

PROJECT FICHE

Title	Support to the PCA implementation, particularly art. 51 and 55.		
Indicative cost	€ 4.1 million		
Aid Method	Centralised management		
DAC-code	15100	Sector	Government and Civil Society

1. RATIONALE

1.1. Strategic framework

The project “Support to the PCA implementation process”, particularly art. 51 and 55 directly addresses the priority area identified by both the 2004 - 2006 Tacis Indicative Programme and the 2003 -2006 Country Strategy Paper “Support for Institutional, Legal and Administrative reforms”. In particular, it focuses on providing assistance to enable institutional, legal and administrative reforms, which further contribute to the implementation of the Partnership and Cooperation Agreement (PCA).

The Partnership and Co-operation Agreement (PCA), which came into force in 1999 for 10 years, is the legal framework for relations between Georgia and the European Union. The agreement stipulates, in Article 43, that the European Commission should provide Georgia with technical assistance for the implementation of the approximation of Georgian existing and future legislation to that of the Community.

In 2004, Georgia was included among countries benefiting from the European Neighbourhood Policy. The ENP aims at reinforcing ties with neighbouring and partner countries through an array of new forms of cooperation and assistance based on a review of the progress made in the PCA implementation. During 2005, the Georgian Government and the European Union have initiated consultation on the ENP Action plan with the aim of reaching an agreed common text by earlier 2006. One of the priorities included in the ENP AP is to have easier access to the EU internal market for Georgia, which implies that Georgia needs to gradually adhere to Community standards and regulations concerning industrial and agriculture food products including sanitary and phytosanitary standards.

The project considers three areas of intervention which have been identified as being a main concern for the Government of Georgia. The first will deal with the PCA implementation and assist the GoG to execute the Action Plan in 14 priority sectors (Agriculture, Company Law, Competition, Consumer Protection, Customs, Environment, Financial Services, Intellectual Property, Labour, Public Procurement, Taxation, Technical Norms and Standards, Energy and Transport) issued after the National Plan for Legal Approximation which was adopted in 2003. The assistance is to focus on further capacity building in the governmental structures and institutions to consolidate what has been achieved in the previous phases of GEPLAC in terms of legal approximation. Progresses in legal approximation are yearly reviewed by the EU – Georgia Sub – Committee on Trade, Economic and related Legal Issues and they are contributing in defining the rules of the games for the business communities, and foreign investors. Assistance will be directed to specific areas, according to the progress done in implementing the Action Plan for the 13 priority sectors.

The second area focuses on assistance to the establishment of an effective Quality System Management, which will encompass standardisation, accreditation, metrology and market surveillance. This assistance will facilitate the implementation of the article 51 of the PCA on co-operation in the field of standards and conformity assessment. The project will contribute to Georgia’s integration in the world economy, which is one of the priorities in the Georgian and EU ENP Draft action plans.

The third area will aim at assisting the GoG in implementing the Article 55 of the PCA, which foreseen in the agriculture and agro – industrial sector a “gradual approximation of Georgian Standards to Community technical regulation concerning industrial and agriculture food products”. It will also allow Georgian enterprises to benefit from improved market access provision under Title III of the PCA, by establishing the framework for meeting the Community’s sanitary and food safety conditions for products imported from third countries. Approximation of legislation and controls is therefore required to ensure benefits of the PCA are derived by the agro-food sector which is one of the Georgian most important economic sectors, accounting for 20% of GDP and 30% of total exports.

1.2. Lessons learnt

Since 1994 the European Commission, mainly through the Tacis Programme, has been providing economic policy and legal advice to the Parliament and to the Government of Georgia. Because of the accelerating reform process and the conclusion of the Partnership and Co-operation Agreement (PCA) between Georgia and the EU, which includes provisions for the harmonisation of Georgian legislation with that of the European Union, an increased demand for EU expertise on economic policy and legal advice issues has become apparent.

An effective mechanism for supporting the elaboration and adoption of legislative acts, consistent with one another, and in line not only with social and policy directions, but also with European Union legislation was needed. For this purpose, as well as to support Georgia's accession to the WTO and in order to provide independent economic policy and legal advice to key parliamentary committees and governmental agencies and institutions, the Georgian-European Policy and Legal Advice Centre (GEPLAC) was established in November 1997.

The first project phase supporting GEPLAC (November 1997 - June 1999) focused, in particular, on Georgia’s accession to WTO.

Advice was delivered in the formulation of a general trade policy according to WTO rules, transposition of WTO obligations into domestic legislation as well as in technical assistance to support the approximation of Georgia's economic legislation to that of the European Union.

In addition, GEPLAC had a regular publications programme, including *Georgian Economic Trends* and *Georgian Law Review*.

During the second phase of the project (June 1999 - October 2001) the support to the implementation of the Partnership and Cooperation Agreement (PCA), which entered into force in July 1999, became the main focus of GEPLAC’s work and a “Guide to Support the Implementation of the PCA” was published.

The entry into force of the PCA, and the establishment of a regular dialogue through the Co-operation Council, Committees and Sub-Committees, created an opportunity to identify joint transition priorities of Georgia and the European Union. It is important that GEPLAC will continue to respond to this agenda.

The Georgian Government gives high priority to the implementation of the PCA and, in conformity with Article 43 of the PCA, to approximation of legislation in particular. A detailed strategy for approximation of legislation was adopted by the Georgian Government on October 2000. Substantial results have been achieved since and GEPLAC has clearly identified a wide range of issues in the areas covered by the PCA, which require further work. Progress is regularly reported to the EU-Georgia Cooperation Council.

Under GEPLAC Phase III (April 2002 - September 2003), the project assisted the relevant parliamentary committees, and appropriate government ministries and commissions, to identify the priority areas for the revision of Georgian legislation in order to be compatible with relevant EU

legislation. The Elaboration of a National Programme on Harmonisation of the Georgian legislation to that of the EU, based on the PCA, was the main priority.

A National Programme Report was presented to the PCA commission early April 2003. The fundamental purpose of the document was to present the overall harmonisation process and its aims, and the importance and practical features of harmonisation in each chosen economic sector.

The presentation of the National Report was followed by a period of consultation with Government, Parliament, and other interested parties and stakeholders. Thirteen workshops on the 13 priority sectors were organised from April – August 2004. An Action Plan outlining the priority areas for legislation drafting, adoption and implementation was adopted in November 2004.

The GEPLAC phase IV project has further developed, assisted in and monitored the implementation of this Action Plan. After the “Rose Revolution”, in July 2004 the PCA Commission was renamed to Governmental Commission for EU Integration. This should meet quarterly at Ministerial level to steer the work related to the implementation of the National Plan for Legal Approximation and any other issues related to the EU integration (for example ENP Action Plan).

As a result, substantial work in terms of approximation of legislation has been undertaken. In addition two monitoring tools - a checklist and the Benchmarking report – have been produced respectively to track the on – going work under the Action Plans and to understand the level of approximation of Georgia Legislation with the EU one.

However, the implementation of the PCA remains a challenge for the Government of Georgia. Provisions contained in the agreement are very broad and support a wide range of reforms aiming at approximate the Georgian system to the one of the European Union. Previous phases of GEPLAC have disclosed a number of recurrent obstacles to progress in the implementation of PCA and the consequent National Plan for Harmonisation of Legislation and Sector Action Plan. Firstly, insufficient capacity both at level of the Office of the State Ministry for Integration in the Euro – Atlantic and European Structures and line Ministries have seriously hindered advancement of the work enabling an effective legal approximation. Secondly, the Governmental Commission for European Integration and the supportive structures –The Inter-Agency Group and the Sector Working groups – function irregularly. This is due to the fact that these structures have weak mandates and badly defined job descriptions. In addition the present Minister’s office for EU Integration did not develop, so far, adequate coordination mechanisms to move forward the work in Line Ministries. Thirdly, law enforcement remains weak and uneven, as well as understanding and monitoring of law approximation and subsequent economic impact.

With regards to Article 55 of the PCA, concerning agriculture and sanitary and phito-sanitary measures, the GoG adopted a new framework law on *veterinary medicine* in 2004 and a *food safety law* in December 2005. These two organic laws introduce for the first time in Georgian internal legislation important EU principles and best practices such as Hazard analysis and critical control points (HACCP), traceability through the food chain, risk analysis used as a base for policy and embraces entire system from production to consumer (‘farm to fork approach’).

The development of the veterinary and food law have been supported with technical assistance provided by the EC-Food Security Programme jointly with the World Bank and USAID programmes during 2004 and 2005.

The proposed component under TACIS AP 2006, will support the Government in the development of the secondary legislation and technical regulations stemming from the new food law and vet law. It is crucial to plan and regulate the transitional arrangements for the establishment of the new food safety system carefully, because this process will entail costs on industry (and ultimately to consumers) as well require significant investments in some sub-sectors. Thus the timescale for full approximation to

EU *acquis* in this area, needs to be well planned and further external assistance is required to facilitate and guide the Government in the reform process.

The EC FSP will cease its activities at the end of 2006, and it is extremely important that the new Tacis project under AP 2006 will continue support in this field bridging the gap from the phase out of the EC FSP and the forthcoming ENPI. This is especially true, if the EC want to guarantee full sustainability of the important achievements attained so far by the EC-FSP in this field.

1.3. Complementary actions

The EC 2004 - 2006 Strategy Paper had foreseen a number of instruments to facilitate legal approximation. In 2005, a TACIS project began assistance to the Georgian Parliament to reinforce its capacity to screen legislation to ensure approximation and compatibility with the Community legislation. This will in general contribute to the development and consolidation of democratic institutions in Georgia through support for an effective, efficient and transparent working environment by enhancing the capacity, professionalism and accountability of the Georgian Parliament. The project will also support the Parliament's capacities in terms of EU integration policies and legislation.

As far as the establishment of an effective Quality System Management, which will encompass standardisation, accreditation, metrology and market surveillance, the EC will work closely with the other donors, which are assisting the GoG in this undertaking and notably, the WB, USAID and the GTZ.

As stated earlier, the support of the EC FSP has been pivotal in promoting the development of the new overarching legislation in food safety, veterinary medicine and phytosanitary regulations.

In the case of Food Safety, a new World Bank Rural Development Project became effective on October 2005 and will run for 4 years. Under Component 3 "Institutional modernization" (US\$3.17million), the WB project will also support the development of the food safety function (as well veterinary and phytosanitary functions) within the Ministry of Agriculture through the provision of grant-supported technical assistance and credit for equipment for inspectors and laboratories. The project will assist the development of food legislation, risk management, food inspection and laboratory accreditation.

The proposed TACIS intervention will focus mainly on legislative support for drafting secondary legislation and technical regulations necessary for the enforcement of the new food safety system, while the WB programme will concentrate its activities in institutional building through training and equipment of laboratories.

1.4. Donor coordination

The implementation of PCA mainly involves the Georgian Government, the European Union and its Member States. Co-ordination is ensured through regular meeting with Economic Counsellors of EU Member Countries' representations on questions related to economic development and in particular to trade and investment issues. In addition, specific assistance on issues related to tax and custom, or standardisation, intellectual property rights, food safety and veterinary law have been and will be co-ordinated with IFIs (World Bank) and other countries' assistance e.i. USA to ensure coherence in the approach.

In the field of agriculture and food safety, the EC FSP has established during the years good coordination mechanisms with the donors involved in institutional capacity building of the Ministry of Agriculture, mainly with WB and USAID through cross-conditionalities (in the case of WB) or by coordinating TA inputs as to complement the various interventions.

This close coordination will be continued under the new Tacis project. In this respect, it is worth mentioning that the EC Delegation has been chairing Donors coordination forum in Agriculture since 2004.

2. COUNTRY CONTEXT

2.1. Cooperation related policy of beneficiary country

The Partnership and Co-operation Agreement (PCA), which came into force in 1999, is the basis of relations between Georgia and the European Union. The Georgian Government has given high priority to the implementation of the PCA and, in conformity with Article 43 of the PCA, to approximation of legislation in thirteen key economic sectors in particular. In this respect, a National Programme for harmonisation of legislation, which was adopted in 2003, and an Action Plan which was elaborated with the support of the European Policy and Legal Advice Centre (GEPLAC) and approved by the Commission for EU Integration in 2004.

Substantial work in terms of approximation of legislation has already been done, and implementation of the National Programme for Harmonisation of Legislation and its Action Plan should be well advanced by the start of this project.

However, if legal approximation has progressed, the Government of Georgia (GoG) still needs to further develop institutional capacity and an appropriate and functioning system to monitor and screen new legislation as well as a sound understanding of the impact of newly introduced law and reforms.

The identified areas (quality management system and food safety) are critical to move ahead institutional reforms with a broad potential to improve economic growth, through enhanced competitiveness, which are strongly needed to consolidate the results already achieved in the last 2 years by the GoG.

Georgia, being a small country with limited natural resources endowment, needs in order to foster economic development to implement an export driven strategy. At present, Georgia trade barriers are mainly related to the low quality of its products and the difficulties it encounters to ensure constant products quality according to the set standards. In addition, Georgia still needs to make substantial progress in creating an appropriate business environment and improving foreign investments and trade relations, and in putting in place a functioning administration in consistence with the rule of law.

Therefore, it needs to introduce an improved quality management system for Georgian products, which can then conquer new markets, especially European ones, and increase trade potential for Georgian entrepreneurs, thus support economic growth.

Since the Rose Revolution, the Government of Georgia (GoG) has introduced a number of reforms which have had a positive impact on the private sector development: new tax code and performing fiscal policy, and new custom code, which will be introduced by the beginning of 2006.

Most recently, in June 2005, it has approved a package of laws to simplify and make more efficient the quality management system. Licenses and permits to register and operate business have been reduced from 909 to 156, while four new legislations have reformed the standardisation and accreditation system. These laws introduce a number of changes in the system, notably:

- Law on Standardisation establish the principle of voluntary standardisation and provides for basic for the procedure of elaboration and adoption of standards. It abolish the concepts of mandatory standards
- Law on Accreditation will be combined with the law on Conformity Assessment

- Law on Metrology aims at ensuring the unity of measurement in the following areas: trade, safety – health and environment.
- Law on General Product Safety aims at ensuring that only safe products are placed in the market and establishing the basis for the market surveillance authorities.

Among reforms aiming at improving the legislative framework for the Georgian quality system management, the Government has discussed reforms of the food safety and veterinary systems. A new Veterinary Law was developed and entered into force in 2004, which sets the basis for the modernization of the veterinary services in line with EU standards. In 2005, the Veterinary Department prepared a work plan identifying necessary steps for the preparation of secondary legislation, institutional arrangements and transitional provisions necessary to gradually introduce in the Georgian system the most important EU directives in the field of animal health, veterinary medicine and food safety.

At the same time a new organic law on food safety systems was adopted by the Parliament in December 2005. This new organic law, introduces for the first time in Georgia the principle of food safety control throughout the food chain in accordance with the provisions of the *acquis communautaire*

Improved quality management system in the case of agriculture products is even more important to enhance Georgian export capacity, since the agriculture and agro-processing sector ranks second in Georgian total export and has the potential to become the first in few years. Nevertheless, as controls in area of food safety and veterinary services are still weak, the Government of Georgia will need to pay particular attention to elaborate secondary legislative acts to further harmonize Georgian systems with EU standards, strengthen institutional capacity for its enforcement and support the set-up of the Food Safety inspection body.

2.2. Sector context

Article 43 of the PCA, call for assisting the Government of Georgia (GoG) in its efforts to approximate the legal framework to European Union legislation in a number of fields which make up for the business environment: investments by companies, customs law, company law, banking law, company accounts and taxes, intellectual property, protection of workers at the workplace, financial services, rules on competition, public procurement, protection of health and life of humans, animals and plants, the environment, consumer protection, indirect taxation, technical rules and standards, nuclear laws and regulations and transport.

Since the Rose Revolution, the Government of Georgia (GoG) has introduced a number of reforms which have had a positive impact on the business environment: new tax code and performing fiscal policy, new standardisation system, simplified licensing and permit procedures, and new custom code, which will be introduced by the beginning of 2006, which seems to be WTO and EU compliant. In addition, corruption practise are less common, as well as smuggling of goods; infrastructures, especially in Tbilisi, have been rehabilitated resulting in almost constant supply of energy, water and improved road. Reduced interest rates to 12-14 percent had enhanced access to credit for enterprises, and the banking system remains the most transparent and developed in the region. However, the Georgian economy still suffers from a difficult business environment.

However, there is a large scope for improvement. In fact, implementation of all these reforms is still difficult as the government lack the sufficient capacity. Therefore the EC Delegation proposes to continue to work with the Government of Georgia to facilitate the implementation of the PCA in these areas in order to facilitate economic development. In particular, the project will assist the Government of Georgia to rationalise and better integrate priorities contained in different strategic and political document, e.g. EDPRP, MTEF, Document presented to the Donor Conference in Brussels and sector strategies. At present the government is working on a strategy – Medium Term Action Strategy 2006-

2009 - which aims at rationalising different governmental political documents and priorities to focus the GoG activities and reforms. The project will assist the Government of Georgia in this exercise and make sure that priorities are consistent with those of the EDPRP, MTEF etc.

Growth in Georgia also depends on trade, which is still very under developed. In fact total exports of Georgia represent 0.02 of the European imports. Quality System management and sanitary and phytosanitary standards have been identified as major obstacles to further development of trade for Georgia.

The major barriers at present for Georgia to access the EU market are of non tariff nature but linked to safety and environmental standards and product quality. Thus there is a logic in Georgia engaging in a process whereby approximation to EU standards would greatly enhance opportunities to export especially in the food and agro-processing sectors. There are experiences in the world where Countries which have aligned to EU standards have benefited tremendously in terms of economic development and poverty reduction. This is the experience of Thailand for seafood products or Kenya in horticulture.

The Georgian quality system comprises standardization, accreditation, conformity, assessment, metrology and market surveillance. In the past, each of them had not functioned and has been perceived by the business community as cumbersome. In general, the legislation in place was not enforced, the procedures were difficult, the capacity of the governmental institutions in charge was limited and the system corrupted.

In particular, standardisation and accreditation have been ruled through an excessive number (almost 26,000) of mandatory standards, while international standards were still not recognized. For example, if a digital camera is to be imported with a foreign certification of quality and safety, the latter is not recognised and the importer is requested to test the product. As in Georgia there are not laboratories with the capacity to test such technology, the certification is granted on the basis of cash payment to the responsible authorities.

In addition, the GOST standards, which have been used as a basis for certification, are still those applied at the time of the Soviet Union, and therefore obsolete and inadequate to new products and technologies. Besides, most testing laboratories have limited capacity.

Consequently, the Georgian standardization and certification system have failed to promote exports to ensure safety of consumers, and have created additional barriers to imports.

Conformity assessment and metrology has also failed to perform its function. The unreliable result received from executing measurement and testing put in question not only the quality but also the validity of the products. The main hindering factor is lack of reliable measurement and testing. The low capacity of the current metrology service can easily put at risk the quality of the products manufactured in Georgia, and hinder access to local and international market.

Finally, market surveillance has been weak and randomly executed, in most of the cases is not at all performed, which contribute to further undermine the Georgian quality system. The existing market control in Georgia is neither efficient nor effective due to the following reasons: enforcement measure can only be carried out after obtaining court orders; insufficient number of inspectors; budget for salaries.

As far as Food Safety is concerned, a new food law was adopted by the Parliament of Georgia in December 2005. This law defines the food safety system, by establishing basic principles to be applied in food safety and quality, and the respective responsibilities of food business operators and government. The new law defines the official controls to be applied by the state to ensure compliance and defines a new "Food Safety and Veterinary Service" as an independent body, responsible for

implementation of official control. The new law is a major milestone in the approximation to the EU *acquis* of food safety and controls.

The new food law does not, however, approximate Georgian law with the detailed technical requirements contained in the *acquis*, and these will need to be addressed within a defined institutional framework. This should involve a series of technical working groups covering different legislative areas (meat, dairy, food hygiene etc) and with a structured and prioritized programme of work, which will need to be coherent with the wider agricultural sector strategy. The implementation schedule for the general requirements of the food law and the specific technical regulations should also be addressed at the same time, to ensure a phased implementation in line with development of improved capacities of enforcement bodies and the agro-food industry. Proposals for these arrangements are being prepared by the technical assistance currently being delivered in this area through the FSP, however, additional future support is required to facilitate and guide in this area.

Therefore, although a number of reforms have been introduced by the GoG, special attention will be given to two areas of intervention: how to operationalise an efficient Georgian Quality System, and how to strengthen the food safety system in the country in order to facilitate trade and to ensure the protection of consumers' health and the provision of safe food to the market.

3. DESCRIPTION

3.1. Objectives

The project aim is to support the Government of Georgia in its democratic process in developing a market economy and facilitate approximation/ alignment with the EU *acquis* in the framework of the PCA and European Neighbourhood Policy (ENP), with a special interest in measuring what can enhance trade relations and access to the European markets, as well as health protection in the country.

The project will comprise 3 components according to the above-mentioned objectives, as different Ministries responsible for the implementation of the reforms related to them, notably State Ministry for Euro – Atlantic and European Integration, Ministry of Agriculture and Ministry of Economic Development.

The project will have a three-fold objective:

- To continue promoting PCA implementation and legal approximation, by reinforcing the capacity to apply, enforce and monitor the legislation, as well as improving capacity to analyse and prioritise. It will assist as well in the fulfilment of commitments agreed under the ENP Action Plan. It will also make sure that economic reforms and other strategic document prepared by the GoG will be in line with the priorities set out by the EDPRP, MTEF and sector strategies.
- To support the Georgian Government to efficiently design and enforce the legislative and institutional framework for the Georgian Quality Management System, to set up the standardisation and accreditation system, legislation on permits and licences through TA and supply of equipment.
- To strengthen capacity of the Ministry of Agriculture and the food safety control agency to improve the quality of veterinary and food safety system, including the legislative and institutional framework and its enforcement.

To support the realisation of these objectives, and in case the national authorities finally give their agreement to the implementation of twinning projects, the Commission will take all necessary steps to set up the appropriate structures enabling the start of twinning operations in the following years.

3.2. Expected results and main activities

a. Expected results

Component 1

- Government bodies in charge of PCA and ENP equipped with prioritising, planning, coordination and monitoring capacity as well screening of legislation. Integration in the GoG Strategies of priorities linked with EDPRP, MTEF and other important political documents.
- Trained civil servants with a deep understanding of European approximation and integration issues, able to support the overall strategy for EU harmonisation/integration of the Georgian government and move Georgia closer to Europe.
- Proven capacity of the relevant Governmental bodies to act in partnership with EU institutions to deliver reform capable to improve business environment, notably through an efficient administration.
- Increased Governmental accountability and transparency as far as PCA and ENP Action Plan implementation process are concerned.
- Improved monitoring and communication capacity of the Government, Parliament and civil society.
- Increased ownership by policy makers and civil society to advocate and support PCA-ENP based economic reforms.

Component 2

- Proved improved efficiency of the General Quality Management System for Georgia, including standardisation and accreditation system, legislation on permits and licences and quality control system.
- A General Quality Management System harmonized with the EU “acquis communautaire” and WTO requirements.

Component 3

- Veterinary and Food Safety legal framework, secondary legislation and transitional arrangements for its enforcement harmonised with the EU “acquis communautaire” and WTO requirements.
- Institutional capacity of the Food Safety and Veterinary Department and technical working groups strengthened
- Increased understanding and awareness among producers, food-processors and consumers.

b. Main Activities

Activities will, inter alia, consider:

Component 1

- § Building capacity of the relevant governmental bodies in charge of PCA and ENP Action Plan process, as well as EDPRP and MTEF to perform responsibilities as requested for adequately implement their provisions.
- § Assisting the Georgian Government in the implementation of the provisions included in the PCA and ENP Action plan, related to institutional, administrative and legislative reforms.

- § Developing a clear benchmarking approach setting the references against which it will be possible to measure concrete results in the adoption, implementation and enforcement of legislative and regulatory provisions to be developed by Georgia and agreed by the Commission.
- § Assisting the Government of Georgia to establish an efficient mechanism to monitor the impact of legislative, administrative and institutional reforms on economic development, giving particular attention to evaluating the impact on the business environment
- § Building on the previous phases of GEPLAC provide TA to the Government to further approximate legislation in the framework of PCA and END AP. Particular attention will be given to improve business environment.

Component 2

- § Providing specific technical assistance (classical or Twinning) to efficiently design and enforce the legislative and institutional framework for the Georgian Quality Management System, which encompasses the standardisation and accreditation system, metrology, market surveillance.
- § Assessing needs of technical equipment for laboratories in charge of testing, in order to furnish some of them.

Component 3

- § Capacity building to the newly established Food Safety and Veterinary Service Department through training and policy advice.
- § Legal and policy support in the development of secondary legislation and technical regulations necessary in the approximation of the Food Safety System to EU standards covering different legislative areas (meat, dairy, food hygiene, etc).
- § Organize public awareness campaign and disseminate information on the new food safety system.
- § Advice the Ministry on appropriate transitional arrangements and functions required, along with requirements for other aspects of the food safety systems (specifically risk assessment and inspection functions).
- § Training of food regulatory working groups participants and Ministry's staff on the EU food safety *acquis*.

3.3. Stakeholders

Governmental Commission for EU Integration	The Governmental Commission for EU Integration is the beneficiary of the GEPLAC VI.
State Ministry for Euro – Atlantic and European Integration	The State Ministry for Euro – Atlantic and European Integration is the overall co-ordinator for PCA-related matters.
Line Ministries	The Line Ministries are responsible for drafting, and enforcing legislation as well as implementing the economic reforms. To the Ministries of Economic Development and Agriculture will be given special attention.
Food Safety and Veterinary Service – under the Ministry of Agriculture and Food	The new independent body, established under the Ministry of Agriculture and responsible for implementation of official control on food safety.
National Coordination Unit (NCU)	The national co-ordination unit is responsible for

	Georgia co-operation with the EU.
Private sector associations	Private sector associations representing economic stakeholders.
Civil Societies	Civil societies will benefit from participating in the European Integration process.
Business Community	Business community will benefit from a better business environment.

3.4. Risks and assumptions

The Government of Georgia continue to be highly committed to institutional reforms, fight against corruption, good governance and improved business climate as well as to the ENP process.

The framework food law proposes that the Ministry of Agriculture will be responsible for food safety policy and legislation development. At present a new structure within the Ministry to undertake this task has been created, the Food Safety and Veterinary Services. The intervention assumes that the Ministry will proceed with the internal restructuring commenced in November 2005, and appoint suitable staff to the legislative and policy functions for food safety within the Ministry.

3.5. Conditionalities

Assistance is conditional upon proven commitment to the PCA, and to the ENP Action plan implementation. Further progress towards democracy to enhance the government's credibility, toward sound capacity of civil society/NGOs is important in this context.

3.6. Crosscutting issues

Good governance, legislative reform, democratization, economic growth and improved business climate.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

Centralised management.

4.2. Budget and calendar

Service and/or twinning mechanism might be considered for the implementation of the technical assistance component of the project. Supply contracts might also be used for purchase of equipment.

The indicative budget for the programme is €4.1 million. It is envisaged that an estimated amount of €3.4 million will be used for provision of technical assistance and/or Twinning, and an estimated budget of €0.7 million is earmarked for equipment. This breakdown might be adjusted in the course of the implementations of the project.

The project duration is estimated, indicatively, at 24 months.

4.3. Procurement and award of grants procedures

All contracts (services, grants, twinning and supplies) implementing the financing agreement 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.

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

4.4. Performance monitoring

The project will be monitored by the Tacis monitors, based in Tbilisi.

4.5. Evaluation and audit

An ex – post evaluation should be performed by the Tacis monitors a year after the implementation of the project is ended.
