



STATE PROCUREMENT AGENCY

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2022



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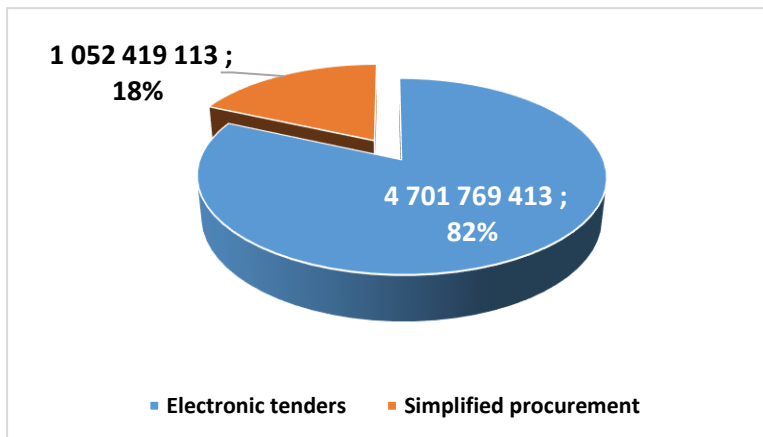


## INTRODUCTION

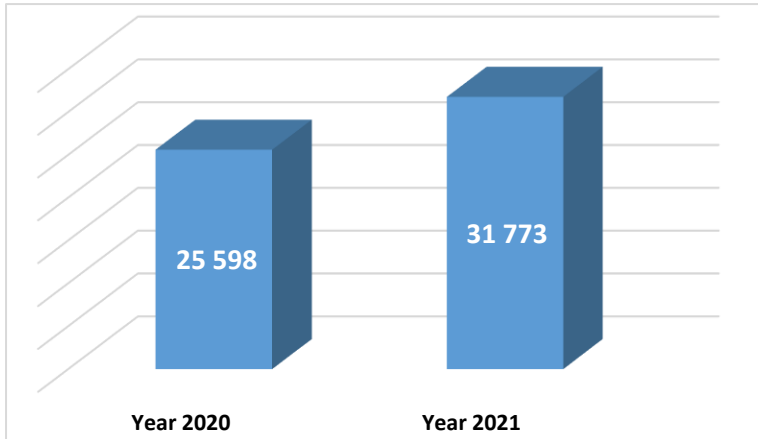
The year 2021 was characterized by serious challenges and difficulties due to the situation entailed by the outbreak of the pandemic worldwide. Notwithstanding the aforementioned, LEPL State Procurement Agency (hereinafter – SPA) managed to deal with the outlined goals and commitments in a proper and successful way.

The present report of the activities of 2021 includes the information about the amendments made by the SPA to the legislative acts, also figures about the major statistical data and indicators (that have retained increasing dynamics throughout years), as well as the information about the monitoring of public procurement procedures and intensification of international relations.

It is noteworthy that the total value of public procurement contracts awarded through e-tenders and consolidated tenders amounted to 4,701,769,413 GEL that constitutes 82% of the total volume of public procurements, whereas the total value of the contracts awarded on the basis of simplified procurements accounted for 18% of the overall procurements that is 1,052,419,113 GEL. It should also be stressed that the major proportion of the aforementioned simplified procurements – 62% (653,658,051 GEL) belong to the procurements of medical supplies and healthcare services of critical importance necessary for the management of the pandemic caused by the novel Coronavirus, as well as to the agricultural subsidies and the procurements with the value below 5,000 GEL carried out by adherence to the monetary thresholds.



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It should be noted that around 31 800 open e-tenders were announced in 2021 that outnumbers the data of the previous year by 24%. This is conditioned by easing of the restrictions related to the pandemic as well as by general increasing dynamics of the economic activities in the country.

Furthermore, the report also contains information about the trainings carried out successfully by the Training Center in an online mode. Throughout 2021, 65 series (flows) of trainings were held, while the number of trainees amounted to around 1,800. We should also note here that starting from the formation of the Training Center (October 2014) to 2021, over 6,300 trainees have been trained from state and business sectors that made a positive contribution in the implementation of successful procurements.

Notwithstanding the restrictions triggered by the pandemic, 2021 turned out to be intensive and productive for the State Procurement Agency in the light of enhancing international relations; a set of online meetings, workshops, seminars and conferences were held.

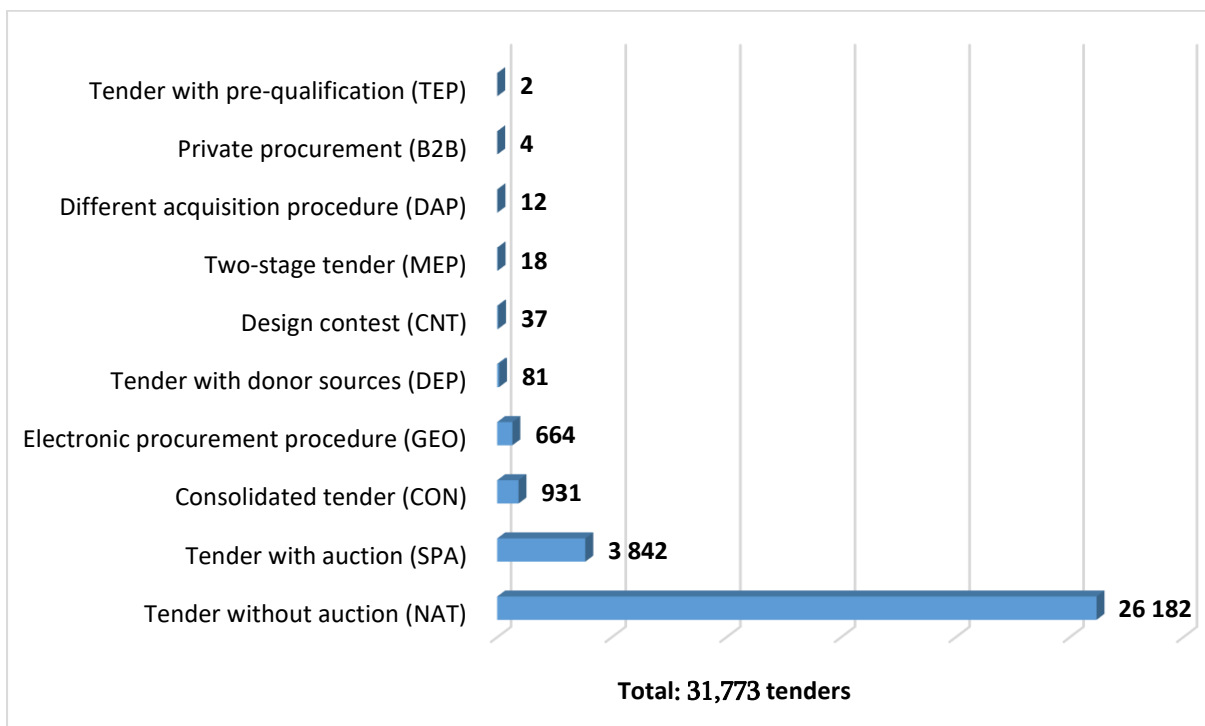
Along with the aforementioned, basing on the best international practices, the SPA has developed and issued recommendations with regard to conducting market research while carrying out a tender. On the one hand, these recommendations determined the targets and importance of conducting market research, while on the other hand, the methods for conducting market research in public procurement were established and standardized; besides, methodologies as well as the practice of establishing estimated value of procurement were developed.



## KEY DATA INDICATORS OF PUBLIC PROCUREMENT

Throughout 2021, total 31,773 electronic tenders were announced in the Unified Electronic System of Public Procurement (hereinafter – *eProcurement* System). Out of these tenders, approximately 82% belong to NAT tenders, 12% - to SPA tenders and 6% - to all the rest electronic procurement procedures. The number of the tenders announced last year outnumbers the data of 2020 by 24%<sup>1</sup> that is entailed by easing of the restrictions related to the pandemic as well as by general increasing dynamics of the economic activities in the country.

**Diagram N1: Number of electronic procurement procedures announced in 2021 according to tender types**



In monthly terms, the most tenders were announced in December that was entailed by the need of timely performance of procurements necessary for the following year.

<sup>1</sup> In 2020, 25,598 tender procedures were announced in the *eProcurement* System.



Diagram N2: Distribution of tenders announced in 2021 according to months

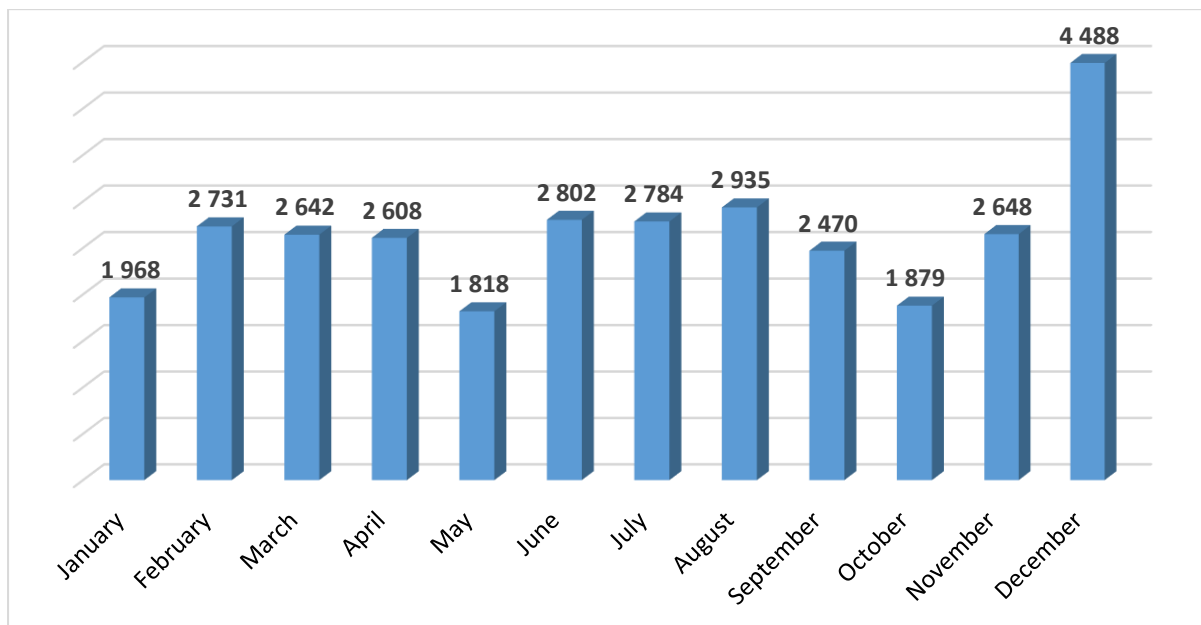
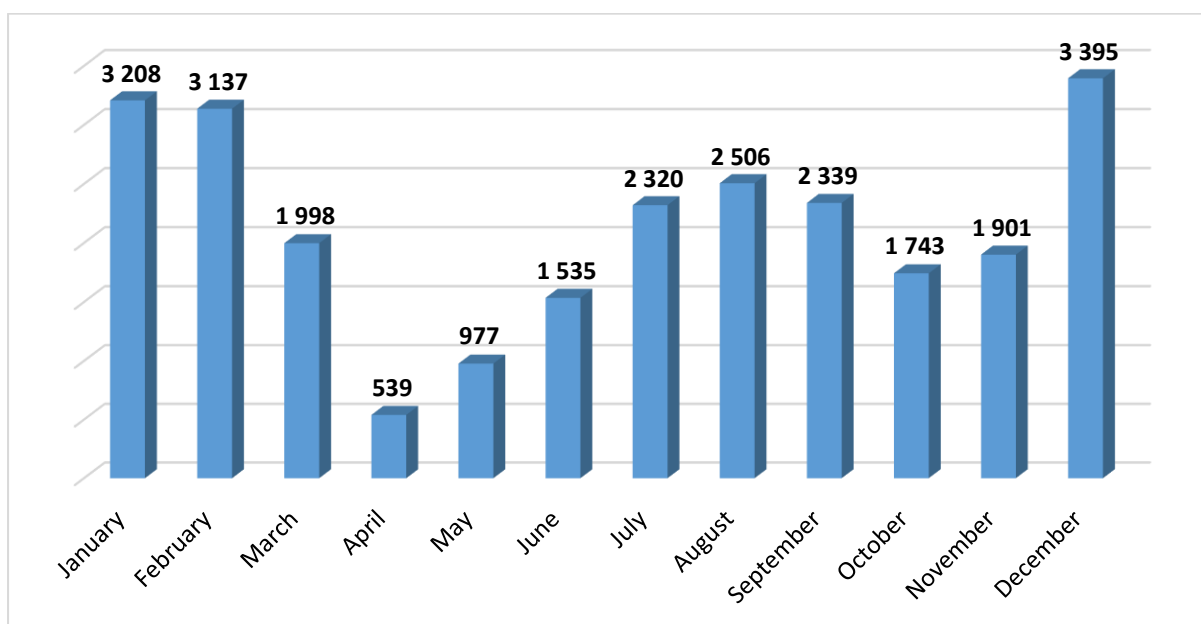


Diagram N3: Distribution of tenders announced in 2020 according to months

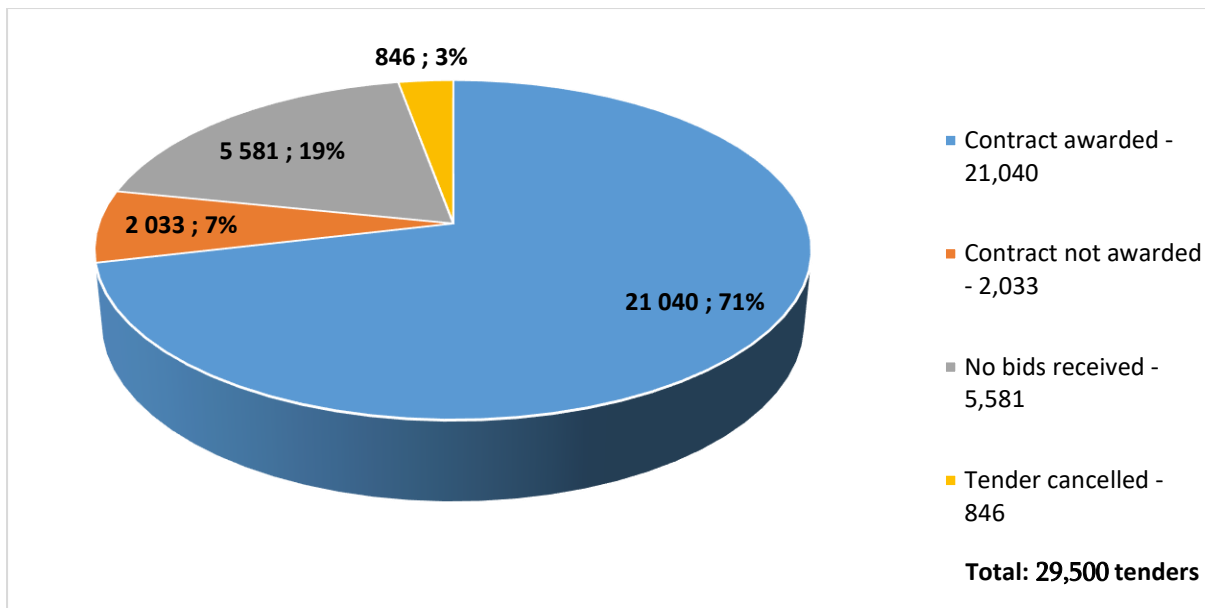




Along with announced tenders, the number of tenders to which the final statuses were assigned within the reporting period has also increased. The number of such tenders amounted to 29,500<sup>2</sup> that outnumbers the showing for 2020 by approximately 18%<sup>3</sup>.

Public procurement contracts were awarded for 71% of completed tenders (21,040 tenders), while 29% of tenders was failed, terminated or contracts were not awarded (8,460 tenders). Detailed quantity of final statuses of completed tenders is shown in Diagram N4.

**Diagram N4: Final statuses assigned to tenders in 2021<sup>4</sup>**



The most contracts were awarded for the tenders announced for the procurement of miscellaneous goods. Distribution of contracts awarded through tenders according to procurement categories is shown in Diagram N5.

<sup>2</sup> The difference between the number of announced tenders and the number of tenders assigned final statuses is entailed by the fact that the announced tenders include only those tenders that were announced throughout 2021, whereas the tenders to which final statuses were assigned in 2021 include both – the tenders announced in 2021 as well as those announced in previous years.

<sup>3</sup> 25,019 public procurement tenders were assigned final statuses in 2020.

<sup>4</sup> The data do not cover GEO, DEP, CON, GRA and B2B tenders.



**Diagram N5: Distribution of contracts awarded in 2021 according to the objects of procurement**

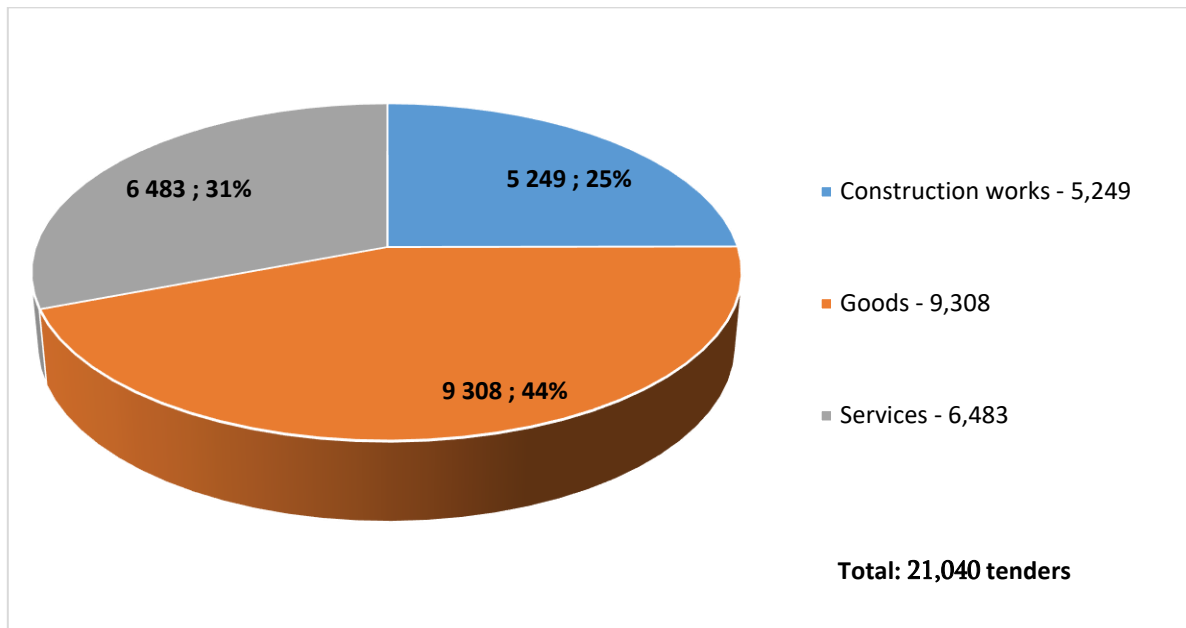


Table N1 below gives information about Top 10 contracting authorities according to the proportion of successful tenders. According to the showings of the reporting period, Chokhatauri Municipality demonstrated the highest index. Out of 81 tenders carried out by Chokhatauri Municipality, public procurement contracts were awarded in 76 cases that constitutes approximately 94% of the tenders to which the final status was assigned.



Table N1: Top 10 contracting authorities with the highest proportion of the awarded tenders<sup>5</sup>

N	Contracting authorities	Number of tenders	Number of awarded contracts	%
1	Chokhatauri Municipality	81	76	93.8%
2	Administration of Tbilisi Isani District	125	114	91.2%
3	State Services Development Agency	79	72	91.1%
4	Administration of Tbilisi Gldani District	82	74	90.2%
5	Administration of Tbilisi Mtatsminda District	69	61	88.4%
6	State Security Service of Georgia	206	182	88.3%
7	Administration of Tbilisi Saburtalo District	68	60	88.2%
8	Administration of Tbilisi Chugureti District	110	97	88.2%
9	Administration of Tbilisi Vake District	65	57	87.7%
10	National Bank of Georgia	81	71	87.7%

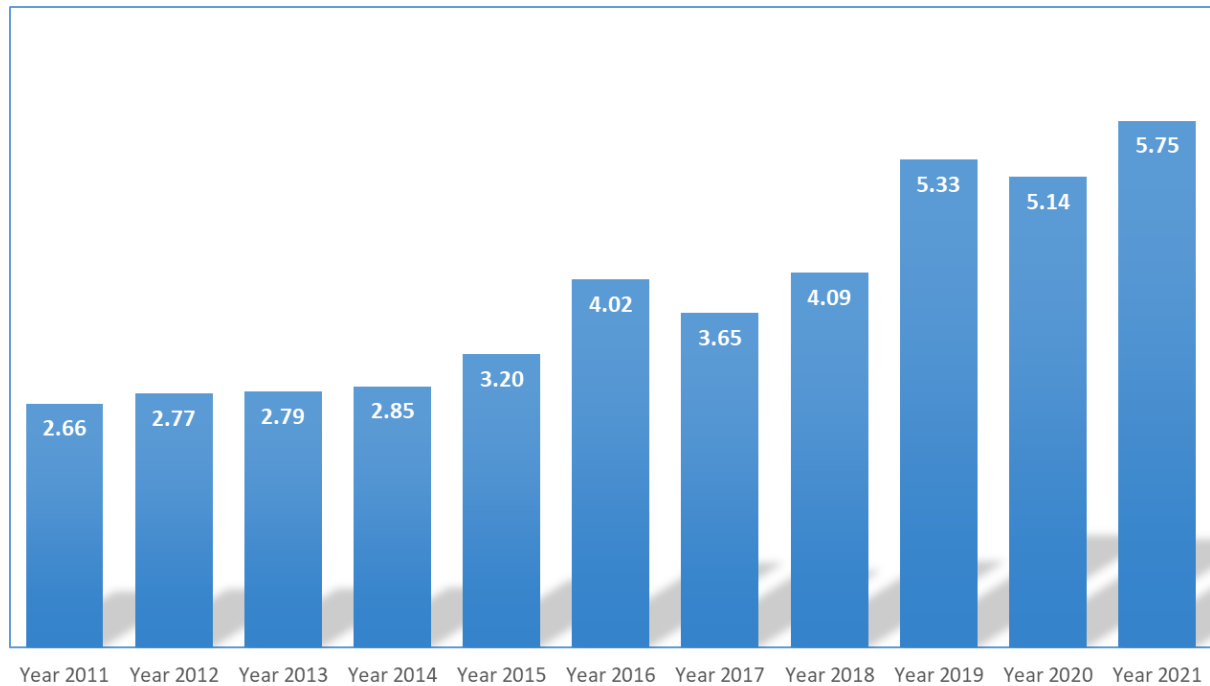
Total volume of public procurements carried out in 2021 amounted to 5,754,188,526 GEL that constitutes approximately 10% of the country's GDP<sup>6</sup>.

<sup>5</sup> The table lists only those Top 10 contracting authorities that announced at least 50 e-tenders during the reporting year. The data do not cover GEO, DEP, CON, GRA and B2B tenders.

<sup>6</sup> As per the preliminary data of National Statistics Office of Georgia, GDP for 2021 amounts to 60.2 billion GEL. Source: <https://www.geostat.ge>



**Diagram N6: Total values of public procurement contracts according to years (billion GEL)**



Net contract value of public procurements awarded through electronic tenders and consolidated tenders accounted for 4,701,769,413 GEL that constitutes 82% of the total volume of public procurements.

Net value of the public procurement contracts awarded on the bases of simplified procurements made 18% of total procurements, that is 1,052,419,113 GEL. It should be underlined here that the major proportion of the aforementioned simplified procurements – 62% (653,658,051 GEL) belong to the procurements of medical supplies and healthcare services of critical importance necessary for the management of the pandemic, as well as to the agricultural subsidies and the procurements with the value below 5,000 GEL carried out by adherence to the monetary thresholds.

Diagrams N7, N8 and N9 give detailed information about the distribution of the values of public procurement contracts according to their grounds.



Diagram N7: Value of public procurement contracts

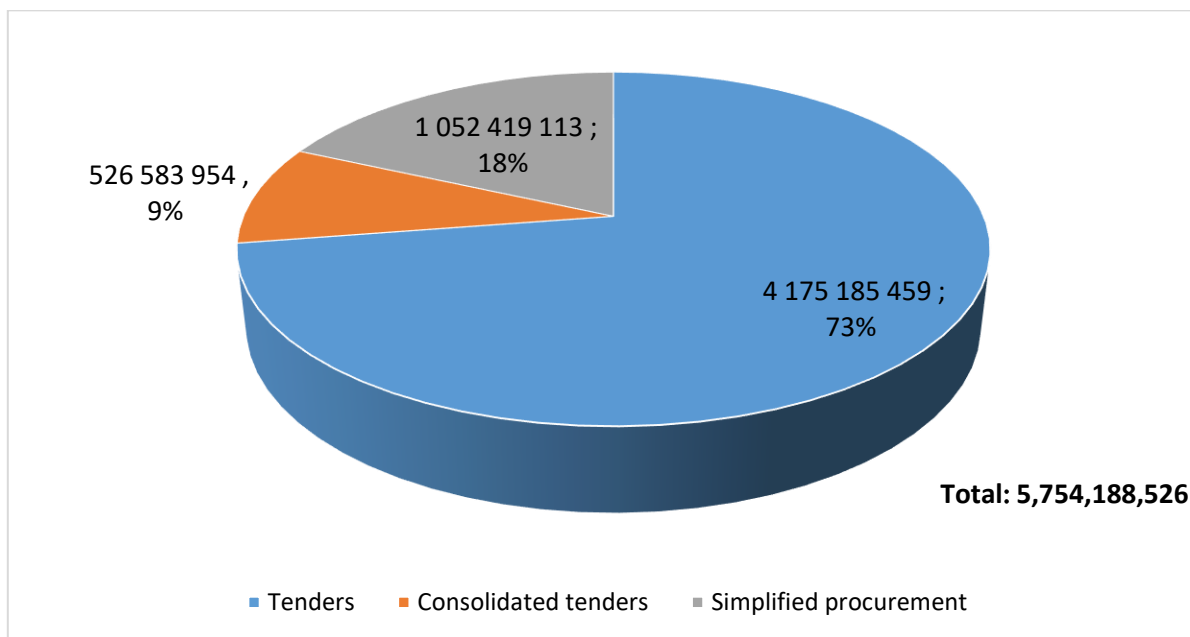
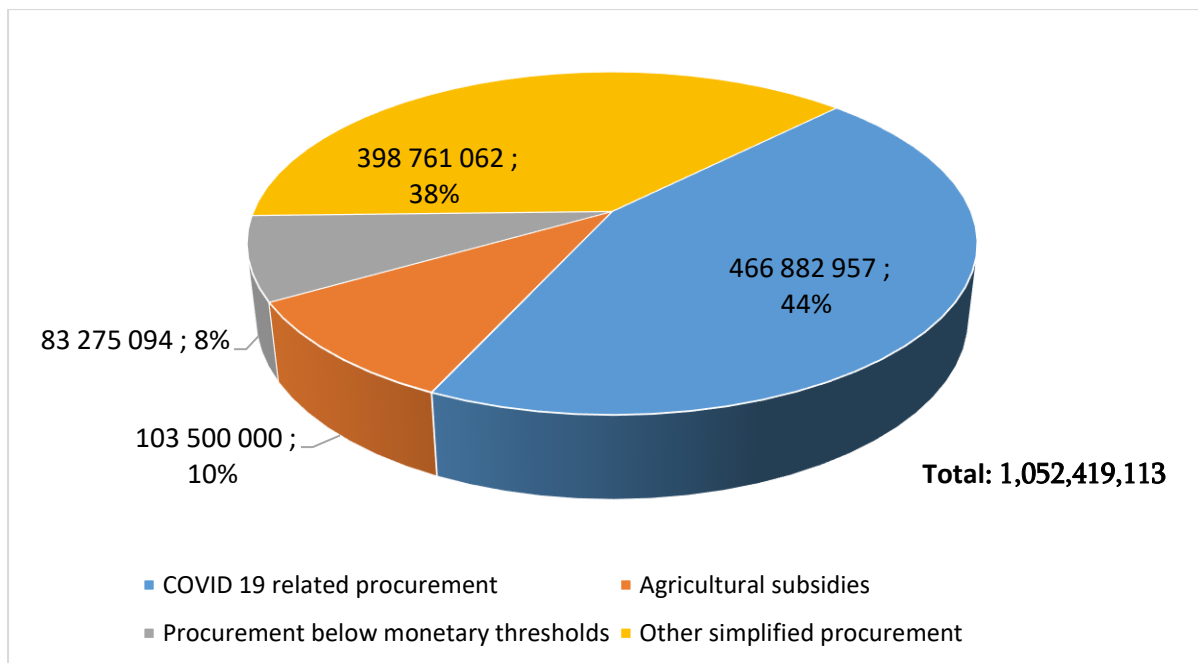
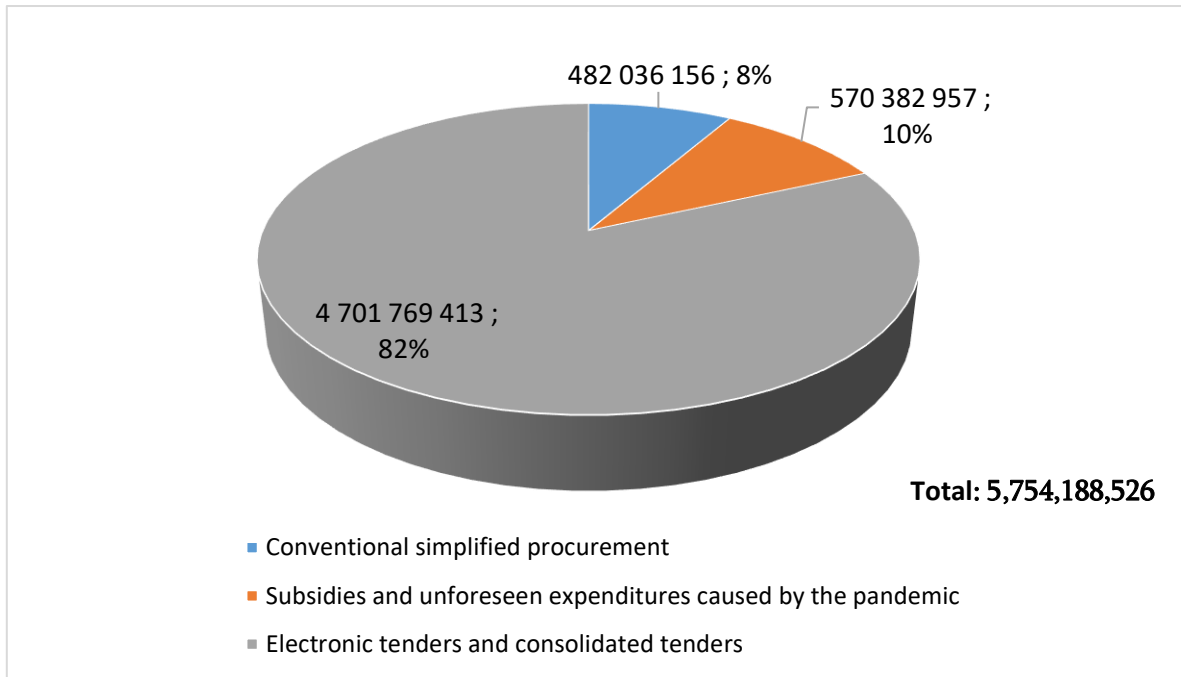


Diagram N8: Value of simplified procurement contracts





**Diagram N9: Volumes of simplified procurements, subsidies and unforeseen costs entailed by the pandemic, as well as volumes of electronic and consolidated tenders**



Tables N2 and N3 show the distribution of net contract values of the tenders carried out in 2021 and 2020 as well as their number in the light of estimated values of tenders. According to the aforementioned data, in all the monetary terms, the values and numbers of tenders outnumber the similar showings for the previous reporting period.



Table N2: Net contract value of tenders carried out in 2021 and 2020 in monetary term

Contract value	2021 yr. (sum of contracts values)		2020 yr. (sum of contracts values)
10,000 and less	32,735,929	↑	27,875,254
10,001 - 20,000	50,261,564	↑	42,847,380
20,001 - 30,000	49,651,349	↑	43,006,494
30,001 - 40,000	51,049,156	↑	41,177,754
40,001 - 50,000	46,626,786	↑	40,260,089
50,001 - 100,000	179,318,353	↑	164,041,661
100,001 - 200,000	252,514,960	↑	221,371,290
200,001 and more	3,513,027,362	↑	3,130,477,318
<b>Total:</b>	<b>4,175,185,459</b>	<b>↑</b>	<b>3,711,057,240</b>

Table N3: Quantity of tenders carried out in 2021 and 2020 in terms of contract value

Contract value	2021 yr.		2020 yr.
10,000 and less	6,403	↑	5,432
10,001 - 20,000	3,395	↑	2,891
20,001 - 30,000	1,978	↑	1,717
30,001 - 40,000	1,450	↑	1,168
40,001 - 50,000	1,029	↑	886
50,001 - 100,000	2,479	↑	2,243
100,001 - 200,000	1,750	↑	1,550
200,001 and more	2,556	↑	2,488
<b>Total:</b>	<b>21,040</b>	<b>↑</b>	<b>18,375</b>

Tables N4 and N5 below give the calculation of net contract values of the organizations with the largest volumes of procurement, as well as net values of those most large-scale contracts that were awarded for specific CPV categories.

It should be emphasized that more than half of net values of public procurement contracts awarded through tenders, that is 51%, falls on the tenders carried out by Top 10 most large-scale contracting authorities which, in figures, amounts to 2,140,461,135 GEL. Moreover, approximately 82% of the values of aforementioned contracts was distributed over 10 CPV categories, which, in figures, accounts for 3,407,016,735 GEL.



Table N4: Top 10 contracting authorities according to net contract value of tenders

N	Contracting authorities	Number of tenders	Total contracted value
1	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	144	646,008,684
2	The Joint Water Supply Company of Georgia	110	436,918,680
3	Municipal Development Fund Of Georgia	62	408,496,996
4	Tbilisi City Hall	217	169,320,925
5	Municipal Infrastructure and Improvement Division	108	110,640,443
6	Ministry of Internal Affairs	485	93,961,445
7	Tbilisi Transport Company	170	86,941,238
8	Georgia Gas Transportation Company	39	71,856,020
9	National Health Agency	74	62,349,433
10	Educational and Scientific Infrastructure Development Agency	102	53,937,271



Table N5: Top 10 CPV categories according to net contract value of tenders

N	CPV Code	Number of tenders	Total contracted value
1	45200000 - Works for complete or part construction and civil engineering work	3548	2,675,906,677
2	45400000 - Building completion work	820	169,686,904
3	45100000 - Site preparation work	385	93,718,600
4	66500000 - Insurance and pension services	94	88,093,166
5	33600000 - Pharmaceutical products	573	87,972,804
6	34100000 - Motor vehicles	141	72,423,555
7	45300000 - Building installation work	496	61,366,854
8	33100000 - Medical equipments	617	60,430,405
9	50100000 - Repair, maintenance and associated services of vehicles and related equipment	870	54,926,273
10	30200000 - Computer equipment and supplies	500	42,491,497

Total saving worth of approximately 605 million GEL was recorded as a result of the tenders completed throughout 2021 in the conditions of competition between suppliers<sup>7</sup>. Of them, most economy – up to 474 million GEL was made in tenders announced for the performance of infrastructural and construction works of different types of civilian buildings and structures. Table N6 and Diagram N10 depict the volumes of savings in the light of different procurement categories.

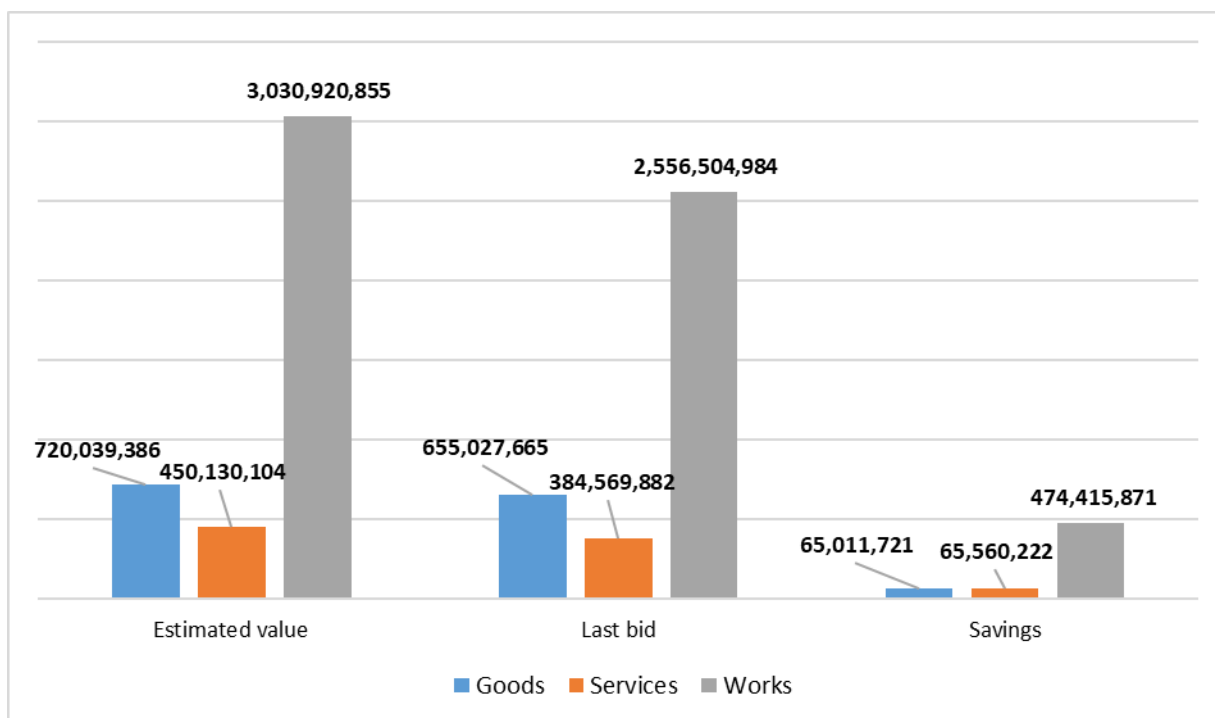
Table N6: Savings in tenders completed in 2021

<sup>7</sup> With a view to calculating savings indexes, the data do not cover GEO, DEP, B2B, CON, GRA tenders and tenders with a pricelist.



Procurement category	Estimated value	Last bid	Savings	%
Goods	720,039,386	655,027,665	65,011,721	9.0%
Services	450,130,104	384,569,882	65,560,222	14.6%
Works	3,030,920,855	2,556,504,984	474,415,871	15.7%
<b>Total</b>	<b>4,201,090,345</b>	<b>3,596,102,531</b>	<b>604,987,814</b>	<b>14.4%</b>

Diagram N10: Savings in tenders completed in 2021



Tables N7 and N8 below depict the data on savings made as a result of tenders according to contracting authorities and CPV categories. According to the calculated data, 62% of the total recorded savings (373 million GEL) was made in the tenders announced by ten contracting authorities. Furthermore, up to 88% of the total savings (534 million GEL) falls on the tenders announced for ten CPV categories.





Table N7: Top 10 contracting authorities according to savings

N	Contracting authorities	Estimated value of tenders	Last bid	Savings	%
1	The Joint Water Supply Company of Georgia	585,701,501	436,270,263	149,431,238	25.5%
2	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	628,823,069	514,863,537	113,959,532	18.1%
3	Tbilisi City Hall	193,939,366	167,780,097	26,159,269	13.5%
4	Municipal Development Fund Of Georgia	131,887,882	108,359,275	23,528,607	17.8%
5	Municipal Infrastructure and Improvement Division	126,944,875	107,137,169	19,807,706	15.6%
6	Educational and Scientific Infrastructure Development Agency	67,964,482	53,890,526	14,073,956	20.7%
7	Georgia Gas Transportation Company	79,946,593	71,630,755	8,315,838	10.4%
8	Tbilisi Agency on the Management of Day Nursery Institutions	37,229,488	29,970,405	7,259,083	19.5%
9	Administration of Tbilisi Samgori District	30,622,811	25,072,686	5,550,125	18.1%
10	National Health Agency	67,108,480	61,964,667	5,143,813	7.7%
Total:				373,229,167	



Table N8: Top 10 CPV categories according to savings

N	CPV code	Estimated value of tenders	Last bid	Savings	%
1	45200000 - Works for complete or part construction and civil engineering work	2,668,341,767	2,234,593,294	433,748,473	16%
2	45400000 - Building completion work	191,735,317	168,527,424	23,207,893	12%
3	71300000 - Engineering services	47,716,938	28,368,617	19,348,321	41%
4	30200000 - Computer equipment and supplies	53,019,627	41,999,821	11,019,806	21%
5	71500000 - Construction-related services	15,354,119	5,983,690	9,370,429	61%
6	45100000 - Site preparation work	101,481,786	92,565,617	8,916,169	9%
7	45300000 - Building installation work	69,361,985	60,818,649	8,543,336	12%
8	33600000 - Pharmaceutical products	95,156,949	87,552,674	7,604,275	8%
9	33100000 - Medical equipments	67,156,691	60,395,768	6,760,923	10%
10	90900000 - Cleaning and sanitation services	33,696,360	28,643,963	5,052,397	15%
Total:				533,572,022	

Average number of bidders in the reporting period accounted for 2.15. Similar to the previous years, the highest index of average number of bidders, that is 2.84, was recorded in the tenders announced for the CPV categories of construction works; 1.86 – in the tenders announced for the CPV categories of goods and 2.01 – in the tenders announced for the CPV categories of services. Moreover, reasonable difference was recorded in average number of bidders in SPA and NAT tenders.



Diagram N11: Average number of bidders according to procurement objects

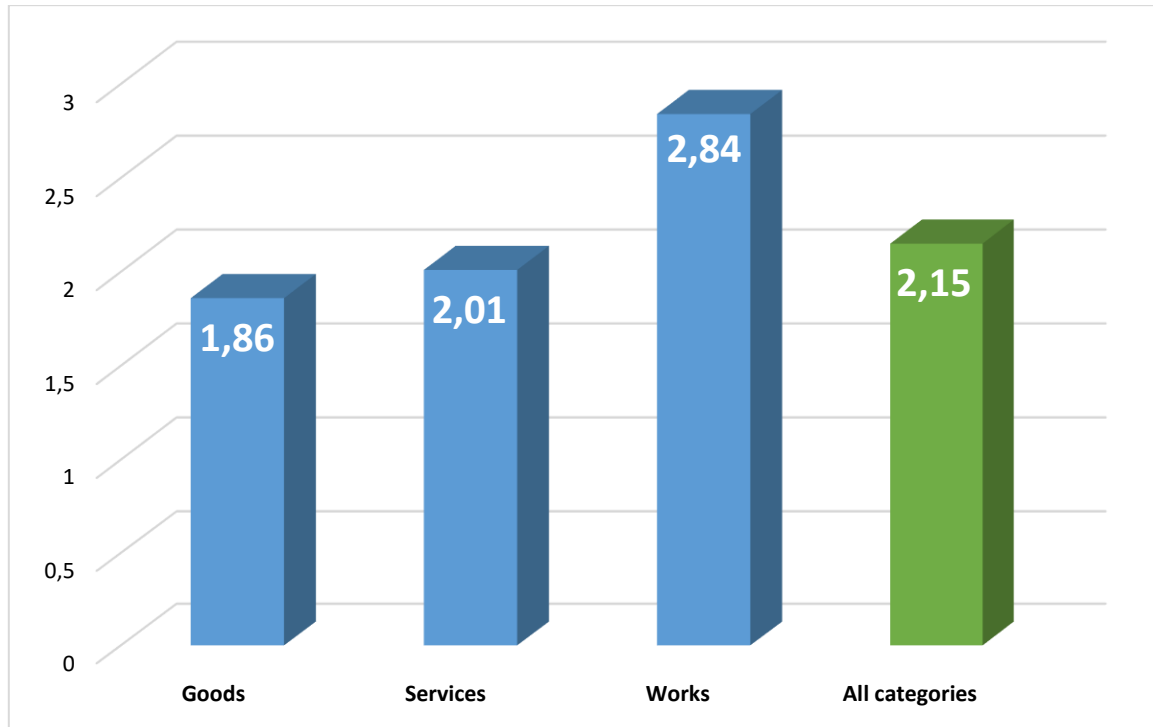
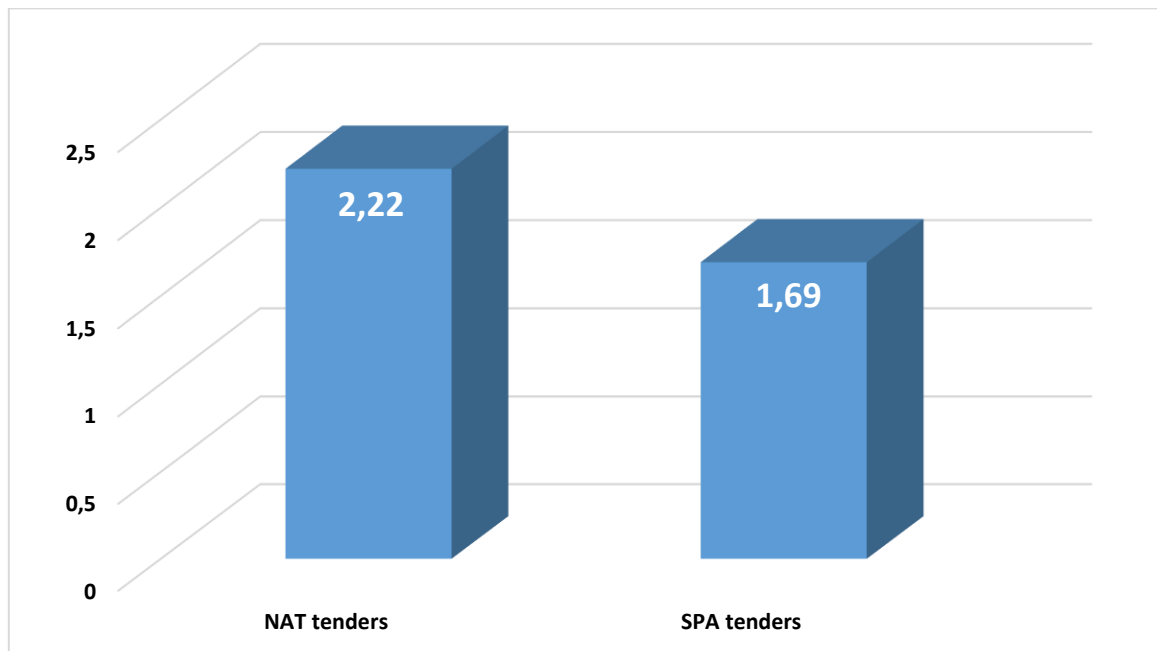


Diagram N12: Average number of bidders according to the types of tender





Tables N9 and N10 below depict average numbers of bidders according to both – separate CPV codes as well as contracting authorities.

In the reporting period, the highest index of average number of bidders, that is 3.4, was recorded in the tenders announced for the CPV category of “works for completion of buildings”, whereas the highest index of average number of bidders according to contracting authorities was recorded in the tenders announced by LEPL Educational and Scientific Infrastructure Development Agency (See Tables N9 and N10).

**Table N9: Top 10 CPV categories with the highest average number of bidders**

<b>N</b>	<b>CPV Code</b>	<b>Average number of bidders</b>
1	45400000 - Building completion work	3.40
2	18300000 - Garments	3.29
3	71300000 - Engineering services	3.17
4	18200000 - Outerwear	3.15
5	71500000 - Construction-related services	3.06
6	90900000 - Cleaning and sanitation services	3.01
7	14200000 - Sand and clay	2.94
8	92100000 - Motion picture and video services	2.93
9	18100000 - Occupational clothing, special workwear and accessories	2.78
10	45200000 - Works for complete or part construction and civil engineering work	2.74



Table N10: Top 10 contracting authorities with the highest average number of bidders

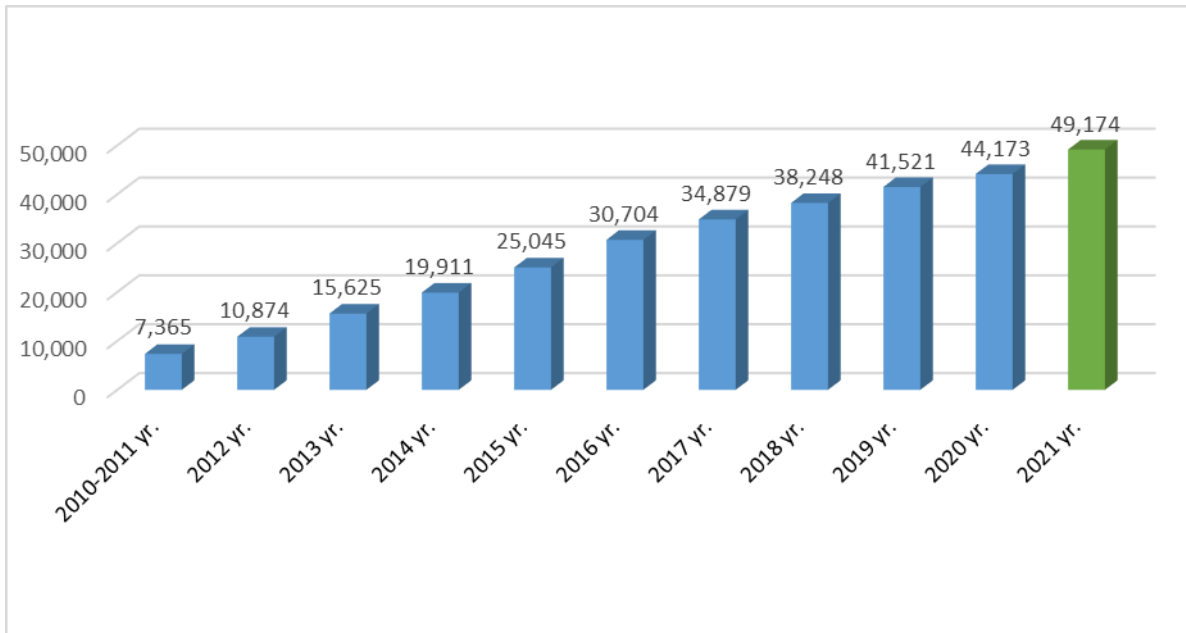
N	Contracting authorities	Average number of bidders
1	Educational and Scientific Infrastructure Development Agency	4.58
2	Municipal Development Fund Of Georgia	4.34
3	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	4.29
4	Gardabani Municipality	4.15
5	Khelvachauri Municipality City Hall	3.85
6	The Joint Water Supply Company of Georgia	3.75
7	Tsalka Municipality	3.68
8	Mtskheta Municipality City Hall	3.50
9	Gurjaani Municipality	3.42
10	Administration of Tbilisi Didube District	3.33

In 2021, 5,001 new suppliers were registered in the *eProcurement* System and the total number of suppliers registered within the System accounted for 49,174 by the end of the year. It is noteworthy that out of the suppliers registered within the System, up to 2,563 suppliers are non-resident business entities from 85 countries (See Diagrams N13 and N14).

Moreover, 76 new contracting authorities were added to the System and their number accounted for 4,519 by the end of the year.

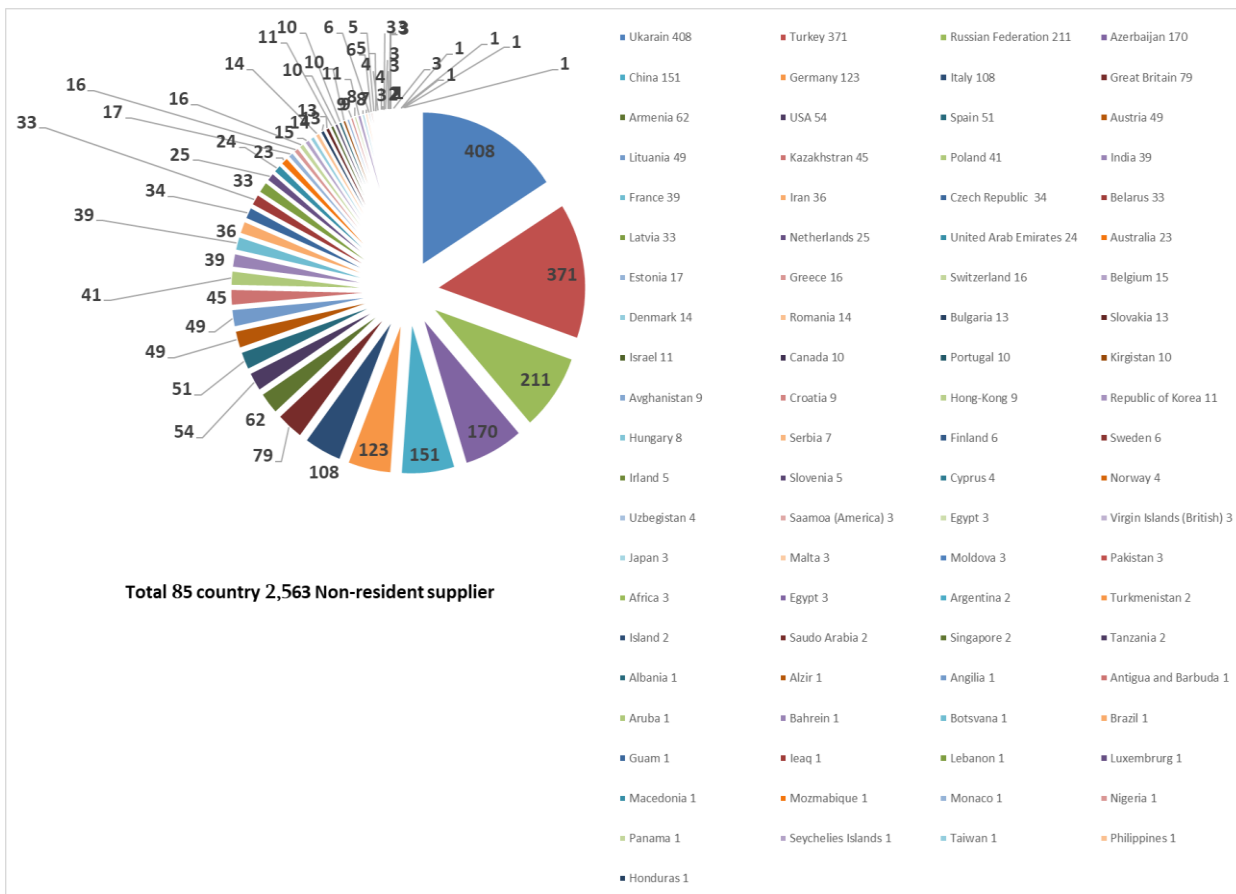


Diagram N13: Number of suppliers registered within *eProcurement* System according to years





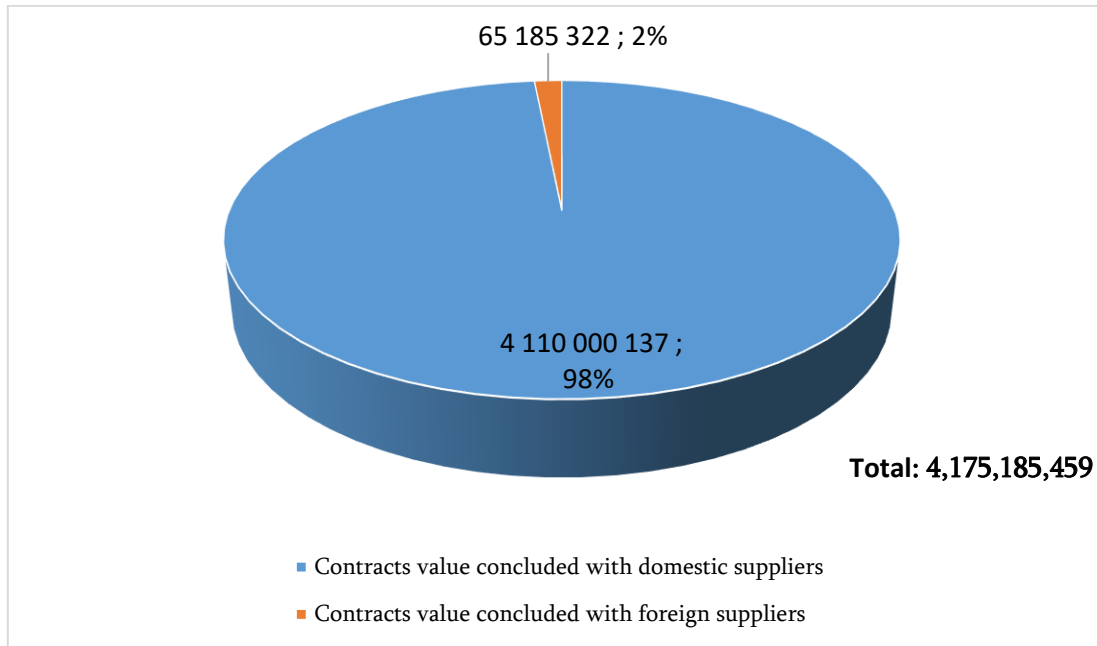
**Diagram N14: number of non-resident suppliers registered within eProcurement System according to countries**



Total value of public procurement contracts awarded with the aforementioned non-resident suppliers through tenders within the year accounted for approximately 65 million GEL which equals up to 2% of the total value of contracts awarded on the bases of tenders.



**Diagram N15: Proportion of the value of contracts awarded with non-resident suppliers on the bases of tenders**



Tables N11 and N12 below show the distribution of the values of contracts awarded with non-resident suppliers according to countries and furthermore, they give information about Top 10 most large-scale procurement contracts awarded with non-resident suppliers.

The largest proportion of the contracts awarded with non-resident suppliers was concluded with the companies registered in Hungary, whereas significant volume of procurements falls on the CPV category of pharmaceutical products.





Table N11: Value of contracts awarded with non-resident suppliers on the bases of tenders according to countries

<b>N</b>	<b>Countries</b>	<b>Total value of awarded contracts</b>
1	Hungary	12,597,381
2	Turkey	11,999,220
3	France	11,680,129
4	Switzerland	5,029,812
5	Denmark	4,806,520
6	Lithuania	4,543,495
7	Slovakia	3,668,960
8	Germany	2,181,827
9	Macedonia	1,468,489
10	Belgium	1,394,276
11	Russia	1,029,175
12	Bulgaria	888,624
13	Spain	885,000
14	Australia	757,022
15	Latvia	657,770
16	Czech Republic	561,802
17	Poland	548,013
18	Great Britain	217,876
19	Estonia	159,065
20	Ukraine	63,917
21	USA	46,947



**Table N12: Top 10 contracts awarded with non-resident suppliers on the bases of tenders according to their values**

Tender number	Contracting authorities	Supplier	CPV	Contract value
NAT210002849	National Health Agency	Sanofi-Aventis Private Co. Ltd (Hungary)	33600000 - Pharmaceutical products	12,597,381
NAT200017538	L. Sakvarelidze Disease Control and Public Health Service Centre	Sanofi Pasteur (France)	33600000 - Pharmaceutical products	7,228,850
NAT210004181	Georgian State Electric System	ÇELİKLER DEMİR DIREK İMALAT TİCARET LTD. ŞTİ. (Turkey)	44200000 - Structural products	6,473,997
SPA210001814	Georgian State Hydrography Service	Mimarine Gemi İnşa Mimarlık Mühendislik Hiz. Tic. Ltd. Şti. (Turkey)	34500000 - Ships and boats	4,369,000
NAT210011118	L. Sakvarelidze Disease Control and Public Health Service Centre	Sanofi Pasteur (France)	33600000 - Pharmaceutical products	4,100,000
NAT210000617	Georgian Public Broadcaster	TVC Solutions, UAB (Lithuania)	32300000 - Television and radio receivers, and sound or video recording or reproducing apparatus	3,318,144
NAT210018467	National Environmental Agency	MicroStep-MIS, spol. s r.o. (Slovakia)	48800000 - Information systems and servers	3,126,843
NAT210002846	National Health Agency	novo norrdisk a/s denmark (Denmark)	33600000 - Pharmaceutical products	2,751,263
NAT210000255	National Health Agency	F.Hoffmann-La Roche Ltd (Switzerland)	33600000 - Pharmaceutical products	2,397,499
NAT210002992	National Health Agency	ALKALOID AD SKOPJE (Macedonia)	33600000 - Pharmaceutical products	1,468,489

Within 2021, tenders were announced in the *eProcurement* System and contracts were awarded for 54 DEP tenders (Procurements with the Donor Funds) that were carried out under the procedures of the international organizations.

Net contract value of the aforementioned tenders accounted for 326,574,414 GEL. The tables below depict the distribution of the value and number of contracts according to donors and contracting authorities.



**Table N13: Distribution of net contract value of DEP tenders according to donors**

<b>Donor</b>	<b>Number of DEP tenders</b>	<b>Value of contracts</b>
Asian Development Bank	20	153,922,754
World Bank	24	127,646,596
Council of Europe Development Bank	7	40,455,822
European Investment Bank	1	3,093,935
Nordic Environment Finance Corporation	1	1,265,307
European Union	1	190,000



Table N14: Distribution of net contract value of DEP tenders according to contracting authorities

Contracting authorities	Number of DEP tenders	Value of contracts
Municipal Development Fund Of Georgia	39	281,934,443
United Water Supply Company of Georgia	2	25,731,503
Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	2	9,243,546
Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia	3	6,776,746
National Agency of Public Registry	5	2,569,198
Gori Municipality City Hall	1	190,000
Ministry of Education and Science of Georgia	1	69,737
Open Net	1	59,240
<b>Total:</b>	<b>54</b>	<b>326,574,414</b>



## IMPROVEMENTS TO LEGAL FRAMEWORK

The State Procurement Agency continues intensive activities in order to improve current legal framework, to fine-tune public procurement procedures and fulfill international obligations undertaken by the country.

In 2021, a set of important amendments were made to the legal framework regulating public procurements, in particular:

Order N24 of the Chairperson of the State Procurement Agency of 23 February 2021 on making amendments to Order N13 of the Chairperson of the State Procurement Agency of 17 August 2015 on 'Determining the Criteria of Simplified Procurement and Approval of the Procedures for Conduction of Simplified Procurement' was issued.

*As a result of the implemented amendments:*

- Different procedure was established for a contracting authority to take the decision and publish the decision/seek the approval of the decision during simplified procurement that stipulates the obligation of a contracting authority that in case the simplified procurement includes several objects of procurement and along with goods and/or services, it also implies the procurement of construction works, with the purpose to procure works, a contracting authority shall take the decision of carrying out public procurement through simplified procurement and respectively, publish the decision on awarding a simplified procurement contract/submit the application separately. The amendment is triggered by the different amount of the monetary thresholds established by the EU Directives in the field of public procurement in case of works. The aforementioned amendment ensured generation of information by the System in the way that establishes the type of status that should be assigned to each specific decision and the fact whether a contracting authority shall adhere to the so-called standstill period which, in turn, guarantees the possibility of appealing the decision on awarding a simplified procurement contract to a public procurement related Dispute Resolution Council;
- With a view to increasing the competition in the field of public procurement and ensuring registration of suppliers within the System, it was established that where the value of simplified procurement equals to or exceeds 5 000 GEL, a simplified procurement contract may be awarded solely with the entity registered within the System with the status of a supplier under the procedure established by a subordinate normative act. Moreover, this requirement shall not apply to awarding a simplified procurement contract with a non-resident entity;
- A contracting authority's obligation was determined that stipulates that a contracting authority shall, in order to ensure retaining the continuity of the timeframe for the performance of a contract, consider the timeframe for taking a decision defined for the Agency by Articles 5 and 7 of the 'Criteria of Simplified Procurement and Procedures for



Carrying out Simplified Procurement” while agreeing respective amendment with the Agency where the decision of a contracting authority entails extension of the timeframe for the performance of a contract and this amendment to the respective decision on simplified procurement shall be subject to seeking approval of the Agency in compliance with the aforementioned rule;

- Orders N28, N29, N30 and N31 of the Chairperson of the State Procurement Agency of 6 August 2021 were issued that made amendments to Order N2 of the Chairperson of the State Procurement Agency of 26 February 2016 on ‘Approval of the Procedures and Terms for Maintenance of the White List’, as well as to Order N12 of the Chairperson of the State Procurement Agency of 14 June 2017 on ‘Approval of the Procedures for Conduction of Electronic Tenders’, Order N7 of the Chairperson of the State Procurement Agency of 22 May 2015 on ‘Approval of the Procedures and Terms for the Public Procurement of Design Services through Design Contest’ and Order N11 of the Chairperson of the State Procurement Agency of 28 July 2016 on ‘Approval of the Procedure for Conduction of Two-Stage Electronic Tenders’. Implemented amendments established a set of commitments and obligations to be met by both contracting authorities as well as suppliers, among them:
  - A supplier registered in the White List was released from the obligation of submitting to a contracting authority not all the document(s) containing the registration/legal data but from the obligation of submitting only those document(s) containing the registration/legal data the submission of which to the Agency is mandatory for the registration in the White List/extension of the registration term. In compliance with the aforementioned, a contracting authority’s right was defined according to which a contracting authority shall be entitled to request the supplier registered in the White List to submit only those document(s) containing the registration/legal data that, in compliance with the legislation, are not subject to being submitted to the Agency with the purpose of registration in the White List/ extension of the registration term;
  - Incompliance of not only registration/legal data submitted by the bidder with the tender terms and conditions was defined as the ground for exclusion, but in general, incompliance of registration/legal data and the document(s) containing the registration/legal data with the tender terms and conditions was defined as the ground for exclusion. Hence, contracting authorities were provided with an opportunity to exclude a bidder if the fact of incompliance of bidder’s registration/legal data with the tender terms and conditions is established during administrative proceedings;
  - A supplier was released from the obligation of submission to the Agency of an extract from the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities for the registration in the White List/extension of the registration term within the administrative proceedings. A supplier is obliged to update the extract and the Agency verifies on its own both the information on updating the extract as well as the information on the course of the restructuring/liquidation/insolvency proceedings;



- Higher standard was established for substantiating the minutes of the termination of a tender according to which, the minutes of the termination of a tender shall include specific circumstances and argumentation that entailed the necessity of termination of a tender/competition.

*In the light of fulfilling the international commitments undertaken by the country, we should underline the Decision No 2/2021 of the Association Committee in Trade Configuration of 8 October 2021 on the positive assessment of Phase 1 as set out in Annex XVI-B to the 'Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part', that:*

- Gave positive assessment to completion by Georgia of Phase 1 as set out in Annex XVI-B to the Agreement;
- Gave positive assessment to the comprehensive roadmap approved by the Government of Georgia in Decree N536 of 31 March 2016 'Concerning the planned changes in the Public Procurement field envisaged in compliance with the obligations between Georgia and the EU within the scope of the Deep and Comprehensive Free Trade Area (DCFTA) Agreement' as amended by Decrees N154 of 22 January 2018 and N974 of 12 June 2020 of the Government of Georgia.

What regards the implementation in the national legislation of the regulations established by Phases II and IV of approximation, it should be noted that within 2021 the Agency continued working intensively on the draft Law of Georgia on Public Procurement with a view to fine-tuning the draft Law and harmonizing it with applicable legislative framework. In order to ensure the aforementioned, the SPA identified and drafted accompanying legislative package that stipulates both substantive as well as technical amendments to a number of legislative acts. The SPA has also developed the tables of compliance with the Directives included in the EU Association Agreement and applicable in the field of public procurement [2014/24/EU; 89/665/EEC]. In addition to the aforementioned, the SPA has also identified a number of legislative normative acts deriving from the draft Law of Georgia on Public Procurement and it continues intensive activities in order to implement the regulations, provided for in the draft Law and based on the best international and European practices, in the draft subordinate normative acts to be adopted by the chairperson of the State Procurement Agency in accordance with the draft Law of Georgia on Public Procurement.



## REFORMATION OF THE PUBLIC PROCUREMENT RELATED DISPUTE RESOLUTION COUNCIL

Based on the Law N6730-RS of 2 July 2020, amendments were made to the Law of Georgia on Public Procurement as a result of which some of the elements referred to in 'Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC' and 'Council Directive 89/665/EEC of 21 December 1989 on the coordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts' included in the 'Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part' were approximated and implemented in the national legislation.

Based on the aforementioned law, starting from 1 January 2021, reformation of the Dispute Resolution Council was carried out and as a result, institutionally independent dispute review body – *Public Procurement Related Dispute Resolution Council* (hereinafter – the Council) was established. The Council is an impartial and independent body established on the basis of the Law of Georgia on Public Procurement tasked with fast, efficient and fair resolution of disputes. The Council shall be composed of 5 members appointed by the Prime Minister of Georgia for the term of 5 years.

The Council shall have the Office staff to facilitate its activities. The Office of the Council is a structural unit of the Competition Agency; however, the Office of the Council shall fulfill the instructions of only the Council with regard to the current activities of the Council.

The Council shall discuss the disputes deriving from both the Law of Georgia on Public Procurement, as well as the selection process provided for in the Law of Georgia on Public-Private Partnership.





## CENTRALIZED PROCUREMENT

In 2021, hundreds of centralized procurements (consolidated tenders) were announced through *eProcurement* System. Following was achieved as a result of successful performance of centralized procurements:

- ✓ Savings of major budgetary resources were accomplished;
- ✓ The risks of possible corrupt transactions were minimized;
- ✓ The number of unjustified procurements was reduced through unification and standardization of procurement process;
- ✓ Unification and standardization of procurement process allowed and reasonably improved bringing the quality of procured goods/services in line with the internationally recognized standards; quality monitoring was implemented;
- ✓ The number of tenders with statuses “No bids received” or “Contract not awarded” as well as the number of simplified procurements were reduced;
- ✓ Procurement operations became comfortable for state institutions as well as local self-government bodies;
- ✓ Interest of business operators, as well as the level of competition were increased through aggregation of potential procurements;
- ✓ Aggregated requirements of contracting authorities were met more efficiently at the expense of less procrastination of tender process itself;
- ✓ Level of inter-agency informational awareness and coordination was increased in the field of public procurement;
- ✓ Unified statistical database was created which allowed efficient management of centralized procurement throughout the country.

With a view to carrying out the procurements of 2021 in a centralized (consolidated) way, tenders were announced through *eProcurement* System and winners were identified in the following consolidated tenders:

**Table N15: Number of consolidated tenders announced in 2021 according to procurement objects**

N	Procurement Object	Number of announced tenders (Winners Identified)
1	Pharmaceutical products	139
2	Various types of road transport services	62
3	Various types of food products	42
4	Tires for heavy/light-duty vehicles of different sizes	31
5	Vehicle insurance services	12
6	Consolidated tender for state procurement of special-purpose equipment	10
7	Vehicles	8
8	Oil products (fuels)	7
9	A4 format printing paper	5
10	Book printing and delivery services (approved textbooks)	3
11	M3 categories of buses	3
12	Disposable medical gloves	3



13	Medical consumables	3
14	Disinfectants intended for disinfection barriers	2
15	Standard portable computers – standard notebooks intended for first graders and their head teachers	2
16	Face masks	2
17	Disinfection barriers	3
18	Medical consumables ( <b>thermometers</b> )	1
19	Hand sanitizers	1
20	Vehicle batteries	1
21	Motor oil and oil filters for vehicles	1
22	Waste containers (with 1100 liters capacity, plastic)	1
23	Security camera services	1
24	Blackboards (chalkboards)	1
25	Hand sanitizer dispensers	1
26	Classroom desks and chairs	1
27	Non-sterile gauze	1
28	Shoe covers	1
<b>Total:</b>		<b>348</b>



In cooperation with successful suppliers, template contract to be awarded within the frames of each consolidated tender was drafted; the template was uploaded on the official web-page of the State Procurement Agency and it was widely applied by thousands of contracting authorities.

In 2021, net initial estimated value of procurements carried out through consolidated tenders amounted to 545 million GEL, of which final value recorded in e-tendering equaled to 526 million GEL; respectively, savings through e-tendering accounted for approximately 19 million GEL. It should be mentioned here that in frequent cases minimal prices are recorded as initial estimated prices in consolidated tenders as a result of efficient market research and consultations rendered by the Agency; due to this, saving through e-tendering is reduced. In such cases, the figures of savings through only e-tendering do not give an impartial picture in order to express efficiency of centralized procurements. Due to the foregoing, it is expedient to consider retail and market prices as well in order to assess centralized procurement reform objectively (See Table N16).



**Table N16: Consolidated tenders announced in 2021 according to procurement objects, quantities, net initial values and savings <sup>8</sup>**

N	Procurement Object	Number of announced eTenders (winner identified)	Number of announced in quantity	Initial total value (GEL)	Total value obtained from traidding in an eTender (GEL)	Total savings obtained from traidding in an eTender (GEL)	Estimated savings (in relation to the average market price)(GEL)
1	Pharmaceutical products	139	1 149 different types, form and units 38 958 356 unit medicines	40,335,705	33,114,195	7,221,510	40,557,930.00
2	Various types of road transport services	62	transportation of school students 62 municipalities	12,098,974	11,736,135	362,839	1,377,492
3	Various types of food products	42	135 type of product	44,539,642	42,418,041	2,121,601	-
4	Large and small cargo carriers	31	52 588 unit	17,821,220	16,304,290	1,516,930	6,237,427
5	Vehicle insurance services	12	11 475 car	13,346,871	9,756,703	3,590,168	4,667,883
6	Special technique	10	35 unit	9,830,335	9,488,110	342,225	-
7	Vehicles	8	625 unit	59,904,298	59,601,375	302,923	3,750,000
8	Oil products (fuel)	7	68 400 000liters	126,448,000	126,448,000	-	35,039,002
9	A4 format printing paper	5	610 000 packs	5,230,000	5,200,000	30,000	573,622
10	Book printing and delivery services (approved textbooks)	3	5 073 451 unit	14,974,576	14,944,095	30,480	-
11	M3 category buses	3	224 unit	117,091,200	117,091,200	-	-
12	Medical gloves	3	10 479 970 pair	7,110,252.01	6,786,081	324,171.01	1,907,172.00
13	Medical consumables	3	77 types of 11 577 271 units of medication	2,030,446.53	2,025,117	5,329.72	1,150,267.00
14	Disinfectant liquid for dezobarriers	2	22 232.2 liters of concentrate (10 043 200 liters of finished solution)	482,988	389,746	93,242	3,090,223
15	Standart personal and strandart portable computers	2	55 500 unit	48,700,000	48,700,000	-	9,740,000
16	Facemasks	2	21 219 548 unit	2,536,605.98	1,757,327	779,278.79	1,378,883.96
17	Disinfection barriers	3	10 030 unit	362,957.32	322,192	40,765.32	232,801.33
18	Medical consumables (thermometers)	1	13 485 unit	404,550	269,565	134,985	701,355
19	Hand sanitizer (liquid)	1	931 102 liters	5,307,906	4,189,959	1,117,947	5,121,061
20	Accumulators for vehicles	1	10 190 unit	2,350,000	2,188,000	162,000	1,137,500
21	Motor oil and oil filters for vehicles	1	433 760 liters and 50 000 unit	5,110,000	5,080,000	30,000	2,100,000
22	Waste containers (1100 liter plastic)	1	8 026 unit	3,964,844	3,916,688	48,156	-
23	Camera service	1	3 289 unit	2,753,592	1,940,980	812,612	-
24	Blackboards (chalkboards)	1	2 340 unit	849,420	804,960	44,460	365,040
25	Hand sanitizer dispensers	1	3 012 unit	204,816	204,816	-	54,216
26	School desks and chairs	1	15 000 set	1,800,000	1,615,500	184,500	484,650
27	Non-sterile medical gauze	1	93 678 unit	226,420	214,523	11,897	122,718
28	Bakhiles	1	1 908 910 pair	112,626	76,356	36,269	314,970
<b>Total:</b>		<b>348</b>	<b>-</b>	<b>545,928,244</b>	<b>526,583,954</b>	<b>19,344,290</b>	<b>120,104,214</b>

<sup>8</sup> Since majority of tenders incorporate goods of different title, type or specification, it is impossible to calculate precise savings in comparison with market prices. Due to this, approximate savings are calculated in relation to market prices based on average index of prices at the retail market, using various methods of statistical analysis.



Overall savings made in 2021 through consolidated tenders with regard to wholesale and retail prices of relevant procurement objects exceeded 76 million GEL.

Currently, intensive analytical and research activities are underway for the identification of additional goods/services centralized procurement of which will be justified in the light of the principle of efficient and cost-effective disbursement of budgetary resources.

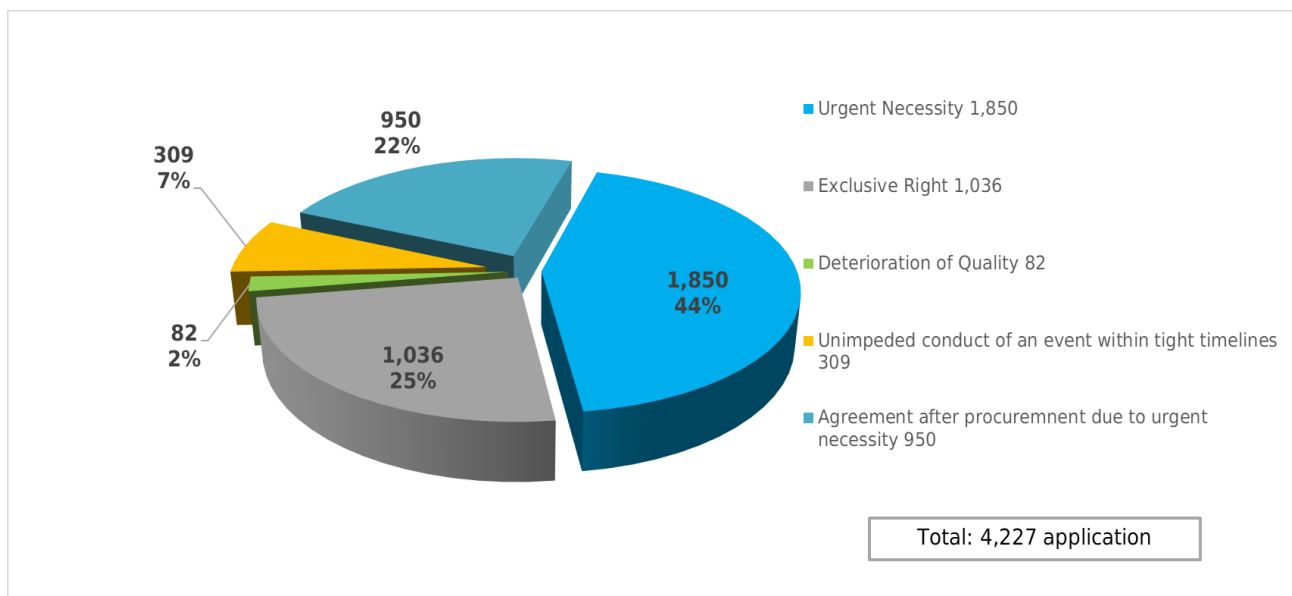


## SIMPLIFIED PROCUREMENT

Total of 4,227 applications were received in 2021 in the SMP module of the Unified Electronic System of Public Procurement with regard to the performance of simplified procurements; in 3,707 cases approval was granted, while the number of withdrawn, rejected or unconsidered applications amounted to 520. Diagrams N16 and N17 below show statistics according to the grounds and statuses of simplified procurements.

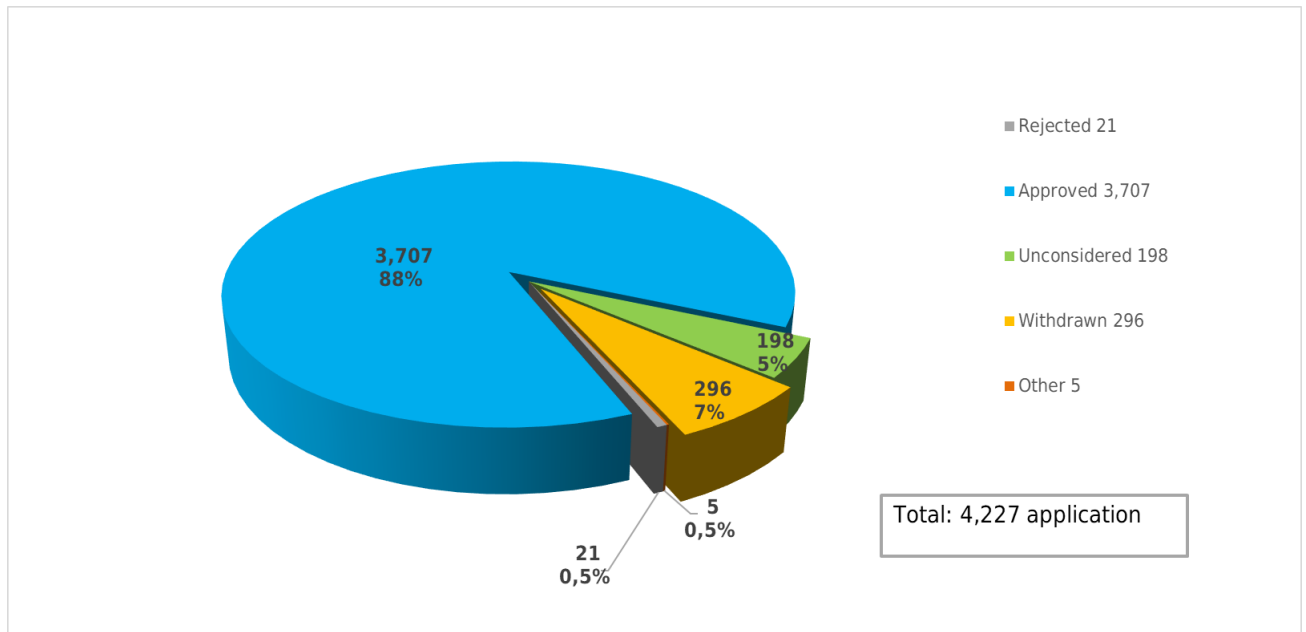
Within 2021, the volume of contracts executed with the ground of simplified procurement accounted for 18% of the total volume of public procurement.

**Diagram N16: Distribution of applications filed with SMP module of the System according to their grounds**





**Diagram N17: Distribution of applications filed with SMP module of the System according to their statuses**



The above diagram demonstrates that 88% of the applications were accepted, while rejected applications account for 12% of total number of applications.

Statistics of applications filed by contracting authorities to the Agency and decisions made by the Agency in 2021 are given in Table N17.

**Table N17: Detailed statistics of applications filed with SMP module of the System**

Grounds of Procurement	Approved	Rejected	Unconsidered	Rejected	Cancelled	Cancelled during publication	Total
Urgent need	1,541	181	111	16	-	1	1,850
Exclusive authority	938	49	46	2	1	-	1,036
Unimpeded conduct of an event within urgent timelines	272	20	13	1	3	-	309
Avoid quality deterioration	67	10	3	2	-	-	82
Agreement after procurement due to urgent necessity	889	36	25	-	-	-	950
<b>Total</b>	<b>3,707</b>	<b>296</b>	<b>198</b>	<b>21</b>	<b>4</b>	<b>1</b>	<b>4,227</b>





## ADMINISTRATIVE INFRINGEMENTS AND COURT LITIGATIONS

In 2021, having examined 52 official notes drawn up with regard to the facts of administrative offences, the SPA, within the scope of the powers granted to it, carried out classification of activities referred to in the official notes in compliance with the respective articles of the Administrative Offences Code of Georgia and written notices were submitted to respective contracting authorities. As a result of review and examination of respective documentation, 52 reports on administrative offences were drawn up and submitted to court against 155 various officials. In the course of legal proceedings, the court has terminated proceedings with regard to 2 reports on administrative offences.

Total of 448 court proceedings were held with the engagement of the SPA in 2021. The SPA prepared 19 private complaints that are under consideration at the moment. 11 complaints were filed with the Panel of Civil Cases with regard to the reimbursement of 1% guarantee.

In 2021, the Supreme Court of Georgia satisfied a cassation appeal filed by the SPA regarding the procedures and terms for appealing 1% guarantee thus establishing an important practice with respect to the issues of jurisdiction and reduction of guarantee.

In 2021, 81 ordinances were appealed in court with regard to the Black List, 1 appeal was partially satisfied that was further appealed by the SPA in the higher instance. As for the rest of the cases, the majority of the decisions have not entered into force since they were appealed by the parties in a court of appeal.

In 2021, 7 decisions taken by the Dispute Resolution Council were appealed of which one appeal was partially satisfied and it was further appealed in the higher instance. Furthermore, statements of defense were submitted with regard to 11 appealed consolidated tenders.

In addition to the foregoing, 7 ordinances with regard to the registration in the White List were appealed. It is noteworthy that in 2021 the court applied provisional measures regarding the White List; in this regard, out of the private complaints submitted by the SPA, the Court of Appeals shared the position of the SPA regarding 2 cases and the applied provisional measures were annulled. Moreover, following the jurisdiction, the Agency filed 11 administrative appeals with the request of the reimbursement of 1% guarantee. 3 civil claims, with regard to which statements of claim were submitted, are currently under consideration.

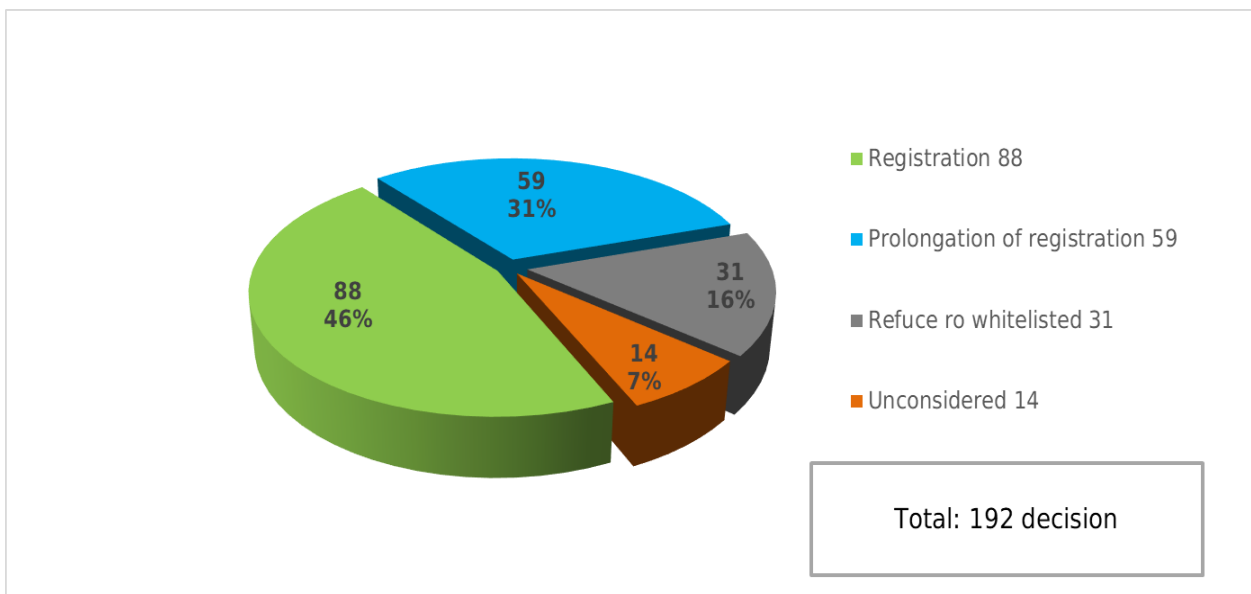
Furthermore, the Court of Appeals satisfied 4 private appeals submitted by the SPA with regard to the Black List, as well as 3 appeals. Moreover, 3 cassation appeals have been submitted to court with regard to which no ruling has been made at this point.



## MAINTENANCE OF THE WHITE LIST

In 2021, total number of decisions on registering economic operators in the register of qualified suppliers participating in public procurements - the so-called "White List", amounted to 192. In total, 88 decisions were made by the SPA with regard to registration in the White List and extension of the registration, 31 economic operators were refused to be whitelisted, while 59 cases were unconsidered. The detailed results are shown in Diagram N18.

**Diagram N18: Distribution of decisions made in 2021 with regard to registration in the White List, according to their statuses**



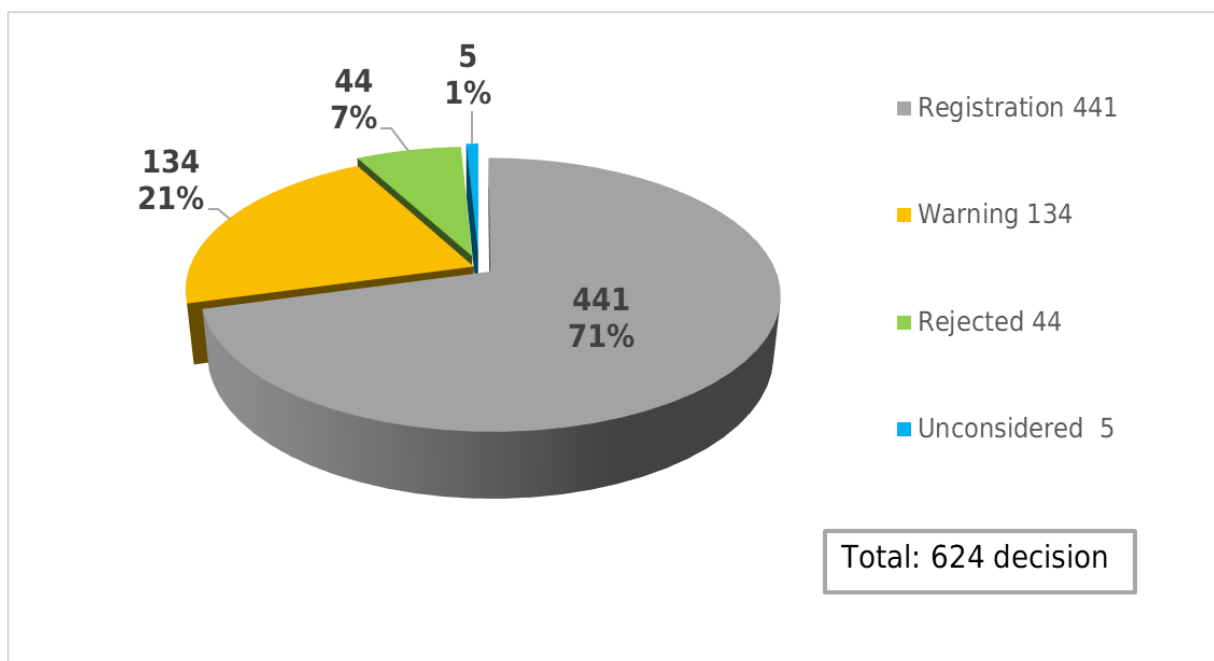


## MAINTENANCE OF THE BLACK LIST

In compliance with current legislation, the State Procurement Agency also maintains the register of dishonest suppliers - the so-called Black List.

In total, 624 applications were filed to the SPA regarding registration of suppliers in the Black List. In 441 cases the suppliers were registered in the Black List by the SPA, while 134 suppliers were given the warning. The detailed results of the decisions are given in Diagram N19.

**Diagram N19: Distribution of decisions made in 2021 with regard to registration in the Black List, according to their statuses**





## MONITORING OF PUBLIC PROCUREMENT PROCEDURES

One of the major functions of the SPA is to carry out the monitoring of the procurements performed through electronic procedures of public procurement, as well as the monitoring of annual plans and simplified procurements on a daily basis. Within 2021, tens of thousands of procurements were monitored and respective remarks, observations and official notes were drafted. With the view to establishing the compliance of the public procurement procedures carried out by contracting authorities with the current legislation, within 2021, based on the automated system of messaging that is the service integrated in the *eProcurement* System, the monitoring department monitored 14,813 e-tenders with status of “contract awarded” and 1,209 e-tenders with status of “terminated”, “failed” and “not awarded” filtered according to various risk factors and criteria.

6,879 tenders were monitored within the System in order to establish the adequacy of exclusion of bidders immediately upon recording the exclusion in the System; in particular, monitoring was carried out whether the exclusion grounds referred to in the System complied with the decision made by the respective minutes in order to avoid accidental submission of notification by the *eProcurement* System with regard to deduction or reimbursement of bidder’s guarantee amount in case of incompliance. Moreover, the issue of compliance of termination of tenders was verified, in particular, the fact whether the circumstances conditioning the termination of the given tender were reflected in the minutes of termination of a tender in a corresponding manner.

Furthermore, the SPA carried out the monitoring of 71,368 contracts uploaded in the CMR module of the *eProcurement* System, as well as the monitoring of 35 announced contests.

Based on the findings of the monitoring process, 1,955 letters were submitted to contracting authorities with regard to revealed infringements. In respect of the public procurements carried out by 52 contracting authorities, in which administrative offences provided for in the Administrative Offences Code of Georgia were identified, appropriate official notes were prepared in order to further proceed with the case under the procedure prescribed by the legislation, whereas in other cases the SPA limited itself to written recommendations.



## DIDACTIC ACTIVITIES

In 2021, the SPA Training Center switched to a new online mode of trainings within the frames of which trainings were rendered in several new and different programs:

- ‘Online Course of Public Procurements’;
- ‘Public Procurements: Current Risks and Established Practices’;
- ‘Analysis of Frequent Mistakes of Contracting Authorities while Carrying out Public Procurements and the SPA Recommendations’;
- ‘Simplified Procurements: Established Practices, Challenges, Useful Advice, the SPA Recommendations’;
- ‘Description of the Methods/Procedures Integrated in the *eProcurement* System and Comparative Analysis’;
- ‘Review of the Code of Ethics in Public Procurements’;
- ‘Law on Public Procurement’;

‘Public Procurements: Current Risks, Established Practices and Lessons for Internal Audience’. In 2021, the SPA Training Center delivered 65 series (flows) of trainings with the participation of trainees from all the regions of Georgia. The groups of trainees were comprised of the procurement specialists from state institutions of the central government, also of the procurement specialists from City Halls and City Assemblies of all the municipalities and self-governing cities, as well as of the representatives of state-owned companies, the Prosecutor's Office of Georgia and business organizations.



Table N18: Number of trainees trained in 2021

Target groups of trainings	Number of Trainees
'Online Course of Public Procurements' - procurement specialists of state institutions, their subordinate Legal Entities under Public Law and public LLCs, as well as procurement specialists of local municipal bodies and Non-entrepreneurial Non-commercial Legal Entities and LLCs established and managed by them, etc.	1,620
'Public Procurements: Current Risks, Established Practices and Lessons for Internal Audience'	100
'Simplified Procurements / Centralized Procurements' - with the support of the Association of Financiers of Local Self-Governing Units of Georgia	32
'Review of the Code of Ethics in Public Procurements'	40
'Law on Public Procurement' (offsite trainings)	
<b>Total</b>	<b>1,792</b>

Starting from 2014 up to date, the SPA Training Center trained and certified total 3,076 public procurement specialists; among them: 1,701 trainees were from the state institutions of the central government, 1,305 trainees were the procurement specialists of local self-governing bodies and entities under public or private law established by them, whereas 70 trainees were the representatives of the business sector. This number does not include the trainees invited to the seminars, webinars and other informative-consultative meetings; their total number accounted for 358 trainees. Moreover, 678 trainees trained through one-day training courses and 117 trainees from the City Halls of municipalities are not included in the aforementioned number of trainees.

In total, from October 2014 till December 2021, the SPA Training Center retrained 6,360 trainees<sup>9</sup>.

Within 2021, the Training Center was cooperating with the following local and international organizations:

- The Association of Financiers of Local Self-Governing Units of Georgia;

<sup>9</sup> These data include certified as well as uncertified trainees.



- USAID HICD Institutional Development Center;
- Ministry of Finance of Georgia;
- Academy of the Ministry of Finance of Georgia;
- Training Center of Justice of Georgia;
- Georgian National Competition Agency;
- Public Audit Institute;
- Dispute Resolution Council;
- LEPL National Food Agency.



## BUSINESS COMMUNICATION WITH THE CUSTOMERS

Within 2021, the document flow (number of incoming and outgoing letters) of the SPA amounted to 14,850 (in 2020 this figure made 12,366). Furthermore, 4,113 e-mail letters were received and addressed at the SPA official e-mail ([info@procurement.gov.ge](mailto:info@procurement.gov.ge)).

Short Messaging Service (SMS) and system notices, integrated into the *eProcurement* System, also the services of web portal – [spa.ge](http://spa.ge), keep persons interested in public procurement constantly updated about the amendments, notices, introduction of new regulations and development of other services. Moreover, all the users can receive timely and exhaustive information about tenders they are interested in. Only in 2021, approximately 50 million system notices and over 225 000 SMSs were circulated.

Each and every interested person is able to get exhaustive and competent answer via SPA citizen hotline service - +995322484822. In total, over 20,000 calls were received and answered in a detailed and competent manner by the SPA citizen hotline service in 2021.





## INTERNATIONAL RELATIONS

Despite the restrictions entailed by the pandemic, 2021 turned out to be intensive and productive year for the State Procurement Agency. A number of online meetings, webinars, workshops, calls or conferences were held, in particular:

The SPA was periodically drawing up quarterly and annual plans and reports on fulfillment of international commitments, inter alia, within the frames of Anti-Corruption Strategy and Action Plan, as well as within the reforms envisaged by the Association Agreement with the EU and DCFTA, OGP, PFM, PAR. In addition, active cooperation was underway with international organizations within the framework of Public Expenditure and Financial Accountability (PEFA) and OECD - Fifth Round of Monitoring of Anti-Corruption Network (ACN);

Throughout the whole year, negotiations were underway and cooperation was intensified with 4 Directors-General of the European Commission (DG GROW, DG TRADE, DG NEAR, DG ECFIN); several working meetings were held, among them we should underline regular annual sitting of the EU-Georgia Parliamentary Association Committee and preceding negotiations during which the SPA presented a final report of 2021 as well as plans for 2022.

The records of the session of the EU-Georgia Association Committee in Trade Configuration (ACTC) agreed and scheduled further steps for cooperation. The decision made by the European Commission on proper fulfillment of the Phase 1 obligations stipulated by AA/DCFTA can be considered to be one of the major achievements.

Working on the new draft Law of Georgia on Public Procurement was in progress and accomplished in 2021; remarks and comments of international organizations (among them, EU Twinning, UNEP, UN WOMEN, UNECE, UN ILO) and IFIs with regard to the draft Law have been reflected in the new draft Law. Several working meetings were held in the Administration of the Government of Georgia and further steps were scheduled with a view to presenting the draft Law to the Government of Georgia.

EU Twinning project supporting the reformation of the public procurement field that was implemented within the framework of EU Twinning Instrument was accomplished in March 2021. Several events were held in the end of the project, in particular:

- In February 2021, a two-day online training was held with the purpose of enhancing organizational capacity of the Dispute Resolution Council. Newly appointed members of the Dispute Resolution Council, the Office staff as well as the representatives of the State Procurement Agency participated in the training;
- In February 2021, trainings were held for the representatives of the Centralized Procurement Department of the SPA with regard to centralized procurement of medication and introduction of e-catalogue in public procurements;
- In March 2021, a training was held for the representatives of the Centralized Procurement Department of the SPA with a view to developing technical assignments necessary for the procurement of uniforms as well as in order to get acquainted with the best practices of Austria in this regard;



- Closing conference of the EU Twinning project as well as the sitting of the project Steering Committee were held in March 2021; the achievements and outcomes of the project were assessed at the events.

In March 2021, the representatives of the SPA participated in the webinar organized by the World Bank that had as its goal to share experience with the Republic of Lebanon regarding the reforms implemented in the field of public procurements. Special attention was paid to the experience of Georgia, as well as to the reformation of the administrative body reviewing public procurement disputes and the reforms carried out in the country in this regard.

In March 2021, an online meeting was held with the representatives of the United Nations Economic Commission for Europe (UNECE) and Georgia's Innovation and Technology Agency. The meeting focused on sharing the best practices of leading European states with the purpose of introduction of innovative procurement principles in public procurements. To that end, a special study visit was planned and the schedule of the visit was drawn up.

Within the framework of the Public Administration Reform (PAR) implemented by the initiative of the Ministry of Economic and Sustainable Development of Georgia and under the auspices of the European Union and United Nations Development Programme, throughout 2021, the State Procurement Agency was actively engaged in the process of Regulatory Impact Analysis (RIA) of the regulations provided for in the EU Directives in the utilities field. The RIA was carried out by a foreign expert and it was based on the experience of European states. The outcomes of the RIA were discussed together with the Ministry of Economic and Sustainable Development of Georgia and as a result, the timeline for fulfillment of the commitments provided for in the EU Directive 2014/25 in the utilities field must be scheduled.

Throughout 2021, the representatives of the SPA were actively participating in the sittings of the Agreement on Government Procurement (GPA) of the World Trade Organization (WTO) that are held regularly within a year. The meetings were held through an online platform. It is noteworthy that Georgia is represented as an observer in the abovementioned organization.

Within 2021, the State Procurement Agency continued active cooperation with the EU-funded program EU4Environment for the uptake of innovative products and technologies in order to stimulate green investments. One of the components of the aforementioned initiative stipulates development of Sustainable Public Procurement (SPP) practices that will be an important instrument for introduction of "green economy". Within the frames of the program, a consultative working meeting and a training were held with the participation of the representatives of the SPA and other stakeholders in order to increase awareness on Sustainable Public Procurement; furthermore, consultative working meetings were held with the purpose to identify the CPV codes of those pilot procurement objects to which the SPP approaches will apply.

With the participation of the representatives of the SPA, as well as with the engagement of the Ministry of Economic and Sustainable Development of Georgia and Ministry of Foreign Affairs of Georgia, several rounds of negotiations were held with the government of the United Kingdom on the Free Trade Agreement. The negotiations regarded inclusion of the exceptions proposed by the United Kingdom in the Agreement. The exceptions relate to the healthcare services.



In July 2021, the representatives of the NGOs from Uzbekistan, Kazakhstan and Tajikistan paid a study visit to the SPA; they got acquainted with ongoing reforms in the public procurement field as well as the experience of Georgia in this regard.





During 2021, the State Procurement Agency was actively cooperating with the USAID Economic Governance Program (EGP). Within the framework of the cooperation, major directions of future support were planned that will provide reasonable assistance to the SPA in the implementation of intended reforms.





The State Procurement Agency proceeded productive cooperation with the Commercial Law Development Program (CLDP) of the U.S. Department of Commerce. Within the framework of the aforementioned program, in December 2021, Georgia's Innovation and Technology Agency hosted a Workshop on Identifying Bid Rigging in Public Procurement. Georgian National Competition Agency as well as other state institutions were actively engaged in the workshop. The representatives of large-scale contracting authorities were also participating in the workshop.





Within 2021, the SPA was actively involved in the 5th Round of Monitoring under the OECD Anti-Corruption Network. Competent answers were drafted to the questionnaire of the Monitoring Document that were discussed in details at the online meeting with OECD experts. Working on the OECD Monitoring Document continued intensively with the leadership of the Administration of the Government of Georgia and respective recommendations were drawn up regarding the Document.



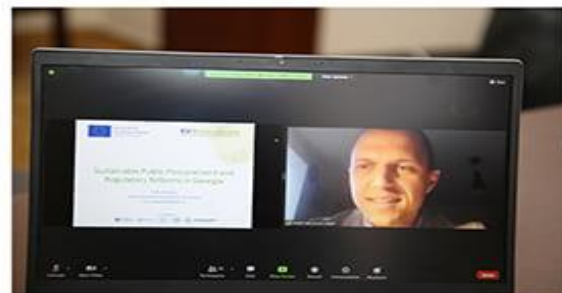
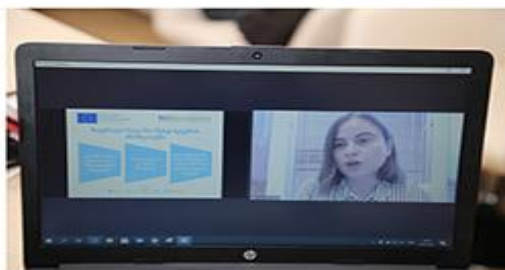
## ACTIVITIES CARRIED OUT FOR THE IMPLEMENTATION OF SUSTAINABLE PUBLIC PROCUREMENT

Starting from August 2020, within the framework of the EU-funded EU4Environment program and in close cooperation with the Environmental Information and Education Centre (EIEC) of the Ministry of Environment Protection and Agriculture of Georgia and the State Procurement Agency, a set of activities have been carried out for the implementation of Sustainable Public Procurement in Georgia. In 2021, following was developed by the national and international experts within the framework of the aforementioned program:

- Draft Decree of the Government of Georgia – a subordinate normative act for detailed regulation of SPP;
- Manual for practical implementation of SPP;
- Report on prioritized procurement objects for the implementation of SPP;
- Manual for the performance of Sustainable Procurement of selected procurement object;
- Training materials for practical implementation of SPP.

It is noteworthy that with a view to increasing awareness on Sustainable Public Procurement, through close cooperation between the Environmental Information and Education Centre and the State Procurement Agency and with the participation of national and international experts, a set of consultation workshops and trainings were held in May-July 2021, in particular:

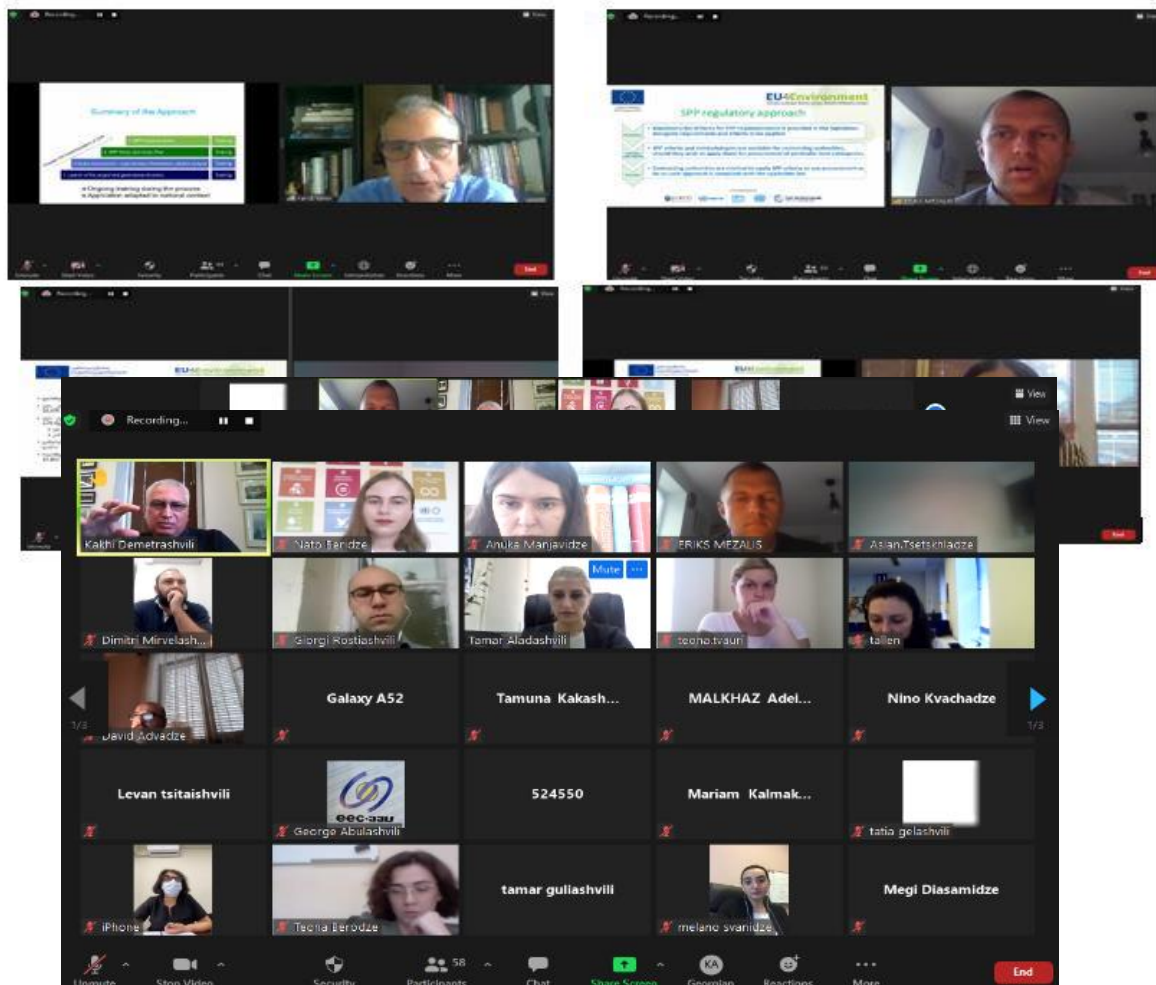
- On 18 May 2021, a Consultation Workshop on Legal Provisions on Sustainable Public



Procurement was held. The objective of the meeting was to present SPP concepts and benefits, as well as draft legal provisions developed on SPP to the participants. The representative of the Delegation of the European Union to Georgia, the representatives of EU4Environment and United Nations Environment Programme (UNEP), national and international experts of the project, the representatives of the State Procurement Agency and Environmental Information

and Education Centre, Energy Efficiency Center (EEC), contracting authorities, public procurement related Dispute Resolution Council, Academia and civil society participated in the workshop. Total 67 persons took part in the consultation workshop.

- On 22 June 2021, consultation workshop on Prioritization and Market Readiness of the Selected Products was held. The workshop had as its objective to present to the interested persons the market readiness analysis and the outcomes of carried out prioritization exercise for identification of prioritized procurement objects selected for the initial implementation of SPP. Furthermore, examples of the best international practices were also reviewed at the meeting. The representatives of EU4Environment and UNEP, national and international experts of the project, the representatives of the State Procurement Agency and Environmental Information and Education Centre, Energy Efficiency Center, contracting authorities, public procurement related Dispute Resolution Council, Academia and civil society participated in the workshop. Total 46 persons took part in the consultation workshop.
- On 29 July 2021, Training on the Use of Sustainable Procurement Criteria for the Prioritized Products in Public Procurement was held. The objective of the training was to present to the representatives of contracting authorities the SPP concepts and benefits, as well as draft legal provisions developed within the frames of the project, the relevant guidelines for further







implementation of SPP concept and the best international practices in this regard. The representatives of EU4Environment and UNEP, national and international experts of the project, the representatives of the Energy Efficiency Center and contracting authorities, among them, the representatives of the Ministry of Economic and Sustainable Development of Georgia, Ministry of Justice of Georgia, Ministry of Environment Protection and Agriculture of Georgia, State Audit Office and municipalities participated in the workshop. In total, 60 persons took part in the training.



## ACTIVITIES CARRIED OUT FOR THE IMPLEMENTATION OF ENERGY EFFICIENT PUBLIC PROCUREMENT

The European Union, KfW Development Bank and the Ministry of Economic and Sustainable Development of Georgia launched the next technical cooperation program to support energy sector reform in Georgia. Georgian Energy Sector Reform (GESR) aims at strengthening Georgia's energy security, improving energy efficiency of public, industrial, and residential buildings and relevant infrastructure, and, in line with EU directives, the objective of the project is to support the ongoing reforms of the electricity market and endorse further development of renewable energy. Within the frames of one of the activities of the program, national and international experts analyzed the legal framework for the implementation of energy efficient public procurement, as well as the current sectoral legislation and they developed the implementation action plan.



## COOPERATION WITH PARTNERS



International  
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