

**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 2024 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

Commissioning period: 01/04/2023 – 31/03/2026

## 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.

Public finance management assessment by applying PEFA indicators has been actively carried out in Georgian municipalities over the recent years. By this stage, the assessment has been made in 56 municipalities. But conducted PEFA Assessment based Memorandums elaborated in 2018 are outdated and new PEFA Assessments should be carried out for new Memorandums. On the basis of the Government Decree # 2735 of December 30, 2019, the Ministry of Finance of Georgia and municipalities signed a "Memorandum of Cooperation on Supporting the Improvement of Finance Management by Municipalities under the Framework of Public Finance Management Reform Strategy 2023-2026" in order to encourage the measures to be taken by the municipalities to eliminate the gaps identified in the assessment process. Medium-term planning and program budgeting represents the first and one of the main directions of the memorandum.

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

The objective of the assignment is to support Rustavi, Telavi, Khashuri, Akhalzikhe, 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 of the document of priorities for 2024-2027, medium-term action plan for 2024-2027, draft budget of 2024 and its accompanying documents.

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

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

- ❖ Support municipalities to elaborate the document of priorities for 2024/2027, medium-term action plan of municipalities for 2024-2027, draft budget of 2024 (including accompanying documents)
- ❖ Support municipalities to elaborate the citizen guide to the draft budget of 2024. Elaboration of the draft of citizen guide for the municipalities to the draft budget of 2024. 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 with the civil servants of municipalities, 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 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);
  - Other novelties related to the methodology.

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 the 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 2024-2027 - along with corresponding format and structure;
- Medium-term action plan for 2024-2027 - along with corresponding format and structure;
- Programs introduced in the document of priorities and medium-term action plan for 2024-2027 - along with basic and target indicators;
- Draft budget of 2024 - along with relevant format and structure;
- 2023 Appendix of the draft program budget of 2024 - including programs and sub-programs introduced in them along with basic and target indicators;

- The capital appendix of the draft budget of 2024
- The citizen guide to the draft budget of 2024.
- The budget documentation of the municipality includes the fulfillment of all 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. The Project Phases and respective implementation periods**

The project consists of 2 major phases:

Phase 1 - Determination of the basic indicators for existing programs and sub-programs and adjusting them to the new format; elaboration of the medium-term action plan;

Phase 2 – Drafting the document of priorities, draft budget and its accompanying documents (program and capital budgets appendices); drafting of the citizen guide

Implementation periods of the project phases:

Phase 1 will be implemented from 15.09 to 30.10 periods.

Phase 2 will be implemented from 30.10 to 05.12 periods

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. Deliverables under this assignment**

The following deliverables are to be provided by the period from entering into contract until 30.10.2023:

- Interim report (phase 1) Rustavi, Telavi, Khashuri, Akhalzikhe, Khashuri, Dusheti Medium-term action plan for 2024-2027, basic indicators of the relevant programs and sub-programs of the municipalities.

The following deliverable are to be provided by the period from 30.10.2023 till 05.12.2023:

- Final report (phase 2) Rustavi, Telavi, Khashuri, Akhalzikhe, Khashuri, Dusheti the document of priorities of municipalities for 2024-2027, draft budget of 2024 and its accompanying documents (budgets of NNLE, program and capital appendices), the citizen guide to the draft budget of 2024.

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 should be stated.

Both reports shall be written in Georgian and in addition include an executive summary in English.

## 6. Tentative contract period and payment:

Start date: 15.09.2023

End date: 05.12.2024

The interim payment will be issued after the submission of the interim report (30.10.2023).

The final payment will be issued after the submission of the final report (05.12.2023).

## 7. 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 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 15.09.2023 to 05.12 2023 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 5 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 3 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.

## 8. Requirements on the format of the tender

### 8.1. 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.

### **8.2. 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.