



This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the Annual Action Programme 2015 in favour of Georgia

Action Document for

Support to Public Administration Reform in Georgia (PAR)

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning calls for proposals: 5.4.1. Grants – call for proposals “Strengthening the role of civil society organisations in the implementation of the reforms of the public administration” (direct management); 5.4.2 Grants – call for proposals for twinning project (direct management).

1. Title/basic act/ CRIS number	Support to Public Administration Reform in Georgia (PAR) CRIS number: ENI/2015/037-832 financed under European Neighbourhood Instrument
2. Zone benefiting from the action/location	Georgia The action shall be carried out at the following location: Georgia
3. Programming document	Single Support Framework for EU support to Georgia 2014-2017
4. Sector of concentration/ thematic area	Public Administration Reform
5. Amounts concerned	Total estimated cost: EUR 30 223 000 Total amount of EU budget contribution EUR 30 000 000 of which EUR 20 000 000 for budget support and EUR 10 000 000 for complementary support. This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 223 000.
6. Aid modality(ies) and implementation modality(ies)	Budget Support Direct management – Budget Support: Sector Reform Contract; grants – calls for proposals (including Twinning); procurement of services.

7. DAC code(s)	15110 Public Sector policy and administrative management
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8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
	9. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable		

SUMMARY

This programme is in line with the objectives of the Single Support Framework (SSF) for EU support to Georgia 2014-17 and will be the first overarching EU support to Public Administration Reform (PAR) in Georgia. The overall objective is to improve efficiency, accountability and transparency of the public administration in line with the European Principles of Public Administration.

The Government of Georgia is committed to comprehensive reforms in order to strengthen democracy and good governance. This programme will support the Government to implement the PAR Roadmap 2015-20 and its Action Plan. It will support the reform of the central public administration, through enhancing the policy development, coordination and monitoring processes, modernisation and professionalisation of the civil service, introduction of a more policy driven and results-oriented management approach, increasing transparency, accountability and integrity in the public sector and improving quality and accessibility of public services for the entire country. Assistance will be also given to improve the strategic framework for the introduction of decentralisation.

This programme is a mix of sector budget support and complementary support. The complementary support focuses on increasing capacities of the key stakeholders to manage and monitor the PAR process and ensure sustainability of reforms. Specific support will be provided to visibility measures, in order to raise awareness of the reforms amongst Georgian citizens and to highlight their relevance to the EU-Georgia dialogue and the implementation of the EU-Georgia agreements.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

The Government has adopted a National Development Strategy, *Georgia 2020*, which explicitly strives to the objectives of: *Institutional capacities for public policy management—which include policy formulation, strategic planning, and the development of evaluation and monitoring mechanisms—will gradually be strengthened in the public sector. The Government will also facilitate the development of a human resources management system as part of efforts to ensure the stability of public service provision.*

1.1.1 Public Policy Assessment and EU Policy Framework

The Preamble of the EU-Georgia Association Agreement (AA)³ refers to the mutual commitment to cooperation in good governance areas, including in the fields of public administration and civil service reform and the fight against corruption, as preconditions for the effective implementation of the Agreement. Although there is no unified mandatory EU framework on Public Administration Reform (PAR) in cooperation with third countries, the European Principles of Public Administration⁴, developed by OECD/SIGMA in cooperation with the European Commission and published in November 2014, serve as reference framework for the assessment and further development of policies in the field.

The Government of Georgia is committed to PAR and acknowledges its importance both to the implementation of the National Development Strategy (*Georgia 2020*) and the EU-Georgia Agreements (AA, Deep and Comprehensive Free Trade Agreement (DCFTA) and Visa Facilitation and Readmission Agreements). The Government has adopted the following strategies addressing different aspects of PAR:

- The Civil Service Reform Concept (CSRC) has been adopted by the Government in November 2014 with an Action Plan for 2014-2015.
- A new Public Financial Management Strategy (2014-2017) has been adopted by the Government end 2013 to address the findings of the Public Expenditure and Financial Accountability (PEFA) from 2012.
- An updated Anti-corruption strategy and Action Plan (2015-2016) has been approved by the Government in April 2015.
- A new Open Government Partnership (OGP) Action Plan 2014-2015 has been approved by the OGP Forum in July 2014 and adopted by the Government in September 2014.
- An e-governance strategy and Action Plan, *A digital Georgia, e-Georgia Strategy and Action Plan 2014-2018*, have been adopted in March 2014 by the Commission for supporting e-Governance.

There is no strategy yet on the reform of local government. A revised Code on Self-government has been enacted in February 2014 and a national Commission on Self-Government has been established in October 2014.

The Government of Georgia has recognised the need to have a more overarching PAR strategy framework in place. A PAR Roadmap (2015-20) and the first Action Plan (2015-16) are currently being finalised under supervision of the Prime Minister's Office and with

³ <http://eu-nato.gov.ge/en/eu/association-agreement>

⁴ <http://www.sigmaxweb.org/publications/Principles-Public-Administration-Nov2014.pdf>

support of OECD/SIGMA. The Government has committed to adopt the PAR Roadmap by the end of June 2015.

The Roadmap brings together the existing specific strategies and addresses the missing elements in order to ensure that all key aspects of PAR according to the European Principles of Public Administration (Policy development and coordination; civil service and human resources management; accountability; service delivery and public financial management) are addressed in one PAR strategy framework. The reform of local self-government is also brought under the PAR Roadmap umbrella. It identifies for each key area the priorities, objectives, anticipated results, as well as management and monitoring arrangements together with a budget-ready Action Plan. The Roadmap also provides for a unified, 3-layer management and coordination mechanism: at political level the Government, led by the Prime Minister, at administrative level a PAR Commission consisting of Deputy Ministers and lead by the Administration of Government, and at operational level by the Administration of Government (AoG).

Subject to the Government of Georgia adopting the PAR Roadmap and formally establishing the management and coordination mechanism, a realistic and achievable public policy framework will be in place prior to signature of the Financing Agreement.

1.1.2 Stakeholder analysis

There are a large number of Government institutions involved in this programme. The **direct beneficiaries** include the AoG, line Ministries, and their local offices, as well subordinate agencies to relevant ministries. In addition, several state agencies such as the Statistics Office (GEOSTAT), the Civil Service Bureau, and the Public Service Delivery Agency, local governments and civil society organisations are also direct beneficiaries. The **end beneficiaries** are the citizens of Georgia.

By decree of 17 November 2014⁵, the **AoG** leads on policy development and coordination, including the overall PAR process. The **Department for Policy Analysis, Strategic Planning and Coordination within the AoG is the principal counterpart for this PAR Programme**, together with the Office of the State Minister for European and Euro-Atlantic Integration (as national coordinator of EU assistance to Georgia). The Department has increased its staffing levels since 2013, and received institutional support from SIGMA and donors. The capacity of the AOG is increasing, as is its coordination role with the national stakeholders.

An inter-institutional Civil Service Commission has been established under the Prime Minister. The **Civil Service Bureau** (Legal Entity of Public Law, established under the Prime Minister in 2004), is charged with the coordination of all aspects of the civil service reforms (revised statute in 2014⁶). The Bureau has benefited from international support and has significantly increased its staffing and strengthened over the past years. Nevertheless, following the adoption of the new Civil Service Reform concept, the Bureau is facing substantial challenges with limited capacity. Further development of the institutional and human resource capacities of the Bureau is regarded as a priority and will be therefore supported through twinning under this programme.

With regard to accountability of administration, the **Ministry of Justice** (MoJ) is in charge of the coordination of the implementation of the OGP Action Plan (through the coordination of

⁵ https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2593593&lang=ge

⁶ http://csb.gov.ge/uploads/biuos_axali_debuleba.pdf

the OGP Forum) as well as of the Anti-corruption Strategy and Action Plan (through the Anti-corruption Council).

The **Public Service Delivery Agency**, under the MoJ, is in charge of the e-services delivered at local level, in particular in Community centres.

The **Ministry of Finance** (MoF) is responsible for the coordination of the implementation of the Public Financial Management reform programme and the related Action Plan.

The **Ministry of Regional Development and Infrastructure** (MoRDI) is in charge of coordinating the Government's work related to local self-government, in close coordination with the AoG (in particular the Department of relations with the regions and local-self-government bodies).

Furthermore, several inter-Ministerial Commissions have been established under the chairmanship of the **Prime Minister** to oversee specific elements of the reforms, notably e-governance and civil service. However, the PAR Commission foreseen under the PAR Roadmap will be the overarching coordination framework. The other main stakeholders are already partners of the EU in major bilateral sector reform contracts (Ministries of Finance, Justice, Regional development, Agriculture, Labour, Health and Social Affairs). They also participate in the different inter-ministerial commissions to ensure coordination. There are however weaknesses with regard to policy development and coordination which concern notably the lack of a harmonized approach in the policy-development processes, the need to systematically develop realistic strategies and budget-ready action plans, as well as to anticipate the adaptation of the regulatory framework and to establish a mechanism for an effective coordination and public engagement in the process of elaboration and implementation of the reforms.

These weaknesses will be tackled through technical assistance under this programme. The MoF is already providing capacity building support to line ministries on Public Financial Management (PFM). The Georgia statistical office, GEOSTAT, and other agencies have benefitted from various supports, also through twinning.

1.1.3 Priority areas for support/problem analysis

This programme will support the Government of Georgia to implement the PAR Roadmap 2015-20 and its Action Plan. The priority areas of support are the following core areas of public administration outlined in the PAR Roadmap: policy development and coordination, human resources management, accountability and service delivery. Local self-government will be supported also, especially to improve the strategic framework for decentralisation. These areas have also been identified in the SSF 2014-17. In addition, support is provided for communication and awareness-raising of the PAR process, mainstreaming of gender and minority issues into the PAR strategic framework and policies, and strengthening the role of Civil Society Organisations in policy making and oversight.

The PAR Roadmap provides a comprehensive problem analysis of each PAR core area. This programme will support the Government to tackle the identified problems and to ensure a more comprehensive and strategic approach to PAR in line with the priorities set out in the Roadmap. The support will provide a horizontal framework and will guide the overall reform process.

1.2 Other areas of assessment

1.2.1 Fundamental values

Fundamental values of democracy and human rights are protected by the Georgian Constitution, in line with main international standards. Georgia is presently considered to be a country adhering to the rule of law⁷, although improvement is still expected in the areas of enforcement of judicial decisions and the independence of the judiciary.

1.2.2 Macroeconomic policy

Georgia is a small developing economy with a population of about 4.5 million people and a gross national income (GNI) per capita of USD 3496⁸. Georgia undertook economic, social and governance reforms over the past eight years. These yielded impressive progress in reforming the role of the state vis-à-vis the private sector, dramatically reducing corruption, and creating positive start-up environment for business. Real Gross Domestic Product (GDP) growth is estimated at around 4.7% in 2014. Recent instability in the region (conflict in Ukraine and sanctions imposed to Russia) may have triggered economic slowdown in the last quarter of 2014, although medium term growth (for 2015-2018) is projected to reach an average 5%. Fiscal policy is prudent with deficit at 3.9% of GDP in 2014 and declining, with stable government debt to GDP ratio of 35%. Over the past two years, inflation was low, however between December 2014 and January 2015 the national currency GEL depreciated against the USD by 15%, due to appreciation of USD against all major currencies and decrease in remittances and other financial inflows to Georgia. Effect of GEL depreciation on prices is counterbalanced by falling prices on oil and other major imported commodities. In terms of trade, the DCFTA includes complete elimination of tariff and non-tariff barriers on almost all goods and substantial liberalisation of services trade. It is estimated that if DCFTA is fully implemented, Georgia's exports to the EU will increase by 12% and imports by 7.5%, while GDP will be 4% higher. The IMF's latest assessment dated 20 January 2015⁹ explains that "*despite downside risks, there are also opportunities for stronger economic performance. Georgia's business environment is attractive, by both world and regional standards and the EU DCFTA creates new investment opportunities (...). Growth in 2015 is projected to remain at 5 percent*".

1.2.3 Public Financial Management (PFM)

The EU Delegation's Annual Monitoring Report of PFM Assessment for Georgia from February 2015 noted progress in drafting key methodological documents for Public Internal Financial Control, changes to Art. 35 of the State Audit Office law, and noted limiting oversight functions by the Special Commission of the Parliament. The Ministry of Finance (MoF) strengthened fiscal consolidation and as of 2015 all accounts of municipalities and other legal entities in commercial banks will be closed and fully integrated in a common PFM system centralising budgeting and accounting operations through the Treasury, service as a sub-ordinated agency to the MoF. Identified weaknesses should be addressed over the next years mainly with support by the EU Public Finance Policy Reform Support programme 2014-2017, for which the independent assessment mission for 2014 confirms that authorities have achieved good progress and compliance with the foreseen reform components.

⁷ According to the World Justice Project Rule of Law Index 2015 Georgia is ranked 29th out of 102 countries in terms of adherence to basic rule of law principles: <http://data.worldjusticeproject.org/>

⁸ GEOSTAT's figure for 2013: http://www.geostat.ge/index.php?action=page&p_id=122&lang=eng

⁹ <http://www.imf.org/external/pubs/cat/longres.aspx?sk=42606.0>

1.2.4 Transparency and oversight of the budget

Since 2005, the Government has regularly published the annual State Budget Law and quarterly/annual budget execution reports on the MoF website (www.mof.ge) containing budgetary data with details on revenue sources and budget appropriations by spending agencies. The annual budget law contains information on state transfers to local self-governments as well as public debt targets. In addition, since 2005 a medium term expenditure framework (Basic Data and Directions) available to the public is produced, containing multi-annual fiscal targets and expenditure ceilings for the following four years, submitted alongside the draft annual Budget law to the Parliament for approval. In the interim, the MoF is improving budget transparency, including the development of a citizens' budget, wider public consultation during budgeting processes, and more frequent publication of budget performance reports. On the downside, there is a need to strengthen further the oversight powers of the Georgian Parliament and the Supreme Audit Office, to which EU, GIZ and other donors are providing technical assistance for strengthening financial oversight and accountability capacities. State budget share of agriculture sector in Georgia has dramatically increased in recent years, particularly after the adoption of the Strategy of Agriculture Development in Georgia (SADG) in 2012, and was in the range of 2.8% in 2014, which is 3.5 times more than the average of previous years.

2 RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures
1. Geo-political tensions in the Caucasus, political instability within Georgia, or a further downturn in the global economy divert the Government's focus and resources away from its reform agenda	L	<ul style="list-style-type: none"> Continued political and policy dialogue with the Georgian Government; Close monitoring of macro-economic and public finance management policies together with IMF and the World Bank and EU support to PFM reforms
2. Inability of the Government to obtain the parliamentary majority necessary to introduce reforms	M	<ul style="list-style-type: none"> The Parliament is consulted regularly; the Parliamentary Committees are provided with specialist training
3. Resistance within the public administration to the proposed reforms	M	<ul style="list-style-type: none"> Organisation of internal communication and awareness campaigns on the importance and justification and results of the reform
4. Weakening of the Government's commitment to PAR reforms, in particular in the run-up to the parliamentary elections in 2016 and local elections in 2017	M	<ul style="list-style-type: none"> Continued policy dialogue with the Georgian Government
5. Failure by the Government to identify financing for the reforms	M	<ul style="list-style-type: none"> The EU Delegation and SIGMA are working with the counterparts to support the preparation of fully budget-ready Action Plans
6. The PAR Roadmap fails to integrate the sub-sector strategies into a coherent framework as planned	M	<ul style="list-style-type: none"> Technical assistance to strengthen institutional and human resource capacities of the AoG and related stakeholders; Support to strengthening of the PAR coordination mechanism

7. High turnover of staff in public institutions and associated loss of institutional memory	L	• Continuous policy dialogue with the government and EU support to public administration reform
Assumptions		
<ul style="list-style-type: none"> • The Government maintains its foreign policy objective of closer political and economic integration with the EU and continues to implement policies pursuant of that objective; • The Government maintains its commitment to reform the central public administration and to decentralise decision-making powers to local authorities; • The Government is willing to introduce further measures to prevent corruption in the public sector • Civil Society Organisations are prepared to play a constructive role in the policy dialogue. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The preliminary recommendations of the **country evaluation** for the period 2007-2013 point out the following success factors that have been taken into account in design of this programme: broad sector approach, appropriate interlocutor responsible for the overall sector reforms and sufficient complementary measures.

Lessons learnt from the implementation of PAR-related programmes in transition countries and other sector support programmes in Georgia show that:

- It is crucial to ensure high-level political leadership and commitment as well as a top-level civil service commitment for the PAR process. There also has to be a close coordination by the lead institution with other key ministries, especially the Ministry of Finance, and avoid rivalry among involved institutions leading reforms in PAR core areas. The overall political environment needs to be favourable for change and allow enough autonomy to the involved institutions to take the reforms forward.
- The framework and efficiency of reforms should be strengthened through adopting a harmonized approach in the policy-development processes, systematically developing realistic strategies and budget-ready action plans, anticipating the adaptation of the regulatory framework and establishing the mechanism for an effective coordination and public engagement in the process of elaboration and implementation of the reforms.

The **gap analysis** conducted in 2014 revealed that further work needed to be done to develop the policy framework, strengthen intra-governmental and donor coordination, develop realistic budgets and establish a performance assessment system. The Government of Georgia has committed to that with the development of the PAR Roadmap.

3.2 Complementarity, synergy and donor coordination

Complementarity has been sought with the major development partners' support actions. USAID provides targeted support to the central public administration (inter alia AoG and the Civil Service Bureau) and to strengthening capacities of the local authorities, as well as targeting MoF and State Audit Office. Other majors partners are: the World Bank (PFM), UNDP (donor coordination, local development, support to the Parliament jointly with the EU), GIZ, Sweden (judicial reforms, accountability, public participation, media, environment, local governance, twinning to GEOSTAT), Austria (twinning with Data Exchange Agency which leads the e-governance strategy) and North Atlantic Treaty Organization (NATO) (professional development programme, targeting civil servants).

Several EU-funded regional initiatives target PAR: OECD/SIGMA in the overall policy and planning systems with the AoG, civil service reforms and PFM. Support in these areas is expected to be extended for the period 2015-2018. Complementarity has been identified with the Council of Europe Programmatic Framework 2015-2017 (EU funded), particularly the regional project “*Fight against corruption and fostering good governance*” and the programme “*Strengthening institutional frameworks for local governance*”; and with the “*EaP Facility on Democracy, Good Governance and Stability*” (Panels on PAR and fight against corruption).

With its transversal approach, the programme will complement other EU bilateral support. More specifically, **synergies** are foreseen with:

1- **Public Finances Policy Reform programme** (AAP 2013) by focusing on improving weak linkages between policy planning and the overall budgeting process.

2- **Regional Development programme II** (AAP 2013) which is focused on the implementation of individual regional policies but not on decentralisation), by building upon the developed regional policy tools and methodologies as well as on the reinforced capacities within the Ministry of Regional Development and Infrastructure.

3- **Oversight-related programmes** with the State Audit Office, Constitutional court, Administrative justice and pertinent committees of the Parliament.

4- **Technical Cooperation Facility (AAP 2015)**, which aims to improve administrative capacity in specific areas linked to implementation of the EU-Georgia agreements but without covering the horizontal aspects of PAR.

5- **Civil Society Facility (AAP 2015)** will provide general capacity building and support to CSOs while this PAR programme will target CSOs active in selected areas related to PAR. The programme will also complement other EU funded support for capacity building of CSOs, such as EU-UNDP grant programme for Strengthening Environmental Governance by Building the Capacity of Non-Governmental Organisations.

6- **Policy facility for the implementation of the EU-Georgia agreements**, financed under the Comprehensive Institution Building programme (AAP 2012), which will intervene as a complementary support to sector programmes for the strengthening of the coordination, monitoring and reporting capacities of the AoG, line ministries and state agencies as well as the legal approximation and institutional reforms required by the Association Agreement.

The **donor coordination mechanism** has been significantly developed since 2014. A specific Unit at AoG ensures the overall coordination by the Government with all donors. The existing EU-specific coordination mechanism, through the Office of the State Ministry for European and Euro-Atlantic Integration remains and will feed the global coordination level with EU-related matters. The Good Governance Thematic Group, established in April 2015, is the coordination arena for a wide range of areas (not only PAR but also areas such as security-elections-media-conflict prevention-) and convenes on a yearly basis. The PAR-specific main coordination channel with all national stakeholders and donors will be the PAR Commission and the technical group reporting to this Commission (to be established with the adoption of the Roadmap). The EU Delegation maintains close exchanges with the EU Member States, through regular meetings of the EU Development Counsellors, and with other main donors.

3.3 Cross-cutting issues

All activities under this programme will be designed and implemented in accordance with principles of good governance and human rights, gender equality and environmental

sustainability and the inclusion of socially or economically deprived groups (including ethnic minorities) wherever these issues are of particular relevance to the institutions to be assisted. Gender as well as ethnic minority related issues will be tackled through the establishment and implementation of equality-related criteria in the civil service, and in policy making, promoting gender-related issues in the production of data. Women and ethnic minority organisations will also be involved in the implementation of the local governance component of the programme. Particular attention will be given to mainstreaming environmental aspects into other areas and into the work of other relevant Ministries (Ministry of Regional Development and Infrastructure, Ministry of Agriculture, Ministry of Labour, Ministry of Health and Social Affairs and Ministry of Energy).

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective of the programme is to improve the efficiency, accountability and transparency of the public administration of Georgia, in line with the European Principles of Public Administration.

The **specific objectives**, which are in line with the objectives of the SSF 2014-17, are to:

1. Enhance policy development and coordination in the central public administration;
2. Enhance professionalisation of the civil service;
3. Enhance accountability, integrity and openness in the public sector;
4. Improve transparency, accessibility and the quality of services to citizens;
5. Strengthen the structures and processes of local governance and facilitate the reforms of decentralisation of responsibilities.

Main expected results:

1. Improved policy planning and coordination capacities and processes in the central public administration;
2. Policy-driven, results-oriented management approach progressively introduced in the central public administration;
3. The Civil Service progressively professionalised and merit-based human resources management policies implemented;
4. Improved accountability of public sector through reduction of corruption and increased openness towards citizens;
5. Enhanced country-wide efficiency and cost effectiveness of the delivery of public services;
6. Improved strategic framework for local government reform in line with the European Charter on Local-Self Government;
7. Enhanced capacity of local civil servants for the formulation, coordination, management of local policies and public finances.

4.2 MAIN ACTIVITIES

4.2.1 *Budget support*

The budget support component will focus on selected four areas of the PAR Roadmap and underlying sub-sectorial strategies, in order to improve the efficiency, accountability and transparency of the public administration of Georgia, in line with the European Principles of Public Administration. Particular focus of this support will be streamlining the legal and institutional frameworks, mechanisms and procedures, operationalisation and improvement of tools and services related to the **policy development and coordination**, of the **civil service/human resources management**, the **accountability** and **public service delivery**. The main activities will be linked to the achievement of the specific objectives 1-4 and expected results 1-5.

4.2.2 *Complementary support*

Given that Georgia is engaging in its first large-scale public administration reform, covering for the first time all areas of PAR, the size and content of the complementary support has been shaped to provide notably strong methodological support related to the policy and institutional frameworks, to strongly involve civil society and to develop statistical data. Complementary support will cover all objectives and results.

Twinning for the Civil Service Bureau and technical assistance will seek to strengthen the institutional capacity of the main stakeholders (AoG, ministries, agencies, local authorities, CSOs) in the 4 areas of PAR targeted through budget support component (see 4.2.1 above) and also improve the capacities of the GEOSTAT and analytical units in the ministries, for the production of relevant PAR-related statistics. Capacity building and advisory support will therefore be provided for the development of the methodologies and tools required to implement and monitor the reforms in these priority areas.

In the area of local self-governance, to support the development of sound decentralisation policy in place, technical assistance to public institutions and grants in support of CSOs will be used to strengthen the strategic policy framework and institutional capacities of the MoRDI, local structures and civil servants.

Finally, part of the funds will be used to carry out the periodic independent reviews of compliance with budget support conditions, monitoring, evaluations and audits as per the European Commission guidelines. The visibility of the PAR programme will be covered through a specific contract.

4.3 INTERVENTION LOGIC

The programme will support the policy reform process defined in the PAR Roadmap and related Action Plan. It is considered as the first phase of a comprehensive and cross-cutting EU support to the PAR sector, based on the SSF 2014-2017. It will provide a horizontal framework guiding the overall process of PAR, while piloting the reforms in selected sectors. In line with the PAR Roadmap, the programme will focus on central public administration reform as a starting point, while providing support to further develop the strategic framework for deepened reforms. The approach will complement the sector-specific interventions financed through other bilateral programmes, grants or SIGMA programme in the PFM, policy oversight, local governance and anti-corruption areas.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is **60** months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for the budget support component is EUR 20 million, based on the following elements:

- The financial needs of the partner country. The figures of the Basic Data Document (BDD) reflecting the allocation and variation on PAR-related chapters (e.g. Civil Service Bureau budget for 2015 is doubled). Indicatively, the Government indicates an increase of 20% of the costs related to PAR reforms over the past two years.
- The commitment of the Government to allocate national budget resources in accordance with the PAR priorities and to follow standard national budget procedures.
- The track record and absorption capacity of the partner country with other EU budget support operations. The budget support is proposed for areas where a sound level of policy framework, coordination and ownership of the reforms has been shown.

The amount defined for budget support is expected to have an effective impact on the fulfilment of the conditionality and providing substantial leverage for the policy dialogue.

5.3.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the sector policy (PAR Roadmap) and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the PFM reform programme;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for disbursement that may be used for variable tranches will be related to the achievement of the specific objectives and main results described under 4.1 above, related to improvements in policy development and coordination, civil service/human resources management, accountability and public service delivery.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the Government of Georgia may submit a request to the Commission for the targets and indicators to be changed.

The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

Budget support is provided as direct untargeted budget support to the National Treasury account. The crediting of the euro transfers disbursed into GEL will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

The budget support component is expected to have 4 subsequent annual tranches (2016-2019). The 4 tranches will include a fixed component (EUR 4 million, EUR 2 million, EUR 1 million, EUR 1 million respectively), which will be disbursed upon fulfilment of the general conditions. In addition, these tranches will include a variable component (EUR 0 million, EUR 2 million, EUR 5 million, EUR 5 million respectively), which will be disbursed upon fulfilment of the specific conditions.

5.4 Implementation modalities for complementary support

5.4.1 Grants: call for proposals “Strengthening the role of civil society organisations in the implementation of the reforms of the public administration” (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

One call in three lots is foreseen, with the objectives of streamlining the role of the civil society organisations in the monitoring and implementation of the PAR Roadmap, at national and local level. Special attention should be paid to 1) the anti-corruption national strategy, 2) the development of partnerships between local authorities and local CSOs and 3) networking between local level CSOs/NGOs for strengthening their role in the policy-making.

With this objective, the expected result will be a strengthened role of the civil society in the implementation, monitoring of the PAR Roadmap. The related eligible actions will include: (i) actions related to the implementation, monitoring and revision of the PAR Roadmap, (ii) actions to develop partnerships between local authorities and CSOs; (iii) actions to strengthen the capacities of local CSOs in PAR-related areas, through the development of networks and the exchange of know-how and best practices.

Support to CSOs will be closely coordinated with the one foreseen under the Civil Society Facility.

(b) Eligibility conditions

The essential eligibility criteria for applicants indicatively include:

- To be a legal person or legal entity, including local authorities, a network of local authorities, public non-governmental bodies, international organisations, CSOs, established in the European Union, the EEA and/or beneficiary countries of the ENI and IPA regulations;
- To be non-profit-making and be directly responsible for the preparation and management of the action.

Subject to information to be published in the call for proposals, the indicative amount of EU contribution per grant is **EUR 300.000 minimum to EUR 600.000 maximum** and the grants

may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant is **18 to 24** months.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 90% of the eligible costs of the action.

In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

Third trimester of 2016.

5.4.2 Grants: call for proposals for twinning project (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The twinning modality via a call for proposals will be used for actions supporting the strengthening of the Civil Service Bureau through revisions to the Law on the Civil Service and related secondary and tertiary legislation, the introduction of modern Human Resource Management information system, tools and techniques, the development of induction and in-service training platforms and revisions to the remuneration and grading systems.

(b) Eligibility conditions

In line with Article 4(10)b of Regulation (EU) No 236/2014, participation in the call for proposals is limited to public administrations of the EU Member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies entrusted with a public service mission under their control provided they act for the account and under the responsibility of that Member State.

(c) Essential selection and award criteria

The essential selection criterion is the operational capacity of the applicant.

The essential award criteria are the technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

(d) Maximum rate of co-financing

The rate of co-financing for twinning grant contracts is 100%¹⁰.

(e) Indicative timing to launch the call

Second trimester of 2016.

(f) Use of lump sums/flat rates/unit costs

¹⁰ As provided for in the Twinning Manual

Twinning contracts include a system of unit costs and flat rate financing, defined in the twinning Manual, for the reimbursement of the public sector expertise provided by the selected Member States administrations. The use of this system of unit costs and flat rate financing, which exceeds the amount of EUR 60 000 per beneficiary of a Twinning contract, is subject to the adoption of a separate, horizontal Commission decision.

5.4.3 Procurement (direct management)

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical assistance (including compliance with budget support conditions reviews)	Service	3	Q1 2016, Q2 2016
Communication and visibility	Service	1	Q3 2016
Evaluation and audit	Service	4	Q3 2016 & Q4 2018

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (in EUR million)	Indicative third party contribution, (in EUR million)
5.3.- Budget support - Public Administration Reform Sector Reform Contract	20	0
5.4.1 – Call for proposals “Strengthening the role of civil society organisations in the implementation of PAR” (direct management)	2.0	0.223
5.4.2 – Call for proposals for twinning project (direct management)	1.2	0
5.4.3 – Procurement (direct management)	6.0	0
5.9 – Evaluation and 5.10 - Audit	0.2	0
5.11 – Communication and visibility	0.4	0

Contingencies	0.2	0
Total	30	0.223

5.7 Organisational set-up and responsibilities

The AoG will coordinate all interventions under the programme. The oversight of the programme will be entrusted to the PAR Commission to be established upon adoption of the PAR Roadmap for the monitoring of the implementation of the PAR reforms. It shall be chaired by the Prime Minister or his representative, and composed, as a minimum, by the AoG, Ministries of Finance, Justice, Agriculture, Environment Protection, Economy, Health Labour and Social Affairs, Regional Development and Infrastructure, State Ministry of Georgia for European and Euro Atlantic Integration and the Civil Service Bureau, and the EU Delegation. Relevant civil society organisations, representatives of the national institutions involved in the reforms and development partners will also be invited to the meetings where needed.

5.8 Performance monitoring and reporting

External review missions will verify compliance with the conditions attached to the release of each annual variable tranche, and will be funded by this programme. The missions will be initiated by the Delegation of the EU to Georgia or at the request of the Government of Georgia, and will be carried out by independent teams of experts specifically engaged for this purpose. They will take place indicatively during the Q1 of each year (2016 to 2019). The status of implementation of each condition will be presented at the PAR Commission and recommendations on tranche disbursement provided.

The AoG will be responsible for performance monitoring and reporting. The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission. They will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this is the first major EU intervention targeted directly at PAR in Georgia.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded in 2017 and 2019.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, two contracts for audit services shall be concluded in 2017 and 2019.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The communication and visibility activities will be procured through a service contract under the complementary support component.

APPENDIX - INDICATIVE LIST OF RESULT INDICATORS (FOR BUDGET SUPPORT)

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (2015)	Targets (2018)	Sources and means of verification
Overall objective: Impact	To improve the efficiency, accountability and transparency of the public administration of Georgia, in line with the European Principles of Public Administration	<ol style="list-style-type: none"> World Bank (WB) Good Governance indicators (a) Voice and Accountability, b) Government Effectiveness, c) Regulatory Quality, d) Control of Corruption) Country Policy and Institutional Assessment (CPIA) rating on public sector management and institutions WB Doing Business Corruption Perception Index 	<ol style="list-style-type: none"> 2013 ratings a) 54.5%, b) 69.3%, c) 73.7%, d) 66.5%; 2013 rating 4; 2015 rank 15th; 2013 experience of bribery 4% 	Improvement in the ratings	CPIA rating, Transparency International index, Reports WB, OECD, SIGMA, CoE, Monitoring of the programme, Evaluations
Specific objective(s): Outcome(s)	<ol style="list-style-type: none"> Enhance policy development and coordination in the central public administration Enhance professionalisation of the civil service Enhance accountability, integrity and openness in the public sector Improve transparency, accessibility and the quality of services to citizens 	% of fulfilled PAR Roadmap and Action Plan (AP) objectives in the targeted areas	Baselines of the PAR Roadmap 2015-2020 and AP 2015-2016 (yet to be completed and adopted – all baselines and targets given are provisional)	Targets of the PAR Roadmap and AP for 2018.	Reports of SIGMA, GRECO (CoE Group of States against Corruption) PAR Commission, Anti-corruption Secretariat and OGP Forum

Induced outputs	<p>1. Improved policy planning and coordination capacities and processes in the central public administration</p> <p>2. Policy-driven, results-oriented management approach progressively introduced in the central public administration</p> <p>3. The civil service progressively professionalised and merit-based human resources management policies implemented</p> <p>4. Improved accountability of public sector through reduction of corruption and increased openness towards citizens</p> <p>5. Enhanced country-wide efficiency and cost effectiveness of the delivery of public services</p>	<p>1. a) % of structures having adequate institutional set-up and process 1.b) % of policy documents in place</p> <p>2.a) % of policy documents developed according to the new policy planning guidelines 2.b) % of policy documents subject to the new management, monitoring, reporting and evaluation system</p> <p>3. Operational functioning of the Civil Service Bureau (CSB), revised legal framework for HRM adopted and implemented</p> <p>4. Established mechanisms for detection and sanctions of corruption in the public sector; functional portals</p> <p>5. Number of operating Community Centres (CC) and Electronic Municipal Service Management Systems (EMSMS)</p>	<p>1. a) 5% 1.b) 20 %</p> <p>2.a) 5% 2.b) 15%</p> <p>3. New civil service law and other relevant legislation is being prepared</p> <p>4. Relevant legislation is being revised</p> <p>5. 12 CC, 6 EMSMS</p>	<p>1.100% 1.b) 100%</p> <p>2a) 100% 2.b)100%</p> <p>3. Implementation of the new legislation</p> <p>4. Legislation in place and being implemented</p> <p>5. 48 CC and 30 EMSMS</p>	<p>1. PAR commission reports, regulations, SIGMA reports</p> <p>2. PAR commission reports, policy documents</p> <p>3. PAR commission and CSB reports, Official journal, relevant regulations</p> <p>4.PAR Commission, Anti-corruption Council, GRECO Reports, TI index</p> <p>5. PAR Commission report</p>
Direct outputs	<p>Strengthened institutional and human resources capacities within the public administration (AoG, line ministries, CSB, other agencies), selected local authorities, and CSOs; Strengthened participation of CSOs to PAR</p>	<p>Appropriate functioning of the PAR Commission, beneficiary public institutions, Anticorruption and OGP Forum secretariats; % of staff trained in the beneficiary public institutions, number of regulations and procedures aligned with the requirements of the PAR Roadmap, number of local authorities involved in the PAR, number of CSO networks established and engaged in the PAR</p>	<p>Baselines of the PAR Roadmap 2015-2020 and Action Plan 2015-2016 (yet to be completed and adopted)</p>	<p>Targets of the PAR Roadmap and Action Plan for 2018</p>	<p>PAR Commission and Sigma reports, consultations with CSOs, PAR programme reports</p>