



Twinning Fiche

Project title: Strengthening Parliamentary Oversight in Public Finances

Beneficiary administration: Parliament of Georgia

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EU funded project

TWINNING TOOL

List of Abbreviations:

AA – Association Agreement
BA – Beneficiary Administration
BFC – Budget and Finance Committee
CSOs – Civil Society Organizations
EaP – Eastern Partnership
EBRD – European Bank for Reconstruction and Development
EU – European Union
EUD – Delegation of the European Union to Georgia
GDP – Gross Domestic Product
LEPL – Legal Entity of Public Law
MoESD – Ministry of Economy and Sustainable Development
MoF – Ministry of Finance
MP – Member of Parliament
NBG – National Bank of Georgia
OBI – Open Budget Index
PAO – Programme Administration Office
PBO – Parliamentary Budget Office
PAR – Public Administration Reform
PEFA – Public Expenditure and Financial Accountability
PFMRS – Public Financial Management reform strategy
PIFC – Public Management Finance Control
PL – Project Leader
PSC – Project Steering Committee
RTA – Resident Twinning Adviser
SAO – State Audit Office
STE – Short term Expert

1. Basic Information

1.1 Programme: Support for the EU for Economic Governance and Fiscal Accountability, ENI/2018/041- 405, Direct Management.

For projects financed by a basic act under the 2014-2020 or previous MFFs, 11th or previous EDF, until further notice please insert:

For UK applicants: Please be aware that following the entry into force of the EU-UK Withdrawal Agreement¹ on 1 February 2020 and in particular Articles 127(6), 137 and 138, the references to natural or legal persons residing or established in a Member State of the European Union and to goods originating from an eligible country, as defined under Regulation (EU) No 236/2014² and Annex IV of the ACP-EU Partnership Agreement³, are to be understood as including natural or legal persons residing or established in, and to goods originating from, the United Kingdom⁴. Those persons and goods are therefore eligible under this call.

1.2 Twinning Sector: Finance, Internal market and economic criteria FI

1.3 EU funded budget: 1 140 000 EUR

1.4 Sustainable Development Goals (SDGs): SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

2. Objectives

2.1 Overall Objective(s):

The Overall Objective of the project is to strengthen fiscal governance through enhanced budgetary frameworks, external audit, independent monitoring as well as participation and oversight of public finances.

2.2 Specific Objective:

The Specific Objective of the project is to strengthen parliamentary oversight in public finances; with the priority of enhancing independence and institutional capacities of the Parliamentary Budget Office, increasing the efficiency of the cooperation of the Budget and Finance Committee with relevant institutions and other parliamentary entities, as well as civil society.

2.3 The elements targeted in strategic documents i.e. National Development Plan/Cooperation agreement/Association Agreement/Sector reform strategy and related Action Plans

The Twinning project is fully in line with the requirements of the EU-Georgia Association Agreement (AA) and aims to support further effective implementation and fulfilment of the objectives set out in the Agreement.

Article 277 “1. The EU and Georgia shall facilitate the process of economic reform by improving the

¹ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community

² Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.

³ Annex IV to the ACP-EU Partnership Agreement, as revised by Decision 1/2014 of the ACP-EU Council of Ministers (OJ L196/40, 3.7.2014)

⁴ Including the Overseas Countries and Territories having special relations with the United Kingdom, as laid down in Part Four and Annex II of the TFEU.

understanding of the fundamentals of their respective economies and the formulation and implementation of economic policies.

Georgia shall strive to establish a functioning market economy and to gradually approximate its economic and financial regulations to those of the EU, while ensuring sound macroeconomic policies. EN L 261/106 Official Journal of the European Union 30.8.2014”

Article 278 “To that end, the Parties agree to conduct a regular economic dialogue aimed at: (b) exchanging expertise and best practices in areas such as public finance, monetary and exchange rate policy frame works, financial sector policy and economic statistics; (d) reviewing status of bilateral cooperation in the economic, financial and statistical fields.”

Article 279 “The Parties shall cooperate in the area of public internal financial control (PIFC) and external audit with the following objectives: (e) further strengthening of the State Audit Office of Georgia as a supreme audit institution of Georgia in terms of its independence, organizational and audit capacity, financial and human resources and implementation of internationally accepted external audit (INTOSAI) standards by the supreme audit institution; and (f) exchange of information, experiences and good practices through inter alia personnel exchange and joint training in these fields.”

Article 370 “The Parties shall promote dialogue and cooperation between civil society stakeholders from both sides as an integral part of the relations between the EU and Georgia. The aims of such a dialogue and such cooperation are:” “(b) to enhance civil society participation in the public decision-making process, particularly by maintaining an open, transparent and regular dialogue between the public institutions and representative associations and civil society; (c) to facilitate an enabling environment for the institution-building and development of civil society organizations in various ways, including inter alia advocacy support, informal and formal networking, mutual visits and workshops enabling legal framework for civil society, and (d) to enable civil society representatives from each side to become acquainted with the processes of consultation and dialogue between civil society, including social partners, and public authorities in particular with a view to strengthen civil society in the public policy-making process.”

The Public Financial Management reform strategy (PFMRS) 2018-2021⁵

The PFMRS is based on a thorough analysis of the existing strengths and weaknesses in the PFM systems of Georgia using the PEFA methodology at the Central Government and Municipality levels. Its chapter on the tasks of the Ministry of Finance covers the following topics related to the Twinning Program (we preserved the numbering of the topics from the original document):

1. Budgeting
 - 1.1 Increase Effectiveness of Medium-Term Planning
 - 1.2 Enhancing Fiscal Discipline
 - 1.4 Increase Effectiveness of Result-oriented planning
 - 1.5 Develop high standard of Accountability and transparency
2. General Government Debt Management
 - 2.1 Management of the Government Debt in accordance with Debt Management Strategy
3. (unrelated)
4. (unrelated)
5. Macroeconomic Analysis and Fiscal Policy
 - 5.1 Macroeconomic Analysis and Forecasting
 - 5.2 Improvement of public finance statistics
6. Fiscal Risks
 - 6.1 Define the scale of impact of economic shocks on state enterprises
 - 6.2 and 6.3 Increasing the Coverage in Fiscal Risk Analysis Document of Enterprises
 - 6.4 Maintaining existing practice of recording obligations from contingent liabilities

The document also highlights that the ongoing reforms are improving parliamentary oversight of PFM.

The PFM reform has undergone already 4 phases (2007-2009, 2009-2013, 2014-2017, 2018-2021) and the government will further elaborate the new PFM strategy 2022-2024 after the next PEFA assessment. The coordination and monitoring of PFM strategies is ensured since 2010 by the Coordination Council of the Public Finance Management Reform Implementation chaired by the MOF and consisting of representatives of the MOF as well as the Parliament of Georgia, SAO, SPA as well as non-governmental and donor organizations.

⁵ <https://mof.ge/images/File/strategia/2020/PFMRS%202018-2021%20ENG.pdf>

3. Description

3.1 Background and justification:

The Parliament of Georgia is the supreme representative body of the country composed of 150 Members of Parliament (MPs) - 120 Proportional and 30 Single Mandate in Majoritarian Constituencies, elected for a four-year term of office.

The Parliament of Georgia represents the legislative power and defines the principal directions of the country's domestic and foreign policies. It exercises supervision and control over the activities of the Government of Georgia (GoG) and is guided by the Constitution, the legislation of Georgia and the Rules of Procedures of the Parliament. The latter defines the legal, organizational and structural bases of the Parliament's activities.

MPs of the 10th convocation of the Parliament of Georgia (2020-2024) are engaged in 16 committees. Among them the Budget and Finance Committee (BFC) plays key role in overseeing public finances.

Efficient activity of the BFC is a significant prerequisite for the success of the harmonization process provided for by the Association Agreement and the bilateral and multilateral international treaties and agreements. It is of utmost importance that the committee exercises the effective oversight of spheres and agencies within its jurisdiction, which include the Ministry of Finance, National Bank of Georgia (NBG), State Audit Office and other ministries. The committee's role also includes effective oversight of legal entities of public law (LEPL), national regulatory bodies and, generally, the Executive power as stipulated by law.

The Parliament is authorized to oversee compliance with the State Budget spending by the GoG through the State Audit Office. To that end Committee members are chosen for a Committee-based Standing State Audit Office Reports Examination Working Group. This Working Group is accountable to the Budget and Finance Committee.

The Strategy and Action Plan of the BFC for 2018-2020⁶ has identified the areas with the room for improvement, which included information exchange, the frequency of contacts internally and with partners, and legislation and oversight activities of Executive authorities, the State Audit Office and National Bank.

Beside the BFC, the other key beneficiary of this twinning project is the Parliamentary Budget Office (PBO), an independent fiscal institution within the system of the Parliament of Georgia. Its main goal is to strengthen parliamentary oversight over the public finance management by providing independent and impartial analysis, research and assessment of the government's fiscal policies, plans and performance, and consequently, promoting medium- and long-term fiscal sustainability.

The role of the PBO is particularly important for the effective exercise of the budgetary and legislative powers of the Parliament. Giving its unique role in the fiscal architecture, it is crucial that PBO's independence and institutional capacity are reinforced in order to better align with OECD principles for independent fiscal institutions. The main challenge in assuring PBO's comprehensive performance and strengthening parliamentary oversight is increased expectations for the analytical products of the PBO due to ongoing PFM reforms in Georgia, which requires strengthening analytical capacity of the institution, as well as more effective communication mechanisms with stakeholders aiming to raise the level of awareness about the role and products of the PBO.

The main goals of the Twinning Project are to increase analytical capacity and visibility of the PBO (see further 3.5 below).

The findings of the 2017 PEFA assessment show that Georgia's PFM system benefits from a strong foundation following the implementation of consecutive PFM-related strategies and action plans, though further progress is needed. Among others the following areas of weakness (D to C scores) are identified: Under Medium Term Perspective in Expenditure Budgeting (PI-16): consistency of budgets with previous year estimates at both national and subnational level, and medium-term expenditure ceilings at subnational level; Under Fiscal Risk Reporting (PI-10): monitoring of subnational governments by the central government (ensuring that financial reports for municipalities are audited annually) and municipalities with owned corporations with comprehensive consolidated financial reporting. Under Fiscal Strategy (PI-15):

⁶ <https://web-api.parliament.ge/storage/files/shares/Komitetebi/sapinanso/samoqm-gegma/plan-2018-2020.pdf>

fiscal impact of policy proposals to the budget, and reporting of fiscal outcomes/results, that is, progress report on the fiscal strategy; Under Legislative Scrutiny of Audit Reports (PI-31) at both Parliament and Sakrebulo; Under Budget Preparation Process (PI-17): the budget calendar process and budget submission to the legislature. The budget calendar process is hindered by the timing of information on grants which limits the time available to prepare the budgets; Under Performance Information for Service Delivery (PI-8): performance plans, achievements and evaluations for service delivery; Under Predictability of In-Year Resource Allocation (PI-21): significance of in-year budget adjustments⁷

The IMF Fiscal Transparency Evaluation⁸ published in autumn 2017 notes that many elements of sound fiscal transparency practices are in place and Georgia meets the standard of good or advanced practice on 18 out of 36 principles, including medium-term planning, budget legislation, quarterly and annual reporting, budgeting classification, program budgeting, macroeconomic and fiscal risks, macroeconomic forecasts, etc and basic standards on a further 10 principles. Areas for improvement (remaining 8 principles) include: addressing the need for fiscal reports that show the complete picture of government finances; reconciling the change in the stock of the government's debt with the budget deficit, providing independent verification of the accuracy of the government's fiscal statistics and annual financial statements; reporting on performance against fiscal objectives; management of fiscal risks associated with public corporations and power purchasing agreements.

The Open Budget Index (OBI) 2019 ranked Georgia as number five among all the assessed 115 countries and demonstrates an increase of 14 points compared to the 2015 OBI score. However, strengthening public participation in decision-making and public finance at both national and local levels remains a serious challenge which is also reflected by OBS low score in Public Participation (28/100). At national level, the CSO involvement in the budgeting process is not well-regulated. Key institutions that could operationalize this involvement – the Parliament, the State Audit Office and the line ministries and agencies – still lack relevant experience. Civil society participation at this level is limited to consultations with and activism of a small number of professional national CSOs that have a history of access to national decision-makers and long-standing donor support.⁹

The Parliament gradually revised its internal regulations and procedures to better reflect the enhanced mandate granted by the 2017 constitutional amendments. Though the shareholders recognise the need for improved financial oversight and follow-up of SAO recommendations. In this context, the European Union is actively supporting policy dialogue and exchanges aimed at reinforcing the quality of reviews and follow-up of external audits and the participation of civil society in economic governance discussions.

Further strengthening of parliamentary oversight will be beneficial for Georgian politics to overcome polarization and to escape the controversy in public finances.

3.2 Ongoing reforms:

Georgia has achieved significant progress over the last decade and a half. The results of the PEFAs, OBI and other assessments have been guiding the PFM reform strategies during these years, which were well articulated in the different reform plans of the Ministry of Finance (MoF), the State Procurement Agency (SPA), the State Audit Office of Georgia (SAO) and the Parliamentary Budget and Finance Committee.

It is worth mentioning Georgia's achievements with regard to the introduction of medium-term planning and policy based budgeting, modernising external audit according to the International Organisation of Supreme Audit Institutions (INTOSAI) standards, rolling out rules and procedures for the establishment of internal financial control and audit, taking proactive steps in increasing transparency and citizens engagement in the budget process, strengthening rules and procedures for fiscal discipline, revenue mobilisation and tax investigative functions. Georgia is often referred to as "frontrunner" of public management reforms in the Eastern Partnership region by international organisations based on its high

⁷ <https://mof.ge/images/File/strategia/2020/PFMRS%202018-2021%20ENG.pdf>

⁸ <https://www.imf.org/en/Publications/CR/Issues/2017/09/27/Georgia-Fiscal-Transparency-Evaluation-45274>

⁹ http://www.epfound.ge/wp-content/uploads/2016/09/PFM-Assessment-Report_Final-Version_ENG_for-publishing.pdf

scores in relevant international assessments (PEFA¹⁰, PER¹¹, TADAT6¹²) and reviews¹³ of Georgia's public finance system.

General Policy and legislative process

The National Policy Planning System Reform Strategy, adopted by the Government of Georgia in August 2015 recognizes the current weak link between the policy planning process and legislation drafting, the absence of practice of legislative impact assessment and the weak institutional capacity of ministries in legal drafting. The OECD/SIGMA 2018 assessment in the policy development and coordination area highlights a number of weaknesses in the quality of policy planning (costing, monitoring, coordination and public consultation), which are currently being addressed through the PAR roadmap and action plan. The document specifically notes the reoccurring problem with implementation of laws, which can be attributed to the low quality of laws due to weaknesses in the law-making process. There is a pressure to complete numerous legal reforms in the shortest possible time. Improvement of the legislative drafting process and quality of legislation is now a priority area of action for the Administration of Government under the Prime Minister (steering the policy-making process) and all line ministries. This primarily involves the Administration of Government, Ministry of Justice, and Ministry of Economy and Sustainable Development. In order to meet the targets and obligations in law making process the Government introduced changes in Law on Normative acts (amended on June 13, 2018) and Regulation of the Government (amended on August 24, 2018). These amendments put more emphasis on concordance with Union *acquis* and Regulatory Impact Assessment (RIA.)

In line with the 2018 OECD/SIGMA recommendations, a new Government decree was adopted at the end of 2019 and with its supporting Handbook on Public Policy Making, now lays the regulatory and procedural foundation for good evidence-based policy making. It has quickly become the primary guidance document for Ministries. Nevertheless, its implementation requires comprehensive training and support, to ensure better integration between policy and budget planning, and building the right capacities, structures and processes in the relevant ministries. Some key issues in the area are inter- and intra-institutions coordination, capacities in data analysis, policy budgeting, gender responsive budgeting. The introduction of a mandatory Regulatory Impact Assessment for specific legislation since January 2020 is also an important milestone, but also requires extensive training for proper implementation.

For increasing coordination and strengthening effectiveness of the legal approximation process in the country, on January 30, 2020 the Government of Georgia adopted Legal Approximation Guidelines¹⁴ that will provide additional guidance to all the line Ministries involved in the legal approximation process under the AA. The Guidelines prepared by the Ministry of Justice provide key principles and techniques of approximation that will assist and orient legal drafters throughout the approximation process. The Guidelines should be used consistently, not only by MoJ, but also by all line ministries, and institutions tasked with the approximation exercise. Such proceedings will help to ensure the achievement of a steady and sustainable approximation path.

3.3 Linked activities:

During the recent years, a number of projects have been contributing (including with the support of international donors and partners) to strengthen public finance management in Georgia:

The proposed Twinning project is a part of the Sector Reform Contract “EU for Economic Governance and Fiscal Accountability”, which aims to reinforce economic governance and democratic accountability in the country. The Action pursues the following expected results: 1: Strengthened fiscal governance framework; 2: Strengthened independence and capacity of external audit; 3: Strengthened oversight of public finances.

¹⁰ Public Expenditure and Financial Accountability

¹¹ Public Expenditure Review

¹² Tax Administration Diagnostic Assessment Tool

¹³ <https://www.worldbank.org/en/news/feature/2015/02/18/georgia-an-e-procurement-success>
<https://www.internationalbudget.org/open-budget-survey/country-results/2019/georgia>
<https://www.transparency.org/en/cpi/2020/index/nzl>

¹⁴ <https://matsne.gov.ge/document/view/4786582?publication=0>

The main activities envisaged under the Contract are policy dialogue, capacity building, performance assessment and financial transfers. In its term this Twinning project will contribute to achieving particular results under the contract.

EU support:

Public Finance Reform has been underway in Georgia since 2004.¹⁵ However, the country officially committed to its implementation within the frames of Public Administration Reform¹⁶ supported by EU under EU-Georgia Association Agreement in 2014.¹⁷ In 2015, the Government approved the Public Administration Reform Roadmap¹⁸ and Policy Planning System Reform Strategy,¹⁹ thus, starting to fulfil its commitment to the Association Agreement in the direction of public administration.

Since 2007, Public Finance Management (PFM) has been one of the core areas of the EU-Georgia cooperation. This was confirmed by the Association Agreement. Throughout the years, the progress in PFM has been a pre-requisite for all EU Budget Support programmes. While the EU contribution has been a major source, the World Bank and a wide range of other donors have also provided significant funds for PFM reform.

In 2019 the Government developed and approved the third Action Plan for the Public Administration Reform, covering the 6 areas including Public Finance Management.

SIGMA, the EC and the Georgian authorities agreed a work programme²⁰ in January 2021 that gives priority, among others, in the period to June 2022 to co-operating with:

- The Administration of the Government on developing a revised Public Administration Reform Strategy and a monitoring and reporting framework for the Strategy. Support will also be provided for strengthening policy development and co-ordination following the recommendations set out in the 2018 Baseline Measurement Assessment on the policy development and co-ordination system in Georgia.
- The Ministry of Finance on developing and improving the monitoring and reporting framework for the Public Financial Management Strategy. Support will also be provided for the further development of the public internal financial management and control systems, including internal audit.

GIZ support:

GIZ's regional program "Public Financial Management in South Caucasus" supporting public financial management in Georgia and Armenia was implemented during 2017 to 2020. In both countries, the GIZ was advising the ministries of finance, the parliaments and the supreme audit authorities. Besides strengthening the capacities of the individual partner institutions, the programme primarily focused on the interplay between those institutions in the budget cycle. The project offered advisory services in the following areas: results-oriented budget management, strengthening internal control systems, strengthening external financial controls, parliamentary oversight, tax policy and tax administration, interaction between the institutions and citizen participation.

GIZ's other regional program "Good governance promotes local development in the South Caucasus"²¹ covering Armenia, Azerbaijan and Georgia was implemented in 2020-2023. With the Caucasus Initiative, the German Government is contributing to strengthening democracy, municipal development and the rule of law in the region.

USAID Support:

¹⁵ Georgian Fiscal Policy and Management and its Compliance with the EU Practice, The Ministry of Finance of Georgia, 2016, p. 19, available at: <https://bit.ly/3dgqfxF>, updated on: 21.05.2021.

¹⁶ <https://eu4georgia.ge/support-to-the-public-administration-reform-in-georgia/>

¹⁷ Article 4, the 'Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part.

¹⁸ [http://gov.ge/files/425_49309_322150_15.07.21-PublicAdministrationReformRoadmap2020\(Final\)\(1\).pdf](http://gov.ge/files/425_49309_322150_15.07.21-PublicAdministrationReformRoadmap2020(Final)(1).pdf)

¹⁹ http://www.gov.ge/files/425_49310_540377_PolicyPlanningSystemReformStrategyandActionPlan.pdf

²⁰ <http://sigmaweb.org/countries/georgia-sigma.htm>

²¹ <https://www.giz.de/en/worldwide/20315.html>

USAID's 2020-2025 Country Development Cooperation Strategy for Georgia puts a major emphasis on strengthening local governance in Georgia. This work is part of a broader package of public finance management reforms that USAID has supported since 2007, first at the national level and now increasingly at the local level. To incentivize improved local financial management, the Ministry of Finance of Georgia is providing extra grants to municipalities that meet certain benchmarks. USAID is helping municipalities meet these benchmarks, building local budget experts' ability to comply with national standards, including setting priorities, consulting with citizens, forecasting, and tracking budgetary performance. USAID is also working with municipalities to integrate gender analysis into public finance management.²²

Good Governance Initiative (GGI) funded by USAID supports Georgia's legislative and executive branches to improve the quality of governance through increased transparency, accountability, and effectiveness. Duration: 2015-2022. Key partners include the Parliament of Georgia, the Administration of the Government of Georgia, State Ministries, local government bodies, and civil society organizations²³. Activities between 2015-2020 included the developing and institutionalizing parliamentary self-assessment tool, developing committee strategies and action plans, developing committee communication strategies, supporting parliament's IT department in auditing its work and tabling recommendations. GGI activities have also included the development of Parliament's new website with new or enhanced citizen engagement mechanisms, supporting piloting and institutionalization of Gender Impact Assessment and training of staff, hiring interns for PBO and the committees, supporting establishment of best practices in legal drafting by working with the Committees.

GGI also supported the parliamentary committees in assessing governmental programs and spending, enhancing parliamentary capacity in utilizing parliamentary oversight tools such as post-legislative scrutiny, thematic inquiry, thematic reporters work, supporting external assessment of parliament's oversight work, supporting parliament in training newly elected MPs, working with the parliament of Georgia to introduce changes to the Rules of Procedure document, supporting the Parliamentary Budget Office in fiscal/macro policy analysis.

WB-EU: Administration Agreement between the European Commission and the International Bank for Reconstruction and Development concerning the Part II Europe 2020 Programmatic Single-Donor Trust Fund: The activities being carried out under this Trust Fund will continue to provide support to the authorities of Georgia in implementing reforms aimed at strengthening its (a) fiscal governance framework; and (b) independence and capacity of external audit. These activities are aimed at enabling Georgia to align its economic governance and fiscal accountability framework with EU fiscal and budgetary standards. They include: Component 1: Strengthened Fiscal Governance Framework: 1.1. Strengthening Medium-term Budgeting; 1.2. Fiscal Risk Reporting; 1.3. Performance Information; 1.4. Revenue Administration; 1.5. Public Investment Management; 1.6. Public Internal Financial Control. Component 2: Strengthened Independence and Capacity of External Audit: 2.1 Accountability of public expenditure at national level 2.2 Auditing of tax revenues; 2.3 Accountability of public expenditure at subnational level. The technical assistance will be provided to SAO with regard to (i) auditing the consolidated financial statements produced by MOF, and improving SAO's skills in financial, performance and information systems audit; (ii) strengthening the capacity of SAO to audit state tax revenues; and (iii) strengthening government accountability through audit of public expenditure at the subnational level by auditing local self-governments at least once between 2020-2022.

During the following years the WB will help the Government of Georgia in preparing and implementing the next PFM Reform Strategy & Action Plan for 2022-2025, which will be guided by upcoming PEFA assessment in 2022.

Related Programmes and Projects

The reform of Public Administration (PAR) is of utmost importance for the country and the process is supported through donor community. The EU total contribution to the "Support to the Public Administration Reform in Georgia" 2016-2019, is EUR 30 000 000, out of which EUR 20 000 000 is budget

²² <https://www.usaid.gov/georgia/news-information/news/usaid-partners-georgias-ministry-finance-strengthen-public-financial>

²³ <https://www.tetratech.com/en/projects/georgia-good-governance-initiative>

support share and EUR 10 000 000 for complementary support. The objective of the programme is to improve the efficiency, accountability and transparency of the public administration of Georgia, in line with the key Principles of Public Administration that have been developed by OECD/SIGMA in close cooperation with the European Commission. It has a particular focus on the improvement of the policy planning and coordination capacities and processes in the central public administration. The professionalization of the civil service (including the reform of the civil service training system) is also supported through the programme.

“Support to the Public Administration in Georgia” - EU funded; Duration: 2019-2021; Description: The objective of the project is to improve the efficiency, accessibility, accountability and transparency of the Georgian Public Administration in accordance with European principles of Public administration and best practices. More specifically, the project is mainly focused on improving the results-based approach in policy planning, development, coordination, monitoring and evaluation, increasing the awareness of the Civil servants and streamlining the implementation of the civil service reform in public institutions, improving the intra and inter-ministerial business processes related to policy making and service delivery enhancing thus the efficiency of the administration and the quality of service delivery, strengthening policy development and implementation of the Anti-Corruption and transparency national policies, thus increasing the accessibility, accountability and transparency of the executive branch and combating corruption, and raising public awareness and increasing visibility of the Government’s public administration reform agenda.

“Facility for the implementation of the Association Agreement in Georgia II” - EU funded; Duration: 2019-2023; Description: The project provides policy advice and capacity building support to the Georgian Government in coordinating the implementation of the Association Agreement, strengthening the institutional capacities of the line ministries and other public institutions to carry out the required reforms, including policy development and legal approximation processes.

3.4 List of applicable *Union acquis*/standards/norms:

The twinning project will be fully in line with the Copenhagen Criteria.

3.5 Components and results per component

At the completion of the project, the following results are expected to be achieved under this Twinning project:

Mandatory Result 1 / Component 1: Performance of PBO enhanced through the capacity building and increased visibility

One of the main goals of this mandatory result is strengthening the institutional capacity of PBO. It is of crucial importance that the PBO products support the Parliament in effectively performing its activities in the budgetary and legislative process, therefore it is critical that the PBO products meet the international standards as well as the needs of the stakeholders and be applicable to the user. In order to achieve this, PBO products need to be refined both in terms of content and format. Besides, PBO should create new products, which are usually within the mandate of independent fiscal institutions and effectively communicate them with the relevant stakeholders.

The Parliamentary Budget Office (according to the Sector Reform Contract “EU for Economic Governance and Fiscal Accountability”) is preparing a Self-Assessment Report with recommendations, part of which focus on strengthening analytical capacity and improving visibility of PBO.

Sub-result 1.1: Analytical Capacity of the PBO increased

Under this sub-result the project is expected to assess the structure, format, quality and existing approach of preparing the documents of PBO and provide relevant recommendations (based on which PBO will update and refine its documents). The documents include: the review of the draft law of Georgia on State Budget and monthly/quarterly (Accrued)/annual periodic analysis of the budget execution; the review of

budget execution of the Autonomous Republics of Abkhazia and Adjara and local self-governments; standardized reports defined by the existing reporting policy – monthly/quarterly and annual reports of macroeconomic analysis; forecast assessment document; debt sustainability analysis document; document for the analysis of compliance with fiscal rules; existing guiding principles/methodology for preparation the financial impact assessment for legislative initiatives by initiators; conclusions prepared by PBO as a result of examination of the financial impact estimates provided by initiators; research papers prepared by each unit of PBO; approach of research activities of PBO.

It is also expected to assess the existing approaches and models used by PBO and provide the relevant recommendations concerning the macroeconomic/fiscal forecasting model; alternative forecast, negative and positive scenarios, alongside with alternative baseline medium-term macroeconomic/fiscal forecasts; PBO's methods to assess government's medium-term expenditure policy by forecasting a pre-selected program /programs; existing approach of PBO evaluating/checking the financial impact assessment of the draft laws provided by initiators; existing quantitative and qualitative methods used by PBO within the current practice of PBO being involved in preparation of Regulatory Impact Assessment.

There is a need to provide support in defining the policy regarding the preparation of financial impact assessment by PBO as well as elaborating approach/methodology for conducting financial impact assessment.

Finally, the project is supposed to assess the training needs of PBO staff and assist in developing and implementing different types of newly developed/reformed methodologies, quantitative methods, approaches and policy analysis models (e.g. CGE-Commutable General Equilibrium).

Sub-result 1.2: Visibility of the PBO increased

Under this sub-result it is expected to support PBO in developing communication strategy for internal and external stakeholders as well as implementing effective mechanisms of communication with MPs, civil society and media. The assistance is to help PBO in refining the relevant reports on PBO's activities and using effective data analysis and visualization tools for achieving public outreach of its products. The assistance should focus on defining research topics of high interest and if necessary, also introducing regular external evaluation mechanism in order that the quality and relevance of its products are ensured in light of international trends and standards.

Within this sub-result special attention has to be paid to raise awareness of various target groups and stakeholders about the role and products of the PBO.

2. Mandatory result 2: The Parliament's Budget and Finance Committee's communication with key actors of the budget process enhanced

The Twinning project has to focus on the communication and cooperation of the BFC with relevant institutions and other parliamentary entities, and the civil society. Joint trainings and activities to strengthen the cooperation between the Parliament and other key actors are to be foreseen in order to get acquainted with the best international practices of cooperation in the budget process.

Sub-result 2.1: Increased efficiency of BFC cooperation with other institutions and parliamentary committees

Parliamentary oversight in public finances can be strengthened by the following (currently missing) elements of the PFM system: (1) the parliamentary calendar allows for an extensive debate on the government's fiscal strategy, medium-term planning, pre-budget statement and performance indicators, (2) the NBG is held accountable for non-monetary policy-related activities in line with good international practice, (3) an effective system for follow-up monitoring of parliamentary recommendations based on SAO audit reports or parliamentary inquiries; (4) Systematic review of the reporting system of government agencies from the point of view of financial oversight with special attention to relatively new institutions (e.g. Pension Agency) and autonomous institutions (e.g. Competition Agency or Insurance Supervision Agency) The twinning project shall make sure that these elements are in place at the end of the project.

Sub-result 2.2.: Improved BFC cooperation with the civil society and the general public

Channelling civil organizations' views into the legislative process (especially the budget debate) is hindered by the fact that most CSOs do not understand the budget process and its "language". The sub-result should help in a coordinated effort to a number of advocacy type NGOs to acquire the skills necessary for an effective participation in the budget process.

3.6 Means/input from the EU Member State Partner Administration(s)

The project will be implemented in the form of a Twinning contract between the Beneficiary Country and EU Member State(s). The implementation of the project requires one Project Leader (PL) with responsibility for the overall coordination of project activities and one Resident Twinning Adviser (RTA) to manage implementation of project activities, Component Leaders (CL) and pool of short-term experts within the limits of the budget. It is essential that the team has sufficiently broad expertise to cover all areas included in the project description.

Proposals submitted by Member State shall be concise and focused on the strategy and methodology and an indicative timetable underpinning this, the administrative model suggested, the quality of the expertise to be mobilised and clearly show the administrative structure and capacity of the Member State entities. Proposals shall be detailed enough to respond adequately to the Twinning Fiche, but are not expected to contain a fully elaborated project. They shall contain enough detail about the strategy and methodology and indicate the sequencing and mention key activities during the implementation of the project to ensure the achievement of overall and specific objectives and mandatory results/outputs.

The interested Member State(s) shall include in their proposal the CVs of the designated Project Leader (PL) and the Resident Twinning Advisor (RTA), as well as the CVs of the potentially designated Component Leaders-(CLs).

The Twinning project will be implemented by close co-operation between the partners aiming to achieve the mandatory results in sustainable manner.

The set of proposed activities will be further developed with the Twinning partners when drafting the initial work plan and successive rolling work plan every three months, keeping in mind that the final list of activities will be decided in cooperation with the Twinning partner. The components are closely inter-linked and need to be sequenced accordingly.

3.6.1 Profile and tasks of the PL:

The Member State PL should have the capacity to lead the implementation of the project and the ability to mobilize the necessary expertise in support of project's efficient implementation. She/he will be expected to devote a minimum of 3 days per month to the project in his/her home administration. In addition, as co-chairperson, he/she will coordinate from the Member State side the work of the Project Steering Committee (PSC), which shall meet in Georgia on a quarterly basis at least.

Profile:

- A high ranking current official of a Member State administration in public finances
- University level education in economics or equivalent professional experience in a related field of 8 years;
- Relevant managerial position in policy development/implementation/coordination of public finance or other relevant field;
- At least 3 years' experience in the field of central budgeting;
- Good understanding of regulatory/institutional system of public financial management and its organizational models in a Member State;
- Previous experience in the field of project management, with a demonstrable record of organizational leadership and reform implementation;
- Excellent command of spoken and written English;
- Good communication, presentation and interpersonal skills;
- Good leadership and managerial skills.

Tasks:

- Overall direction, supervision, guidance and monitoring of the project;
- Mobilization of the necessary expertise in support of the efficient implementation of the project;
- Lead an operational dialogue, advocate, thrust and back up the project at political level;
- In cooperation with the PL counterpart signing and submission the interim quarterly and final project reports prepared with the support of the RTA to the concerned authorities;
- Formal signing of project work plan(s) and/or their updates;
- Ensuring timely achievement of the project results;
- Provision of legal and technical advice whenever needed;
- Co-chairing of project steering committees.

3.6.2 Profile and tasks of the RTA:

The RTA will be located in the premises of the BA on a fulltime basis and will be responsible for the direct implementation of the project under the overall supervision of the MS Project Leader.

He/she will work closely with the BC Project Leader and the RTA Counterpart to deliver the project outputs.

The RTA will maintain day-to-day cooperation with the beneficiary administration and coordinate the work performed by the STEs for the whole duration of the project implementation. The RTA will have a key role in the coordination of the inputs required for the successful implementation of all the project activities.

Profile:

- University level education in economics or equivalent professional experience in a related field of 8 years;
- Proven contractual relation to a Member State administration or mandated body;
- At least 3 years of professional experience in the field of central budgeting or relevant fields;
- Good knowledge of legal approximation process, relevant EU legislation and institutional requirements related to various components of this project;
- Sound knowledge of public financial management;
- Collaboration experience with relevant EU/international organizations would be an asset;
- Good team-working, communications, presentation and interpersonal skills;
- Good organizational and project management skills;
- Strong analytical and report writing skills;
- Excellent command of spoken and written English;
- Previous experience in project management would be an asset.

Tasks:

- Overall coordination of project implementation and of all activities;
- Develop the initial and subsequent work plans, and project progress reports together with PL to be submitted to the Steering Committees;
- Coordinate activities of the team members in line with the agreed work plan to monitor quality of their outputs and enable timely completion of project outputs;
- Liaise with PL counterparts and daily contacts with RTA counterpart;
- Liaise with EUD Project Manager and Programme Administration Office (PAO);
- Liaise with key stakeholders, other relevant projects and relevant Georgian institutions;
- Contribute to the work of the sector development process set up in the Beneficiary Country.

The RTA should be supported by a permanent RTA Assistant. The RTA assistant should work in close collaboration with the beneficiary administration BA. The RTA assistant will perform general project duties and will be providing translation and interpretation services as necessary, practical arrangements for the project, such as organizational issues of expert missions, conferences, training, seminars, maintaining project records and etc. Until the RTA can select and hire an assistant, the Beneficiary administration will make a member of its staff available to support the RTA in his/her daily tasks.

A full-time language assistant should also be recruited. She/he should perform most of the required interpretation/translation services. She/he will provide day-to-day interpretation/translation to the RTA and project experts during missions. Whenever required and needed for simultaneous interpretation during

seminars and workshops, translation of large volume of documents additional interpretation may be procured and funded by the project.

Minimum two visibility events will be organized in the course of the implementation of the project. Kick-off meeting at the start of the implementation and the Final meeting at the end of the implementation of the project activities. These will have to be coordinated with the EU Delegation to Georgia.

3.6.3 Profile and tasks of Component Leaders:

To achieve coherence in the implementation of all activities pertaining to the specific components and accomplish mandatory results/outputs, Component Leaders (short-term experts) will be designated to each specific component who will coordinate the intervention of all other Member State experts mobilized for the same component. Beneficiary institution will assign a Component Leader counterpart for each component who will be the permanent interlocutor of the MS Component Leader coordinating the specific component. The Component Leaders will work in close collaboration with the RTA and the Beneficiary counterparts in order to achieve mandatory results/outputs pertaining to the specific component and to contribute to overall success of the project.

The profile, exact number and specific Terms of Reference for each Component Leader along with the names and functions of the Component Leader counterparts will be defined at the Work Plan preparation stage by the MS Project leaders and/or the RTA and its counterpart. The ToR will specify the detailed inputs of the Component Leaders and the duration of their missions.

Component 1:

Profile:

- University level education in Economics or equivalent professional experience in a related field of 8 years;
- Minimum 3 years of professional experience in the direction of central budgeting;
- Minimum 3 years working experience in an independent fiscal institution;
- Good knowledge of strategy and policy issues, legal approximation process, relevant EU legislation and institutional requirements related to this component;
- Good understanding of legal and operational procedures for the enforcement of laws and sub laws relevant to this component;
- Extensive international knowledge in Public Finance Management issues;
- Working experience with independent fiscal institution;
- Demonstrated skills for effective negotiation, inter-personal, inter-institutional and political dialogue;
- Strong analytical and report writing skills;
- Good organizational and teaching skills;
- Good team-working, communication, presentation and advisory skills;
- Fluency in written and spoken English;
- Previous experience in similar projects would be an asset.

Tasks:

- Component coordination, guidance and monitoring;
- Conducting analysis of the area relevant to the component;
- Drafting thematic/technical contributions and documents relevant for the results of the component, in close collaboration with BC counterparts and relevant project experts, and Georgian institutions;
- Preparing and conducting training programs, information and dissemination seminars with various stakeholders;
- Preparing timely proposals for any corrective measures;
- Contribution in report writing relevant to this component;
- Liaise with PL, RTA and their counterparts.

Component 2:

Profile:

- University level education in economics or equivalent professional experience in a related field of 8 years;
- Minimum 3 years of experience working in central budgeting;
- Good knowledge of strategy and policy issues, legal approximation process, relevant EU legislation and institutional requirements related to this component;
- Good understanding of legal and operational procedures for the enforcement of laws and sub laws relevant to this component;
- Experience in the parliamentary process related to the component;
- Demonstrated skills for effective negotiation, inter-personal, inter-institutional and political dialogue;
- Strong analytical and report writing skills;
- Good organizational and mentoring skills;
- Good team-working, communication, presentation and advisory skills;
- Fluency in written and spoken English;
- Previous experience in similar projects would be an asset.

Tasks:

- Component coordination, guidance and monitoring;
- Conducting analysis of the area relevant to the component;
- Preparing and conducting training programs, information and dissemination seminars with various stakeholders;
- Drafting thematic/technical contributions and documents relevant for the results of the component, in close cooperation with the BC counterparts and other project experts;
- Provision of legal and technical advice and analysis whenever needed;
- Timely proposals for any corrective measures;
- Liaise with MS and BC PLs and daily contacts with RTA and BA counterpart.

3.6.4 Profile and tasks of other short-term experts:

In order to provide the full range of expertise necessary, short-term experts will be drawn from different skill sets to assist the RTA on specific activities. Based on the project results there might be the need of having different STEs possessing the following professional experience depending on their area of intervention:

Profile:

- University level education in economics or equivalent professional experience in a related field of 8 years;
- At least 3 years of professional experience in the relevant field;
- Specific knowledge and working experience on central budgeting;
- Sound knowledge and particular skills in strategy and policy development;
- Good knowledge of budget process and macro fiscal modelling;
- Good Knowledge of legal aspects of public finances;
- Experience in awareness raising, information campaigns and knowledge of different communication tools would be an asset;
- Coaching, training and facilitator skills;
- Experience in developing of training modules and materials, good record in training delivery;
- Previous experience in EU-funded Twinning Project would be an asset;
- Good team-working, communication, presentation and interpersonal skills;
- Fluency in written and spoken English;
- Good computer literacy.

Tasks:

- Active contribution with drafting project related documents according to the planned results of the respective components and taking into account the national rules for legislative development;

- Assistance with the preparation of trainings, study tours, workshops, seminars, etc.;
- Assistance with the preparation of strategy documents, implementation guidelines, operational/procedural manuals and instruction handbooks;
- Supervision and on-site coordination of all activities related to their field of expertise and performed under this project;
- Contributing to the sustainability of the project by ensuring that aspects of the project related to their field of expertise are implemented timely and properly;
- Timely proposals for any corrective measures;
- Liaise with RTA, Component Leaders and BA counterparts.

Proposals shall include only the CVs of the proposed PL, of the RTA and of the Component Leaders (STEs CV should not be included in the MS proposal).

The Project Leader/RTA are free to propose additional STEs as they see fit, based upon the needs of the project and in agreement with the beneficiary.

4. Budget

The budget for this grant is EUR 1.140.000

5. Implementation Arrangements

5.1 Implementing Agency

The European Union Delegation in Tbilisi, Georgia, will be responsible for the tendering, contracting, payments and financial reporting, and will work in close co-operation with the Beneficiary. The person in charge of this project at the Delegation of the European Union to Georgia is:

Irakli Khmaladze
 Programme Manager
 Economics, Regional Development and Public Finance
 Delegation of the European Union to Georgia
 64b Chavchavadze Avenue
 0179 Tbilisi, Georgia
 Tel.: +995-32-2 364 364.
 E-mail: irakli.khmaladze@eeas.europa.eu

5.2 Institutional framework

The main beneficiary of the project is the Parliament of Georgia, specifically the Parliamentary committee of Budget and Finance together with other committees (16 committees in total).

Along with the Parliamentary committee of Budget and Finance, one of the key beneficiaries of the project is the Parliamentary Budget Office (PBO), which is an independent fiscal institution within the system of the Parliament of Georgia, with the main goal to strengthen parliamentary oversight over the public finance management by providing independent and impartial analysis, research and assessment of the government's fiscal policies, plans and performance, and consequently, promoting medium- and long-term fiscal sustainability.

Structural Units of the PBO are:

- Budget Analysis Unit
- Macroeconomic Analysis and Tax Policy Unit
- Cost Estimates and Legislative Support Unit

The organizational charts of the staff of the parliament and the Parliamentary Budget Office of Georgia are provided in the Annex 3 and Annex 4.

In order to ensure multi-stakeholder approach and involvement of all relevant parties in the Twinning project, the Parliament of Georgia will cooperate with different stakeholders (e.g. SAO, MoF, MoESD, etc.) as well as with the representatives of the third sector acting within the respective field.

5.3 Counterparts in the Beneficiary administration:

The PL and RTA counterparts will be staff of the Beneficiary administration and will be actively involved in the management and coordination of the project.

5.3.1 Contact persons:

Shorena Kakhidze –

Acting Head of the Parliamentary Budget Office of Georgia

Address: Shota Rustaveli Avenue 8, Tbilisi 0118, Georgia

Mariam Kakhidze –

Chief Specialist at the Cost Estimates and Legislative Support Unit of the Parliamentary Budget Office of Georgia

Address: Shota Rustaveli Avenue 8, Tbilisi 0118, Georgia

Teona Mdivani –

Deputy Head of the Staff, Budget and Finance Committee, Parliament of Georgia

Address: Shota Rustaveli Avenue 8, Tbilisi 0118, Georgia

5.3.2 PL counterpart

Irina Lomia –

Head of the Staff, Budget and Finance Committee, Parliament of Georgia

Address: Shota Rustaveli Avenue 8, Tbilisi 0118, Georgia

5.3.3 RTA counterpart

Teona Mdivani –

Deputy Head of the Staff, Budget and Finance Committee, Parliament of Georgia

Address: Shota Rustaveli Avenue 8, Tbilisi 0118, Georgia

6. Duration of the project

Duration of the execution period: 27 months. The execution period will end 3 months after the implementation period of the Action, which will take 24 months.

7. Management and reporting

7.1 Language

The official language of the project is the one used as contract language under the instrument (English). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

7.2 Project Steering Committee

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements via-à-vis the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good coordination among the

actors, finalising the interim reports and discuss the updated work plan. The Project Leaders, the RTA, the RTA counterpart, the EU Delegation and Programme Administration Office representatives will meet regularly (quarterly) to discuss and coordinate the progress of the project implementation. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

7.3 Reporting

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of Twinning: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements *via-à-vis* the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

Monitoring and Evaluation of the project will be conducted using the project-specific logical framework, to be encoded in the EU projects monitoring system OPSYS, once the system becomes operational. The contractor should report on the results at impact, outcome and output levels, linked to sources of verification presented in the logical framework. Reporting will be carried out through Progress, Interim and Final Reports as laid down in the terms of reference / project description and general conditions. For the better quality of the log frames and indicators, the contractors are encouraged to get familiar with DG NEAR guidelines on Indicators - P. 45 and the EU Results Framework. Wherever an indicator set out in the project log frame is also reflected in the EU Results Framework, project reporting will also cover it.

8. Sustainability

The achievements of the Twinning project will have permanent and ongoing beneficial effects on the effectiveness of Parliamentary oversight over public finances, through strengthening its capacity, human resources and communication tools.

The sustainability of the project results will be ensured by policy and legislative changes introduced through evidence-based approach and consulted with external and internal stakeholders.

It's worth mentioning that all actions will be planned to ensure sustainability of results. In particular: Any guiding documents will be developed together with the beneficiary institutions. Any guidelines or procedures developed under this action will not contradict any legal provision of the country.

Human resources development in the field of budgeting and public finance management will be key elements of the beneficiary administration for performing their responsibilities and tasks. The institutional sustainability of the project achievements will be embedded in the routine functions and works of Parliament of Georgia as well as involved stakeholders.

9. Crosscutting issues (*equal opportunity, environment, climate etc...*)

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Equal participation of men and women during the implementation of the project will be assured.

The activities of the project will be organised in an environmentally friendly approach and will have no negative impact on the environment.

10. Conditionality and sequencing

There is no precondition to be met before the start of the project. The beneficiary institution will provide sufficient input for the smooth implementation of the project, namely:

- Provide strong commitment and support from the side of Members of the Parliament and relevant committees' staff;
- Assign relevant skilled staff at all levels, according to the components;
- Ensure participation of the relevant Parliament staff members as well as other stakeholders in project activities;

- Ensure coordination between Parliamentary Committee's and other stakeholders of the project;
- Ensure access to important information, regulation, legislation, all supporting documentation relevant to the Project.

Both Twinning project components can start in parallel, the precise planning of the project activities will be discussed and agreed between project partners. The project outcomes will be determined considering strategic insights, procedural adjustments, institutional and human resources development and etc.

11. Indicators for performance measurement

Mandatory Result 1 / Component 1: Performance of PBO enhanced through the capacity building and increased visibility

Performance indicators:

- Status of recommendations on reports prepared by PBO;
- Level of awareness about PBO's role and products within MPs, media, civil society and other stakeholders;
- Level of PBO's contribution in improving legislative process.

Sub-result 1.1: Analytical Capacity of the PBO increased

Performance indicators:

- Availability of recommendations on relevant PBO documents, as well as the models and approaches being currently used by PBO;
- Availability of the training needs assessment document/training plan and training modules for PBO staff;
- Share of PBO staff who gained practical knowledge/ trained;
- Availability of the new models for policy analysis developed.

Sub-result 1.2: Visibility of the PBO increased

Performance indicators

- Availability of recommendations on the existing methods and software tools for data analysis and visualization used by the PBO in relation to public finance issues;
- Availability of recommendations on the current approach of preparing research and thematic publications of high interest;
- Status of the communication strategy (for external and internal stakeholders) and action plan of PBO;
- Availability of recommendations on the structure, quality and format of PBO's strategy, action plans, performance reports;
- Number of awareness raising activities and events for MPs, media, other stakeholders and the public about the PBO.

2. Mandatory result 2: The Parliament's Budget and Finance Committee's communication with key actors of the budget process enhanced

Performance indicators:

- Score on legislative oversight measured by the Open Budget Survey
- Score on public participation in the budget process measured by the Open Budget Survey

Sub-result 2.1: Increased efficiency of BFC cooperation with other institutions and parliamentary committees

Performance indicators

- Availability of regulation of the procedures of the permanent parliamentary Working Group discussing SAO's reports for the follow-up work.
- Status of the concept paper about reforming the accountability of the NBG towards the parliament in non-monetary policy related issues
- Availability of the matrix of needs defining the relevant authorities to be involved in all stages of the budget process
- Availability of recommendations for strengthening parliamentary oversight of independent institutions
- Share of parliamentary committees and the Ministry of Finance staff involved in the budget process trained according to the best international practices
- Availability of a review documents of relevant authorities reports to increase oversight efficiency and transparency
- Availability of a draft revised parliamentary calendar to find regular place for talking about fiscal strategy, fiscal risks, performance information, medium-term budget framework, audit reports, etc.
- Availability of guideline about the system of parliamentary oversight in public finances that can be used by all stakeholders

Sub-result 2.2.: Improved BFC cooperation with the civil society and the general public

Performance indicators:

- Availability of institutionalized mechanisms in place for the Parliament (committees) to listen to the views of the CSOs.
- Availability of the recommendations to improve the effective involvement of civil society at all stages of the budgeting in the Parliament
- Availability of survey's/focus group meetings' results of CSOs
- Number of trainings and/or information meetings with CSO representatives on budget process related matters within parliament
- Availability of a concept paper based on the assessment of the existing practice to make rules for whistleblower protection more effective.

12. Facilities available

The Beneficiary commits itself to deliver the following facilities:

- Adequately equipped office space for the RTA and the RTA assistant(s) for the entire duration of their secondment;
- Supply of office room including access to computer, telephone, internet, printer, photocopier;
- Adequate conditions for the STEs to perform their work while on mission;
- Provide suitable venues for the training sessions and meetings that will be held under the Project;
- Security related issues will be assured according to the standards and practices applicable for all Georgian public institutions.

ANNEXES TO PROJECT FICHE:

1. The Simplified Logical framework matrix;
2. List of the parliamentary committees;
3. Organogram of the Office of the Parliament of Georgia;
4. Organogram of the Parliamentary Budget Office of Georgia.

Annex 1: Simplified Logical Framework

Project Title:			Programme name and number:		
Beneficiary Institution: Parliament of Georgia			Total budget: 1,140,000 €		EU ENI financing (100%)
	Description	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
Overall Objective	Strengthen fiscal governance through enhanced budgetary frameworks, external audit, independent monitoring as well as participation and oversight of public finances		EU and other international organizations relevant reports		
Specific (Project) Objective(s)	Strengthen parliamentary oversight in public finances; with the priority of enhancing independence and institutional capacities of	Level of analytical capacity and visibility of PBO against the relevant OECD principles Baseline: Scores in relevant dimensions according to the self-	Assessment reports OECD scores	Restrictions and limitations caused by Covid-19	Stable political environment Strong commitment from Institutions responsible

	the Parliamentary Budget Office, increasing the efficiency of the cooperation of the Budget and Finance Committee with relevant institutions and other parliamentary entities, as well as civil society	<p>assessment report to be published until 31 may, 2022²⁴</p> <p>Target: Scores in relevant dimensions improved according to the external evaluation to be conducted at the end of the program</p>	Project reports	<p>Lack of awareness, on the part of involved stakeholders</p> <p>Lack of commitment from respective actors and/or decision makers</p>	<p>Timely decisions</p> <p>Proactive Co-operation with Twinning partners</p>
		<p>Quality and efficiency of the cooperation of the Budget and Finance committee with key actors of the budget process</p> <p>Baseline: 2021-Medium</p> <p>Target: High by the end of the project</p>			
Mandatory results/outputs by components	Mandatory result 1: Performance of PBO enhanced through the capacity building and increased visibility	<p>Status of recommendations on reports prepared by PBO</p> <p>Baseline: 2021-Not available</p> <p>Target: at least 30% of recommendations implemented by PBO by the end of the project</p> <p>Level of awareness about PBO's role and products within MPs, media, civil society and other stakeholders</p> <p>Baseline: 2021-Not available</p> <p>Target: at least 50% of PBO's reports introduced to MPs, media, other stakeholders and the public annually</p> <p>Level of PBO's contribution in improving legislative process</p> <p>Baseline: 2021-PBO evaluating/checking the financial impact assessment of the draft laws provided by initiators</p> <p>Target: Additionally, PBO preparing financial impact assessment in certain cases by the end of the project</p>	<p>Updated/new PBO documents</p> <p>Upgraded/new models/guidelines/methodologies/approaches/policies</p> <p>PBO's performance reports</p> <p>Project documentation, interim and final reports</p> <p>Project activity reports (consultations, discussion, and stakeholder</p>	<p>Delays during project implementation</p> <p>Lack of awareness, on the part of involved stakeholders</p> <p>Lack of commitment from respective actors and/or decision makers</p>	<p>Strong support and commitment from twinning partner(s);</p> <p>Relevant staff of the beneficiary available and involved in the project;</p> <p>Timely decisions made by relevant stakeholders;</p> <p>Co-operation with relevant stakeholders</p> <p>Availability of relevant information/materials/</p>

²⁴ According to the Financial Agreement Sector Reform Performance Contract between the EU and the Government of Georgia, the report is produced by PBO, published in Georgian and in English, and submitted to the Parliamentary leadership no later than 31 may, 2022.

			feedback) Financial impact assessment documents prepared by PBO		documentation. Proactive cooperation of Twinning partner(s) ensured.
	Mandatory result 2: The Parliament's Budget and Finance Committee communication with key actors of the budget process enhanced	Score on legislative oversight measured by the Open Budget Survey Baseline: 2021-Substantial Target: Extensive by the end of the project Score on public participation in the budget process measured by the Open Budget Survey Baseline: Minimal opportunities Target: Limited opportunities	Open Budget Survey score on legislative oversight Open Budget Survey score on public participation		

Sub-results per component (optional and indicative)	Sub-result 1.1: Analytical Capacity of the PBO increased	Availability of recommendations on relevant PBO documents, as well as the models and approaches being currently used by PBO Baseline: 2021-Not existing Target: Recommendations available by the end of the project Availability of the training needs assessment document/training plan/training modules for PBO staff Baseline: 2021-Not existing Target: Available by the end of the project Share of PBO staff who gained practical knowledge/trained Baseline: 2021-Not available Target: at least 80% of staff trained Availability of the new models for policy analysis developed Baseline: 2021-PBO Macroeconomic Forecasting Model consistent with the financial programming and policy framework developed by IMF Target: New models developed and available by the end of the project	Assessment report/report on recommendations Project documentation, interim and final reports Project documentation: (Needs assessment report, list of training participants, training plan, training materials, training report etc.) Study visits and professional practice for PBO staff New models for policy analysis	Delays during project implementation Lack of commitment and involvement from stakeholders Delays in decision making process	Strong support and commitment from twinning partner(s); Relevant staff of the beneficiary available and involved in the project; Timely decisions made by relevant parties; Co-operation with relevant stakeholders Availability of relevant information/materials/documentation.
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	<p>Sub-result 1.2: Visibility of the PBO increased</p>	<p>Availability of recommendations on the existing methods and software tools for data analysis and visualization used by the PBO in relation to public finance issues Baseline: 2021-Not existing Target: Recommendations available by the end of the project</p> <p>Availability of recommendations on the current approach of preparing research and thematic publications of high interest Baseline: 2021-Not existing Target: Recommendations available by the end of the project</p> <p>Status of the communication strategy (for external and internal stakeholders) and action plan of PBO Baseline: 2021-Not existing Target: Communication strategy developed by the end of the project</p> <p>Availability of recommendations on the structure, quality and format of PBO's strategy, action plans, performance reports Baseline: 2021-Not existing Target: Recommendations available by the end of the project</p> <p>Number of awareness raising activities and events for MPs, media, other stakeholders and the public about the PBO Baseline: 2021-Not existing Target: at least 10 meetings of awareness raising activities and events for MPs, media, other stakeholders and the public about the PBO annually</p>	<p>Assessment report/report on recommendations</p> <p>Project documentation, interim and final reports</p> <p>Communication strategy document</p> <p>External evaluation report of PBO's work</p> <p>Project activity reports (consultations, discussion, and stakeholder feedback)</p> <p>Meeting minutes with stakeholders</p> <p>Events' participants list, materials, presentations</p>		
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	<p>Sub-result 2.1. increased efficiency of BFC cooperation with other institutions and parliamentary committees</p>	<p>Availability of regulation of the procedures of the permanent parliamentary Working Group discussing SAO's reports for the follow-up work. Baseline: 2021-Not available Target: Regulation available by the end of the project</p> <p>Status of the concept paper about reforming the accountability of the NBG towards the parliament in non-monetary policy related issues Baseline: Not Available Target: Concept paper available and agreed with relevant parties by the end of the project</p> <p>Availability of the matrix of needs defining the relevant authorities to be involved in all stages of the budget process Baseline: 2021-Not Available Target: Matrix developed and available by the end of the project</p> <p>Availability of recommendations for strengthening parliamentary oversight of independent institutions Baseline: 2021-Not Available Target: Recommendations prepared by the end of the project</p> <p>Share of parliamentary committees and the Ministry of Finance staff involved in the budget process trained according to the best international practices Baseline: 2021-Not available Target: 20 percent of relevant staff trained by the end of the project</p> <p>Availability of a review documents of relevant authorities reports to increase oversight efficiency and transparency Baseline: 2021-Not available Target: Available by the end of the project</p> <p>Availability of a draft revised parliamentary calendar to find regular place for talking about fiscal strategy, fiscal risks, performance information, medium-term budget framework, audit reports, etc. Baseline: 2021-Not available Target: Draft revised parliamentary calendar prepared and available by</p>	<p>regulation procedures of the permanent parliamentary Working Group</p> <p>concept paper</p> <p>Matrix</p> <p>recommendations on strengthening parliamentary oversight</p> <p>Guideline for Parliamentarians and Stakeholders</p> <p>Training modules</p> <p>Trainings conducted</p> <p>parliamentary calendar</p>	<p>Delays during project implementation</p> <p>Lack of commitment and involvement from stakeholders</p> <p>Delays in decision making process</p>	<p>Strong support and commitment from twinning partner(s);</p> <p>Relevant staff of the beneficiary available and involved in the project;</p> <p>Timely decisions made by relevant parties;</p> <p>Co-operation with relevant stakeholders</p> <p>Availability of relevant information/materials/documentation.</p>
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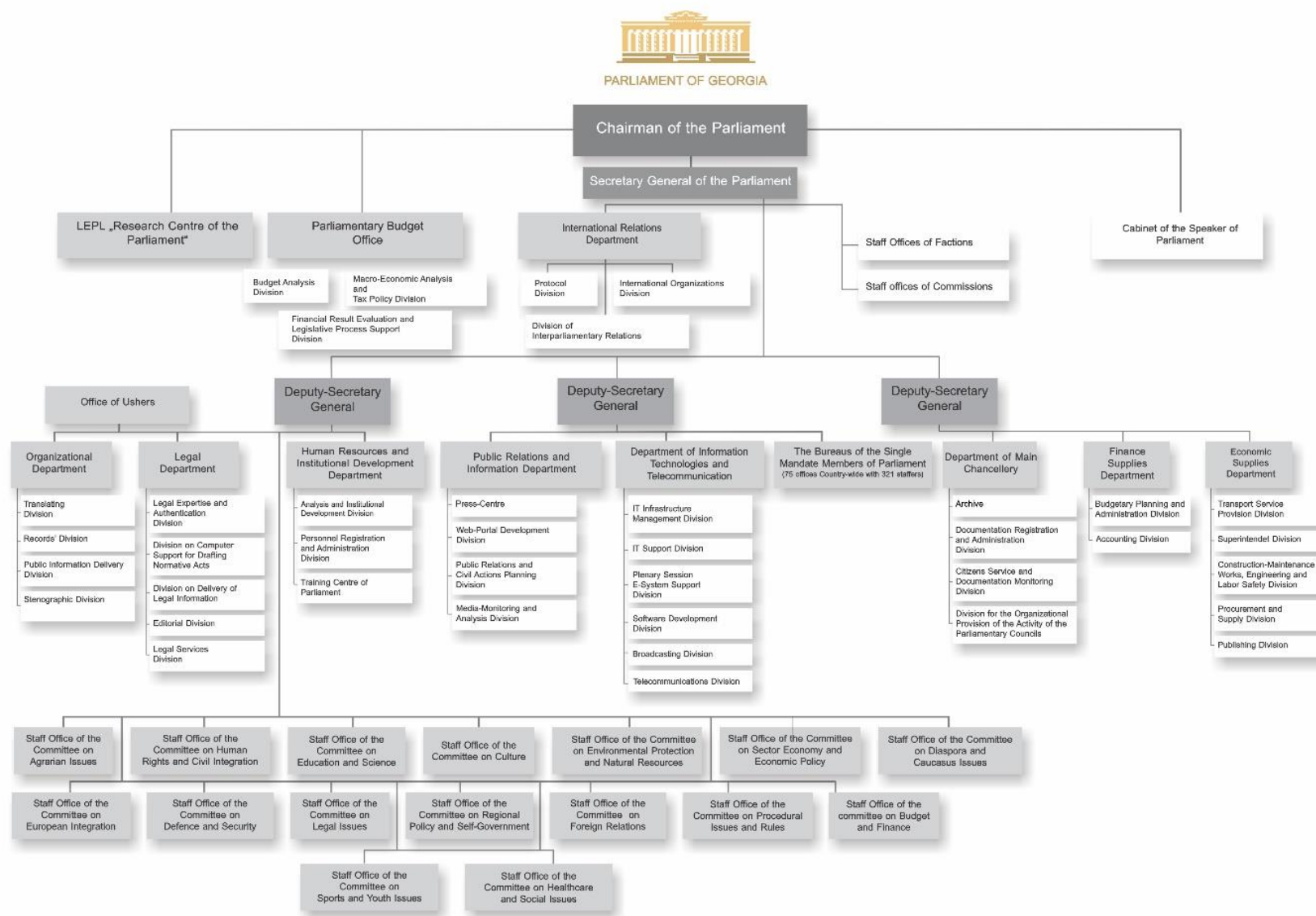
		<p>the end of the project</p> <p>Availability of guideline about the system of parliamentary oversight in public finances that can be used by all stakeholders</p> <p>Baseline: 2021-Not available</p> <p>Target: Available by the end of the project</p>			
	<p>Sub-result 2.2.</p> <p>Improved BFC cooperation with the civil society and the general public</p>	<p>Availability of institutionalized mechanisms for the Parliament (committees) to listen to the views of the CSO.</p> <p>Baseline: 2021-Not Available</p> <p>Target: Institutionalized mechanisms in place by the end of the project</p> <p>Availability of the recommendations to improve the effective involvement of civil society at all stages of the budgeting in the Parliament</p> <p>Baseline: 2021-Not Available</p> <p>Target: Recommendations developed and available by the end of the project</p> <p>Availability of survey's/focus group meetings' results of CSOs</p> <p>Baseline: 2021-not existing</p> <p>Target: Results of survey's/focus group meetings' produced in the first half of the project</p> <p>Number of trainings and/or information meetings with CSO representatives on budget process related matters within parliament</p> <p>Baseline: 2021-0</p> <p>Target: at least 3 by the end of the project</p> <p>Availability of a concept paper based on the assessment of the existing practice to make rules for whistleblower protection more effective</p> <p>Baseline: 2021-Not Available</p> <p>Target: Concept paper for more effective whistleblower protection prepared and available by the end of the project</p>	<p>Institutionalized mechanisms</p> <p>recommendations to improve the effective involvement of civil society</p> <p>Concept paper for more effective whistleblower protection</p>		

Annex 2: Committees of the Parliament of Georgia

There are 16 committees in the Parliament:

- Agrarian Issues Committee
- Budget and Finance Committee
- Committee of European integration
- Culture Committee
- Defence and Security Committee
- Diaspora and Caucasus Issues Committee
- Education and Science Committee
- Environmental Protection and Natural Resources Committee
- Foreign Relations Committee
- Healthcare and Social Issues Committee
- Human Rights and Civil Integration Committee
- Legal Issues Committee
- Procedural Issues and Rules Committee
- Regional Policy and self-government Committee
- Sector Economy and Economic Policy Committee
- Sports and Youth Issues Committee

Annex 3: Organogram of the Office of the Parliament of Georgia



Annex 4: Organogram of the Parliamentary Budget Office of Georgia

