

European Neighbourhood Programme for agriculture and Rural Development in Georgia – Phase IV (ENPARD IV) – Budget Support Review

Review Mission of the Budget Support component of the ENPARD IV Programme

The overall objective of this budget support contract is to assist the Government of Georgia to provide better quality livelihoods and living conditions for its citizens. Its specific objectives are: i) to improve food safety for a better protection of consumers and enhanced export opportunities under the Deep and Comprehensive Free Trade Agreement (DCFTA); ii) increase employment rates in rural areas in particular for non-farming jobs.

The implementing period lasted from 2020 to 2025. The budget support component of the programme totalling EUR 31,000,000 gave an incentive for the reforms in the sector requiring increased capacities for the Competent Authorities. A fixed tranche of EUR 11,000,000 was paid in 2020 as part of the Team Europe response to the impact of the Covid-19 pandemic on the agriculture and rural development sector. Then between 2021 and 2024, 4 variable tranches were assessed and of EUR 20,000,000, EUR: 11,750,000 were paid and EUR 8,250,000 decommitted in 2025.

ENPARD IV – Georgia - Budget Support review

Main findings

The Programme supported the implementation of the 2021-2027 Agriculture and Rural Development Strategy. It has achieved tangible progress in improving rural livelihoods and reducing poverty, in providing access to public services, investments in rural infrastructure and in improving food safety.

The institutionalised Interagency Coordination Council for Agriculture and Rural Development became an inclusive policy dialogue platform to monitor the implementation of the strategy.

Most of the selected performance indicators of the strategy under review in 2021, 2022, 2023 and 2024 were achieved.

Despite such positive assessment, a termination and decommitment decision was taken, following a breach in fundamental values which halted de facto the EU accession process supported by such direct financial support to the Government of Georgia.

Lessons learnt

Budget support instrument has proven to be an important foundation for fostering a coordinated policy dialogue between stakeholders.

Where the EU regulatory approximation process was anchored within Georgia's Agriculture and Rural Development Strategy, it gained institutional legitimacy and political ownership, resulting in increased domestic budget allocations directed to the sector.

The performance indicators for implementing the Rural development and agriculture strategy could have been better selected to reflect the level of implementation of necessary reforms at outcome level (in particular for food safety, irrigation water and rural infrastructure), to measure the policies' efficiency and sustainability.

Recommendations

Enhance the LEADER approach and funding opportunities for Local Action Groups through the national budget. Further decentralise infrastructure decision-making processes to municipalities and avoid conflicts of interest for business co-financing of Local action Groups members.

Develop the Rural Development Agency towards a full-fledged accredited Paying Agency, relying on a digitalised data-based administration, including the farm sustainability data network, providing economic, social and environmental data from representative samples of farms.

Ensure the traceability and investments for compliance with sustainability standards to anticipate the access to the EU market.

Elaborate a strategic programming building on competitive advantages and targeted beneficiary farmers.