

## Annex 4: Action Fiche for Georgia AAP 2011

### 1. IDENTIFICATION

Title/Number	Support to conflict settlement (CRIS: ENPI/2011/22568)		
Total cost	EUR 4 million - EU contribution		
Aid method / Method of implementation	Project approach – direct centralised / joint management		
DAC-code	15220	Sector	Civilian peace-building, conflict prevention and resolution

### 2. RATIONALE

#### 2.1. Sector context

##### Context analysis

After the conflict between Georgia and Russia in August 2008 the EU-funded programmes in South Ossetia have come to a practical standstill. In Abkhazia<sup>1</sup>, Georgia and adjacent areas in Western Georgia however, the EU projects are still ongoing and even new projects were launched. At present, the EU remains the largest donor in Abkhazia and adjacent areas in Western Georgia<sup>2</sup>.

After the 2008 conflict the EU has responded to the needs of people affected by the war by allocating up to EUR 500 million of new funding for Georgia. The greater part was allocated to the needs of internally displaced persons (IDPs) and channelled through budget support to the Georgian Government. However, less than 1% of this post-conflict funding has reached the population inside Abkhazia, Georgia and adjacent areas in Western Georgia and practically none in South Ossetia<sup>3</sup>.

The humanitarian and development needs of the local population in Abkhazia, Georgia and adjacent areas in Western Georgia remain high, especially for the predominantly ethnic Georgian inhabitants of the Gali district. International donor funding has decreased over the past few years due to political constraints of working across the conflict divide; only now the donor community is slowly starting to engage in these territories. The EU is playing a strategic role in keeping the door open for continued dialogue and sustainable development assistance in both sides of the administrative boundary line. In this context it is of utmost importance to ensure the continuation of EU engagement in this area.

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<sup>1</sup> The term "Abkhazia" refers to the territory under the control of Sokhumi. This terminology should not be considered as a form of recognition of independence in any way.

<sup>2</sup> At present, with €10 M of ongoing funding the EU is financing more than 80% of projects in Abkhazia and adjacent areas in Western Georgia which are being implemented by UN, international and local NGOs.

<sup>3</sup> The term 'South Ossetia' refers to the territory under the control of Tskhinvali. This terminology should not be considered as a form of recognition of independence in any way.

The EU line of action calls for confidence building measures as well as a flexible and permissive approach to contacts with populations and civil society in Abkhazia and adjacent areas in Western Georgia in order to overcome the breakaway territory's isolation. This programme builds on the commitment of the EU to continued engagement and support of the population in Abkhazia, Georgia and adjacent areas in Western Georgia<sup>4</sup>.

### Georgian Government policy towards Abkhazia

The Government of Georgia (GoG) has adopted a Law on Occupied Territories in October 2008 (Annex I) and developed a 'Strategy for the Occupied Territories and Cooperation for Engagement' (Strategy) in March 2010 (Annex II). In August 2010 the State Ministry for Reintegration adopted an Action Plan for the implementation of the Strategy (Annex III). The GoG subsequently adopted in October 2010 the "Modalities for the implementation of the Law on Occupied Territories, its Strategy and Action Plan" (Annex IV).

## **2.2. Lessons learnt**

Following the August 2008 war there are several lessons learned of EU post-conflict assistance in Abkhazia, Georgia and adjacent areas in Western Georgia and South Ossetia, Georgia. In addressing the question of how to successfully implement projects in these territories, there are a number of key factors that play a crucial role:

### Political support

Without political commitment of both conflict parties a programme cannot achieve results. There is a need for a minimum of political willingness and empathy on both sides to face difficult questions as well as to compromise on the basis of reciprocity ('give and take').

### Common ground

It is imperative for any programme in a conflict-affected area that actors on both sides find common ground for cooperation across the division lines.

### Dialogue

In order to reach common ground and political support in programming and implementation phases it is essential to include dialogue at all levels, which is an important tool for conflict-sensitive negotiation. Dialogue could be facilitated in a steering mechanism or a status-neutral-liaison mechanism as currently is envisaged by the defacto Abkhaz authorities and the Georgian government.

### Integrated approach

It is important to find a balance between the political interests and the needs of the local population. Sustainability of reconstruction and development projects becomes higher if the 'soft' side (such as training, awareness raising, management, maintenance, etc.) is included. Programme design should also take into account the needs of the population, working where possible with local civil society and communities – not only within, but also among different (ethnic) communities (e.g. people-to-people contacts).

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<sup>4</sup> The EU Special Representative for the South Caucasus, Peter Semneby, has called for a EU "two-track policy of engagement and non-recognition".

## Pragmatism

Working in a conflict-affected area entails many practical challenges and risks, such as insecurity, restricted access, lack of local implementation capacity, as well as unresolved legal issues (operating in a territory while not recognising the applied local legislation). These complications require a pragmatic and flexible programme approach from all involved stakeholders.

## Patience

Post-conflict situations require sensitive sequencing and timing of both quick-impact projects and mid- and long- term interventions. Quick and tangible results should be balanced against efforts that may only yield results on the long-run.

### **2.3. Complementary actions**

For the past sixteen years the European Commission has been funding programmes to support people affected by conflict in Abkhazia, Georgia and adjacent areas in Western Georgia. EU assistance started in the 1990s with humanitarian aid after the civil wars of the early 1990s, which then gradually broadened to more longer-term reconstruction and development projects (initially as part of Linking Relief to Rehabilitation and Development - LRRD).

Following a needs assessment in 2004 the EU developed an integrated approach towards its programming in Abkhazia, Georgia and adjacent areas in Western Georgia. To date, the EU has funded three subsequent rehabilitation programmes (covering electricity, drinking water, hospitals and schools), income-generation activities and community development, civil society projects and de-mining.

This integrated approach, which was shared by the UN and NGO implementing partners, proves to be successful in linking relief to rehabilitation and development. Different EU project partners are working jointly at grass-roots level with local (EU-funded) community centres. This cooperation increases the 'return on investment' and improves EU visibility for the population.

The EU interventions in Abkhazia, Georgia and adjacent areas in Western Georgia include the following projects:

- Assistance to the return and integration of displaced persons into the local socio-economic fabric, including rebuilding schools, hospitals and drinking water and electricity supply (TACIS/REH2004, EUR 4 million, 2005-2007 implemented by the United Nations Observer Mission in Georgia (UNOMIG) and UNDP; TACIS/REH2006, EUR 2 million, 2006-2008, idem; ENPI 2007, EUR 2 million, April 2010-April 2012, implemented by UNDP);
- Rebuilding war-damaged houses for the local population and returnees (Instrument for Stability, EUR 2 million, 2008-2010, followed by ENPI 2007, EUR 2 million, March 2010-March 2012, implemented by UNHCR in cooperation with international NGOs);
- Small-scale agricultural income-generation projects to help farmers and others getting out of the poverty trap (Non-State Actors/Local Authorities, EUR 2 million, 2008-2010 followed by ENPI 2007, EUR 2 million, March 2010-March 2012 implemented by UNHCR in cooperation with international NGOs);

- Strengthening local communities - socially and economically (Instrument for Stability, EUR 2 million, mid 2009-mid 2011, implemented by UNICEF in cooperation with international NGOs );
- Support to democracy and rule of law through local civil society (Instrument for Stability, EUR 0.45 million, 2009-2010, implemented by local NGOs);
- Facilitating dialogue and confidence building across the conflict divide (Instrument for Stability, EUR 2 million, 2009-2010, implemented by international NGOs in cooperation with local NGOs);
- Confidence Building and Early Response Mechanism (COBERM) (launched under the Instrument for Stability, May 2010-November 2011, managed by UNDP, implemented by international and local NGOs/UN).

The proposed programme envisages continuing on these past and ongoing experiences to support the long-term process of sustainable local development and confidence building, and, where possible, broaden areas and activities for engagement in line with the EU approach for continued support to people affected by conflict in Abkhazia, Georgia and adjacent areas in Western Georgia.

#### Donor coordination

There is good coordination between the main stakeholders (i.e. donors and implementing partners) operating in Abkhazia, Georgia and adjacent areas in Western Georgia. The EU Delegation organises monthly coordination meetings in Tbilisi on international assistance in Abkhazia, Georgia and adjacent areas in Western Georgia, which facilitate coordination and cooperation with the international actors. In addition, the UN is organising monthly coordination meetings for humanitarian actors operating in Abkhazia, Georgia and adjacent areas in Western Georgia, to which other donors and interested stakeholders are also invited. The newly appointed State Minister for Reintegration has recently announced her intention of organising information-exchange meetings with the international community every two months.

Coordination among donors, international NGOs and project partners has become evident in the unified response that the international community is giving to the challenges faced after the entering into force of the Modalities (see paragraph 2.1. above)<sup>5</sup>.

### **3. DESCRIPTION**

#### **3.1. Objectives**

This EU programme continues, and where possible, broadens EU engagement in Abkhazia, Georgia and adjacent areas in Western Georgia.

The **overall objective** of the EU programme is to promote the general welfare of the populations residing in Abkhazia, Georgia and adjacent areas in Western Georgia that suffer from the consequences of conflict. At the same time, these actions are designed to assist in

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<sup>5</sup> International community's stakeholders, led by UN, are sharing on a permanent basis the information provided to the SMR under the notification/non-objection procedure. Numerous preparatory meetings to decide on the sort of information and degree of detail that should be provided have taken place.

creating conditions for the return of displaced persons who had to flee their homes in the early 1990s. These actions also try to facilitate confidence building and dialogue between different parties.

The **specific objective** of the programme is to continue and broaden reconstruction and confidence building activities in the following fields – whereas civil society support will be included as an integrated cross-cutting issue of the programme:

- a) Basic infrastructure and/or housing rehabilitation;
- b) Income-generation and community-based activities;
- c) Confidence building and early response measures.

These proposed areas of cooperation are in line with the areas of engagement as defined in the Strategy and Action Plan of the Government of Georgia (see Annexes II and III).

Given the high sensitivity of the intervention and the changing political environment the specific areas of cooperation and mechanisms for the implementation of the programme will be determined during the contracting stage of the programme, after additional intensive dialogue among the EU Delegation, the Government of Georgia, the defacto Abkhaz authorities and other relevant stakeholders to define the concrete implementation modalities of the programme and the specific areas to focus on.

### **3.2. Expected results and main activities**

The project activities aim at achieving an improvement of the socio-economic conditions of the war-affected populations in Abkhazia, Georgia and adjacent areas of Western Georgia, reduce their isolation, and build up increased trust between divided communities.

Proposed activities could include, but are not limited to, the following areas of cooperation:

#### a) Basic housing and/or infrastructure rehabilitation (education, health, etc.)

The specific objective of this component is to continue the reconstruction efforts of basic infrastructure facilities started under the ongoing EU-funded programmes in Abkhazia, Georgia and adjacent areas in Western Georgia and to possibly continue and broaden shelter assistance to people in need, so as to improve the basic living conditions of the local population. Potential areas of cooperation include: school rehabilitation, public health facilities (hospitals, dispensaries, etc.), electricity supply, water and sewage systems, etc. The ENPI 2007 programme covers a very small part of the shelter/rehabilitation needs in Abkhazia, Georgia and adjacent areas in Western Georgia.

#### b) Income-generation activities (LRRD)

The specific objective of this component is to continue and broaden income-generation activities as started under the ongoing EU funded economic rehabilitation programmes in Abkhazia, Georgia and adjacent areas in Western Georgia.

This component of the project will build on the results of the so far successful EU policy to Link Relief to Rehabilitation and Development (LRRD), targeting local communities in Abkhazia, Georgia and adjacent areas in Western Georgia. This component creates an

incentive for local economic development through small-scale community-based and income-generating projects. Such small-scale activities should pave the way for the local population to resume small-scale economic activity in the region (“money to create”).

### c) Confidence building and early response measures

Concrete confidence building measures (CBM) will be considered to support a peaceful transformation of the conflict. Specific objectives of CBM projects will be to:

- Promote people-to-people interaction and contacts across the administrative boundary lines, as well as civil society cooperation to shatter myths/prejudices and foster the culture of tolerance between people affected and/or at risk of violent conflict;
- Strengthen local and national peace-building initiatives to provide direct peace dividends to people affected and/or at risk of a violent conflict, and
- Enhance peace enabling environment through increased capacities within communities, civil society, media and governments to mediate political differences through peaceful and constructive ways.

Building on the experience of the EU Confidence Building and Early Response Mechanism (COBERM) priority will be given to ideas/projects facilitating direct people-to-people contacts, for example, scholarships for Georgian and Abkhaz students.

## **3.3. Risks and assumptions**

### **3.3.1 Risks**

#### Possible political constraints

Political support to socio-economic rehabilitation and confidence building activities, as well as willingness to cooperate between the sides are preconditions for implementation of the programme. Lack of dialogue and political support could create obstacles for the programme. More concretely, a strict interpretation and application of the “Modalities for the implementation of the Action Plan” could result in a de-facto impossibility of the project partners to operate in Abkhazia, Georgia. At the same time, the de facto authorities in Abkhazia might reject any intervention that has been anyhow agreed upon with the Government of Georgia<sup>6</sup>. Hence a flexible and pragmatic approach is paramount for the implementation of the programme.

#### Security risks

There is a frequent recurrence in raised political tensions and criminality<sup>7</sup> that potentially affect the security situation in Abkhazia, Georgia and adjacent areas in Western Georgia, in particular in the Gali district, which could hamper project implementation on the ground.

Risk mitigating measures will be taken by the Delegation and focus on the promotion of dialogue between the conflict parties and the active lobbying on all sides for a pragmatic

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<sup>6</sup> This is the official stance of the de facto authorities in Abkhazia.

<sup>7</sup> E.g. in autumn 2010 several houses of ethnic Georgian families were burnt in the Gali region in retaliation for the murder of an ethnic Abkhaz customs’ official. The EU-funded shelter project supported the reconstruction of the burnt cottages.

approach to improve the living conditions of war-affected populations, and to create conditions for peaceful settlement of the conflict. In this respect assistance activities will be closely linked to political dialogue.

### **3.3.2 Crosscutting Issues**

A number of cross-cutting issues are embedded in all the activities foreseen under this programme, either directly, such as stability, conflict resolution, peace building and promotion of human rights, poverty reduction, protection of the environment and gender balance.

### **3.3.3. Stakeholders**

The main stakeholders of the action will be the Georgian Government and the de facto Abkhaz authorities. The specific activities to be conducted under this programme will be discussed with both sides prior to the signature of the Financing Agreement, and coordinated with other donors/stakeholders.

The main donors in Abkhazia and adjacent areas in Western Georgia are the European Union and the United States, with other donors slowly starting to operate in the area (Swiss Development Cooperation, SIDA, Germany).

As far as project implementation is concerned, the main stakeholders are those currently able to operate in Abkhazia, Georgia and adjacent areas in Western Georgia, i.e. UN agencies (e.g. UNHCR, UNDP, UNICEF), international NGOs (Action contre la Faim, Danish Refugee Council, Norwegian Refugee Council, HALO Trust, Première Urgence, Save the Children, World Vision), as well as local NGOs. All of these actors have been/are currently implementing partners in EU-funded projects.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Method of implementation**

The main method of implementation will be **Joint management** through the signature of one or more agreement(s) with an international organisation in accordance with Article 53d of the Financial Regulation. Given first encouraging results achieved with on-going programmes (see 2.3); relations established with main stakeholders and the experience of working in Abkhazia, Georgia, it is envisaged to continue operating through UNDP, UNHCR and/or UNICEF.

In addition, **direct centralised management** could also be used for concluding grants with local and/or international NGO up to an indicative maximum of EUR 1.5 million, to support specific activities in the 3 areas of intervention proposed (see 3.1). Provided that the acknowledgment of the crisis situation in Abkhazia, Georgia and South Ossetia, Georgia is extended (according to the provision of article 168.2 of the Implementing Rules) grants will be awarded on the basis of a negotiated procedure.

Direct Centralised management will apply to the Technical Assistance component (EUR 0.4 million) detailed in section 4.3 and this component will be implemented through service contracts (i.a. for TA support, monitoring, evaluation, audit).

## **4.2. Procurement and grant award procedures**

### 1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 21(7) of the ENPI Regulation.

### 2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): generally the maximum possible rate of co-financing for grants is 90%, given the specific situation and complications of operating in a conflict zone. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Union.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

### 3) Joint management with an International Organisation

In case an agreement with an International Organisation is signed, the related contracts will be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

## **4.3. Budget and calendar**

The total budget of the programme is EUR 4 million. A preliminary allocation of the funds to the three different components is as follows:

- Basic infrastructure rehabilitation: EUR 1.2 million
- Income-generation and community activities: EUR 1.2 million
- Confidence building and early response measures: EUR 1.2 million



- Monitoring, evaluation, audit and complementary Technical Assistance: EUR 0.4 million

The foreseen operational duration is 48 months as from signature of the contracts/contribution agreement(s).

#### **4.4. Performance monitoring**

Project monitoring and evaluation will be based on periodic assessment of progress on delivering of specified project results and towards achievement of project objectives. Suitable objectively quantifiable indicators will be agreed between the contracting Authorities and the project partners. A steering committee or status-neutral liaison mechanism with representation from both sides of the ABL<sup>8</sup> could be considered (where possible) as a mechanism for the overall monitoring of the programme implementation.

The steering committee should facilitate the dialogue among all relevant stakeholders on the programme definition and implementation. This dialogue should also manage possible risks and, where possible, support further activities to mitigate any risks that the programme may face during implementation.

The details concerning performance monitoring and other implementation specifics will be defined during the contracting stage in consultation with representatives from the Georgian Government and the de facto Abkhaz authorities, as well as with other relevant stakeholders.

#### **4.5. Evaluation and audit**

Appropriate planning and regular monitoring throughout the programme's implementation is foreseen by means of interim and ex-post evaluation. External audits might be carried out for the different contracts under this programme.

#### **4.6. Communication and visibility**

EU visibility should be an important political aspect of the programme in conveying EU values as integrated part of rehabilitation and confidence building measures. Any communication or visibility activity will be organised in accordance with the EU Communication and Visibility guidelines ([http://ec.europa.eu/europeaid/work/visibility/documents/communication\\_and\\_visibility\\_manual\\_en.pdf](http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf)). All communication and visibility activities will have to be agreed with the EU Delegation staff managing the action and that responsible for communication activities.

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<sup>8</sup> Administrative Boundary Line.