

## AGREEMENT #

On the Reimbursement for Qualified Expenses to the Beneficiary of the Program  
in the framework of the Film Industry Component of the State Program "Produce in Georgia"

Tbilisi

dd, mm, yyyy

We, Legal Entity of Public Law - **Entrepreneurship Development Agency** (hereinafter - the **Agency**) represented by its acting Director Ana Kvaratskhelia on the one hand, and-----, Identification Code -----, registered address: -----, Georgia, represented by its Director -----, (hereinafter the **Program Beneficiary**) on the other hand, individually referred to as the **Party**, and collectively - as the **Parties**, in accordance with the Resolution N365 as of May 30, 2014 of the Government of Georgia on the approval of the State Program Produce in Georgia, whereas the **Program Beneficiary** expressed its willingness and interest based on its **Application** to participate in the Film Industry component envisaged under the state Program "Produce in Georgia":

### 1. Definition of Terms

The terms used herein shall have the following meanings:

- 1.1 **Program** – Film Industry component of the state Program "Produce in Georgia" approved by the Resolution N365 as of May 30, 2014 of the Government of Georgia.
- 1.2 **Entrepreneurship Entity** – legal person registered in compliance with the Law of Georgia on Entrepreneurs (other than legal entities established with the equity participation of the state and self-governing body) not having delinquent tax liability to the state and not being registered in the debtors' registry.
- 1.3 **Program Beneficiary** – **entrepreneurship entity** that in accordance with the terms and conditions prescribed by the Program, on the basis of the agreement concluded under the procedures as stipulated by the **Agency**, has been granted the status of the beneficiary of the Program.
- 1.4 **Application** – an electronic application submitted by the **entrepreneurship entity** to the Agency with the view of participation in the **Program**;
- 1.5 **Project** – the whole information set out in the Application submitted by the **entrepreneurship entity** under the **Program**.
- 1.6 **Final Project** – **Project** implemented in Georgia in accordance with the areas envisaged by the **Program**.
- 1.7 **Final Product** – Audio-visual product produced in accordance with the areas envisaged by the **Program**, production whereof was partially or entirely carried out in Georgia.
- 1.8 **Qualified Expenses** – particular expenditure to be incurred/incurred by the **Program Beneficiary** in accordance with the Appendix, net of the expenses borne from the funding received from the state budget, legal entities founded with the equity participation of the state and/or municipality.
- 1.9 **Total Qualified Expenses** – the sum of particular qualified expenses (in accordance with the Appendix) incurred/to be incurred by the Program Beneficiary, net of the expenses borne from the funding received from the state budget, legal entities founded with the equity participation of the state and/or municipality.
- 1.10 **Commission** – Commission composed of representatives of the **Agency**, the Film Centre, the Administration of the Government of Georgia, the Ministry of Economy and Sustainable Development of Georgia, the Ministry of Culture and Monument Protection of Georgia, Legal Entity of Public Law - National Tourism Administration operating within the system of the Ministry of Economy and Sustainable Development of Georgia; the Commission shall consider and decide on the issue of remuneration of the promotion element foreseen under the Program. The composition and rules of operation of the Commission shall be approved by the Director of the Agency being at the same time the Chairperson of the Commission.
- 1.11 **Promotion Component** – Relating subjects of the final product with Georgia or the use of the landscapes of Georgia in the final product and capturing Georgia therein as the geographical place of action; selection of frames reflecting various views of Georgia in some of the leading positions in the course of shooting the final product; the use of Georgian/national elements in the final product; post-production in Georgia; distribution of the final product in at least two countries;

dissemination of information about the experience of filming in Georgia; the final product to participate and/or win at least once in the festival/main competition recognized by the Film Center.

- 1.12 **Technical Assistance** – assistance in terms of obtaining appropriate type of permissions/approvals and coordination with service providers in Georgia.
- 1.13 **Distribution Requirements** – Document(s) to be submitted by the entrepreneurship entity in the manner prescribed under the Program, which include the information evidencing the distribution of the final product outside the territory of Georgia and/or data on the area of distribution of the final product in various countries;
- 1.14 **Certificate** – document certifying the agreement concluded between the Agency and Program Beneficiary in the manner established by the Agency.
- 1.15 **Agreement** – the present **Agreement between the Parties on the Reimbursement for Qualified Expenses to the Beneficiary of the Program in the framework of the Film Industry Component of the State Program “Produce in Georgia”, Appendix/Appendices** hereto, concluded and/or to be concluded between the Parties in connection with the Agreement as may be amended and modified from time to time.
- 1.16 **Confidential Information** – documental or other information deriving from this Agreement and/or any other agreements concluded on the basis hereof, including the personal data on the Agency and the Beneficiary, the use whereof shall be restricted or prohibited under this **Agreement** or by other agreements between the Parties or by law.
- 1.17 **Additional Terms and Conditions** – terms and conditions set forth in the Appendix/Appendices as may be amended and modified from time to time.
- 1.18 **Appendix** – Appendix/Appendices to this **Agreement** that constitute an integral part **hereof** and shall be read in conjunction **herewith**.

Other terms used herein shall have the meanings defined under the state Program.

## 2. The Subject of the Agreement

- 2.1 **The Subject of the Agreement** is the reimbursement by the **Agency** of the **total qualified expenses** under the Film Industry component of the state Program “Produce in Georgia” and under the areas as set forth in 2.2 Clause of this Agreement to the **Program Beneficiary**, in accordance with the terms and conditions stipulated by the **Program** and the **Agreement**.
- 2.2 The areas of the **Program** include the production of the following audio-visual products:
  - a) Feature film;
  - b) Television film;
  - c) TV series or mini-series;
  - d) Animation;
  - e) Documentary;
  - f) Commercials;
  - g) Reality show;
  - h) Music video.
- 2.3 Description of the **Project** submitted by the **Program Beneficiary** under the **Application** is set forth in **Appendix N1**, and estimated **total qualified expenses are set out in Appendix N2, which are attached hereto** and constitute an integral part hereof.

## 3. The Rights and Responsibilities of the Parties.

- 3.1 **The Agency** may:
  - 3.1.1 Provide technical assistance within its competence to the **Program Beneficiary** with the view of the performance of activities envisaged by the **Program**;

- 3.1.2 Monitor the **Project** throughout the period of implementation of the **Project** by the **Program Beneficiary**;
- 3.1.3 Request from the **Program Beneficiary** the information (report) on the progress of the Project (including the current expenses) throughout the period of implementation of the **Project** by the **Program Beneficiary**;
- 3.1.4 Request from the **Program Beneficiary** additional information, if necessary, except for the information that is not related to the **Project** and is deemed to be confidential - throughout the period of implementation of the **Project** by the **Program Beneficiary**; and also obtain additional information from other sources;
- 3.1.5 Not reimburse the **total qualified expenses** in the event of default and/or improper fulfilment by the **Program Beneficiary** of obligations hereunder;
- 3.1.6 Recover the amount paid to the **Program Beneficiary** as the reimbursement of the **total qualified expenses** in accordance with the applicable laws of Georgia if it is determined that the Project implemented and/or final product produced by the **Program Beneficiary** fail to correspond to the terms and conditions stipulated by this **Agreement** and the **Program**;
- 3.1.7 Disseminate information on the **Project** in agreement with the **Program Beneficiary** and in compliance with the procedures prescribed by this **Agreement**, the **Program** and applicable laws of Georgia in order to promote the **Program**.
- 3.2 **The Agency** shall:
- 3.2.1 Reimburse the **total qualified expenses** in accordance with the terms and conditions of the **Program** and this **Agreement**;
- 3.2.2 Not disclose and/or provide to the third person(s) in the manner prescribed by the **Agreement** and applicable laws, confidential information under the terms and conditions of this **Agreement**;
- 3.2.3 Notify the **Program Beneficiary** of the refusal to reimburse the **total qualified expenses** in accordance with the terms and conditions stipulated by this **Agreement** within the period of 10 (ten) days;
- 3.2.4 Notify the **Program Beneficiary** of changes made in connection with the reimbursement of the **total qualified expenditure of the Program by the Agency** within 10 (ten) days after the effective date of such changes.
- 3.3 **The Program Beneficiary** may:
- 3.3.1 Require from the **Agency** the reimbursement of the **total qualified expenditure** in accordance with the terms and conditions set forth **herein**;
- 3.3.2 Require from the **Agency** to maintain the confidentiality of information in the manner prescribed under this **Agreement** and by the applicable laws.
- 3.3.3 Make amendment(s) to the **Application**. The advisability and admissibility of such amendment(s) as well as the compliance thereof with the objectives of the **Program** and this **Agreement** shall be decided by the **Agency**, which shall then sign an agreement with the **Program Beneficiary** on the amendment(s) to be made **hereto**. Respective change(s) shall also be made to the Appendix/Appendices of the **Agreement**;
- 3.3.4 Request additional reimbursement from 2 to 5 per cent of the **total qualified expenditure** following the reimbursement of the **total qualified expenses** by the **Agency** and realization of the **Final Product** if the **Commission** decides that the **Final Product** contains the **Promotion Component(s)**. The additional reimbursement in relation to the **Final Product** shall be made only in accordance with the areas of the Program under a), b), c), d) and e) of 2.2. Clause of the **Agreement**.
- 3.4 **The Program Beneficiary** shall:
- 3.4.1 Submit an Auditor's Report envisaged by the **Program**, evidencing the **Project** implementation, to the Agency within 24 (twenty-four) months after signing the **Agreement** in the manner established by the **Agency**;
- 3.4.2 Ensure obtaining all necessary approvals, permissions and other document(s) for the purposes of the authority required for signing/concluding this **Agreement** and/or other agreements associated herewith;
- 3.4.3 Ensure the authenticity and accuracy of document(s) and/or information submitted by it to the **Agency** for signing the **Agreement** and/or other contracts associated herewith or on the basis and for the performance hereof, at the moment of the submission of the same;
- 3.4.4 Submit to the **Agency** agreements (or other document(s) having legal force) on the distribution of the **Final Product / Final Project** outside Georgia in at least 3 (three) countries – in case the **Project** consists of the areas envisaged by items c), f) and

h) of Clause 2.2. of this **Agreement**; and on the distribution of the same outside Georgia in at least 1 (one) country - in case the **Project** consists of the areas envisaged by item g) of Clause 2.2. of this **Agreement**;

- 3.4.5 Take sufficient account of health, occupational safety and environmental requirements and rules of conduct in the course of implementation of the **Project**, and comply with standards and principles recognized internationally and by the applicable laws of Georgia in the course of the implementation of the **Project**;
- 3.4.6 Agree with the Agency and provide the Agency with appropriate information on the planning and execution of all informational and marketing activities in course of project implementation.
- 3.4.7 PR activities (including audio-visual production among which are broadcast, radio, internet and print media) carried out during implementation phase of a project in Georgia should mention inclusion of the “Film in Georgia” in the state program. In addition, according to the agency requirements, provision of photo materials aimed at popularization of the project should be ensured. Above-mentioned materials are to be posted on official website and facebook page of the program “Film in Georgia”.
- 3.4.8 Immediately notify the **Agency** of the significant delay or restriction in the process of the implementation of the **Project** that may threaten the full or partial implementation thereof;
- 3.4.9 Ensure the acquisition of relevant rights (including the rights under Intellectual Property Law) for the purposes of implementation of the **Project** in the manner prescribed by the applicable laws of Georgia;
- 3.4.10 Specify and refer to (use the Program logo) the Program as the provider of financial support to the **Project** during the presentation and/or demonstration of the Final **Project / Product** produced in accordance with the areas envisaged by items (a), (b), (c), (d), (e) and (g) of Clause 2.2. of this **Agreement**, and also indicate and refer to (use the Program logo) the Program as the provider of financial support to the **Project** in the closing credits of the Final **Project / Product**;

#### **4. Terms and Conditions of Reimbursement of Qualified Expenditure**

- 4.1 In accordance with the terms and conditions of this **Agreement** and the **Program**, the amount and detailed description of the estimated **total qualified expenditure** is set out in **Appendix N2** and constitutes an integral part of the **Agreement**.
- 4.2 **The Agency** shall pay 20 (twenty) per cent of the **total qualified expenditure** under Clause 4.1 of this Article.
- 4.3 Reimbursement of the **total qualified expenditure** under Clause 4.1 of this **Agreement** by the **Agency** shall be made within 90 (ninety) calendar days after the submission to the **Agency** of the Auditor’s Report envisaged by the **Program** for the implementation of the **Project** by the **Program Beneficiary**.
- 4.4 In case of the variation up to 10% of the estimated qualified expenditure(s) under **Appendix N2** to this **Agreement** submitted by the **Program Beneficiary** to the **Agency**, it is not required to make respective amendment(s) to **Appendix N2** to this **Agreement**, and in all other cases, the Program Beneficiary shall make corresponding change(s) to qualified expenses set out in the Application, on the basis whereof the Parties shall sign respective agreement on amending **Appendix N2**. In addition, the **Program Beneficiary** shall submit such amendment(s) to the **Agency** no later than 22 (twenty-two) months after the entry into force of this **Agreement**. The final amendment(s) shall be made no later than 20 (twenty) days prior to the submission of the **Auditor’s Report**. In case of the occurrence of the event foreseen by Clause 4 of Article 12<sup>13</sup> of the **Program**, the Parties shall act in accordance with Clause 5 of Article 12<sup>13</sup> of the **Program**.
- 4.5 The payment shall be made by the way of a wire transfer to the bank account of the **Program Beneficiary**.
- 4.6 Additional remuneration foreseen by Clause 3.3.4 of this **Agreement** shall be made in accordance with the terms and conditions stipulated by the **Program**.

#### **5. Confidentiality**

- 5.1 All information/documentation received, processed, created and/or sent as a result of signing and/or execution of this **Agreement** by either **Party** in relation to the other **Party** (including the information/documentation on personal and financial data of such Party) and/or other important information/documentation shall be treated as confidential information in the manner prescribed by this **Agreement**.

- 5.2 **Neither of the Parties** shall disclose and/or provide to the third person(s) **confidential information** throughout the duration of this **Agreement** as well as after the end of contractual relations, in accordance with the terms and conditions hereunder.
- 5.3 The following shall not be included in the **confidential information**: a) information provided to state/public agencies, which, based on the applicable laws, is/may become public; b) if the Party owning the **confidential information** has given its prior consent and/or the **parties** have agreed on the disclosure of such information; c) information disclosed in cases provided by law, inter alia as a result of granting legitimate demands of third person(s); d) information provided by the **Program Beneficiary** to the **Agency** on the reimbursement of the **qualified expenditure** issued within the framework of this **Agreement**.
- 5.4 **The Agency, the Film Center** and their controlling state authorities shall be entitled, within their competences, to programmatic access to the **confidential information** presented by the **Program Beneficiary** in its application within the framework of the **Program**.
- 5.5 The **Parties** hereto shall not disclose confidential information during and after the duration of the **Agreement** without prior consent of the other **Party**.
- 5.6 Protection of confidential information shall be valid until the full and proper performance by the Parties of their obligations hereunder, irrespective of the complete or partial termination of this Agreement.

## 6. Termination of the Agreement

- 6.1 The **Parties** may terminate the contractual relations:
- 6.1.1 Upon the expiration of this **Agreement**;
- 6.1.2 By an agreement between the **Parties**;
- 6.1.3 By the way of unilateral termination of the **Agreement** by either **Party** on the basis of the breach of obligations by the other **Party**;
- 6.1.4 In other cases provided by the applicable legislation of Georgia and the state **Program**.
- 6.2 In the event of improper performance and/or breach of terms and conditions stipulated by the **Program** or this **Agreement**, the **Agency** shall be entitled to terminate the **Agreement** and/or unilaterally cease the fulfilment of its obligations **hereunder** to the **Program Beneficiary** and/or set reasonable time limits for the **Program Beneficiary** in order to eliminate deficiencies.
- 6.3 Termination of the **Agreement** shall not release the **Parties** hereto from the full and proper performance of the liabilities arising prior to termination **hereof**.

## 7. Force-Majeure

- 7.1 The **Parties** shall provisionally be exempted from their obligations **hereunder** in the event of the occurrence of force-majeure circumstances. For the purposes of this **Agreement**, force-majeure shall mean any of the following events:
- 7.1.1 Any unforeseeable circumstances or events that are beyond the reasonable control of the Parties and emergence whereof makes it impossible to execute the **Agreement** in whole or in part;
- 7.1.2 Such circumstances and events include but are not limited to act of god, general strikes, sabotage or other civil commotion or riots, war (regardless of whether it is declared) or other military, terrorist or guerrilla acts, blockade, rebellions earthquake, flooding, landslides, avalanches or other events that do not fall under the reasonable control of either Party and which could not be avoided by such **Party** despite taking all reasonable and possible measures.
- 7.2 The **Party** that fails to perform the duties and responsibilities hereunder due to force-majeure shall notify the other **Party** hereto of the occurrence and cessation of such force-majeure circumstances as soon as practicable but no later than 10 (ten) days. Should either **Party** fail to meet the above deadline, it shall submit reasonable information on the default otherwise it shall lose its right to specify such circumstances as the basis for the exemption from obligations due to the partial or improper fulfilment thereof. Such notice shall include the description of force-majeure circumstances and/or

events and the impact thereof on the fulfilment of obligations **hereunder** by such **Party** and also the estimated time when the undertakings which have been postponed due to force majeure will be performed.

7.3 In the event of the emergence of force-majeure circumstances and confirmation thereof, the terms of fulfilment of obligations by the Parties shall be extended proportionally for the period of duration of force-majeure circumstances and/or events or otherwise as may be additionally agreed by the Parties.

## 8. Responsibilities of the Parties

8.1 Each **Party** shall perform its obligations in good faith under the terms and conditions set forth **herein**.

8.2 Each **Party** shall promptly notify the other Party to the **Agreement** of any circumstances known to it that are impeding the achievement of objectives **hereunder**;

8.3 The **Agency** assumes no responsibility for any action carried out by the **Program Beneficiary** at any stage of the implementation of the **Project/Final Project/Final Product** (regardless of whether the **Program Beneficiary** is at fault), as a result whereof third persons and/or the **Program Beneficiary** may suffer damages.

8.4 **The Agency** shall bear no responsibility for the accuracy of information, content, materials or data provided by the **Program Beneficiary** to the **Agency**.

## 9. Procedures for the Exchange of Information and Authorized Persons

9.1 For the purposes of this **Agreement**, the following persons shall be responsible for the exchange of information:

### For and on behalf of the Agency

Full Name:

Title:

Email:

Tel:

### For and on behalf of the Beneficiary

Full Name:

Title:

Email:

Tel:

9.2 For the purposes of this **Agreement**, the forms of the exchange of information between the **Parties** are as follows: written communication sent by mail, through courier, or by e-mail.

9.3 In case of the absence of a return notification from the recipient on receiving information, such information shall be deemed to have been delivered to the recipient unless the sender receives a message automatically generated through technical/software tools sent in connection with the sending failure and on the failure to reach the recipient.

9.4 Delivery of communication by mail or through courier shall be confirmed by the signature of the recipient on the respective document on the receipt of such communication (parcel).

9.5 If the recipient refuses to receive communication (parcel) sent by mail or through courier, respective entry shall be made and such communication (parcel) shall be deemed to have been delivered being binding upon the **Parties**.

9.6 In the event the recipient is not at the address specified **herein** and communication (parcel) can not be delivered, the sender of such communication (parcel) shall once again try to deliver the communication (parcel) to the recipient at the same address or at such other alternative address that may create reasonable grounds for the delivery of the communication (parcel) to the recipient.

9.7 Either **Party** shall inform the other in writing of the change of persons responsible for the exchange of information.

## 10. Duration of the Agreement.

10.1 This **Agreement** shall enter into full force and effect on the date it is signed by the **Parties** and shall remain in force until the fulfilment of obligations provided by the **Agreement** and the **Program**.

## 11. Settlement of Disputes

11.1 Any and all matters, relations and disputes between the **Parties** arising out of or in connection with this **Agreement** shall be governed by, construed and resolved in accordance with the applicable laws of Georgia

11.2 Any disputable issues between the **Parties** arising out of or in connection with this **Agreement** shall be resolved by the way of mutual negotiations between the **Parties** hereto. In the event of the failure to reach an agreement by the **Parties** within 30 (thirty) days, the dispute shall be referred to Georgian common court.

## 12. Final Provisions

12.1 The rights and obligations **hereunder** may not be assigned or otherwise transferred to a third party in part or in full, without the written consent of the other **Party**.

12.2 Issues that are not regulated by this **Agreement** shall be governed by the applicable legislation of Georgia.

12.3 Any changes and/or additions to the present **Agreement** shall be valid only if it is made in writing and signed by the **Parties**.

12.4 Should any provision of this **Agreement** become invalid for any reason whatsoever, such invalid provision shall not affect Article(s), Clause(s) and/or Sub-Clause(s) **hereof**. Such provision shall apply as a replacement of the invalid provision, whereby the purposes stipulated in this **Agreement** (including the invalid provision) may be more easily achieved.

12.5 Terms used herein and/or other agreements relating hereto in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

12.6 Article(s), Clause(s) and/or Sub-Clause(s) **hereof** shall fully apply to the **Appendix/Appendices** of this **Agreement**. Furthermore, in case of any contradiction or discrepancy between the other terms and conditions hereof, provisions of the Appendix/Appendices shall prevail in relation to the issues for the governance whereof such Appendix/Appendices has/have been concluded.

12.7 The **Program Beneficiary** may not assign or otherwise transfer any obligations undertaken or rights granted on the basis of this Agreement and/or other agreements relating hereto (including the Appendix/Appendices hereof) to a third party, without the prior written consent of the **Agency**.

12.8 The **Agreement** shall be governed by and construed in accordance with the applicable laws. In cases not covered by the Agreement, the Parties shall be guided by relevant regulations governing respective relations provided by the legislation and/or additionally agreed terms and conditions.

12.9 The **Parties** hereby declare the representations, warranties, powers and information (including registered and actual addresses) contained **herein** to be true and authentic.

12.10 This **Agreement** has been executed in Georgian language, in 2 (two) copies, each having equal legal force.

## 13. Details and Signatures of the Parties

LEPL Entrepreneurship  
Development Agency

-----

Identification Code: 204582763  
Registered Address: 12 Chanturia  
Str., 0108 Tbilisi, Georgia

Identification Code:  
Registered Address:

-----  
Ana Kvaratskhelia  
Acting Director

-----  
Director

**APPENDIX N1 to Agreement N--- signed between the Legal Entity of Public Law - Entrepreneurship Development Agency  
and ----- on --- 201-, on the Reimbursement for Qualified Expenses to the Beneficiary of the Program  
in the framework of the Film Industry Component of the State Program "Produce in Georgia"**

Project  
[Form]  
Description (of the area)  
Synopsis



**Development Agency**

-----  
Ana Kvaratskhelia  
Acting Director

-----  
Director

**APPENDIX N2 to Agreement N--- signed between the Legal Entity of Public Law - Entrepreneurship Development Agency and ----- on -- -- 201-, on the Reimbursement for Qualified Expenses to the Beneficiary of the Program in the framework of the Film Industry Component of the State Program "Produce in Georgia"**

Qualified Expenses

**LEPL Entrepreneurship  
Development Agency**

-----

-----  
Ana Kvaratskhelia  
Acting Director

-----  
Director

**Agreement №---**  
**On Amending Agreement N--- dated -- -- 201-, on the Reimbursement for Qualified Expenses to the Beneficiary of  
the Program**  
**in the framework of the Film Industry Component of the State Program “Produce in Georgia”**

**LEPL Entrepreneurship  
Development Agency**

-----  
Ana Kvaratskhelia  
Acting Director

-----  
Director

## **Criteria for Reimbursable Qualified Expenses Set out in the Final Report Drawn up by the Beneficiary within the Scope of the Film Industry Promotion Project of the State Program “Produce in Georgia”**

Reimbursement envisaged by the Program – Film in Georgia shall be made by the Agency within 90 (ninety) days after the submission to the Agency of a report of an independent assurance service by respective audit companies provided by N360 Resolution as of September 5, 2012 of the Government of Georgia, in the manner established by the Agency.

### **DEFINITION OF TERMS**

**Entrepreneurship Entity** – legal person registered in compliance with the Law of Georgia on Entrepreneurs (other than legal entities established with the equity participation of the state and self-governing body) not having delinquent tax liability to the state and not being registered in the debtors’ registry;

**Program Beneficiary** – entrepreneurship entity that in accordance with the terms and conditions prescribed by the Program, on the basis of the agreement concluded under the procedures as stipulated by the Agency, has been granted the status of the beneficiary of the Program;

**Qualified Expenses** – particular expenditure to be incurred/incurred by the Program Beneficiary in accordance with the Appendix N2;

**Total Qualified Expenses** – the sum of particular qualified expenses (in accordance with the Appendix N2) incurred/to be incurred by the Program Beneficiary, net of the expenses borne from the funding received from the state budget, legal entities founded with the equity participation of the state and/or municipality.

### **Reimbursable Qualified Expenses Contained in the Final Report Drawn up by the Program Beneficiary Shall Be Based on the Following Criteria**

- Expenses incurred by the Entrepreneurship Entity may be deemed as qualified only from the moment of being granted the status of the Program Beneficiary till the moment of the submission to the Agency of an independent assurance service report by the Program Beneficiary;
- Expenses incurred by the Entrepreneurship Entity may be deemed as qualified only in the event of the availability of relevant document(s) evidencing the expenditure, which clearly confirms carrying out of transaction, includes detailed information (transaction date and place, parties to the transaction, identification data thereof, content, amount and number of such transaction and other relating information), and is confirmed by authorized representatives of the parties to the transaction. Such document(s) shall precisely reflect the transaction details;

- For the purposes envisaged by the Program, qualified expenses shall be calculated according to the cash method (except for the amounts paid in advance in exchange for assurance services, and the Beneficiary shall be entitled to provide a document evidencing the payment of such amounts within one month from the submission of the final report);
- Expenses incurred by the Entrepreneurship Entity may be deemed as qualified only in case the expenses have been incurred (amount is paid) and the respective service has also been delivered (a respective document - Act of Acceptance and Delivery evidencing the foregoing is available);
- For the purposes envisaged by the Program, the qualified expenses incurred in foreign currency shall be calculated in accordance with the applicable exchange rate fixed by the National Bank of Georgia on the day of payment;
- Expenses incurred by the Entrepreneurship Entity may be deemed as qualified only in case the document certifying payment bears a unique Program code (indicated on the Certificate) and a code corresponding to the qualified expenditure incurred (according to the Appendix);
- For the purposes envisaged by the Program, no barter shall be taken into account in the calculation of qualified expenses;
- Expenditure incurred by the Entrepreneurship Entity may be deemed as qualified only in case the service is rendered by an entity registered in accordance with the applicable laws of Georgia;
- Overnight expenses incurred by the Entrepreneurship Entity may be deemed as qualified only in case they had been incurred in compliance with the applicable laws of Georgia (according to the terms used in N220 Order of the Minister of Finance of Georgia: reimbursement for the rent of residential area);
- Business trip expenses incurred by the Entrepreneurship Entity may be deemed as qualified only in case they had been incurred in compliance with the applicable laws of Georgia (N220 Order of the Minister of Finance of Georgia);

