



United Nations
Development Programme



European
Commission



UNOMIG MOOHHT

United Nations Observer
Mission to Georgia

MEMORANDUM OF UNDERSTANDING

Between

Delegation of the European Commission to Georgia and Armenia,
United Nations Development Programme in Georgia (UNDP Georgia),
United Nations Observer Mission in Georgia (UNOMIG),

Concerning

Economic Rehabilitation Programme – Phase I

This Memorandum of Understanding (hereafter referred to as "MoU") is made this day of 30 September 2005, by and between (*as referred to in alphabetical order*):

The Delegation of the European Commission to Georgia and Armenia (hereafter referred to as "EC") with offices at Nino Chkheidze Street 38, Tbilisi, Georgia;

The United Nations Development Programme (UNDP) in Georgia (hereafter referred to as "UNDP"), with offices at Eristavi Street 9, Tbilisi, Georgia;

The United Nations Observer Mission in Georgia (UNOMIG) (hereafter referred to as "UNOMIG"), with offices at Krtsanisi Street 38, Tbilisi, Georgia, and

The EC, UNDP and UNOMIG will be the Parties to the MoU (hereafter referred to as "Parties")

1. Purpose

This MoU is valid in accordance with the first phase of the rehabilitation programme for the zone of conflict, i.e. for Gali, Tkvarcheli, Ochamchira and Zugdidi districts, financed by the European Commission with a budget of 1.98 million Euros (contracts governing the implementation of the Project "Economic Rehabilitation programme for the Georgian-Abkhaz zone of conflict", Subject: Rehabilitation, hereafter referred to as "Project");

The purpose of the MoU is the cooperation and distribution of tasks among the Parties as required for the implementation of the activities of the Project.

The EC will be funding agency of the Project whereas UNDP and UNOMIG will be the main management and coordination agencies of the Project. For this purpose the current Project consists of two contracts: 1) Grant agreement between the EC and UNDP and 2) Grant agreement between the EC and UNOMIG (hereafter referred to as "Grant Agreements"). These Grant Agreements are concluded in the context of the EC-UN Framework Agreement.

The EC, UNDP and UNOMIG share the same objectives and can mutually benefit in complementing their operational management capacity. Comparative advantages of each partner should be utilised by setting up medium and larger scale projects of the EC that could complement on the one hand the Quick Impact Projects (QIPs) and larger-scale projects of UNOMIG in conjunction with new rehabilitation projects of UNDP and other UN agencies on the other hand.

The activities of UNOMIG and UNDP will complement each other for the implementation of the Project. In accordance with the Project and Grant Agreements as well as any other related projects through other voluntary contributions of donors managed and coordinated by UNDP and UNOMIG. UNOMIG will focus more on the

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infrastructure rehabilitation and UNDP, together with the other UN-Agencies and international and local organisations and NGOs, will focus on capacity building and community-based income-generation activities.

The Commission will conclude two grant agreements, i.e. with UNOMIG and with UNDP (the latter also representing other UN agencies) where UNOMIG and UNDP act as management and coordinating agencies for EC rehabilitation funding (taking into account the differences in organisation and mandate between UNOMIG and UNDP/other UN agencies).

Such cooperation agreements between the EC, UNDP and UNOMIG based on the Framework Agreement between the EC-UN will help to ensure the compatibility between the EC and UN activities and coordination of policy, programming and project assessment.

EU visibility is an important political aspect of the programme in conveying EU values as integrated part of rehabilitation and confidence building measures.

✓ The target areas for rehabilitation will focus on the four districts of Gali, Ochamchira, Tkvarcheli on the Abkhaz side as well as the Zugdidi district on the Georgian side of the cease fire line (hereafter referred as "Districts") in order to help both ethnic Georgian and Abkhaz communities.

Any rehabilitation activities should be undertaken with close cooperation of the UN Agencies, the Georgian government, the *de facto* Abkhaz authorities, and international and local NGOs.

The following priorities for EC rehabilitation actions are proposed - with capacity building and awareness rising of post-conflict resolution as integrated components (in the following districts):

- Electricity (Gali, Ochamchira, Tkvarcheli and Zugdidi);
- Public health and basic services (Gali, Ochamchira, Tkvarcheli and Zugdidi);
- Local agricultural development (Gali, Ochamchira, Tkvarcheli and Zugdidi)

2. Background

The Tacis Indicative Programme 2004-2006 for Georgia foresees an allocation of 4 million Euros for Rehabilitation Programmes in Georgia. The key objectives of the 2004 Rehabilitation Programme will be to enhance stability and security through confidence building measures aiming at the prevention and settlement of internal conflicts and actions in favour of affected populations.

The need for rehabilitation in Abkhazia, Georgia, and adjacent regions concerned is irrefutable. Damages as a result of the conflict in combination with a collapse of the economic system have resulted in a desperate economic and social situation in the region.

After several fact-finding missions the initial assessment by the EC, UNDP and UNOMIG is that an integrated and focused approach for rehabilitation intervention is required.

The fragile state of inter-ethnic relations especially in the Gali region makes it essential that the development of civic society be included as part of a wider effort so as to continue a process of reconciliation between the different communities. The rehabilitation programme should take a balanced approach, i.e. helping both ethnic Georgian and Abkhaz communities. This will mean rehabilitation will need to take place in selected communities across the ceasefire line.

3. Objectives of the Project

The overall objective of the EC rehabilitation programme for Abkhazia, Georgia, will be to support rehabilitation and reconstruction operations in the conflict zone of Abkhazia and adjoining areas that would create preconditions for economic rehabilitation, especially at local level, and the safe and dignified repatriation of refugees and displaced persons.

The specific objective of the Project is to restore basic services in the sector of electricity, public health (including water sanitation and waste management) and support local development as well as to increase the capacity of the stakeholders to run effectively their lives in the medium- and long-term.

It is important that these operations should be designed to help re-establish a working economy and the institutional capacities that are needed to restore social and political stability in the conflict zone and to meet the needs of the people affected as a whole. These rehabilitation operations could progressively complement or take over from humanitarian action and pave the way for the resumption of medium-term and long-term aid focusing on economic



and social development. These actions should in particular permit refugees and displaced persons to return home and resume a normal civilian life in their region of origin.

In order to ensure a positive outcome of possible rehabilitation activities it is important that the local population is directly involved. A demand-driven and balanced approach would be needed that included capacity building and awareness of conflict resolution. It is therefore essential that the implementing agencies work together with local NGOs and local authorities. Local NGOs should where possible be included in the implementation of the programme and benefit from capacity building activities (including management and training).

4. Commitment of the parties:

This MoU defines the following agreement between EC, UNDP and UNOMIG as follows on:

- a) Implementation of the Project
- b) Coordination of the implementation of the Project
- c) Steering mechanism of the Project

4.a Implementation

The Parties agree on the following responsibilities for implementation of the Project:

UNDP is responsible for the following actions related the UNDP components of the Programme:

- Implement and monitor the activities as outlined in the project description of the UNDP component;
- Submit quarterly progress reports as per the UNDP component signed by the EC;
- Support the common coordination, cooperation and decision making mechanisms as outlined in the EC-UN Framework Agreement and the respective documents between the EC, UNDP and UNOMIG, including the work plans by and between UNDP and UNOMIG;
- Support the participation of the local communities and stakeholders in the project implementation with a focus on capacity building and community development as outlined in the UNDP component of the EC programme;

UNOMIG is responsible for the following actions related to the UNOMIG components of the Programme:

- Implement and monitor the activities as outlined in the project description of the UNOMIG component;
- Submit quarterly progress reports as per the UNOMIG component signed by the EC;
- Support the common coordination, cooperation and decision making mechanisms as outlined in the EC-UN Framework Agreement, and the respective documents between the EC, UNDP and UNOMIG, including the work plans by and between UNDP and UNOMIG;
- Support the participation of the local communities and stakeholders in the project implementation.

The EC is responsible for:

- Funds allocated for the Project are provided in a timely manner and in due consideration of related EC rules and procedures;
- Provide timely advice to all questions related to relevant EC rules and procedures and ensure that information provided from the EC services responsible for the management of the Project at the EC delegation and EC Headquarters in Brussels is communicated in a timely manner to the Parties;
- Provide monitoring and advice on the Project through the EC project manager at the EC Delegation.
- Provide coordination between the Project and other related EC project activities in the zone of conflict.

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4.b Coordination

The Parties shall exchange all necessary information and endeavour to solve any difficulty in cooperation and commit to extend full cooperation to successful implementation of the Project. Coordination and cooperation between the Parties and other relevant stakeholders will be managed by the Steering mechanism as defined below:

4.c Steering Mechanism

The parties of the MoU agree to establish the following three-level steering mechanism:

1. Steering Committee
2. Working Group
3. Coordination Committee

4.c.1 Steering Committee

The Steering Committee shall be composed of the Heads of Mission of the EC, UNDP and UNOMIG, a representative of the Georgian Government and a representative of the *de facto* Abkhaz authorities.

The main task of the Steering Committee is to assess and endorse the projects and to monitor their overall effective implementation.

The Steering Committee shall be informed about sub-projects within the components of the programme. The Steering Committee shall receive regular reports on the implementation of the different components, including financial reports, and may, at its discretion, share such reports with relevant stakeholders in the Georgian-Abkhaz peace process.

The Steering Committee shall meet three times a year.

4.c.2 Working Group

A Working Group composed of representatives of the Parties shall be responsible for the day-to-day management and coordination of project activities, based on the work plans for implementation of activities established by and between UNDP and UNOMIG.

The Working Group shall also be responsible for organising and preparing the meetings of the Steering Committee and ensuring that the necessary information is gathered from the different components for reporting to the Steering Committee. The Working Group shall address the responsibilities and deadlines of project activities during implementation. Any substantial changes to the work plans shall be discussed and decided by the Working Group.

The Working Group shall meet as required, but at least on a monthly basis.

4.c.3 Coordination Committee

The Coordination Committee will be a forum for the members of the Working Group to coordinate project activities and consult with local authorities and other relevant stakeholders to the Project. Such local stakeholders could include: representatives of the district and village administrations, management of medical institutes and electricity facilities, local and international NGOs, etc. In addition, UN implementing partners (International NGOs and other contracting agencies) could participate in the Coordination Committee.

The Coordination Committee will meet as required for the implementation of project activities.

5. EU visibility

EU visibility is an important political aspect of the programme in conveying EU values as integrated part of rehabilitation and confidence building measures. The Parties shall apply the EU visibility rules (as available on the website: http://europa.eu.int/comm/europeaid/visibility/index_en.htm). These guidelines have been drawn up to ensure that projects that are wholly or partially funded by the European Union (EU) visibly acknowledge the support of the EU. They cover the written and visual identity of the EU and are to be used in briefings, newsletters, press

conferences, presentations, invitations, signs, commemorative plaques and all other items used to highlight EU participation.

6. General clauses

In case of a contradiction between provisions of this MOU and the signed contracts between the Contracting Authority and its contractors, respective provisions of the signed contract shall prevail.

The present MoU takes effect from the date of its signature and remains in force until closure of all the activities related to the Project.

Signed, on 30 September 2005

For and on behalf of European Commission:

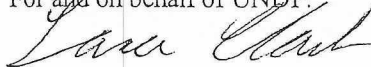


Torben Holtze

Head of Delegation

European Commission Delegation to Georgia and Armenia

For and on behalf of UNDP:

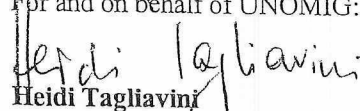


Lance Clark

Resident Coordinator

United Nations Development Programme in Georgia

For and on behalf of UNOMIG:



Heidi Tagliavini

Special Representative of the Secretary General

United Nations Observer Mission in Georgia