

**DANEP 2017-2021**

**Georgia Country Programme Document**

(to be read in conjunction with the DANEP strategic framework document 2017-2021)

**October 2017**

# Georgia Country Programme under DANEP

## Key results:

- The human rights institutions address ethnic and minority rights violations effectively
- Local governments deliver services effectively in a transparent and accountable manner
- Labour laws and workers' rights improved
- Substantial foreign direct investment in renewable energy
- Renewable (non-hydro) energy production increased

## Justification for support:

- The support identified is fully aligned with the DANEP strategy document
- The support is fully aligned with the Georgian reform agenda
- The support will be an important contribution to Georgia in its efforts to meet the EU Association Agreement (AA) efforts and the agreement with the EU on the Deep and Comprehensive Free Trade Agreement (DCFTA)
- The support will include specific attention to ensure youth and women's rights protection and economic opportunities
- The support provides avenues for immediate and future Danish private sector investments in Georgia for the future cooperation and job creation, and draws on Danish competencies where possible/relevant.

## How will we ensure results and monitor progress:

- The programme is to a large extent implemented through partners that have a long track-record of implementation in Georgia and which Denmark has worked with in the past
- The programme will use partners' monitoring frameworks. To further triangulate evidence an M&E agent will be contracted through the DANEP framework
- See DANEP strategy document for full overview

## Risk and challenges:

- Georgia is relatively stable and the overall risks are less substantial
- The most significant risk is the potential lack of commitment to individual reform areas. Denmark will continue its policy dialogue efforts through the EU to mitigate this risk and emphasise the importance of compliance with the AA and the DCFTA
- The second risk is the potential escalation of the conflict in the breakaway regions. This would disrupt activities in these areas. However, activities in the remaining part of the country are assessed to be able to continue should this risk materialise

<b>File No.</b>	F2: 2016-40165					
<b>Country</b>	Georgia					
<b>Responsible Unit</b>	European Neighbourhood (EUN)					
<b>Sector</b>						
<i>Mill.</i>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Tot.</b>
<b>Commitment</b>	49	69	9	39	39	205
<b>Projected ann. disb.</b>						
<b>Duration</b>	2017-2021					
<b>Finance Act code.</b>	06.32.11.10					
<b>Desk officer</b>	Darriann Riber					
<b>Financial officer</b>						

## SDGs relevant for Programme



## Budget

<b>Thematic Programme 1 – HR and Democracy</b>	<b>88</b>
<i>Engagement - Civil society (two instalments)</i>	49
<i>Engagement – Human rights</i>	15
<i>Engagement – Decentralisation</i>	24
<b>Thematic Programme 2 – Sust. and Incl. Econ. Growth</b>	<b>117</b>
<i>Engagement - Inclusive labour market (three instalments)</i>	28
<i>Engagement –Enabling Environment for Energy Investment</i>	15
<i>Engagement –Energy Investment (two instalments)</i>	30
<i>Engagement – SME support (two instalments)</i>	44
<b>Programme Support (see DANEP strategic framework)</b>	
<b>Total</b>	<b>205</b>

## Strat. objective(s)

DANEP objective: More peaceful and stable countries, contributing to the UN SDGs and paving the way for future opportunities for cooperation with Denmark beyond traditional development assistance

## Thematic Objectives

DANEP: Promoting human rights and democracy

DANEP: Strengthening sustainable and inclusive economic growth

## List of Engagements/Partners

- Civil society support implemented by Europe Foundation (Sida delegated coop.)
- Human rights and the Ombudsperson implemented by CoE
- Decentralisation implemented by UNDP
- Inclusive labour market implemented by ILO
- Enabling Environment for Energy investment, implemented by private contractor
- Energy Investment implemented by IFU
- SME support suggested implemented through delegated cooperation with the EU

## 1 Introduction

This country programme document presents the Danida support to Georgia 2017-2021 under the Danish Neighbourhood Programme (DANEP) framework. The programme is an integrated part of DANEP. This means that the programme contributes to and feeds into the DANEP Theory of Change (ToC) and thematic objectives of DANEP, and is managed in accordance with the DANEP management framework as identified in the overall DANEP strategy document. For a full overview of the strategic choices, justification and lessons learned please refer to the DANEP strategy document.

In light of the DANEP strategy, there are three sets of engagements in this document:

- 1) Engagements that have already been approved by Danida through a separate approval process. These were designed and approved prior to the agreement on having a combined DANEP framework document. For Georgia this includes the support to civil society 2017-2021;
- 2) Engagements, which have been consulted with implementing partners in full compliance with a standard formulation process. This covers all engagements 2017-2019;
- 3) Engagements, to be initiated in 2020 and 2021, which are indicative, based on research and consultation; the engagements will require revision to take into consideration the latest contextual and policy changes in 2018 and 2019. These will be finalised late 2018/early 2019 and be approved as part of the 2019 mid-term review cum appraisal of the DANEP programme.

## 2 Strategic considerations and justification

### 2.1 Georgia Context

Following the Rose revolution in 2003 Georgia has been on a path of improved democratic and economic development, albeit with considerable challenges over the years. Most significant challenges have been related to the aftermath of the 2008 war with Russia, which led to the establishment of the breakaway regions of Abkhazia and South Ossetia. The period was characterised by fluxes in the political and human rights situation as well as in the economy. Despite the remaining challenges, Georgia has proven resilient to an uneasy security situation and successfully implemented reforms in areas such as anti-corruption, public administration and in the justice system. Georgia is defined as an upper-middle income country classified with economic status as ‘mostly free’ by the Heritage Foundation. Georgia is a diverse country covering several climate zones and with ethnic diversities (an estimated 13 per cent are ethnic minorities), and the economic gains are distributed unevenly between regions and rural and urban areas.

The democratic developments have been significant since the 1990s, and the 2012 parliamentary and 2013 presidential elections led to one of the only peaceful transfers of power in the region. Thus, the orderly parliamentary election held in October 2016 was a key benchmark for the country on its path towards consolidating its democratic system and improving the functioning of the state.

The Government has continued to support the reform process initiated in the past. The vision and goals of Georgia are spelled out in the Social-Economic Development Strategy (Georgia 2020), which focuses on economic development, job creation, and sustainable growth. The strategy is supported by

a wide range of reform initiatives covering multiple areas from the justice sector, public administration, and local self-governance to financial management reform.

The reform processes and political strive towards enhanced links with the EU resulted in the conclusion of the EU-Georgia Association Agreement (AA) in 2014 combined with visa liberalisation (which came into effect in April 2017) and access to EU's market through the Deep and Comprehensive Free Trade Agreement (DCFTA), underscoring the close links between Georgia and the EU.

In spite of the positive overall developments, the country is still facing democratic and socio-economic challenges that risk weakening the democratic gains obtained since 2003.

**Human rights** institutions such as the Public Defender's Office (the Ombudsman) as well as key human rights civil society organisations are generally well funded when it comes to its core business. There are however areas related to the rights of minorities (in particular ethnic minorities and LGBT), which are currently not in focus as well as opportunities for enhancing the role of business in the human rights agenda, which need support. At the same time the Government's own instruments for dealing with human rights issues require further strengthening.

**Decentralisation** is an underfunded area with less attention in the donor community. However, the process represents a key opportunity for bridging the rural-urban divide and enhancing local level political participation. There are donors involved in the local economic development aspects of decentralisation, but there is limited focus on accountability, transparency and women's involvement in the political decision-making at local level. There is thus a need to in particular address key rights issues at local level related to minority rights and gender equality. Furthermore, attention to accountable municipal service delivery to citizens and the local businesses needs to be prioritised.

While **civil society** in and around Tbilisi is generally strong, there is a need to enhance the capacity of civil society presented outside of the major cities in Georgia as well as strengthening the capacity of local level civil society. In that way the already identified support through delegated cooperation with Sida is appropriate. Support to media and information literary and media mainstreaming is part of the civil society support and the focus will be on activities in the regions.

Despite economic growth and comprehensive reforms, Georgia still faces challenges related to poverty and unemployment. Major challenges include the private sector's weak competitiveness, limited access to finance and the poor human resource development.

Georgia is however, progressing well in its business environment reform, being a top reformer in the Doing Business Ranking, and the whole EU approximation process, and the area is well-covered by donor support, especially the EU. Social aspects of the reform and growth agenda do however seem to lack behind in the process and would require support.

Some support has gone into public-private dialogue, and there are quite a few active and strong business associations engaging in dialogue with the government and the government seems eager to engage and address the issues of the business community.

Supporting **businesses**, especially SMEs, in exploring the new opportunities offered through the DCFTA while bolstering them to tackle the new and stronger competition is essential in supporting growth, job creation and fostering new business opportunities in Georgia. Support is needed in both access to finance and advisory services. Existing programmes support the reform of the financial sector, which should lead to better functioning financial markets and hence access to finance. However, much access to finance for smaller enterprises are hindered by their lack of capacity to prepare business plans etc., which can be addressed through advisory services and entrepreneurship education. Some support in business development services is ongoing, but there is scope for much more. Especially concerning all the DCFTA requirements and endeavours to meet EU standards and specifications, the smaller enterprises struggle.

There is less focus on the social dimensions of the growth and business environment improvement agenda. Well-functioning **labour market** institutions are key in levelling the playing field and securing inclusive growth, with consideration of social aspects and rights. Georgia is only at the early steps of building up its labour market institutions, which is also a part of the reform agenda associated with the DCFTA, and so far, the reform agenda has been oriented towards deregulation rather than better regulation. Both the Social Partners and the Government recognise the need to address labour market imbalances and rebuild the structures, but comprehensive support is needed to strengthen labour market administration. Involving the Social Partners in the reform process to a higher extent is needed including through the Tripartite Social Partnership Commission.

A concerted effort is needed to address **youth unemployment** and create opportunities for youth, given the high youth unemployment rate (over 26 per cent). It is important that endeavours to stimulate employment do not “just” create more jobs but further the creation of decent work, adhering to core labour standards and introducing responsible business practices. The skills mismatch between the type and amounts of graduates that the education system produces and what the labour market needs is a major issue as it is a cause of both youth unemployment and a huge bottleneck for private sector development and competitiveness. Interventions are needed at policy-level, and stimulating tripartite dialogue would be conducive for addressing this and finding solutions for bridging the supply and demand gap. A cross-sectoral and inter-ministerial approach is needed. The huge informal economy, and associated negative practices, is another matter that affects negatively on youth.

In the **energy** sector, the current Danish involvement in Georgia is four engagements: The Neighbourhood Energy Facility through the Danish Investment Fund for Developing Countries (IFU), The Nordic Environment Finance Cooperation (NEFCO), The European Bank for Reconstruction and Development (EBRD/E5P) and the Georgian Ministry of Energy/NIRAS. With a view to focussing the efforts and development managerial synergies, engagements can thematically be narrowed down to two areas that cover both Ukraine and Georgia, namely:

- 1) Support the policy level in creating an enabling environment for private sector sustainable energy investments;
- 2) Facilitation of Danish investments for energy efficiency and promotion of renewable energy to meet national targets and be a catalyst for further investments (national or foreign).

As the traditional energy sector seems well covered by donors, focus is required on non-hydro renewable energy solutions and energy efficiency. Attention should be paid to opportunities for

engaging the private sector, through the creation of an enabling environment to incentivise investments in both renewable energy solutions and energy efficiency as well as for tackling the energy supply shortcomings by creating a level playing field through incentivising policies. This is a natural continuation of the current DANEP support to the Ministry of Energy with increased focus on policy measures to promote sustainable private sector-driven growth, beyond the end of the current support (ending in 2019). At the same time, the requirements in the approximation process on energy market liberalisation calls for a careful approach to the reform process while managing a potential social lop side, mainly in the form of increased consumer tariffs. The likely increase in tariffs is socially and politically sensitive, and the issue of state guaranteed tariffs to the suppliers, which is risky as this can lead to a huge fiscal deficit.

Promotion of private sector investment in non-hydro **renewable energy solutions** seems as an obvious choice given the focus on the energy sector and in particular with a view to creating a win-win situation of needs in Georgia and the competencies and experiences that Denmark has to offer. Investments can *per se* increase the domestic power supply and further energy independence, while at the same time function as a catalyst for further investments to take place. Investments can be promoted through various financial instruments that de-risk the investments for the potential investors, but in order to draw on Danish competences, IFU seems the logical choice.

Summing up, there are clear opportunities for Denmark to engage in key policy priority areas, which are also core for Georgia to complete its ongoing reforms related to human rights and decentralisation. At the same time, there is room to continue and enhance the support the Danish footprint in the sustainable energy sector in terms of enabling international as well as national investments in the country, as well as creating opportunities for young and female entrepreneurs, and assisting smaller enterprises to remain competitive, operate in a sustainable manner and create decent jobs.

In accordance with the DANEP framework document and the justification of programme areas outlined in this, the programme for Georgia will contribute to the two thematic programme objectives of DANEP:

- 1) Promoting human rights and democracy**
- 2) Strengthening sustainable and inclusive economic growth**

In accordance with the needs identified in the framework document, and as derived from the background context above, Denmark will support strategic focused sub-themes under the two thematic programmes. These include:

- Under human rights and democratic development:
  - Decentralisation
  - Human rights
  - Civil society
- Under sustainable and inclusive economic growth:
  - Inclusive labour market
  - Support to SME development
  - Enabling energy investment environment
  - Direct energy investment

In line with the DANEP framework, the programme for Georgia will have explicit focus on the key SDGs relevant to the country context. Specifically, Denmark will contribute to meeting the following SDGs in the two countries:

- SDG 5 – Gender equality
- SDG 7 – Affordable and clean energy
- SDG 8 – Decent work and economic growth
- SDG 16 – Peace, justice and strong institutions
- SDG 17 – Partnerships for the goals

## 2.2 Justification

The country programme for Georgia is designed to provide targeted support in key areas, where: (1) Denmark has a comparative advantage and can provide strategic assistance, which can fertilise future cooperation with Georgia beyond DANEP, (2) support to key reform areas in Georgia, where there is less donor attention as well as options for cross-fertilisation of the reform processes, and (3) by enhancing the application of a human rights based approach and ensuring a focus on gender equality and involvement of youth where feasible. Key features and examples of this in the programme include:

- *Support to reform processes which receive less donor attention, but which are key Danish priority areas.* This first and foremost include support to the decentralisation process, where the Danish contribution will in particular ensure enhance accountability and transparency as well as gender equality, secondly, support to social dialogue, labour market reform and decent work is a critical priority in Georgia where there is currently less donor attention and where Denmark has considerable experience.
- *Most of the engagements have cross-engagement elements to ensure that the support is complementary.* Examples of this include, but are not limited to:
  - Decentralisation support will be provided in a joint framework with the Austrian Development Agency (ADA) and Swiss Agency for Development and Cooperation (SDC) support to decentralisation. The ADA and SDC support particularly focus on local economic development, public private partnerships and SME support at local level, thus contributing to the objectives of SME development and youth employment. The Danish decentralisation support will help build the capacity of local government to support the ADA/SDC part of the framework.
  - The support to the Human Rights engagement will also serve to ensure enhanced respect for rights holders on the labour market as the human rights instruments in the country are strengthened. A key example of this include the support to the Office of the Prime Minister's Human Rights Secretariat's action plan, which again has specific goals related to decent work, responsible business conduct and labour rights.
  - Support to the enabling energy investment climate will further support the Danish engagements related directly to energy investments.
  - SME development will be supported through entrepreneurship development and start-up support though ILO and more well-established SME will see support from advisory

services, both in general but also particularly concerning the changed regulatory regime, deriving from the AA/DCFTA.

- *From a human rights based perspective*, the support will work on multiple tracks to enhance basic HRBA elements. Examples of this include:
  - This is first and foremost ensured by strengthening the human rights institutions such as the Public Defender's Office (PDO) or 'Ombudsman' to hold the duty bearers to account at national and local level and supporting the executive and judiciary in upholding the rights as per the laws of the country. A key element of this is the enhanced focus on equal rights for men and women, minority and LGBT rights. The support is complemented by the delegated support to CSOs through Sida, which will enhance the voice of the rights holders.
  - In the decentralisation support specific focus will be on enhancing the local government's accountability and transparency towards the rights holders, again with specific attention to women and minorities. There will also be an enhanced focus on improving the participation of women in the political decision-making process.
  - Under the growth pillar, the programme will support a better functioning labour market and rights at work, by for example addressing the significant lack of employer accountability towards decent work, and the large informal economy that has limited attention to labour rights as well as the promotion of responsible business conduct from the employers' side.
- *From a gender perspective*, the programme will specifically support mainstreaming of gender and enhanced equality efforts in the decentralisation process. Similarly, the human rights work will emphasise women's rights. Gender equality will also be ensured in the labour market reform processes by supporting the revision of relevant legislation. Finally, the gender equality efforts will be emphasised in the implementation of the SME support and entrepreneurship development.
- Where possible, the design of the programme has sought to *bring youth issues to the forefront*. Most notably, youth unemployment is a major challenge in Georgia and the development engagement with the ILO has a focus on youth in terms of supporting youth entrepreneurship and to address the high level of youth unemployment in Georgia through several measures. These include labour market information systems that ensure a better match between graduates from the education system and the demands of the labour markets, especially the private sector, and introducing entrepreneurship education as a means for job creation, through self-employment and micro enterprise expansion. At the same time, the SME support engagement will support to enterprise growth through advisory services (esp. concerning the DCFTA) and value chain development, supporting growth and job creation in more well-established enterprises.

From an aid effectiveness perspective, the programme design is based on a thorough assessment of joint opportunities and ensuring donor complementarity in the implementation. The programme's implementing partners have been selected with a view to further the harmonisation and alignment process by focusing on joint or multilateral initiatives where these are present in the sector. In summary this means that:



- Where Denmark is supporting major resource-intensive reform initiatives such as within decentralisation and labour market reform, priority has been given to multilateral initiatives, which have a track record and can provide a basis for a coordinated support.
- Where there is a need for a more targeted approach in more donor orphaned areas such as minority rights and LGBT priority has been given to provide the support to the relevant mandated institution that has previous experience in this area: the Council of Europe.
- And, where Denmark can play a more catalytic role with specialised Danish support, such as within renewable energy enabling environment and stimulating investment, the programme has been designed to draw specifically on such direct bilateral engagements.
- Support to ongoing initiatives that serve the purpose of what Denmark seeks to support, such as the DCFTA process and the Georgian endeavours to meet the standards and regulations of the EU.

The programme will be implemented in a context where the bulk of the work undertaken across most of the territory will be in the form of more traditional development. While there are breakaway regions of Georgia, none of these are currently experiencing significant violent conflict, and the programme will thus be implemented in a state of relative stable development.

The programme design will draw explicitly as well as implicitly on Danish expertise and strengths where relevant. Most significant Danish footprint in the programme design includes:

- The support to sustainable energy investment implemented by IFU. This support is expected to draw extensively on Danish expertise in renewable energy solutions as well as in energy efficiency, which may include support to the establishment of e.g. more wind farms in the country.
- Support to the Public Defender's Office builds on previous Danish experience and will include lessons learned from the more recent cooperation between the Office and the Danish Institute for Human Rights.
- In the field of supporting the labour market development, the Danish tripartite system and tradition of social dialogue is widely recognised and the ILO is considering using the Danish system as a demonstration model and facilitate exchange with the Danish Social Partners.

As described in the DANEP framework document, there are two major risks at the overall level, to which the programme will need to relate. First and foremost, the programme is oriented towards the ongoing reform processes in Georgia. Thus, a key assumption for the programme is the continuation of this process. This is considered a very realistic assumption, however, to mitigate this risk, the programme will be supplemented by Danish policy dialogue and by Denmark's continued commitment to the policy dialogue of the EU vis-à-vis the Government of Georgia. The Association Agreement and the DCFTA will continue to be a key element in this dialogue.

Similarly, at the overall contextual level, and while the situation is currently calm, major risks relate to the ongoing cold conflict in Abkhazia and South Ossetia that could potentially escalate, which will impact the economy as well as the ability to operate in the east of the country. The programme is designed to allow for development activities across the country and should be able to cope with changes in fragility and conflict.

There are three possible risk scenarios for the next five years, to which the programme must relate:

- 1) *Positive incremental changes.* This is by far the most realistic scenario and there are currently no indications that the political stability of the country and continued reform willingness will dwindle. There may be minor setbacks in individual reforms, such as lack of commitment to decentralisation, but none which will have terminal effects. This means, that Georgia will have continued commitment to the EU AA and the DCFTA and the effect of the demand-side to hold the government to account of results in an enhancement of the implementation of the reform process. In this case, Denmark should consider a sustainable phase-out in the last period of the program and a gradual transfer towards economic diplomacy. Denmark may also consider moving further on the aid effectiveness agenda and start channelling funding through some of the targeted state institutions in the engagements that phase in from 2020 and onwards or in a possible follow-up phase to DANEP 2017-2021.
- 2) *Reform stagnation.* In the unlikely event that political turmoil will affect the reform process negatively Denmark may consider reallocating funds from non-performing institutions, to institutions that are reform-oriented to motivate change. Additional funding may also be allocated to demand-side institutions to further enhance the pressure on the Government combined with a strong policy dialogue joined with the EU and EU member states.
- 3) *Roll-back of reforms and/or conflict escalation.* There is a significant change in the government orientation and a combination of crack down on civil liberties and a significant setback on the AA and the DCFTA process combined and/or motivated by enhanced hostilities in the border areas of the two breakaway regions. Such a process would stall and/or reverse the reform processes and run counter to the objectives of the DANEP programme. In this case, Denmark should consider reallocating more funds to independent demand-side organisations, such as civil society and the Public Defender's Office.

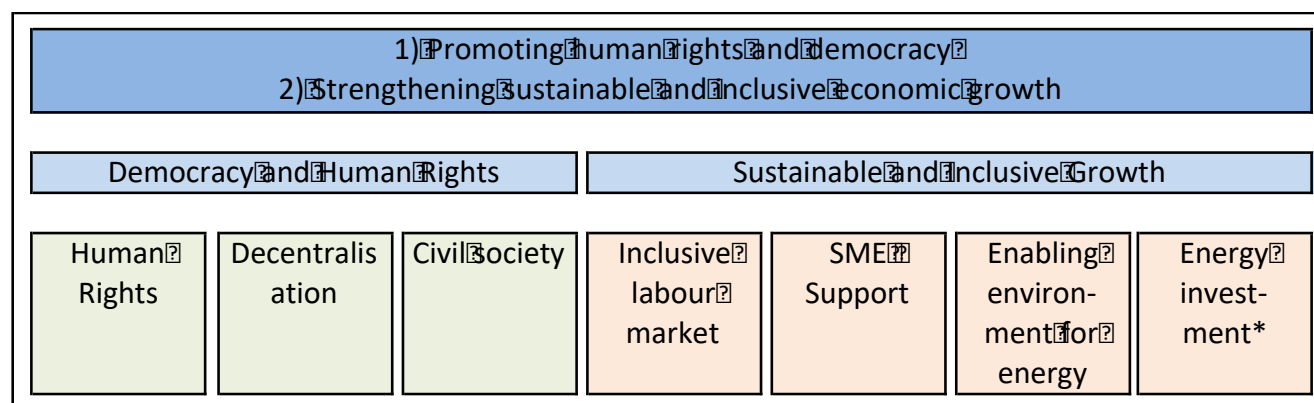
The total budget for the Georgia part of the DANEP programme 2017-2021 is DKK 206 million. Of these, DKK 88 million are allocated for the human rights and democracy thematic programme and DKK 118 million for the sustainable and inclusive growth thematic programme.

### **3 Thematic Programme summaries**

There will be two thematic programmes under the Georgia DANEP programme related to human rights and democracy, and sustainable and inclusive economic growth. The suggested programme is designed with a total of seven development engagements in addition to the already agreed engagement for civil society. There are three engagements in the democracy and human rights thematic programme including civil society and four engagements in the sustainable and inclusive economic growth thematic programme. These engagements build on existing DANEP engagements where there is a desire for continuation and introduces new engagements where the needs and opportunities have been identified. To respond to the need for lean management of the overall DANEP programme, one of the

development engagements in Georgia will also cover the implementing partner’s activities in Ukraine as well (IFU). For a full programme overview, see figure 3.1 below.<sup>1</sup>

Figure 3.1 Georgia programme overview



\*This engagement is covered by the joint engagement agreement with IFU and Ukraine

Key impact level results expected achieved through this country programme include:

- The human rights institutions address ethnic and minority rights violations effectively
- Local governments deliver services effectively in a transparent and accountable manner
- Labour laws and workers’ rights improved
- Substantial foreign direct investment in renewable energy
- Renewable (non-hydro) energy production increased

See Annex C for detailed indicators selected from the major development engagements.

### 3.1 Promoting human rights and democracy

In the following we present the theory of change of the human rights and democracy programme (table 3.2) and an assessment of the thematic programme against the OECD-DAC quality criteria (table 3.3), followed by a short introduction to the individual development engagements.

Table 3.2 Theory of Change for Thematic Programme on Human Rights and Democracy

Level	Human rights and democracy
<b>Input</b>	<i>If</i> Denmark supports the decentralisation reform process focusing on enhanced fiscal decentralisation, women’s political participation and service delivery for the business sector; and if Denmark continues its support to human rights monitoring, advocacy and implementation processes of the independent institutions as well as the government with emphasis on minority rights.
<b>Output</b>	<i>Then</i> the availability of decentralised services will be improved for women, men, youth and ethnic minorities in particular as well as businesses. Oversight of the

<sup>1</sup> For both thematic programmes the overall strategic objectives and justifications of the two thematic areas covered in Ukraine as well as Georgia are presented in the DANEP framework document 2017-2021. Similarly, the strategic framework presents an overview of key lessons learned from the past DANEP interventions.

<b>Level</b>	<b>Human rights and democracy</b>
	service delivery will be in place by independent rights holder institutions as well as the state with emphasis on minority rights.
<b>Outcome</b>	<b>Leading to</b> improved performance of the state enhancing service access to women, men, youth and ethnic minorities and their improved political participation in local democratic development, which again will contribute to a reduction in the country's rural-urban divide.
<b>Impact</b>	Eventually <b>contributing to</b> overall DANEP objective of stability, democracy and growth and compliance with the EU Association Agreement.

The theory of change is based on three key assumptions (see also section on scenario planning above):

- Continued commitment to the EU AA and DCFTA means an ongoing push for reforms in the human rights and democracy area albeit at different paces according to the political context
- That the institutions supported will have the political will and capacity to absorb and utilise the support provided for reform change
- That the current relative stability in the breakaway regions of Georgia remains stable.

The design of the thematic programme has been undertaken to ensure that it is relevant and can deliver results according to the OECD-DAC quality criteria. See table 3.3 below for details.

*Table 3.3 Justification against the OECD-DAC quality criteria*

<b>OECD-DAC criteria</b>	<b>Assessment</b>
Relevance	The thematic programme is fully aligned with the major reforms within decentralisation, labour market, energy and human rights and thus aligned with the government's priorities and the EU AA. Furthermore, the support to the Public Defender's Office and civil society provides for a strong demand-side component supporting the rights holders to balance the support to the duty bearer institutions. Specific attention has also been given to ensure enhanced focus on women and youth in line with Danish policy priorities
Effectiveness	A key criteria for ensuring effectiveness under the thematic area is expected achieved through a combination of: (a) relevance and ownership. As described above alignment with policy objectives and policy dialogue is expected to facilitate change. Furthermore, the pressure from the demand-side will help facilitate this process. And, (b) expected effectiveness as documented through delivery of results in the past by the institutions identified to implement the support (UNDP, ILO, CoE and IFU)
Efficiency	Efficiency is sought by working through delegated partnerships in the CSO and SME engagements, and by providing the support through existing structures that have proven efficient in the past such as the UNDP and CoE support. Efficiency will however have to be monitored across all DEDs as

OECD-DAC criteria	Assessment
	the programme develops as there will be risks for expansion of administrative costs. Such assessments will form part of the DANEP M&E framework
Impact	As the support is assessed to be relevant and effective the probability of impact is assessed to be high. Some of the major impact areas expected include policy level such as changes to the decentralisation policy and regulations; improved state response to violations of rights against ethnic minorities; enhanced representation of women at local governments, and increased level of investments in renewable energy
Sustainability	Sustainability is sought primarily by emphasising capacity development of state and civil society institutions to enable these to perform their assignments. None of the development engagements for the state include direct funding of recurrent costs. The most critical element in terms of sustainability is the support to civil society organisations. None of these receive substantial funding from their constituency and the support is thus not immediately sustainable. However, the core support is expected to provide sustainable results as they will help facilitate the reform process as well as enabling the CSOs to develop their own approach aimed at enhanced sustainability in the future

The thematic programme contributes to the DANEP thematic objective of promoting human rights and democracy through the support to six different engagements, of which one will be repeated in year one and five of the programme:

### **DED 1: Human rights 2018-2022**

The human rights situation in Georgia has improved significantly in the last ten years and is generally well covered. However, there are still incidences of discrimination and hate speech against e.g. ethnic minorities, LGBT and gender related discrimination. Danish support will therefore specifically targeted areas, where there is an identified gap.

The support will cover the full range in the flow of justice, from improved legislation and policies; enhanced capacity of the justice sector and HR institutions; and awareness raising. The support will be implemented by the CoE who will work to capacitate and facilitate joint efforts of the key state institutions in this area, this means, that Denmark will support to the work of the following institutions to address key rights issues:

- On legislation with the national institutions: PM Human Rights Secretariat, PM Advisor on Human Rights and the Parliamentary Committee on Human rights; PDO Department of Equality; Ministry of Justice concerning SOGI and Ministry for Reconciliation and Civic Equality concerning minority rights.

- On increasing effective implementation by the judiciary and law enforcement through capacity building with the High School of Judges, Training Centre for Prosecutors and Police academy and consultation with the civil society organisation Women’s Initiative Support Group (WISG ) and the Human Rights Educating and Monitoring Center.
- On increasing public awareness with the National Committee of the NHSM including its network of NGOs representing national minorities, WISG and with ECRI’s civil society partners.

The expected results are presented in the table (3.4) below.

*Table 3.4 Outcome level results for the support to the human rights with a focus on ethnicity and vulnerability*

Outcome statement	Legal framework is in place, institutions and key stakeholders implement policies tackling discrimination, racism, homophobia, transphobia and hate speech in Georgia;
Indicator 1	Number of discrimination complaints leading to legal proceedings and sanctions;
Baseline 2018	TBD within first 3 months (disaggregated on gender/ethnicity/rural-urban basis)
Target 2022	At least a 50% increase
Indicator 2	Number of criminal sentences in which grounds under the article 53.3 of the Criminal Code (on aggravating circumstances) have been considered;
Baseline 2018	TBD within first 3 months of the project (disaggregated on gender/ethnicity/rural-urban basis)
Target 2022	At least 15-20 cases
Indicator 3	Number of PDO recommendations issued and fulfilled by public and private persons regarding discrimination
Baseline 2018	(Public – issued/fulfilled) )(Private – issued/fulfilled) - TBD in the first 3 months of the project
Target 2022	Increase by 50%
Indicator 4	Hate crime data collection (data disaggregated including on ethnicity, gender...) and monitoring mechanism established and operational;
Baseline 2018	No
Target 2022	Established and operational

Key elements of the support will be capacity development to major government actors including the judiciary, law enforcement as well as the Public Defender’s Office, the Government’s Human Rights Secretariat, the Advisor to the Prime Minister on Human Rights and the Human Rights Committee in Parliament. The engagement will contribute to: the Sustainable Development Goal (SDG) 16 (peace and strong institutions), SDG 5 (gender equality) as well as SDG 17 (partnerships for the SDGs).

The engagement will be implemented by the Council of Europe (CoE) from 2018-2022. CoE is selected based on its mandate and track record for working with the human rights agenda in Georgia for multiple years. The support will be implemented through a bilateral agreement based on CoE's monitoring, financial and management guidelines. The total budget for this engagement is DKK 15 million.

## **DED 2: Decentralisation 2018-2022**

Decentralisation is one of the less progressing reform areas in Georgia and yet key to addressing the rural-urban divide and women and men's access to local decision-making. Denmark will support the ongoing reform process in Georgia to further enhance the decentralisation agenda in the country and strengthen the local governments' accountability, transparency and effectiveness in delivering services to the youth, women and men in the rural areas.

The support is provided as part of a larger decentralisation framework support where Swiss Agency for Development and Cooperation (SDC) and Austrian Development Agency (ADA) will provide assistance to local economic development and Denmark will then focus explicitly on ensuring accountable and effective local government institutions. There will be a strong focus on rights holders in the Danish support as well focusing on empowering in particular women and youth to participate in the local decision-making processes and by involving civil society as demand side operators at local level.

The expected results are presented in the table (3.5) below.

*Table 3.5 Outcome level results for the planned support to decentralisation*

Outcome		Decentralization and good governance at the local level advanced, through promoting nation-wide policy reform, strengthening institutional and human capacities of national and local authorities, improving local service delivery and enhancing citizen participation in local policy making
Outcome indicator		Number of subnational governments/administrations with transparent, accountable and effective planning, budgeting and monitoring systems
Baseline	2017	0
Target	2022	20
Outcome indicator		Local budgets within the consolidated budget (%)
Baseline	2017	17.6 %
Target	2022	20 %
Outcome indicator		Level of public satisfaction with local governments. Sub-targets for women, youth and ethnic minorities

Baseline	2017	68.5% (general); 66.5% (women); 64.8% (youth 18-29); 70.3% (ethnic minorities) <sup>2</sup>
Target	2022	85 % (general); 86% (women); 84% (youth 18-29); 85% (ethnic minorities)
Outcome indicator		Level of citizen engagement in local decision making. Sub-targets for women, youth and ethnic minorities
Baseline	2017	6.5% (general); 5.1% (women); 4.9% (youth 18-29); 6.9% (ethnic minorities)
Target	2022	15% (general); 14% (women); 14% (youth 18-29); 15% (ethnic minorities)

A significant part of the funding is expected used for capacity development for local governments as well as for advice to the Ministry of Regional Development. Women and youth are expected to receive particular attention for the programme parts, which relate to political decentralisation and the enhancement of accountability and transparency to the citizens. The engagement will in particular contribute to SDG 16 (peace, justice and strong institutions), SDG 5 (gender equality), and SDG 17 (partnerships for the SDGs).

The programme will be implemented by UNDP in the period 2018-2022. UNDP has a long track record of support decentralisation reform processes in Georgia. The programme will have a joint coordination committee for the main institutions and the three major donors. The budget allocation for this engagement is DKK 24 million.

### **DED 3a and 3b: Civil society 2017-2022 and 2021-2025**

The support to civil society is *de jure* divided into two engagements. One (formulated and approved through a separate process), and a follow-up approved initially as part of this programme and with final approval following the 2019-mid-term review. See more in the DANEP strategy document. The second engagement follows the first engagement closely, but with an updated results framework to illustrate expected progress.

The support will focus on developing the capacity of in particular regional and local NGOs to enhance citizens' engagement in decision-making processes. Focus will be on marginalised areas and communities complemented the work undertaken with the human rights support implemented through the Council of Europe.

The outcome level results framework is presented in the table (3.6) below.

*Table 3.6 Outcome level results for the support to civil society 2017-2022*

Outcome 1	Enhanced civil society influence on public decision making
-----------	--

<sup>2</sup> The baseline indicators are taken from the citizen satisfaction survey with public services in Georgia 2017 (forthcoming)



Outcome indicator		# of changes addressing societal needs brought by monitoring and advocacy efforts of CSOs and civic activists verified through EPF grantee reports and site visits  Level of civic activism in targeted communities (gender disaggregated when possible) verified through survey report	
Baseline	Year	2017	EPF grantee repost and site visits since beginning of current EPF strategy period = 4  Analysis of gender skewed activism and development of strategy to increase the civic activism of the underrepresented sex is ongoing
Target	Year	2021	EPF grantee repost and site visits since beginning of current EPF strategy period = 6 (of which at least 1 is achieved through effective media engagement)

Outcome 2		Enhanced youth volunteerism and civic engagement to address target community needs	
Outcome indicator		# of volunteers mobilized through youth-led initiatives funded by YICs	
Baseline	Year	2017	4000
Target	Year	2021	8000 (800 new volunteers per year)

The results for the second phase will be a continuation of the 2017-2021 phase adjusted according to the expected progress during phase 1. See table 3.7.

*Table 3.7 Outcome level results for the support to civil society 2021-2025*

Outcome 1		Enhanced civil society influence on public decision making	
Outcome indicator		# of changes addressing societal needs brought by monitoring and advocacy efforts of CSOs and civic activists verified through EPF grantee reports and site visits  Level of civic activism in targeted communities (gender disaggregated when possible) verified through survey report	
Baseline	Year	2017	EPF grantee repost and site visits since beginning of current EPF strategy period = 6
Target	Year	2021	EPF grantee repost and site visits since beginning of current EPF strategy period = 10 (of which at least 3 are achieved through effective media engagement)

Outcome 2		Enhanced youth volunteerism and civic engagement to address target community needs	
Outcome indicator		# of volunteers mobilized through youth-led initiatives funded by YICs	
Baseline	Year	2017	8000
Target	Year	2021	16000 of which at least 35% are women

The support is implemented by the Europe Foundation aimed at enhancing the capacity of local NGOs. It will be provided as through delegated cooperation through Sida. This is already approved for phase 1 (2017-2021) but suggested also applied in phase 2 (2021-2025). The engagement will in particular contribute to SDG 16 (peace, justice and strong institutions), SDG 5 (gender equality), and SDG 17 (partnerships for the SDGs).

The budget for phase 1 is DKK 30 million and DKK 20 million for phase 2.

### 3.2 Strengthening sustainable and inclusive economic growth

The following section presents the theory of change (table 3.8) of the sustainable and inclusive economic growth pillar of the programme and an assessment of the thematic programme against the OECD-DAC quality criteria, followed by a short introduction to the individual development engagements.

Table 3.8 Theory of Change for Thematic Programme on sustainable and inclusive economic growth

Level	Sustainable and inclusive economic growth
<b>Input</b>	<i>If</i> Denmark supports labour market institutions and mechanisms, including social dialogue, such as addressing the possible social lop side of the business environment reform agenda; mechanisms to stimulate youth employment, including entrepreneurship development; support to SMEs in the reform process, in particular concerning adjustments related to the DCFTA, <i>and</i> if Denmark continues support to improvement of the enabling environment and investment opportunities within the sustainable energy sector including public private partnerships for securing domestic energy supply...
<b>Output</b>	<i>Then</i> the government and the Social Partners are capacitated to enter into a constructive dialogue; possess technical knowledge and abilities for implementing necessarily reforms and address labour market challenges, SMEs are assisted in tackling the challenges of the new post-DCFTA environment, capacitating them to expand and create jobs. Youth is capacitated to make career choices including entrepreneurship. The enabling environment for investments in the sustainable energy sector will be transparent and thereby more attractive for investors to engage.
<b>Outcome</b>	<i>Leading to</i> a broad-based and inclusive approach to the growth and reform; labour market structures that secure the creation of decent work, especially for youth; a flexible, inclusive labour market with sustainable and competitive enterprises able to compete in the new post-DCFTA environment while generating growth and decent jobs. A more sustainable energy sector with a strong contribution from the private sector in terms of

<b>Level</b>	<b>Sustainable and inclusive economic growth</b>
	lifting the burden of the government in securing energy independence and reaching its goals for sustainable energy generation and inclusive growth.
<b>Impact</b>	Eventually <i>contributing to</i> overall DANEP objective of stability, democracy and growth and compliance with the EU Association Agreement

The theory of change is based on two key assumptions:

- Continued commitment to the EU AA and DCFTA in terms of reform orientation concerning economic development and balancing of economic, social and environmental aspects.
- That the institutions supported will have the political will and capacity to absorb and utilise the support provided for reform change.

The design of the thematic programme has been undertaken to ensure that it is relevant and can deliver results according to the OECD-DAC quality criteria. See table 3.9 below for details.

*Table 3.9 Justification against the OECD-DAC quality criteria*

<b>OECD-DAC criteria</b>	<b>Assessment</b>
Relevance	The thematic programme is fully aligned with the government policies, relevant reform areas, and strategies concerning the labour market development, the national SME development strategy, and the energy strategy in close cooperation with the national action plans on renewable energy and on energy efficiency. Special consideration has been given to how to target youth in the relevant areas, in line with the priorities in the Danish development assistance strategy.
Effectiveness	A key criteria for ensuring effectiveness under the thematic area is expected achieved through a combination of: (a) relevance and ownership. As described above, alignment with policy objectives and policy dialogue is expected to facilitate change. Furthermore, the pressure from the demand-side will help facilitate this process. And, (b) expected effectiveness as documented through delivery of results in the past. ILO has a track-record of specialised technical assistance and on energy both the engagements (with a continued support to the Ministry of Energy and IFU) are continuations of previous successful cooperation.
Efficiency	Efficiency is sought by working with experienced partners, delivering assistance that is good value-for-money. Efficiency will however have to be monitored across all DEDs as the programme develops as there will be risks for expansion of administrative costs. Such assessments will form part of the DANEP M&E framework
Impact	As the support is assessed to be relevant and effective the probability of impact is assessed to be high. The programme is designed to address significant shortcomings concerning sustainable and inclusive growth, such

OECD-DAC criteria	Assessment
	as youth employment and renewable energy and is as such providing support in areas that so far have seen less support.
Sustainability	Sustainability is sought by targeting the support to organisations that have the mandate to fulfil certain functions for which they need enhanced capacity. This include supporting a well-functioning tripartite system with qualified interaction between the government and representatives of workers and employees for the development of an inclusive labour market and policies that a.o. focusses on youth. The programme will capacitate structures to support the development of SMEs, whereby many SMEs can access assistance and generate jobs. In the areas of energy, the two-pronged approach with supporting the development of policies that create an enabling environment for investments in sustainable energy while at the same time leveraging Danish and other private investments in the sector is expected to contribute to a sound platform for the development of the sector.

The thematic programme contributes to the DANEP thematic objective of promoting sustainable and inclusive economic growth through the support to four different engagements.

#### **DED 4: Inclusive labour market - for job creation 2017 – 2021**

Georgia has seen an impressive development in its business environment reforms but there has been less focus on social dimensions of the growth agenda. Well-functioning labour market institutions are key in levelling the playing field and securing inclusive growth, with consideration of social aspects and rights. Georgia is only at the early steps of building up its labour market institutions, which is a part of the reform agenda associated with the AA and the DCTFA and there is a need to address labour market imbalances. Support is suggested to address the following thematic areas:

- Strengthening regulatory labour market institutions, by building upon ongoing efforts concerning labour law reform, building effective labour inspection services, training of judges and legal practitioners, training to promote and improve enterprise-level bipartite consultation and negotiation, strengthening of labour mediation services for collective labour disputes and, possibly, establishing a labour court system.
- Promotion and strengthening of youth entrepreneurship and institutional strengthening of relevant institutions for the support to creating new businesses.
- Support to the promotion of responsible business conduct.

The support will contribute towards SDG 8 (decent work and economic growth), which is a priority in Danish development assistance. The expected results are presented in the table (3.10) below.

Table 3.10 Outcome level results for the inclusive labour market for job creation

Outcome 1		Regulatory labour market institutions ensure improved enforcement and respect for labour laws and international labour standards.	
Outcome indicator		Quality of legislative and institutional reform.	
Baseline	Year	2017	<ul style="list-style-type: none"> <li>• Labour law reform incomplete</li> <li>• Less than 1% of enterprises are being inspected</li> <li>• 35% of Georgian judges underwent ILO training on ILS</li> <li>• Official roster of 11 mediators approved</li> <li>• 60% success rate in the mediation of collective labour disputes</li> <li>• 55% of the TSPC Strategic Plan for 2016-2017 is in a process of implementation</li> </ul>
Target	Year	2021	<ul style="list-style-type: none"> <li>• The legal base for enforcing labour legislation is adopted in line with ILO recommendations</li> <li>• Labour Inspectorate has been established in conformity with relevant ILO standards</li> <li>• An increased number of court decisions at all levels take into account the labour code amendments and ILS</li> <li>• All Georgian judges underwent the ILO training on ILS</li> <li>• At least 50% success rate in the mediation of collective labour disputes per year</li> <li>• At least 70% of the agenda items of the TSPC Strategic Plan implemented</li> </ul>

Outcome 2		Youth entrepreneurship in Georgia promoted and strengthened through capacity building and institutional strengthening of the GEA and relevant government institutions, with the aim of creating new businesses, strengthening and formalizing existing ones, and involving the private sector through the implementation of responsible business practices.	
Outcome indicator		<ul style="list-style-type: none"> <li>• Number of young Georgians who have established new businesses as result of the services or training provided by GEA or relevant government institutions</li> <li>• Number of responsible business practices put in place by business in Georgia as result of the actions undertaken either by GEA or the HR Secretariat</li> </ul>	
Baseline	Year	2017	Despite the fact that Georgia has made considerable progress in terms of business enabling environment and institutional development to support the creation and development of enterprises, there is room for further improvement in various fields contributing to a better business climate with the aim of supporting the creation and development of businesses, particularly those of young entrepreneurs. Currently the youth unemployment rate is 30.8% and self-employment, in general, counts for 57.2% of the total national employment.

			<p>This high level of self-employment most of the times is present under poor working conditions and with relatively low levels of productivity; which provides an opportunity to work towards formalisation and improvement in productivity. At the moment, no statistics on self-employment of youth are available, neither is there one for the percentage of employment in the informal sector. This lack of information hinders the establishment of a baseline in this regard. However, given the size of self-employment and knowing its characteristics, this proposal will focus on actions aimed at improving the productivity of young entrepreneurs and young self-employed in the country, as a way to bring them to formalisation.</p>
Target	Year	2021	<p>GEA and the Ministry of Labour possess the technical knowledge and tools necessary to put in place youth entrepreneurship programmes.</p> <p>Programmes tailored to the needs and characteristics of youth are designed and implemented by government institutions and the Georgian Employers Association, easing the creation of new businesses and their linkage with markets with economic potential in the country.</p> <p>The Human Rights Secretariat develops and implements a chapter on Human Rights and businesses, which includes the productive inclusion of youth entrepreneurs in the Georgian Economy.</p> <p>Responsible Businesses practices are promoted, in particular those aimed at linking established businesses with new youth entrepreneurs.</p> <p>Government institutions and GEA have the technical knowledge to carry out assessments to identify promising economic sectors and market opportunities, as well as the bottlenecks and inefficiencies, which impede the linkage of youth entrepreneurs with potential markets, such as the renewable energy sector, agriculture and tourism.</p>

The support is suggested to be implemented through the ILO who is already active in these technical fields and has a strong mandate for working with its constituents. The issues should be addressed through capacitating the tripartite system (Government, and the Social Partners, i.e. the workers' and employers' representatives) at both national and local levels.

The implementation period is suggested to be 2017 – 2021, with a total budget for the engagement at 28 mill DKK, to be committed in two rounds (2017 and 2019).

#### **DED 5: SME Support (enhancing the competitiveness of MSMEs in Georgia) 2020 – 2023**

The MSME sector holds great potential for growth, job and income creation, especially for youth, which is in line with Danish development assistance priorities. Promoting MSMEs is crucial for stimulating inclusive growth that can benefit broad sections of the population in both rural and urban areas. MSMEs account for the majority of the workforce in Georgia and can help bring down

unemployment, including for youth. However, the employment potential of MSMEs in Georgia is nowhere near fully exploited. The MSME sector is particularly challenged due to the huge changes in the regulatory environment due to the EU Association Agreement and the DCFTA and the re-orientation towards new markets is decisive for the competitiveness and economic development of Georgia, especially given the loss of the traditional markets, including Russia.

Therefore the programme will support efforts in the following areas:

- Support to the implementation of resource-efficient business models, e.g. the use of sustainable construction materials or touristic services for sustainable tourism development.
- Availability of business development services targeted at MSME development and advisory services on the DCFTA, though strengthening of the capacity of government, associations and private sector services providers.
- Facilitation of cooperation projects among MSME such as cluster development, support to associations, or public-private cooperation in supporting rural MSME development

The support will contribute towards SDG 8 (decent work and economic growth), which is a priority in Danish development assistance.

The expected results are presented in the table (3.11) below.

*Table 3.11 Outcome level results for enhancing the competitiveness of MSME in Georgia*

Outcome 1		The conditions for sustainable economic development have improved in selected sectors relevant for employment.	
Outcome indicator		Percentage of entrepreneurs in the promoted sectors confirm that the advisory services and further training opportunities available in inclusive and green economy (in keeping with the EU Small Business Act), and human resource management and development have improved their business performance (for male and female entrepreneurs alike; business performance measured by MSME turnover, MSME exports, MSME employment (gender and youth disaggregated) and sector-specific indicators as applicable.	
Baseline	Year	2020	MSME turnover MSME exports MSME employment (gender and youth disaggregated) No advisory services etc. available for target group
Target	Year	2023	MSME turnover MSME exports MSME employment (gender and youth disaggregated) 75% of entrepreneurs in the promoted sectors confirm that the advisory services and further training opportunities available have improved their business performance

It is suggested that the Danish contribution to SME development support (DKK 44 million) is aligned with the ongoing endeavours funded by the EU and German Federal Ministry for Economic Cooperation and Development (BMZ), implemented by GIZ. In 2019, the European Union's programme: "Business and Economic Development in Georgia and its regions" (2019-2023) will start. It is suggested that the DK and EU funding can be "pooled" whereby it will be one larger project through a delegation agreement with the EU.

## **DED 6: Enabling environment for energy investment (Support to the Field of Energy Efficiency and Sustainable Energy (Phase II)) 2020-2024**

Energy independence is a high priority of the Government of Georgia and Georgia is in the process of finalising national plans for renewable energy and energy efficiency. It is in the process of aligning with the EU and much support is needed, including reforms for liberalising the energy markets. There is a need for engaging the private sector through the creation of an enabling environment to incentivise investments in both renewable energy solutions and energy efficiency as well as for tackling the energy supply shortcomings by creating a level playing field through incentivising policies. This can be done through the following areas of technical support:

- Providing assistance to the Georgian Ministry of Energy to create the enabling conditions for promoting sustainable energy solutions;
- Providing capacity building to the Ministry of Energy to adhere to commitments under the AA/DCFTA as well as to formulate and implement plans;
- Support formulation and implementation of policies that incentivise private sector engagement and investment and create fair competition.

Georgia is seeing an increase in consumption due to economic and social development. It is hence important to further energy efficiency, and a decoupling of economic growth and increased energy consumption. This is important from a resource point of view as well as it is a proven way to maximise economic efficiency. Furthermore, Georgia - as a future member of the Energy Community - is obliged to implement energy efficiency measures in line with EU practice. The merits of energy efficiency are well known, and Denmark is recognised leader in implementation of energy efficiency within the EU is well positioned to facilitate and enable energy efficiency policies and measures in Georgia.

In the field of (non-hydro) renewable energy, there is a need to stimulate the utilisation of the significant wind, solar and sustainable biomass resources in Georgia as there is a need to balance the energy mix, especially in the light of the seasonality of hydro power, due to which Georgia remains dependent on large imports in the dry seasons. Currently, Georgia is increasing its reliance on imported natural gas, which may threaten long term energy security and add to greenhouse gas emissions. In order to mitigate these threats, it is necessary to develop the electrical power systems and their management, so that increased inputs of renewable energy can be managed and utilised. Denmark - as a world leader in integration and management of non-hydro renewable energy - can facilitate and enable this development, and thus help ensure energy security and stability in Georgia.

The support will contribute to SDG 8 (economic growth, employment and decent work) and SDG 7 to (access to sustainable and modern energy).



The expected results are presented in the table (3.12) below.

*Table 3.12 Outcome level results for Support to the Field of Energy Efficiency and Sustainable Energy*

Outcome 1		Increased investment in renewable energy solutions	
Outcome indicator		(National targets will be presented when the National Renewable Energy Action plan has been formulated and adopted) MW produced from RE Regulation concerning private sector investment in EE and RE transparent and incentivising and access to grid and other investment procedures are transparent and investor-friendly and technically feasible, with connection costs fairly distributed amongst investors Number of days for having an investment proposal approved Grid access and burden sharing of necessary grid expansions established	
Baseline	Year	2020	TBD
Target	Year	2024	TBD

Outcome 2		Georgia has increased energy efficiency and complies with the regulatory framework and commitments to the AA and Energy Communities	
Outcome indicator		(National targets to be presented when the National Energy Efficiency Action Plan is adopted) Relative reduction in consumption through EE reduced Regulation concerning private sector investment in EE transparent and incentivising	
Baseline	Year	2020	TBD
Target	Year	2024	TBD

The total budget for the engagement is 15 mill. DKK. It is envisaged that the component will be tendered, like phase I, and a consultancy company will be recruited to support the Georgian Ministry of Energy.

**DED 7: Energy investment 2018-2023 (see DANEP Ukraine country programme document for full DED)**

As already described under the previous development engagement, there is a desire for Georgia to increase the share of non-hydro renewable energy in its energy mix, while promoting sustainable growth and securing increased energy independence. Georgia has started the formulation of its Renewable Energy Action Plan, which will articulate measure to promote renewable energy production, and engaging the private sector in lifting the burden is instrumental in the process. Given Denmark’s competences in the sector, promoting Danish investments in the field of energy efficiency and renewable energy solutions could assist Georgia in meeting its national targets by:

- Improving the finance possibilities in the energy efficiency and renewable energy sectors and thereby incentivise the private sector's involvement in reducing the energy dependence while promoting sustainable growth;
- Using project investments as demonstration models and be a catalyst for further investments (national or foreign).

The support will contribute to SDG 8 (economic growth, employment and decent work) and SDG 7 (access to sustainable and modern energy).

The expected results are presented in the table (3.13) below.

*Table 3.13 Outcome level results for the planned support to promotion of sustainable energy investment*

Outcome		The projects contribute to increasing the provision of renewable energy, reducing energy consumption, greenhouse gas emission and the countries' dependence on imported energy.	
Outcome indicator		Ukraine: The country's 2020 renewable energy share of total energy consumption Georgia: Increase in non-hydro renewable energy share in the energy mix (no target available yet) Number of jobs created <sup>3</sup>	
Baseline	Year	2017	Ukraine: 8 percent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) No jobs created yet
Target	Year	2023	Ukraine: 11 percent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) 4550 jobs created (incl. leverage)

The Investment Fund for Developing Countries (IFU) is well-positioned to support investments and is a natural partner when seeking to draw upon Danish competencies in the field of energy efficiency and renewable energy solutions. With IFU's gearing track-record of seven times, the effect could be considerable, both in terms of environmental gains, energy security and possibly an employment effect as well as a possible catalytic effect and inspiring further investments. It is envisaged that a joint Fund can be created covering both Georgia and Ukraine: The Neighbourhood Energy Investment Fund (NEIF). A project development facility should be considered as energy projects often are challenged by high development costs, especially in renewable energy projects that require comprehensive due diligence and a long implementation period. The total budget for the engagement is 153 mill. DKK, of which 108 mill. DKK are allocated to Ukraine (in 2018, 2019 and 2021) and 45 mill. DKK allocated to Georgia (in 2018 and 2020).

<sup>3</sup> Expected total number of decent jobs created: 4-5 direct jobs per one million DKK invested, out of which at least 35% will be women and 10% will be youth. 4-8 indirect jobs (jobs created in related enterprises, e.g. upstream or downstream a concerned value chain) For the SDG fund, the outcome indicator is 8000 direct jobs per one billion DKK invested, out of which at least 35% will be women and 10% will be youth, and 8.000-16.000 indirect jobs. The expected employment effect from NEIF is slightly lower, because climate projects employ fewer people once in operation.

## Secondments in Georgia

Secondments are used to support Danish interests and priorities in the countries covered by the Neighbourhood programme, as well as an instrument to strengthen international monitoring missions. In addition, secondments are used to promote the work in selected multilateral organisation and to ensure that Danish competences come into play.

As the Russian aggression in the region poses new security policy challenges for Europe and the neighbourhood countries, it has become an important factor for the Danish interests in the region and for allocation for resources via secondees.

The European Neighbourhood Department (EUN), and the Danish Embassy in Kiev will maintain contact with the secondees in order to include their knowledge from the countries and the organisations and add value to the work of the Ministry both in regards to the policy level and the development cooperation. On a yearly basis and if feasible a seminar is organised for all secondees with the aim of sharing experience and creating networks.

The positions are by default short-term – from one to two years with few possibilities for extension – demand-driven, and closely discussed and consulted with the receiving organisations.

Secondments will continue to be part of DANEP with a particular focus on Ukraine and Georgia. In Georgia support to the European Union Monitoring Mission to Georgia will continue to be a priority.

The DANEP programme is expected to support up to 25 secondments annually according to the Finance Act in the region.

## **4 Overview of management set-up**

EUN has full overall responsibility for the DANEP programme implementation as well as the DANEP related policy dialogue. EUN will coordinate the dialogue response with other Danish initiatives in Georgia including private sector business support (with the Embassy of Denmark in Ukraine) as well as other development funding under the EUN. Key mechanisms for the policy dialogue for Georgia are first and foremost the relevant EU fora for policy dialogue, in particular the EU coordination and dialogue fora in Georgia facilitated by the EU delegation. EUN will send representatives for these meetings to Georgia when deemed relevant and will coordinate with the Embassy of Denmark in Ukraine on representing EUN if and when resources permit.

Management will be undertaken in accordance with the Danida Aid Management Guidelines and as detailed in the DANEP strategic framework document. This means that EUN will be overall responsible for the implementation and monitoring of the programme and all partners will report to EUN on progress and changes to the implementation. An external M&E consultant will be contracted to assist EUN in the overall programme M&E.

EUN is not present in Tbilisi and will therefore rely on regular monitoring visits to the country to assess progress and participate in major events, such as selected steering committee meetings. To assist the EUN, the department will also rely on:

- The M&E consultant, which will assess all reporting from partners and undertake spot checks of the implementation as and when required (see the DANEP strategic document)
- Implementing partners' management and monitoring arrangements and the additional reporting provided by the M&E support under the DANEP strategic framework.

EUN will also be final responsible for assessing the progress against the possible changes to risk scenarios. This assessment will be based on: (a) political-economy and contextual reporting from the Embassy in Kyiv and others, (b) the KFU led mid-term review of the DANEP programme, (c) the reporting from the M&E consultant, (d) reporting from implementing partners, and (e) reporting/information sharing from other donors. Based on these reports, and in consultations with KFU, EUN will decide on possible re-prioritisation/reallocation of activities and funds to mitigate risks accordingly.

The funding to Georgia will follow the DANEP programme review and QA cycle. This means that the Georgia Country Programme will be subject to the DANEP 2019 mid-term review. The review will also serve as a post-appraisal of the engagements planned for 2020 and 2021.

All funding will be provided through institutions, which have financial, procurement and monitoring capacity, which is in accordance with international standards, and whom Denmark has a previous working relationship with. All partners will report on progress to EUN on a bi-annual or annual basis in accordance with signed partnership agreement. Denmark will agree to use partner reporting if and when the reporting adheres to the standards required by the Danida Aid Management Guidelines.

In terms of communication and public diplomacy, the EUN will have full responsibility of the implementation of the communication plan, however the communication strategy will be implemented in cooperation with and with inputs from the Embassy in Kyiv, other MFA departments, donors and Government of Georgia. In addition all partners will be required to report on communication activities and engage in public diplomacy. The communication plan will follow the strategy outlined in draft in the communication annex in the DANEP strategic framework document, and the final plan, once this has been developed (see Annex to the DANEP strategy document).

## **5 Programme budget**

The budget for the Georgia Country Programme is part of the overall budget for DANEP 2017-2021. Thus, the budget presented below is concerned with the individual development engagements only as the funds for reviews, technical assistance, monitoring and evaluation, and secondments are presented in the DANEP strategic framework document.

A total of DKK 88 million is allocated for democracy and human rights (including DKK 30 million approved for civil society in 2017 in a separate process) and DKK 117 million for sustainable and inclusive economic growth. Of the budget below DKK 127 will be fully committed (covering all engagements 2017-2019) if approved by the Danish Finance Act 2018 and 2019. The remaining funds of DKK 78 million are earmarked for engagements in 2020 and 2021, and thus figures as unallocated earmarked funds.

The funding for the individual development engagement is phased in as the engagements from the previous DANEP phase end and in accordance with the yearly funding commitment system of the MFA (see Annex B in the DANEP strategic framework document). Figure 5.1 below outlines the DANEP budget specifically for engagements in Georgia.

Figure 5.1 DANEP budget Georgia 2017-2021

Year	Georgia				Total (DKK mill.)
	Demo. & HR		Sust. growth		
2017	Civil Society		Inclusive labour market		2017
DKK mill.	30		19		49
2018	Human Rights	Decentralisation		Energy investment	2018
DKK mill.	15	24		30	69
2019			Inclusive labour market		2019
DKK mill.			9		9
2020			SME support	Energy environment	2020
DKK mill.			24	15	39
2021	Civil Society		SME support		2021
DKK mill.	19		20		39
<b>Total (DKK mill.)</b>	<b>88</b>		<b>117</b>		<b>205</b>

## **Annexes:**

Annex A: Analysis of Programme Context (AMG matrix)

Annex B: Partner descriptions

Annex C: Results Framework at output level

Annex D: Risk management matrix

Annex E: Georgia country programme budget

## Annex A – Georgia country matrix

### 1. Overall development challenges, opportunities and risks

*Briefly summarise the key conclusions from the analyses consulted and their implications for the programme regarding each of the following points:*

General development challenges including poverty, equality/inequality, national development plan/poverty reduction strategy, humanitarian assessment.

- The poverty rate in Georgia was 14% in 2014. While this still represents a considerable amount of people, there has been a remarkable reduction of the poverty rate in four years, as in 2010, 21% of the population lived below the poverty line.
- Georgia's Gini index in 2014 was 40 indicating a medium level of income inequality. There is, however, a significant disparity from region to region, especially between rural and urban areas.
- Georgia has made remarkable strides regarding democratic governance. However, it is a diverse country covering several climate zones and with ethnic diversity (an estimated 13% of the population belong to ethnic minorities), and the economic gains are unevenly distributed between regions and rural and urban areas. Ethnic groups include 86% of Georgians, 6% Azeris, 4% Armenians, and 2% others.
- Georgia ranked 76 out of 155 countries on the Gender Inequality Index in 2014, falling under the High Human Development category.
- The government's Social-Economic Development Strategy for Georgia, "Georgia 2020", is built on the cornerstone of integration into the EU with regards to its foreign and internal policies. The goal of the government is to create foundations for long-term inclusive economic growth and improve the welfare of the population, based on three main principles: 1) Ensuring fast and efficient economic growth driven by the development of real (production) sectors of the economy, which will resolve economic problems, create jobs, and reduce poverty; 2) Implement economic policies that facilitate inclusive economic growth, i.e. the universal involvement of the population in the economic development process (incl. diaspora, migrants, ethnic minorities and other groups), prosperity for each member of society through economic growth, their social equality and improvement of the living standards of the population; 3) Rational use of natural resources, ensuring environmental safety and sustainability and avoiding natural disasters during the process of economic development.
- Humanitarian Needs Overview

Development in key economic indicators: GDP, economic growth, employment, domestic resource mobilisation, etc.

- Georgia is categorised by the World Bank as an upper-middle income country.
- Georgia's 2016 GDP was \$37.38 billion and the real growth rate of GDP was 3.4%, slightly up from the previous year (2.8%). Economic growth slowed down following the August 2008 conflict with Russia and the consequences of the global financial crisis. The economy rebounded in 2010-2013, but FDI inflows, the engine of economic growth prior to the 2008 conflict, have not recovered fully.
- Agriculture makes up 9% of GDP, industry 21%, and services 68%.
- Job creation is a crucial issue as unemployment, and especially youth unemployment, remain high. 12% of the labour force was unemployed in 2016. Youth unemployment is a major challenge that does not seem to be addressed in a concerted manner. Georgia's youth labour market is characterized by relatively low participation rates, only 39% of youth ages 15-24 were considered in the labour force and unemployment rate was 26.3 per cent in 2015, although many young people in Georgia are economically inactive because they are enrolled in education
- The agricultural sector employs 55% of the active labour force, industry 9%, and services 35% (these are 2006 figures and may be outdated).
- Georgia imports nearly all of its needed supplies of natural gas and oil products. It has sizeable hydropower capacity that now covers most of its energy needs. The country has overcome the chronic energy shortages of the past by renovating hydropower plants and increasingly relying on natural gas imports from Azerbaijan instead of Russia.

Status and progress in relation to SDGs, in particular those that are special priorities for Denmark.

- Denmark's prioritisation of the SDGs includes 1) Improving the situation in countries affected by war and conflict, 2) strengthen the focus on migration, including the readmission of developing countries' own nationals, 3) increase development financing especially to growth and employment, and 4) maintaining a strong focus on human rights, especially improving gender equality and the rights of women and girls. Especially the two latter ones are relevant for Ukraine and Georgia.
- Based on the "Georgia 2020" Strategy, Georgia has prioritised the following SDGs: End poverty in all its forms everywhere (goal 1), Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (goal 8), Reduce inequality within and among countries (goal 10), Ensure sustainable consumption and production patterns (goal 12), and Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (goal 16).
- So far, the SDGs have been well fitted into the national policies. The National Statistics Office of Georgia, Geostat, provides reliable information that has been used to fix the baseline indicator to each target.
- The DANEP programme will contribute to SDG 5, 7, 8 and 16

Political economy, including drivers of change (political, institutional, economic) (e.g. political will, CSO space, role of opposition, level of donor funding to government expenses, level of corruption, foreign investment, remittances, role of diaspora, youth, gender, discovery of natural resources or impact of climate change etc.)

- Georgia was ranked 44 out of 176 in the 2016 Corruption Perceptions Index, and its score tends to improve in recent years (49 in 2013, 52 in 2014, 52 in 2015, and 57 in 2016). On Transparency International's scale, this places Georgia on a middle-level of corruption.
- All FDI made in Georgia by resident companies (inward FDI) totalled \$13.68 billion in 2016, slightly up from the year before (\$12.64 billion). The stock of FDI from abroad in 2016 amounted to \$1,933 billion, also showing a slight increase from 2015 (\$1,773 billion).
- In 2016, total funding made available to Georgia for humanitarian aid was \$1.343.399. The main donors were Bulgaria, Switzerland, the USA, and the EU.
- Remittances to Georgia represented 1.6 billion USD in 2015, and made up 12% of Georgia's GDP in 2014.
- The democratic developments that have taken place in Georgia have been significant since the 1990s. In the last elections, held in October 2016, the Georgian Dream coalition increased their majority in the Georgia Parliament, forming a constitutional majority. The government has continued to support the reform process initiated in the past, and its vision for the future focuses on economic development, job creation, and sustainable growth. Political will is strongly focused on enhanced link with the EU, which is supported by a large majority of the population.
- Georgia's CSOs are also very strong compared to other countries in the region, and they are supported by a largely favourable legal framework that lets them operate freely. There are strong thematic NGOs working on all major areas related to governance, human rights, gender and even LGBT rights. Civil society is involved in commenting on and providing inputs to legislation and strategy development of the Government. There is substantial room for civil society for manoeuvre and limited infringement on their actions from central level authorities. In spite of this, most civil society organisations complained that the government was mostly undertaking formalistic consultations without properly addressing the issues raised. Civil society representation and capacity at the local level is much less than in Tbilisi, and in particular weak in ethnic minority areas where the population does not master the Georgian language.

***List the key documentation and sources used for the analysis:***

Benefits and Costs of DCFTA: Evaluation of the Impact on Georgia, Moldova and Ukraine  
Amat Adarov & Peter Havlik, the Vienna Institute for International Economic Studies and Bertelsmann Stiftung (December 2016)

The Government's Priorities for Danish Development Cooperation 2017 - Overview of the Development Cooperation Budget 2017-2020. Danida.

World Employment and Social Outlook 2016: Trends for Youth. ILO.

Eastern Europe, Caucasus and Central Asia: Highlights. Energy Policies

Beyond IEA countries. International Energy Agency. OECD/IEA, 2014



Migration and Remittances: Recent Developments and Outlook. Migration and Development Brief 26. World Bank Group. April 2016.  
 Georgia 2016 (Humanitarian response plan). Financial Tracking Service. UNOCHA.  
 Socio-economic Development Strategy of Georgia "GEORGIA 2020". Government of Georgia.  
 Corruption Perceptions Index 2016. Transparency International.  
 EU Concept Note for the 2017-2020 ENI Single Support Framework for Georgia

## 2. Fragility, conflict, migration and resilience

*Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:*

Situation with regards to peace and stability based on conflict analysis and fragility assessments highlighting key drivers of conflict and fragility, protection and resilience, organised transnational crime and illicit money flows and how conflict and fragility affect inclusive private sector development and women and youth

- Georgia still faces some challenges regarding the 2008 *de facto* establishment of the pro-Russian autonomous region of South Ossetia, leading to the second Georgian territory after Abkhazia without central government control. These two Russia-supported territories are not recognised by the Georgia government. In the same period there has been a fluctuation in the political and human rights situation as well as the economy.

Identifying on-going stabilisation/development and resilience efforts and the potential for establishing partnerships and alliances with national, regional and other international partners in order to maximise effects of the engagements.

- The EU, the US, and NATO have since 2008 taken part in negotiations to end the fighting, resulting in Russia agreeing to a six-point diplomatic push for peace and signing a ceasefire agreement with Georgia in August 2008. In 2016, the International Criminal Court authorised a probe into possible war crimes committed by Russian, Georgian and South Ossetia forces during the conflict.

Issues and concerns of relevance to Danish interest in the area of security and migration.

- There is some uncertainty around the number of IDPs in Georgia as a result of the conflicts in South Ossetia and Abkhazia. In 2014, the government reported having registered 262.704 people as IDPs. A composite of figures reported by the government, UNHCR, and the UN Inter-Agency Humanitarian Assessment Mission to South Ossetia states that there are up to 232.700 IDPs as of December 2014. Most IDPs were displaced in the early 1990s as a result of the conflict in the two abovementioned regions, while a small number were displaced during conflict with Russia over South Ossetia in August 2008.
- The number of Georgians seeking asylum in Denmark has increased significantly in recent years. Between 2009 and 2011, 17 to 19 Georgians applied for asylum in Denmark each year. Thus number increased to 75 in 2012, and reached 111 in 2014.

Identify where Denmark has comparative advantages that may lead to more effective and efficient programming and better results including where Denmark may contribute with deployment of specific expertise and capacities.

- Denmark can draw on its competences and experiences in the energy sector and contribute to increasing the share of the energy supply from renewable energy, which can support the country's goals of increasing energy independence and further sustainable growth.

Considerations regarding the humanitarian situation, migration, refugee and displacement issues, including the need to integrate humanitarian-development linkages and long term strategies;

- As Georgia faces foreign military occupation of 20 per cent of its sovereign territory, this constitutes a major challenge for the protection of human rights in those areas. Russian occupation forces had imposed further severe restrictions on the freedom of movement across the occupation line, extending

even to the most vulnerable people — those in need of urgent medical assistance and expectant mothers. Despite numerous calls by the international community, up to a half million internally displaced persons and refugees, among them several hundreds of thousands of women, remained deprived of their fundamental right to a safe and dignified return to their homes.

- Consequences on crime. GBV.

Relevant issues and considerations related to radicalisation and violent extremism and the potential for Danish engagement to prevent and counter violent extremism (P/CVE)

- At a parliamentary hearing in May 2016, representatives from Georgia's State Agency for Religious Issues claimed that NGOs in Georgia are a driving force behind radicalisation. In a country with roughly 100-200 foreign fighters allegedly involved in Iraq and Syria, and a considerable Muslim minority, this is a sensitive allegation. The Agency singled out the work of one NGO in particular, the Education and Monitoring Centre (EMC). EMC has reported on the violation of the rights of Muslim citizens, as well as other religious and sexual minority groups, by adherents of the country's majority Orthodox faith. This has naturally caused reactions not only among civil society, but also the country's Muslim community, making up 460.000 citizens out of a population of 3.7 million.
- Despite the recent launch of a Preventing Violent Extremism (PVE) Strategy by the United Nations Secretary General, Georgia has so far failed to adopt Countering Violent Extremism (CVE) measures intended to tackle the reasons for radicalising at-risk individuals. Instead, the Georgian government's focus has solely been on tightening border controls and introducing tough sentences for joining extremist groups such as ISIS.

***List the key documentation and sources used for the analysis:***

Humanitarian Needs Overview Georgia 2017. November 2016. Global Protection Cluster.

Tal på udlændingområdet pr. 31.12.2016. Udlændinge- og Integrationsministeriet.

Civil society and countering violent extremism in Georgia. Onnik J. Krikorian. 20 May 2016. Democracy and Freedom Watch

## Assessment of human rights situation (HRBA) and gender<sup>4</sup>

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:  
The HRBA Guidance Note may provide further guidance, or [hrbaportal.org](http://hrbaportal.org)

### Human Right Standards (international, regional and national legislation)

Identify the level of achievement of key human rights standards for the context you are working in.

Identify the most binding constraints on the intended target group in terms of human rights.

Given the analysis of achievement of human right standards, establish what Denmark should prioritise in the proposed outcomes of the programme.

- The overall human rights and justice sector situation in Georgia is faring better than most neighbouring countries, with human rights guaranteed by the Constitution and the law and, in most cases, implemented in accordance with the rule of law. This includes freedom of assembly, free and fair electoral processes, freedom of religion, anti-discrimination, and the ability of the Supreme Court to operate with a high level of independence.
- The National Strategy for the Protection of Human Rights in Georgia 2014-2020 outlines key priority areas: improved criminal legislation, continued reform of the judiciary focusing on independence of the judges, genuine investigations and proceedings, actions against torture and ill-treatment, freedom of speech, and improved gender equality and protection of minorities.
- Though Georgia has made considerable progress on many of these issues in the past five years, human rights violations still take place, e.g. in the form of ill treatment of people in police custody and in prisons, though the systemic torture applied in the past have been alleviated. There are still concerns of impunity for human rights violators in the law enforcement agencies.
- Women are vulnerable to sexual and gender-based violence, including domestic violence, especially women among the increasing amount of IDPs as a result of the conflicts currently taking place. The additional issue of early marriage, which affects mostly young girls, is also pervasive in Georgia.
- Human rights violations also occur in the form of social and political rights violations, such as the access to participation in decision-making of minorities who do not master the Georgian language. These groups face discrimination in the access to state services and to justice.
- The greatest immediate concern however, is the ruling party's influence on the media. This includes influencing state radio and TV broadcasting and management, as well as ignorance to the fact that major media conglomerates are being concentrated in the hands of a few persons.
- While support for the justice sector is well funded and there is neither a comparative advantage nor demand for Danish engagement in this area, Denmark highly prioritises gender and women's rights, and could support efforts to support these.

### Universal Periodic Review

List recommendations from Council for Development Policy (UPR) relevant for the thematic programmes and from any treaty bodies, special procedures, INGOs, Human rights institutions etc. that require follow up by partners in the programme.

The last UPR for Georgia is from November 2015. The next one is scheduled for November 2020.

UPR recommendations related to Human Rights:

- Continue cooperating constructively with the universal human rights mechanisms and continue the practice of cooperation and dialogue with civil society

<sup>4</sup> The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.

- Continue and intensify cooperation with the international community in order to ensure access of international human rights and humanitarian actors and monitoring mechanisms to Abkhazia, Georgia, and Tskhinvali region/South Ossetia, Georgia, to monitor, report and address the human rights situation of internally displaced persons
- Continue engagement with the international community for ensuring access of international human rights monitoring mechanisms to the regions of Georgia, namely Abkhazia and Tskhinvali region/South Ossetia
- Intensify engagement with the international community for ensuring access of international human rights monitoring mechanisms to the Georgian regions of Abkhazia and Tskhinvali region/South Ossetia
- Continue its efforts to strengthen the institutional and normative human rights framework with regard to freedom of expression
- Continue its efforts to further promote human rights
- Observe all human rights principles and international conventions, and raise awareness among the population regarding human rights values
- Take all measures in further implementing the Action Plan for the Protection of Human Rights in Georgia, in particular by allocating sufficient funding from its national budget
- Continue implementing the national strategy for the promotion and protection of human rights
- Promote new actions and initiatives to continue progressing in its efforts to implement the National Human Rights Strategy
- Develop a high standard of human resource management to avoid administrative infractions and human rights violations in prisons
- Continue the efforts to strengthen human rights protection in penitentiary establishments
- Undertake a comprehensive review of arrangements for the appointment, training and transfer of judges, with a view to ensuring their independence and their full understanding and application of human rights obligations
- Provide, in accordance with its respective obligations under international human rights law, effective protection to the family as the natural and fundamental unit of the society
- Protect minorities and ensure the full enjoyment of their freedom of religion or belief in accordance with international human rights law
- Refrain from interfering in the activities of human rights defenders and non-governmental organizations and ensure a safe and enabling environment for their work
- Strengthen the mechanisms set up by the "Commission of Human Rights and Integration", to ensure the best possible monitoring and evaluation of the human rights situation in the country
- Redouble its efforts to ensure the rights of LGBTI persons and, in line with the Human Rights Committee's recommendations, combat all forms of social stigmatization of homosexuality, bisexuality and transsexuality, and hate speech, discrimination and violence based on sexual orientation or gender identity
- Strengthen respect for the rule of law by promoting judicial independence and transparency through the de-politicization of the judiciary and law enforcement authorities, and by strengthening mechanisms to investigate human rights abuses or violations
- Take measures to support and strengthen prosecutions for human rights violations by the judiciary, with reference to the recommendations made by the Council of Europe Commissioner for Human Rights, including with respect to the strengthening of the independence and effectiveness of the Prosecutor's Office
- Introduce as soon as possible the right to silence without restrictions when testifying, in accordance with its human rights international obligations
- Establish an independent investigation mechanism with the mandate to investigate alleged human rights violations committed by law enforcement officials
- Establish an independent and impartial institution to investigate and prosecute human rights abuses and violations committed by the law enforcement and security forces, in order to ensure that these

violations are properly investigated and sanctioned and compensation provided to victims

#### UPR recommendations related to Gender:

- Take active measures to combat discrimination and violence against women and improve its Law on Gender Equality in order to align it with the Convention on the Elimination of All Forms of Discrimination against Women
- Bring into line the Law on Gender Equality with the Law on the Elimination of All Forms of Discrimination, combating the patriarchal attitudes and stereotypes on the roles and responsibilities of women and men
- Strengthen existing law and practice to combat gender-based discrimination and sexual harassment, inter alia, with regard to labour
- Strengthen the Gender Equality Council
- Further effectively implement the National Action Plan on Gender Equality and the Action Plan for Combating Domestic Violence by ensuring required financing and reinforcing the capacities of professionals
- Ensure effective implementation of the laws on the elimination of all forms of discrimination and gender equality, including by putting in place effective enforcement mechanisms and raising awareness about the provisions of the legislation
- Include in the implementation of its anti-discrimination legislation effective measures that strengthen religious tolerance, gender equality and equal rights for ethnic minorities, women and lesbian, gay, bisexual, transgender and intersex (LGBTI) persons, so as to increase tolerance and social inclusion in Georgian society
- Strengthen efforts towards promotion of gender equality
- Continue to prioritize gender equality and consider the incorporation of international best practices in policies and legislation relating to the employment of women and combating violence against women
- Provide appropriate services with the necessary resources, including to train and raise the awareness of the judiciary and the public, in order to ensure that these new measures adopted to fight racial discrimination or gender/sexual identity discrimination are effective
- Combat social stigmatization, hate speech, discrimination and violence motivated by sexual orientation or gender identity
- Support public education campaigns to combat hate speech, discrimination and violence related to sexual orientation and gender identity, as well as social stigmatization of LGBT persons
- Establish centres supporting women and girl victims of gender violence
- Reinforce the capacities of professionals in the identification, referral and protection of victims of gender-based violence and provide legal and medical support to victims
- Develop prevention strategies on gender-based violence and establish rehabilitation services for victims of violence
- Take concrete steps to streamline and ensure efficiency of judicial procedures concerning gender violence
- Establish a mechanism for the enforcement of protective and restrictive orders relating to domestic violence, to ensure their effectiveness and prevent recurring offences, inter alia, through establishing specialized police units on gender-based violence and domestic violence.

#### Identify key **rights holders** in the programme

In terms of Human Rights and gender issues in Georgia, rights holders span over various categories of the population. Women of all regions and social classes are disadvantaged compared to men. Youth rights are also under-prioritised in both countries, as shows the lack of any specific mentioning of youth in the country's Human Rights Strategy. Ethnic minorities, however, are on Georgia's anti-discrimination agenda, with special attention to the Roma population. Religious minorities and the LGBTI community also experiences discrimination and rights violation. In Georgia, the rights of IDPs deserve attention, as the number of IDPs is growing and especially women and children become especially vulnerable as a result of their displacement.

#### Identify key **duty bearers** in the programme

## **Human Rights Principles (PANT)**

### **Participation**

Identify barriers for participation, inclusion and empowerment of rights holders.

- There are barriers to political participation and inclusion in public life and the labour force to women, youth, and minority groups. Especially in Georgia, women's political participation is extremely low, and especially in rural areas, women are perceived to be absent from all the stages of planning and implementation of rural development programmes.

List key support elements included to promote participation and inclusion.

- DANEP Georgia focuses on enhancing participation of in particular women and minority groups, but also citizens in general in the democratic processes at the local level by supporting decentralisation in Georgia. In addition to direct support to the decentralisation reform, the participation is also ensured by strengthening civil society through the existing engagement in this area, and by introducing services for young entrepreneurs to improve their access to jobs and market. Similarly, the enhanced capacity of the Public Prosecutor's Office and the state human rights institutions is expected to enhance access to justice over time.

### **Accountability**

Identify accountability mechanisms in the relevant area - both horizontal and vertical.

- Key accountability of relevance addressed by the programme includes decentralized local governance accountability. Accountability to women and minority groups. And the accountability of key human rights state institutions to the women and men of Georgia.

List any key support elements included to promote accountability

- Accountability will be strengthened by improving local governments' ability to respond to rights holders needs through the decentralisation support, in particular for women and minority groups. Accountability will be strengthened in the business sector by supporting social dialogue and employers' adherence to rights and obligations to its employees.

### **Non-discrimination**

Identify groups among rights-holders excluded form access and influence in the thematic programme areas identified.

- Women are a disproportionately represented in politics and high leadership positions both in Georgia, where they are concentrated in traditionally "female" occupational areas, which also offer lower remuneration levels.
- In Georgia, there is a pervasive conservative understanding of women's role in society that results in them being excluded from government (both at central and local levels) and participation in local development projects.
- Furthermore, a number of ethnic minorities are excluded from certain human rights and access to public services due to a language barrier that discriminates them from, for example, getting medical help or welfare assistance, as they do not speak the official language. There are also discriminations taking place on a religious level, due to the numerous religious minorities: while the official religious is Orthodox and makes up 83,4% of the population, 10,7% are Muslim, 2,9% are Armenian Apostolic, and 1,2% belong to other religions.
- The difficulties of transgender people to change their sex record in civil acts have also been reported, which in turn hinders their access to education, employment, and other services.

List key support elements included to promote Non-discrimination. Are disaggregated data available on most vulnerable groups?

- The programme will be promote non-discrimination in particular through the focus on improving minority rights and access to decision-making at local level and by emphasising women’s role in the decentralisation process. Similarly, the programme will enhance the voice and access to resources of the youth in the country by providing improved career advice and matching skills with business demands. And finally, but critically, by reducing the geographic inequalities between the cities and the rural areas through the strong support to decentralised service delivery and local level business development.

### **Transparency**

Assess the extent to which information is accessible to rights holders including marginalised groups.

- Transparency levels are generally high and with substantive involvement of civil society in demand side governance processes. However, as described above ethnic minorities are impaired due to their limited knowledge and use of the Georgian language and thus access to Government services.

If relevant, ensure that information is available in other than official languages.

List key support elements included to promote Transparency.

- Transparency will in particular be sought through enhanced decentralisation and thus transparency at the decentralised level, ensuring that the new decentralised institutions conform with their mandate as duty bearers. Similarly, the improved energy legislation is expected to enhance the information access on the energy market.

### **Gender**

Identify key challenges and opportunities for gender equality.

- Georgia is still dominated by patriarchal societal values which keep women subordinated to men professionally, publicly, and privately. Women occupy lower professional positions, there is a significant gender wage gap in both countries, and women occupy a minority of positions in politics and government.
- Violence against women, domestic violence, and early marriages are issues that require special attention in Georgia. Very few cases are reported, indicating social stigma around these issues or ineffective reporting and sanctioning mechanisms. The level of public awareness is quite low around these issues.
- The government has in 2016 taken diverse initiatives targeting the general public on gender issues, such as: raising awareness of Domestic Violence/ Violence Against Women and Girls (DV/VAWG) issues as a human rights violation and crime; disseminating information about access to services available for victims/survivors; improving the quality of these services; and ensuring that victims/survivors and the organizations representing their interests are more actively involved in the process of drafting the DV/VAWG-related policies and legislation.

Identify assessments on gender, such as CEDAW-reporting, SDG National Action Plans, UPR, and other relevant gender analysis.

- The last CEDAW report for Georgia to be found is from 10 March 1998.
- The Government of Georgia has approved the National Action Plan on the Implementation of the UN Security Council resolutions on Women, Peace and Security, and the National Action Plan on the Measures to be Implemented for Combating Violence against Women and Domestic Violence and Protection of Victims/Survivors, both covering the 2016-2017 period.

#### Identify opportunities/constraints for addressing gender equality issues.

- Striving for gender equality in Georgia will require a big change in society's understanding of women's role. There is a normative belief that confines women to low-paid care and administrative jobs, as well as a traditional exclusion from public and political life that makes very few women pursue careers and representation in politics and public service.
- The government has already taken measures, in relation to SDG 3, to ensure gender equality in employment and equal access to activity in the political domain and at all levels of management. The establishment of liberal regulations for the employment of women, and of non-discrimination laws to protect citizens from all forms of discrimination, including those based on gender and sexual orientation, had resulted in a significant increase in women's representation, including in the political and military fields.

#### Describe key strategic interventions to promote gender equality within each thematic programme.

- Substantial attention. See section on HRBA above.

#### Identify gender equality indicators aligned with national targets on gender, if possible.

- While Georgia has legal foundations protecting and promoting women's rights, policies for the most part remain gender-blind. Therefore, relevant indicators to measure progress on gender equality could include gender-based violence, women's access to the labour market, gender pay gap, as well as female participation in political and public life both on national and local levels.

#### ***List the key documentation and sources used for the analysis:***

Action Plan of the Government of Georgia on the Protection of Human Rights 2014-2016 (Appendix 1). Government of Georgia  
Danida (2016): Concept Note: Democratisation Programme in Georgia (2017-2021) - "Strengthening of Civil Society Organisations - bringing democratic change to Georgia"  
European Commission against Racism and Intolerance Report on Georgia, fifth monitoring cycle, 2016  
CIA World Factbook Georgia.  
Domestic, Gender-based Violence Dominate Third Committee Discussion as Speakers Urge Greater Participation by Women in Political Life. GA/SHC/4010. 14 October 2013. United Nations General Assembly.  
Women's rights and Gender Equality. 2015. Public Defender (Ombudsman) of Georgia.  
Two National Action Plans for Supporting Gender Equality and Women's Empowerment Approved by the Government. 12 August 2016. UN Women Georgia

### 3. Inclusive sustainable growth, climate change and environment

#### *Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:*

Assess the overall risks and challenges to inclusive sustainable growth and development from the impact of climate change and environmental degradation; Assess the status of policies and strategies in the country / thematic areas / organisation to ensure that development is inclusive and sustainable, avoid harmful environmental and social impacts and respond to climate change; and assess the political will and the institutional and human capacity to implement these policies and strategies.

- Georgia has been part of international climate change efforts since its independence. The country ratified the United Nations Framework Convention on Climate Change in 1994 and the Kyoto Protocol in 1999. In 2010, the country associated itself with the Copenhagen Accord. Tbilisi, capital of Georgia, has also joined the Covenant of Mayors Initiative of the EU aimed at significantly reducing greenhouse gas emissions by 2020. Georgia is also cooperating on environmental issues with neighbouring countries under the common EU policy framework, the Eastern Partnership.



- Georgia submitted its new climate Change Action Plan September 2015. Georgia plans to unconditionally reduce its GHG emissions by 15% below the Business as usual scenario (BAU) for the year 2030. This is equal to reduction in emission intensity per unit of GDP by approximately 34% from 2013 to 2030. The 15% reduction target will be increased up to 25% in a conditional manner, subject to a global agreement addressing the importance of technical cooperation, access to low-cost financial resources and technology transfer. This is equal to reduction of emission intensity per unit of GDP by approximately 43% from 2013 to 2030. The 25% reduction below BAU scenario would also ensure that Georgian GHG emissions by 2030 will stay by 40% below the 1990 levels.
- Georgia’s complicated relief is quite fragile towards natural disasters caused by climate change. Geographical location, meteorological conditions, high anthropological pressure on the environment and limited mechanisms to minimize the damage create conditions for disasters such as floods, heavy rains, erosion, drought, wildfires and heat waves.
- But being a developing country with 92% of its electricity generated by environmentally sound hydropower, 43% of the Georgian territories covered by forest eligible for support, and with national greenhouse gas (GHG) emissions only about 0.03% of global emissions, climate change and environment have not been key issues of political discussion inside the country.
- The majority of climate-related development finance to Georgia in 2013-2014 went to energy generation and supply (about \$160 million a year). Agriculture, Forestry and Fishing and Banking, financial and business services both received around \$20 million a year. The major providers of climate-related development finance were the EBRD and the IFC, followed by the governments of Germany and France, as well as EU institutions excluding the EIB.
- The priorities of the Georgian Government for the energy sector are articulated in the new Energy Policy of Georgia, which was approved by the Parliament of Georgia in June 2015. The Energy Policy defines nine strategic energy policy directions of which three are related to sustainable energy and energy efficiency: 1) Utilization of Georgia’s renewable energy resources; 2) Develop and implement an integrated approach to energy efficiency in Georgia; and 3) Gradual approximation and later harmonization of Georgia’s legislative and regulatory framework with the EU’s Energy policies.
- In the 2017 Doing Business survey, Georgia ranked number 16. Among factors pulling down the ranking is getting electricity and trading across borders. Securing property rights is also considered a problem. In 2014, the government established a new Competition Agency to ensure fair competition and protect against violations. Although institutional barriers to doing business have been decreased in recent years, there is still much scope for improving the conditions for small business development in Georgia.
- A SME Development Strategy has recently been formulated. The small and medium businesses play a central role in job creation and economic growth. The Entrepreneurship Development Agency (EDA) was established to stimulate private sector development. Additionally, the Private Sector Development Advisory Council was established in 2016 within the Ministry of Economy and Sustainable Development. SMEs already make a significant contribution to Georgia’s economy, representing 94.1 percent of enterprises, 42.7 percent of employment, and 20.6 percent of value added to the economy in 2013, a slight improvement from 19.3 percent of value added in 2010. The continued development of the SME sector can therefore be decisive for employment creation in Georgia and the reforms under the DCFTA are expected to bring positive effects for the economic development, especially in the agriculture and food sector.
- Much assistance is needed for Georgian SMEs to benefits from new market opportunities, potentially coming from the EU Association Agreement /DCFTA. Many Georgian products have so far not been exported to the EU as they fail to conform to the quality and safety standards of the European market, combined with challenges for local entrepreneurs in penetrating foreign markets due to lack of credit, marketing skills, etc. Trade liberalization has different implications for different groups of people through its impact on prices, employment and production structures, and tends to benefit those who already have access to credit, export markets, transportation and other infrastructure, including technology and land. Ensuring that there will not be a negative social impact of the trade liberalizations is a key challenge.
- The program “Made in Georgia” was launched in 2015 with the aim to support domestic production

capacity and support initiatives of entrepreneurs in rural areas. “Host in Georgia” stands as a second sub-program, added to “Made in Georgia”.

- In December 2016, the Rural Development Strategy 2015-2020 was completed. According to the Strategy, the government aims to stimulate the competitiveness of the food sector, promote growth of high quality agricultural production, and ensure food safety and security.
- The recently approved Law for the Development of Mountainous Regions is aimed at encouraging people to live and work in the country’s mountainous regions. It offers 20 percent higher pensions and social benefits, and additionally professionals, such as veterinarians, agricultural specialists, teachers, and medical specialists, will receive additional salary, which is expected to motivate youth to work in rural areas. Since 2012 the government has begun reforms to promote the agricultural industry and aims to raise the living standards of the rural population.
- The labour code was revised in 2013 and the ILO assesses it to be in compliance with the international labour standards but that implementation is far from satisfactory: only 17 labour related conventions have been ratified – the lowest number in the region. The DCFTA should also advance the reform agenda as Georgia must comply with the European Social Charter, as a part of the approximation process as well as several ratified ILO Conventions.
- Freedom of association is a challenge, with special requirements for forming a union, and a prevalence of so-called ‘yellow unions’ where trade unions are formed by the company’s management.
- Ministry of Sport and Youth Affairs of Georgia has a strategy – “The State Youth Policy Document” - and is in the process of drafting ‘the law on youth activities’. There seem to have been some donor support to youth in general, such as participation, ethnic minorities, and youth with disabilities but in a rather piecemeal way, and with little direct orientation to youth employment.

Identify opportunities for mainstreaming support to inclusive green growth and transformation to low-carbon and climate resilient economies in the programme thematic areas and DEDs.

- The Support to the creation of an enabling environment for investment in the energy sector DED, in combination with the Ukraine programme, provides opportunity for Denmark to provide upstream assistance for the design and implementation of the new National Energy Efficiency Plan and the National Renewable Energy Action Plan. Denmark can also provide capacity building to the Ministry of Energy to adhere to commitments under the DCFTA and to formulate and implement plans.
- Under DED 9, Support to increasing private sector investment in sustainable energy solutions and energy efficiency, in combination with the Ukraine programme, there is opportunity to stimulate investment by making investments in energy efficiency and renewable energy less risky to incentivise the private sector to help lift the burden of reducing energy dependence, as well as by using project investments as demonstration models and further the catalytic effect for further investments.

Identify potential risk and negative impacts related to environment and climate change from the proposed thematic areas and DEDs and consider how these may be mitigated in the design of the programme and the relevant DEDs.

- DED 4, Youth entrepreneurship and business development, includes supporting the enterprise development by, among others, stimulating selected value chains (tourism, wine and construction) with a combination of the above areas if delegated cooperation with the EU. These sectors could have negative impacts related to environment and climate change if they are not stimulated in sustainable and environmentally friendly manners. Therefore, mainstreaming sustainable and environmentally friendly practices such as organic wine production, eco-tourism or construction that has minimal impact on the environment could mitigate these risks.

Identify if EIA (Environmental impact assessment) or similar should be carried out, including legal

requirements in partner countries / organisations.

- It is assessed that there is no need for any EIA. Should Denmark decide to co-fund the above-mentioned EU project, it must be assessed whether mechanisms are in place to mitigate potentially harmful practices (although it must be expected that the project has already considered this).
- Some investments through IFU will be subject to EIA. This will be assessed on a case by case basis

Consider rights and access to key natural resources: land, water, energy, food and agriculture, including impacts on employment for youth, women and indigenous peoples, etc.

- Access to land may be challenging for both youth and women as it is traditionally held by men which for example hinders access to finance due to collateral requirements, which is a great obstacle especially for entrepreneurs.

***List the key documentation and sources used for the analysis:***

ILO (2016), World Employment and Social Outlook: Trends for Youth

Beyond IEA countries. International Energy Agency, (2014)

Danish Ministry of Foreign Affairs (2016), Evaluation of the Danish Neighbourhood Programme 2008-2015

OECD/IEA, (2016) Eastern Europe, Caucasus and Central Asia: Highlights. Energy Policies

Tbilisi State University, Migration, Journal of Migration Research Centre

Financing Climate Action in Georgia. Country Study 2016. Green Action Programme OECD.

World Bank, Fostering Entrepreneurship in Georgia, ed: S. Kurchalova, 2013.

#### 4. Capacity of public sector, public financial management and corruption

*Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:*

Capacity of the public sector for policy making, enforcement and service delivery.

- The democratic developments have been significant since the 1990s, and the 2012 parliamentary and 2013 presidential elections in the country led to one of the only peaceful transfers of power in the region replacing the United National Movement (UNM) with the Georgian Dream (GD) coalition. Elections were held again in October 2016 where the GD coalition further increased their majority in the Georgian Parliament forming a constitutional majority.
- The Government has continued to support the reform process initiated in the past. The vision and goals of Georgia is spelled out in the Social-economic Development Strategy (Georgia 2020), which focuses on economic development, job creation, and sustainable growth.

Quality and capacity of PFM, including budget credibility, comprehensiveness and transparency as well as control and external scrutiny / audit in all phases of the budget process as well as participation of citizens / CSOs in monitoring public budgets and corruption.

- Georgia had its last national PEFA assessment in 2013. It overall scores well (A) on most indicators, through with significant challenges when it comes to tax collection, payroll audits, oversight of parastatal companies and accounting practices. See however the section on corruption below.

The corruption situation and relevant anti-corruption measures and reforms.

- Georgia has significantly reduced its levels of corruption over the past four years. Reforms should continue to strengthen the Anti-Corruption Interagency Council and improve judicial integrity.
- To ensure Georgia's anti-corruption reforms are sustainable and institutions held accountable, in 2010 the Istanbul Anti-Corruption Action Plan recommended that Georgia continue public administration reform efforts; step up efforts to educate public officials and inform on government-wide anti-corruption efforts; ensure active and autonomous investigation and prosecution of corruption cases at all levels; and involve civil society more in the implementation and monitoring of national anti-corruption policies.

***List the key documentation and sources used for the analysis:***

OECD Anti-Corruption Network for Eastern Europe and Central Asia. Istanbul Anti-Corruption Action Plan. Second Round of Monitoring: Georgia Monitoring Report. ACN 2010.

## 5. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

*Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:*

Identify:

Where we have the most at stake - interests and values,

Where we can (have) influence through strategic use of positions of strength, expertise and experience, and

Where we see that Denmark can play a role through active partnerships for a common aim/agenda or see the need for Denmark to take lead in pushing an agenda forward.

- Denmark's interests in the region are mainly commercial, as Georgia could potentially become a relevant trade partner.
- In terms of values, Denmark can have an important role in promoting women's and girls' rights, youth's rights, and workers' rights. Denmark could also take a leading role in combating corruption in Georgia.
- Denmark can influence the much-needed labour market reforms in Georgia, as well as the enhancement of the business environment.
- Denmark can through bringing competences in sustainable energy solutions into play stimulate the green agenda and environmentally sustainable growth.

Brief mapping of areas where there is potential for increased commercial engagement, trade relations and investment as well as involvement of Danish local and central authorities, civil society organisations and academia.

- The proposal for supporting investments in renewables and energy efficiency through IFU, presents an opportunity for Danish companies to engage and bring competences to Georgia. It is also proposed that the Danish Energy Agency is involved with an Authority-to-Authority project to support the Ministry of Energy in creating an enabling environment for sustainable energy investments.

Assessment of the donor landscape and coordination, and opportunities for Denmark to deliver results through partners including through multilaterals and EU.

- Major donors to Georgia include the EU, the UN (hereunder ILO, UNDP, UNECE, UNHCR and UNICEF), the Swiss Agency for Development and Cooperation, the Canadian development agency, German Federal Ministry for Economic Cooperation and Development (BMZ)/GIZ, Sida, the World Bank Group, and the United States.

***List the key documentation and sources used for the analysis:***

National development strategies and progress reports; WB and other development partners' country analyses and diagnostics; national poverty assessments; IMF Article-4 and other country reports; national and UN SDG progress reports; UNDP Human Development Index; independent political-economy analyses.

## **Annex B - Partner descriptions**

### **UNDP in Georgia**

Since 1993, UNDP has worked with the Government of Georgia (GoG) in reforming key democratic institutions and promoting sustainable economic growth. UNDP assists the country to consolidate its democratic gains and promote national dialogue and action in the strategic areas, including the achievement of Sustainable Development Goals. They work closely with a wide range of partners and stakeholders and advocate for the empowerment of people to take part in pluralistic decision-making free from discrimination and with equal opportunity to contribute to, and share in, sustainable economic growth, the fulfillment of the country's environmental commitments, and in promoting confidence within and across communities divided by conflicts.<sup>5</sup>

In 2013, Mr. Niels Scott assumed his duties as UN Resident Coordinator and UNDP Resident Representative for Georgia.<sup>6</sup> The UNDP works in close collaboration with the GoG through a number of key ministries, departments, and agencies.

#### Policy areas<sup>7</sup>:

Closely cooperating with national institutions, civil society and the private sector, UNDP assists Georgia in four major areas:

- Democratic Governance
- Economic Development
- Environment and Energy
- Crisis Prevention and Recovery

In all activities, we seek to promote the achievement of the Sustainable Development Goals.

### **ILO in Georgia**

Georgia has been a member of the ILO since 1993. There is no National Coordinator office in Georgia. Instead, the ILO Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia, which has worked in Moscow since 1995, covers Georgia.<sup>8</sup> The ILO work in the sub-region focuses primarily on promoting Decent Work Country Programmes in the sub-region; development of social dialogue; social protection; employment development; occupational safety and health; gender equality in the world of work; HIV/AIDS at the workplace; elimination of child labor and other areas.

Currently, the ILO is carrying out 1 project in Georgia. The project “Improved Compliance with Labor Laws in Georgia” is a five-year project that supports the GoG to enforce labor laws and International Labor Standards (ILS), supports workers’ organizations to improve their capacities to represent workers’ rights and fosters national tripartite social dialogue.<sup>9</sup> The project is set to be finalized on 31 December 2018.

---

<sup>5</sup> <http://www.ge.undp.org/content/georgia/en/home/ourwork/overview.html>

<sup>6</sup> <http://www.ge.undp.org/content/georgia/en/home/presscenter/pressreleases/2013/10/07/newly-appointed-un-resident-coordinator-and-undp-resident-representative-niels-scott-takes-office-in-tbilisi.html>

<sup>7</sup> [http://www.ge.undp.org/content/georgia/en/home/operations/about\\_undp.html](http://www.ge.undp.org/content/georgia/en/home/operations/about_undp.html)

<sup>8</sup> <http://www.ilo.org/moscow/office/lang--en/index.htm>

<sup>9</sup> [http://www.ilo.org/labadmin/projects/WCMS\\_537483/lang--en/index.htm](http://www.ilo.org/labadmin/projects/WCMS_537483/lang--en/index.htm)

## **Council of Europe in Georgia**

Since Georgia became the 41th member state of the Council of Europe (CoE) in 1999, the country has signed and ratified 72 Council of Europe Conventions and made serious efforts to translate the standards of the Council of Europe into national legislation and practice.<sup>10</sup> In 2013, the GoG and the CoE adopted a three-year Action Plan (2013-15), which led the way for the current Action Plan (2016-19). The current Action Plan takes into consideration the results and achievements of the previous Action Plan and reflects the most recent findings of the Council of Europe's monitoring bodies, resolutions and recommendations in respect of Georgia, including those of the Committee of Ministers, the Parliamentary Assembly, the Commissioner for Human Rights of the Council of Europe, the Venice Commission, the European Committee for the Prevention of Torture (CPT) and the Congress of Local and Regional Authorities (the Congress). In addition, the Action Plan takes into account the challenges identified in the Secretary General's annual reports on the State of Democracy, Human Rights and the Rule of Law in Europe. The priorities of the National Human Rights Strategy of Georgia 2014-2020 and its associated action plans are also taken into account.<sup>11</sup>

The Action Plan for 2016 – 2019 includes the following priority sectors:

1. Protecting and promoting human rights and dignity, ensuring social rights.
2. Ensuring justice.
3. Strengthening democratic governance.
4. Countering threats to the rule of law: corruption, money-laundering, cybercrime, manipulations of sport competitions.
5. Confidence-building measures.

## **IFU in Ukraine and Georgia**

### Georgia

The Investment Fund for Developing Countries (IFU) has been operating in Georgia since 1999. As of 19 May, IFU have supported five projects in the country. Currently, IFU supports two on-going projects:

1. Newtelco Georgia (2011 - )
  - a. Expected total investment: DKKm 3.8
2. Poti Sea Port Coporation (2011 - )
  - a. Expected total investment: DKKm 1,205.2

### Ukraine

One of IFU's 10 regional offices is located in Kiev. IFU's office in Kiev provides on-location advisory services to Danish companies wishing to set up operations in the Balkans, Caucasus, Central Asia, Ukraine and Turkey.

Since 1996, IFU has supported 48 projects in the country with an expected total investment of DKKm 2,399.5. Of the 48, 21 projects are ongoing, expected total investment: DKKm 1,781.1. The projects covers a variety of industries, from real estate to agricultural and software development.

---

<sup>10</sup> <https://rm.coe.int/16805b011e>

<sup>11</sup> <https://rm.coe.int/16805b011e>

## Annex C – Results Framework

Note: the thematic level impact indicators are selected from the respective DEDs based on relevance to the overall country programme

### Governance thematic programme selected indicators

Impact 1.0	The human rights institutions address ethnic and minority rights violations effectively
Indicator 1.0	Number of discrimination complaints leading to legal proceedings and sanctions;
Baseline 2018	TBD within first 3 months (disaggregated on gender/ethnicity/rural-urban basis
Target 2022	At least a 50% increase
Impact 2.0	Local governments deliver services effectively in a transparent and accountable manner
Indicator	Number of subnational governments/administrations with transparent, accountable and effective planning, budgeting and monitoring systems
Baseline 2018	0
Target 2022	20

### Sustainable growth thematic programme selected indicators

Impact 3.0	Labour laws and workers' rights improved
Indicator 3.0	Quality of legislative and institutional reform progress
Baseline 2017	Labour law incomplete
Target 2021	The legal base for enforcing labour legislation is adopted and implemented in line with ILO recommendations
Impact 4.0	Substantial foreign direct investment in renewable energy
Indicator 4.0	Increase in non-hydro renewable energy share in the energy mix
Baseline 2017	No jobs created by IFU
Target 2023	4550 jobs created (incl. leverage)
Impact 5.0	Renewable (non-hydro) energy production increased
Indicator	MW produced from renewable energy
Baseline 2020	TBD assessed during design phase
Target 2025	TBD assessed during design phase

### DED 1 – Human Rights

Outcome statement	Legal framework is in place, institutions and key stakeholders implement policies tackling discrimination, racism, homophobia, transphobia and hate speech in Georgia;
-------------------	--



Indicator 1	Number of discrimination complaints leading to legal proceedings and sanctions;
Baseline 2018	TBD within first 3 months (disaggregated on gender/ethnicity/rural-urban basis)
Target 2021	At least a 50% increase
Source of verification	Court statistics, administrative data
Indicator 2	Number of criminal sentences in which grounds under the article 53.3 of the Criminal Code (on aggravating circumstances) have been considered;
Baseline 2018	TBD within first 3 months of the project (disaggregated on gender/ethnicity/rural-urban basis)
Target 2021	At least 15-20 cases
Source of verification	Court statistics, administrative data
Indicator 3	Number of PDO recommendations issued and fulfilled by public and private persons regarding discrimination on grounds such as race, colour, language, citizenship, origin, religion or belief, national, ethnic or social origin, sexual orientation and gender identity as listed in the 2014 Law on the Elimination of All Forms of Discrimination.
Baseline 2018	(Public – issued/fulfilled) )(Private – issued/fulfilled) - TBD in the first 3 months of the project
Target 2021	Increase by 50%
Source of verification	Administrative data, PDO reports
Indicator 4	Number of annual publication of data on hate crime/hate speech (data disaggregated including on ethnicity, gender...)
Baseline 2018	No
Target 2021	Established and operational
Source of verification	Administrative data

Output 1	Expertise on amendments of Legal and policy frameworks are prepared in line with CoE standards and submitted to the authorities
----------	---

Indicator 1.1.	Number of legislative acts/regulations reviewed by experts in line with CoE standards, including ECRI recommendations	
Baseline 2018	To be determined	
Target 2021	3 relevant draft laws submitted to the Parliament	Per year:
Source of verification	Official website, reports, ECRI report on Georgia	
Indicator 1.2.	% of ECRI Recommendations introduced in the normative acts;	
Baseline 2018	(to be verified/ determined)	
Target	At least 50%	
Source of verification	ECRI report on Georgia in 2020 (6th monitoring cycle), Concluding Observations by UN CERD on reports of Georgia, report to the Parliament by the Public Defender, HR NGO reports, media	
Indicator 1.3.	Methodology for hate crimes and hate speech joint data collection and monitoring tools developed;	
Baseline 2018	Inexistent	
Target 2021	Developed	
Source of verification	Administrative data and ECRI report on Georgia in 2020 (6th monitoring cycle), Concluding Observations by UN CERD on reports of Georgia, report to the Parliament by the Public Defender, HR NGO reports.	

Output 2	Professionals know how to apply new laws and policies, and are able to identify the hate motive in hate crime and hate speech; register hate crimes; collect evidence; conduct effective and independent investigations; prosecute hate crimes and demonstrating the hate motive; ensure data gathering; provide protection and assistance to victims of hate crimes and speech.	
Indicator 2.1.	Number of professionals able to implement relevant CoE and ECtHR standards regarding anti-discrimination, hate speech and hate crime as evidenced by participant feedback, references to CoE standards in judgements and PDO recommendations, etc.;	
Baseline 2018	500 per year	
Target 2021	1000 per year	

Source of verification	Administrative data, field data collection
Indicator 2.2.	Number of training programmes on anti-discrimination, hate speech and hate crime developed in order to be introduced in regular curricula of professional schools (High School of Justice, Training Centre for Prosecutor's Office, Police Academy;
Baseline 2018	1 (to be verified)
Target 2021	2 programmes/ professional school (tbv) per year
Source of verification	Administrative/field data
Indicator 2.3.	Number of HELP distance learning training courses made available to legal professionals in Georgian language;
Baseline 2018	2 courses on Hate Crime and Hate Speech and antidiscrimination in English; 1 on anti-discrimination in Georgian requires an update
Target 2021	4 new or updated courses per year
Source of verification	HELP website, field data, training reports

Output 3	Men, women and youth are better informed and aware of human rights, anti-discrimination standards, hate crime/hate speech and redress mechanisms is increased; NGOs initiatives are supported within "No Hate Speech Movement Campaign;
Indicator 3.1.	% of citizens aware of the redress mechanisms in the case of discrimination, hate crime and hate speech;
Baseline 2018	TBD in the first 3 months of the project - data disaggregated (gender, ethnicity, rural/urban)
Target 2021	20% increase
Source of verification	KAP initial and final study/survey, reports of the Public Defender, ECRI and FCNM reports
Indicator 3.2.	Number of local NGOs initiatives supported within "No Hate Speech Movement Campaign such as workshops, seminars, regular trainings and pilot projects;
Baseline 2018	0

Target 2021	6612 per year
Source of verification	Field data
Indicator 3.3.	Level of awareness of minority rights (including electoral rights)
Baseline 2018	Low awareness of minority rights
Target 2021	Medium (30% of persons belonging to minorities) to High (60%)
Source of verification	FCPNM Advisory Committee Opinion, Reports, Surveys

## DED 2 – Decentralisation

Outcome 1	Decentralization and good governance at the local level advanced, through promoting nation-wide policy reform, strengthening institutional and human capacities of national and local authorities, improving local service delivery and enhancing citizen participation in local policy making	
Outcome indicator 1.1	Number of subnational governments/administrations with transparent, accountable and effective planning, budgeting and monitoring systems	
Baseline	2017	0
Target	2022	20
Outcome indicator 1.3	Local budgets within the consolidated budget (%)	
Baseline	2017	17.6 %
Target	2022	20 %
Outcome indicator	Level of public satisfaction with local governments. Sub-targets for women, youth and ethnic minorities	
Baseline	2017	68.5% (general); 66.5% (women); 64.8% (youth 18-29); 70.3% (ethnic minorities) <sup>13</sup>
Target	2022	85 % (general); 86% (women); 84% (youth 18-29); 85% (ethnic minorities)
Outcome indicator 1.3	Level of citizen engagement in local decision making. Sub-targets for women, youth and ethnic minorities	

<sup>12</sup> 10 workshops and 7 training courses, 12 Living libraries and 12 Action days the CoE plans to organise along with 25 pilot projects. The Trainings and workshops are key supportive measure to help NGOs in building a counter-narrative to hate speech and discrimination as well as in implementing pilot project.

<sup>13</sup> The baseline indicators are taken from the citizen satisfaction survey with public services in Georgia 2017 (forthcoming)

Baseline	2017	6.5% (general); 5.1% (women); 4.9% (youth 18-29); 6.9% (ethnic minorities)
Target	2022	15% (general); 14% (women); 14% (youth 18-29); 15% (ethnic minorities)

Output 1	Improved policy and institutional framework to foster decentralization and promote accountable, transparent and participatory local self-government practices	
Output indicator 1.1.	% of initiatives implemented from the Good Governance Strategy and action plan	
Baseline	2017	0
Target	2020	30 %
Target	2022	60 %
Output indicator 1.2	Number of laws and policies adopted or initiated to fulfil GoG's commitment with regard to decentralization	
Baseline	2017	0
Target	2020	50
Target	2022	100
Output indicator 1.3	Number of municipalities with Gender Equality Councils and Gender Equality strategy/action plan in place	
Baseline	2017	24
Target	2020	40
Target	2022	50
Output indicator 1.4.	Number of municipalities engaged in Open Government Partnership initiative	
Target	2017	1
Target	2020	3
Target	2022	5

Output 2	Enhanced institutional and human capacities of national and local authorities	
----------	---	--

Output indicator 2.1.		National training system operational
Baseline	2017	No
Target	2020	Yes
Target	2022	Yes
Output indicator 2.2		Number of municipalities with effective human resources management systems
Baseline	2017	0
Target	2020	10
Target	2022	15
Output indicator 2.3		Number of municipalities with integrity strengthening systems established
Baseline	2017	0
Target	2020	10
Target	2022	15
Output indicator 2.4		Number of municipalities which apply and gender budgeting and strategic planning guidelines including localizing SDGs
Baseline	2017	0
Target	2020	10
Target	2022	15
Output indicator 2.5		Number of public officials qualified, including central and local government officials and municipal leadership desegregated by sex
Baseline	2017	0
Target	2020	200 (at least 30 % female)
Target	2022	300 (at least 30 % female)

Output 3		Municipal service delivery improved
Output indicator 3.1.		Number of municipalities with performance management systems for selected services established through project support

Baseline	2017	0
Target	2020	4
Target	2022	6
Output indicator 3.2.	Number of municipalities replicating performance management systems through the knowledge sharing platform	
Baseline	2017	0
Target	2020	5
Target	2022	10
Output indicator 3.3.	Number of municipalities with effective E-governance systems	
Baseline	2017	47
Target	2020	69
Target	2022	69

Output 4	Right holders empowered to engage in local policy making and claim their rights	
Output indicator 4.1.	The level of public awareness about the LSG reform, participation tools and mechanisms (%). Sub-targets for women, youth and ethnic minorities	
Baseline	2017	22.6% (general); 19.8% (women); 22.9% (youth 18-29); 17.2% (ethnic minorities)
Target	2020	30 % (general); 28% (women); 30 % (youth 18-29); 25 % (ethnic minorities)
Target	2022	40 % (general); 39% (women); 40 % (youth 18-29); 36 % (ethnic minorities)
Output indicator 4.2	Number of local Civil Society Organisations (CSOs) with strengthened capacities. Sub-targets for CSOs led by women, youth and ethnic minorities or working on empowering women, youth and ethnic minorities	
Baseline	2017	0
Target	2020	15 (general), 2 (women), 1 (youth), 1(ethnic minorities)
Target	2022	20 (general), 3(women), 2 (youth), 2 (ethnic minorities)

Output indicator 4.3	Number of citizen participation initiatives implemented by CSOs. Sub-targets for initiatives led by women, youth and ethnic minorities or targeted at engagement of women, youth and ethnic minorities	
Baseline	2017	0
Target	2020	10 (general), 2 (women), 1 (youth) , 1(ethnic minorities)
Target	2022	15 (general), 3 (women), 2 (youth) , 2 (ethnic minorities)
Output indicator 4.4	Number of communities with mobilization schemes developed with active engagement of youth, women or ethnic minorities	
Baseline	2017	0
Target	2020	10
Target	2022	17

### DED 3a and 3b – Civil Society support

3a - 2017-2021:

Outcome 1	Enhanced civil society influence on public decision making		
Outcome indicator	# of changes addressing societal needs brought by monitoring and advocacy efforts of CSOs and civic activists verified through EPF grantee reports and site visits		
	Level of civic activism in targeted communities (gender disaggregated when possible) verified through survey report		
Baseline	Year	2017	EPF grantee report and site visits since beginning of current EPF strategy period = 4  Analysis of gender skewed activism and development of strategy to increase the civic activism of the underrepresented sex is ongoing
Target	Year	2021	EPF grantee report and site visits since beginning of current EPF strategy period = 6 (of which at least 1 is achieved through effective media engagement)

Outcome 2	Enhanced youth volunteerism and civic engagement to address target community needs		
Outcome indicator	# of volunteers mobilized through youth-led initiatives funded by YICs		
Baseline	Year	2017	4000
Target	Year	2021	8000 (800 new volunteers per year)

3b - 2021-2025:



Outcome 1		Enhanced civil society influence on public decision making	
Outcome indicator		# of changes addressing societal needs brought by monitoring and advocacy efforts of CSOs and civic activists verified through EPF grantee reports and site visits	
		Level of civic activism in targeted communities (gender disaggregated when possible) verified through survey report	
Baseline	Year	2017	EPF grantee report and site visits since beginning of current EPF strategy period = 6
Target	Year	2021	EPF grantee report and site visits since beginning of current EPF strategy period = 10 (of which at least 3 are achieved through effective media engagement)

Outcome 2		Enhanced youth volunteerism and civic engagement to address target community needs	
Outcome indicator		# of volunteers mobilized through youth-led initiatives funded by YICs	
Baseline	Year	2017	8000
Target	Year	2021	16000 of which at least 35% are women

#### DED 4 – Inclusive labour market

Outcome 1		Regulatory labour market institutions ensure improved enforcement and respect for labour laws and international labour standards.	
Outcome indicator		Quality of legislative and institutional reform.	
Baseline	Year	2017	<ul style="list-style-type: none"> <li>Labour law reform incomplete</li> <li>Less than 1% of enterprises are being inspected</li> <li>35% of Georgian judges underwent ILO training on ILS</li> <li>Official roster of 11 mediators approved</li> <li>60% success rate in the mediation of collective labour disputes</li> <li>55% of the TSPC Strategic Plan for 2016-2017 is in a process of implementation</li> </ul>
Target	Year	2021	<ul style="list-style-type: none"> <li>The legal base for enforcing labour legislation is adopted in line with ILO recommendations</li> <li>Labour Inspectorate has been established in conformity with relevant ILO standards</li> <li>An increased number of court decisions at all levels take into account the labour code amendments and ILS</li> <li>All Georgian judges underwent the ILO training on ILS</li> <li>At least 50% success rate in the mediation of collective labour disputes per year</li> <li>At least 70% of the agenda items of the TSPC Strategic Plan implemented</li> </ul>
Output 1.1		Support provided for legislative reform. (MOLHSA, TSPC)	
Output indicator		<ul style="list-style-type: none"> <li>The legal base for enforcing labour legislation as per ILO recommendations is adopted</li> <li>Amendments to the labour code and continued labour law reform</li> </ul>	

			<ul style="list-style-type: none"> <li>Adoption of the labour inspection related legislative package currently being considered, including the OSH law</li> </ul>
Baseline	Year	2017	<ul style="list-style-type: none"> <li>Labour law reform incomplete</li> <li>Labour Inspection and OSH laws still to be adopted</li> </ul>
Annual target	Year 1	2017	<ul style="list-style-type: none"> <li>Research on the implementation challenges related to the implementation of the legislative reform considered.</li> </ul>
Annual target	Year 2	2018	<ul style="list-style-type: none"> <li>Technical advisory workshop(s) held on the implementation and practical challenges related to legislative reform being considered.</li> </ul>
Annual target	Year 3	2019	<ul style="list-style-type: none"> <li>Adoption of legislative reforms</li> </ul>
Annual target	Year 4	2020	<ul style="list-style-type: none"> <li>Technical advisory workshop(s) held on the implementation and practical challenges related to legislative reform being considered.</li> </ul>
Annual target	Year 5	2021	<ul style="list-style-type: none"> <li>Adoption of legislative reforms</li> <li>Review of impact of legislative reform undertaken.</li> </ul>
Output 1.2		Support provided for improved labour law and ILS compliance. (MOLHSA, GEA, GTUC TSPC, HSoJ)	
Output indicators		<ul style="list-style-type: none"> <li>Legal basis for labour inspection has been adopted.</li> <li>Management system of the inspectorate has been developed and is operational</li> <li>Number of interventions/inspections undertaken is approaching the minimum recommended 5% of enterprises.</li> <li>Improved understanding amongst relevant actors concerning Georgian labour legislation and the judicial use of International Labour Standards.</li> <li>Official roster of mediators approved.</li> <li>Percentage of success rate in mediation of collective labour disputes.</li> <li>Number of trainings of mediators.</li> <li>Number of mediators trained.</li> <li>Number of mediators on the roster.</li> <li>Number of employers and workers trained.</li> </ul>	
Baseline	Year	2017	<ul style="list-style-type: none"> <li>No legal basis for full-fledged inspection services</li> <li>No management system in place.</li> <li>Inspection visits stand at less than 1%.</li> <li>Only 35% of judges trained on the Georgian Labour Code and relevant ILO standards.</li> <li>Training curricula developed and available.</li> <li>Manual for Judges and legal practitioners developed and available.</li> <li>Official roster of 11 mediators approved.</li> <li>60% success rate in mediation cases.</li> </ul>
Annual target	Year 1	2017	<ul style="list-style-type: none"> <li>Progress made towards establishment of legal basis for inspection services.</li> </ul>
Annual target	Year 2	2018	<ul style="list-style-type: none"> <li>Increased % of judges trained (gender balanced).</li> <li>20 additional legal practitioners trained (gender balanced).</li> <li>Success rate in mediation maintained at stable level</li> </ul>
Annual target	Year 3	2019	<ul style="list-style-type: none"> <li>Legal basis for inspection services established.</li> <li>Increased % of judges trained (gender balanced).</li> <li>20 additional legal practitioners trained (gender balanced).</li> <li>Success rate in mediation maintained at stable level.</li> </ul>

Annual target	Year 4	2020	<ul style="list-style-type: none"> <li>• Management structure for inspection services in place and operational.</li> <li>• Increase in number of enterprise inspections</li> <li>• Increased % of judges trained (gender balanced).</li> <li>• 20 additional legal practitioners trained (gender balanced).</li> <li>• Improved frequency in the use of mediation.</li> <li>• Success rate in mediation maintained at stable level.</li> </ul>
Annual target	Year 5	2021	<ul style="list-style-type: none"> <li>• Increase in number of enterprise inspections.</li> <li>• Increased % of judges trained (gender balanced).</li> <li>• 20 additional legal practitioners trained (gender balanced).</li> <li>• Improved frequency in the use of mediation.</li> <li>• Success rate in mediation maintained at stable level.</li> </ul>
Output 1.3		Support provided to constituents, including members of the TSPC, to improve social dialogue institutions and processes. (MOLHSA, GEA, GTUC, TSPC)	
Output indicator		<ul style="list-style-type: none"> <li>• Effectively functioning TSPC.</li> <li>• Number and frequency of meetings of the TSPC and its working groups</li> <li>• Percentage of implementation of agenda items in the bi-annual strategic plan of the TSPC.</li> <li>• Number of legislative, policy and other documents adopted/amended based on TSPC decisions/recommendations</li> <li>• Number of regional social dialogue institutions established.</li> </ul>	
Baseline	Year	2017	<ul style="list-style-type: none"> <li>• 55% of agenda items in the 2016-2017 TSPC Strategic Plan is in process of implementation.</li> <li>• TSPC Strategic Plan for 2018-2019 under development.</li> <li>• Establishment of one regional social dialogue institution under consideration.</li> </ul>
Annual target	Year 1	2017	<ul style="list-style-type: none"> <li>• TSPC Strategic Plan for 2018-2019 adopted</li> </ul>
Annual target	Year 2	2018	<ul style="list-style-type: none"> <li>• 40% of agenda items in TSPC Strategic Plan for 2018-2019 implemented.</li> <li>• One regional social dialogue institution established.</li> <li>• All members of regional social dialogue institution trained (gender balanced).</li> </ul>
Annual target	Year 3	2019	<ul style="list-style-type: none"> <li>• 70% of agenda items in TSPC Strategic Plan for 2018-2019 implemented.</li> <li>• TSPC Strategic Plan for 2020-2021 adopted.</li> <li>• Establishment of one regional social dialogue institution under consideration.</li> </ul>
Annual target	Year 4	2020	<ul style="list-style-type: none"> <li>• 40% of agenda items in TSPC Strategic Plan for 2020-2021 implemented.</li> <li>• One regional social dialogue institution established.</li> <li>• All members of regional social dialogue institution trained (gender balanced).</li> </ul>
Annual target	Year 5	2021	<ul style="list-style-type: none"> <li>• 70% of agenda items in TSPC Strategic Plan for 2020-2021 implemented.</li> <li>• TSPC Strategic Plan for 2022-2023 adopted.</li> </ul>
Outcome 2		Youth entrepreneurship in Georgia promoted and strengthened through capacity building and institutional strengthening of the GEA and relevant	

		government institutions, with the aim of creating new businesses, strengthening and formalizing existing ones, and involving the private sector through the implementation of responsible business practices.	
Outcome indicator		<ul style="list-style-type: none"> <li>• Number of young Georgians who have established new businesses as result of the services or training provided by GEA or relevant government institutions</li> <li>• Number of responsible business practices put in place by business in Georgia as result of the actions undertaken either by GEA or the HR Secretariat</li> </ul>	
Baseline	Year	2017	<p>Despite the fact that Georgia has made considerable progress in terms of business enabling environment and institutional development to support the creation and development of enterprises, there is room for further improvement in various fields contributing to a better business climate with the aim of supporting the creation and development of businesses, particularly those of young entrepreneurs. Currently the youth unemployment rate is 30.8% and self-employment, in general, counts for 57.2% of the total national employment.</p> <p>This high level of self-employment most of the times is present under poor working conditions and with relatively low levels of productivity; which provides an opportunity to work towards formalisation and improvement in productivity. At the moment, no statistics on self-employment of youth are available, neither is there one for the percentage of employment in the informal sector. This lack of information hinders the establishment of a baseline in this regard. However, given the size of self-employment and knowing its characteristics, this proposal will focus on actions aimed at improving the productivity of young entrepreneurs and young self-employed in the country, as a way to bring them to formalisation.</p>
Target	Year	2021	<p>GEA and the Ministry of Labour possess the technical knowledge and tools necessary to put in place youth entrepreneurship programmes.</p> <p>Programmes tailored to the needs and characteristics of youth are designed and implemented by government institutions and the Georgian Employers Association, easing the creation of new businesses and their linkage with markets with economic potential in the country.</p> <p>The Human Rights Secretariat develops and implements a chapter on Human Rights and businesses, which includes the productive inclusion of youth entrepreneurs in the Georgian Economy.</p> <p>Responsible Businesses practices are promoted, in particular those aimed at linking established businesses with new youth entrepreneurs.</p> <p>Government institutions and GEA have the technical knowledge to carry out assessments to identify promising economic sectors and market opportunities, as well as the bottlenecks and inefficiencies, which impede the linkage of youth entrepreneurs with potential markets, such as the renewable energy sector, agriculture and tourism.</p>
Output 2.1		Technical support provided to EOs and Government bodies to put in place interventions to promote youth entrepreneurship and improve the business climate for the establishment of new businesses by the youth.	

Output indicator		<ul style="list-style-type: none"> <li>• 210 new enterprises established by youth across the country in rural and urban areas.</li> <li>• . 300 economic units are provided with business development services (BDS) in order to improve enterprise performance and/or formalization. BDSs will be provided by GEA and relevant public and private institutions identified in the inception phase.</li> <li>• Number of SIYB trainers and master trainers completed training.<sup>14</sup> 350 youth (men and women) trained by GEA and relevant government institutions<sup>15</sup> on entrepreneurship, who start their own business</li> </ul>	
Baseline	Year	2017	<p>There is a need to implement reforms to ameliorate the business climate in the country, particularly for the creation and development of businesses by youth.</p> <p>Although there exists a positive institutional, legal and policy framework for the creation and development of enterprises, it is not accompanied by programmes that respond to the characteristics and needs of youth to put in place enterprises, and to formalize informal businesses.</p> <p>At the local level there is a need of technical expertise to include enterprise development in local development plans.</p>
Annual target	Year	2017	<ul style="list-style-type: none"> <li>• Preliminary assessment of the main barriers faced by young entrepreneurs to establish their business and formalize them</li> <li>• Analysis undertaken to implement SIYB in Georgia</li> <li>• Policy dialogue among ILO constituents conducted on a regular basis to identify the main deterrents for youth to create new businesses and propose policy actions aligned with the recommendations proposed in the national EESE report.</li> </ul>
Annual target	Year 2	2018	<ul style="list-style-type: none"> <li>• Inputs for the design and implementation of measures aimed at easing the establishment of new businesses and the creation of self- employment are provided.</li> <li>• Technical capacity will be provided to GEA and the Ministry of Labour for putting in place strategies to generate opportunities for the youth to establish enterprises.</li> <li>• 50 trainers trained in Start and Improve Your Business (SIYB)</li> <li>• 90 youth trained on SIYB as a means to develop their business ideas and proceed to establish their own businesses</li> <li>• Technical support through ILO formalization tools will be provided to the Ministry of Labour and GEA.</li> <li>• 80 economic units are provided with BDS to improve their economic performance and competitiveness.</li> <li>• A study visit will be organised with the Ministry of Labour, GEA, GTUC and the Ministry of Economy in order for them to see and analyse the experience of the self-employment strategy of the national employment service of Denmark, in addition a meeting with centres for entrepreneurship development will be organised in the context of this visit.</li> </ul>
Annual target	Year 3	2019	<ul style="list-style-type: none"> <li>• 190 youth trained on SIYB as a means to develop their business ideas and proceed to establish their own businesses (of which at least 45% women)</li> </ul>

<sup>14</sup> For the realization of this output, the Start and Improve Your Business (SIYB) methodology and the Market Systems Approach will be used.

<sup>15</sup> Ministry of Labour, Ministry of Agriculture and other government institutions to be identified in the inception phase.

			<ul style="list-style-type: none"> <li>• 90 new businesses established by youth trained on SIYB</li> <li>• 140 economic units are provided with BDS to improve their economic performance and competitiveness</li> <li>• Technical support provided to GEA to put in place a portfolio of services for its affiliates, tailoring them to the needs, size, sectors and specific requirements, con particular emphasis on youth.</li> </ul>
Annual target	Year 4	2020	<ul style="list-style-type: none"> <li>• 70 youth trained on SIYB as a means to develop their business ideas and proceed to establish their own businesses (of which at least 45% women)</li> <li>• 100 new businesses established by youth trained on SIYB</li> <li>• MoLSHA and GEA will have the capacity to monitor, assess and adjust programmes for youth entrepreneurship</li> </ul>
Target	Year 5	2021	<ul style="list-style-type: none"> <li>• 210 new businesses established by youth trained on SIYB</li> <li>• 350 youth (men and women) trained by GEA and relevant public<sup>16</sup> and private institutions on entrepreneurship, who start their own business.</li> <li>• 50 trainers trained in Start and Improve Your Business (SIYB).</li> <li>• A SIYB network established in Georgia to continue training more youth on entrepreneurship</li> <li>• Technical support to the Ministry of Labour to promote entrepreneurship among women as part of the active labour policies framed in the national employment strategy.</li> </ul>
Output 2.2		Technical support provided to GEA and Human Rights Secretariat to implement a strategy to promote Business and Human Rights (BHR) and responsible business conduct.	
Output indicators		<ul style="list-style-type: none"> <li>• Number of trainings, seminars or conferences organized by GEA to engage its affiliates on a responsible business conduct.</li> <li>• Support provided to the Human Rights Secretariat to build their capacity to implement its action plan on Business &amp; Human Rights.</li> <li>• Number of services developed by GEA for the development and implementation of tools to promote the Business and Human Rights approach as well as RBC among Georgian companies</li> <li>• Number of actions undertaken by ILO constituents to promote and raise awareness on the importance of RBC and human right in businesses.</li> <li>• A toolkit to promote responsible business conduct.</li> </ul>	
Baseline	Year	2017	<p>The Government of Georgia, through the Human Rights Secretariat has developed a chapter on Business and Human Rights, and has indicated that, subsequently, the Secretariat will undertake actions to implement the chapter in question.</p> <p>The Georgian Employers Association (GEA) has formally expressed its interest to start working on responsible business conduct, and the implementation of the MNE declaration, as well as the UN Guiding Principles for Business and Human Rights. ILO will provide technical support to the GEA to design tools and services to support</p>

<sup>16</sup> Ministry of Labour, Ministry of Agriculture and other government institutions to be identified in the inception phase.

			its members and other Georgian enterprises in the implementation of responsible business practices.
Annual target	Year 1	2017	Analysis of the institutions involved in the promotion of responsible business conduct and human rights in businesses, and what has been done so far.
Annual target	Year 2	2018	<ul style="list-style-type: none"> <li>• Technical support provided to GEA to design and put in place a RBC strategy (70% of their affiliates have access to training on BHR/RBC)</li> <li>• Analysis of RBC and human rights in business, within the framework of the Association Agreement of Georgia and the EU</li> <li>• Capacity building on RBC for GEA and the Human Rights secretariat</li> <li>• Support provided to GEA and the Human Rights secretariat to develop a strategy for advocacy and awareness on the importance of human rights in business and responsible businesses conduct</li> </ul> Support provided for the development of a high level event to raise awareness on the importance of BHR/RBC among the private sector
Annual target	Year 3	2019	<ul style="list-style-type: none"> <li>• Technical support provided to GEA to promote linkages between SMEs in Georgia through an exhibition fair, and Business to Business (B2B) promotion.</li> <li>• Study visit, including GEA, GTUC and the HR Secretariat, to learn about RBC strategies, tools, and challenges.</li> <li>• Social dialogue among different actors working on BHR/RBC facilitated to promote synergies and strategic linkages among key actors in Georgia.</li> <li>• Support to GEA to promote productive linkages between its members and youth entrepreneurs as part of the RBC</li> </ul>
Annual target	Year 4	2020	<ul style="list-style-type: none"> <li>• A toolkit developed by GEA to promote responsible business conduct in the context of the ILO MNE Declaration and following the UN Guiding Principles for Business and Human Rights.</li> <li>• Technical support to the HR secretariat to establish linkages between large enterprises and new youth entrepreneurs in the context of their RBC.</li> </ul>
Target	Year 5	2021	<ul style="list-style-type: none"> <li>• Technical support to the HR Secretariat to implement its action plan on Businesses and Human Rights.</li> <li>• A portfolio of services developed by GEA for the development and implementation of tools to promote RBC among Georgian companies</li> <li>• Both GEA and HR Secretariat count with the knowledge to roll out their respective agendas on RBC and Human Rights and Businesses</li> <li>• An institutional framework created to provide private businesses with information and capacity building to implement RBC.</li> </ul>

## DED 5 – SME support

Outcome		The conditions for sustainable economic development have improved in selected sectors relevant for employment.	
Outcome indicator		Percentage of entrepreneurs in the promoted sectors confirm that the advisory services and further training opportunities available in inclusive and green economy (in keeping with the EU Small Business Act), and human resource management and development have improved their business performance (for male and female entrepreneurs alike; business performance measured by MSME turnover, MSME exports, MSME employment (gender and youth disaggregated) and sector-specific indicators as applicable.	
Baseline	Year	2020	MSME turnover MSME exports MSME employment (gender and youth disaggregated) No advisory services etc. available for target group
Target	Year	2023	MSME turnover MSME exports MSME employment (gender and youth disaggregated) 75% of entrepreneurs in the promoted sectors confirm that the advisory services and further training opportunities available in inclusive and green economy (in keeping with the EU Small Business Act), and human resource management and development have improved their business performance
Output 1		Green and inclusive business models are contributing to sustainable development in selected sectors relevant for employment <sup>17</sup>	
Output indicator		Number of new or improved business models for MSMEs in terms of inclusive and green economy which have been put into practice.	
Baseline	Year	2019	0
Annual target	Year	2020	TBD [Intended situation after first year of implementation]

<sup>17</sup> Examples of business models are: Small scale wine producers following the rationale of the Qvevri Wine Cluster, Guesthouse owners operating according to a mutual standard, farmers producing by Permaculture technique, apparel producers adhering to Business Social Compliance Initiative (BSCI) standards, furniture producers operating with mutual business practice and cooperating with others to facilitate joint procurement and sales, blueberries exported according to DCFTA export requirements, food and beverages offered as touristic service according to HACCP standards.

The definition of Inclusive Growth/Economy is: "Growth is inclusive when it takes place in the sectors in which the poor work (e.g. agriculture); occurs in places where the poor live (e.g. undeveloped areas with few resources); uses the factors of production that the poor possess (e.g. unskilled labour); and reduces the prices of consumption items that the poor consume (e.g. food, fuel and clothing)."

The definition of Green Economy: "A green economy is one whose growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services."



Annual target	Year 2	2021	TBD [Intended situation after two years of implementation]
Annual target	Year 3	2022	TBD [Intended situation after three years of implementation]
Annual target	Year 4	2023	TBD [Intended situation after four years of implementation]
Output 2		The delivery and use of advisory services and further training opportunities for the value chains has improved.	
Output indicator		Number of service providers providing either a new or improved service of which the demand is on the increase. (These services involve aspects concerning social and environmental standards, youth and gender.)	
Baseline	Year	2019	[Situation prior to engagement activity]
Annual target	Year 1	2020	TBD [Intended situation after first year of implementation]
Annual target	Year 2	2021	TBD [Intended situation after two years of implementation]
...	...	2022	TBD
Target	Year	2023	TBD [Intended situation when activity under the engagement ends ]
Output 3		In the regions of Georgia, supported cooperation projects among MSME and among MSME and public institutions tackle needs of MSME in the selected sectors.	
Output indicator		In the regions of Georgia, number of new or enhanced cooperation projects (i.e. via clustering) tackling the needs of MSME in the selected sectors have been implemented between businesses and between companies and public institutions in the inclusive and green MSME sector.	
Baseline	Year	2019	TBD [Situation prior to engagement activity]
Annual target	Year 1	2020	TBD [Intended situation after first year of implementation]
Annual target	Year 2	2021	TBD [Intended situation after two years of implementation]
...	...	2022	TBD ...
Target	Year	2023	TBD [Intended situation when activity under the engagement ends ]

## DED 6 – Enabling energy environment

Outcome 1		Increase investment in renewable energy solutions	
Outcome indicator		(National targets will be presented when the National Renewable Energy Action plan has been formulated and adopted) MW produced from RE Regulation concerning private sector investment in EE and RE transparent and incentivising and access to grid and other investment procedures are transparent and investor-friendly and technically feasible, with connection costs fairly distributed amongst investors Number of days for having an investment proposal approved Grid access and burden sharing of necessary grid expansions established	
Baseline	Year	2020	TBD
Target	Year	2024	TBD

Output 1.1		Guidance and analyses provided on experiences from the EU on how the EE and RE financial mechanisms and tariffs were managed, and how it can be tailored for Georgia in order to meet the requirements of the new energy market model	
Output indicator		Study on integration of and support mechanisms for non-hydro RE and EE technologies and applications in the industry based on international (incl. Danish) best practice and conforming to the Energy market in EU, and its policy implications for Georgia.	
Baseline	Year	2020	nil
Annual target	Year 1	2021	First study conducted
Annual target	Year 2	2022	Policy in place
Output 1.2		Measured wind data available for investors, also enabling authorities and regulator to better assess wind projects and manage connections.	
Output indicator		Improved meteorological data for key wind farm sites have triggered private investments in wind farms.	
Baseline	Year	2020	Wind farm sites and energy potential is based on estimates made in the late 1990's
Annual target	Year 1	2021	Measuring programme defined, and 2-3 measuring masts procured and installed
Annual target	Year 2	2022	Full year measurements for first sites recorded and analysed. Measuring masts relocated to next sites.
Annual target	Year 3	2023	Wind energy potential made available to potential investors, Full year measurements for next sites record. Measuring masts relocated to next sites.
Annual target	Year 4	2024	Site auctions conducted and implementation agreements entered for first sites. Wind energy potential for next sites issued. Measuring masts relocated to next sites.
Target	Year 5	2025	First sites operational, and project pipeline established.

Output 1.3		New wind and solar radiation atlas for Georgia created to enable optimum localization of wind farms and solar PV fields and potentially attract more investments due to better certainty.	
Output indicator		Prime sites for wind and solar farms identified and total wind and solar potential assessed.	
Baseline	Year	2020	Wind atlas for Georgia was created in late 1990's, no comprehensive solar radiation map available
Annual target	Year 1	2021	Strategy for wind and solar atlas established. Data collection initiated.
Annual target	Year 2	2022	Supplementary measurements initiated. Modelling initiated
Target	Year 3	2023	Wind and solar radiation atlas issued.
Output 1.4		System for incentivizing and promoting sustainable biogas from agricultural waste to the gas grid in place	
Output indicator		Biomethane (upgraded biogas) has been fed to the gas grid and accounted for by bio-certificates	
Baseline	Year	2020	Only small farm scale biogas plants exist, and only supplying the farms where they are located: sewage sludge digesters are also not feeding the gas grid.
Annual target	Year 1	2021	Investigation of potential organic resources and identification of "hot spots". Outline design for at least 5 plants including location and initial authority contacts.
Annual target	Year 2	2022	Feasibility study for at least one full scale biogas plant based on co-digestion of manure and organic waste, including gas grid connection and authority/permitting plan
Annual target	Year 3	2023	Identification of investors and other funding, business plan(s) and Gas Purchase Agreement(s) in place. Contract for construction tendered and negotiated.
Annual target	Year 4	2024	At least 1 large scale co-digestion plant has been constructed by private investors. Ticket/certificate system to document sustainability and use of biomethane according to REDD or other voluntary system in place.
Target	Year 5	2025	Biomethane in use for transportation, next plant(s) under construction
Output 1.5		Support to making Georgia EU compatible in terms of introducing sustainable biofuels from agricultural waste and municipal waste into the energy mix	
Output indicator		Biofuel is available to consumers and/or exported to EU	
Baseline	Year	2020	There is no production or import of biofuels in Georgia. The biofuel directive is not a national obligation
Annual target	Year 1	2021	Investigation of potential resources, technologies, and markets for sustainable production of biofuels in Georgia completed.
Annual target	Year 2	2022	Technology and site for biofuel production has been selected. Supply chain for feedstock and products has been set up.

Annual target	Year 3	2023	Investors and other funding (for example a NAMA) for a pilot or full scale plant, depending on chosen technology in place. Contract for pilot or full scale plant tendered and negotiated.
Annual target	Year 4	2024	Pilot or full scale plant erected and commissioned. Certification scheme (REDD or other) in place
Target	Year 5	2025	Biofuel available to consumers and/or for export.

Outcome 2	Georgia has increased energy efficiency and complies with the regulatory framework and commitments to the AA and Energy Communities		
Outcome indicator	(National targets to be presented when the National Energy Efficiency Action Plan is adopted) Relative reduction in consumption through EE reduced Regulation concerning private sector investment in EE transparent and incentivising		
Baseline	Year	2020	TBD
Target	Year	2024	TBD

Output 2.1	Production co-operations for low energy building components established		
Output indicator	Low energy building components are produced or assembled in Georgia		
Baseline	Year	2020	There is no local production of low energy building components that can fulfil the requirement in the new EE building regulation.
Annual target	Year 1	2021	The EE building regulation has been implemented with a 5 year horizon for compliance. An analysis of the supply chains for the building sector has identified most eligible producers for co-operation.
Annual target	Year 2	2022	Matchmaking events have been conducted and business development plans have been facilitated. Co-operation agreements entered between at least 2 consortia or groupings
Annual target	Year 3	2023	Investments and training have resulted in new production lines or processes for selected “first mover” components (e.g. high energy class windows). An energy labelling system for building components is in place, and awareness raising has commenced.
Annual target	Year 4	2024	First movers are building according to the EE building regulation or better.
Target	Year 5		The component requirements of the EE building code are in force, and at least 20% of building components are available from domestic production facilities.
Output 2.2	Feasibility study and analyses of Energy Efficiency Obligation (EEO) Schemes considering net metering opportunities to enable demand side energy efficiency and wider introduction of RE technologies at the household scale as a supplement to the NEEAP measures for 2017 - 2020		
Output indicator	Assessment of the possibilities and modalities of implementing EEOs in Georgia		

Baseline	Year	2020	Assess the relative strengths and weaknesses of EEO schemes and alternative measures based on the existing results of alternative measures of the NEEAP (draft as of may 2017) and make recommendations for the most appropriate approach against different scenario and under different circumstances.
Annual target	Year 1	2021	The knowledge and capabilities of existing staff of all stakeholders with regards to the different options available for the implementation of EEOs and creating of favourable conditions and policy to introduce EEOs has been improved.
Annual target	Year 2	2022	Roadmap for ensuring the effective engagement of a broad range of stakeholders with an interest in the implementation of EEOs, and for establishment of an EEOs is ready for implementation.

## DED 7 – Energy investment

Outcome	The projects contribute to increasing the provision of renewable energy, reducing energy consumption, greenhouse gas emission and the countries' dependence on imported energy.		
Outcome indicator	Ukraine: The country's 2020 renewable energy share of total energy consumption Georgia: Increase in non-hydro renewable energy share in the energy mix (no target available yet) Number of jobs created <sup>18</sup>		
Baseline	Year	2017	Ukraine: 8 percent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) No jobs created yet
Target	Year	2023	Ukraine: 11 percent renewable energy in total energy consumption Georgia: (insert targets when the RE action plan is available) 4550 jobs created (incl. leverage)
Output 1	At least 4 projects in Ukraine and 1-2 projects in Georgia.		
Output indicator	Number of projects Megawatts produced yearly from renewable energy solutions due to the projects, or saved due to energy saving measures		
Baseline	Year	2017	0 projects (IFU has not made any new projects in Georgia for several years and has disbursed in 1 energy project in Ukraine in 2016). 0 Megawatt
Annual target	Year 1	2018	1 project in Ukraine or Georgia in total

<sup>18</sup> Expected total number of decent jobs created: 4-5 direct jobs per one million DKK invested, out of which at least 35% will be women and 10% will be youth. 4-8 indirect jobs (jobs created in related enterprises, e.g. upstream or downstream a concerned value chain) For the SDG fund, the outcome indicator is 8000 direct jobs per one billion DKK invested, out of which at least 35% will be women and 10% will be youth, and 8.000-16.000 indirect jobs. The expected employment effect from NEIF is slightly lower, because climate projects employ fewer people once in operation.

Annual target	Year 2	2019	1-2 projects in Ukraine or Georgia in total
Annual target	Year 3	2020	2-3 projects in Ukraine or Georgia in total
Annual target	Year 4	2021	3-4 projects in Ukraine or Georgia in total
Annual target	Year 5	2022	4-5 projects in Ukraine or Georgia in total
Annual target	Year 6	2023	5-6 projects in Ukraine or Georgia in total 50 megawatts
Output 2		Leverage of the investments by way of funding from other investors, including transfer of Danish competencies within green technology and crowding-in of other technology and financial resources to the target countries <sup>19</sup>	
Output indicator		Amount of co-investment leveraged through the NEIF intervention	
Baseline	Year	2017	0 projects and 0 leverage
Total target	Year	2023	A total of 5-6 projects with a leverage factor of 7, corresponding to DKK 720-900 million (excluding NEIF's own participation)

<sup>19</sup> Assessed leverage factor approximately seven, the leverage factor cannot be guaranteed, but the leverage factor will be measured through the life of NEIF. The target examples in the table are made with the assumed leverage factor of seven.

## Annex D – Risk Management Matrix

Risk factor	Likelihood	Impact	Risk response	Background to assessment
<b>Context</b>				
Political commitments to the EU AA and DCFTA weakens up to upcoming election stalling reform progress	Unlikely	Significant	Continued policy dialogue with the EU towards enhance AA and DCFTA commitment	All significant parties in the Georgian parliament are supportive towards the EU cooperation
Escalation of violence in the two breakaway regions	Unlikely	Major	Policy dialogue in partnership with EU signalling continued EU commitment to Georgia	None of the partners to the conflicts have an interest in an escalation
<b>Programme</b>				
Human rights: limited attention to ethnic minority issue limits progress at the policy and implementation level	Unlikely	Major	Continued pressure with the EU and likeminded donors to keep a focus on vulnerable groups	GoG open to discuss issue on ethnic minority rights
Decentralisation: limited commitment to genuine fiscal decentralisation	Likely	Major	Policy dialogue with GoG together with lead development partners to promote decentralisation agenda	Previous reluctance to fiscal transfers to self-governments. Internal disputes within government as to degree of local self-governance needed
Upstream policies and strategies for the energy sector are not passed or finalised, rendering possibilities for downstream efforts futile	Unlikely	Major	Policy dialogue jointly with EU and lead donors on policy strategy implementation	There is a strong orientation towards energy sector reforms but there are many elements with political sensitivities
Government and employer organisation opposing improved social dialogue and decent work	Unlikely	Significant	Continued joint policy dialogue with EU and UN to motivate policy change	Government and employers organisation aware of outside and internal attention to the issues and need to improve situation
Lack of Danish presence on the ground limits	Likely	Minor	Ensure proper financial management and	All funding is channelled through

<b>Risk factor</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Risk response</b>	<b>Background to assessment</b>
oversight of programmes			M&E by implementing partners	development partners or multilaterals
<b>Institutional</b>				
Limited Danish past engagement means less policy influence and effect of Danish assistance	Unlikely	Major	Ensure regular monitoring missions to Georgia to follow-up programmes and policy dialogue	Denmark has limited past experience from working with Georgia



## Annex E – DANEP Georgia output-based budget for engagements initiated 2017-2019

### DED 1 – Human rights

	2018	2019	2020	2021	Total
Output 1 Legal and Policy frameworks	628 646	447 157	469 379	74 396	1 619 579 DKK
Output 2 Capacity building	617 487	1 190 336	967 855	74 396	2 850 059 DKK
Output 3 Awareness-raising	1 153 138	2 019 479	1 859 974	557 970	5 590 539 DKK
Transversal staff-office related	1 322 248	2 428 196	752 158	316 384	4 818 986 DKK
Total DKK	3 721 519	6 085 169	4 049 367	1 023 146	14 879 200

### DED 2 – Decentralisation

Budget Category	Est. Budget in DKK 2018	Est. Budget in DKK 2019	Est. Budget in DKK 2020	Est. Budget in DKK 2021	Est. Budget in DKK 2022	Est. Budget in DKK (total) 2018-2022
Output 1: Improved policy and institutional framework to foster decentralization and promote good governance principles at the local level	600,000	1,000,000	800,000	800,000	800,000	4,000,000
<i>Output 2: Enhanced institutional and human capacities of national and local authorities</i>	1,000,000	1,800,000	1,800,000	1,800,000	1,600,000	8,000,000
Output 3: Local service delivery improved with joint actions of national/local authorities and private sector	400,000	600,000	700,000	700,000	600,000	3,000,000
Output 4: Citizen Participation enhanced in local decision making	200,000	1,200,000	1,200,000	1,200,000	200,000	4,000,000
Project Management, Monitoring and Evaluation	840,000	840,000	840,000	840,000	840,000	4,200,000
Sub Total (net)						23,200,000
GMS (overhead, 8% of the net budget)						1,800,000
Total (Gross)						25,000,000

### DED 3a - Civil society

Development engagement	2017	2018	2019	2020	2021	Total
Core support to EPF	2,000,000	2,000,000	7,500,000	9,000,000	9,000,000	29,500,000
Review / M&E			500,000			500,000
Total in DKK	2,000,000	2,000,000	8,000,000	9,000,000	9,000,000	30,000,000

### DED 4 – Inclusive labour market

Heading	Input specifications	Year 1-Year 5		
		Rate	Units	Amount in DKK20
1. Direct Labour Costs				
Project Director (Chief Technical Advisor)	P5, 51 w/m, Tbilisi		51	5,531,388
Monitoring and Evaluation Officer	National Officer, 51 w/m, Tbilisi		51	1,146,104
Financial and Administrative Assistant G6	General Service Staff, 51 w/m, Moscow (50%)		51	494,990
Financial and Administrative Assistant G5	General Service Staff, 51 w/m, Tbilisi		51	704,277
Project Driver G3	General Service Staff, 51 w/m, Tbilisi		51	522,116
1. Total Direct Labour Costs				8,398,875
2. Operational costs (office rent, electricity, gas, internet, mobile phone, telephone landline, stationary, security, car fuel, etc.)				
Operational costs	Office rent, electricity, gas, internet, mobile phone, telephone landline, stationary, security, car fuel, etc.	2,758	51	870,532
2. Total Operational costs				870,532
3. Communication and evaluation				

Communication	Communication products and activities to ensure visibility of the project and its impact.						210,426
Monitoring and Evaluation	Mandatory mid-term and final evaluation.						294,596
3. Total Communication and evaluation							505,022
TOTAL Staff, operational costs, communication and evaluation cost (1+2+3)							9,774,429
4. Output based budget							
		Year 1-Year 5					
		2017	2018	2019	2020	2021	Amount in DKK
Outcome 1 Regulatory labour market institutions ensure improved enforcement and respect for labour laws and international labour standards.							
Output 1.1: Support provided for legislative reform.		43,323	664,562	593,154	178,071	122,307	1,601,417
Output 1.2: Support provided for improved labour law and ILS compliance		61,890	2,014,340	1,934,322	563,502	487,613	5,061,667
Output 1.3: Support provided to constituents, including members of the TSPC, to improve social dialogue institutions and processes.		37,134	684,299	745,706	183,894	103,845	1,754,878
Subtotal outcome 1							8,417,962
Outcome 2 Government institutions and EOs capacity to promote sustainable enterprises and the transition to formality is strengthened/consolidated.							
		2017	2018	2019	2020	2021	
Output 2.1 Technical support provided to EOs and Government bodies to put in place interventions to promote youth entrepreneurship and improve the business climate for the establishment of new businesses by the youth		50,750	1,393,429	2,058,461	693,813	392,612	4,589,065
Output 2.2 Technical support provided to GEA and Human Rights Secretariat to implement a strategy to promote Business and Human Rights (BHR) and responsible business conduct		75,506	714,749	819,914	242,790	144,346	1,997,305
Subtotal outcome 2							6,586,370

Subtotal Outcomes 1 and 2 (4)	15,004,332
Sub-total: Direct costs (1+2+3+4)	24,778,761
5. ILO Programme support cost (13% of 1+2+3+4+5 – standard ILO rate)	3,221,239
GRAND TOTAL	28,000,000

*For output-based budget related to energy investment, see the IFU DED in the Ukraine country programme document.*