

# Terms of reference (ToR) for the procurement of services below the EU threshold

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<b>PEFA Assessment of Public Financial Management (PFM) Systems in seven Georgian Municipalities</b>	<b>Project number/ cost centre: G-012311-001 Tender number 7000016345</b>
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## 1. Contexts

### Short description of 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

### Context and objectives of the assignment

The Public Expenditure and Financial Accountability (PEFA) Programme provides an internationally recognized framework for assessing and reporting on the strengths and weaknesses of Public Financial Management (PFM) systems through a set of performance indicators. PEFA assessments provide an objective, evidence-based measurement of PFM performance at a specific point in time and enable comparisons of progress across successive assessments. The PEFA framework for Subnational Governments (SNGs) includes Performance Indicators (PIs) that cover the key dimensions of municipal PFM systems. In 2022, the PEFA Secretariat updated the *Guidance for Subnational Government PEFA Assessments*<sup>1</sup>. The assessment under this assignment shall be carried out in accordance with this guidance.

In Georgia, the assessment of municipal Public Financial Management (PFM) systems using the PEFA methodology has become an integral part of efforts to strengthen local public financial management. Between 2017 and 2022, PEFA assessments were conducted in all 56

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<sup>1</sup> [GUIDANCE FOR SUBNATIONAL GOVERNMENT PEFA ASSESSMENTS](#)

municipalities of Georgia. Building on this experience, a new assessment cycle was launched in 2023 to measure the progress achieved since the previous assessments. Between 2023 and 2025, reassessments were completed in 32 municipalities, and the process will continue in the coming years.

The Good Financial Governance in Georgia (GFG) Project, implemented by GIZ in cooperation with the Ministry of Finance of Georgia, actively supports this reform process. As part of this support, the present assignment aims to conduct PEFA assessments of the Public Financial Management (PFM) systems of seven Georgian municipalities in accordance with the PEFA methodology for Subnational Governments.

The overall objective of the assignment is to support the Ministry of Finance of Georgia in the continued implementation of municipal PEFA assessments as part of the ongoing efforts to strengthen municipal Public Financial Management (PFM) systems.

Specifically, the assignment aims to:

- Assess the Public Financial Management (PFM) systems of the municipalities of Gori, Senaki, Kazbegi, Samtredia, Chiatura, Kobuleti, and Sachkhere using the PEFA framework for Subnational Governments (SNGs).
- Assess the progress made since the previous PEFA assessment and identify improvements as well as any remaining weaknesses in each municipality's PFM system.
- Based on the assessment results, develop a three-year Action Plan for improving the PFM system of each target municipality.

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

The Contractor shall undertake the following key tasks:

- 2.1. Preparation of the Work Plan and Review of the Current Public Financial Management (PFM) Environment
- 2.2. Conduct PEFA Assessments and Prepare PEFA Reports
- 2.3. Develop Public Financial Management (PFM) Action Plans and Recommendations

### **2.1. Planning and Review of the Current PFM environment**

The Contractor shall prepare a detailed work plan which, following agreement with GIZ, shall be presented to the official representatives of each of the seven target municipalities, including the Mayor or Deputy Mayor and the Head of the Finance Department. The work plan shall cover all target municipalities and shall be agreed upon with the relevant representatives of each municipality.

The Contractor shall review the previous PEFA assessments conducted for the target municipalities and analyze the implementation of the commitments established under the Memorandums of Understanding (MoUs) concluded between the Ministry of Finance of Georgia and the respective municipalities.

The Contractor shall obtain a comprehensive understanding of the current state of the target municipalities' Public Financial Management (PFM) systems. This shall include, inter alia, a review of State Audit reports, the Municipal Medium-Term Priorities Document, annual budgets, budget execution reports, and any other relevant documentation necessary to assess the performance of the municipalities' PFM systems.

## **2.2. Develop PEFA reports**

The Contractor shall prepare PEFA assessment reports for the following municipalities in accordance with the “Guidance for Subnational Government PEFA Assessments<sup>2</sup>”, applying the prescribed methodology, report structure, and reporting requirements:

- Gori Municipality
- Senaki Municipality
- Kazbegi Municipality
- Samtredia Municipality
- Chiatura Municipality
- Kobuleti Municipality
- Sachkhere Municipality

To accomplish this task, the Contractor shall undertake the following activities:

### **2.2.1. Fieldwork**

The Contractor shall conduct fieldwork in each of the target municipalities, including meetings and interviews with relevant municipal officials and other stakeholders, the collection and verification of supporting evidence, and the validation of assessment findings in accordance with the Guidance for Subnational Government PEFA Assessments.

### **2.2.2. PEFA reports**

The Contractor shall prepare draft and final PEFA assessment reports for each target municipality in accordance with the *Guidance for Subnational Government PEFA Assessments*. This shall include assessing and scoring all applicable PEFA performance indicators; documenting the supporting evidence and justification for each score; preparing draft PEFA assessment reports; and submitting the draft reports to the respective municipalities for factual validation and comments prior to finalization.

The Contractor shall review and address comments received from the municipalities, as appropriate, as well as comments arising from the PEFA quality assurance process, and

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<sup>2</sup> [GUIDANCE FOR SUBNATIONAL GOVERNMENT PEFA ASSESSMENTS](#)

finalize the assessment reports in accordance with the prescribed methodology, report structure, and quality assurance requirements.

The assessment shall be limited to the functions and responsibilities of the target municipalities and shall not cover the functions and responsibilities of the central government. The assignment shall also exclude the assessment of external audit functions. Furthermore, the assignment shall not require the full implementation of all formal procedures and phases prescribed by the PEFA methodology, including the application of PEFA Check.

### 2.3. Develop PFM Action Plan

Based on the findings of the PEFA assessments, the Contractor shall develop a 2027–2029 Public Financial Management (PFM) Improvement Action Plan and corresponding recommendations for each target municipality. The Contractor shall undertake the following activities:

- Analyze the progress made or any regression in the Public Financial Management (PFM) system of each municipality since the previous PEFA assessment.
- Develop a 2027 - 2029 PFM Improvement Action Plan for each municipality, identifying specific, prioritized, and actionable measures to address the weaknesses identified through the PEFA assessment.
- Define measurable performance indicators and targets to facilitate the monitoring and evaluation of the implementation and effectiveness of the proposed measures.
- Submit the draft PFM Improvement Action Plan to the respective municipality for review and discussion, and revise it, as appropriate, based on the comments received.
- Submit the revised PFM Improvement Action Plan to the Ministry of Finance of Georgia for review and agreement prior to finalization, and finalize the document taking into account the comments received.
- Develop recommendations for the content of new Memorandums of Understanding (MoUs) between the relevant stakeholders, taking into account the findings and recommendations of the PEFA assessments. Submit the draft MoU recommendations to the Ministry of Finance of Georgia for review and endorsement prior to finalization.

### Milestones

The Contractor shall achieve the following milestones during the contract period, as set out in the table below:

<b>Deliverables</b>	<b>Deadline</b>
<b>Planning and Review of the Current PFM Environment</b>	August 15, 2026
<b>Fieldwork for the PEFA Assessments</b>	September 15, 2026

<b>PEFA Assessment Reports</b>	November 1, 2026
<b>PFM Improvement Action Plans</b>	November 20, 2026
<b>Final report</b>	November 30, 2026

Period of assignment: from August 1, 2026 until November 30, 2026.

### **Terms of contract and reporting**

An interim payment shall be made, tentatively by **15 September 2026**, upon submission and acceptance of the Interim Report for the assignment.

The Interim Report shall include the following:

- A detailed work plan;
- A review of the current Public Financial Management (PFM) environment of the target municipalities;
- A summary of the fieldwork conducted in the target municipalities, including meetings, interviews, and the collection of information required for the PEFA assessments.

The final payment shall be made, tentatively by **30 November 2026**, upon submission and acceptance of the Final Assignment Report.

The Final Assignment Report shall summarize the activities undertaken, the key findings, the deliverables produced, and the recommendations for future implementation. It shall include the information specified in the Terms of Reference for the procurement of consulting services, as well as a summary of the completion of all tasks set out in the approved work plan.

All reports shall be prepared in Georgian. An executive summary of the Final Assignment Report shall also be submitted in English.

### **3. Concept**

In the tender, the tenderer shall demonstrate how the objectives defined in **Chapter 2: Tasks to be Performed** will be achieved, taking into account the technical and methodological requirements set out therein (technical-methodological concept). In addition, the tenderer shall describe the proposed project management approach for the provision of the consulting services.

#### **Technical and Methodological Approach**

**Technical proposal and implementation methodology and strategy (1.1.1):** The tenderer is required to consider the tasks to be performed with reference to the objectives of the services put out to tender (adequacy of the technical proposal and project implementation methodology).

The tenderer is required to describe the key processes for the services for which it is responsible and to prepare an operational plan or schedule (1.1.2) describing how the services set out in Chapter 3 (Tasks to be Performed by the Contractor) are to be provided. In particular, the tenderer is required to describe the necessary work steps.

**Experience and Competence (3.1.1):** The tenderer is required to present the organization's capabilities, experience, and competence in executing similar projects related to PEFA assessments at the local level (the proposal should demonstrate specific experience in conducting similar assignments).

**Experience/Ability of the Organization's Team (3.2.1):** The tenderer is required to demonstrate the experience and ability of the organization's team to carry out the assessment outlined in the Terms of Reference (ToR). This shall be evidenced by the implementation of similar projects by the organization's team and reflected in the CVs of the proposed experts.

#### Submission and Selection of Proposal

- Service provider will be selected based on a competition.
- Non-entrepreneurial (non-commercial) legal entities (NNLE, NPO) and Entrepreneurial (LLC) 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.

#### 4. Personnel concept

The tenderer is required to provide personnel who are suitably qualified to fill the positions described, as demonstrated by their CVs.

The qualifications specified below represent the requirements for achieving the maximum number of points in the technical assessment.

##### Team leader

###### Tasks of the team leader

- Overall responsibility for the contractor's advisory services, including quality assurance and timely delivery.
- Coordination of, and communication with, GIZ, project partners, and other stakeholders involved in the project.
- Personnel management, including planning and supervising assignments and providing guidance and support to local experts.
- Regular reporting in accordance with the agreed deadlines.

###### Qualifications of the Team Leader

- Education (2.1.1): University degree in Economics, Finance and Business or related field

- General professional experience (2.1.2): 10 years of professional experience in the PFM sector
- Specific professional experience (2.1.3): 8 years of Experience in municipal budget preparation and reporting
- Leadership/management experience (2.1.4): Project manager of at least 5 similar projects.

### **Short-Term Expert Pool (5 Experts)**

#### Tasks of the PFM Experts

The PFM Experts shall support the Team Leader in the implementation of the assignment and shall be responsible for the following tasks:

- Review relevant documentation and collect the evidence required for the PEFA assessments.
- Conduct fieldwork, including interviews and consultations with municipal officials and other relevant stakeholders.
- Contribute to the preparation of PEFA assessment reports, including the scoring of performance indicators, analysis of findings, and documentation of supporting evidence.
- Support the development of municipality-specific PFM Improvement Action Plans and recommendations based on the findings of the PEFA assessments.

#### Qualifications of PFM experts

PFM Expert (5 members)

- Education (2.2.1): University degree in Economics, Finance and Business, Management or related field
- General professional experience (2.2.2): 5 years' professional experience in the PFM Sector
- Specific professional experience (2.2.3): Participation in similar projects

### **5. Costing requirements**

For the implementation of the services described in these Terms of Reference (ToR), the Contractor shall provide up to six experts, with a total input of up to 240 expert days:

<b>Fee days</b>	<b>Number of experts</b>	<b>Number of days per expert</b>	<b>Total</b>	<b>Comments</b>
<b>Team leader</b>	1	40		lump-sum basis
<b>PFM Experts</b>				The tenderer's proposal shall specify the number

	5	Up to 200 days		of expert days allocated to each expert separately. The total number of expert days shall not exceed 200.  lump-sum basis
Travel expenses	Quantity	Number per expert	Total	Comments
<b>Fixed travel budget</b>	-	-	Up to 7,500.0 GEL	The tenderer's proposal shall separately specify, for each municipality, the number of business trip days, overnight stays, per diem allowances, and the number of staff members participating in each business trip.  lump-sum basis

## 6. Requirements on the format of the tender

The structure of the tender must correspond to the structure of the ToR. In particular, the detailed structure of the concept (Chapter 3) should be organized in accordance with the positively weighted criteria in the assessment grid (not with zero). The tender must be legible (font size 11 or larger) and clearly formulated. It must be drawn up in English.

The complete tender must not exceed 10 pages (excluding CVs). If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment. External content (e.g. links to websites) will also not be considered. The CVs of the personnel proposed in accordance with Chapter 4 of the ToR must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages each. They must clearly show the position and job the proposed person held in the reference project and for how long. The CVs can also be submitted in English.

Please calculate your financial tender based exactly on the parameters specified in Chapter 5 Quantitative requirements. The contractor is not contractually entitled to use up the days, trips, workshops or budgets in full. The number of days, trips and workshops and the budgets will be contractually agreed as maximum limits. The specifications for pricing are defined in the price schedule.