

ANNEX II TO FINANCING AGREEMENT N° ENPI/2013/025-001
TECHNICAL AND ADMINISTRATIVE PROVISIONS

BENEFICIARY COUNTRY/REGION	Georgia		
REQUESTING AUTHORITY	Government of Georgia		
BUDGET HEADING	19 08 01 03		
TITLE	Employment and Vocational Education and Training (EVET)		
TOTAL COST	EU contribution: EUR 27 million, of which: - Budget support: EUR 20 million; - Complementary support: EUR 7 million. From the ENPI 2012 and 2013 Special Measure "EaPIC" (Eastern Partnership Integration and Cooperation Programme)		
AID METHOD/ MANAGEMENT MODE	Sector Policy Support Programme: - Sector budget support (centralised management); - Project approach (direct centralised management).		
DAC-code	16020 11330	Sector	Employment policy and administrative management; Vocational training

1. INTERVENTION

In line with the "more for more" principle, this Programme benefits from funding under the Eastern Partnership Integration and Cooperation (EaPIC) programme, with the aim of fostering sustainable and inclusive growth and economic development.

1.1 Objectives

The General Objective of the Employment and Vocational Education and Training programme is to stimulate sustainable and inclusive socio-economic development through improved transition from training to employment.

The Specific Objectives (SO) of the programme are:

- SO 1: To strengthen the institutional and human resource capacities of the national authorities to design, coordinate, implement and monitor labour market and skills needs in close partnership with the private sector;
- SO 2: To enhance the quality and relevance of the VET system in a lifelong learning perspective in order to ensure better synergy between the skills and qualifications offered and the needs of the labour market;

- SO 3: To increase the attractiveness of the VET system to potential students and employers and to stimulate the engagement of employers in the design and delivery of vocational education and training and continuing education.

Specific attention will be paid to gender issues, notably the position of women in the labour market and their access to VET and continuing education and training. Other important target groups include young persons, long-term unemployed, self-employed, persons in low-productivity/low paid employment, returning migrants and internally displaced persons (IDPs). Target sectors provisionally include agriculture, tourism, energy, construction and transport but will be further refined following the adoption of the Government's national Development Strategy.

1.2 Expected results and main activities

Expected results are grouped around three components in line with the specific objectives. They will be addressed by the programme through a combination of budget support and complementary support.

COMPONENT 1: Effective Labour Market Management		
SO 1: To strengthen the institutional and human resource capacities of the national authorities to design, coordinate, implement and monitor labour market and skills needs in close partnership with the private sector	R1.1. Reliable and sustainable labour market information and forecasting	A sustainable Labour Market Information System (LMIS) is established with the involvement of all relevant stakeholders, which provides quantitative and qualitative labour market forecasts, disaggregated by gender, occupation, sector and region (as appropriate), and which permits better matching of skills and needs and demand/jobs.
	R1.2 Improved quality of Employment Support Services	The institutional and human resource capacities of the public Employment Support Services (ESS) have been strengthened, measured by the range and quality of services provided, the number of clients using these services, and the number of pilot labour market measures introduced.
COMPONENT 2: Enhanced quality and relevance of VET system		
SO 2: To enhance the quality and relevance of the VET system in a lifelong	R2.1 Enhanced matching of skills provided by the VET system with the needs of	Occupational standards are regularly updated in line with the needs of the labour market and

learning perspective in order to ensure better synergy between the skills and qualifications offered and the needs of the labour market	labour market	<p>with the National Qualifications Framework (NQF)</p> <p>Existing VET curricula revised and new VET curricula developed for occupations in line with the needs of the labour market</p>
	R2.2 Improved quality of VET qualifications	<p>Improved system of VET teacher career development, and initial and continuing teacher training, measured by number of persons entering the profession, length of service, and number of teachers trained</p> <p>Revised National Qualifications Framework (NQF) is established, based on the findings of the NQF evaluation and inputs of labour market information system, and proposals from sector and employers' organisations</p> <p>Non-formal learning recognition systems are developed, notably through the revision of the NQF</p> <p>Continuing education and short, flexible, tailor-made VET pathways are offered, in particular within active labour market measures and programmes.</p>
COMPONENT 3: Efficient transition from training into employment		
SO 3: To increase the attractiveness of the VET system to potential students and employers and to stimulate the engagement of employers in the design and	R3.1. Efficient transition from training to employment	<p>A system of career guidance, based on the Labour Market Information Management System (LMIMS) and labour market forecasts and studies, is established in educational</p>

delivery of vocational education and training and continuing education		<p>institutions and employment services, and is supported by a dedicated, user-friendly web-portal to which the public has access.</p> <p>Improved traceability of VET graduates entering into employment (wage and self-employment) or in internships in companies within a maximum of 15 months after graduation</p> <p>Elements of active learning methods and work-based¹ learning are embedded in the VET system</p>
	R3.2 Increased awareness of VET amongst potential students and employers	<p>Enhanced awareness of VET amongst young people/adults, measured by an increase in VET student applications.</p> <p>Improved standing and credibility of VET qualifications amongst employers</p>
	R3.3 Enhanced social partnership	<p>Revised, operational and effective social partnership model resulting in the establishment of sustainable, functional partnerships between training institutions and businesses</p> <p>Increased participation of employers, employers' and employees' associations in analysing skills needs, designing VET curricula, and supporting the transition from education and training to employment</p>

¹ Work-based learning: acquisition of knowledge and skills through carrying out – and reflecting on – tasks in a vocational context, either at the workplace or in a VET institution. WBL comprehends various forms / models, e.g.: apprenticeships, on-the-job training in companies, practical learning in the school context (in workshops, laboratories, simulated work environment), internships after graduation. As yet the concept of WBL is undeveloped in Georgia and one of the tasks of the TA support will be to assist the national authorities to elaborate its own understanding of and approach to WBL.

		Enhanced availability of apprenticeships and on-the job training schemes for VET graduates
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The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development.

The activities will include:

- The development of a Labour Market Information System capable of anticipating skills needed;
- Institutional Capacity Building of the Employment Support Services;
- The regular revision and update of Occupational standards;
- Sustainable revisions to VET curricula;
- Sustainable revisions to the system of teacher training and career development;
- The revision of the National Qualifications' Framework;
- The development of a Career Guidance System;
- Communications and Awareness Raising actions;
- Support to the introduction of elements of work-based learning.

1.3 Duration

The execution period of the Agreement will be as specified in Article 5 of the Special Conditions.

Pursuant to Article 6 of the General Conditions (Annex 1 of the present Agreement), the contracts implementing the Financing Agreement shall be signed at the latest within three years of entry into force of the Financing Agreement (except audit and evaluation). The deadline may be extended ("sunset clause").

2. IMPLEMENTATION

2.1 Implementation method and procurement and payment clauses

I. Budget Support

The Budget Support Component will be implemented through centralised management.

The Government of the partner country will confirm that the relevant Treasury account has been credited and provide documentary evidence of the transfer, including the exchange rate used.

II. Project approach

The Complementary Support Component will be implemented through direct centralised management on the basis of the following modalities:

(1) Technical assistance will be used to assist the national authorities (in particular the Ministry of Education and Science and the Ministry of Labour, Health and Social Affairs) to further develop VET and Labour Market policy, to introduce a Results-Based Management approach, and to design and implement labour market forecasting and planning tools. Support may also be provided to related agencies, such as the National Centre for Educational Quality, the National Teacher Professional Development Centre, and the State Social Agency. Social partner organisations, business associations, relevant civil society organisations and municipalities may also benefit from technical assistance in order to strengthen their involvement, and to establish sustainable partnerships for training-employment. Technical assistance will be delivered through a combination of high-level policy advice, capacity building and on the job-training.

(2) Twinning will be targeted at assisting in the start-up and institutional capacity building of the Employment Support Services.

(3) A Grant Scheme will support the design and implementation of pilot initiatives to strengthen the interface between labour market needs and the VET system, and to test important novelties of the VET and labour market reforms (e.g. work-based learning, training for unemployed, new training programmes oriented to rural and regional socio-economic development, matching skills and jobs). The scope of activities supported by the Grant Scheme will mainly be aligned with Component 3 of the programme.

Procurement clause: All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents drawn up and published by the Commission for the implementation of external operations in force at the time of the launch of the procedure in question.

Payment clause: All payments must be made by the Commission in accordance with the general and specific conditions of the Financing Agreement and with the procedures and standard documents drawn up and published by the Commission for the implementation of external operations in force at the time of the launch of the procedure in question.

2.2 Budget and calendar

2.2.1 Budget

The total programme cost is estimated at EUR 27 million, financed from the general budget of the European Union (from the ENPI 2012 and 2013 Special Measure “EaPIC” (Eastern Partnership Integration and Cooperation Programme)).

Categories	EU contribution (EUR million)	Government sector budget, according to BDD (MTEF) (without external contributions)
Budget Support Sector Reform Contract	20	VET budget: 2014-2017: 146,650 GEL Labour market budget: 2014- 2017 (not specifically disaggregated within BDD)
Complementary Support	7	
Grant Scheme	2.0	
Twinning	1.5	
Procurement	3.0	
Evaluation and audit	0.3	
Communication and Visibility	0.1	
Contingencies	0.1	
TOTAL	27	

2.2.2 Calendar

EUR 20 million, allocated in support of the Budget Support Sector Reform Contract, shall be disbursed in four instalments, starting in 2014. The indicative calendar for disbursement is as follows:

Disbursement of the first annual tranche (EUR 3.0 million) 2nd quarter 2014
Disbursement of the second annual tranche (up to EUR 4.0 million): 2nd quarter 2015
Disbursement of the third annual tranche (up to EUR 5.5 million): 2nd quarter 2016
Disbursement of the fourth annual tranche (up to EUR 7.5 million): 2nd quarter 2017

Each instalment shall be composed of either a fixed component or a fixed and variable component, entitled "tranche". Disbursement of the tranches will be contingent upon compliance by the Government of Georgia with the Conditions detailed in Appendices 1 & 2. Failure to fulfil the Conditions attached to the fixed instalment shall result in the irrevocable loss of the entire (fixed and variable) instalment.

The Table below gives an indicative overview of the contracting schedule for the complementary support operations:

Subject in generic terms	Type	Indicative number of contracts	Indicative trimester of launch of the
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3.5
7
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			procedure
Grant Scheme	Grant	8	Q3 2014
Twinning	Grant	1	Q2 2014
Technical assistance	Services	1	Q2 2014
Review the implementation of the Programme	Services	3	Q4 2014 Q4 2015 Q4 2016

2.3 Performance monitoring and criteria for disbursement

2.3.1 Description of performance monitoring arrangements

Performance monitoring of the proposed programme will be entrusted to an Employment and VET Sector Coordination Council under the co-chairmanship of the Ministry of Labour, Health and Social Affairs and the Ministry of Education and Science, which will consolidate the existing working groups set up to coordinate specific elements of the Labour Market, VET and Agriculture Development strategies, and which will include representatives from the National VET Council, from the world of work (e.g. employers and trade unions) and from Civil Society. In addition, the Council will include representatives from relevant line Ministries and State Agencies. The EU Delegation will be a member of the Council.

The establishment of the Employment and VET Sector Coordination Council is a general precondition for the budget support.

The Coordination Council will meet quarterly and will assure the technical and financial monitoring reports and the progress reports prepared for it by the responsible line Ministries, the Ministry of Labour, Health and Social Affairs and the Ministry of Education and Science.

To guarantee sound implementation of the Programme, the Coordination Council will ensure that:

- The European Commission is associated in all Government-Donors' discussions on the elaboration and implementation of the State Strategies for Vocational Education and Training and Labour Market and Employment;
- Any substantial revision of the structure and/or charters of the Ministry of Labour, Health and Social Affairs and the Ministry of Education and Science undertaken by the Government of Georgia will be subject to prior notification to the European Commission;

The Coordination Council will ensure that the following documentation related to the implementation of the Programme is made available to the European Commission, or any EU funded technical assistance financed under this Employment and Vocational Education and Training Reform Programme, or any other project or programme, including members of specialist missions (Reviews, Audit, Evaluation etc.):

- Bank statements relevant to the transfer referred to in Section 2.1 of these Technical and Administrative Provisions;

- Laws, Government Decrees and other legislative/regulatory acts and administrative provisions (draft and final) related to the sectors relevant for the implementation of the Programme;
- Reports and Agreements with the IMF, the World Bank, the United Nations and its Agencies, the Council of Europe and its Agencies, and;
- Government and other donor policy documents and reports (draft and final), relevant to the implementation of the Programme.

2.3.2 Criteria for disbursement

Instalments of the budget support will be payable to the Georgian State Treasury, subject to the fulfilment of General and Specific Conditions agreed in the Policy reform Matrix (Appendix 1 and 2) attached to the Programme's Technical and Administrative Provisions..

General conditions for the disbursement of all tranches covering at least the eligibility criteria for budget support:

- Satisfactory progress in the maintenance of a stability-oriented macroeconomic policy;
- Satisfactory progress in the review and implementation of relevant and credible medium-term partner country Labour Market and VET reform strategies;
- Satisfactory progress in the implementation of its programme to improve public financial management;
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

In addition, the release of the variable tranches will be linked to the compliance with Specific conditions in three policy reform areas:

- Effective Labour Market Management
- Improved quality of VET System
- Efficient transition from training into employment

The details are given in Appendix 1 and 2.

Analysis of the chosen performance indicators in Appendix 1 represents the fact that they are of adequate quality to justify their use for the disbursement of budget support.

The chosen performance targets and indicators specified in Appendix 1 will apply for the duration of the Programme. However, in duly justified circumstances, the Government of Georgia may submit a request to the European Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties..

3. MONITORING, EVALUATION AND AUDIT

3.1 Budget support

Evaluation and monitoring of the Budget Support Sector Reform Contract will be carried out by external experts contracted by the Commission Services. Commission Services will procure as necessary the services of experts to carry out independent reviews of the programme prior to the release of the variable tranches.

3.2 Project approach

(a) Day-to-day technical and financial monitoring will be a continuous process as part of the Beneficiary responsibilities. To this aim, the Beneficiary shall establish a permanent internal, technical and financial, monitoring system to the project, which will be used to elaborate the progress reports.

(b) Independent consultants recruited directly by the Commission (or the responsible body to which the monitoring task has been delegated) on specifically established terms of reference may carry out external monitoring ROM system, which in principle will start from the sixth month of project activities, and will be finalised at the latest 6 months before the end of the operational implementation phase.

(c) A mid-term evaluation as well as a final evaluation and a final audit are foreseen for the programme.

Additional evaluations, verifications and/or audits of the TA projects under this programme can be requested by the EU at any time.

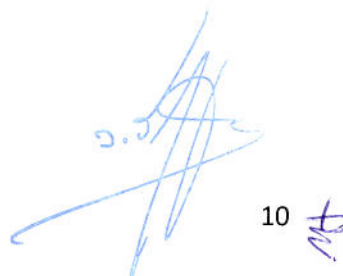
4. COMMUNICATION AND VISIBILITY

Communication and visibility initiatives shall focus on the achievements and impact of the action. In order to maximise the impact of communication efforts, both the Government and the implementing partners for the different technical assistance projects under this programme shall produce and adopt a communication and visibility plan within six months of the signature of the Financing Agreement or as an Annex to the Inception Report for TA project(s), in accordance with the EU Communication and Visibility guidelines and in agreement with the Delegation of the European Union to Georgia.

(http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf).

The above-mentioned communication and visibility plan shall be endorsed by the Coordination Council for the Budget Support Programme, which will include representatives from the Delegation of the European Union to Georgia.

In order to promote accountability and transparency and to enhance the visibility of the Programme, the EU together with the partner country shall disseminate information, organise public events, and issue press briefings on the Programme's achievements and developments, including disbursement conditions, performance reviews etc.



APPENDICES

- 1 - Performance criteria and indicators used for disbursement
- 2 - Disbursement arrangements and timetable

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