



EUROPEAN UNION

DELEGATION TO GEORGIA

The Ambassador

Tbilisi, 13 December 2019

CH/nc Ares (2019) 7679370

**Subject: Note on European Court of Auditors' Report on Budget Support**

~~Dear Minister,~~

*DEAR DAVID,*

Please find attached a copy of a letter dated 12 December 2019 from Mr Lawrence Meredith, Director of DG NEAR C at the European Commission, regarding the Special Report of the European Court of Auditors on "Data quality in budget support: weaknesses in indicators and verification for the payment of variable tranches" (No 25/2019 - <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=52544>).

Please kindly note that a copy of this letter will be sent to the Ministry of Finance and the Administration of Government.

The original document will be delivered to your attention upon receipt by our services.

Yours sincerely,

*WISHING YOU A GOOD WEEKEND*

  
Carl Hartzel

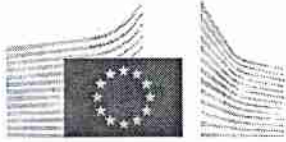
Encl.: Letter of Mr Lawrence Meredith, Director of the DG NEAR C

Cc.: H.E. Mr Ivane Machavariani, Minister of Finance of Georgia  
Ms Natia Mezvrishvili, Head of Administration of the Government of Georgia

H.E. Mr David Zalkaliani  
Minister of Foreign Affairs of Georgia  
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EUROPEAN COMMISSION  
NEIGHBOURHOOD AND ENLARGEMENT NEGOTIATIONS

C - Neighbourhood East and Institution Building  
The Director

Brussels,

Dear Minister,

Over the last years, the Ministry of Foreign Affairs and colleagues in my Directorate and the Delegation in Tbilisi have been closely working together on the successful negotiation and implementation of Sector Reform Performance Contracts in Georgia.

The implementation of our Sector Reform Performance Contracts in all our partner countries is closely followed by the European Court of Auditors. The European Court of Auditors is expected to issue a Report on "Data quality in budget support: weaknesses in indicators and verification for the payment of variable tranches" in the coming weeks.

One of the recommendations the Report will issue to the European Commission regards the deadline for achievement of indicators. As per this recommendation, the deadline for achieving a specific indicator is strictly as agreed upon in the corresponding policy matrix which forms an integral part of the Financing Agreement signed by the respective partner country and the Directorate-General for Neighbourhood and Enlargement Negotiations. Going forward, we are no longer in a position to grant any flexibility. As a consequence, any delays in achieving the respective indicator will lead to non-payment of the amount allocated to this indicator.

We would appreciate it if you could inform all relevant Ministries of the above. A copy of this letter will be sent to the Ministry of Finance and the Administration of Government.

We look forward to continuing our excellent cooperation on the ongoing as well as upcoming Sector Reform Performance Contracts. As you may know, we have started discussions on the policy matrices for ENPARD IV and EU4 Integrated Territorial Development with the respective Ministries.

Sincerely yours,

Lawrence MEREDITH

Minister of Foreign Affairs  
David Zalkaliani  
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