



AGREEMENT

between Georgia and the European Union

on the participation of Georgia in the Creative Europe Programme (2021 to 2027)

The Government of Georgia (hereinafter referred to as 'Georgia'), on behalf of Georgia,
on the one part,

and

the European Commission (hereinafter referred to as 'the Commission'), on behalf of the
European Union (hereinafter referred to as 'the Union'),

on the other part,

hereinafter referred to as 'the Parties'

WHEREAS Protocol III on a framework Agreement between Georgia and the European Union on the general principles for the participation of Georgia in Union programmes is part of the Association Agreement between Georgia, of the one part, and the European Union and the European Atomic Energy Community and their Member States, of the other part¹ signed on 27 June 2014 and it establishes the general principles for the participation of Georgia in Union programmes. The present International Agreement constitutes and has the same legal effects as an Agreement stated under Article 5 of the above-mentioned Protocol III on a framework Agreement between Georgia and the European Union on the general principles for the participation of Georgia in Union programmes;

WHEREAS Creative Europe, the Union programme to support cultural diversity and to foster the competitiveness of the cultural and creative sectors was established by Regulation (EU) 2021/818 of the European Parliament and of the Council² (hereinafter called "the Creative Europe Regulation");

WHEREAS pursuant to Article 9 (2) of the Creative Europe Regulation, which concerns the association of third countries, the specific terms and conditions of the association should be determined by an international agreement between the Union and the Associated Country;

¹ OJ L 261, 30.8.2014, p.4

² OJ L 189, 28.5.2021, p. 34-60

RECOGNISING that the objectives and the general principles of the Union programme Creative Europe are essential from a cultural, democratic, environmental, social and economic point of view and are particularly relevant for our societies and cultural sectors facing current challenges linked to globalisation, climate change and digitisation;

ACKNOWLEDGING that these policy objectives, also reflected in the 2005 UNESCO Convention for the Protection and Promotion of the Diversity of Cultural Expressions are pursued by Georgia facing similar challenges and sharing the same principles such as democracy, the rule of law, the respect of human rights, including equality between all people, gender balance and freedom of expression and artistic freedom;

CONSIDERING the common goals, values and strong links of the Parties in the field of culture, audio-visual and media established in the past through participation in the Creative Europe 2014-2020 programme, and the common desire of the Parties to further develop, strengthen, stimulate and extend their relations and cooperation therein;

CONSIDERING the conditions set out in Article 9(2) of the Creative Europe Regulation, European Neighbourhood Policy countries may also benefit from a derogation to participate in the Cross-sectoral Strand and in some actions of the MEDIA strand. When assessing the appropriateness of such a derogation, the EU takes into account, notably, circumstances such as the specific situation of the audio-visual market in the country concerned and the level of integration in the European audio-visual policy.³

HAVE AGREED AS FOLLOWS:

Article 1

Scope of the association

1. Georgia shall participate as an associated country in "Creative Europe", the Union programme for the cultural and creative sectors, (hereinafter called "the Programme"), as established by Regulation EU 2021/818 of the European Parliament and of the Council.
2. Georgia shall participate as an associated country in the following actions of the Programme:
 - (a) All actions in the Culture Strand;
 - (b) All actions in the Cross-sectoral Strand until the 31st December 2022; and
 - (c) The following actions in the MEDIA Strand until the 31st December 2022, and beyond in the absence of notification from the Commission to the contrary:
 - Audience cluster: Audience development & film education; European festivals and festivals networks;
 - Business cluster: Fostering media talents and skills.

Continued participation of Georgia in the Cross-sectoral and MEDIA Strands after the 31st December 2022 is, in principle - contingent upon evidence submitted by Georgia to the Union by 30 September 2022 that Georgia meets the necessary conditions set out in article 9 of the Programme Regulation. If the evidence submitted (possibly after requests for clarification by the Union) is not sufficient or if before the end of 2022 during the implementation of the Agreement it appears that the conditions are not fulfilled, the participation in the MEDIA and Cross Sectoral Strands may be terminated or may not be

³ See recital 34 of the Creative Europe Regulation.

extended. In that case, the provisions of Article 6, paragraphs 6 and 7 are applicable, mutatis mutandis.

Article 2

Terms and conditions of participation in the Creative Europe Programme

1. Georgia shall participate in the Programme as an associated country in accordance with the conditions laid down in the Protocol III of the Association Agreement between Georgia, of the one part, and the European Union and the European Atomic Energy Community and their Member States, of the other part, covering the participation of Georgia to any Union Programme, and under the terms and conditions set forth in this Agreement, in the legal act referred to in Article 1 of this Agreement, as well as in any other rules pertaining to the implementation of the Programme and activity in their most up to date versions.
2. Unless otherwise provided for in the terms and conditions referred to in paragraph (1) of this Article, legal entities established in Georgia in accordance with the Georgian legislation may participate in actions of the Programme under conditions equivalent to those applicable to legal entities established in the Union, including respect for EU restrictive measures⁴.
3. Georgia shall establish the appropriate structures and mechanisms at national level and shall adopt all other necessary measures for national coordination and organisation of activities to implement the Programme in accordance with the relevant provisions in the Creative Europe Regulation. In particular, Georgia undertakes to establish a Creative Europe Desk in accordance with article 7(1)(d) of the Creative Europe Regulation and the guidance provided by the Commission.
4. Georgia's rights of representation and participation in the Creative Europe Committee established by Article 24 of the Creative Europe Regulation and its subgroups shall be those applicable to associated countries. Accordingly, representatives of Georgia shall have the right to participate as observers in the Creative Europe Committee responsible for monitoring the implementation of the Programme, without voting rights, for which Georgia contributes financially and for the points which concern Georgia.
5. Travel costs and subsistence expenses incurred by representatives and experts of Georgia for the purposes of taking part as observers in the work of the Committee referred to in Article 24 of the Creative Europe Regulation, or in other meetings related to the implementation of the Programme, shall be reimbursed by the Commission on the same basis as and in accordance with the procedures in force for representatives of the Member States of the European Union.
6. The Parties shall make every effort, within the framework of the existing legally binding provisions, to facilitate the free movement and residence of artists, journalists, and professionals participating in the activities covered by this Agreement and to facilitate cross-border movement of goods and services intended for use in such activities.

⁴ EU restrictive measures are adopted pursuant to Article 29 of the Treaty on the European Union or Article 215 of the Treaty on the Functioning of the European Union.

7. Georgia shall take all necessary measures, as appropriate, to ensure that goods and services purchased in Georgia or imported into Georgia, which are partially or entirely financed pursuant to the grant agreements and/or contracts concluded for the realisation of the activities in accordance with this Agreement, are exempted from customs duties, import duties and other fiscal charges, including the VAT, that are applicable in Georgia.
8. English shall be used by Georgia for its contacts with the Commission concerning the procedures related to requests, contracts and reports, as well as for other administrative aspects of the Programme.

Article 3

Financial contribution

1. Participation of Georgia or Georgia's legal entities established in accordance with the Georgian legislation in the Programme shall be subject to Georgia contributing financially to the Programme and the related management, execution and operation costs under the general budget of the Union (hereinafter referred to as the 'Union budget').
2. The financial contribution shall take the form of:
 - a) an operational contribution; and
 - b) a participation fee.
3. The financial contribution shall take the form of an annual payment made in one instalment, in accordance with the call for funds request, and shall be due no later than 45 days after the date of the call.
4. The operational contribution shall cover operational and support expenditure of the Programme and be additional both in commitment and payment appropriations to the amounts entered in the Union budget definitively adopted for the Programme.
5. The operational contribution shall be based on a contribution key defined as the ratio of the Gross Domestic Product (GDP) of Georgia at market prices to the GDP of the Union at market prices. The GDPs at market prices to be applied shall be determined by the Union based on the most recent statistical data available for budget calculations in the year prior to the year in which the annual payment is due. By derogation, for 2021, the operational contribution shall be based on the GDP of year 2019 at market prices. Adjustments to this contribution key are laid down in Annex I.
6. The initial operational contribution shall be calculated applying the contribution key, as adjusted, to the initial commitment appropriations entered in the Union budget definitively adopted for the applicable year for financing the Programme.
7. The participation fee shall be 4% of the annual initial operational contribution as calculated in accordance with paragraphs (4) and (5) and shall be phased in as set out in Annex I.
8. The Union shall provide Georgia with information in relation to its financial participation as included in the budgetary, accounting, performance and evaluation related information provided to the Union budgetary and discharge authorities concerning the Programme. That information shall be provided having due regard to Georgia's and the Union's confidentiality and data protection rules and shall be without prejudice to the information which Georgia is entitled to receive under Annex II.
9. All contributions of Georgia or payments from the Union, and the calculation of amounts

due or to be received shall be made in euro.

Article 4

Monitoring, evaluation and reporting

1. Without prejudice to the responsibilities of the Commission, European Anti-Fraud Office (OLAF) and the Court of Auditors of the European Union in relation to monitoring and evaluation of the Programme, the participation of Georgia in the Programme shall be continuously monitored on a partnership basis involving Georgia and the Commission.
2. The rules concerning sound financial management, including the financial control, recovery and other antifraud measures in relation to Union funding under this Agreement are laid down in Annex II.

Article 5

Relation to other international agreements

This agreement shall be implemented in accordance with the Parties' obligations under the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions of 2005.

Article 6

Final provisions

1. This Agreement shall enter into force on the date on which the Parties have notified each other of the completion of their internal procedures necessary for that purpose.
2. This Agreement shall apply as from 1 January 2021. It shall remain in force for as long as is necessary for all the projects and activities financed from the Programme, all the actions necessary to protect the financial interests of the European Union and all the financial obligations stemming from the implementation of this Agreement between the Parties to be completed.
3. Georgia and the Union may apply this Agreement provisionally, with the exception of the Paragraph 7 of Article 2, in accordance with their respective internal procedures and legislation. The provisional application shall begin on the date on which the Parties have notified each other of the completion of their internal procedures necessary for that purpose.
4. Should Georgia notify the Commission acting on behalf of the Union that it will not complete its internal procedures necessary for the entry into force of this Agreement, this Agreement shall cease to apply on the date of receipt of this notification by the Commission, which shall constitute the cessation date for the purposes of this Agreement.
5. The application of this Agreement may be suspended at the initiative of the Union in case of non-payment of the financial or operational contribution due by Georgia as described in Point II, Paragraph (3) of Annex I.

Suspension of the application of this Agreement shall be notified by the Commission to Georgia by a formal letter of notification which shall take effect 30 days following the

receipt of this notification by Georgia.

In case the application of this Agreement is suspended, legal entities established in Georgia in accordance with its legislation shall not be eligible to participate in award procedures not yet completed when the suspension takes effect. An award procedure shall be considered completed when legal commitments have been entered into as a result of that procedure.

The suspension does not affect the legal commitments entered into with the legal entities established in Georgia before the suspension took effect. This Agreement shall continue to apply to such legal commitments.

The Commission shall immediately notify Georgia once the entire amount of the financial or operational contribution due has been received by the Commission. The suspension shall be lifted with an immediate effect upon this notification.

As of the date when the suspension is lifted, legal entities of Georgia shall be again eligible in award procedures launched after this date and in award procedures launched before this date, for which the deadlines for submission of applications have not expired.

6. Either Party may terminate this Agreement at any time by a written notification informing of the intent to terminate it.

The termination shall take effect three calendar months after the date on which the written notification reaches its addressee. The date on which the termination takes effect shall constitute the termination date for the purposes of this Agreement.

7. Where this Agreement ceases to apply provisionally in accordance with paragraph (4) or is terminated in accordance with paragraph (6), the Parties agree that:

- a) projects, actions, activities, or parts thereof in respect of which legal commitments have been entered into during the provisional application and/or after the entry into force of this Agreement, and before this Agreement ceases to apply or is terminated shall continue until their completions under the conditions laid down in this Agreement;
- b) the annual financial contribution of the year N during which this Agreement ceases to apply provisionally or is terminated shall be paid entirely in accordance with Article 3 of this Agreement.

The Parties shall settle by common consent any other consequences of termination or cessation of provisional application of this Agreement.

8. This Agreement may only be amended in writing by common consent of the Parties. The entry into force of the amendment shall follow the same procedure as that applicable for the entry into force of the Agreement.
9. The Annexes to this Agreement shall form an integral part of this Agreement.

This Agreement shall be drawn up in duplicate in Georgian and English languages. In case of divergences, the text in the English language shall prevail.

Signed in four originals in Georgian and English,

At Tbilisi on 02.12.21 and

at Brussels on 06.12.21

For Georgia,

For the European Union,



Thea Tsulukiani
Minister of Culture,
Sport and Youth



Mariya Gabriel
Commissioner for
Innovation, Research, Culture,
Education and Youth

ANNEX I: Rules governing the financial contribution of Georgia to the Creative Europe Programme (2021-2027)

ANNEX II: Sound Financial Management



**Rules governing the financial contribution of Georgia to the
Creative Europe Programme (2021-2027)**

I. Calculation of Georgia's financial contribution

1. The financial contribution of Georgia to the Programme shall be established on a yearly basis in proportion to, and in addition to, the amount available each year in the Union budget for commitment appropriations needed for the management, execution and operation of the Programme.
2. The participation fee referred to in Article 3(7) of this Agreement shall be phased in as follows:
 - 2021: 0.5%;
 - 2022: 1.0%;
 - 2023: 1.5%;
 - 2024: 2.0%;
 - 2025: 2.5%;
 - 2026: 3.0%;
 - 2027: 4.0%.
3. In accordance with Article 3(5) of this Agreement, the initial operational contribution to be paid by Georgia for its participation in the Programme will be calculated for the respective financial years by applying an adjustment to the contribution key.

The adjustment to the contribution key shall be:

$$\text{Contribution Key Adjusted} = \text{Contribution Key} \times \text{Coefficient}$$

The coefficient used for the above calculation to adjust the contribution key shall be 0.55.

II. Payment of Georgia's financial contribution

1. The Commission shall communicate to Georgia, as soon as possible and at the latest when issuing the first call for funds of the financial year, the following information:
 - a) the amounts in commitment appropriations in the Union budget definitively adopted for the year in question for the budget lines covering participation of Georgia, in the Programme;
 - b) the amount of the participation fee referred to in Article 3(7) of this Agreement;

On the basis of its Draft Budget, the Commission shall provide an estimate of information for the following year under points (a) and (b) as soon as possible; and, at the latest, by 1 September of the financial year.

2. The Commission shall issue, at the latest in April of each financial year, a call for funds to Georgia corresponding to its contribution under this Agreement.

Each call for funds shall provide for the payment of Georgia's contribution not later than 45 days after the call for funds is issued.

For the first year of implementation of this Agreement, the Commission shall issue the call for funds, within 60 days of the signature of this Agreement.

3. Georgia shall pay its financial contribution under this Agreement in accordance with paragraph (3) of Article 3 of this Agreement. In the absence of payment by Georgia by the due date, the Commission shall send a formal letter of reminder.

Any delay in the payment of the financial contribution shall give rise to the payment of default interest by Georgia on the outstanding amount from the due date.

The interest rate for amounts receivable not paid on the due date shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union*, in force on the first calendar day of the month in which the due date falls, increased by one and half percentage points.

In case the delay in the payment of the contribution is such that it may significantly jeopardise the implementation and management of the Programme, participation of Georgia in the Programme may be suspended by the Commission following the absence of payment 20 working days after a formal letter of reminder, without prejudice to the Union's obligations according to grant agreements and/or contracts already concluded pertaining to the implementation of the indirect actions for which Georgia was selected.

Sound Financial Management
Protection of financial interests and recovery

Article 1

Reviews and audits

1. The European Union shall have the right to conduct, in accordance with the applicable acts of one or more Union institutions or bodies and as provided in relevant agreements and/or contracts, technical, scientific, financial, or other types of reviews and audits on the premises of any natural person residing in or any legal entity established in Georgia in accordance with its legislation, and receiving European Union funding, as well as any third party involved in the implementation of Union funds residing or established in Georgia. Such review and audits may be carried out by the agents of the institutions and bodies of the European Union, in particular of the European Commission and the European Court of Auditors, or by other persons mandated by the European Commission.
2. The agents of the institutions and bodies of the European Union, in particular of the European Commission and the European Court of Auditors, and the other persons mandated by the European Commission, shall have appropriate access to sites, works and documents (both in electronic and paper versions) and to all the information required in order to carry out such audits, including the right of obtaining a physical/electronic copy of, and extracts from, any document or the contents of any data medium held by the audited natural or legal person, or by the audited third party.
3. Georgia shall not prevent or raise any particular obstacle to the right of entrance in Georgia and to the access to the premises of the agents and other persons referred to in paragraph (2) on the grounds of the exercise of their duties referred to in this Article.
4. Notwithstanding the expiry or cessation of this Agreement or termination of participation of Georgia in the Programme, the reviews and audits may be carried out, also after the expiry, cessation or the relevant termination takes effect, on the terms laid down in the applicable acts of one or more European Union institutions or bodies and as provided in relevant agreements and/or contracts in relation to any legal commitment implementing the European Union budget entered into by the European Union before the date of expiry of this Agreement or the date on which the relevant cessation or termination of this Agreement takes effect.

Article 2

Fight against irregularities, fraud and other criminal offences affecting the financial interests of the Union

1. The European Commission and the European Anti-Fraud Office (OLAF) shall be authorised to carry out administrative investigations, including on-the-spot checks and inspections, on the territory of Georgia. These investigations shall be carried out in accordance with the terms and conditions established by applicable acts of one or more Union institutions.
2. The competent Georgian authorities shall inform the European Commission or OLAF within reasonable time of any fact or suspicion which has come to their notice relating to an irregularity, fraud or other illegal activity affecting the financial interests of the Union.
3. On-the-spot checks and inspections may be carried out on the premises of any natural person residing in or legal entity established in Georgia and receiving Union funds, as well as of any third party involved in the implementation of Union funds residing or established in Georgia.
4. On-the-spot checks and inspections shall be prepared and conducted by the European Commission or OLAF in close collaboration with the competent Georgian authority designated by Georgian Government. The designated authority shall be notified a reasonable time in advance of the object, purpose and legal basis of the checks and inspections, so that it can provide assistance. To that end, the officials of the competent Georgian authorities may participate in the on-the-spot checks and inspections.
5. Upon request by Georgian authorities, the on-the-spot checks and inspections may be carried out jointly with the European Commission or OLAF.
6. Commission agents and OLAF staff shall have access to all the information and documentation, including computer data, on the operations concerned, which are required for the proper conduct of the on-the-spot checks and inspections. They may, in particular, copy relevant documents.
7. Where the person, entity or another third party resists an on-the-spot check or inspection, Georgian authorities, acting in accordance with national rules and regulations, shall assist the European Commission or OLAF, to allow them to fulfil their duty in carrying out an on-the-spot check or inspection. This assistance shall include taking the appropriate precautionary measures under national law, in particular in order to safeguard evidence.
8. The European Commission or OLAF shall inform Georgian authorities of the result of such checks and inspections. In particular, the European Commission or OLAF shall report as soon as possible to the competent Georgian authority any fact or suspicion relating to an irregularity which has come to their notice in the course of the on-the-spot check or inspection.

9. Without prejudice to application of Georgian criminal law, the European Commission may impose administrative measures and penalties on legal or natural persons of Georgia participating in the implementation of a programme or activity in accordance with European Union legislation.
10. For the purposes of proper implementation of this Article, the European Commission or OLAF and the Georgian competent authorities shall regularly exchange information and, at the request of one of the parties to this Agreement, consult each other.
11. In order to facilitate effective cooperation and exchange of information with OLAF, Georgia shall designate a contact point.
12. Information exchanged between the European Commission or OLAF and the Georgian competent authorities shall take place having due regard to the confidentiality requirements. Personal data included in the exchange of information shall be protected in accordance with applicable rules.
13. The Georgian authorities shall cooperate with the European Public Prosecutor's Office to allow it to fulfil its duty to investigate, prosecute and bring to judgment the perpetrators of, and accomplices to, criminal offences affecting the financial interests of the European Union in accordance with the applicable legislation.

Article 3

Recovery and enforcement

1. Decisions adopted by the European Commission imposing a pecuniary obligation on legal or natural persons other than States in relation to any claims stemming from the Programme shall be enforceable in Georgia. The order for enforcement shall be appended to the decision, without any other formality than a verification of the authenticity of the decision by the national authority designated for this purpose by the Government of Georgia. The Government of Georgia shall make known its designated national authority to the Commission and the Court of Justice of the European Union. In accordance with Article 4 of this Annex, the European Commission shall be entitled to notify such enforceable decisions directly to persons residing and legal entities established in Georgia, in accordance with its legislation. Enforcement shall take place in accordance with the Georgian law and rules of procedure.
2. Judgments and orders of the Court of Justice of the European Union delivered in application of an arbitration clause contained in a contract or agreement in relation to Union programmes, activities, actions or projects shall be enforceable in Georgia in the same manner as European Commission decisions referred to in paragraph (1).
3. The Court of Justice of the European Union shall have jurisdiction to review the legality of the decision of the Commission referred to in paragraph (1) and to suspend its enforcement. However, the Courts of Georgia shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.

Article 4

Communication and exchange of information

The European Union institutions and bodies involved in the implementation of Programme, or in controls over that programme, shall be entitled to communicate directly, including through electronic exchange systems, with any natural person residing in or legal entity established in Georgia and receiving Union funds, as well as any third party involved in the implementation of Union funds residing or established in Georgia. Such persons, entities and parties may submit directly to the European Union institutions and bodies all relevant information and documentation which they are required to submit on the basis of the European Union legislation applicable to the Union programme and of the contracts or agreements concluded to implement that programme.

