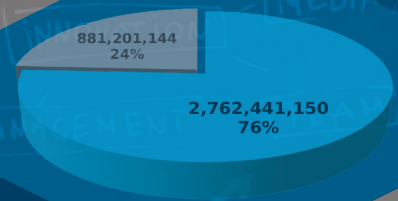
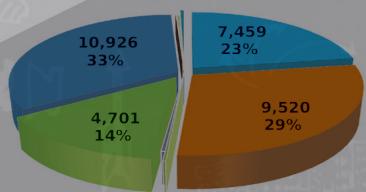
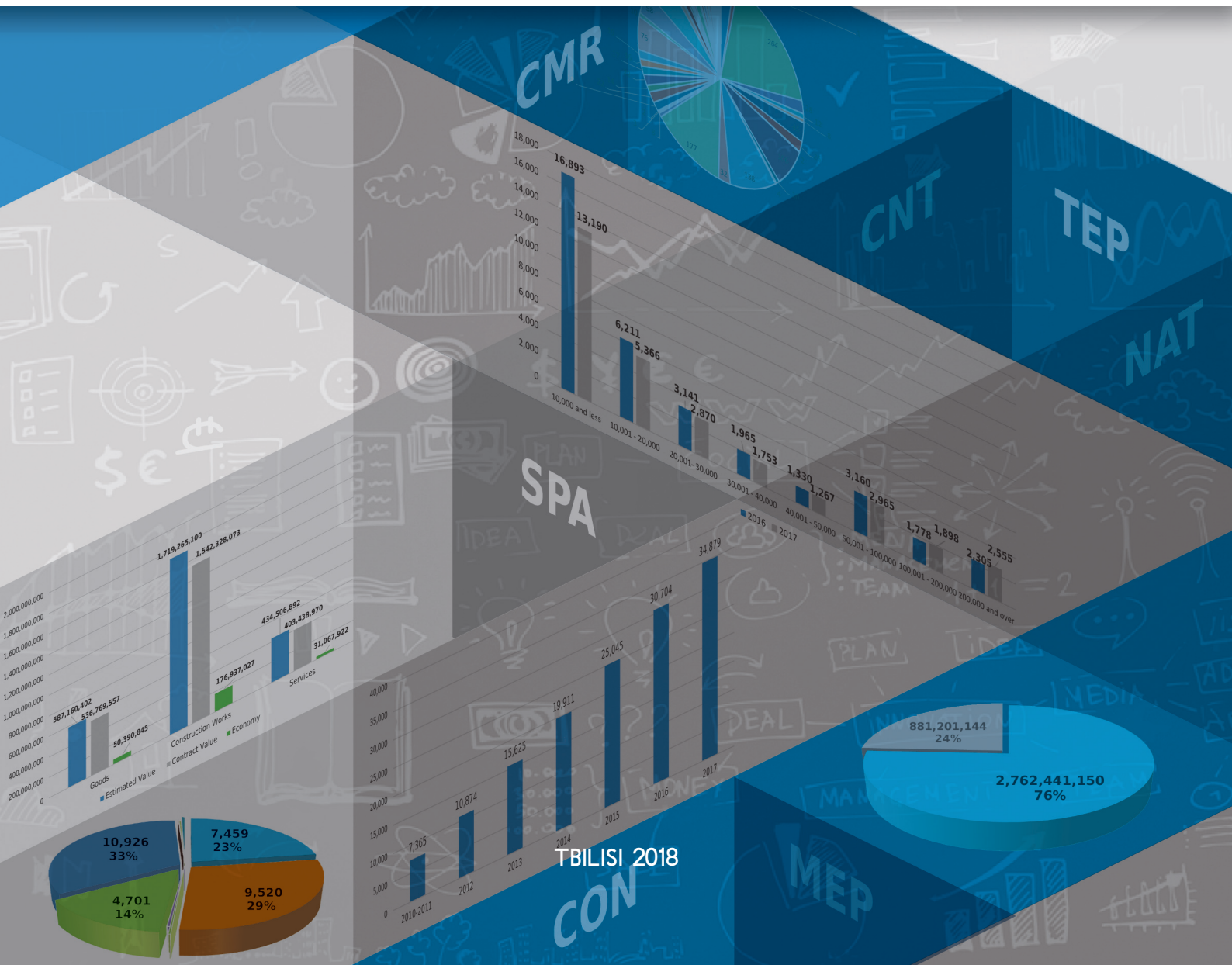


STATE PROCUREMENT AGENCY

ANNUAL REPORT 2017



TBILISI 2018



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INTRODUCTION

Public Procurement is one of the major components of country economy and public governance, thus being the key priority for the Government of Georgia. Approximately the amount of 10% of GDP is disbursed through public procurement annually.

Based on the foregoing the State Procurement Agency (SPA) is committed to make efficient steps for streamlined allocation of public resources in fully transparent environment, where all corruption risks are also minimised. Neither 2017 was an exemption in this regard. During this period the SPA has made its best efforts to further improve public procurement procedures and business processes and align them with the best international practices.

Several major amendments were made to state procurement regulatory framework, specifically:

- Law №1945 of 23 December, 2017 introduced changes to the Law of Georgia on State Procurement to regulate the aspects of institutional rearrangement of Dispute Resolution Board. The institute of an *interested person* was introduced into operational principles of Dispute Resolution Board, what ensures the admission of qualified claims and avoidance of protraction of procurement process;
- Amendments were made to the Law of Georgia on State Procurement to introduce the basic principles, the main purpose of which was the fulfilment of commitments assumed within the framework of the first phase of Deep and Comprehensive Free Trade Agreement (DCFTA);
- Electronic form of tender documentation was introduced what makes tender documentation standardized and enables the representatives of business community to easily search for the necessary information about specific tender condition;
- The procedure of registration in the White List (list of qualified suppliers) was simplified, meaning the reduction of the requirements both with regard to turnover and the number of duly fulfilled contracts.

In 2017 the new procurement mechanism (procedure) was added to the Unified Electronic System of Public Procurement - *eProcurement* - "Restricted Procedure" (electronic tender with prequalification- (TEP)). The introduction of this procurement mechanism enabled contracting authorities to hold e-tenders through prequalification.

Furthermore, like in the past years, retraining of civil servants involved in public procurement procedures



and enhancement of their professional skills has still being a focal area. In 2017 in total 964 trainees from various public agencies and state companies were retrained at the SPA Training Centre.

The mention should as well be made of substantial reduction of the scope of simplified procurements, what mainly accounts for the amendments made to legal framework in 2015, which provide for the agreement/consent of simplified procurements to be made on specific grounds. Net volume of simplified procurements has decreased by 600 million GEL in 2017 as compared with similar showing of the previous year (approximately 40% less).

NEW PROCUREMENT MECHANISMS AND PROCEDURES

„TEP Tender“ - Reverse Auction with the Prequalification (Restricted Procedure)

In accordance with the first phase of fulfilment of commitments assumed under the EU-Georgia Association Agreement, DCFTA with regard to changes to be implemented in the field of public procurement, the new procedure (TEP) - Restricted Procedure (electronic tender with prequalification) was introduced.

Procuring organizations are entitled to hold an e-tender through restricted procedure, meaning the admission of only those bidders to additional bidding rounds, whose technical documentation and also a sample or/and expert opinion, if there is such, is concurrent with tender conditions.

Major benefits of the above procurement procedure are as follows:

- Once bidders have submitted bidding proposals and full set of qualification documents, a contracting authority evaluates suppliers' documents. If they are compliant, a reverse auction is held as a next step only for those economic operators, who were admitted to this second round;
- The winner of the second round is awarded as a result of trade, according to the lowest price;
- The above procurement procedure enables contracting authorities to eliminate nonqualified bidders in the first round and then to make a contract with already selected and qualified supplier in the second round who has the lowest price at the same time.



Procurement Procedures Employed in the Unified Electronic System of Public Procurement

Fundamental changes were made to the procedure of holding an e-tender by Order N12 of the Chairman of the SPA, dated 14 June, 2017. Specifically, division into simplified electronic and electronic tender was abolished and only electronic tender remained. Monetary thresholds for goods, services and construction works were delimited and the new, concurrent with monetary thresholds, timelines for conducting tenders were set.

Table N1: Monetary thresholds and timelines for holding an e-tender

Procurement Procedure	Object	Monetary Threshold	Minimal Timeline
Electronic Tender	Goods and Services	From 5,000 up to 150,000 GEL	7 (5+2) calendar days
		150,000 GEL and over	10 (7+3) calendar days
	Construction Works	From 5,000 up to 300,000 GEL	10 (7+3) calendar days
		300,000 GEL and over	20 (15+5) calendar days

As of to date the Unified Electronic System incorporates 11 Different procurement mechanisms (procedures). Each mechanism has different operating logic and principles and is oriented on efficient disbursement of public resources. Their grounds, benefits and characteristics are given in below table.



Table N2: Procurement mechanisms (procedures) incorporated into Unified Electronic System of Public Procurement from 2010 as of 31 December, 2017:

PROCEDURE	ABBREVIATION	GROUNDS	AVAILABILITY OF ELECTRONIC SERVICE
Simplified Procurement (Direct Contracting)	CMR	<ul style="list-style-type: none"> - Procurement of homogeneous goods up to 5,000 GEL - In cases of emergency permitted by law 	<p>Not implemented electronically, though published in special module of eProcurement System.</p> <p>Operates from March 2012.</p>
E-TENDER:OPEN TENDER			
Electronic Tender	SPA	<p>Procurement of homogeneous objects:</p> <ul style="list-style-type: none"> • Goods and services from 5,000 up to 150,000 GEL or/and 150,000 GEL and over; • Construction works from 5,000 up to 300,000 GEL or/and 300,000 GEL and over; 	<p>Electronic Service.</p> <p>Operates from December 2010</p>
Consolidated Tender	CON	<p>Procurement of certain homogeneous goods on the basis of aggregated demand: fuel, computers, A4 papers, (mobile) telephone communication, telecommunication services, uninterrupted power supply systems (UPS), printers and cartridges.</p>	<p>Electronic Service.</p> <p>Operates from December 2012</p>
Design Contest	CNT	<p>Procurement of design-related objects/ projects under the decision of contracting authority, like architectural, engineering, planning, design projects.</p>	<p>Electronic Service.</p> <p>SPA made design contest procedure 100% electronic from the first of July, 2015</p>



<p>Two-Stage (Multi-criteria) Tender</p>	<p>MEP</p>	<p>Procurement of goods, services and construction works on the basis of price and other quantitative criteria. The best bidder is identified on the basis of price-quality ratio, calculated via the unique algorithm incorporated into the system, the so-called MEAT method.</p>	<p>Electronic Service. On the first of August, 2016 SPA launched the so-called "two-stage" or named by the EU legislation - "Economically most advantageous e-tender".</p>
<p>E-Tender without Auction (Sealed Bid Auction)</p>	<p>NAT</p>	<p>Type of tender, which operates like the so-called "sealed bid auction". All the procedures are the same as in the case of reverse auction, however, instead of 3 additional rounds, the proposal is submitted only once. All the proposals, except for the best one, remain sealed (are not accessible for contracting authorities) until the tender is awarded the final status (except for "Tender terminated" status).</p>	<p>Electronic Service. On the first of July, 2016 the SPA launched the new procedure: "Electronic Tender Without Reverse Auction".</p>
<p>Different Acquisition Procedure for Construction Works</p>	<p>DAP</p>	<p>The procedure is conducted according to the so-called prequalification procedure. The bidders submit tender proposals, qualification documents, and cost breakdown. After the evaluation of all the bidders, if tender terms and conditions are met, contracting authority will invite the bidder with the lowest proposal price, in accordance with the established procedure, for the execution of the contract.</p>	<p>Electronic Service. On the first of December, 2016 different procedure for the procurement of construction works was launched.</p>



<p>Electronic Tender with Prequalification (Restricted Procedure)</p>	<p>TEP</p>	<p>E-tender with prequalification, through reverse auction. After submission tender proposals and qualifications documents by bidders, contracting authority evaluates suppliers' documentation and if they are compliant, a reverse auction is held on the next stage and the winner is awarded according to the lowest price.</p>	<p>Electronic Service. In September, 2017 the new procurement mechanism was introduced, which applies to all procurement objects (goods, construction works, services).</p>
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Other procurement mechanisms incorporated into eProcurement System

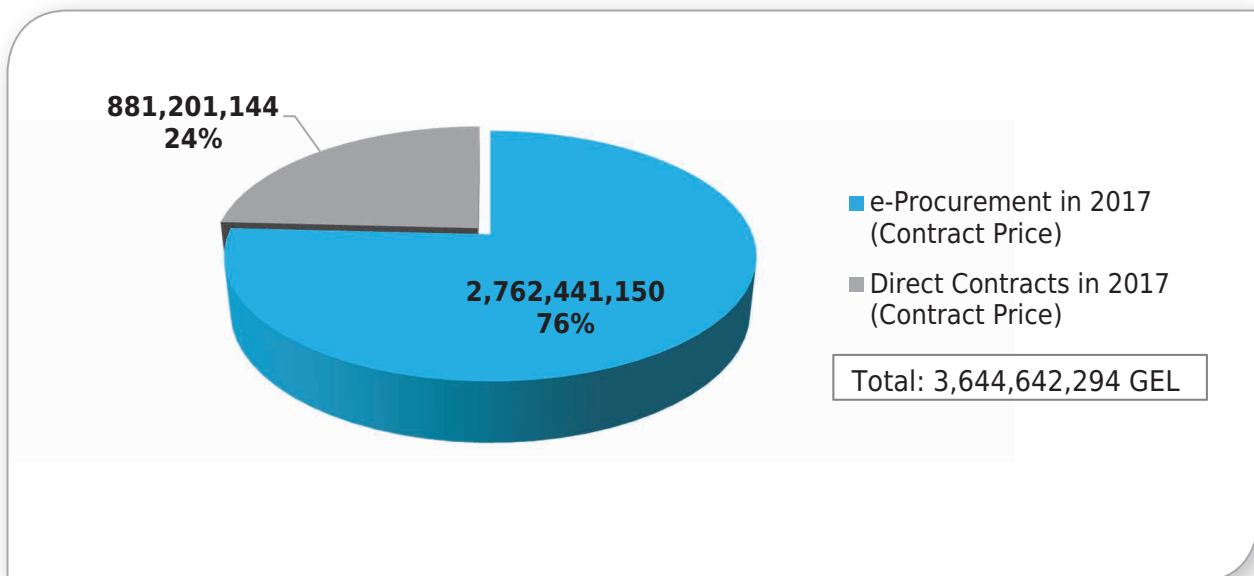
PROCEDURE	ABBRAVIATION	OPERATING PRINCIPLE
<p>GEO Tender (Electronic Procedure of Procurement)</p>	<p>GEO</p>	<ul style="list-style-type: none"> • Procurement of goods or services through established special procedure the validity period of which cannot exceed 2 years. • Is also applied for secret public procurements; regulated by special resolution of the Government of Georgia.
<p>DEP Tender (Electronic Procedure of Procurement through Donor's Resources)</p>	<p>DEP</p>	<p>Procurement through donor's resources (WB, EIB, ADB, MCA Georgia, JICA; UNHCR, etc.).</p>
<p>GRA (Grant Contest)</p>	<p>GRA</p>	<p>Procurement Procedure used for holding grant contests announced by state agencies/authorities.</p>



KEY DATA ANALYSIS

In 2017 the net value of public procurement contracts amounted to 3,644,642,294 GEL¹. Out of them procurements worth of 2,763,441,150 GEL were conducted through electronic procedures, while the value of contracts awarded through simplified procurement procedure amounted to 881,201,144 GEL.

Diagram N3: Net value of public procurement contracts

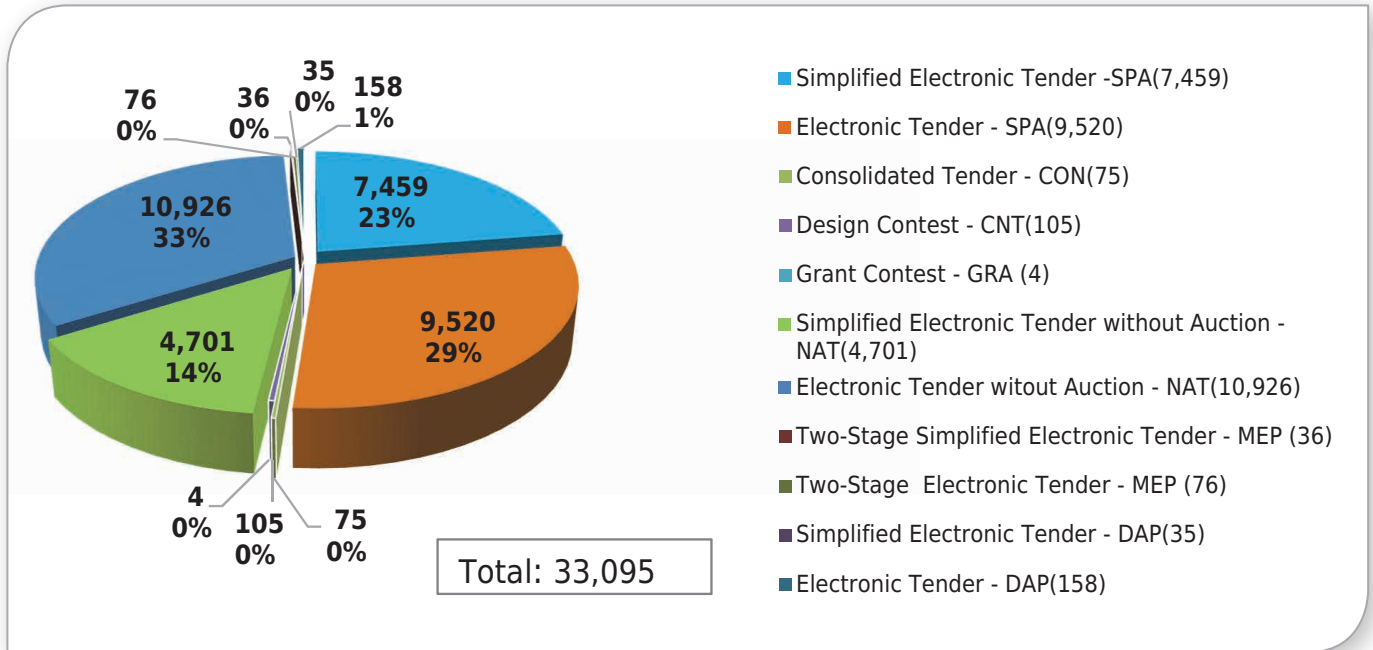


Simplified procurements do not include procurements under "special procedure". The value of simplified procurements is calculated for procurements funded by resources of 2017, what includes contracts uploaded both in 2016 and at the beginning of 2018.

The number of tenders announced in 2017 amounted to 33,095, what is 13% less than similar showing for the past year (38,054). Distribution of tenders, announced in 2017, according to procurements mechanisms is shown on Diagram N4.

¹ The data do not cover financial data of GEO and DEP Tenders.

Diagram N4: Distribution of tenders announced in 2017 according to procurement type



The analysis demonstrates, that one of the reasons of reduction of the number of tenders is their amalgamation, announcement of larger volume tenders.

Below Table N5 depicts the number of announced tenders according to their value. These showings are also visually demonstrated by Diagram N6. As shown on the Diagram the number of announced low-value tenders (e.g. 10,000 GEL and less) was larger in 2016 than in 2017. At the same time, the Diagram evidences that the number of larger-volume tenders is higher in 2017 than in 2016 (9% more tenders were announced in 2017, with estimated value 100,000 GEL and over).

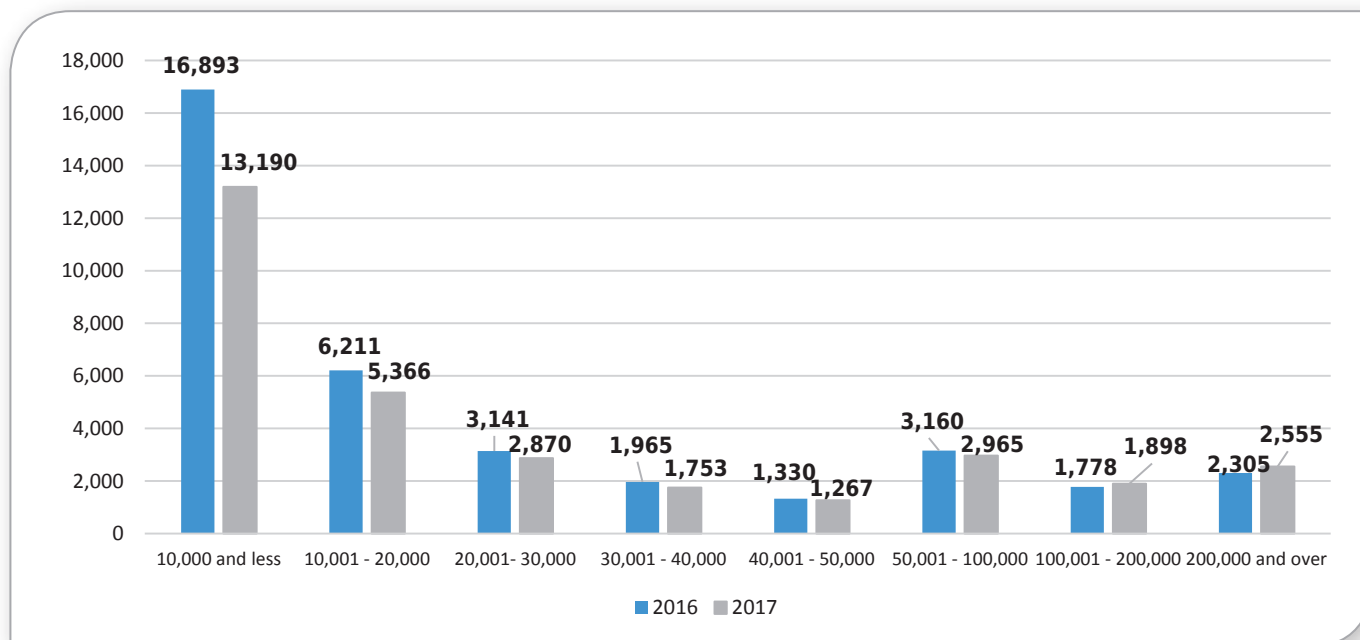


Table N5: Number of announced tenders in monetary terms

	2016 (Number)	2017 (Number)
10,000 and less	16,893	13,190
10,001 - 20,000	6,211	5,366
20,001- 30,000	3,141	2,870
30,001 - 40,000	1,965	1,753
40,001 - 50,000	1,330	1,267
50,001 - 100,000	3,160	2,965
100,001 - 200,000	1,778	1,898
200,000 and over	2,305	2,555
Total	36,783	31,864

These data do not cover GEO, DEP tenders and trading with a pricelist (does not include tenders, where the estimated value is not specified systemically).

Diagram N6: Number of announced tenders in the light of monetary showing

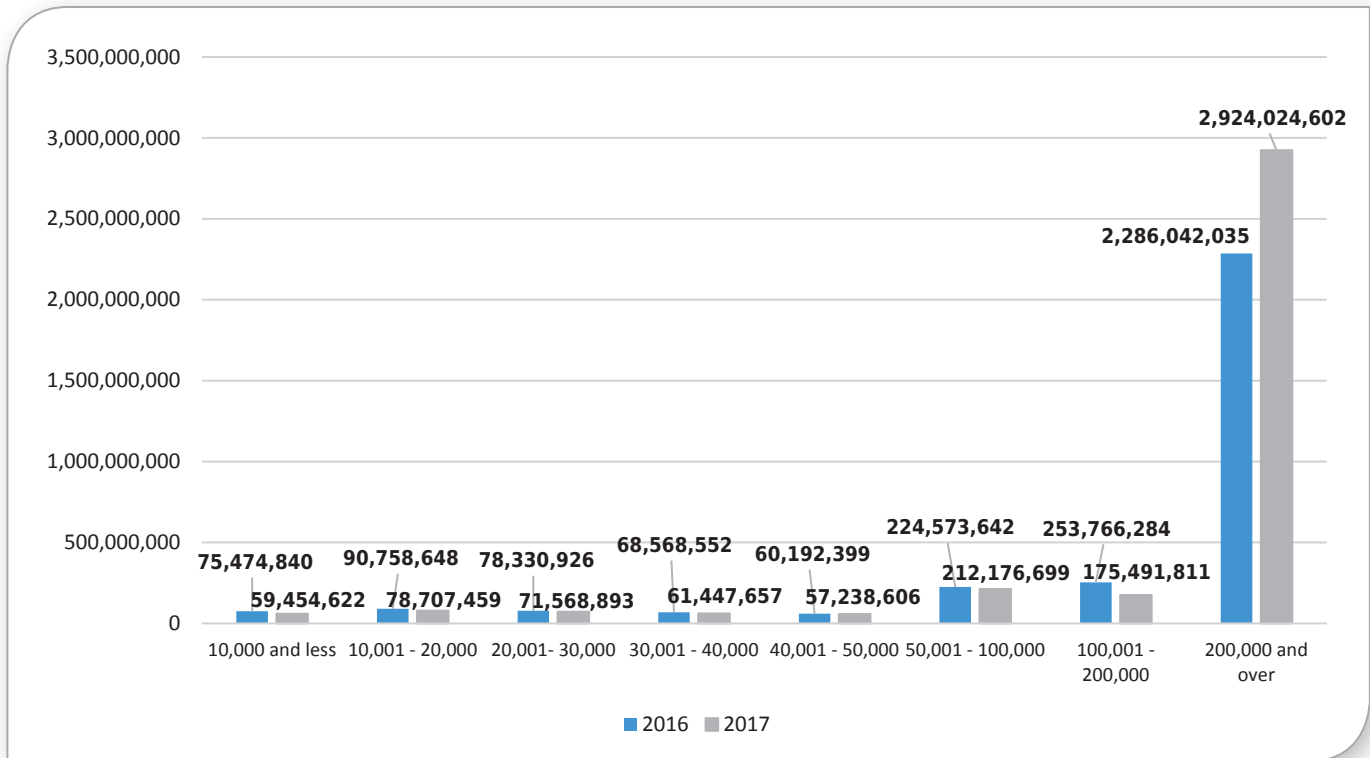


Distribution of tenders from the above Diagram N6 according to net estimated value is given in Table N7.

Table N7: Net estimated value within monetary thresholds

	2016 (Net Amount)	2017 (Net Amount)
10 000 and less	75,474,840	59,454,622
10 001 - 20 000	90,758,648	78,707,459
20 001- 30 000	78,330,926	71,568,893
30 001 - 40 000	68,568,552	61,447,657
40 001 - 50 000	60,192,399	57,238,606
50 001 - 100 000	224,573,642	212,176,699
100 001 - 200 000	253,766,284	175,491,811
200 000 and over	2,286,042,035	2,924,024,602
Total	3,137,707,326	3,640,110,349

Diagram N8: Net estimated value of announced tenders according to amounts





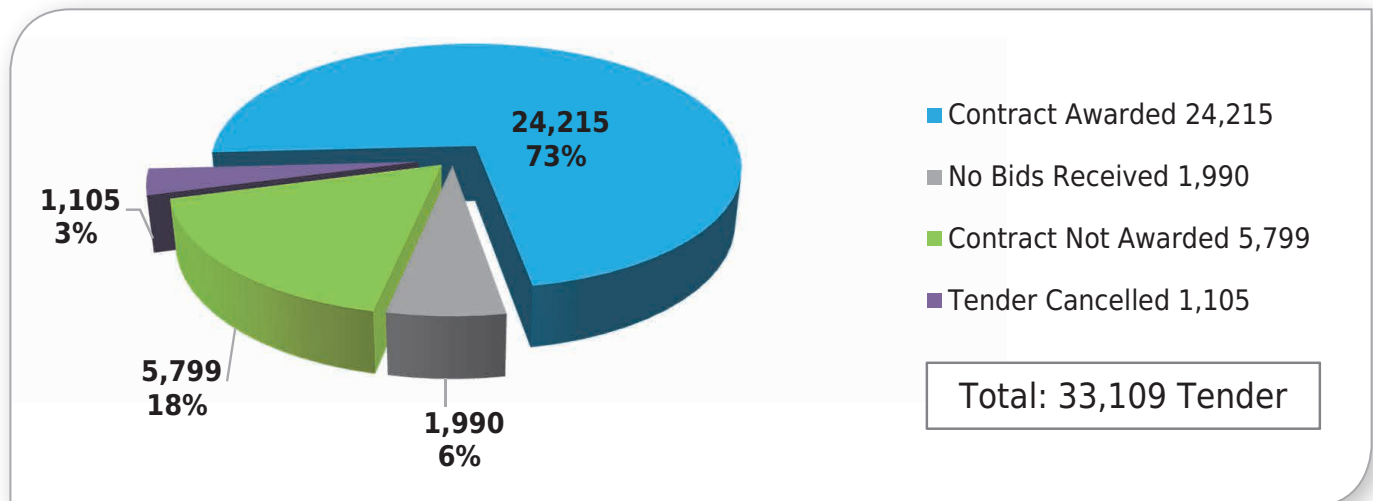
As of data for 2017 the net contract value of electronic tenders amounts to 2,565,653,686 GEL, what exceeds the same showing for the previous year by 9.7%².

Based on the above arguments, the reduction of the number of tenders is not associated with the reduction of the electronic procedures by the state or the reduction of state expenses through electronic procedures. The only logical explanation of above data is the amalgamation of tender volumes and, respectively, the reduction of their number.

Notable is the expansive growth in e-tenders without auction (sealed bid auction). In total 15,627 NAT tenders were announced in 2017 (there were 5,088 NAT tenders in 2016). However, in the light of announced tenders the share/number of SPA tenders is still high and, in total, amounts to 16,973.

In 2017 the final status was awarded to 33,109 tenders within the Unified Electronic System of State Procurement³, of which contracts were awarded with regard to 24,215 tenders (26,831 in 2016). As a result, the tenders with “Contract Awarded” status accounted for 73% of all tenders with final statuses.

Diagram N9: Distribution of tenders according to final statuses in 2017



The data do not cover GEO and DEP tenders, consolidated tenders, but covers trading with a pricelist.

² This amount totalled 2,337,859,498 GEL in 2016. These data do not cover GEO and DEP, do not cover consolidated tenders, but cover trading with a pricelist.

³ These data do not cover consolidated tenders, GEO and DEP tenders.

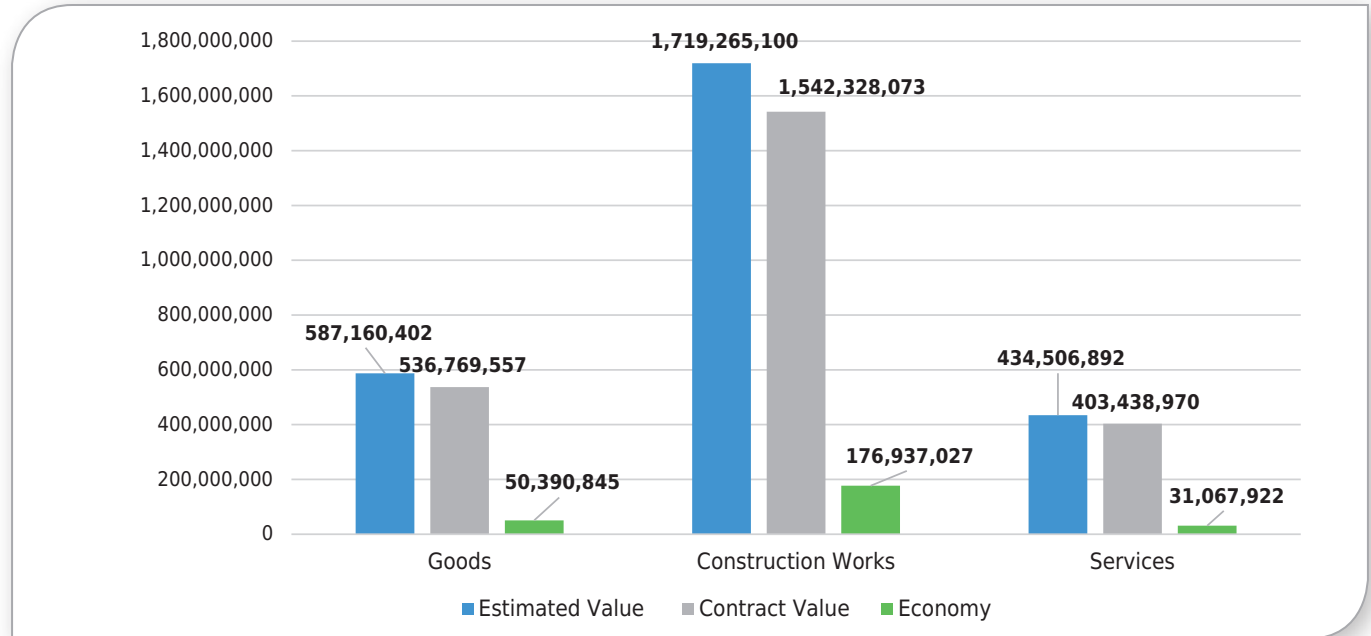
Net estimated value of tenders with final statuses amounted to 2,740,932,394 GEL in 2017⁴, and economy totalled 258,395,794 GEL.

Distribution of economy, attained in public procurement field in 2017 is given in the below table.

Table N10: Savings according to procurement objects

Procurement Category	Estimated Value	Contract Value	Economy
Goods	587,160,402 (21%)	536,769,557 (22%)	50,390,845 (20%)
Construction Works	1,719,265,100 (63%)	1,542,328,073 (62%)	176,937,027 (68%)
Services	434,506,892 (16%)	403,438,970 (16%)	31,067,922 (12%)
Total:	2,740,932,394	2,482,536,600	258,395,794

Diagram N11: Distribution of tender values in 2017 and economy according to procurement objects



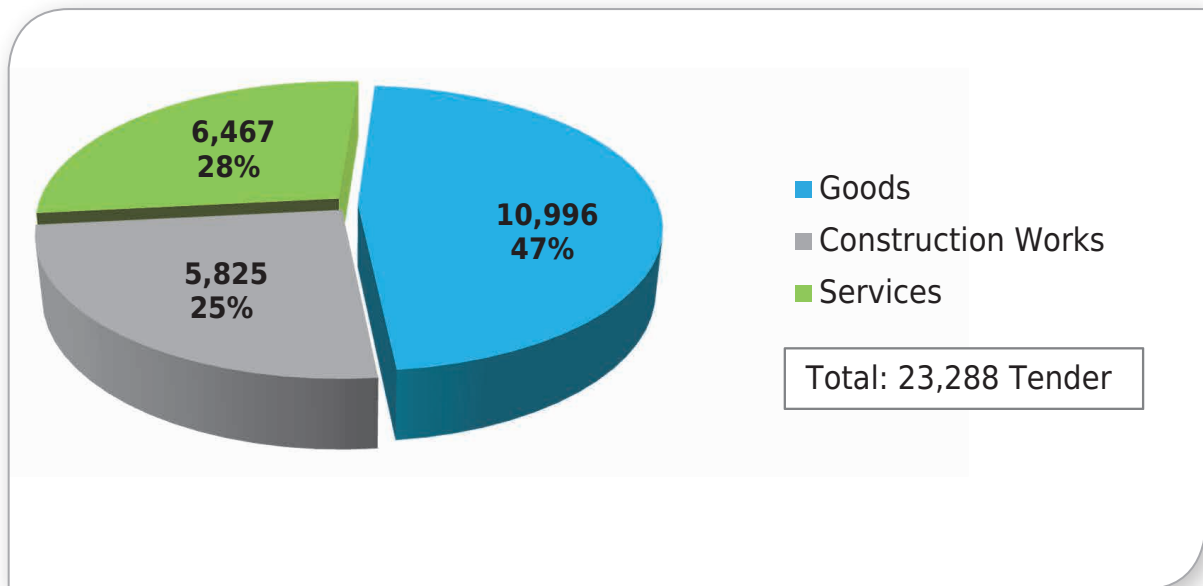
The data do not cover GEO and DEP tenders, neither they cover trading with a pricelist.

⁴ Net estimated value of tenders covers tenders with pricelists, respectively, neither estimated nor contract value of these tenders is accounted for during the calculation of the economy. Net contract value of tenders amounted to 2,565,653,686 GEL



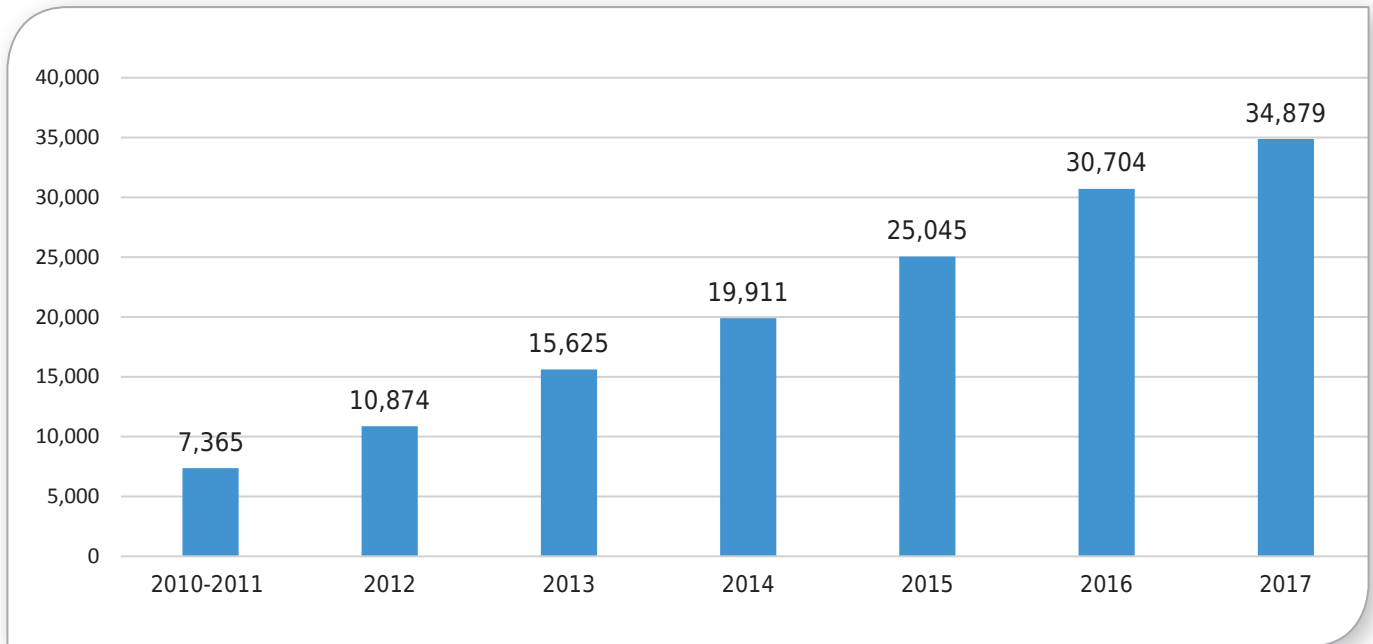
Distribution of held tenders according to their number is given on Diagram N12.

Diagram N12: Distribution of tenders, held in 2017, according to procurement objects



The data do not cover GEO and DEP tenders, neither they cover trading with a pricelist.

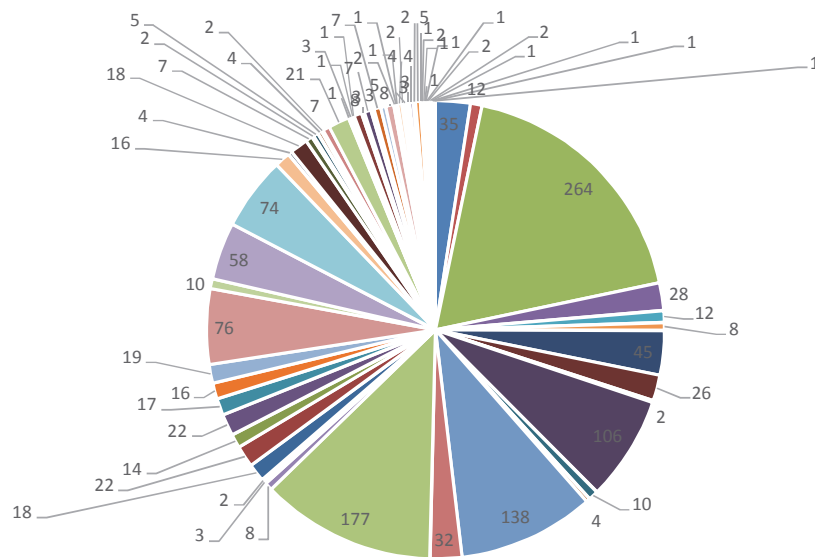
The interest towards the Unified Electronic System of State Procurement is continuously growing, what is proved by growth dynamics of registration within the System. Only in 2017 up to 4,200 new business-companies were registered within the System and overall number of registered suppliers amounted to 34,879 (this showing was 30,704 in 2016).

Diagram N13: Distribution of suppliers registered within the System according to years

It should be mentioned that apart from business-companies, operating in Georgia, non-resident companies are also highly interested in the System. The number of these suppliers exceeded 1,430 in 2017. Total 82 contracts were executed with non-resident companies, net contract values of which contracts amounted to over 72 million GEL. Distribution of non-resident suppliers are shown on Diagram N14.



Diagram N14: Number of non-resident suppliers registered within the System according to countries



- Armenia 35
- Iran (Islamic Republic of) 12
- Tanzania (United Republic of) 2
- Russian Federation 138
- Hungary 3
- Netherlands 14
- Czech Republic 19
- China 74
- Belgium 7
- Pakistan 2
- Norway 3
- Croatia 3
- Cyprus 5
- Argentina 1
- Slovenia 3
- Mozambique 1
- Bahrain 1
- Panama 1
- Switzerland 12
- Israel 8
- Azerbaijan 106
- Lithuania 32
- Republic of Korea 2
- Poland 22
- Germany 76
- Australia 16
- Island 2
- Romania 7
- Egypt 1
- Hong-Kong 7
- Swaziland 8
- Portugal 4
- Bulgaria 4
- South Africa 2
- Seychelles Islands 1
- Taiwan (Province of China) 1
- Ukraine 264
- Great Britain 45
- United Arab Emirates 10
- Belarus 18
- Latvia 17
- Greece 10
- Sweden 4
- Kirgizstan 5
- Kazakhstan 21
- Identified 1
- Serbia 3
- Afghanistan 2
- Japan 2
- Singapore 2
- Monaco 1
- Uzbekistan 2
- Samoa (American) 1
- USA 28
- Spain 26
- Ireland 4
- Denmark 8
- India 22
- Austria 16
- Italy 58
- France 18
- Finland 4
- Moldova 1
- Estonia 8
- Canada 7
- Philippines 1
- Virgin Islands (British) 3
- Slovakia 5
- Macedonia 1
- Korea (Public Democratic Republic of) 2
- Iraq 1

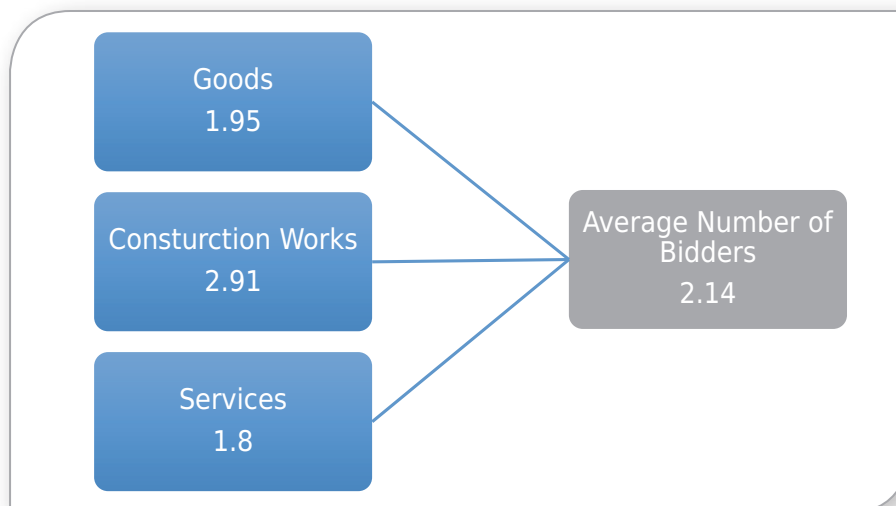
It should as well be mentioned that along with our neighboring countries the countries, that are located quite far away from the region are also interested and participate in tenders announced within the Unified Electronic System of State Procurement of Georgia.

Table N15: Distribution of suppliers according to regions

Region	Number
North America	36
South America	2
Africa	13
Australia	16
Eastern Asia	59
Central and Western Europe	447
Total	573

In 2017 the average number of bidders, participating in tenders, amounted to 2.14. The number of bidders according to supply of goods, construction works and services is distributed as follows:

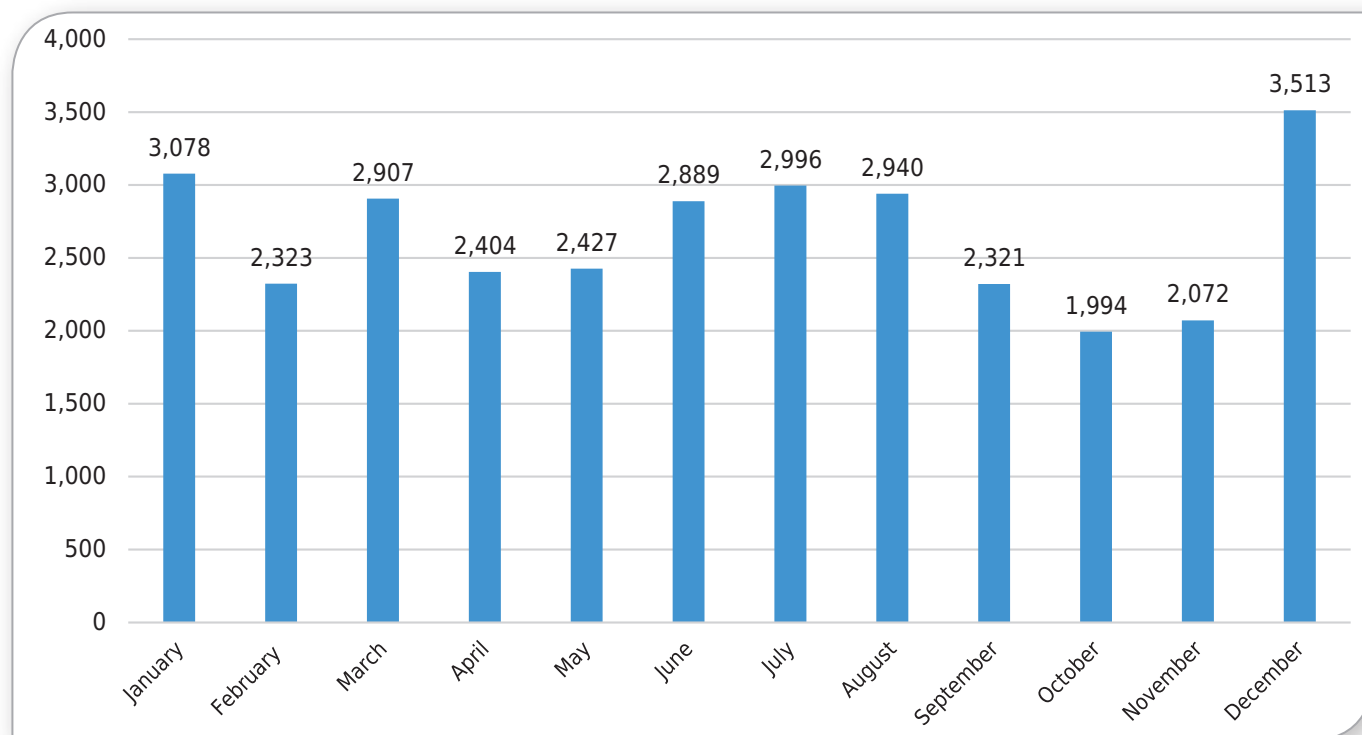
Diagram N16: Average participation number according to procurement object





Worth mentioning is also the distribution of tenders according to months. The situation is more-or-less like past years. Summer months and December are particularly active.

Diagram N17: Number of tenders according to months



The data do not cover GEO and DEP tenders, trading with a pricelist.

Furthermore, it will be interesting to review certain procurement categories and statistics of contracting authorities. Specifically, first of all, it should be identified, whether which CPV categories demonstrated the highest rate of savings. The statistics does not demonstrate any fundamental changes with regard to these showings. The highest rate of savings again accounts for construction works CPV categories. See Table N18.

Table N18: Top 10 procurement categories according to savings

N	Procurement Category	Net Estimated Value (GEL)	Net Contract Value (GEL)	Savings on CPV (GEL)	%
1	45200000-Works for complete or part construction and civil engineering work	1,516,058,900	1,361,396,430	154,662,470	10.2%
2	45400000-Building completion works	118,379,547	105,372,635	13,006,912	11.0%
3	66500000-Insurance and pension services	59,774,877	53,077,406	6,697,471	11.2%
4	71300000-Engineering services	46,651,962	40,685,540	5,966,422	12.8%
5	33600000-Pharmaceutical products	67,722,918	62,336,588	5,386,330	8.0%
6	45100000-Construction site preparation works	36,313,014	31,506,391	4,806,623	13.2%
7	33100000-Medical equipment	53,167,712	48,588,873	4,578,839	8.6%
8	45300000-Building installation work	48,513,639	44,052,617	4,461,022	9.2%
9	34100000-Motor-vehicles	49,032,444	45,294,121	3,738,323	7.6%
10	90900000-Cleaning and sanitation services	21,384,874	17,916,205	3,468,669	16.2%

In 2017 the highest economy through e-Tendering was made by Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia (over 40 million GEL). The Department is followed by the Tbilisi City Hall and the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia.



Table N19: Top 10 contracting authorities according to net savings

N	Contracting Authority	Savings (GEL)
1	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	40,658,030
2	Tbilisi City Hall	22,756,243
3	The Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia	9,487,650
4	Ministry of Internal Affairs of Georgia	8,812,371
5	“Georgian Gas Transportation Company”, LLC	7,782,474
6	Educational and Scientific Infrastructure Development Agency	5,255,802
7	Kobuleti Municipality	4,859,423
8	City Hall of Self-Governing City - Batumi	4,214,121
9	Social Service Agency	3,775,131
10	“Tbilservice Group”, LLC	3,613,139

Also interesting is the average participation ratio according to procurement categories. As demonstrated by below tables (Table N20 and Table N21) average participation is rather high in certain procurement categories (e.g. building completion works – 3.27), whilst competition is rather low with regard to others.



Table N20: Top 10 Procurement categories with highest average participation rate

N	Procurement Category	Number of Tenders	Number of Participants	Average Participation
1	45400000-Building Completion Works	1,258	4,114	3.27
2	45200000- Works for complete or part construction and civil engineering work	3,637	10,282	2.83
3	45300000- Building installation work	657	1,840	2.80
4	39100000-Furniture	412	1,143	2.77
5	45100000-Construction site preparation works	273	738	2.70
6	79800000-Printing and related services	470	1,212	2.58
7	39800000-Cleaning and polishing products	120	304	2.53
8	90900000-Cleaning and sanitation services	222	553	2.49
9	44500000-Tools, locks, keys, hinges, fasteners, chain and springs	106	261	2.46
10	79200000-Accounting, auditory and fiscal services	115	276	2.40

For data to be meaningful, the CPV categories are chosen, with regard to which more than 100 tenders are announced per year.

E.g. the number of tenders, announced for pharmaceutical products, exceeds 700, whilst competition rate for these tenders makes 1.46. The competition is obviously low in connection with road transport services (1.31). Detailed information is given in Table N21 below.



Table N21: Top 10 procurement categories with lowest participation rate

N	Procurement Category	Number of Tenders	Number of Participants	Average Participation
1	60100000 -Road transport services	355	464	1.31
2	92600000-Sporting services	142	193	1.36
3	64200000-Telecommunication services	165	228	1.38
4	50100000- Repair, maintenance and associated services of vehicles and related equipment	262	364	1.39
5	72400000-Internet services	211	300	1.42
6	77200000-Forestry related services	201	286	1.42
7	33600000-Pharmaceutical products	766	1,119	1.46
8	09100000-Fuel	143	209	1.46
9	98300000-Various services	151	228	1.51
10	34100000-Motor-vehicle services	187	286	1.53

For data to be meaningful, the CPV categories are chosen, with regard to which more than 100 tenders are announced per year.

Worth mentioning is also the analysis of data of contracting authorities according to number of tenders and net amounts. As demonstrated by below Table, the greatest number of tenders in 2017 was announced by the Tbilisi State Medical University, Ministry of Internal Affairs of Georgia and Tbilisi City Hall.



Table N22: Contracting authorities according to number of announced tenders

N	Contracting Authority	Number of announced tenders	Net estimated value
1	Tbilisi State Medical University	628	25,756,015
2	Ministry of Internal Affairs of Georgia	584	80,911,784
3	Tbilisi City Hall	505	141,638,740
4	Ministry of Defense of Georgia	468	42,989,452
5	JSC Georgian State Electrosystem	415	39,617,487
6	Adjara Autonomous Republic Department for Management of Motorways and Amelioration System	407	70,978,453
7	Tbilisi Transport Company	390	52,397,595
8	National Forestry Agency, LEPL	382	14,102,712
9	Ivane Javakhishvili Tbilisi State University	340	7,851,506
10	Revenue Service, LEPL	318	23,859,117

As regards net estimated value, the list of top ten contracting authorities is headed by Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia with net estimated value of 387 million GEL, being followed by “Stadium”, LLC and Tbilisi City Hall.



Table N23: Contracting authorities according to net estimated value of tenders

N	Contracting Authority	Number of announced tenders	Net estimated value
1	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	166	387,923,867
2	"Stadium", LLC	7	302,619,145
3	Tbilisi City Hall	505	141,638,740
4	Educational and Scientific infrastructure Development Agency, LEPL	185	132,785,384
5	City Hall of Self-Governing City - Batumi	248	87,043,798
6	Municipal Development Foundation of Georgia, LEPL	41	86,500,642
7	Public Service Bureau, LLC	2	83,150,020
8	Ministry of Internal Affairs of Georgia	584	80,911,784
9	Social Service Agency, LEPL	211	71,121,357
10	The Suboffice of the Government of Adjara Autonomous Republic - Department on Management of Roads and Medicine Systems	407	70,978,453

IMPROVEMENTS TO LEGAL FRAMEWORK - NOVELTIES IN REGULATIONS

Quite a number of amendments, aiming mainly at the fulfilment of international commitments by the country, were made to legal framework regulating public procurements in 2017. Furthermore, these amendments aimed at further improvement of public procurement procedures. Particular mention should be made of the following:

1. On 6 April, 2017 amendments were made to the Law of Georgia on State Procurement, which were mainly focused on the fulfilment of the commitments assumed within the framework of the first phase of DCFTA. The amendments, which became effective from 19 July, 2017 concerned thorough incorporation of the principles contained in the EU legislation (proportionality and equal treatment), introduction of performance and functional specifications in the description of procurement object and setting reasonable timelines for the announcement of an e-tender.
2. For the enforcement of the above legislative amendments the new procedure of holding an e-tender was approved by Order N12 of the SPA Chairman, which procedure provided for detailed and clear e-tender regulating rules. Specifically, the amendments covered the following aspects: the principles of holding an e-tender were defined, the terminology was refined, the procedures of making a decision by tender commission, the procedure of setting requirements towards bidders, bidder evaluation and winner awarding procedures were detailed, affidavit conditions were corrected and they were linked only with the commitment of a fraudulent action with a view to gaining the right to a contract. The new procure of holding an e-tender maintains a balance between the rights and interests of contracting authorities and suppliers.
3. The procedure of registration in the White List was simplified from 24 January 2017. At least 200,000 GEL turnover for each of the past three years is no more required for a supplier to get registered in the White List. The foregoing is required only for the last year. Furthermore, turnover alternative - efficient fulfilment of at least 30 public procurement contracts, executed for the past three years was reduced to 20 contracts. At the same time, at least five contract a year became mandatory only for the last year.
4. The electronic form of tender documentation was introduced from the first of February, 2017. It contains fields where a contracting authority specifies requirements towards bidders and a procurement object. These fields are arranged thematically, what makes tender documentation standardized and enables the representatives of business community to easily search for desired/



necessary information about specific tender condition in electronic form in one and the same place in any tender, irrespective of contracting authority and procurement object.

5. It was established that tender document is not subject to correction if, according to the requirement(s) of tender documentation the information about a trademark, patent, model, source of origin or produces is not submitted or mentioned therein, also the cost breakdown is not present or calculated. This will promote the submission of qualified tender proposals in e-tenders.

DISPUTE RESOLUTION BOARD

To ensure fair competition in public procurement procedures the Board for the resolution of public procurement related disputes (Dispute Resolution Board) has been operating since 2010 till present. The existence of this institution is important for making fair and, at the same time, thoroughly justified decisions with regard to disputes arising in the field of public procurement. It's worth mentioning, that the Board make its decision within unprecedentedly shortest period (10 days), what stresses its particular efficiency.

In 2017 major changes were implemented within the Dispute Resolution Board. Until 19 July, 2017 any person, registered within the System as a "Supplier" could file a complaint with the Board and appeal procedure was free.

On 19 July, 2017 the amendments, made to legal framework, become effective, under which amendments, the institute of an *interested party* was introduced - the group of persons was defined, who are entitled to appeal a decision/action of contracting authority or/and tender/contest commission with the Board and also the fee for filing of a complaint was introduced at certain stage. Specifically, the right to appeal tender/contest terms and conditions (amongst them a decision/action related to tender terms and conditions) is enjoyed by a person, who intends to participate in a procurement procedure or by a bidder and appealing procedure is free. However, once an e-tender/contest is awarded with a final status "No more bids admitted" the right to appeal a decision/action of a contracting authority or/and tender/contest commission is enjoyed only by a bidder and fee for filing a complaint is introduced, the



amount of which fee constitutes 2% of the estimated value of procurement contract, but not less than 100 and not more than 500 GEL.

In 2017 the Board consisted of six members and it was composed of the representatives of the LEPL - State Procurement Agency and non-governmental sector according to parity principle.

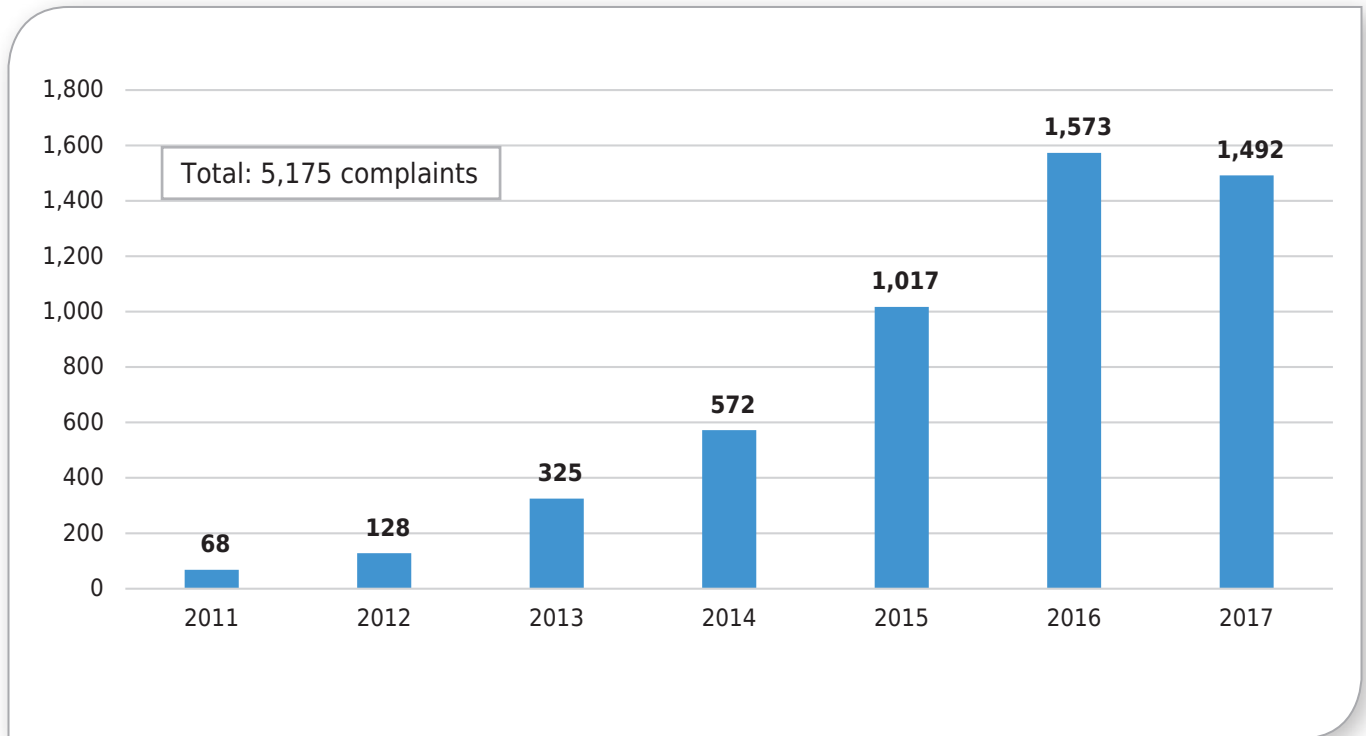
By Law N1945 the amendments were made to the Law of Georgia on State Procurement on 23 December 2017, regulating institutional rearrangement of Dispute Resolution Board, amongst them, the respective composition of the Dispute Resolution Board was defined.

The new composition of the Board reviewed complaints filed only with regard to those e-tenders and contests, the estimated value of which is equal to or exceeds the monetary thresholds set by the EU Directives effective in the field of public procurement. In this case, apart from three representatives of the SPA and three representatives of NGOs or respective profile, the Board also includes the representatives of the Competition Agency, Chamber of Commerce of Georgia and Business Ombudsman of Georgia, of the respective academic community, one from each.

The mention should as well be made of the number of complaints filed with the Board and their general statistics. In total 1,492 complaints were reviewed by Dispute Resolution Board in 2017.



Diagram N24: Statistics of Complaints filed with Dispute Resolution Board in 2011-2017



Out of 1,492 complaints filed in 2017, decisions were made with regard to 1,010 complaints, of which 37% were not granted. 633 decisions were made in favour of business (fully or partially granted), what makes 63% of disputes. The distribution of statuses of the complaints are given on Diagram N25.

Diagram N25: Distribution of complaints filed with Dispute Resolution Board in 2017 according to their statuses

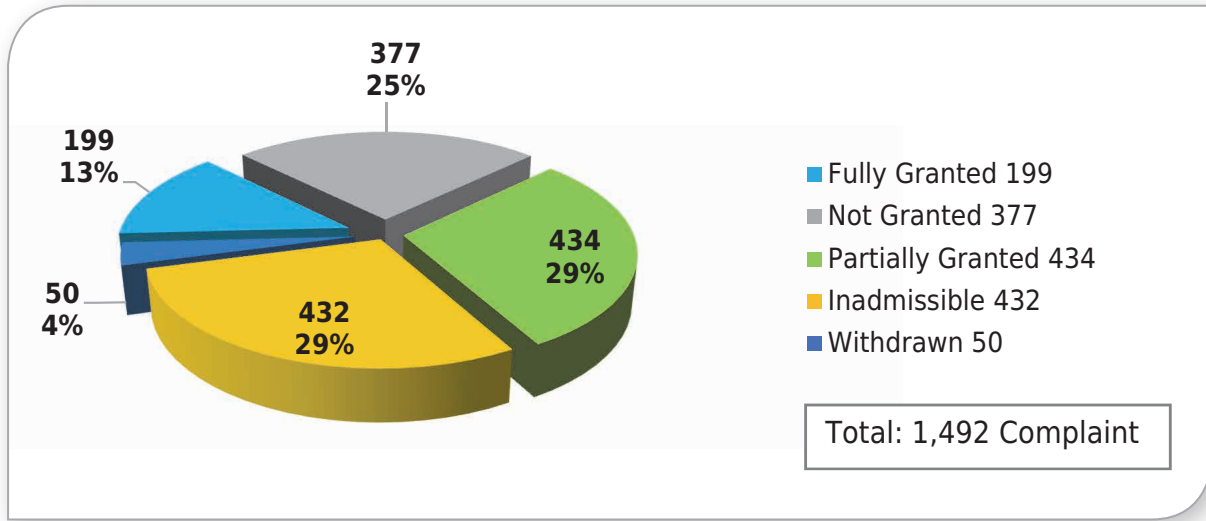


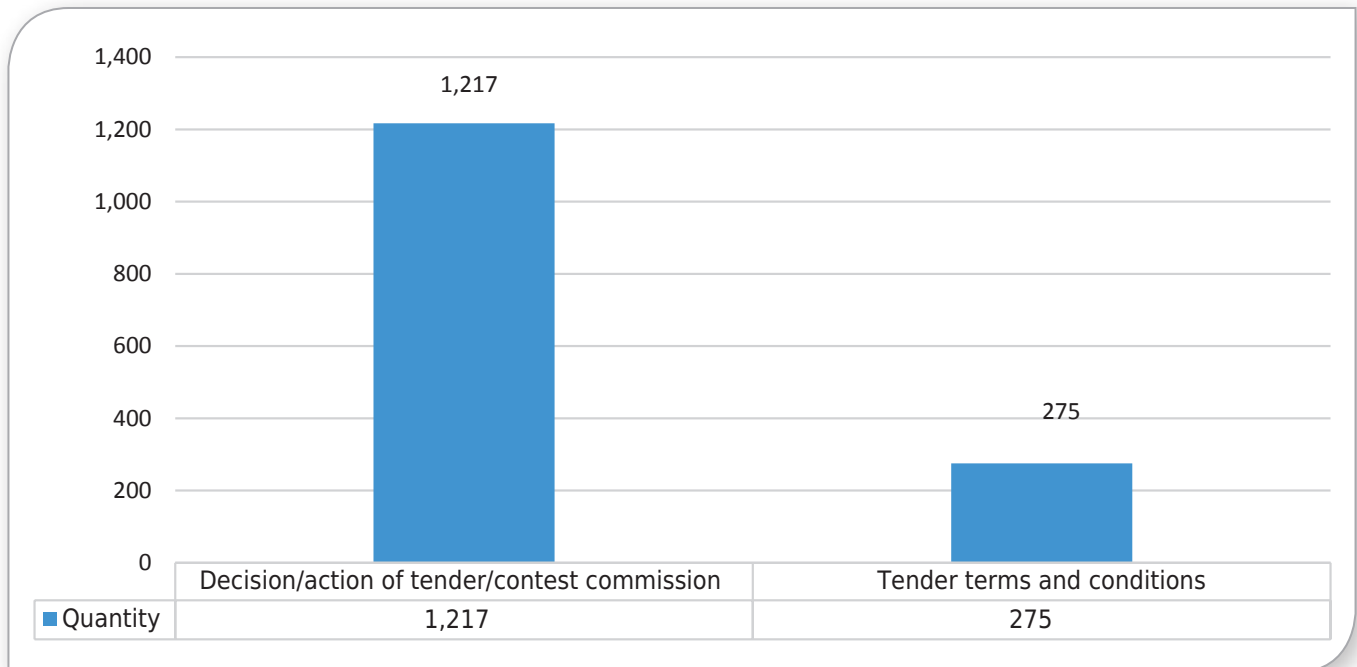
Table N26: Distribution of complaints filed with Dispute Resolution Board according to procurement procedures and statuses

Procurement Procedure	SPA (675)		NAT (751)		DAP (28)		MEP (20)		CNT (18)
	Simplified electronic tender (259)	Electronic tender (416)	Simplified electronic tender (176)	Electronic tender (575)	Simplified electronic tender (8)	Electronic tender (20)	Simplified electronic tender (15)	Electronic tender (5)	Design Contest (18)
Fully granted	53	52	29	61	1	1	1	1	0
Not granted	55	111	39	162	1	4	5	0	0
Partially granted	59	132	43	177	1	8	3	2	9
Inadmissible	84	108	11	15	4	6	6	2	8
Withdrawn	8	13	54	160	1	1	0	0	1



Most of 1,492 complaints, filed with Dispute Resolution Board in 2017, claimed the cancellation of unlawful decisions/actions of contracting authorities.

Diagram N27: Claims under complaints filed with Dispute Resolution Board



AGREEMENT OF SIMPLIFIED PROCUREMENTS

To fulfil the commitments under anti-corruption components of EU Visa-Liberation Action Plan, on 24 July, 2015 the Parliament of Georgia adopted the draft Law on Amendment of the Law of Georgia on Public Procurement, submitted within the framework of the legislative initiative of the Government of Georgia. This Law, which became effective from 1 November 2015, provides for provisions, regulating the agreement of the conduct of simplified procedures on specific grounds (urgent necessity, exclusive rights, prevention of quality deterioration, unimpeded conduct of an event of state or public importance within tight timelines) with SPA on a mandatory basis.



As a result of the above reform, the share of simplified procurements in public procurements has considerably decreased.

Total 3,760 requests for simplified procurement under various grounds were submitted by contracting authorities in SMP module in 2016. In 2017 the requests for simplified procedures made by contracting authorities within the System amounted to 3,271, what is 13% less than the same showing for the past year.

Diagram N28: Distribution of applications, filed with SMP module of the System according to their grounds

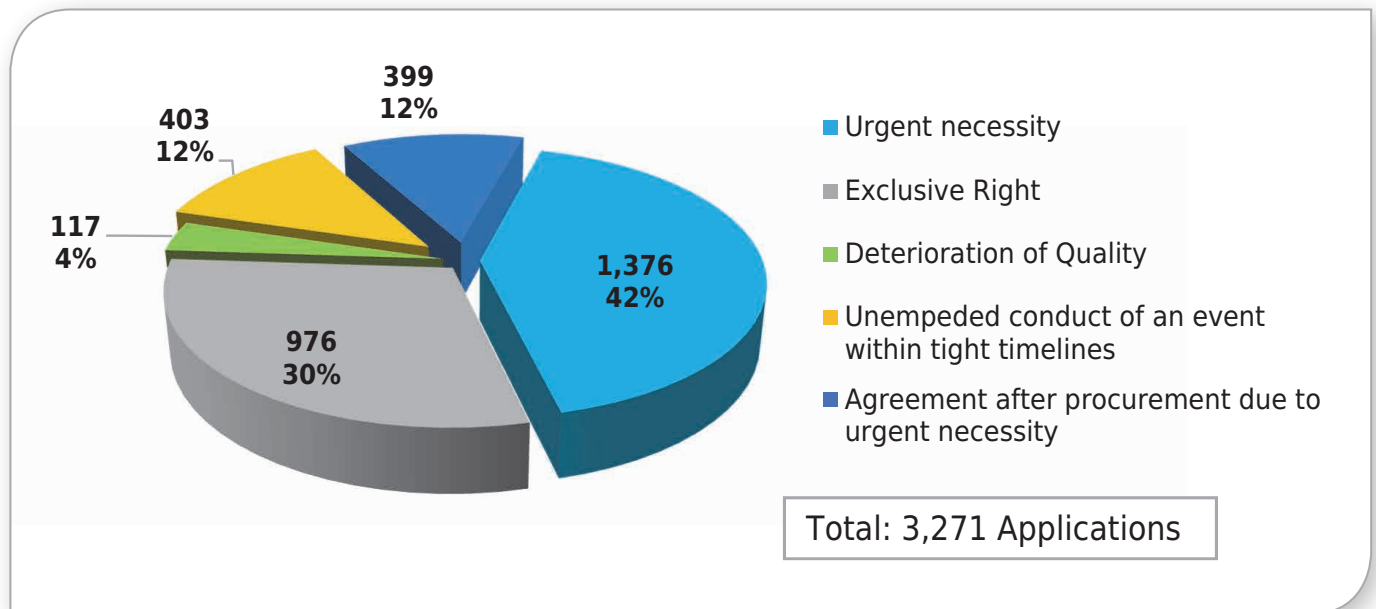
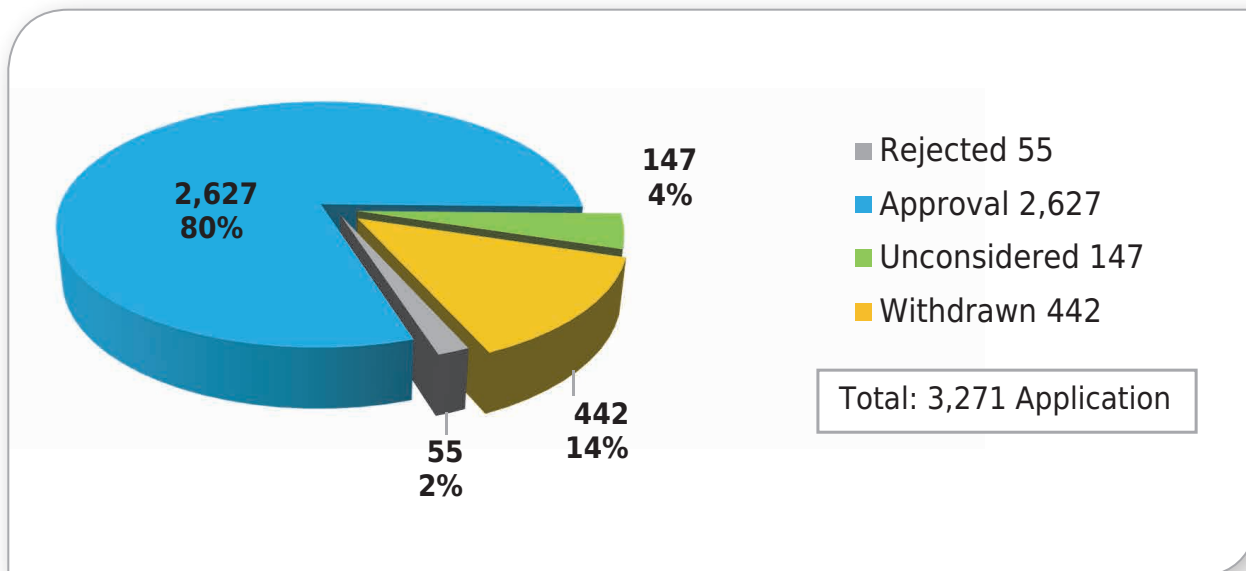




Diagram N29: Distribution of applications, filed with SMP module of the System according to their statuses



The above Diagram demonstrates, that 80% of the applications were accepted and applications with negative consequences account for 20% of total number of applications. 2,627 consents were granted with regard to applications, filed with SMP module of the System in 2017, what is (2,893) 9,2% less than similar showing for 2016. It should be mentioned that the number of simplified procurements, conducted through SMP module is continuously decreasing year by year and this trend is irreversible.

Statistic data of applications filed by contracting authorities and made by SPA from the first of January 2017 until 31 December, 2017 are given in Table N30.

Table N30: Statistics of agreement of simplified procurements

Grounds of procurement	Number	Rejected	Approved	Unconsidered	Withdrawn
Urgent necessity	1,376	37	1,031	65	243
Exclusive Right	976	8	836	49	83
Deterioration of quality	117	8	67	15	27
Unimpeded within tight timelines	403	1	343	12	47
Agreement after procurement due to urgent necessity	399	1	350	6	42
Total	3,271	55	2,627	147	442

LEGAL PROCEEDINGS AND REPORTS ON ADMINISTRATIVE OFFENCES DRAWN UP BY SPA

The SPA has drawn up 113 reports on administrative offences within its terms of reference, against 298 persons. Submitted reports were reviewed by the courts of law and they upheld the qualification, granted by the SPA in every case and have found the aforementioned persons guilty for the breach of law.

Legal proceedings were conducted with regard to 248 cases in 2017. Of them 113 cases concerned the reports on administrative offences, drawn up by the SPA, 87 cases - decrees issued by the Chairman of the SPA with regard to registration in the Black List, 36 cases concerned the decisions, made by Dispute Resolution Board, 6 - consolidated tenders, 1 civil dispute concerned the refund of guarantee amount and 5 cases - civil actions, filed by SPA with regard to refund of money.

As already mentioned, of 1,492 complaints filed with Dispute Resolution Board in 2017, 36 decisions of the Board were appealed with the court of law. The courts of first instance have satisfied two claims, however these decisions were appealed with the court of cassation in accordance with the procedure, prescribed by law.



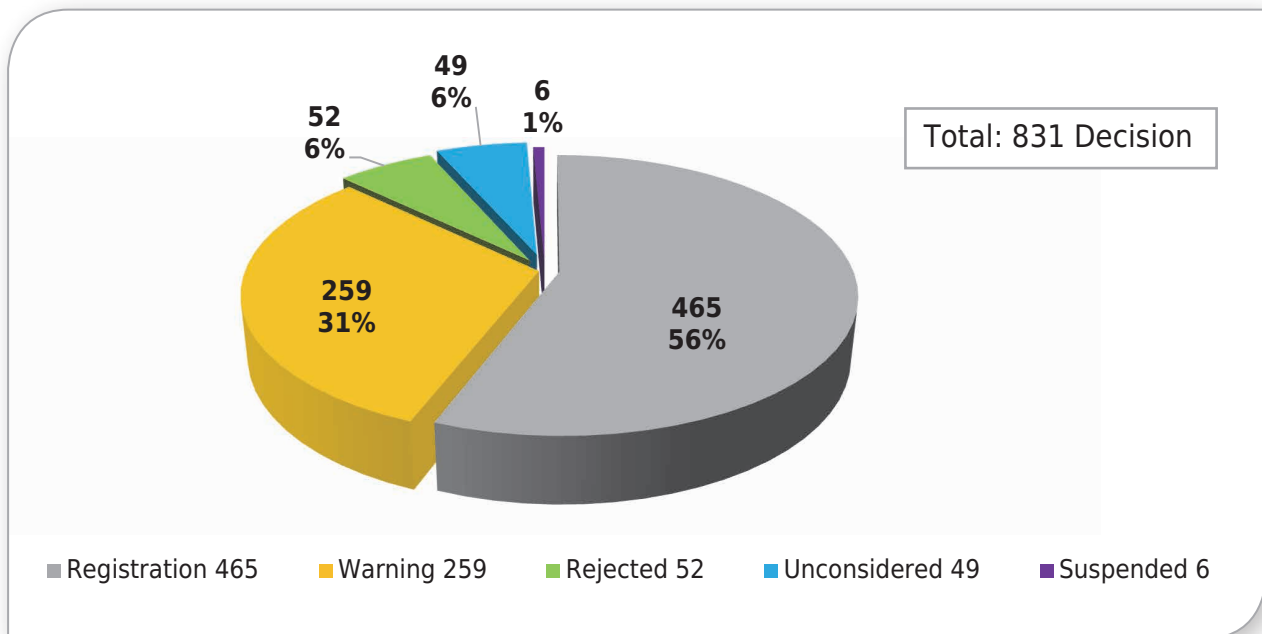
Furthermore, 87 decrees issued by the Chairman of the SPA were appealed with regard to the Black List. In 87 cases the court found that the SPA act was legal and in 1 case the action was partially met and the SPA was assigned to reinvestigate the case, what was appealed with the court of Appeals.

MAINTENANCE OF THE BLACK AND WHITE LISTS

One of the priority duties of the SPA is the maintenance of the Black (list of *malafide* suppliers) and White Lists (list of qualified suppliers).

In total Overall 831 decisions were made in 2017 with regard to the Black List (845 decisions in 2016). Along with the Black List the SPA also maintains the Register of Warned Suppliers, according to which Register 259 suppliers were warned (in 2016 282 suppliers were warned). Diagram N31 shows their distribution.

Diagram N31: Distribution of decisions made with regard to the Black List in 2017, according to their statuses

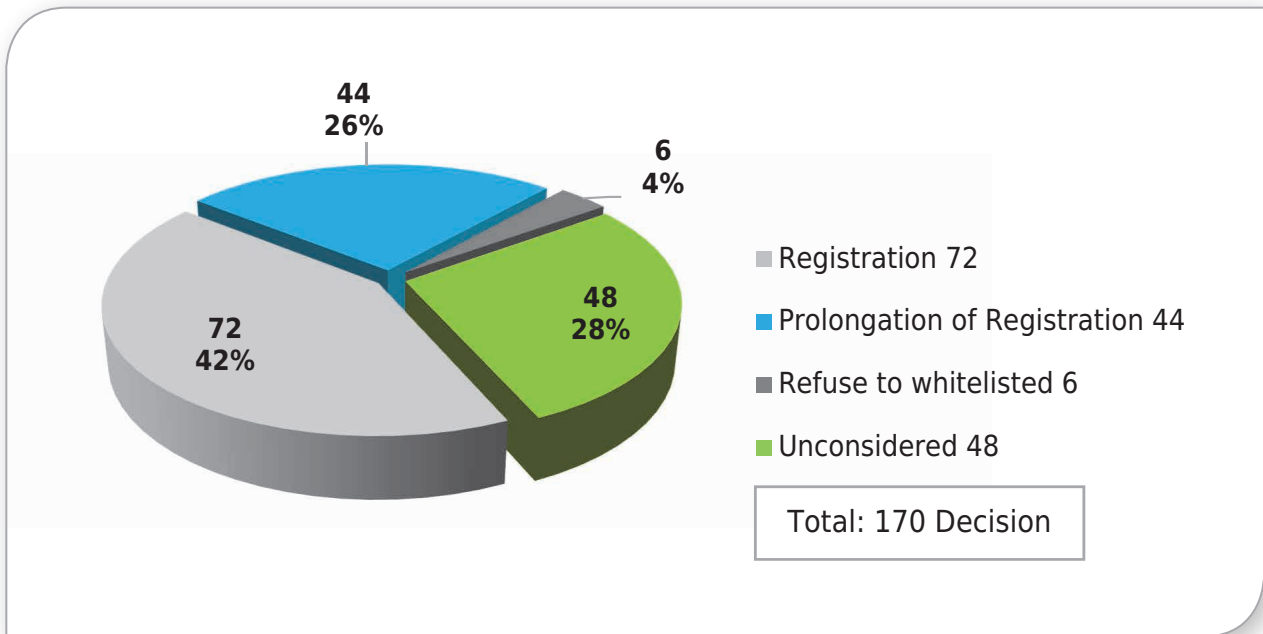




Along with the register of *malafide* suppliers, the SPA also maintains the White List (list of qualified suppliers). The amendments were made to Order N2 of the Chairman of the SPA, dated 26 February, 2016 (by Order N2 of the Chairman of the SPA, dated 20 January, 2017), under which amendments the procedure of registration in the White List was simplified. At least 200,000 GEL turnover for each of the past three years is no more required for a supplier to get registered in the White List. The foregoing is required only for the last year. Furthermore, turnover alternative - efficient fulfilment of at least 30 public procurement contracts, executed for the past three years was reduced to 20 contracts. At the same time, at least five contract a year became mandatory only for the last year.

In total 170 decisions were made in SPA in 2017 with regard to the White List. Their distribution is shown on Diagram N32.

Diagram N32: Distribution of decisions made with regard to the White List in 2017, according to their statuses





MONITORING OF PUBLIC PROCUREMENT

SPA is monitoring public procurement procedures, conducted by contracting authorities to verify compliance of procurement procedures with the current legal framework. Over 4,400 contracting authorities were monitored in 2017.

From the first of January, 2017 until 31 December, 2017 16,620 tenders with “Contract Awarded” status, filtered according to various risk factors and criteria, were monitored via automatic messages of the System (in total 22,970 tenders were received).

602 more tenders with statuses: “Tender Terminated”, “Contract not Awarded,” “No bids Received” were additionally processed.

Furthermore, 8,925 tenders were monitored with a view to establishing the adequacy of disqualification of bidders within the System.

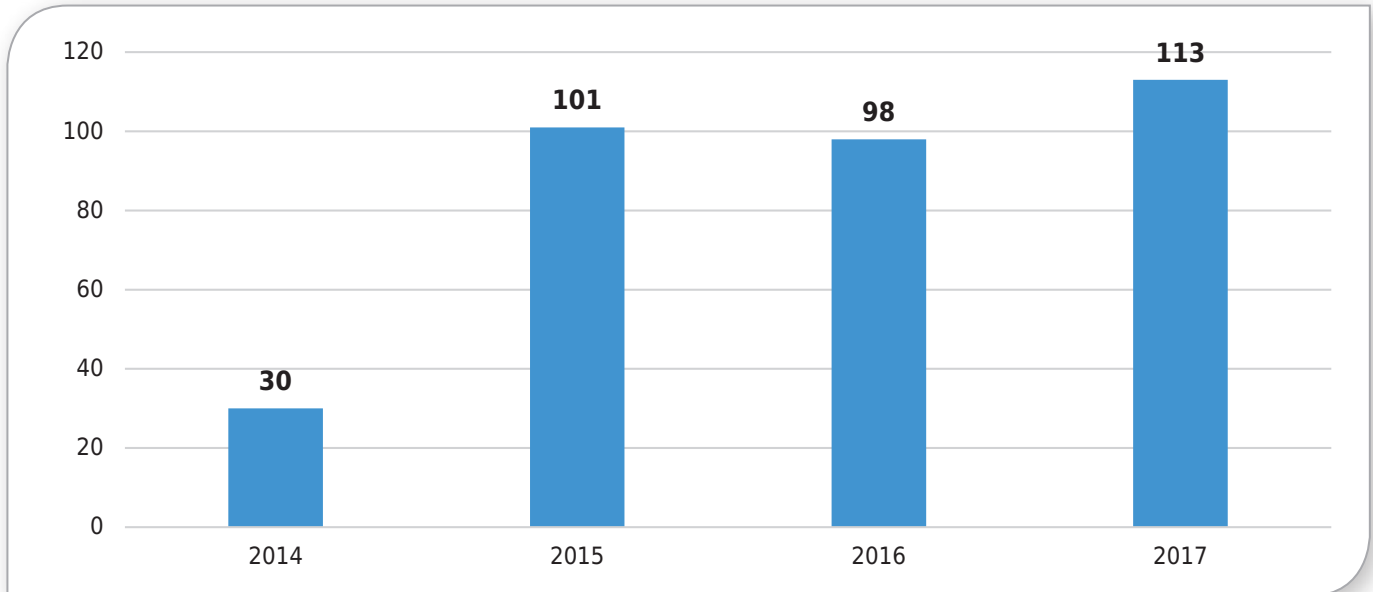
77 Design Contests announced for the procurement of design works were also monitored.

It should be mentioned that SPA is also monitoring contracts awarded through simplified procurement, presented through CMR module. In this respect, 42,861 contracts awarded through simplified procurement procedure were monitored during the year.

In total 1,866 letters were sent to contracting authorities on revealed violations, with regard to which SPA limited itself to recommendations; and in 113 cases out of them the commitment of an administrative offence was found.



Diagram N33: Number of administrative offences, revealed by the SPA according to years



CONSOLIDATED TENDERS

In order to ensure the efficient allocation of budgetary resources, the SPA, acting within the limits of competence and authority delegated thereto by relevant legal acts of the Government of Georgia (GoG), has been conducting tenders with regard to certain procurement objects in a centralized manner. In 2017, with a view to conducting procurements in a consolidated manner, the following consolidated tenders were announced through the Unified Electronic System and the winner was awarded:

- 1) 8 tenders for the procurement of 5 different oil products (fuel) - Euroregular (removal from fuel station) Euroregular (removal from bulk plant petroleum depot), Premium Super, maximum 150 PPM⁵ diesel (removal from fuel station), maximum 150 PPM diesel (removal from bulk plant petroleum depot), not more than 10 PPM Eurodiesel (removal from fuel station), maximum 10 PPM Eurodiesel (removal from bulk plant petroleum depot);
- 2) 1 tender for mobile network service;

⁵ Sulfur content parameter



- 3) 2 tenders for standard PCs and standard portable computers;
- 4) 8 tenders for A4 printing paper of Premium and high quality;
- 5) 40 tenders for for M+S, summer and winter tire-covers for passenger cars;
- 6) 1 tender for UPSs;
- 7) 2 tenders for procurement of Television Airtime through rating (wGRP);
- 8) 8 tenders for single-function and multifunction printers and original cartridges for them;

The below table offers detailed information about the amount announced with regard to each of them and savings made.

Table N34: Volume of procurement objects announced within the framework of consolidated tenders and economy made

	Procurement Object	Announces amount	Economy per unit (GEL)
1	Oil products (fuel)	78,013,800 litres	30,327,400 GEL
2	Mobile network service	260,000 subscribers	N/A
3	PCs	7,900 - desktops 5,500 - laptops	5,100,000 GEL
4	A4 printing paper	600,000 - Premium quality printing paper 200,000 - High quality printing paper	498,167 GEL
5	Tire-covers of passenger cars	48,723 tire-covers	5,164,617 GEL
6	UPSs	8,500 - UPSs	251,177 GEL
7	Procurement of Television airtime (WGRP)	Approximate value of budget allocated for the procurement of television airtime 3,000,000 GEL	3,500,000 GEL (data for 5 months)
8	Printers and cartridges for them	1,650 single-function printers and original ink cartridge with 19,000,000 page yield	122,261 GEL (data for 6 months)
		4,700 multi-function printers and original ink cartridge with 87,000,000 page yield	827,791 GEL (data for 6 months)



Before the announcement of the aforementioned tenders, the respective market survey was conducted and tender documents were drafted. Also quite a number of business meetings were arranged with experts of the respective fields for the development of reasonable, competitive and non-discriminatory tender requirements and highly-qualified tender documentation.

Office of Consolidated Tenders has undertaken necessary legal and organizational measures, prescribed by law for the conduct of consolidated tenders, specifically: draft GoG decrees on holding consolidated tenders, terms and conditions of holding consolidated tenders, draft reports of a tender commission and sample contract to be executed within the framework of each consolidated tender were elaborated, which were published on the official webpage of the SPA; obligations assumed by contracting entities and suppliers under consolidated tenders and procurement contracts were monitored; statistics databases of procurements, made by contracting authorities and generated savings of budget funds were created.

In 2017 a new module was added to already existing permit in the consolidated tender management system CONSYS (ctd.spa.ge) with regard to A4 printing paper, under which new module a contracting authority, whose procurements of A4 format Premium grade printing paper during a year did not exceed 25 packs and at the same time, whose actual address was not located either in Tbilisi or in Kutaisi, was entitled to apply to Tender Commission of Consolidated Tenders and, based on the principle of efficient disbursement of public resources, request public procurement of printing paper from other supplier in accordance with the procedure, prescribed by law.

In 2017, the office of consolidated tenders addressed 6,947 fuel and paper authorizations, filed by contracting authorities in Fuel and Printing Paper module of consolidated tender management system, with due consideration of regulations and guidelines, developed by Tender Commission of Consolidated Tenders, reviewed them and awarded relevant statuses to each authorization.

Savings made in 2017 through consolidated tenders as compared with unit and wholesale prices of relevant procurement objects exceeded 45 million GEL. It should be mentioned, that savings made within the framework of consolidated tenders for the procurement of mobile network services are not included into this amount.

Currently the Office of Consolidated Tenders is intensively engaged in analytical and research activities to identify objects, centralized procurement of which will be reasonable for efficient disbursement of budget resources. For example, recommendations were prepared for the introduction of new consolidated tenders, specifically - for the procurement of air tickets.



NOVELTIES IN WEB-RESOURCES

New Site - Public Procurement Related Interesting Figures

State Procurement Agency launched the new site - stats.spa.ge within the framework of the National Action Plan of Open Government Partnership (OGP)

SPA has created the new web-resource, containing operational statistics about public procurement within the framework of the OGP initiatives - stats.spa.ge. This site focuses on several key showings related to public procurement. This site gives users access to quarterly data about the number of announced tenders, value of announced tenders, average number of bidders, number of bidders entered into the System, also the number of contracting authorities, registered within the System and number of application filed with regard to simplified procurement procedure. With the help of this site an interested person can find out whether which procurement categories have the largest and fewest number of bidders, also the number of resolutions, made by Dispute Resolution Board according to statuses. The site will also be attractive for business community, media and all those persons who are interested in current statistics in the field of public procurement. **For additional information, please, follow the link: <http://stats.spa.ge>**

New Site - E-tender data in OCDS format

State Procurement Agency launched the new, OCDS standard site on data aggregated amount public tenders

Under the assistance of the WB and DFID project for the Improvement of Efficiency and Transparency in Public Procurement, SPA is undertaking major efforts for the introduction of Open Contracting Data Standard (OCDS), within the framework of which the aggregated data were published and provided to interested persons. It should be mentioned, that OCDS implies the introduction of open data publication standard, which ensures publication of structured information at every stage of a contract (from planning until fulfillment). As of to date the data for 2011-2017 are published on the new, special webpage - opendata.spa.ge in special ,machine-readable, JSON format both in the aggregated manner and about each procurement separately. **For additional information, please, follow the link: <http://stats.spa.ge>**



Supplier Ranking Module

Supplier Ranking Module has been incorporated into the Unified Electronic System of Public Procurement. This module enables contracting authorities to easily search for a potential supplier when conducting market survey, planning a tender or implementing simplified procurement procedure.

With a view to generation of above data by ranking module, an algorithm was incorporated into the System, which processes various data about suppliers, contained in the System, like percentage of winning previous tenders by specific suppliers, participation in tenders with similar CPV code, number of disqualifications, annual turnover, registration in the White and Black Lists, etc.

For the identification of a potential supplier a contracting authority enters estimated value of procurement, procurement CPV code and timelines for the supply of procurement object in the respective fields of the ranking module. As a result, the module generates a list of potential suppliers concurrent with planned procurement.

TRAINING CENTRE

Like in past year, the Training Centre was intensively cooperating with foreign and local organizations this year as well. They greatly contributed to the arrangement of joint trainings and workshops in the capacity of donors and partners.

In 2017 the partners and donors of the SPA Training Centre were:

- GoG Administration;
- Tbilisi City Hall;
- Various WB projects;
- USAID Program G4G;
- USAID Program HICD 2020;
- Center for Effective Governance System and Territorial Arrangement Reform (CEGSTAR), named after Vano Khukhunaishvili;
- UNDP project - Fostering Regional and Local Development in Georgia.



Dedicated trainings were held in June and December, 2017 for public procurement specialists, employed within the framework of the Ministry of Regional Development and Infrastructure of Georgia. Under the assistance of SPA Training Centre and Center for Effective Governance System and Territorial Arrangement Reform (CEGSTAR), named after Vano Khukhunaishvili, also UNDP project - Fostering Regional and Local Development in Georgia, overall, up to 30 representatives of state agencies, operating within the framework of the above Ministry, were successfully retrained. The main focus of trainings was “Legislative amendments in the Law of Georgia on Public Procurement - modern approaches and topical issues.” Given particularly good outcomes, the activities in this direction will be continued in the next years as well.







In total 18 series of training and workshops were arranged at SPA Training Centre in 2017 under the participation of trainees from all the regions of Georgia. The working groups were composed of procurement specialists of governmental agencies, municipalities and self-governing cities, city boards and Halls, representative of business organizations.

Table N35: Percentage of trainees, retrained in 2017 according to public sectors and types

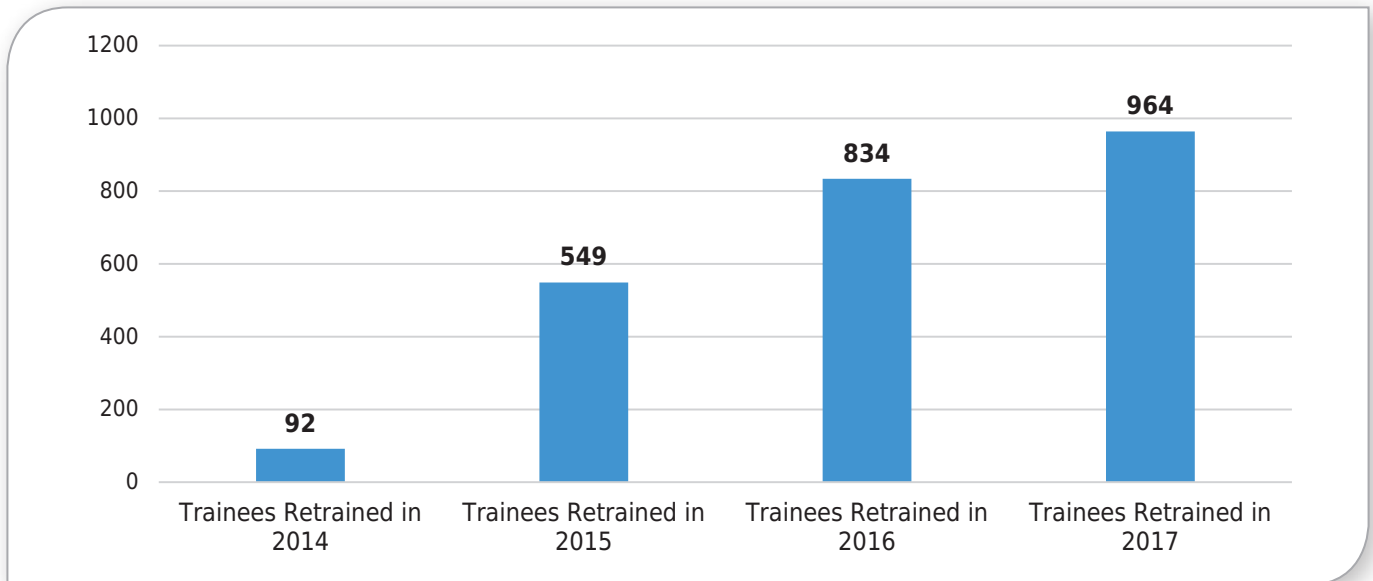
Training Target Group	Number of Trainees	%
Local self-governance bodies	431	42%
Governmental agencies	506	52%
Tbilisi City Hall	27	2%
Seminars with District Governors and public procurement specialists	38	4%
Total	1,002 ⁶	100%

From 2014 till present 2,439 specialists, working in procurement field were trained and certified by SPA Training Center, amongst them 1,175 trainees were from state agencies of central government, 1,264 were procurement specialists of local self-governance bodies and public and private law legal entities, founded thereby and 55 representatives - from business sector. These figures do not include the trainees invited to workshops and various informational-consultancy-educational meetings - their overall number amounted to 358 trainees. In total the SPA Training Centre has retrained 2,852 trainees from October 2014 till December 2017.

⁶ These data cover both certification courses and informatory-consultancy meetings (in a workshop format).



Diagram N36: Dynamics of trainees working in procurement field, retrained in 2014-2017

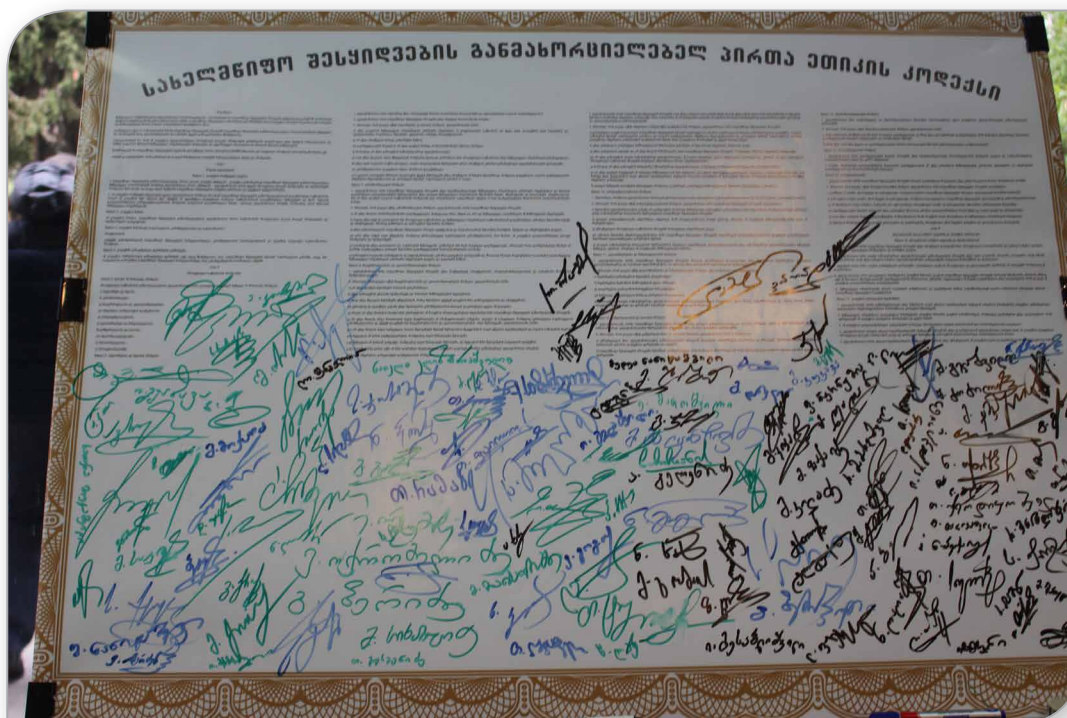


PUBLICATIONS

In 2017 SPA developed and enacted the Code of Ethics for persons engaged in public procurement. The Code aims at the establishment of model rules of conduct with regard to public procurement. It is based on the best international practice and its main goal is for the personnel of a contracting authority to fully understand the high responsibility related to their activities; furthermore, accounting for the importance of high mission delegated thereon, to promote efficient implementation of the purposes of the Law of Georgia on Public Procurement through making relevant decisions, amongst them, efficient disbursement of resources, fair competition and transparency. At the same time, the key-note of the Code is the obligation of the personnel of contracting authorities to exercise their powers with due diligence for the decisions made thereby to be fair and based on the fundamental principle of proportionality of public and private interests. The Code will enhance the observance of professional and ethical standards in the course of public procurement, what will have a positive impact on the professionalism of the persons operating in this field and strengthen the role of personal responsibility. Professional standards of ethical conduct are universal and incorporate the principles of integrity and trust, law-abidance, impartiality and good faith, exclusion of the conflict of interests, confidentiality, sympathy



and prudence, transparency and openness, accountability, proportionality and professionalism. The Code of Ethics was drafted under the assistance of the USAID project Human and Institutional Capacity Development 2020 (HICD 2020).



METHODOLOGICAL GUIDELINES AND RECOMMENDATIONS

Several methodological guidelines were published and updated in 2017 aiming at familiarization with and study of procurement procedures and enhancement of competition in public tenders. The following methodological guidelines were developed and published on SPA official web page:

- Recommendation with regard to a request for similar supply of a procurement object⁷;

⁷ <http://procurement.gov.ge/getattachment/ELibrary/metod-mititebebi-da-recomendaciebi/rekomendacia-analogiurebi.pdf.aspx>



- Guidelines with regard to new monetary threshold and duration of a tender/contest⁸;
- 10 recommendations with regard to supply market survey⁹;
- Methodological guidelines with regard to application of standards in public procurement¹⁰;
- Methodological guidelines for the promotion of participation of SMEs in public procurement¹¹;
- Recommendation of the State Procurement Agency on determination of the amount of forfeit.¹²

COMMUNICATION WITH THE CUSTOMERS

In 2017 circulation of SPA documents (incoming and outgoing mail) amounted to 17,478 (11,839 in 2016). In addition to that, 1,941 e-mails were received and addressed on SPA official e-mail: Info@procurement.gov.ge (6,201 in 2016), and the number of archived letters amounted to 2,031 (3,937 in 2016).

Furthermore, SPA runs Citizen Hotline service centre, providing every interested person with competent and exhaustive answer to any question on public procurement. In total 18,464 calls were received and answered in 2017 (19,720 in 2016).

It should as well be mentioned that SPA makes regular efforts to inform the persons interested in public procurement about the development of new services and modules, to what end, from time to time they receive system messages and short text messages (SMS). Total number of system messages circulated in 2017 exceed 46 million and that of short text messages is up to 252 thousand.

⁸ <http://procurement.gov.ge/getattachment/ELibrary/metod-mititebebi-da-recomendaciebi/monetaruli-zgvrebi.pdf.aspx>

⁹ <http://procurement.gov.ge/getattachment/ELibrary/metod-mititebebi-da-recomendaciebi/10-rekomendacia.pdf.aspx>

¹⁰ <http://procurement.gov.ge/getattachment/ELibrary/metod-mititebebi-da-recomendaciebi/standartebi.pdf.aspx>

¹¹ <http://procurement.gov.ge/getattachment/ELibrary/metod-mititebebi-da-recomendaciebi/SME.pdf.aspx>

¹² <http://procurement.gov.ge/getattachment/ELibrary/metod-mititebebi-da-recomendaciebi/recommendation.pdf.aspx>



PUBLIC RELATIONS

Meetings with Businesses

Many meetings were arranged with the representatives of business community in 2017 with a view to communication of innovations:

In 2017 SPA management arranged 4 regional meetings in Kutaisi, Borjomi, Samegrelo and Kakheti. The meetings were held for the representatives of SMEs, local contracting authorities and NGOs interested in public procurement. The meetings were arranged under the assistance of the project Promotion of SMEs and DCFTA Georgia, co-funded by the EU, implemented by German Society for International Development (GIZ). The meetings aimed at raising awareness of attending community about recent important reforms implemented in public procurement field. The authorized persons of SPA informed the attendees about achievements in above directions, planned reforms, new legislative rules and services offered by SPA.





- Under the assistance of USAID G4G program and Association of Construction Companies of Georgia a business meeting was held at TechnoPark with businessmen and large contracting authorities, operating in construction field. The authorized persons of SPA made presentations at the meeting about implemented reforms and novelties. At the end of the meeting the businessmen were given the opportunity to receive exhaustive answers to interesting for them questions.





Furthermore, in 2017 several meetings were arranged with the representatives of various business fields under the initiative of the Chairman of SPA.

It should as well be mentioned, that the Chairman of SPA and his deputies were intensively engaged in communication with mass-media. Specifically, they provided for debriefing society about the reforms and innovations implemented in public procurement field through various sources (TV programs, radio programs, printed media, social networks, etc.).

INTERNATIONAL COOPERATION

2017 was rather busy and successful for the SPA in the light of international relations.

- In 2017, for the first time, two global forums were held in Georgia on public procurement. The first forum was held on 19-22 September. The first forum - Regional Forum on Government Procurements was arranged in Tbilisi by the World Trade Organization. Forum co-organizer was the EBRD. Within the framework of this forum Georgia hosted 50-member delegation from the governments of various countries all over the world. Amongst the attendees of the forum were globally acknowledged experts and activists of the civil society, whose work is dedicated of the efficiency of government procurement and more transparency of this field and its monitoring.





- On 2-4 October Tbilisi hosted International Asia Pacific Forum - Modern Public Procurement Electronic Systems. Tbilisi was visited by 100-member delegation, mainly from Asia. The Forum was organized by Asian Development Bank and State Procurement Agency of Georgia under the participation of the WB. The agenda of the Forum was focused on advanced practices of electronic public and government procurements, sharing of best experience, streamlining and perfection issues. The Forum was attended by Mr. Risa Teng, Director General, Operations Services and Financial Management Department, ADB. Within the framework of the forum the Memorandum on Co-operation was executed between the State Procurement Agency and Korea's Public Procurement Service. The Memorandum was signed by the Chairman of SPA Levan Razmadze and Administrator of Korea's Public Procurement Service, Park Chun Sup. The Memorandum concerns further expansion of relation between relevant agencies of these two countries, future partnership and sharing of experience.







- On 21-22 February, 2017 under the initiative of SPA and assistance of TAIEX, a workshop was held about the EU Directives regulating public procurement procedures in the EU Member States. The workshop was attended by the representatives of SPA and various contracting authorities.





- A workshop - New EU directives on utilities sector and concessions was organized by SPA under the assistance of SIGMA. Amongst the attendees of the workshop were the representatives of SPA, GoG Administration, Ministry of Economy and Sustainable Development of Georgia. Within the framework of this meeting SIGMA experts debriefed participants of the workshop about the procedures and regulations employed in the field of concessions and utilities sectors in the EU Members States and discussed the best international practices, implemented with this regard.



- On 23-25 May, 2017 XIII international forum Procurement, Integrity, Management and Openness (PRIMO) was held in Kiev, organized by the WB and Ministry of Economy and Commerce of the Ukraine. SPA presented new reforms, implemented in 2016-2017. The participants of the forum gave positive appraisal to the progress made by SPA and approved the next year action Plan.
- On June 2 and 6, 2017 the workshops Competition Law in the EU and Georgia and Methods of Minimisation of Corrupt Transactions were held within the framework of the EU funded project and under the assistance of the Competition Agency. The workshop was attended by the representatives of te SPA , Competition Agency, GoG Administration, Ministry of Economy and Sustainable Development of Georgia, Ministry of Justice of Georgia and other interested agencies.
- On 19-21 June 2017 Geneva hosted the Workshop on the Agreement on Government Procurement (GPA) organized by WTO. The Workshop analysed the survey of potential consequences of



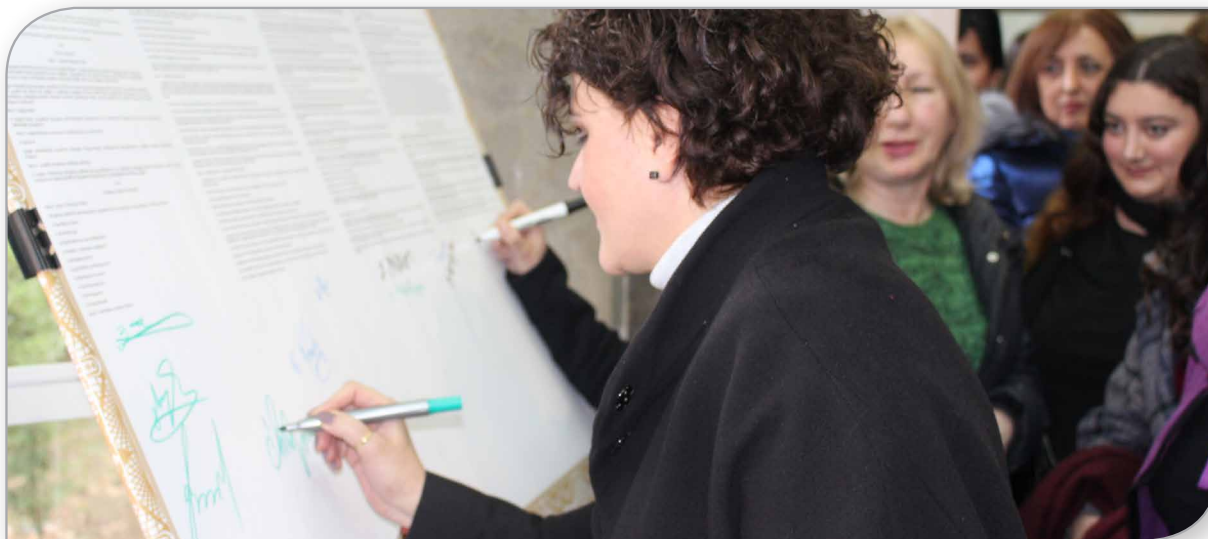
accession to the GPA. The survey was funded by the EBRD. SPA representatives also participated in the session of GPA Committee. Bilateral business meetings were arranged with the top management of t WTO within the framework of this visit.

- On 5-11 November, 2017 a business visit was arranged to Stockholm/Sweden and the Hague/Netherlands aiming at sharing experience. The visit was arranged within the framework of the GIZ project Fostering the Development of Private and Administrative Law Systems in Georgia. Amongst the participants of the visit were the representatives of SPA and the GoG Administration.
- During 2017 SPA was intensively involved in the fulfilment of various international commitments. To this end SPA cooperated for the fulfilment of the commitments undertaken within the framework of implementation of OGP, Anti-corruption Action Plan and also the reform of Public Finance Management (PFM). It should be mentioned, that SPA has successfully accomplished all its obligation in every field.
- In 2017 the governmental delegations of Bangladesh, Poland, Rumania, Azerbaijan and Moldova visited SPA on study mission. The guests were informed about ongoing and already accomplished reforms in Georgia, in the field of public procurement.





- In 2017 SPA, under the Assistance of USAID HICD 2020 project, has developed the Code of Ethics for persons engaged in public procurement procedures, which Code aims at the implementation of model rules of conduct among procurement specialists with regard to public procurement. The presentation of the Code of Ethics was held on 20 December, 2017, where the representatives of over 300 contracting authorities committed themselves to the principles of the Code of Ethics through attaching their signature.





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