by the project, and more generally to ensure their greater involvement in social, economic, cultural and political life of their respective communities, creating additional opportunities for improved living conditions.

Finally, the project will support the coordination of concerned LAGs and civil society representatives with the government at central, regional and local levels in order to achieve an effective integration of the functions that civil society will need to play as part of the improved governance and coordination systems for rural development supported under activity 1.2.1.

1.2.3: Supporting regional authorities and municipalities for more active engagement and participation in rural development

Using the same principles for institutional support under activity 1.2.1, the project, will assist regional and municipal authorities, including for Ajara AR, to take active part in the discussions leading to the establishment of more relevant governance and coordination mechanisms in order to achieve a higher impact in the support to the rural population. This is very important considering the still limited role municipalities play in decision-making on rural development priorities in Georgia.

The project will facilitate access to relevant knowledge and experience sharing on modern rural development approaches, and will assist the regional and local authorities to identify and analyse the best possible models that could help improve governance and coordination mechanisms for rural development in Georgia, on the basis of successful and replicable EU models, including through case studies, study tours and other methods, as required.

As part of the technical capacity building activities, the project will liaise with the pilot projects in order to identify priorities outside the scope of the support they are providing to local authorities as part of the LAGs. The project should support improved knowledge and skills on relevant topics related to rural development outside agriculture sector, including rural economic diversification, job creation, innovation and entrepreneurship, environmental protection, sustainable management of natural resources and climate change. In addition, specific awareness activities will cover the appropriate mainstreaming of gender, youth and other special groups' needs and considerations.

As part of institutional capacity support and in complementarity with the pilot projects, the project will support the improvement of managerial and administrative skills of regional and municipal authorities, in particular in areas under their direct competence or influence which are prioritised as part of the service delivery support by the project. The focus should be on individual capacities namely strengthening individual experience, knowledge, technical skills and competence, but more largely on organizational capacities, including developing institutional systems and procedures, rules of the workplace and the organizational framework for civil servants to improve delivery of related services.

1.2.4: Creating the conditions for an effective learning network on rural development in Georgia

With support from ENPARD II, UNDP is assisting the establishment of a Rural Development Network (RDN) in Georgia, including Ajara AR, conceived as an online free platform for the promotion of effective cooperation, information exchange and support among institutions, organisations and individuals. In particular, the RDN should act as a platform for the free expression of needs, voices and interests of the civil society, including women, the youth and other special groups, and the promotion of active and constructive dialogue between government and the civil society.

Under this activity, the project will continue to support the RDN as a strengthened, recognised and utilised learning network and information source based on best practice, case study materials and others. The project will ensure wider dissemination of the RDN among relevant stakeholders and the wider society, and to promote a more active and dynamic knowledge and experience-sharing on best practices for rural development within Georgia, the South Caucasus region, the ENPARD countries, the European Commission and the EU member states through enhancing social networking around the development of high quality case studies and other materials portraying the benefits of rural development in Georgia.

The project will also define and implement a credible plan for sustainability of the RDN after end of implementation through widely participatory discussion amongst active supporters and users.

Output 2. Improved rural economic diversification, employment and services

Please refer to Annex 1 presenting the list of activities for rural service delivery support under this output, which will be reviewed and updated after the assessment and development phases of the project under activities 2.1.1 and 2.1.2 are concluded towards the end of year 1 of the implementation.

In the environment of complex sets of challenges facing rural Georgia, improvement of economic diversification have the potential to benefit poor and vulnerable rural people using an integrated approach, drawing on lessons learnt from previous experiences particularly where the emphasis has been on assisting rural women, the youth and other special groups including IDPs, people with disabilities, ethnic minorities and others.

In Georgia, there is a clear rural-urban divide related to economic opportunities and the coverage of public and private service provision, both becoming more critical in remote areas and for particularly vulnerable groups such as IDPs, ethnic minorities, people with disabilities, women and the youth. 43% of the population lives in rural areas, where poverty is 26.5% as opposed to 14.5% in urban areas.

Rural poverty in Georgia is related to poor agriculture practices, lack of non-agricultural employment opportunities, isolation, insufficient skills, capabilities and assets as well as unsustainable exploitation of natural resources such as forests and pasturelands, all affected by worsening climatic conditions. Beside the limited economic opportunities in rural areas, the skills mismatch on the labour market is treated as one of the major impediments for rural development.

As part of this output, the project will identify the core needs and priorities to be addressed in target rural areas of Lagodekhi, Dedoplistskaro, Tetritskaro, Borjomi, Akhalkalaki, Kazbegi, Keda and Khulo municipalities through the direct delivery of rural services to the population in the most efficient and effective way in order to improve rural employment and living conditions.

The **intermediate results** for this output are:

2.1: Targeted interventions delivered in the 6 rural development areas supported by ENPARD for improved rural economic diversification, employment and services

2.2: Best practice models and innovative practices are shared across the target areas

Intermediate result 2.1: Targeted interventions delivered in the 6 rural development areas supported by ENPARD for improved rural economic diversification, employment and services

In close cooperation with existing LAGs, representatives of local communities, national, regional and local authorities and other concerned stakeholders, the project will identify the most relevant activities for the provision of direct rural support services to the population of the 6 municipalities supported by the ENPARD pilot projects: Lagodekhi, Dedoplistskaro, Tetritskaro, Borjomi, Akhalkalaki and Kazbegi municipalities.

To do so, on the basis of existing national, regional and local development strategic documents and reports, and in close coordination with the ENPARD pilot project and other support initiatives at local level, the project will carry out wide-scale assessments and consultations in order to identify a number of selected activities targeting improved rural economic diversification, employment and services. The support should add value and/or complement existing support already provided by EU pilot projects and others, in terms of:

- actions facilitating expansion of coverage by relevant public programmes and other initiatives into rural areas, with emphasis on targeted improvements on rural infrastructure, social and economic services in order to promote job creation based on the diversification of opportunities;
- actions enabling the application of the territorial approach to local development (jointly addressing needs in various sectors for enhanced complementarity and added-value);
- actions targeting community objectives and the needs from special groups including women, youth , IDPs, people with disabilities, ethnic minorities and others, as opposed to actions supporting individuals or households, which are already targeted by existing EU pilot projects.

When relevant to identified needs and priorities, the project will extend the delivery of services to other municipalities other than the 6 pilot areas supported by ENPARD municipalities, under any of the following criteria:

- supporting the provision of targeted rural services by single administrative units or single private sector providers for which competences and/or operations cover territories beyond the municipal boundaries of the 6 pilot areas supported by ENPARD, be it public or private units (such as in the case of Protected Area Administrations, or VET service providers);
- supporting the provision of targeted rural services requiring the participation of other municipalities as envisaged on relevant legislation or in other formal agreements, or when such participation proves to provide tangible positive effects to any of the 6 pilot areas supported by ENPARD (such as in the case of inter-municipal services for waste collection and transport, or joint tourism plan agreements)

For the above, identified proposals for support should be prepared per each of the eight geographic areas (municipalities) covering each relevant sub-sector under rural development, and submitted by the project for approval by the project Steering committee (see section VII for details) after finalisation of the assessment and development phases, in agreement with existing LAGs, including municipalities.

The management structure of the project will ensure that consultative processes at local level and among the project's stakeholders will incorporate the qualitative and quantitative presence of women, youth and other groups including IDPs, people with disabilities, ethnic minorities and others, in order to support for a stronger rural advocacy.

Also, the project will, to the maximum extent possible, use the already established networks, including by target groups, and will further invest in strengthened networking at all levels, as crucial means of empowering rural stakeholders and in particular women, youth and other groups to provide feedback for shaping of the support interventions.

When the selection of final beneficiaries of rural service delivery involve the launching of calls for proposals, the structure for management and approval of these applications and management of documentation will have three working levels to ensure transparency of the process and an objective management of applications:

- The UNDP Project management team, assisted by the UNDP Project Assurance team, that will be in charge of the overall management, evaluation and monitoring of the delivery of related services and supporting actions, and will provide general support, training and quality assurance to the decision-making process.
- If existing, implementing partners contracted by UNDP and/or agreed implementing partners to implement some activities of the application process (awareness raising, outreach, support in the preparation of application documentation, technical proposals and business plans, screening and review of applications, and submission of recommended financial support for final screening by the Application Review Committee of the project).
- An Application Review Committee (ARC) that will be in charge of the final screening of applications and final award. The ARC will be composed of the relevant line Ministry, the EUD, UNDP and other relevant partners as observers or advisors, invited on case by case basis.

To ensure the smooth operation of calls for proposals, the project will assist in clearly defining responsibilities and developing Standard Operating Procedures (SOPs), such as workflows, technical support manuals, application administration protocols and application review procedures.

Just as important, the appropriate handling and storage of information will be crucial to allow for a transparent process, with records been kept to back any decision taken during the process, and that could be referred to in case of disputes or complaints raised by any of the actors.

If applicable, the design of the calls for proposals including the application management structure and contracting arrangements with implementing partners will be completed as part of the assessment and development stages of the project. In order to increase sustainability, participation of ministries and their implementing agencies and other instances of government as implementing partners will be prioritized, with a focus on enhancing complementarity of public support programmes, allowing for blending of funds to provide more sustainable financing options to the beneficiary communities.

2.1.1: Assessment of the priorities for economic diversification and respective programmes in target municipalities

In the **assessment stage**, for each of the targeted rural municipalities the project will conduct wide-scale assessments in order to identify key players and processes on rural development, their respective roles and responsibilities, and other technical assessments in order to identify key priority issues to be addressed.

The key stakeholders to be engaged in the assessment phase include among others the RDPU of the MoA, Ajara MoA, relevant line ministries under the IACC and Ajara RDC, representatives from the complementary FAO project, from EU pilot projects and other implementing partners in the target areas. At local level, the assessment should involve representatives from municipal authorities and all rural communities, including existing CSOs, LAGs and the local population, making sure there is an active involvement of women, youth and other special groups including IDPs, people with disabilities, ethnic minorities and others.

The project will prepare relevant **municipal assessment reports** for each target municipality summarising the context, main findings and recommendations on existing needs and problems, and how to further improve availability and accessibly of the development-oriented public, private and donor-supported programmes to rural communities. Reports should present in detail the identified priorities for rural service delivery by the project organised by sub-sectors and components of support, including summary of costed activities, timelines and implementing modalities.

In terms of rationale, the reports should explain how the proposed actions and implementing modalities are expected to achieve the most relevant, efficient, effective and sustainable impact on improved employment and living conditions. They should also reflect relevance of selected actions and implementing arrangements to the expressed local needs and the priorities as reflected in existing local, regional and national strategies and plans, including added-value elements, synergies and complementarity with existing public, private and donor support programmes and projects.

All assessment reports should include a detailed mapping of rural development needs and priorities at municipal level, identified by sub-sector, and the mapping of existing support programmes and projects as a basis for analysing synergies, complementarities, gaps and overlapping. A separate analysis on the context related to women, youth and other special groups such as IDPs, people with disabilities, ethnic and other minorities should also be provided, including main challenges and specific action plans for these groups.

During the assessment phase, the project should analyse the most feasible implementation mechanisms for each of the identified priority actions, with a preference for the use of state programmes in search for greater sustainability. However, in cases such approach is proved not adequate, as justified during the assessments, the project will propose alternative ways of implementation, including through direct delivery of services by UNDP and/or selected implementing partners.

After internal validation and consultation with concerned stakeholders, the project should submit the municipal assessments reports to the project Steering committee for review and approval.

In addition, the project will conduct annual reviews of all municipal assessments in order to remain up-to-date with the information provided and responsive to the evolving needs and requirements, updating the activity work plan of the project if necessary.

2.1.2: Development of specific priorities and delivery mechanisms to support economic diversification measures in the target municipalities

On the basis of the approved municipal assessment reports under activity 2.1.1, the project will design and finalise the individual **municipal proposals** for delivery of specific rural services in each target municipality and identified sub-sectors of intervention. Each of these proposals should include a description of the specific context both geographical and by sub-sector, problem analysis and rationale of the support; detailed map of geographical and beneficiary targets, specific results frameworks, baselines, work plans and estimated budgets, and detailed implementation arrangements. Information should also include justification aspects including compliance with existing strategies, plans and programmes relevance to existing needs, added value in terms of gap-filling, complementarity and integration with other priorities and projects, and other qualitative aspects.

After close consultation with all relevant stakeholders as mentioned in 2.1.1, the proposals for each municipality should be finalised and submitted for approval by the project Steering committee, in agreement with existing LAGs, concerned ministries and municipalities.

Finally, designing intensive communication and awareness raising campaigns with regards to the available support measures and instruments, as well as visibility of EU contribution therein, will be an important part of this activity. The campaigns will target rural communities, with a special emphasis on women, youth and other groups including IDPs, people with disabilities, ethnic minorities and others.

2.1.3: Support to implementation and monitoring of priority measures across selected areas in the target municipalities

After approval by the project Steering committee, the project will liaise with the respective partners for the finalisation of municipal proposals, establishing the required procedures for contracting/financing and

reporting, in compliance with conditions of the EU/UNDP agreement and UNDP rules and regulations, in order to allow the start of implementation as foreseen. In case UNDP is implementing sub-projects directly, with or without partners, the same requirements should apply when it comes to reporting.

As envisaged under intermediate results 1.1 and 1.2 above, the project will ensure that all the approved municipal proposals are implemented and monitored in compliance with existing rural development strategies, plans and programmes, and that all implementing partners of these initiatives are actively engaged in the established governance and coordination mechanisms for rural development at local, regional and national levels, in order to ensure an efficient and effective implementation.

In addition, the project will ensure that all implementing partners of the concrete initiatives provide quarterly progress reports and annual implementation reports, including collection and analysis of data for all indicators under their respective results frameworks, and submit the information in accordance with the Monitoring and Evaluation (M&E) framework for the RDS. In addition, they should also submit other relevant reports and information related to their activities such as baselines, technical assessments, analyses of good practices and lessons learned on LAG experience.

Intermediate result 2.2: Best practice models and innovative practices disseminated and shared across Georgia

2.2.1: Research into best practice models and innovative approaches for successful rural development undertaken and results disseminated and published as guidance material

This activity will be implemented at national level, including Ajara AR, and will cover most relevant aspects related to rural development (rural economic diversification, employment and services, improved environment, sustainable management of natural resources and climate action)

Under the remit of its RDN support activity 1.2.4, the project will source, share and make public information available on ENPARD III programme delivery performance in agriculture, rural economic diversification, and sustainable management of natural resources/climate action sub-sectors, in particular, the project will ensure appropriate dissemination of the direct positive impact the programme has achieved for improved employment and living conditions, as part of the communication plan detailed in Annex 6.

The project will also facilitate knowledge-transfer across the country and beyond on the basis of validated research and demonstrated approaches, as to how sustainable rural development outcomes can be delivered and the importance of vision, skills, incentives, resources and planning toward securing the necessary changes in behaviours and practices.

The project will also facilitate annual rural development conferences seeking international participation, for sharing of experiences, presentation of programme progress and outcomes, and exchanging on latest updates on the rural development agenda in Georgia and abroad. Sponsorships will be sought to deliver a collaborative event involving private and public-sector networking opportunities across supply chains. Conferences will secure high level participants from governments, universities, rural development policy and research institutions, civil society organisations and private sector from Georgia and abroad.

Output 3. Improved environment, sustainable management of natural resources and climate action

Please refer to Annex 1 presenting the list of activities for rural service delivery support under this output, which will be reviewed and updated after the assessment and development phases of the project are concluded at the end of year 1 of the implementation.

Under the Law on the Environment of Georgia the policies of the Ministry of Environment and Natural Resources Protection (MENRP) are guided by the National Environment Action Programme. The forest sector is significant, considering that it covers 40% of the territory and provides direct benefits and resources to the population.

A National Forest Concept approved by Parliament in 2014 will lead to the adoption of a Forest Code to help regulate forests more efficiently under sustainable management practices. The Law on Protected Areas guides the mandate of a dedicated Agency for the sustainable management of the protected network covering 7.5% of Georgia territory.

Also relevant is the development of the waste sector, which is regulated by MENRP through the Waste Management Code, Strategy 2016-2030 and Action Plan 2016-2030 for improved coverage and adoption of sustainable practices.

The RDS (2017 – 2020) highlighted a number of environmental issues that represent obstacles to sustainable rural development, including:

- Ineffectiveness of protected areas
- Significant extent of threatened species and genetic resources under treat as a result of continued irreversible biodiversity loss
- Unsustainable use of natural resources
- Continued degradation of forest resources and upland pastures
- Contamination of surface waters from fertilisers and other agrochemicals
- Presence of spontaneous household waste, and
- Impacts from climate-induced natural hazards

As part of this output, the project will identify core needs and priorities to be addressed in target rural areas of Borjomi, Kazbegi, Lagodekhi Akhalkalaki, Dedoplistskaro and Tetritskaro municipalities, and will provide the means to improve the delivery of related services in the most efficient and effective way in order to improve the sustainable management of natural resources and climate action for better living conditions in targeted areas.

Therefore, the respective **intermediate results** for this output are:

3.1: Targeted interventions delivered in the 6 rural development areas supported by ENPARD for the environment, the protection and sustainable management of natural resources and climate action

3.2: Promotion and public awareness campaigns on sustainable management of natural resources, disaster risk management and use of renewable and alternative sources of energy

Intermediate result 3.1: Targeted interventions delivered in the 6 rural development areas supported by ENPARD for the protection and sustainable management of natural resources, and climate action

Please refer to the initial section of Intermediate result 2.1 concerning the approach, criteria and methodology to be applied by the project for the identification and support to the delivery of rural services, which is fully applicable to this Intermediate result for rural services related to the protection and sustainable management of natural resources, and climate action in the same target areas.

<u>3.1.1: Assessment of the priorities for sustainable management of natural resources and climate action and respective programmes in target municipalities</u>

Please refer to the content of activity 2.1.1 under Output 2, which is fully applicable to this activity for services related to the protection and sustainable management of natural resources, and climate action.

<u>3.1.2: Development of specific priorities and delivery mechanisms to support sustainable management of natural resources and climate action in the target municipalities</u>

Please refer to the content of activity 2.1.2 under Output 2, which is fully applicable to this activity for services related to the protection and sustainable management of natural resources, and climate action as identified and agreed under activity 3.1.1.

<u>3.1.3: Support to implementation and monitoring of priority measures across selected areas in the target municipalities</u>

Please refer to the content of activity 2.1.3 under Output 2, which is fully applicable to this activity for services related to the protection and sustainable management of natural resources, and climate action as identified and agreed under activities 3.1.1 and 3.1.2.

Intermediate result 3.2: Promotion and public awareness campaigns on sustainable management of natural resources, climate change, disaster risk management and use of renewable and alternative sources of energy

<u>3.2.1: Implementation of dedicated awareness campaigns on protection/sustainable management of natural resources, climate change, disaster risk management and use of renewable and alternative sources of energy</u>

Under this activity, the project will help develop and implement dedicated campaigns across the target municipalities to raise awareness, disseminate information and encourage participation and active contribution on selected specific topics for improved protection and sustainable management of natural resources, and for climate change mitigation and adaptation support.

EU visibility and contribution to the activity will be duly appreciated. Campaigns will target local authorities, private sector and civil society, with emphasis on land owners/managers, schools/children, women, youth and other special groups including IDPs, people with disabilities, ethnic minorities and others. The content of these campaigns will be aligned to the specific needs and priorities identified as part of activities 3.1.1 and 3.1.2.

The project will also undertake an evaluation of the efficacy of the awareness campaigns via surveys in order to determine the level of change in attitudes and behaviours in order to provide feedback for the modification of methodologies or content of the awareness campaigns in subsequent phases.

Output 4. Improved rural development governance and economic diversification, environment, natural resources and climate action in Ajara autonomous region

Please refer to Annex 1 presenting the list of activities for rural service delivery support under this output, which will be reviewed and updated after the assessment and development phases of the project are concluded at the end of year 1 of the implementation.

The project will have a separate component for Ajara to ensure complementarity with national approaches and at the same time to respond to the specific requirements established under its regional RDS and RDAP. The rationale for a separate Ajara component recognises the current political climate in the region with dynamic institutions, reasonable fiscal and political autonomy and a proactive leadership dedicated to the successful development of rural development in the region.

Ajara AR has been used in the recent past to test and pilot ENPARD objectives, notably in agricultural extension and supply chain development. The region allows for a relatively rapid assessment of implementation models, and differing project approaches dues to the compact and small nature of the territory, presenting options and setting the case for other regions of the country. The existence of 46 community groups – so called AMAGs (a Georgian abbreviation for Local Union of Active Citizens) in Ajara provides an opportunity to test new endogenous instruments for participatory approaches. The project will provide assistance for institutional strengthening of AMAGs through technical assistance, capacity building, and creation of incentives for their development.

Under ENPARD II, the support provided for the creation and functioning of the RDC represent important steps in integrating the various interests that need to be reflected in a sustainable rural policy for the region. With this support Ajara AR developed the first RDS in Georgia and it will be important to build on this experience and further invest in the improvement of knowledge and skills to ensure that future policy making, programming and implementing cycles are based on best practice standards. ENPARD III will continue to invest in the RDC to ensure it has the tools to enable it to perform effectively and develop policy and strategy that will support Ajara over the coming decade.

As part of this output, the project will identify core needs and priorities to be addressed in target rural areas of Keda and Khulo municipalities, and will provide the means to improve the delivery of related services in the most efficient and effective way to improve the sustainable management of natural resources and climate action for better living conditions in targeted areas.

Therefore, the respective **Intermediate results** for this output are:

4.1: Improved governance for effective implementation of the RDS, RDAP and related programmes in Ajara AR

4.2: Improved rural economic diversification, employment and services in Ajara AR

4.3: Improved environment, sustainable management of natural resources and climate action in Ajara AR

Intermediate result 4.1: Improved governance for effective implementation of the RDS, RDAP and related programmes in Ajara AR

4.1.1: More relevant rural development strategies, plans and programmes adopted and implemented in Ajara AR

4.1.1.1: An in-depth analysis of the gaps in evidence carried out to inform annual RDAP reviews and the drafting of future RDAP/RDS for Ajara AR

Please refer to the content of activity 1.1.1 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.1.2: Contribution by the Ajara AR RDAP 2018 – 2020 and the RDAP 2021-2024 to the unified Monitoring and Evaluation (M&E) framework

Please refer to the content of activity 1.1.2 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.1.3: Enhancing availability of evidence-based data and mapping information about rural development at regional and municipal level in Ajara AR

Please refer to the content of activity 1.1.3 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.1.4: Collection of evidence, good practices and lessons learned on LAG experience in Ajara AR

Please refer to the content of activity 1.1.4 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.1.5: Commissioning new research to inform annual reviews of the RDAP for Ajara AR and the drafting of future plans

Please refer to the content of activity 1.1.5 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.1.6: Supporting Ajara AR regional government to undertake annual reviews of existing RDAP until 2020, and design new RDS and RDAP for the period 2021 – 2024

Please refer to the content of activity 1.1.6 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.2: Improved governance and coordination mechanisms for rural development

4.1.2.1: Supporting Ajara AR regional government to improve integration of governance and coordination systems for rural development

Please refer to the content of activity 1.2.1 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.2.2: Supporting organised civil society, private sector and rural communities in Ajara AR for more active engagement and participation in rural development

Please refer to the content of activity 1.2.2 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.2.3: Supporting Ajara AR regional authorities and municipalities for more active engagement and participation in rural development

Please refer to the content of activity 1.2.3 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

4.1.2.4: Creating the conditions for an effective learning network on rural development in Ajara AR

Please refer to the content of activity 1.2.4 under Output 1, which is fully applicable to Ajara AR under this sub-activity.

Intermediate result 4.2: Improved rural economic diversification, employment and services in Ajara AR

Please refer to the initial section of Intermediate result 2.1 concerning the approach, criteria and methodology to be applied by the project for the identification and support to the delivery of rural services, which is fully applicable to this Intermediate result for services related to improved rural economic diversification, employment and services in the target areas of Ajara AR supported by the ENPARD pilot projects: Keda and Khulo municipalities.

4.2.1: Targeted interventions delivered in the 2 rural development areas supported by ENPARD for improved rural economic diversification, employment and services

4.2.1.1: Assessment of the priorities for economic diversification and respective programmes in target municipalities of Ajara AR

Please refer to the content of activity 2.1.1 under Output 2, which is fully applicable to this sub-activity for services related to improved rural economic diversification, employment and services.

4.2.1.2: Development of specific priorities and delivery mechanisms to support economic diversification measures in the target municipalities of Ajara AR
Please refer to the content of activity 2.1.2 under Output 2, which is fully applicable to this sub-activity for services related to improved rural economic diversification, employment and services as identified and agreed under activity 4.2.1.1.

4.2.1.3: Support to implementation and monitoring of priority measures across selected areas in the target municipalities of Ajara AR
Please refer to the content of activity 2.1.3 under Output 2, which is fully applicable to this sub-activity for services related to improved rural economic diversification, employment and services as identified and agreed under activities 4.2.1.1 and 4.2.1.2.

4.2.2: Best practice models and innovative practices are shared across the target areas

4.2.2.1: Research into best practice models and innovative approaches in Ajara AR for successful rural development undertaken and results disseminated and published as guidance material
Please refer to the content of activity 2.2.1 under Output 2, which is fully applicable to Ajara AR under this sub-activity

Intermediate result 4.3: Improved environment, sustainable management of natural resources and climate action in Ajara AR

Please refer to the initial section of Intermediate result 2.1 concerning the approach, criteria and methodology to be applied by the project for the identification and support to the delivery of rural services, which is fully applicable to this Intermediate result for services related to the protection and sustainable management of natural resources, and climate action in the target areas of Ajara AR supported by the ENPARD pilot projects: Keda and Khulo municipalities.

4.3.1: Targeted interventions delivered in the 6 rural development areas supported by ENPARD for the environment, the protection and sustainable management of natural resources and climate action

4.3.1.1: Assessment of the priorities for sustainable management of natural resources and climate action and respective programmes in target municipalities of Ajara AR
Please refer to the content of activity 2.1.1 under Output 2, which is fully applicable to this sub-activity for services related to the protection and sustainable management of natural resources, and climate action.

4.3.1.2: Development of specific priorities and delivery mechanisms to support sustainable management of natural resources and climate action in the target municipalities of Ajara AR
Please refer to the content of activity 2.1.2 under Output 2, which is fully applicable to this sub-activity for services related to the protection and sustainable management of natural resources, and climate action as identified and agreed under activity 4.3.1.1.

4.3.1.3: Support to implementation and monitoring of priority measures across selected areas in the target municipalities of Ajara AR
Please refer to the content of activity 2.1.3 under Output 2, which is fully applicable to this sub-activity for services related to the protection and sustainable management of natural resources, and climate action as identified and agreed under activities 4.3.1.1 and 4.3.1.2.

4.3.1.4: Promotion and public awareness campaigns on sustainable management of natural resources, disaster risk management and use of renewable and alternative sources of energy in Ajara AR
Please refer to the content of activity 3.2.1 under Output 2, which is fully applicable to this sub-activity

3.2. Resources Required to Achieve the Expected Results

The detailed budget of the project is provided in a separate annex.

The total required funding for activities proposed under this project amounts to EUR 10,000,000 of EU cost-sharing plus EUR 83,200 contribution from the government of Ajara AR), divided across different outputs and management costs in the following manner:

Output	Amount (EUR)
Output 1	774,087
Output 2	3,030,814
Output 3	1,489,081
Output 4	1,873,785
5-Management Costs	2,255,064
GMS, EU 7 %	654,206
GMS, Ajara 8 %	6,163
TOTAL COST	10,083,200

Calculations for each output reflect the use of all key inputs such as core staff, international and local technical expertise, offices in Tbilisi and Batumi, equipment, goods and services, as well as works (within project components), travel costs, and building partnerships with various stakeholders both in Georgia and abroad.

The costs related to implementation of "Output 1. Improved governance for effective implementation of the RDS, RDAP and related programmes" and "Intermediate Result 4.1: Improved governance and economic diversification, environment, natural resources and climate action in Ajara Autonomous Republic" will be charged to the ENPARD II throughout 2018. This will ensure synergy and cost-effectiveness of both Projects.

Required material and human resources, are listed below, along with proposed cost-sharing arrangements with the UNDP implemented ENPARD II project. Respective costs are spelled out in the detailed budget (annex 3).

Project office costs:
The Project will have 2 project offices, one in Tbilisi and the other in Batumi. The Project budget includes the following costs for both offices:

- rental costs, including security charges, for Tbilisi and Batumi offices
- Cost of IT and telecommunication for both offices
- Cost of Utilities for Tbilisi and Batumi offices (Electricity, water, hearting, etc)
- Consumables and stationery supplies for operation of Tbilisi and Batumi offices
- Maintenance, insurance, fuel and depreciation costs for Tbilisi and Batumi vehicles
- IT/Computer and office equipment purchase and maintenance for Tbilisi and Batumi offices.
- Costs of travel and field trips for the project activities.
- Costs of project communication and visibility activities (as spelled out in the communication and visibility plan)

Concerning venues, catering and other logistical arrangements for activities will be sourced with constant attention to prudence and exemplarity in the use of EU and Georgian taxpayer's money at times of fiscal constraints, as well as to the carbon print. Public venues will be prioritised over private ones, distance from the usual work places of respective audience will be minimal, and use of five-star hotel or resorts will be avoided except in exceptional circumstances duly authorised by the EU Delegation with 3 weeks of prior notice.

List of staff directly attributed to the project:

While the section below provides a brief description of the respective positions, section VII on Governance and management arrangements of the project includes a detailed explanation for each; detailed costs per each position are also spelled out in the budget (annex 3)

1. Project Manager (SB4Q3), Administrative oversight and internal controls, coordination and supervision of institutional relations with concerned government institutions.
2. Project Technical Leader (P4), - Coordination and technical supervision of rural development policy and implementation, Communication and reporting to the EU Delegation.
3. Sectoral Coordinator: Institutional Capacity Development (SB4Q1) (- responsible for implementation of capacity/institutional development part of the project.
4. Sectoral Coordinator: Economic Diversification (SB4Q1), - responsible for implementation of Economic Diversification activities.
5. Sectoral Coordinator: Environment (SB4Q1), - responsible for implementation of Environment, Sustainable Management of Natural Resources, Climate Action related activities.
6. Coordinator for Ajara Component (SB4 Min) - to lead the project implementation in the Ajara Autonomous Republic.
7. Liaison/Administrative Finance Assistant (SB3 Min),: responsible for technical support in financial, contractual and organisational matters.
8. Monitoring and Evaluation Coordinator (SB4 Min), responsible for the project related M&E activities and the support to development and implementation of the institutional M&E systems related to RD Strategies (National and Ajara) and respective Action Plans.
9. Project Officer (SB3 Mid),) Batumi: to liaise with, and provide support to Sectoral Coordinators for implementation of respective activities in Ajara AR.
10. Driver/logistician in Tbilisi and Batumi offices)
11. Cleaners in Tbilisi and Batumi offices .
12. Economic Development Team Leader (NoB – 20%): responsible for quality assurance of the project, supporting the project Steering committee, facilitating coordination within UNDP, other UN agencies and concerned stakeholders.
13. Programme Associate (G6, 10%): responsible for providing administrative advice and supporting project implementation from the Country Office. S/he will provide administrative, financial, contractual, reporting and procurement related support to ensure compliance of administrative processes with respective UNDP rules and regulations, and the respective Country Office Standard Operational Procedures.
14. CO monitoring support (NOA, 5%): will be responsible for monitoring and evaluation function for the entire project ensuring compliance to UNDP and EU standards monitoring and evaluation.

Country Office staff (Economic Development Team Leader, Programme Associate and Monitoring Support), who dedicate part of their time to this project throughout its duration, will keep the accurate record of the time dedicated to the project (timesheet), verified/approved by their supervisors on a monthly basis, and the project will be charged according to the actual time worked for the project, up to the maximum of the percentages specified above.

Correspondence of Program Management and Monitoring budget lines in ENPARD2 and ENPARD3 projects is presented in the table below:

ENPARD2				ENPARD3				Comments
Line #	Description	Initial Grand Total	Revised Grand Total	Line #	Description	Initial Grand Total	Revised Grand Total	
3.1	*Programme Analyst (NOB VII)*	**31,788**	**28,817**	5.1	*Economic Development Team Leader (NOB)*	**52,468**	**55,966**	See General Comments 1-5
3.2	*Program Associate (G6)*	**8,477**	**7,355**	5.2	*Programme Associate (G6/10)*	**13,141**	**14,017**	
3.3	*National Project Manager (SB4 MID) Tbilisi*	**72,053**	**59,650**	5.3	*National Project Manager (SB4 Q3)*	**150,740**	**161,003**	
3.3a	*Project technical Leader (P4)*		**55,467**	5.4	*Project technical Leader (P4)*	**901,333**	**811,200**	
3.3b	*Sectoral Coordinator: Economic Diversification (SB4 Q1, Tbilisi)*		**7,371**	5.5	*Sectoral Coordinator: Econamic Diversification (SB4 Q1, Tbilisi)*	**131,294**	**119,317**	
3.4	*Capacity Development Adviser (SB4 Q1) Tbilisi*	**50,861**	**40,452**	5.6	*Sectoral Coordinator: Capacity Development (SB4 Q1, Tbilisi)*	**108,260**	**115,631**	
3.3c	*Sectoral Coordinatar: Environment (SB4 Q1, Tbilisi)*		**7,371**	5.7	*Sectoral Coordinator: Environment (SB4 Q1, Tbilisi)*	**131,294**	**119,317**	
3.5	*Admin/Financial Assistant (SB3-Min) Tbilisi*	**33,907**	**27,901**	5.9	*Liaison and Admin-Financial Assistant (SB3 Min, Tbilisi)*	**60,258**	**64,361**	
3.6	*Driver (SB1 MID) Tbilisi*	**19,073**	**17,202**	5.10	*Driver/Logistician (SB1 MID, Tbilisi)*	**37,744**	**40,313**	
3.7	*Cleaner (SB1 Min) Tbilisi*	**5,298**	**5,477**	5.11	*Cleaner (SB1 Min, Tbilisi)*	**9,884**	**10,537**	
3.8	*Coordinator for Ajara Component (SB4-MIN)*	**72,053**	**28,228**	5.17	*Ajara Coordinator (SB4 Min, Batumi)*	**87,020**	**92,945**	
3.9	*Project officer (Batumi) (SB3-MID)*	**46,622**	**27,319**	5.18	*Project Officer (SB3 Mid, Batumi)*	**80,223**	**85,685**	
3.1	*Driver (SB1 Q1) (Batumi)*	**19,073**	**17,667**	5.19	*Driver (SB1 Q1, Batumi)*	**33,496**	**35,776**	
3.11	*Cleaner (SB1 Min) (Batumi)*	**5,298**	**907**	5.2	*Cleaner (SB1 Min, Batumi)*	**9,884**	**10,537**	
3.12	*Computers, office equipment/maintenance*	**8,253**	**15,388**	5.27	*Computers, office equipment/maintenance (Nationwide/Ajara)*	**4,077**	**10,500**	1) Under ENPARD III, equipment costs were increased to reflect real needs: 3 additional laptops for new staff, as well as depreciation costs for increased number of laptops and equipment purchased under ENPARDII which will be transferred to ENPARD III). 2) Under ENPARD II, due to the fact that the project rented office, which was not equipped and furnished, it had to incur higher costs on office equipment and furniture than initially envisaged. Therefore, budget line for equipment line is increased. However, project managed to make savings on the office rent, which fully offsets equipment overspending.

ENPARD2				ENPARD3				Comments
Line #	Description	Initial Grand Total	Revised Grand Total	Line #	Description	Initial Grand Total	Revised Grand Total	See General Comments 1-5
3.13	*Office rent/security (Tbilisi)*	**48,742**	**40,572**	5.12	*Office rent/security (Tbilisi)*	**117,312**	**125,299**	See General Comment 1
3.14	*Office rent/security (Batumi)*	**21,192**	**12,254**	5.21	*Office rent/security (Batumi)*	**39,104**	**41,766**	
3.15	*Communications (internet, tel, etc.)/Tbilisi*	**4,238**	**4,891**	5.13	*Communications (internet, telephone, etc.)/(Tbilisi)*	**7,821**	**8,353**	
3.16	*Communications (internet, tel, etc.)/Batumi*	**3,179**	**1,297**	5.22	*Communications (internet, telephone, etc.)/(Batumi)*	**7,821**	**8,353**	
3.17	*Utilities/Tbilisi*	**6,358**	**3,511**	5.14	*Utilities/(Tbilisi)*	**10,949**	**11,695**	
3.18	*Utilities/Batumi*	**4,238**	**3,074**	5.23	*Utilities/(Batumi)*	**7,039**	**7,518**	
3.19	*Office operations (stationery, etc.)/Tbilisi*	**3,179**	**2,997**	5.15	*Office operations (stationery, etc.)/(Tbilisi)*	**5,866**	**6,265**	
3.20	*Office operations (stationery, etc.)/Batumi*	**2,119**	**1,219**	5.24	*Office operations (stationery, etc.)/(Batumi)*	**3,910**	**4,177**	
3.21	*Travel (field trips)*	**15,004**	**38,387**	5.28	*Travel (field trips)/(Nationwide/Ajara)*	**43,093**	**60,240**	Based on experience of the ENPARD II, i.e. need for frequent travel to pilot municipalities and Ajara proved the need for higher monthly allocation for travel.
3.22	*Visibility*	**16,954**	**25,656**	5.29	*Visibility (Nationwide/Ajara)*	**35,942**	**35,943**	See General Comment 1
3.23	*Purchase of Vehicle for PIU Tbilisi & insurance*	**20,306**	**4,550**	5.16	*Vehicle fuel and maintenance (Tbilisi)*	**27,373**	**29,236**	1) Under ENPARDII initial budget included total cost for purchase of vehicle for Tbilisi Office. However based on IPSAS accounting principles UNDP charges project only for depreciation, which is accrued on a monthly basis; 2) Under ENPARD II Tbilisi Office depreciation and vehicle fuel&maintanance costs were distributed under separate budget lines (BL 3.23 BL 3.24), while under ENPARD III Tbilisi Office depreciation costs are integrated under BL 5.16 vehicle fuel and maintenance (Tbilisi)
3.24	*Vehicle fuel and maintenance (Tbilisi)*	**14,834**	**5,361**					
3.25	*Vehicle fuel and maintenance (Batumi)*	**10,596**	**11,659**	5.25	*Vehicle fuel and maintenance (Batumi)*	**19,552**	**20,883**	Costs (under ENPARD2 and ENPARD3) include vehicle depreciation costs for Batumi Office
3.26	*External Evaluation*	**29,075**	**17,337**	5.3	*External mid-term and final evaluation (Nationwide/Ajara)*	**49,920**	**49,920**	Under ENPARD II these two lines correspond to one line " External Evaluation"
				5.26	*CO monitoring support (NOA, Nationwide/Ajara)*	**5,366**	**5,366**	
3.27	*Monitoring and Evaluation Coordinator (SB4 MIN)*		**24,688**	5.8	*Monitoring & Evaluation Coordinator (SB4 Min, Tbilisi)*	**87,020**	**92,945**	Under ENPARD2 new budget line (BL 3.27) is introduced for the position of M&E Coordinator (project staff), which was added per agreement with the EU delegation starting from Sept-2017
	Grand Total	**572,770**	**544,025**			**2,279,205**	**2,255,065**	

General Comments:

1) Initial ENPARD3 budget did not envisage management costs in 2018, since these costs were fully budgeted in ENPARD2. In order to ensure proportionate distribution of management costs during the overlap period of ENPARD2 and ENPARD3, all management costs (salaries and operational costs) are now recalculated so that 60% is charged to ENPARD2 and 40% to ENPARD3 in the period of May-Dec-2018. Thefore, all management budget lines under ENPARD3 increased, though no changes were applied to unit rates, except Equipment (BL5.27) and Travel (5.28) (explained under respective budget line comments);
2) Under ENPARD2 #of unit for staff where adjusted to reflect number of actual months worked from recruitment date till the end of the project, including extension period;
3) Under ENPARD2 decrease of unit costs for staff is caused by devaluation of GEL in the course of project implementation; besides, splitting of staff costs between ENPARD2 and ENPARD3 (for the period May-Dec 2018) resulted in saving of salary costs under ENPARD2;
4) Due to overlap period between ENPARD2 and ENAPRD3 (May-Dec 2018), salary and operational costs are split with a proportion of 60%(ENPARD2)/40%(ENPARD3), except for salaries for Project Technical Leader (BL 3.3.a/5.4.), Sectoral Coordinator: Economic Diversification (BL 3.3.b/5.5.), and Sectoral Coordinator: Environment (BL 3.3.c/5.7.) for which proportion is 40% (ENPARD2)/60%(ENPARD3) due to higher workload under ENPARD3;
5) ENPARD3 salary unit costs is higher than respective costs under ENPARD2 due to the fact that possible salary scale increases were factored in ENPARD3 unit costs calculations;

3.3. PARTNERSHIPS AND STAKEHOLDERS

Developing effective working partnerships with all respective stakeholders will be essential to the delivery of the project objectives. These partnerships will cover a number of players including:

- **FAO:** UNDP will cooperate closely and coordinate actions with FAO under their complementary project "FAO support to Georgian agricultural sector under ENPARD III" in terms of the specific support to the MoA and the IACC in implementing the rural development policy.

  As part of this complementarity arrangements under ENPARD III, FAO will be primarily responsible for institutional capacity and technical support to the MoA in the agriculture sector, as well as for the direct delivery of selected agricultural services to targeted rural populations. At policy level, the institutional support provided by both agencies will also require regular coordination due to their close complementarity and division of labour under their respective components of support, as described in the project documents.
  At technical level, FAO will support the MoA of Georgia and the MoA of Ajara AR in agriculture sector, while UNDP will target other ministries and agencies with competences in non-agriculture sectors, for both agencies involving the national, regional and local levels,

  In terms of direct delivery of services, particular attention will be paid to ensure complementarity, cost-efficiency and maximum impact through close coordination of actions between UDNP and FAO during the identification, formulation, implementation and monitoring of the activities related to the provision of rural services to the population, ensuring complementarity and integration of approaches between agricultural and non-agricultural support.

  To this end, at municipal level, UNDP and FAO will jointly participate in technical assessments, decision-making and coordination mechanisms related to rural development with participation of local authorities, ministerial representatives and LAGs. Particular attention will be paid to the joint identification of specific activities related to the provision of rural services, assessing the agriculture and non-agriculture related potential together with LAGs, using compatible methodologies and defining outcomes that reflect a territorial integration of support for maximum impact on employment and income. Moreover, these synergies will be examined and fostered in subsequent stages of project implementation.

- The **RDPU** of the MoA and the **IACC**, the **Ajara MoA**, and the **RDC** –within central and Ajara governments, with individual Ministries working in partnership to shape a sustainable rural development policy. UNDP has an important role to play to ensure that these partnerships deliver sound evidence-based rural development policies for Georgia and Ajara..

- The focus of delivery under Objectives 2, 3 and 4 will be on the 8 municipalities supported through **ENPARD's pilot rural development projects**. It will be essential to develop clear and effective communication channels to ensure appropriate exchange of information, to avoid duplication of efforts between the project and others, notably the EU pilot rural development projects, and to enable best practice and opportunities to be shared with LAGs from activities funded through other initiatives.

- **Municipalities,** including those already participating as LAG Members, who are best placed to have an overview of existing municipal services, need and priorities, and who would be key players in determining the viability of targeted interventions as well as during their implementation, monitoring and evaluation of supporting actions.

- **NGOs** and their implementing partners, managing the ENPARD rural development pilot projects, who have acquired unique knowledge and skills in supporting the creation and strengthening of LAGs through well designed bottom-up processes at municipal level including mobilisation of local stakeholders, developing local strategies, identifying and supporting local priorities, and managing local expectations. They will be important partners in shaping the type and extent of interventions under ENPARD III, specifically where they can complement and enhance pervious interventions.

- **LAGs of the 8 municipalities** supported through the ENPARD rural development pilot projects, which will play a central role in helping prioritise and select the type and extent of priority interventions, as well as for supervising their implementation and monitoring, in close coordination with UNDP and the selected implementing partners for each activity.

- Other rural **stakeholders** including sector-focussed groups of interest for rural development and who have a role to play in the implementation of targeted interventions. Special focus will be made on partnering and empowering groups of women, youth and representative of vulnerable groups such as people with disabilities, ethnic minorities and IDPs.

- **EU** and other **donors** supporting rural development in Georgia. The project will finalise and update the mapping and the analysis of existing rural development support programmes, both public and donor funded, to ensure complementarity and synergy of the project with those undertakings, filling gaps and avoiding overlapping. This task should inform project design during the assessment phase so that the development phase effectively incorporates the most relevant measures and activities to achieve the expected outputs, outcomes and impact. For this purpose, UNDP will assist the government in activating rural development coordination fora at central, regional and municipal levels which will seek to engage government, donors and implementing partners in regular coordination, exchange of information, joint analysis, planning and reporting exercises. In parallel, the RDN will become a central platform for information sharing and networking among rural development actors.

The project will seek to engage directly with all relevant partners and stakeholders groups, including via multimedia (the RDN and Facebook) and will draw up a Stakeholder Engagement and Communications Strategy to promote more focused engagement and consultation processes, particularly during the development of the RDS for 2021 - 2024. Within its approach UNDP will raise the profile of the project, and will ensure EU visibility, through conferences highlighting amongst other issues innovation, gender inclusivity, opportunities for youth and mechanism for combating climate change impacts.

Complementarity and synergy with other international projects

The project will join efforts to accelerate cross-sector complementarity by focusing its assistance on areas where it has most added values, complementing the activities of others and avoiding parallel processes where, for example, public or donor-funded programmes exist or are being developed. Opportunities for cooperation with relevant public and donor-funded programmes will be used where deemed appropriate - systematic information exchange as a minimum, with coordination of responses and common approaches to support interventions being the ultimate goal. The project will be supportive of wider donor and country-led coordination related to rural development.

Apart from this project, UNDP will provide support to rural development policy implementation through close information exchange between the Economic Diversification team, in charge of this project, and the teams in charge of other programmatic portfolios, as follows:

- **Democratic Governance Portfolio** will provide expert support development of capacities of national, regional and municipality authorities in effective regional and local development planning, piloting new local development initiatives.

- **Energy and Environment Portfolio** will provide expertise in sustainable management of natural resources and climate action, including forests, waste management and energy sectors.

The project will ensure adequate analysis on the relevance of policy priority issues for all sectors/pillars/clusters of the RDS and RDAP. The vision of the **Rural Development Strategy** is to ensure the constant improvement of the quality of life, and the social conditions of the rural population, based on a combination of increased economic opportunities, more accessible social benefits, a rich cultural life, environmental protection and the sustainable management of natural resources. For this purpose, the rural development policy should promote the introduction of innovation and new technologies in rural areas.

The project activities will be aligned with country and sector development priorities within the major pillars of the **"Four-point reform agenda"** plan, such as Economic reform, education reform, spatial arrangement and public governance reform, whenever possible, ensuring coordination and cooperation with relevant state agencies. As part of the government's "Four-point reform agenda", the Georgian Information and Technology Agency (GITA), in cooperation with the Partnership Fund, has started "Start-up Georgia", that supports the development of Georgian start-up companies and opens access to financing. Furthermore, several state programmes have been united under one umbrella "Produce in Georgia" ("Start-up support programme Georgia", "Produce in Georgia," United Agro-project, micro and mini-grants, "Preferential Agro Credit", "Plant the Future"). Under the agricultural support by complementary FAO project, there will be close cooperation with the Agricultural Cooperatives Development Agency (ACDA) which aims to promote rehabilitation of rural areas and agriculture through development of

agricultural cooperatives and support social and economic development of rural areas. Cooperation and coordination is sought also with Agricultural Projects' Management Agency (APMA) within the framework of the Agriculture Modernization, Market access and Resilience project (AMMAR) funded by the International Fund for Agriculture (IFAD) and the Global Environment Facility (GEF). The programme is initiated by the Ministry of Agriculture under the "United Agro-project" framework of NNLE APMA.

At present, the **European Union** assistance to Georgia is defined by the recently approved EU Single Support Framework 2017-2021, where support to agriculture and rural development is a key objective under Sector 1, Economic development and market opportunities, in particular to improve the competitiveness of the agricultural and agro-food sector; to improve employment and living conditions in rural areas through diversification of the rural economy and to reduce regional disparities and develop infrastructure links..

Agriculture and rural development is received considerable assistance through €179.5 million budget (**ENPARD phases I, II and III** between 2013 and 2022). New rural development projects have been launched in 8 municipalities across Georgia designed to help create Local Action Groups (LAGs), consisting of representatives from local authorities, private sector and civil society, for the elaboration and implementation of local development strategies. Implementation of the projects are facilitated by the International and local NGOs with recognised experience in rural development: CARE-Austria (Lagodekhi), People in Need-Czech Republic (Kazbegi), Mercy Corps-Scotland (Borjomi), Akhalkalaki (GIPA), Dedoplistskaro (GIPA), Tetritskaro (RDFG), Keda (CENN), Khulo (Caritas-Georgia). Their partners have longstanding experience of rural development support in Europe, such as Fundación ETEA of Spain, the National Network of Local Action Groups of the Czech Republic, the Angus Council of Scotland, etc. Besides, FAO and UNDP has been implementing technical assistance component of the ENPARD I and II, covering agriculture and rural development in Georgia, including Ajara AR. During the implementation of this project under ENPARD III, there will be close cooperation with all **ENPARD partners**.

Other development partners, including several EU Member States, also prioritize agriculture and rural development in the framework of their bilateral cooperation. The **German** and the **Swiss** Development Cooperation are supporting measures in rural areas which build better access to financing, especially for farmers (KfW), assisting SMEs to establish value chains (GIZ), combined with improvement of employment skills (SDC), advising on the sustainable use of biodiversity and integrated protection against soil erosion (GIZ). Rural development and agriculture are also supported by other EU MS such as Austria, Bulgaria, Czech Republic and Estonia. The long-term engagement of Polish Aid and some big international NGOs should also be noted. In more details:

Austrian cooperation with Georgia aims at supporting the country in economic transition and democratization, convergence with European institutions, standards and values and improving the standard of living of the population, above all in rural areas. Agro forestry has been defined as a priority of Austrian Development Agency (ADA) with Georgia, which is also supporting FAO to implement agricultural and rural development support activities under ENPARD.

Active cooperation and coordinated action with **Switzerland** is indispensable, because traditionally, Swiss Development Cooperation in Georgia has been focusing on rural economic development, particularly on developing systems for access to finance and insurance in agriculture and the development for agricultural value chains with an emphasis on enhancing vocational skills and providing livelihood support to vulnerable population groups. UNDP, with funds from the Swiss Cooperation Office, is assisting Georgia to establish a modern system of vocational education and training in the area of agriculture and support extension services across the country. Synergies and complementarities between these two projects will be fully utilized in ensuring strong synergies between the government's VET, Employment and Rural Development Policies. Under that project, UNDP will support capacity development of national institutions in VET (MoES) and Employment (MoLHSA) for building result oriented policy and improving coordination at national level. These projects will join efforts to advocate VET sector development as well as implementation of most effective work-based learning VET model at all levels.

Working closely with the leading development agencies in Georgia – the Swiss Cooperation Office for the South Caucasus (SCO), Austrian Development Cooperation (ADC), **UNDP** aims at advancing regional and local development by empowering the central and local administrations. The project is part of UNDP's broader initiative in support of the local governance reform in Georgia, and runs in partnership with the Ministry of Regional Development and Infrastructure of Georgia. Various Polish Regions cooperate directly with Georgian Regions through visits of public officials and training programmes. The project will also cooperate closely with the UNDP project "Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia" (funded by SDC) concentrated on agriculture VET. Synergies and complementarities between these two projects will be fully utilized in ensuring strong synergies between the government's VET, Employment and Rural Development Policies. These

projects will join efforts to advocate VET sector development as well as implementation of most effective work-based learning VET model at all levels.

In light of the **United States'** extensive development assistance, the project coordination will be sought for better effectiveness and results. USAID – Restoring Efficiency to Agriculture Production (REAP) project is designed to increase income and employment in rural areas by delivering investment and technical assistance to expand the operation of existing smallholder farmers and rural enterprises. The project facilitates the entry of new agribusinesses and expands the operation of existing SMEs to create new jobs, improve the availability of high-quality inputs and machinery services for farmers, and strengthen markets for agricultural goods and services. USAID – ZRDA represents an opportunity to strengthen the skills, productivity, and networks of local actors – from vulnerable households to developed Micro, Small, and Medium Enterprises (MSMEs) – to contribute to broad-based economic growth and strengthened resilience in target communities. ZRDA will develop MSME skills, improve rural households' ability to generate income, and foster enduring market linkages to strengthen the market system, bolstering the resilience and livelihoods of our target communities. ZRDA will work in at least 70 communities, create 2,000 jobs, increase sales for 650 MSMEs by $30 million, increase incomes of 11,000 households by at least 25 percent, generate measurable improvements in community resilience, and leverage $3 million from municipalities, donors, and private partners. USAID – Supporting Youth Entrepreneurial Skills for Advancing Employability and Income Generation in Georgia represents a targeted public-private partnership that builds institutional frameworks and models facilitating greater economic participation of youth through increased opportunities for self-employment by starting enterprises and for employment in established companies. The activity seeks to broaden economic opportunities for youth in Georgia, encouraging innovation and entrepreneurship, and enhancing young women and men's employability in growth areas. UNDP will explore new ways to work more closely with the project to promote participation of young rural people in sustainable and equitable rural development.

Cooperation will be sought also with **Sweden**, which leads the donor coordination on environment and natural resources. Swedish development cooperation is linked to commitments in the EU-Georgia Association Agreement and the Association Agenda 2014-2017 National Action Plans. Cooperation will cover especially the environment protection area. In cooperation with the EBRD and the World Bank, SIDA has been supporting the construction of waste disposal facilities and wastewater treatment plants. SIDA supports Georgian environmental organizations working to increase understanding and to raise awareness about environmentally sustainable waste management among children and youths, as well as among politicians. SIDA has also been supporting energy efficiency at the municipal level through the regional program Eastern Europe Energy Efficiency and Environment Partnership (E5P). International Finance institutions together with Germany, Sweden and the **EU** are active in this sector. The EU is currently financing a Twinning project, which will support the development and improvement of a waste management system.

The **World Bank** contributes to the improved land policies and procedures as a basis for a national program of land registration. Irrigation and Land Market Development envisages improved delivery of irrigation and drainage services in rural areas as well as improved policies and procedures as a basis for national program of land cadaster and registration. The World Bank supports this area through its Irrigation and Land Market Development Project. The loan is directed to the improved delivery of irrigation and drainage services in selected areas. The project will take a comprehensive view of the EU and other donors' support to Georgia. Results derived from the detailed donor mapping, ongoing in 2017 under UNDP's ENPARD II project, will be used to improve the project's targeting and coordination. The ongoing donor mapping exercise will include a detailed reference on each of the bilateral and multilateral donor examined. Information on the donors' focus areas related to rural development, programmes they are currently funding, current and future opportunities available, and other relevant details. This will allow to apply better coordinated action and enhanced complementarity between various actors in order to achieve optimum use of human and financial resources for enhanced aid effectiveness, i.e. to attain project objectives and achieve better results in rural development. Based on this research, the project will also apply a dynamic approach to the allocation of funds within sectors ensuring greater efficiency towards achieving intended results.

3.4. Risks Analysis

#	Description	Date Identified	Political Type	Probability & Impact	Countermeasures / Management response	Owner
1	High turnover of IACC and RDC (Ajara) member ministries staff and management and municipalities staff will decrease effectiveness of capacity development measures	14.09.2018	Political and Organizational	P = 3 I = 4	Effective planning and delivery of capacity development measures. Design of regular capacity development interventions targeting stakeholder institutions with due consideration of local authorities' staff change/turnover.	Project Manager/ Project Team
2	Decrease of state funding for implementation of national and Ajara RD funding	14.09.2018	Political	P = 3 I = 4	Relevant advocacy with national institutions, advocacy for designing multi-year strategy implementation Action Plans and relevant M&E frameworks which will inform the national and Ajara AR governments in needed resources.	Project Manager/ Project Team
3	Reluctance and inability of individual Ministries (national and Ajara) and other institutions to cooperate and channel project financial support through ongoing state programmes	14.09.2018	Organisational	P = 3 I = 2	Adjustment to the project strategy and introducing a direct delivery for the financial support for economic diversification and sustainable management of natural resources.	Project Manager/ Project Team
4	Reluctance and inability of individual Ministries (national and Ajara) and other institutions in replication of rural diversification measures	14.09.2018	Organisational Financial	P = 3 I = 4	Targeted TA and capacity development measures for replication of best practices of rural diversification. Production of lessons learned and lessons learned of the results of implementation of rural diversification in municipalities supported through ENPARD's pilot rural development projects for informing and supporting the replication and upscale.	Project Manager/ Project Team
5	Reluctance and inability of Ministries and other institutions (national and Ajara), as well as lack of state funding in replication of measures for sustainable management of natural resources	14.09.2018	Organizational Financial	P = 3 I = 4	Targeted TA and capacity development measures for replication of best practices of sustainable management of natural resources. Production of lessons learned and evidence of implementation of measures of sustainable management of natural resources in municipalities supported through ENPARD's pilot rural development projects for supporting and informing the replication and upscale.	Project Manager/ Project Team

3.6. Knowledge

Some of the specific knowledge products that will be produced by the project include:

- Gap analysis of the available rural development evidence base
- Mapping of public, private and donor funded rural development initiatives at central, regional and municipal level
- Impact assessments of the performance of RDAP for the 2018 – 2020 period, national and Ajara
- Annual review reports of the implementation of RDAP, national and Ajara
- Key performance Indicators that make community led local development work effectively
- Survey data from rural communities across Georgia, including on LAG experiences
- Research reports, including the ones linked to the baseline indicators that will inform the RDS for 2021 - 2024
- New RDS for 2021 – 2024 and associate Action Plan, national and Ajara
- A fully operational M&E framework for the RDAP, national and Ajara
- A fully operational web-supported RDN
- Municipal assessment reports for each target municipality
- Sub-projects proposals for implementation of rural service delivery support and related reports
- Research, awareness and information materials to showcase aspects of environment, sustainable management of natural resources and climate change

3.7. Sustainability and Scaling Up

Ensuring the sustainability of the project's outputs will remain a high priority for UNDP support. The project is designed to deliver outputs that will lead to sustainable outcomes benefiting Georgian society, and specifically its rural communities. The project assistance will focus on the achievement of development results, rather than merely the delivery of activities. The project will ensure monitoring of project sustainability and planned phase-out and phase-over processes to demonstrate the impact and leave a meaningful project legacy.

Under Output 1, 'Improved governance for effective implementation of the RDS, RDAP and related programmes': with a strong vision, improved governance systems, backed by high quality public services is more likely to address decisively the challenges facing rural communities.

The project will support improved institutional governance and coordination of rural development and the delivery of more relevant rural development strategies and more effective, targeted action plans in response to expressed needs by the rural population.

To this end, an improved evidence-base will better inform the RD strategy, from research and technical analyses to robust M&E systems, contributing to a more effective and targeted implementation overtime, resulting in more sustainable outcomes being delivered, including more and better jobs and improved living conditions in rural areas, and the ultimate impact on rural poverty reduction.

Sustainable rural development support by institutions should be built largely on improved organizational capacities, including developing institutional systems and procedures, rules of the workplace and the organizational framework for civil servants to improve delivery of related services.

Beside this, the project will facilitate development of the most effective and inspiring advocates of rural development and building a robust and resilient team of civil servants at all levels, through engagement, training, coaching and experience sharing. This approach will enhance the ownership of the reforms by the government and its people, thus ensuring its sustainability.

Under Outputs 2 and 3 'Improved rural economic diversification, employment and services' and 'Improved environment, sustainable management of natural resources and climate action', the project will focus on delivering improved services in the target areas, unblocking obstacles to economic activity and creating concrete opportunities to improve management of natural resources and climate action using innovative approaches, which will lead to improved living conditions, job creation and increase in household incomes in a more sustainable way.

As an incentive for sustainability, the project intends to implement actions through existing government mechanisms for implementation and support; this will increase ownership, efficiency and effectiveness of public services to

promote diversification, to foster entrepreneurship, innovation and employment and to develop more sustainable environmental practices using integrated rural development and multi-sectoral approaches. These should also add value to rural identity and enhance sustainability, social inclusion and local development, as well as increase the resilience of rural communities.

Throughout the project implementation, the project will seek high ownership of stakeholders through building close linkages between national institutions and local actors. The project support will utilize a participatory and area-based approach as the main entry point for interventions in alignment with existing government delivery systems (state and municipal programmes), private sector interventions and development assistance by other donors.

For Output 4, improved rural development governance and economic diversification, environment, natural resources and climate action in Ajara AR' the project approach will recognise the opportunities for a more fast-tracked and innovative approach to service delivery improvements due to Ajara specific factors of scale, institutional arrangements and stakeholder receptiveness.

The project will continue to assess how Ajara-specific solutions might be scalable across Georgia, but in the first instance the focus will be very much on delivering improvements in the Region, developed by using the same logic-intervention process outline above.

Finally, an important aspect of delivering sustainable outcomes, will be demonstrating the public benefits of the rural development approach to localities, based on evidence-base analysis, reporting, monitoring and evaluation. To this aim, the project seeks to pursue a fully participatory process, involving all relevant stakeholders from design to evaluation of the selected actions. Lessons learned through these interventions will belong to both – the project and its national partners, therefore, the benefits will also be owned by all.

The project will seek full commitment and ownership of the government to replicate and expand successful rural development initiatives to other rural areas beyond the project completion.

IV. RESULTS FRAMEWORK

Impact	Indicators	Baseline	Target	Sources of verification
Improved employment and living conditions of the rural population in Georgia as a result of better quality and quantity of available rural services	Increased average monthly incomes per household in rural areas (excludes income from sale of assets, borrowing and use of savings)	809 GEL (2017)	At least 903 GEL (2022)	GEOSTAT statistics
	Decreased unemployment rate (disaggregated by sex, rural/urban)	Average 13.9% (12.7% female/15.0% male; 22.8% urban/5.1% rural) (2016)	Unemployment reduced to at least 12.0% average (11.0% female/12.9% male; 19.7% urban/4.4% rural) (2022)	GEOSTAT statistics
Outcome	**Indicators**	**Baseline**	**Target**	**Sources of verification**
More diverse rural services delivered to population in more efficient, effective and sustainable manner	1. More relevant RDS, RDAP and more integrated governance mechanisms for rural development involving national, regional and municipal levels adopted and implemented with support from the project	Adopted 2 RDS (National, Ajara); adopted and implemented 2 RDAP (National and Ajara); implemented 3 LDS (2016)	At least 2 integrated governance mechanisms adopted and established (National, Ajara); at least 2 new RDS and RDAP adopted and implemented (National, Ajara); at least 8 LDS adopted and implemented (2022)	Government and project reports; Annual RDAP 2018-2020 and 2021-2024 M&E data and implementation reports
	2. Increased rural employment in non-agriculture sector as part of total employment (disaggregated by sex)	26.6% of rural people employed in non-agriculture sector nationwide; (2016)	At least 5 % increase in non-agricultural employment in rural areas (disaggregated by sex) (2022)	GEOSTAT statistics
Outputs	**Indicators**	**Baseline**		**Sources of verification**
Improved governance for effective implementation of the RDS, RDAP and related programmes	1.1 Objectively measurable indicators defined and regularly monitored under each priority/objective of the RDAP using evidence-based data collection and analysis under a functional M&E system (National, Ajara)	No indicators defined at the level of priorities/objectives; no M&E system in place (National, Ajara) (2016)	Objectively measurable indicators defined for all priority/objectives, and for each activity under the RDAP; and related data properly collected and analysed using a functional M&E system (National, Ajara) (2022)	Government (National, Ajara AR) and project reports; Annual RDAP 2018-2020 and 2021-2024 M&E data and implementation reports

Impact	Indicators	Baseline	Target	Sources of verification
	1.2 Annual reviews of RDAP completed on the basis of reliable information and evidence-based data on progress and achievements (National, Ajara)	No annual reviews of RDAP available (National, Ajara) (2016)	At least one annual review of RDAP completed between 2018 and 2022 (National, Ajara)	Government (National, Ajara AR) and project reports; Annual RDAP 2018-2020 and 2021-2024 M&E data and implementation reports
2. Improved rural economic diversification, employment and services	2.1 Increased number of non-agricultural jobs created in targeted rural areas with support from the project, disaggregated by sex/age	Zero (2017)	At least 400 new permanent jobs created in non-agricultural sectors in targeted rural areas, including at least 30% benefiting women (2022)	GEOSTAT statistics; government (National, Ajara AR) and project reports; Annual RDAP 2018-2020 and 2021-2024 M&E data and implementation reports
	2.2 Increased average monthly income of households in targeted rural areas supported by the project, (excludes income from sale of assets, borrowing and use of savings)	Kakheti – GEL 719; Kvemo Kartli – GEL882; Samtskhe-Javakheti - GEL843; Ajara – GEL922; Mtskheta Mtianeti – GEL657 (2017)	Kakheti – GEL 802; Kvemo Kartli – GEL985; Samtskhe-Javakheti – GEL941; Ajara – GEL1028; Mtskheta Mtianeti – GEL734 (2022)	GEOSTAT statistics;
3. Improved environment, sustainable management of natural resources and climate action	3.1 Increased number of hectares of forest and protected areas in targeted rural areas where sustainable and climate-resilient management practices have been introduced with support from the project	Zero (2017)	At least 420,000 ha of forests and protected areas using improved management practices in targeted rural areas (2022)	GEOSTAT statistics; government (National, Ajara AR) and project reports; Annual RDAP 2018-2020 and 2021-2024 M&E data and implementation reports
	2.2 Increase number of households in targeted rural areas receiving direct incentives to improve energy efficiency and other climate-related benefits with support from the project	Zero (2017)	At least 400 households received direct incentives to improve energy-efficiency and other climate-related benefits in targeted rural areas (2022)	Government (National, Ajara AR) and project reports; Annual RDAP 2018-2020 and 2021-2024 M&E data and implementation reports

V. MONITORING AND EVALUATION

6.1. MONITORING PLAN

Monitoring of project progress and performance will include quarterly operational (progress) reports, annual (interim) reports, and a final report in order to accurately assess progress and achievement of expected outputs, outcomes and final impact as defined in the above results framework in section IV. Reporting will be based on progress as per quarterly and annual implementation work plans, to be submitted and approved by the project Steering committee.

Reporting will be based on evidence-based data collected and analysed using the internal M&E system, the RDAP M&E framework and, when relevant, other reliable sources of information. The project M&E system will be completed during the assessment phase, on the basis of the above Results Framework, including the establishment of a robust baseline and the regular collection and analysis of evidence-based data and other information relevant to M&E purposes. On this basis, the project will submit quarterly and annual progress reports.

As for the RDAP 2018-2020 and subsequent years, the project will help finalise the setting-up of a robust M&E framework done in integrated manner through dedicated support to the RDPU of the MoA and IACC at national level, and Ajara MoA and RDC in Ajara, including the elaboration of related baselines and results frameworks

The project will support the establishment of the mechanisms required for regular collection, analysis and reporting of evidence-based statistical and technical data, including trainings and other incentives, equipment and complementary materials including baselines/endlines, dedicated research, surveys, needs assessments, results snapshots, lessons learned initiatives, study tours, field and exchange visits, ad hoc evaluations and others.

As for the mid-term and final external evaluations, the project will commission independent external missions in order to measure progress and performance, including intermediate progress data and final achievements. In addition, the project M&E will introduce ad-hoc/quick assessments, needs and capacity assessments and monitoring exercises to be regularly updated. For this purpose, dedicated M&E tools will ensure that specific info is available on the support and the impact of the project considering gender aspects, youth, people with disabilities, ethnic and other minority groups..

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)
Track results progress	Progress data against the results indicators in the Results Framework will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	
Monitor and manage risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's policies and procedures	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and	At least annually	Relevant lessons are captured by the project team and used to inform	MoA of Georgia

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)
	integrated back into the project.		management decisions.	and Ajara AR
Annual project quality assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	Project Steering committee Members
Review and make course corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project Steering committee and used to make course corrections.	
Project reporting	Quarterly progress reports will be presented to the Project Steering committee and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Quarterly (operational reports), annually (interim reports, payments), and final report (closure)	Quarterly progress reports and work plans for the following periods should be submitted at least one week in advance to the project Steering committee quarterly review meetings	
Project review (Project Steering committee)	The project's Steering committee will hold quarterly meetings, beside ad-hoc meetings as necessary: - for regular project review, guidance and decision making against quarterly operational (progress) reports submitted at least one week in advance to the meetings, including review quarterly work plans for the next periods to ensure implementation is on track, correct deviations if necessary, and ensure realistic budgeting over the life of the project. - for approval of municipal assessment reports, sub-project proposal documents and contracts for delivery of rural services, and other relevant reports and agreements	Quarterly	Review, guidance and decision-making on project planning, implementation, M&E Any quality concerns or slower than expected progress should be discussed by the project Steering committee and management actions agreed to address the issues identified. Review and approval of municipal assessment reports, sub-project proposal and contract documents and other relevant reports and agreements	Project Steering committee members

6.2. Evaluation Plan

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-term external Evaluation	N/A	Output 1.1. National and sub-national systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods-intensive	CPD Outcome 2/ UNPSD Outcome 3: Growth and development are inclusive and sustainable, creating employment and livelihoods for the poor and excluded	December 2019	EU, MoA of Georgia, MoA of Ajara AR	Approx. cost: EUR 25,000 Source: Project budget
Final Evaluation	N/A	Output 1.1. National and sub-national systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods-intensive	CPD Outcome 2/ UNPSD Outcome 3: Growth and development are inclusive and sustainable, creating employment and livelihoods for the poor and excluded	November 2022	EU, MoA of Georgia, MoA of Ajara AR	Approx. cost: EUR 25,000 Source: Project budget

VI. MULTI-YEAR WORK PLAN

	Outputs, activities/sub-activities	2018				2019				2020				2021				2022[13]			
	Output 1. Improved governance for effective implementation of the RDS, RDAP and related programmes																				
	Intermediate result 1.1: More relevant rural development strategies, plans and programmes adopted and implemented																				
1.1.1	An in-depth analysis of the gaps in evidence carried out to inform annual RDAP reviews and the drafting of future RDAP and the Rural Development Strategy (2021 – 2024)																				
1.1.2	Establishment of a unified Monitoring and Evaluation (M&E) framework for the RDAP 2018 – 2020 and the RDAP 2021-2024																				
1.1.3	Enhancing availability of evidence-based data and mapping information about rural development at central, regional and municipal level																				
1.1.4	Collection of evidence, good practices and lessons learned on LAG experience																				
1.1.5	Commissioning new research to inform annual RDAP reviews and the drafting of future plans																				
1.1.6	Supporting government to undertake annual reviews of existing RDAP until 2020, and develop new RDS and RDAP for the period 2021 – 2024																				
	Intermediate result 1.2: Improved governance and coordination mechanisms for rural development																				
1.2.1	Supporting government to improve integration of governance and coordination systems for rural development																				
1.2.2	Supporting organised civil society, private sector and rural communities for more active engagement and participation in rural development																				
1.2.3	Supporting regional authorities and municipalities for more active engagement and participation in rural development																				

[13] The duration of the Project is 59 months. Therefore the Workplan implies 11 months of 2022

	Outputs, activities/sub-activities	2018	2019	2020	2021	2022[13]
1.2.4	Creating the conditions for an effective learning network on rural development in Georgia					
	Output 2. Improved rural economic diversification, employment and services					
	Intermediate result 2.1: Targeted interventions delivered in the 6 rural development areas supported by ENPARD for improved rural economic diversification, employment and services					
2.1.1	Assessment of the priorities for economic diversification and respective programmes in target municipalities					
2.1.2	Development of specific priorities and delivery mechanisms to support economic diversification measures in the target municipalities					
2.1.3	Support to implementation and monitoring of priority measures across selected areas in the target municipalities					
	Intermediate result 2.2: Best practice models and innovative practices disseminated and shared across Georgia					
2.2.1	Research into best practice models and innovative approaches for successful rural development undertaken and results disseminated and published as guidance material					
	Output 3. Improved environment, sustainable management of natural resources and climate action					
	Intermediate result 3.1: Improved environment, sustainable management of natural resources and climate action					
3.1.1	Assessment of the priorities for sustainable management of natural resources and climate action and respective programmes in target municipalities					
3.1.2	Development of specific priorities and delivery mechanisms to support sustainable management of natural resources and climate action in the target municipalities					
3.1.3	Support to implementation and monitoring of priority measures across selected areas in the target municipalities					
	Intermediate result 3.2: Promotion and public awareness campaigns on sustainable management of natural resources, climate change, disaster risk management and use of renewable and alternative sources of energy					
3.2.1	Implementation of dedicated awareness campaigns on protection/sustainable management of natural resources, climate change, disaster risk management and use of renewable and alternative sources of energy					
	Output 4. Improved rural development governance and economic diversification, environment, natural resources and climate action in Ajara autonomous region					

	Outputs, activities/sub-activities	2018	2019	2020	2021	2022[13]
	Intermediate result 4.1: Improved governance for effective implementation of the RDS, RDAP and related programmes in Ajara AR					
4.1.1	More relevant rural development strategies, plans and programmes adopted and implemented in Ajara AR					
4.1.1.1	An in-depth analysis of the gaps in evidence carried out to inform annual RDAP reviews and the drafting of future RDAP/RDS for Ajara AR					
4.1.1.2	Contribution by the Ajara AR RDAP 2018 – 2020 and the RDAP 2021-2024 to the unified Monitoring and Evaluation (M&E) framework					
4.1.1.3	Enhancing availability of evidence-based data and mapping information about rural development at regional and municipal level in Ajara AR					
4.1.1.4	Collection of evidence, good practices and lessons learned on LAG experience in Ajara AR					
4.1.1.5	Commissioning new research to inform annual reviews of the RDAP for Ajara AR and the drafting of future plans					
4.1.1.6	Supporting Ajara AR regional government to undertake annual reviews of existing RDAP until 2020, and design new RDS and RDAP for the period 2021 -- 2024					
4.1.2	Improved governance and coordination mechanisms for rural development					
4.1.2.1	Supporting Ajara AR regional government to improve integration of governance and coordination systems for rural development					
4.1.2.2	Supporting organised civil society, private sector and rural communities in Ajara AR for more active engagement and participation in rural development					
4.1.2.3	Supporting Ajara AR regional authorities and municipalities for more active engagement and participation in rural development					
4.1.2.4	Creating the conditions for an effective learning network on rural development in Ajara AR					
	Intermediate result 4.2: Improved rural economic diversification, employment and services in Ajara AR					
4.2.1	Targeted interventions delivered in the 2 rural development areas supported by ENPARD for improved rural economic diversification, employment and services					
4.2.1.1	Assessment of the priorities for economic diversification and respective programmes in target municipalities of Ajara AR					

	Outputs, activities/sub-activities	2018	2019	2020	2021	2022[13]
4.2.1.2	Development of specific priorities and delivery mechanisms to support economic diversification measures in the target municipalities of Ajara AR					
4.2.1.3	Support to implementation and monitoring of priority measures across selected areas in the target municipalities of Ajara AR					
4.2.2.	Best practice models and innovative practices are shared across the target areas					
4.2.2.1	Research into best practice models and innovative approaches in Ajara AR for successful rural development undertaken and results disseminated and published as guidance material					
	Intermediate result 4.3: Improved environment, sustainable management of natural resources and climate action in Ajara AR					
4.3.1	Targeted interventions delivered in the 6 rural development areas supported by ENPARD for the environment, the protection and sustainable management of natural resources and climate action					
4.3.1.1	Assessment of the priorities for sustainable management of natural resources and climate action and respective programmes in target municipalities of Ajara AR					
4.3.1.2	Development of specific priorities and delivery mechanisms to support sustainable management of natural resources and climate action in the target municipalities of Ajara AR					
4.3.1.3	Support to implementation and monitoring of priority measures across selected areas in the target municipalities of Ajara AR					
4.3.1.4	Promotion and public awareness campaigns on sustainable management of natural resources, disaster risk management and use of renewable and alternative sources of energy in Ajara AR					
	PROJECT MANAGEMENT, MONITORING AND EVALUATION					
	Management, monitoring, reporting					
	Mid-term evaluation					
	Final evaluation					

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Governance arrangements

UNDP will be responsible for the execution of all the project activities and provision of inputs, including implementation of all support services and management of all project funds.

The action will be coordinated by a **project Steering committee** composed of representatives from national and Ajara governments, UNDP and the European Union. A proposed structure is presented in the chart below, subject to final validation, for which specific ToR will be developed and agreed upon with the EU and the government immediately after the project starts, including reference to the coordination arrangements with the "FAO support to Georgian agricultural sector under ENPARD III" project implemented by FAO under ENPARD III. The Steering committee is expected to provide overall guidance and decision-making support during all phases of project implementation, and will grant final approval of municipal assessment reports, subsequent municipal proposals and contracts related to the delivery of rural services. The project Steering committee is proposed to meet every 3 months, although meetings could be called by any of the members at any time to discuss any particular issue of concern.

As detailed under sections referring to Outputs 2, 3 and 4, for the service delivery support in the 8 municipalities supported by EU rural development pilot projects, LAGs will play a central role in consultations over the type and extent of priority interventions, as well as for the monitoring of and evaluation of these actions, in close coordination with the project and the implementing partners for these pilot projects. In addition to this and when relevant, ad-hoc review committees (RCs) at central and Ajara levels will be created, consisting of concerned government entities, UNDP, FAO and EUD, among others, in order to review and discuss relevant municipal assessments and sub-project proposals related to the direct delivery of services, providing an informed opinion to the project Steering committee.

Management arrangements

The Project Steering committee and implementation structure is presented in the chart below.

The key project management functions will be shared between the Project Manager and the Project Technical Leader, forming jointly a project management team, as follows:

The **Project Manager** will be in charge of:

- *Administrative oversight and internal controls*, in procurement, recruitment, financial management, administration and HR processes will be exercised by the Project Manager with a respective management experience and a solid understanding of UNDP procedures. The Manager will be responsible to ensure that project implementation is in line with the conditions set forth through the EU-UNDP agreement, and all UNDP rules and regulations are respected throughout project implementation.
- *Coordination and supervision of institutional relations with concerned government institutions*, including senior government officials, regional and local administrations so as to ensure timely and appropriate institutional ownership and engagement in rural development, including, primarily, for the implementation of activities under Outputs 1 and 4.1 under this project.

The **Project Technical Leader** will be in charge of:

- *Coordination and technical supervision of rural development policy and implementation,* including all required technical inputs and contributions to the sector, so as to ensure sound consistency across all project objectives at national and Ajara level; timely and appropriate implementation of activities primarily under Outputs 2, 3, 4.2 and 4.3 under this project
- *Representational tasks* of the project in relevant fora and events;
- *Communication and reporting to the EU Delegation.*

The Project Manager and the Project Technical Leader will be jointly accountable towards the project Steering committee for achievement of the project objectives. Internally within UNDP, the project manager will report to UNDP Economic Development Team Leader, and the Project Technical Leader will report to UNDP Deputy Resident Representative.

In addition, as part of the Project Core Team, UNDP will engage the following Coordinators:

Three Sectoral Coordinators in (a) Institutional Capacity Development, (b) Economic Diversification and (c) Environment: The Coordinators will be responsible to lead activities as specified in the respective outputs of the project; they will provide coverage to national as well as Ajara component of the project. Sectoral coordinators will receive management oversight in reaching set targets and objectives by the Project Manager and receive the content and quality guidance by the Project Technical Leader in line with the matrix management modality.

One Geographical Coordinator for Ajara who will lead the project implementation in the Ajara region, in close coordination with and under direct supervision of the Project Manager and Project Technical Leader. As part of the functions, s/he will enjoy support from the three Sectoral Coordinators in Ajara.

Project support staff, including M&E specialist, Project Officer, Administrative/Finance specialist and driver/logisticians, who will support implementation of all project outputs nationwide and in Ajara.

The Economic Development Team Leader (ED TL) will provide overall quality assurance, oversight and monitoring of the project to ensure that the project produces the results (outputs) specified in the project document and compliant with the required standard of quality and within the specified constraints of time and cost. The ED TL will provide liaison support with counterparts as needed, oversee reporting (both for the EU delegation and internal UNDP reporting), provide additional analysis of risks and mitigation measures, ensure coherence and promote cooperation between this project and other relevant UNDP projects. UNDP ED Team Leader will be charged through direct project costs for the time spent directly attributable to the implementation of the Project, not exceeding 25% of the working time.

The *UNDP Programme Associate*, based in Tbilisi, will provide quality assurance for financial matters and reporting and advice project personnel on financial, administrative and reporting procedures. The UNDP Programme Associate will be charged through direct project costs for the time spent directly attributable to the implementation of the Project, not exceeding 10% of the working time.

The Project Assurance team will act as an objective quality monitoring agent, will verify the project progress, its products' or outputs' quality.

UNDP will convey the administrative support services to the project implementation, implying undertaking administrative, financial, procurement and recruitment services according to its rules and regulations.
Project Steering committee and implementation structure is presented in the chart below

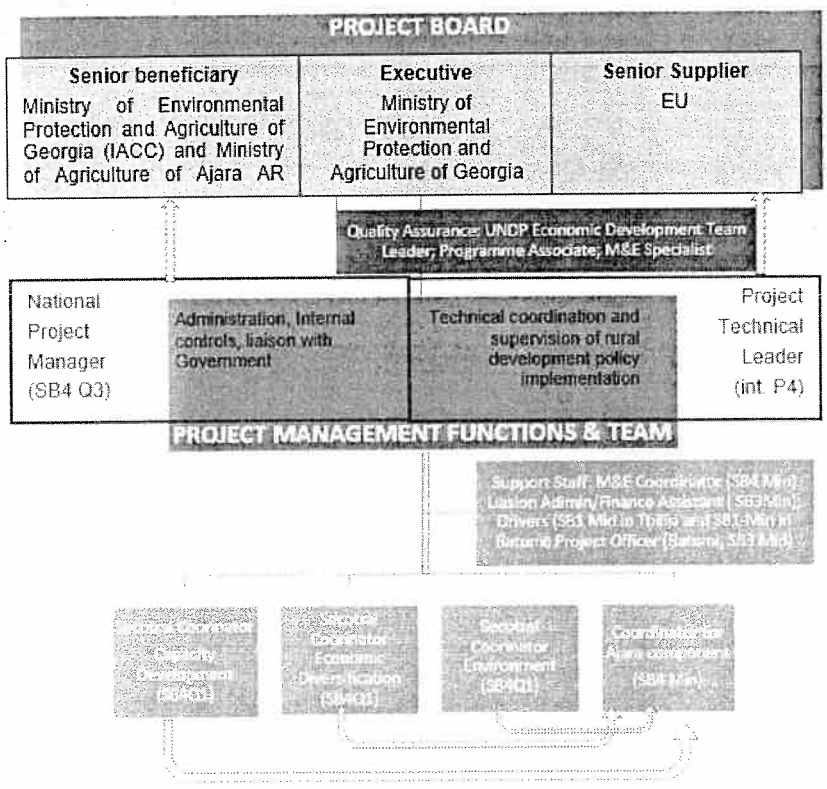

Figure 1. Project organizational chart

Project Office Costs

The Project will cover all costs required to implement all project activities, as listed in Annex III –Budget for the Project.

The Project will have 2 project offices, one in Tbilisi and the other in Batumi. The Project budget includes the following costs for both offices:

- rental costs, including security charges, for Tbilisi and Batumi offices, (40% during May-December 2018, since shared with ENPARD II, 100 % thereafter)
- Cost of IT and telecommunication for both offices (40 % during May-December 2018, since shared with ENPARD II (100 % thereafter)
- Cost of Utilities for Tbilisi and Batumi offices (Electricity, water, hearting, etc) (40% during May-December 2018, since shared with ENPARD II, 100 % thereafter)
- Consumables and stationery supplies for operation of Tbilisi and Batumi offices (40 % during May-December 2018, since shared with ENPARD II, 100 % thereafter)
- Maintenance, insurance, fuel and depreciation costs for Tbilisi and Batumi vehicles (40 % during May-December 2018, since shared with ENPARD II, 100 % thereafter)
- IT/Computer and office equipment purchase and maintenance for Tbilisi and Batumi offices
- Costs of travel and field trips for the project activities.
- Costs of project communication and visibility activities (as spelled out in the communication and visibility plan)

Below is the list of project staff whose costs will be charged to the Project, and whose functions have been specified above:

1. **Project Manager (SB4Q3)** 40% during May-December 2018, since shared with ENPARD II, 100% thereafter)
2. **Project Technical Leader (P4)** 60% during May-December 2018, since shared with ENPARD II, 100% thereafter
3. **Sectoral Coordinator: Institutional Capacity Development (SB4Q1)** 4 % during May-December 2018, since shared with ENPARD II, 100% thereafter
4. **Sectoral Coordinator: Economic Diversification (SB4Q1)** 60% during May-December 2018, since shared with ENPARD II, 100% thereafter
5. **Sectoral Coordinator: Environment (SB4Q1)** 60% during May-December 2018, since shared with ENPARD II, 100% thereafter
6. **Coordinator for Ajara Component (SB4 Min)** 40% during May-December 2018, since shared with ENPARD II, 100% thereafter, responsible for the management of Ajara related Output (Output #2), provision of support to the Project Board members and National Project Manager by communicating the progress and coordination of all efforts for ensuring the quality and timeliness of delivery of results.
7. **Liaison/Administrative Finance Assistant (SB3 Min)** 40% during May-December 2018, since shared with ENPARD II, 100 % thereafter, responsible for technical support in financial, contractual and organisational matters.
8. **Monitoring and Evaluation Specialist (SB4 Min)**, 4 % during May-December 2018, since shared with ENPARD II, 10 % thereafter, responsible for the project related M&E activities and the support to development and implementation of the institutional M&E systems related to RD Strategies (National and Ajara) and respective Action Plans.
9. **Project Officer (SB3 Mid)-Batumi** 4% during May-December 2018, since shared with ENPARD II, 100% thereafter, responsible for liaising with, and providing support to Sectoral Coordinators for implementation of rural development policy supporting activities in relevant sectors in Ajara AR.
10. **Driver/logistician in Tbilisi office (SB1 Mid) and Driver in Batumi office (SB1-Q1)** 40% during May-December 2018, since shared with ENPARD II, 100 % thereafter)
11. **Cleaners (SB1-Min) in Tbilisi and Batumi offices** ((13.20% during May-December 2018, since shared with ENPARD II, 33% thereafter)

The following UNDP staff, providing quality assurance of the project will be partially charged to the Project throughout the project duration:

1. **Economic Development Team Leader (NoB):** responsible for quality assurance of the project, supporting the project Steering committee, facilitating coordination within UNDP, other UN agencies and concerned stakeholders. 8% during May-December 2018 and 20% thereinafter.
2. **Programme Associate (G6):** responsible for providing administrative advice and supporting project implementation from the Country Office. S/he will provide administrative, financial, contractual, reporting and procurement related support to ensure compliance of administrative processes with respective UNDP rules and regulations, and the respective Country Office Standard Operational Procedures. 4% during May-December 2018 and 10% thereinafter.
3. **CO monitoring support (NOA):** will be responsible for monitoring and evaluation function for the entire project ensuring compliance to UNDP and EU standards monitoring and evaluation. 2% during May-December 2018 and 5% thereinafter.

Country Office staff (Economic Development Team Leader, Programme Associate and Monitoring Support), who dedicate part of their time to this project throughout its duration, will keep the accurate record of the time dedicated to the project (timesheet), verified/approved by their supervisors on a monthly basis, and the project will be charged according to the actual time worked for the project, up to the maximum of the percentages specified above.

Special regulations applicable to all costs

Consistent with numerous UN Security Council resolutions, including S/RES/1269 (1999), S/RES/1368 (2001) and S/RES/1373 (2001), the parties are firmly committed, amongst others, to the international fight against terrorism, and in particular, against the financing of terrorism.

It is the policy of EU to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism or under which there are restrictive measures.

The UN will not provide funds to third parties, whether individuals or entities, included in the Consolidated United Nations Security Sanctions List (the "UN Sanctions List") at the time such funds are to be allocated.

The UN will cooperate with the EU in identifying whether the UN's final selection of third parties, whether individuals or entities, in connection with the UN's undertakings under this Agreement would result in the provision of funds or support to third parties, whether individuals or entities, that the EU has included in the EU sanctions list. Additionally, the UN and the EU will cooperate if the EU has identified that funds that the EU has contributed to the UN under this Agreement are being or have been used to support third parties, whether individuals or entities, that the EU has included in the EU sanctions list. In either case, the UN and the European Commission will discuss and determine the appropriate course of action bearing in mind their respective applicable legal frameworks. Such course of action may include, without limitation, the reallocation of remaining funds contributed by the EU to the UN under this Agreement (net of any costs for the UN in having undertaken any procurement or implementing partner selection exercise), or the suspension or termination of this Agreement, together with the return of any unspent funds contributed by the EU to the UN, if so requested by the Commission.

VIII. LEGAL CONTEXT

LEGAL CONTEXT STANDARD CLAUSES

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the government of Georgia and UNDP, signed on 1-Jul-1994. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

The project will be implemented by the Ministry of Agriculture of Georgia ("Implementing partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

IX. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   a) put in place an appropriate security plan and maintain the security plan, considering the security situation in the country where the project is being carried;
   b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered under/further to this Project Document.

4. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   c) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
   d) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

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8. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

9. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

10. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

11. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

12. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

13. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

14. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

15. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

16. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

    Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

17. *Option 1:* UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that has been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

    Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined

by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

18. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

19. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

20. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

X. ANNEXES:

Annex 1. List of activities for rural service delivery support under Intermediate results 2.1, 3.1, 4.2 and 4.3

This Annex present the detailed list of activities for rural service delivery support to the population in the 8 target municipalities of Lagodekhi, Dedoplistskaro, Tetritskaro, Borjomi, Akhalkalaki, Kazbegi, Keda and Khulo under Intermediate results 2.1, 3.1, 4.2 and 4.3 of the project.

The activities are focused on the improvement of rural economic diversification, employment and services, the sustainable management of natural resources, and climate action.

The list of proposed activities are based on a preliminary field assessment carried out jointly by UNDP and FAO in the target areas, considering the priorities under national, Ajara regional and local development strategies, the lessons learnt from the 8 pilot projects, as well as available information from other rural development initiatives supported by Government, donors and the private sector.

On this basis, the priority activities are listed under 3 components:

A. Rural economic diversification
B. Skills development
C. Natural resources and climate action

For each of the proposed activities, the final selection of individual components, the choice of implementation mechanisms, geographical coverage and target beneficiaries will be validated after completion of the assessment and development phases of the project.

Concerning the implementation mechanisms, in principles there is a preference for the use of state programmes, since this will further enhance national ownership and sustainability. In cases such approach is proved not feasible, the project will deliver services directly through UNDP and selected implementing partners.

With regards to the geographical coverage, in principles the activities are to be implemented within the territories of the 8 target municipalities, although not all 8 municipalities are expected to benefit from all activities at the same time, depending on relevance, feasibility and budget availability. Exceptionally, when relevant to identified needs and priorities, the project will extend the delivery of services to other municipalities, under any of the following criteria:

- supporting the provision of targeted rural services by single administrative units or private sector providers for which competences cover territories beyond the municipal boundaries of the 8 municipalities supported by ENPARD, be it public or private units (such as in the case of Protected Area Administrations, or vocational service providers);
- supporting the provision of targeted rural services requiring the participation of other municipalities as envisaged on relevant legal documents or formal agreements, or when such participation proves to bring tangible positive effects to any of the 8 municipalities supported by ENPARD (such as in the case of inter-municipal services for waste collection and transport, or joint tourism plan agreements)

Concerning the target beneficiaries, under each respective activity the project will include guidance and technical support to selected implementing partners as required for ensuring appropriate delivery of services to the final beneficiaries. For the latter, the activities will specify the details of all direct beneficiary groups, and how they will be reached. In particular, it will include information on the preferential access conditions that will be applied to

ensure the participation of women, youth, people with disabilities, IDPs, ethnic minorities and other groups as direct beneficiaries.

The strategic approach for the final selection of direct support activities will be based on their added value to existing initiatives, opportunities for expansion and improved quality of related services and the potential for territorial integration and multi-sector interventions to have a wider impact on rural living conditions.

More specifically, the selected activities are expected to provide the following added-value elements:

- complementary support to existing actions implemented under existing local development strategies;
- active generation and exchange of experiences and lessons learned for further replication to other rural areas;
- stronger inter-institutional coordination for design and implementation of actions;
- stimulus for national institutions to design and use effective M&E systems to evidence success.

Find below the list of proposed service delivery activities under their respective sub-sector:

Sub-sector A: Rural economic diversification

Activity A.1: Rural entrepreneurship support

Primary agriculture is currently the major economic activity in rural areas and more than 50% of population is involved in the sector. Given the limited scope for the expansion of agriculture, both in social and economic terms, it is necessary to support the development of other rural businesses, as this has proven to have a more direct positive impact on rural living conditions, including job creation and income generation.

The support to private sector development and especially Small and Medium Enterprises (SMEs) are among the main priorities of the government of Georgia through programmes implemented by the Ministry of Economy and Sustainable Development (MoESD). The government adopted the SME Development Strategy 2016-2020 with the aim of supporting SME development through increase of private sector competitiveness under various measures.

Under the MoESD, the agency Enterprise Georgia has been established with the aim to support entrepreneurship development, and the state programme "Produce in Georgia" provides concessional loans and grants to the private sector, namely to commercial enterprises, industry and agriculture (including food processing). In rural areas, however, the outreach is still low and the programme needs to combine micro and small enterprise support with dedicated advisory services.

In this context, the project will provide dedicated entrepreneurship support for expanded focus and coverage of related public programmes in target rural areas, considering their still limited presence there, by means of incentives for the establishment of rural SMEs, with emphasis on improving business climate, skills and access to finance.

In principles, the support will entail investment grants and business advisory services to selected rural SMEs through blending schemes under targeted rural public programmes financed by the MoESD, using calls for proposals. To this end, the project will provide financial and technical support to Enterprise Georgia for the implementation of these schemes. The technical assistance will target the support for the adoption of improved strategic approaches in support to rural SMEs; to increase awareness and facilitate access to potential applicants; to assess business viability, profitability and sustainability during selection; and to enhance managerial skills during implementation and monitoring of the supporting actions.

Activity A.2: Rural tourism development support

As part of the needs identified under the previous activity, the development of rural tourism and services is very relevant to the Georgian economy, and specific support to this sector needs to be at the core of the development of rural businesses for a more direct positive impact on job creation and income generation in rural areas.

In recent years the tourism sector in Georgia has been characterized by growing trends and has a big potential to support economic development. Many regions and rural territories have good potential for the development of various types of tourism, but most still lack appropriate infrastructure, services and professional skills, as well as more diversified tourist offerings and products. Even in the more advanced regions there are shortcomings which need to be addressed, including lack of suitable and sufficient accommodation facilities, low quality of tourism skills and services and limited tourism products on offer.

The government adopted the Tourism Development Strategy 2025 and put considerable investments for the development of tourism infrastructure as an incentive to increase the involvement of the private sector. The strategy aims at developing sustainable tourism, promoting tourism potential and supporting related income generating opportunities.

The Georgian National Tourism Administration (GNTA) and Enterprise Georgia, both under the MoESD, provide public support to the tourism sector. In rural areas, public programmes assist in the development of small tourism infrastructure, related services and products. While the Ministry of Regional Development and Infrastructure (MRDI) supports the improvement of rural and tourism-related public infrastructure under its Regional Development Fund (RDF) and related programmes, Enterprise Georgia supports the private sector for the development of accommodation and other touristic facilities in the regions as part of the financial support to SMEs. The same applies under the Ajara Department for Tourism and Resorts (DTR) authority in the region.

In this context, the project will provide dedicated entrepreneurship support to the tourism sector under related public programmes by Enterprise Georgia, the GNTA and the Ajara DTR in target rural areas by means of incentives for the establishment of rural tourism-related SMEs, with emphasis on improving business climate, skills and access to finance. In principles, the support will entail investment grants and business advisory services to selected rural SMEs in the tourism sector through a blending scheme under targeted rural public programmes financed by the MoESD, using calls for proposals. Dedicated technical assistance will target the support for the adoption of improved strategic approaches in support to rural SMEs in the tourism sector; to increase awareness and facilitate access to potential applicants; to assess business viability, profitability and sustainability during selection; and to enhance managerial skills during implementation and monitoring of the supporting actions.

In addition, the project will provide financial support to the MRDI for the support to tourism-related infrastructure in order to facilitate and expand the presence of the private sector in the target rural areas. In principles, the support will entail investment grants for selected rural tourism infrastructure through a blending scheme under targeted rural public programmes financed by the MRDI. Dedicated technical assistance will target the support for the adoption of improved strategic approaches in support to rural infrastructure in the tourism sector and to enhance managerial skills during implementation and monitoring of the supporting actions.

Sub-sector B - Skills development

Activity B.1: Rural VET support

As described in previous activities, the deficit of skills on the labor market is treated as one of the major impediments for development by national and local stakeholders, particularly for economic diversification in rural areas.

The provision of vocational education and training (VET) services is considered as the main tool for increasing skills and employability of job seekers. To this end, the government has developed a VET Sector Development Strategy aiming at improving access to quality vocational education to individuals from all segments of the society, including the disadvantaged and vulnerable population, to foster the actualization of their potential and economic well-being.

At present there are no formal and institutionalized training programmes provided by the public sector. So far, the government has launched nation-wide trainings for job seekers led by the Ministry of Labor, Healthcare and Social

Aid (MoLHSA), and is planning to launch a new market-oriented training programme under the Ministry of Education and Science (MoES) implemented by private sector. The Ajara Ministry of Education, Culture and Sport (MoECS) is responsible for providing VET support in the region.

One of the main challenges of the sector is how to develop a relevant strategy enabling the implementation of a flexible VET system capable to produce a higher impact on active employment through more appropriate and effective acquisition of skills by the current and future economically active population. So far, the government has started the shifting to dual-type systems promoting work-based learning which combines theoretical and practical knowledge with support from private sector, improving learning methodologies and tools, upgrading systems for teachers' skills development and supporting private sector providers.

In this context, the project will provide dedicated support to improve availability and quality of VET services for the population of the target rural areas, and will ensure that the assistance to the needs related to skills identified under other project activities are appropriately channeled through relevant VET services available for the population of the target areas, when required.

In view of the gradual involvement by the public sector, the project will assist in the strengthening of relevant public-private partnerships in order to make more and better VET services available to the target population.

In principles, the support will entail investment grants and business advisory services to selected public and private VET colleges in order to facilitate access to the population of the target areas through blending schemes under targeted rural public programmes financed by the MoLHSA, the MoES and the Ajara MoECS, using available service providers or, in their absence, through calls for proposals. Dedicated technical assistance will target the support for the adoption of improved strategic approaches in support to rural VET; to increase awareness and facilitate access to potential students; to assess college viability, profitability and sustainability during selection; and to enhance managerial skills during implementation and monitoring of the supporting actions.

Sub-sector C – Natural resources and climate action

There is high reliance on carbon-intensive energy sources in rural Georgia, where 70-80% of energy needs are covered with wood and other conventional sources. As a consequence, the extensive use of fuelwood and other inefficient biomass for cooking, heating and warm water in rural Georgia has direct negative consequences on the environment and the climate, as chopping down trees for fuelwood is causing forest and land degradation and generate sizeable carbon emissions. It also represents a high burden for rural households in terms of public health, due to indoor air pollution, and generates negative social and economic impacts due to illegal logging and trading of timber, as well as its high purchasing cost.

In 2017 Georgia ratified the Paris Agreement on climate change including a nationally determined contribution (NDC) to reduce greenhouse gas (GHG) emissions. As part of the NDC, Georgia has submitted to the UNFCCC several NAMA (Nationally Appropriate Mitigation Action) including in forestry and rural energy sectors, which the project is intended to support.

Activity C.1: Forest management support,

Georgian forests are considered as unsustainably managed, thus this practice causes serious forest degradation. Rural households suffer from widespread energy poverty, spending average 30% of their income on energy, and they lack access to finances and technologies to implement cleaner and more economic alternatives.

Climate change adverse impacts pose severe threats to Georgia's forests: rising temperatures, changes in precipitation patterns, reduced water availability, increased frequency of forest fires, as well as pests and disease outbreaks have reduced carbon sequestration ability of forests.

Forests cover 40% of the Georgian territory and at present their sustainable management is far from being well properly regulated pending the future adoption of a new Forest Code. For natural protected areas, which cover 7%

of the territory, the Law on Protected Areas guides the mandate of a dedicated Agency for the sustainable management of its system's network.

Under the NDC, Georgia has prioritized three options for climate change mitigation activities in forestry sector, including protected areas: to establish sustainable forest management practices, to conduct afforestation / reforestation and assist natural regeneration, and expand the protected area system.

Under this component, Georgia submitted to the United Nations Framework Convention on Climate Change (UNFCCC) one NAMA for adaptive sustainable forest management in Borjomi-Bakuriani forest district, which covers one of the ENPARD target areas, and brings an innovative model for improved sustainable management of forests which has been successfully applied in other regions for the promotion of adaptation to climate change, co-benefits such as biodiversity protection, and improved resilience and socio-economic status of local communities.

On this basis, the project will provide support to pilot initiatives replicating the approach of this NAMA in target areas in order to gradually introduce and scale-up sustainable forest management measures and practices, taking into account existing management and operational plans adopted by Government for targeted forest districts and protected areas. Activities may include the sustainable exploitation of timber and non-timber forests products, afforestation / reforestation, natural regeneration, and support to the expansion of the protected area system.

Considering the innovative nature of this activity and the limited uptake by the public sector, the project will provide financial and technical support to specialised CSOs and private sector for the implementation of dedicated grant schemes to introduce and gradual upscale sustainable forest management practices with direct involvement of local authorities and rural communities in target areas.

In principles, the support will be provided through grants under calls for proposals for CSOs and private sector specialised in sustainable forest management, including investment grants and technical assistance for appropriate design, implementation and monitoring of pilot initiatives. In particular, the project will provide incentives for interested entrepreneurs to apply for businesses related to the sustainable exploitation of timber and non-timber forest products, including investment grants and advisory support services for enhanced business viability, profitability and sustainability. In addition, dedicated technical assistance will target relevant forest institutions for enhanced ownership and managerial skills during implementation and monitoring of the supporting actions.

Activity C.2: Rural energy efficiency and renewable energy support

As part of its NDC, Georgia submitted to the UNFCCC one NAMA promoting the efficient use of biomass for equitable, climate proof and sustainable rural development through the use of renewable energy sources in rural areas. The action is designed in an inclusive way through building capacities and enhancing cooperation among stakeholders for promoting the use and up-scaling of energy efficiency and renewable energy measures in selected rural areas.

On this basis, the project will provide support to pilot initiatives replicating the approach of this NAMA in target areas in order to gradually introduce and scale-up energy efficiency and renewable energy measures and systems.

Considering the innovative nature of this activity and the limited uptake by the public sector, the project will provide financial and technical support to specialised CSOs and private sector for the implementation of dedicated grant schemes to introduce and gradual upscale the use of solar water heaters, fuel-efficient wood stoves and energy-efficient insulation measures for selected social services, rural businesses and households in target areas.

In principles, the support will be provided through grants under calls for proposals for CSOs and private sector specialised in rural energy efficiency and renewable energy, including investment grants and technical assistance for appropriate design, operation and maintenance of systems by final beneficiaries. In particular, the project will provide incentives for interested entrepreneurs to apply for businesses related to energy efficiency and renewable energy, including investment grants and advisory support services for enhanced business viability, profitability and

sustainability. In addition, dedicated technical assistance will target relevant energy-related institutions for enhanced ownership and managerial skills during implementation and monitoring of the supporting actions.

Activity C.3: Rural waste management support

One critical problem affecting rural areas in Georgia is the widespread littering of hazardous and non-hazardous waste due to uncontrolled practices and poor quality and coverage of waste collection systems, which reach less than 74% of the population, the vast majority in urban areas. After adoption of the Waste Code, the Waste Management Strategy 2016-2030 and Action Plan 2016-2020, the Government increased the funding of waste-related infrastructure and equipment, although more resources are needed to enforce the application of fines against illegal dumping and the gradual establishment of waste-tariff systems for long term coverage and quality of operations.

Large parts of the 60 official landfills operate in rural areas without permit, and there are thousands of illegal dumpsites, which represent serious public health and environmental risks and reduce the attractiveness of rural Georgia for tourism and other recreational activities.

Waste legislation designates municipalities as the entities responsible for collection and transport of waste, while the Solid Waste Management Company of Georgia (SWMCG) is in charge of appropriate disposal. The content of the municipal waste management plans (MWMPs) to be submitted by 2018 will help identify specific needs and priorities, beside the gradual establishment of a separate system for hazardous waste management, the introduction of waste separation and recycling and the appropriate management of biodegradable waste, as foreseen by the national action plan.

Based on the above, the project will provide support to pilot initiatives for the improvement of waste management services in target rural areas in order to gradually improve quality and expand coverage of related services.

To this end, the project will provide financial and technical support to the SWMCG and the municipalities of the 8 target regions for the improvement of waste-related municipal services, as per respective MWMPs, including gradual closure of illegal landfills and dumpsites, appropriate management of hazardous waste and the introduction of systems promoting source separation, recycling and management of selected biodegradable waste streams, when relevant.

In principles, the support will entail investment grants and business advisory servic[redacted] to waste operators in the target areas through a blending scheme under targeted waste infrastructure programmes financed by the MRDI. Dedicated technical assistance will support selected waste operators, the SWMCG and responsible municipalities in order to improve their practices, enhance service viability, profitability and sustainability, and to reinforce ownership and managerial skills during implementation and monitoring of the supporting actions.

In addition, the project will provide financial support to environmental CSOs through grants under calls for proposals for intensive public awareness and active participation campaigns, as necessary for the required changes in behaviours and practices to support the implementation of the above referred measures for the improvement of waste services in the target areas.

Addendum No 1 To Delegation Agreement No Eni/2017/394-110 - Annex III Budget for the Action

Contract n°: 2017/394-110
Contract name: "Improving Rural Development in Georgia (ENPARD III)"
Implementation period of the contract: 1Jan2018 - 30Nov2022
Budget revision proposed: 30 May 2018

			Initial Budget (EUR)			REVISED BUDGET (EUR)															
	Activities/sub-activities	Unit	Unit rate	# of Units		Unit rate	# of Units	2018	# of Units	2019	# of Units	2020	# of Units	2021	# of Units	2022	Unit rate	Total # units	Grand TOTAL	Difference	Comments
1	Output 1. Improved governance for effective implementation of the RDS, RDAP and related programmes				774,087			0		182,452		268,995		161,820		161,820			774,087	0	
1.1	Intermediate result 1.1: More relevant rural development strategies, plans and programmes adopted and implemented				402,525			0		89,562		176,105		68,429		68,429			402,525	0	
1.1.1	An in-depth analysis of the gaps in evidence carried out to inform annual RDAP reviews and the drafting of future RDAP				24,152			0		0		24,152		0		0			24,152	0	
1.1.2	Establishment of a unified Monitoring and Evaluation (M&E) framework for the RDAP 2018 – 2020 and the RDAP 2021-2024				20,126			0		5,032		5,032		5,032		5,032			20,126	0	
1.1.3	Enhancing availability of evidence-based data and mapping information about rural development at central, regional and municipal level				60,379			0		15,095		15,095		15,095		15,095			60,379	0	
1.1.4	Collection of evidence, good practices and lessons learned on LAG experience				20,126			0		0		20,126		0		0			20,126	0	
1.1.5	Commissioning new research to inform annual RDAP reviews and the drafting of future plans				24,152			0		6,038		6,038		6,038		6,038			24,152	0	
1.1.6	Supporting government to undertake annual reviews of existing RDAP until 2020, and develop new RDS and RDAP for the period 2021 – 2024				253,591			0		63,398		105,663		42,265		42,265			253,591	0	
1.2	Intermediate result 1.2: Improved governance and coordination mechanisms for rural development				371,562			0		92,890		92,890		92,891		92,890			371,562	0	
1.2.1	Supporting government to improve integration of governance and coordination systems for rural development				100,322			0		25,080		25,080		25,080		25,080			100,322	0	
1.2.2	Supporting organized civil society, private sector and rural communities for more active engagement and participation in rural development.				40,872			0		10,218		10,218		10,218		10,218			40,872	0	
1.2.3	Supporting regional authorities and municipalities for more active engagement and participation in rural development				111,469			0		27,867		27,867		27,867		27,867			111,469	0	
1.2.4	Creating the conditions for an effective learning network on rural development in Georgia				118,900			0		29,725		29,725		29,725		29,725			118,900	0	
2	Output 2. Improved rural economic diversification, employment and services				3,043,946			0		753,837		779,762		775,762		723,652			[illegible]	[illegible]	
2.1	Intermediate result 2.1: Targeted interventions delivered in the 6 rural development areas supported by ENPARD for improved rural economic diversification, employment and services				2,752,608			0		712,364		693,217		693,216		684,379			2,783,176	[illegible]	
2.1.1	Assessment of the priorities for economic diversification and respective programmes in target municipalities				44,186			0		8,837		8,837		8,837		0			26,512	-17,674	Reduced to avoid duplication as these activities in 2018 are covered by ENPARD II
2.1.2	Development of specific priorities and delivery mechanisms to support economic diversification measures in the target municipalities				38,295			0		19,147		0		0		0			19,147	-19,148	Reduced to avoid duplication as these activities in 2018 are covered by ENPARD II
2.1.3	Support to implementation and monitoring of priority measures across selected areas in the target municipalities				2,670,127			0		684,379		684,379		684,379		684,379			2,737,517	67,390	Savings from other budget lines allow slightly higher (3% increase) direct intervention
2.2	Intermediate result 2.2: Best practice models and innovative practices disseminated and shared across Georgia				291,338			0		41,273		82,546		82,546		41,273			247,638	-43,701	
2.2.1	Research into best practice models and innovative approaches for successful rural development undertaken and results disseminated and published as guidance material				291,338			0		41,273		82,546		82,546		41,273			247,638	-43,701	Reduced by 15% as part of the activities planned can be brought forward in 2018 and can be conducted under ENPARD II
3	Output 3. Improved environment, sustainable management of natural resources and climate action				1,459,831			31,752		341,475		397,851		339,252		339,252			1,188,181	[illegible]	
3.1	Intermediate result 3.1: Targeted interventions delivered in the 6 rural development areas supported by ENPARD for the protection and sustainable management of natural resources, and climate action				1,206,495			31,752		297,029		312,905		297,029		297,029			1,235,743	[illegible]	
3.1.1	Assessment of the priorities for sustainable management of natural resources and climate action and respective programmes in target municipalities				20,267			13,511		0		6,756		0		0			20,267	0	
3.1.2	Development of specific priorities and delivery mechanisms to support sustainable management of natural resources and climate action in the target municipalities				27,360			18,240		0		9,120		0		0			27,360	0	
3.1.3	Support to implementation and monitoring of priority measures across selected areas in the target municipalities				1,158,868			0		297,029		297,029		297,029		297,029			1,188,116	29,248	Economies from other budget lines allow slightly higher (5% increase) direct intervention
3.2	Intermediate result 3.2: Promotion and public awareness campaigns on sustainable management of natural resources, climate change, disaster risk management and use of renewable and alternative sources of energy				253,338			0		84,446		84,446		42,223		42,223			253,338	0	

	Activities/sub-activities	Unit	Unit rate	# of Units		Unit rate	# of Units	2018	# of Units	2019	# of Units	2020	# of Units	2021	# of Units	2022	Unit rate	Total # units	Grand TOTAL	Difference	Comments
3.2.1	Implementation of dedicated awareness campaigns on protection/sustainable management of natural resources, climate change, disaster risk management and use of renewable and alternative sources of energy				253,338			0		84,446		84,446		42,223		42,223			253,338	0	
4	**Output 4. Improved rural development governance and economic diversification, environment, natural resources and climate action in Ajara autonomous region**				1,865,760			22,050		461,152		501,138		491,335		438,112			1,873,785	8,026	
4.1	**Intermediate result 4.1: Improved governance for effective implementation of the RDS, RDAP and related programmes in Ajara AR**				281,486			0		66,346		93,425		60,857		60,857			281,486	0	
4.1.1	***More relevant rural development strategies, plans and programmes adopted and implemented in Ajara AR***				146,373			0		32,568		59,647		27,079		27,079			146,373	0	
4.1.1.1	An in-depth analysis of the gaps in evidence carried out to inform annual RDAP reviews and the drafting of future RDAP/RDS for Ajara AR				8,782			0		0		8,782		0		0			8,782	0	
4.1.1.2	Contribution by the Ajara AR RDAP 2018 – 2020 and the RDAP 2021-2024 to the unified Monitoring and Evaluation (M&E) framework				33,666			0		8,416		8,416		8,416		8,416			33,666	0	
4.1.1.3	Enhancing availability of evidence-based data and mapping information about rural development at regional and municipal level in Ajara AR				21,956			0		5,489		5,489		5,489		5,489			21,956	0	
4.1.1.4	Collection of evidence, good practices and lessons learned on LAG experience in Ajara AR				7,319			0		0		7,319		0		0			7,319	0	
4.1.1.5	Commissioning new research to inform annual reviews of the RDAP for Ajara AR and the drafting of future plans				8,782			0		2,196		2,196		2,196		2,196			8,782	0	
4.1.1.6	Supporting Ajara AR regional government to undertake annual reviews of existing RDAP until 2020, and design new RDS and RDAP for the period 2021 – 2024				65,868			0		16,467		27,445		10,978		10,978			65,868	0	
4.1.2	***Improved governance and coordination mechanisms for rural development***				135,113			0		33,778		33,778		33,778		33,778			135,113	0	
4.1.2.1	Supporting Ajara AR regional government to improve integration of governance and coordination systems for rural development				36,481			0		9,120		9,120		9,120		9,120			36,481	0	
4.1.2.2	Supporting organized civil society, private sector and rural communities in Ajara AR for more active engagement and participation in rural development				14,862			0		3,716		3,716		3,716		3,716			14,862	0	
4.1.2.3	Supporting Ajara AR regional authorities and municipalities for more active engagement and participation in rural development				40,534			0		10,134		10,134		10,134		10,134			40,534	0	
4.1.2.4	Creating the conditions for an effective learning network on rural development in Ajara AR				43,236			0		10,809		10,809		10,809		10,809			43,236	0	
4.2	**Intermediate result 4.2: Improved rural economic diversification, employment and services in Ajara AR**				880,556			0		219,120		223,002		223,002		207,778			872,901	-7,657	
4.2.1	***Targeted interventions delivered in the 6 rural development areas supported by ENPARD for improved rural economic diversification, employment and services***				810,890			0		209,250		203,262		203,262		197,909			813,683	2,793	
4.2.1.1	Assessment of the priorities for economic diversification and respective programmes in target municipalities of Ajara AR				26,768			0		5,354		5,354		5,354		0			16,061	-10,707	Reduced to avoid duplication as these activities in 2018 are covered by ENPARD II
4.2.1.2	Development of specific priorities and delivery mechanisms to support econ. diversification measures in the target municipalities of Ajara AR				11,975			0		5,988		0		0		0			5,988	-5,988	Reduced to avoid duplication as these activities in 2018 are covered by ENPARD II
4.2.1.3	Support to implementation and monitoring of priority measures across selected areas in the target municipalities of Ajara AR				772,147			0		197,909		197,909		197,909		197,909			791,635	19,488	Savings from other budget lines allow slightly higher (3% increase) direct intervention
4.2.2	***Best practice models and innovative practices are shared across the target areas***				69,668			0		9,870		19,739		19,739		9,870			59,218	-10,450	
4.2.2.1	Research into best practice models and innovative approaches in Ajara AR for successful rural development undertaken and results disseminated and published as guidance material				69,668			0		9,870		19,739		19,739		9,870			59,218	-10,450	Reduced by 15% as part of the activities planned can be brought forward in 2018 and can be conducted under ENPARD II
4.3	**Intermediate result 4.3: Improved environment, sustainable management of natural resources and climate action in Ajara AR**				703,716			22,050		175,686		186,711		167,476		167,476			719,398	15,681	
4.3.1	***Targeted interventions delivered in the 6 rural development areas supported by ENPARD for the environment, the protection and sustainable management of natural resources and climate action***				703,716			22,050		175,686		186,711		167,476		167,476			719,398	15,683	
4.3.1.1	Assessment of the priorities for sustainable management of natural resources and climate action and respective programmes in target municipalities of Ajara AR				14,074			9,383		0		4,691		0		0			14,074	0	
4.3.1.2	Development of specific priorities and delivery mechanisms to support sustainable management of natural resources and climate action in the target municipalities of Ajara AR				19,000			12,667		0		6,333		0		0			19,000	0	
4.3.1.3	Support to implementation and monitoring of priority measures across selected areas in the target municipalities of Ajara AR				621,381			0		159,266		159,266		159,266		159,266			637,063	15,683	Savings from other budget lines allow slightly higher (3% increase) direct intervention
4.3.1.4	Promotion and public awareness campaigns on sustainable management of natural resources, disaster risk management and use of renewable and alternative sources of energy in Ajara AR				49,260			0		16,420		16,420		8,210		8,210			49,260	0	

	Activities/sub-activities	Unit	Unit rate	# of Units		Unit rate	# of Units	2018	# of Units	2019	# of Units	2020	# of Units	2021	# of Units	2022	Unit rate	Total # units	Grand TOTAL	Difference	Comments
5	PROJECT MANAGEMENT AND MONITORING*				2,279,205			178,462		588,241		564,032		539,072		435,257			2,255,064	-24,141	
	Nationwide Team				1,852,758			152,099		438,753		438,753		438,753		337,097			1,785,455	-67,303	
5.1	Economic Development Team Leader (NOB 20%)	Per month	5,465	9.60	52,468	5,465	0.64	3,498	2.40	13,117	2.40	13,117	2.40	13,117	2.40	13,117	5,465	10.24	55,966	3,498	Initial budget did not envisage management costs in 2018, since these costs were fully budgeted in ENPARD2. In order to ensure proportionate distribution of management costs during the overlap period of ENPARD2 and ENPARD3, all management costs (salaries and operational costs) are now recalculated so that 60% is charged to ENPARD2 and 40% to ENPARD3 in the period of May-Dec-2018, except for salaries for Project Technical Leader BL 5.4., Sectoral Coordinator: Economic Diversification BL 5.5., and Sectoral Coordinator: Environment BL 5.7. for which proportion is 40% (ENPARD2)/60%(ENPARD3) due to higher estimated workload under ENPARD3. All unit rates remain the same, only Equipment (budget line 5.27) and Travel (budget line 5.28) unit rates were adjusted to reflect real needs (equipment needs: 3 additional laptops for new staff, as well as depreciation costs for increased number of laptops). Despite mentioned increases of management costs, this component has savings of EUR 24,140.72, which is mainly caused by transferring 40% of Project Technical Leader's 2018 salary to ENPARD2.
5.2	Programme Associate (G6/10, 10%)	Per month	2,738	4.80	13,141	2,738	0.32	876	1.20	3,285	1.20	3,285	1.20	3,285	1.20	3,285	2,738	5.12	14,017	876	
5.3	National Project Manager (SB4 Q3, 100%)	Per month	3,207	47.00	150,740	3,207	3.20	10,263	12.00	38,487	12.00	38,487	12.00	38,487	11.00	35,280	3,207	50.20	161,003	10,263	
5.4	Project technical Leader (P4, 100%)	Per month	17,333	52.00	901,333	17,333	4.80	83,200	12.00	208,000	12.00	208,000	12.00	208,000	6.00	104,000	17,333	46.80	811,200	-90,133	
5.5	Sectoral Coordinator: Economic Diversification (SB4 Q1, 100%, Tbilisi)	Per month	2,303	57.00	131,294	2,303	4.80	11,056	12.00	27,641	12.00	27,641	12.00	27,641	11.00	25,337	2,303	51.80	119,317	-11,978	
5.6	Sectoral Coordinator: Capacity Development (SB4 Q1, 100%, Tbilisi)	Per month	2,303	47.00	108,260	2,303	3.20	7,371	12.00	27,641	12.00	27,641	12.00	27,641	11.00	25,337	2,303	50.20	115,631	7,371	
5.7	Sectoral Coordinator: Environment (SB4 Q1, 100%, Tbilisi)	Per month	2,303	57.00	131,294	2,303	4.80	11,056	12.00	27,641	12.00	27,641	12.00	27,641	11.00	25,337	2,303	51.80	119,317	-11,978	
5.8	Monitoring & Evaluation Coordinator (SB4 Min, 100%, Tbilisi)	Per month	1,851	47.00	87,020	1,851	3.20	5,925	12.00	22,218	12.00	22,218	12.00	22,218	11.00	20,366	1,851	50.20	92,945	5,925	
5.9	Liaison and Admin-Financial Assistant (SB3 Min, 100%, Tbilisi)	Per month	1,282	47.00	60,258	1,282	3.20	4,103	12.00	15,385	12.00	15,385	12.00	15,385	11.00	14,103	1,282	50.20	64,361	4,103	
5.10	Driver/Logistician (SB1 MID, 100%, Tbilisi)	Per month	803	47.00	37,744	803	3.20	2,570	12.00	9,637	12.00	9,637	12.00	9,637	11.00	8,834	803	50.20	40,313	2,570	
5.11	Cleaner (SB1 Min, 33%, Tbilisi)	Per month	618	16.00	9,884	618	1.06	652	4.00	2,471	4.00	2,471	4.00	2,471	4.00	2,471	618	17.06	10,537	652	
5.12	Office rent/security (100%, Tbilisi)	Per month	2,496	47.00	117,312	2,496	3.20	7,987	12.00	29,952	12.00	29,952	12.00	29,952	11.00	27,456	2,496	50.20	125,299	7,987	
5.13	Communications (internet, telephone, etc.)/(100%, Tbilisi)	Per month	166	47.00	7,821	166	3.20	532	12.00	1,997	12.00	1,997	12.00	1,997	11.00	1,830	166	50.20	8,353	532	
5.14	Utilities/(100%, Tbilisi)	Per month	233	47.00	10,949	233	3.20	745	12.00	2,796	12.00	2,796	12.00	2,796	11.00	2,563	233	50.20	11,695	745	
5.15	Office operations (stationery, etc.)/(100%, Tbilisi)	Per month	125	47.00	5,866	125	3.20	399	12.00	1,498	12.00	1,498	12.00	1,498	11.00	1,373	125	50.20	6,265	399	
5.16	Vehicle fuel and maintenance (100%, Tbilisi)	Per month	582	47.00	27,373	582	3.20	1,864	12.00	6,989	12.00	6,989	12.00	6,989	11.00	6,406	582	50.20	29,236	1,864	
	Ajara Team				288,049			19,591		73,492		73,492		73,492		67,573			307,640	19,591	
5.17	Ajara Coordinator (SB4 Min, 100%, Batumi)	Per month	1,851	47.00	87,020	1,851	3.20	5,925	12.00	22,218	12.00	22,218	12.00	22,218	11.00	20,366	1,851	50.20	92,945	5,925	
5.18	Project Officer (SB3 Mid, 100%, Batumi)	Per month	1,707	47.00	80,223	1,707	3.20	5,462	12.00	20,483	12.00	20,483	12.00	20,483	11.00	18,776	1,707	50.20	85,685	5,462	
5.19	Driver (SB1 Q1, 100%, Batumi)	Per month	713	47.00	33,496	713	3.20	2,281	12.00	8,552	12.00	8,552	12.00	8,552	11.00	7,839	713	50.20	35,776	2,281	
5.20	Cleaner (SB1 Min, 33%, Batumi)	Per month	618	16.00	9,884	618	1.06	652	4.00	2,471	4.00	2,471	4.00	2,471	4.00	2,471	618	17.06	10,537	652	
5.21	Office rent/security (100%, Batumi)	Per month	832	47.00	39,104	832	3.20	2,662	12.00	9,984	12.00	9,984	12.00	9,984	11.00	9,152	832	50.20	41,766	2,662	
5.22	Communications (internet, telephone, etc.)/(100%, Batumi)	Per month	166	47.00	7,821	166	3.20	532	12.00	1,997	12.00	1,997	12.00	1,997	11.00	1,830	166	50.20	8,353	532	
5.23	Utilities/(100%, Batumi)	Per month	150	47.00	7,039	150	3.20	479	12.00	1,797	12.00	1,797	12.00	1,797	11.00	1,647	150	50.20	7,518	479	
5.24	Office operations (stationery, etc.)/(100%, Batumi)	Per month	83	47.00	3,910	83	3.20	266	12.00	998	12.00	998	12.00	998	11.00	915	83	50.20	4,177	266	
5.25	Vehicle fuel and maintenance (100%, Batumi)	Per month	416	47.00	19,552	416	3.20	1,331	12.00	4,992	12.00	4,992	12.00	4,992	11.00	4,576	416	50.20	20,883	1,331	
	Common expenses				138,398			6,772		25,995		51,787		25,827		50,587			161,969	23,571	
5.26	CO monitoring support (NOA, 5%, Nationwide/Ajara)	Per month	2,236	2.40	5,366	2,236	-	0	0.60	1,341	0.60	1,341	0.60	1,341	0.60	1,341	2,236	2.40	5,366	0	
5.27	Computers, office equipment/maintenance (100%, Nationwide/Ajara)	Per unit	582	7.00	4,077	2,100	1.00	2,100	1.00	2,100	1.00	2,100	1.00	2,100	1.00	2,100	2,100	5.00	10,500	6,423	
5.28	Travel (field trips)/(100%, Nationwide/Ajara)	Per month	917	47.00	43,093	1,200	3.20	3,840	12.00	14,400	12.00	14,400	12.00	14,400	11.00	13,200	1,200	50.20	60,240	17,147	
5.29	Visibility (100%, Nationwide/Ajara)				35,942			832		8,154		8,986		8,986		8,986			35,943	1	
5.30	External mid-term and final evaluation (100%, Nationwide/Ajara)	Per evaluation	24,960	-	49,920	24,960					1.00	24,960			1.00	24,960	24,960	2.00	49,920	0	
	Total Net Activities (EU only)				9,345,794			232,264		2,297,607		2,490,019		2,247,482		2,078,333			9,345,794	0	
	Total Net Activities				9,422,831			232,264		2,316,956		2,509,278		2,266,741		2,097,592			9,422,831	0	
	GMS EU (GMS 7%)				654,206			16,258		160,839		174,301		157,324		145,483			654,206	0	
	GMS Ajara AR Government (8%)				6,163			0		1,541		1,541		1,541		1,541			6,163	0	
	Grand Total				10,083,200			248,522		2,479,336		2,685,120		2,425,606		2,244,616			[illegible]	0	
	O/w EU grand total				10,000,000			248,522	-	2,458,536	-	2,664,320	-	2,404,806	-	2,223,816		-	10,000,000	0	
	o/w Ajara Govt grand total				83,200					20,800		20,800		20,800		20,800			83,200	0	

*Note:

- % indications in the description of budget lines under Project Management and Monitoring heading are applicable from January 2019. From May 2018 till Dec 2018 (during ENPARD2/ENPARD3 overlap period) cost for noted budget lines are split with the proportion of 60% under ENPARD2 and 40% under ENPARD3, except for salaries for Project Technical Leader BL 5.4., Sectoral Coordinator: Economic Diversification BL 5.5., and Sectoral Coordinator: Environment BL 5.7. for which proportion is 40% (ENPARD2)/60%(ENPARD3) due to higher workload under ENPARD3.