

**Project title: Good Financial Governance in Georgia (GFG)**

**Project number/cost centre: 23.2128.9 -001.00/3900**

**Country: Georgia**

**Support of Elaboration of the draft municipal budgets 2025 in accordance with the programme budget methodology**

## 1. Brief information on the project

Title: Good Financial Governance in Georgia (GFG)  
GFG is implemented by *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

Programme Objective: Selected Georgian municipalities plan and implement their budgets in a more result – oriented, gender - sensitive and participatory way.

### Fields of Action:

- a) The municipal budget planning system is geared towards cost efficiency and result orientation
- b) Selected municipalities are fully accountable for implementing their budgets
- c) Citizen participation in local budget planning and implementation processes
- d) The majority of Georgian municipalities align their budgets with the goals of the 2030 Agenda.

Commissioning period: 01/04/2023 – 31/03/2027

## 2. Context

Reforms in the field of public finance management have been actively implemented in Georgia during the last decade. Full introduction of result-oriented so called program budget has occupied a special place in this regard. Back in 2010, the Budget Code of Georgia defined that the elaboration of draft municipal budgets in accordance with program format would become mandatory from 2013. Therefore, by the decree # 385 of the Minister of Finance of Georgia of July 8, 2011, the methodology of elaboration of the program budget was approved. The methodology defined the basic principles of program budget elaboration, approval and implementation for the state budget as well as for the autonomous republics and local governments.

Municipalities in Georgia have been actively working on the program budgeting in the preceding period. Significant changes have been made in this direction in all municipalities. The Ministry of Finances of Georgia and international donor organizations, including *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ), have been actively involved in this process.

Despite the achieved progress in the area of program budgeting, further improvement of the existing program format and introduction of the best internationally acknowledged practices are on the agenda. In 2015, changes have been made in the approved methodology of program budgeting by the Ministry of Finances of Georgia, in particular, in the part which

regulates program format of the state budget. Therefore, since 2016, programs of the state budget have been elaborated in accordance with the updated format.

Similar changes have been made for autonomous republics and local governments in 2018. Particularly, by the decree #283 of the Ministry of Finances of Georgia of July 28, 2018, changes have been made in the basic document. According to the changes, municipalities became obliged to elaborate, approve and implement the budgets in accordance with the updated program format from 2019.

Changes made to the methodology foresee many novelties. The changes impacted budget as well as its' accompanying documents; Furthermore, in the process of budget elaboration the methodology established obligation of additional documents; the major updates could be defined as follows:

- More emphasis are made on the correct elaboration of document of priorities;
- Elaboration of the medium-term plans for municipalities have become mandatory;
- The format and structure of the budget are described in details;
- Budget accompanying documents and the format of their elaboration - program and capital budgets, non-entrepreneurial (non-commercial) legal entity (NNLE) budgets - became more specified;
- The phases and schedule of drafting the budget became more specified and clearly described;
- The forms of programs/sub-programs/measures have been defined;
- Estimations methodology for the types of programs such as management and regulation have been separated and defined;
- The structure of budget fulfillment report has been defined.

Municipal PFM assessment using PEFA indicators has been actively implemented in the municipalities of Georgia in recent years. In 2017-2022, the PFM system of 56 municipalities was assessed. Based on the assessment results, the Government of Georgia issued a decree (#2735 of December 30, 2019), according to which a 4-year memorandum was signed between MOF and each municipality. The memorandums (MOUs) provide for the improvement of the weaknesses identified in the PEFA assessment. MOUs define specific activities and outcomes for the successful implementation of which municipalities receive additional transfers from the central budget.

In 2022-2024, 26 municipalities' PFM systems (where the period of validity of the memorandum ended) were re-assessed by using the PEFA methodology in order to assess the progress achieved and sign new memorandums.

GIZ (with other IFIs - WB, EU, USAID) actively cooperates with the Ministry of Finance of Georgia in the PEFA assessment process. GIZ also supports municipalities in fulfilling their obligations under the MOUs that envisage improving municipal PFM.

### **3. Objective of the Assignment**

The objective of the assignment is to support Rustavi, Kharagauli, Akhalkikhe, Khashuri, Dusheti municipalities in the process of fulfilling their obligations under the memorandum signed with the Ministry of Finance of Georgia, which includes the elaboration the document of priorities for 2025-2028, medium-term action plan for 2025-2028, draft budget of 2025 and its accompanying documents.

### **4. Tasks to be performed by the contractor**

- a. GIZ shall hire service provider for the anticipated contract term, from 15.07.2024 to 30.11.2024
- b. The service provider shall conduct the following work/service:

In order to achieve the above-mentioned objective service provider shall conduct the following work/service:

- ❖ Support municipalities to elaborate the document of priorities for 2025-2028, medium-term action plan of municipalities for 2025-2028, draft budget of 2025 (including accompanying documents)
- ❖ Support municipalities to elaborate the citizen guide to the draft budget of 2025. Elaboration draft of citizen guide for the municipalities to the draft budget of 2025 The Citizen Guide will briefly and easily describe the main priorities and programs of the draft budget. Revenues and expenditures of the municipality will be analyzed in accordance with past, current and planned years
- ❖ Assistance is provided by carrying out proper consultations to the civil servants of municipality, providing them with appropriate forms and instructions, and defining the relevance of information prepared by the Financial Division to the updated methodology.
- ❖ Consultations will be carried out for civil servants and the relevant forms (instructions) about the following issues:
  - Elaboration of the document of priorities and existing programs in them;
  - Elaboration of the medium-term action plan;
  - Elaboration of the annual budget in accordance In accordance with the updated methodology;
  - Elaboration of the budget programs and sub-programs In accordance with the updated methodology;
  - Elaboration of program and capital appendices;
  - Definition of the basic and target indicators of the program and sub-program measures;
  - development of gender indicators for gender-sensitive programs;
  - linking (localizing) existing budget programs and indicators with the UN Sustainable Development Goals (SDGs);
  - Carrying out other activities and preparing documents defined by the methodology and MOU.

In the implementation process of the project, local government officials will be provided with an information about the importance of program budgeting, the need of the involvement of the municipal officials in drafting the budget in a program format, and all the target indicators which will make their future decisions even more reasonable and substantiated.

For the project objectives to be successfully achieved, the service provider/contractor should have active, almost daily contact with the head of the municipal financial department and the staff. In addition, the service provider should actively collaborate with the municipal mayor, deputy mayors, heads of various departments and GIZ. Frequent face to face meetings with various municipal officials are expected. In addition, they should focus on the responsibilities of the sectorial service, to provide the necessary information to the financial division in a timely and competent manner. The objective of the assignment is also to gather experience gained during the process and to highlight the future topics in the field of training for regional actors.

**As a result of consultancy work the following project outcomes are expected:**

Municipalities possess the budget documents relevant to the updated methodology of program budgeting approved by the Minister of Finance of Georgia. The documents include:

- Document of priorities for 2025-2028 - along with corresponding format and structure;
- Medium-term action plan for 2025-2028 - along with corresponding format and structure;
- Programs introduced in the document of priorities and medium-term action plan for 2025-2028 - along with basic and target indicators;
- Draft budget of 2025 - along with relevant format and structure;
- The program budget annex of the draft budget of 2025 - including programs and sub-programs introduced in them along with basic and target indicators;
- The capital annex of the draft budget of 2025;
- The citizen guide to the draft budget of 2025.
- The budget documentation of the municipality includes the fulfillment of all program budgeting obligations defined by the old and new memorandums.

**Involvement**

The service provider will hold meetings in municipalities. The service provider will frequently work locally in municipalities, with corresponding local government's officials and civil servants.

During the project phase, the service provider will have communication with the mayor of municipality (Deputy Budget Curator), with the head of Financial Division and the staff.

In case of needs, the service provider will hold the meetings with the representatives of municipal council.

The service provider will collaborate with the Budgeting Department and Treasury Division of the Ministry of Finance of Georgia

**5. Terms of contract and reporting .**

Interim payment will take place presumably until 20.08.2024 based on the submission of the interim report for the assignment.

The interim report should include the following information:

- analysis of existing budget documents and preparation of recommendations for their improvement;
- Determination of the basic indicators for existing programs and sub-programs and adjusting them to the new format;

The final payment will be made presumably until 30.11.2024 based on the submission of the final report for the assignment.

The final report should include the following information:

- Medium term action plans of municipalities for 2025-2028
- Drafting the document of priorities of municipalities for 2025-2028,

- draft budget of 2025 and its accompanying documents (budgets of NNLE, program and capital annexes);
- the citizen guide to the draft budget of 2025;
- as well as the information on accomplishing all tasks envisaged under the work plan.

The initial and final reports should include information about the meetings held by the service provider, indicating the dates and meeting participants. Also, challenges of municipalities working with the new methodology.

Reports shall be produced in Georgian. Executive summary shall be delivered in English as well.

During the implementation process, the service provider closely cooperates with GIZ (contact person – Rusudan Abulashvili ).

Within the framework of close cooperation with GIZ, the service provider collaborates and provides information to the Budgeting Department of the Ministry of Finance of Georgia.

## **6. Submission and Selection of Proposal**

Partner for the consultancy service will be selected based on a competition.

Entrepreneurial (LLC) and non-entrepreneurial legal entities (NLE, NPO) organizations are eligible to participate in the competition.

GIZ is entitled not to consider and disqualify the proposal where the duties of the members of the executing team are directly or indirectly related to the work presented in these assignments.

GIZ reserves the right to check the information indicated in the application. Application will be cancelled in case of inaccurate information.

### **Selection criteria**

1. Experience and competence of the organization's capabilities and assignment-related experience in executing similar projects on medium-term budgeting and program budgeting in the area of local self - government. (Proposal should demonstrate specific experience on conducting similar assignments);
2. Adequacy of technical proposal and project implementation methodology;
3. Experience/ability of the organization's team to carry out an assessment outlined in the ToR (*will be defined according to the implemented similar project(s) by the organization's team; this shall be indicated in the CVs of the presented experts*);
4. Budget cost efficiency.

*More detailed information on assessment criteria is provided in the annexed assessment grid.*

### **Assignment of personnel**

In the period from 15.07.2024 to 30.11.2024 for the implementation of the services described in these ToR up to 6 persons (in total up to 190 expert days) are planned:

Personell	Number of Experts (up to)	Expert days (up to)
Project Manager*	1	40 days
Expert**	5	30 days

## Qualifications of personnel

### \*Project Manager

#### Qualifications of the project manager (with assessment grid number)

- Education (2.1.1): University degree in Economics, Finance and Business or related field
- General professional experience (2.1.2): At least 7 years of professional experience in the PFM sector
- Specific professional experience (2.1.3): Experience in municipal budget preparation and reporting
- Leadership/management experience (2.1.4): Project manager of similar projects

### \*\*Expert 5 members

#### Qualifications of senior expert (with assessment grid number)

- Education (2.2.1, 2.3.1, 2.4.1, 2.5.1, 2.6.1): University degree in Economics, Finance and Business, Management or related field
- General professional experience (2.2.2, 2.3.2, 2.4.2, 2.5.2, 2.6.2): At least 5 years professional experience in the PFM Sector
- Specific professional experience (2.2.3, 2.3.3, 2.4.3, 2.5.3, 2.6.3): Participation in similar projects

The tenderer must provide CV-s and a clear overview of all proposed short-term experts and their individual qualifications.

## 7. Requirements on the format of the tender

### 7.1. Technical proposal shall include the following information:

#### 1. Title page

Name and registration number of organization; legal address, telephone number, e-mail address, director of organization, signature and stamp of a director.

#### 2. Project Description

##### 2.1 Project name and implementation period (month/year-month/year)

##### 2.2. project goals and objectives

##### 2.3 Activities defined by the project and implementation schedule

#	Activity	April	May	June	Comment
1	X				<i>If relevant</i>
2	Y				
3	Z				
...	...				

#### *2.4 Persons involved in the project and their functions*

Please, indicate the list and functions of persons, who will be involved in the implementation of the project and will be respectively indicated in the budget. Resumes of the respective persons should be attached to the application.

#### *2.5 Annex*

Respective Resumes (CV) of the people involved in the implementation of the project should be attached to the application.

Applicant may attach any additional relevant information to the application.

### **7.2. The Financial offer**

Please calculate your price bid based exactly on the costing requirements. The specifications for pricing are defined in the attached price schedule which is required to be used for the preparation of the financial offer.

Budget should not contain the costs that are not relevant for the activities envisaged under the project. Ongoing costs of the organisation won't be covered by budget.