



STATE PROCUREMENT AGENCY

ANNUAL REPORT 2023

Tbilisi

2024



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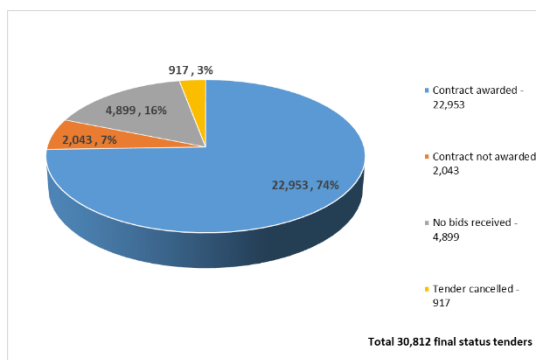
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INTRODUCTION

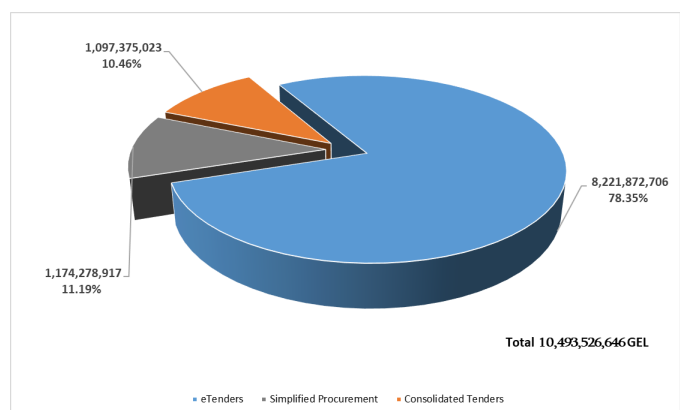
Annual report of 2023 of the State Procurement Agency (SPA) outlines key indicators in the field of public procurement; it also includes information about the enhancement of legal basis, about tenders, simplified and centralized procurements, administrative offences and judicial disputes, development of human resources, and the data and information about the monitoring of public procurement procedures and intensification of international relations.

In 2023, the State Procurement Agency took another big step forward towards carrying out set goals and objectives. The agency, seeking to fulfill undertaken international commitments, improve current legal framework and finetune public procurement procedures, has drawn up the Law of Georgia on State Procurement that aims at creating even more flexible environment for engaging business entities in public procurement procedures on the one hand, and at defining efficient tools and mechanisms on the other hand to ensure cost-effective and transparent disbursement of resources allocated for public procurements in accordance with the requirements of the law.



Within 2023, 32,076 open e-tenders were announced. 30,812 public procurement tenders were assigned final statuses out of which over 22,950 contracts were awarded.

As compared to 2022, in 2023 the total value of public procurement contracts awarded through e-tenders and consolidated tenders increased by roughly 3.2 billion GEL amounting to 9,319,247,729 GEL that constitutes 88.8% of the total volume of public procurements. Total value of the contracts awarded on the basis of simplified procurements accounted for 1,174,278,917 GEL (11.2%). Total value of public procurement contracts amounted to about 10.5 billion GEL in 2023. It is noteworthy that compared to 2022, total value of public procurement contracts awarded through simplified procurements decreased by 6.2%.





In 2023, winners were identified through centralized (consolidated) procurement in 348 open tenders for 31 different types of procurement objects whose net initial estimated value amounted to over 1,114,000,000 GEL, of which final value recorded in e-tendering outnumbered 1,097,000,000 GEL; respectively, savings through only centralized procurements accounted for 17,189,490 GEL.

The Training Center operating in the State Procurement Agency is intensively proceeding with the trainings of civil servants employed in public sector. Starting from 2014, the representatives of thousands of contracting authorities and businesses were trained. The number of trainees in 2023 amounted to 364, whereas total number of the trainees trained in 2014-2023 accounted for 7,019.

Engagement in public procurements on the part of business sector is increasing annually. 3,508 new suppliers were registered within the *eProcurement* System only in 2023 and the total number of suppliers registered within the System accounted for 56,232. Out of the suppliers registered within the System, 2,505 suppliers are non-resident business entities from 77 countries of different continents.

Moreover, 247 new contracting authorities were added to the system in 2023 and their total number accounted for 4,763 by the end of the year.

Furthermore, in 2023 the SPA prepared and issued, under established procedures, a number of important legal acts. Quarter and annual plans and reports on fulfillment of international commitments were drafted. Moreover, the State Procurement Agency was intensively cooperating with international organizations.



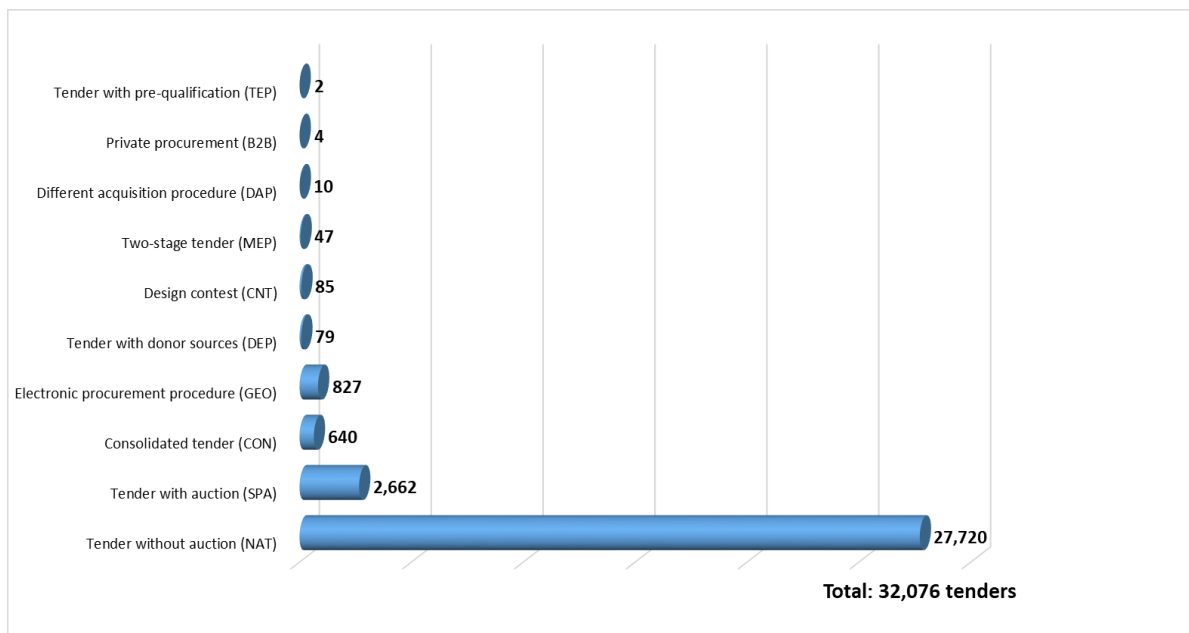
1. KEY DATA INDICATORS OF PUBLIC PROCUREMENT

1.1 Quantity and Types of Announced Tenders

Throughout 2023, total of 32,076 open electronic tenders were announced in the Unified Electronic System of Public Procurement (hereinafter – eProcurement System).

Out of these tenders, approximately 86.4% belong to NAT tenders, 8.3% - to SPA tenders and 5.3% - to all the rest electronic procurement procedures. The number of the tenders announced in 2023 is 5.7% less as compared to the data of 2022¹.

Diagram N1: Number of electronic procurement procedures announced in 2023 according to tender types



According to the data of 2023, the largest number of tenders was announced in November/December that was entailed by the need of timely performance of procurements necessary for the following year.

¹ In 2022, 34,017 tender procedures were announced in the eProcurement System.



Diagram N2: Distribution of tenders announced in 2023 according to months

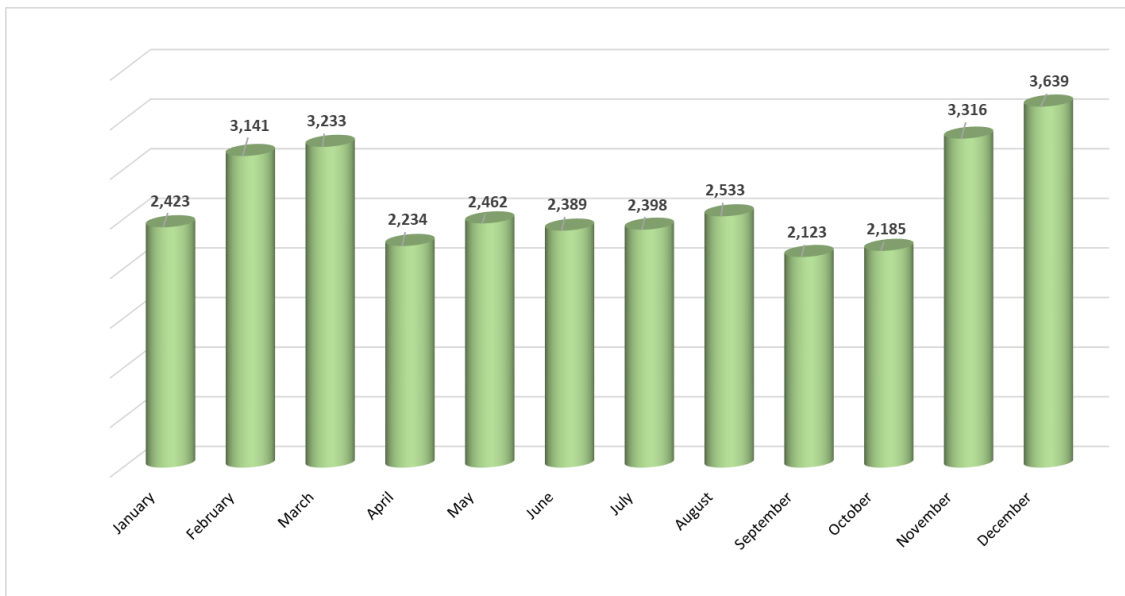
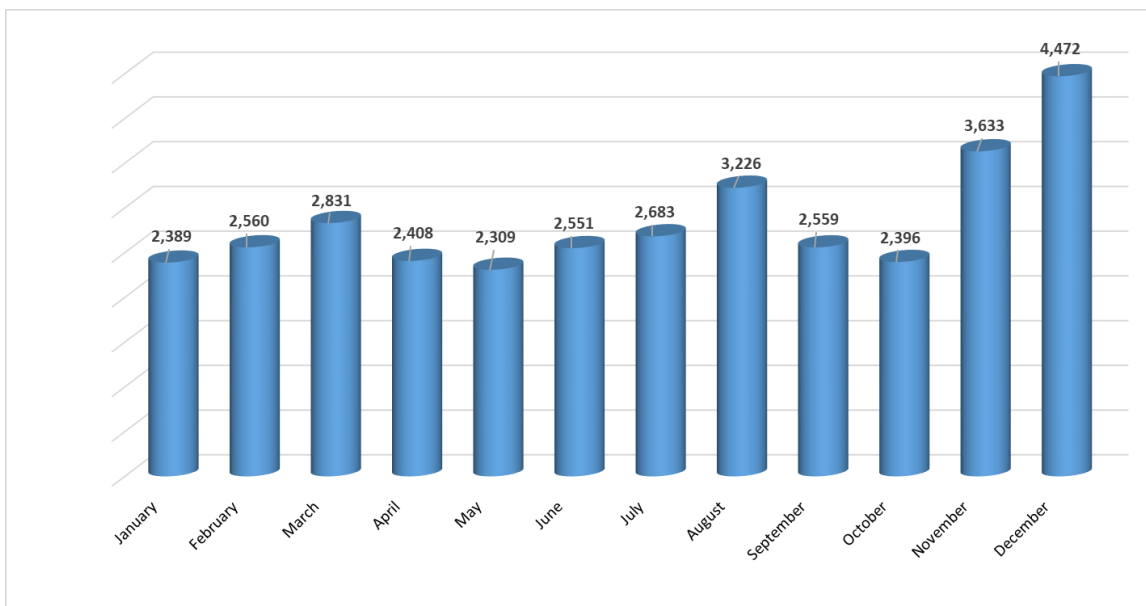


Diagram N3: Distribution of tenders announced in 2022 according to months



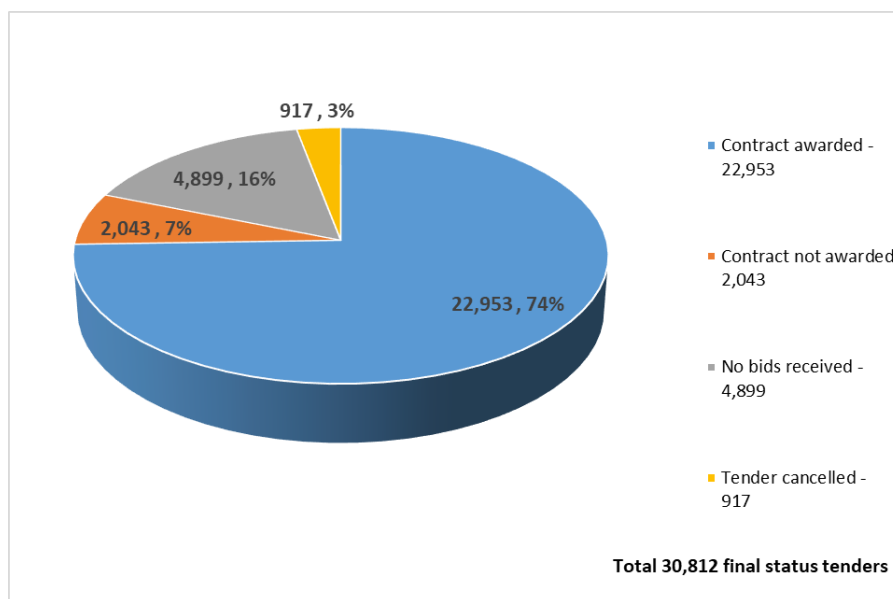


1.2 Value of Public Procurement Contracts and Tender Statuses

In 2023, 30,812² tenders were assigned final statuses. As compared to the previous year, the number of the tenders with "Contract Awarded" status increased by 2 percentage point estimating 74% (22,953), whereas 26% of tenders (7,859 tenders) were failed, terminated or contracts were not awarded.

Detailed quantity of final statuses of completed tenders is shown in Diagram N4.

Diagram N4: Final statuses assigned to tenders in 2023³



Within 2023, the largest number of contracts was awarded for the tenders announced for the procurement of 10,080 miscellaneous goods (44%). 7,093 (31%) contracts were awarded for the procurement of services, whereas the number of contracts awarded for the performance of construction works accounted for 5,780 (25%). Distribution of contracts awarded through tenders according to procurement categories is shown in Diagram N5.

² 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 2023, whereas the tenders to which final statuses were assigned in 2023 include both – the tenders announced in 2023 as well as those announced in previous years.

³ The data do not cover GEO, DEP, CON, GRA and B2B tenders.



Diagram N5: Distribution of contracts awarded in 2023 according to the objects of procurement

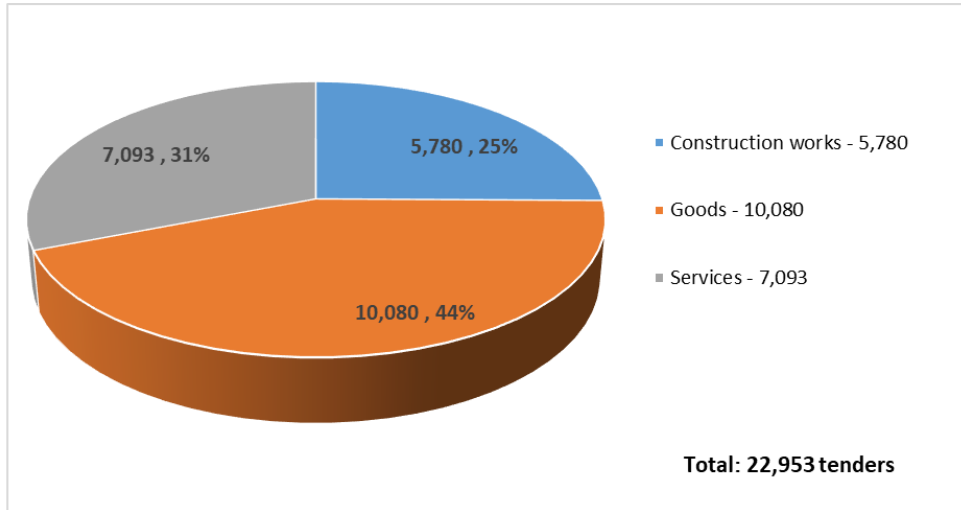


Table N1 below outlines Top 10 contracting authorities according to the proportion of successful tenders. In 2023 Terjola Municipality Amenities and Cleaning Service demonstrated the highest index. Out of 59 tenders carried out by Terjola Municipality Amenities and Cleaning Service, public procurement contracts were awarded in 58 cases that constitutes approximately 98.3% of the tenders to which the final status was assigned.



Table N1: Top 10 contracting authorities with the highest proportion of awarded tenders⁴

N	Contracting authorities	Number of tenders	Number of awarded contracts	%
1	Terdjola Cleaning and Beautification Municipal Service	59	58	98.3
2	Administration of Vake District	71	67	94.4
3	Union of kindergardens of the city of Rustavi	53	50	94.3
4	Administration of Tbilisi Didube District	73	66	90.4
5	Administration of Tbilisi Mtatsminda District	68	61	89.7
6	State Services Development Agency	122	108	88.5
7	Batumi Kindergardens Union	76	67	88.2
8	Staff of the Parliament of Georgia	83	73	88.0
9	Akhmeta Municipality	94	82	87.2
10	NPLE „RUSTAVSERVICE CENTER“	91	79	86.8

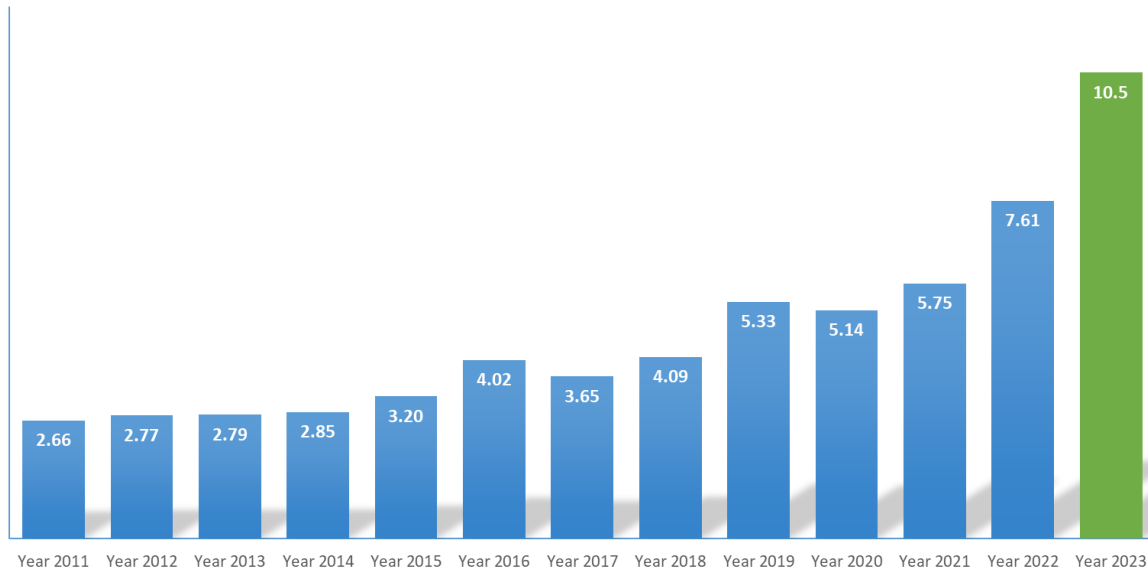
Compared to the previous year, the highest index was recorded according to the total value of public procurements carried out within 2023. Total value of public procurement contracts amounted to 10,493,526,646 GEL which constitutes roughly 13.1% of the country's GDP⁵.

⁴ 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.

⁵ As per the preliminary data of National Statistics Office of Georgia, GDP for 2023 amounts to 80,200 billion GEL. Source: <https://www.geostat.ge/ka/modules/categories/23/mtliani-shida-produkti-mshp>



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 increased by around 3.2 billion GEL in 2023 as compared to 2022 accounting for 9,319,247,729 GEL⁶ that constituted 88.8% of the total volume of public procurements.

Net value of the public procurement contracts awarded on the bases of simplified procurements made 1,174,278,917 GEL (11.2%). It is noteworthy that the total value of the contracts awarded on the basis of simplified procurement has decreased by 6.2% compared to 2022.

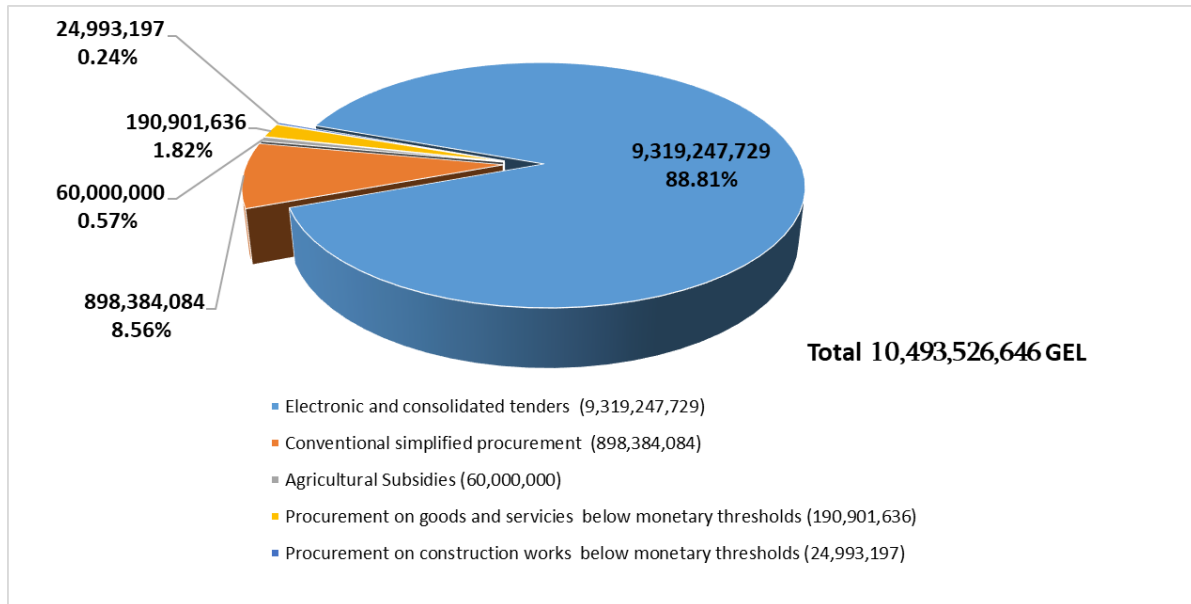
Agricultural subsidies amounted to 60,000,000 GEL in 2023 (5.11% of simplified tenders). Procurements carried out by adherence to the monetary thresholds accounted for the total of 215,894,833 GEL (18.4%), whereas the proportion of conventional contracts accounted for 898,384,084 GEL (76.5%).

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

⁶ The data include the contracts awarded on the basis of all types of e-tenders, among them the contracts awarded through consolidated tenders. The data do not cover GEO, DEP, GRA and B2B tenders.



Diagram N9: Volumes of simplified procurements, subsidies, e-tenders and consolidated tenders in 2023



Net contract values of the tenders with the values between 10,000 and 20,000 GEL as well as between 30,000 and 40,000 GEL has decreased as compared to 2022. Similarly, their number in the light of estimated values of tenders has decreased as well. Detailed information about aforementioned data is given in Tables N2 and N3. It should be noted that net value of procurement contracts has increased reasonably while the number of tenders has decreased. The above-mentioned is conditioned by the consolidation of tenders.



Table N2: Net contract value of tenders carried out in 2022 and 2023 in monetary terms⁷

Contract value	2023 yr.		2022 yr.
10,000 and less	32,591,006	↓	36,506,026
10,001 - 20,000	54,895,742	↓	55,434,640
20,001 - 30,000	54,522,536	↑	54,110,399
30,001 - 40,000	49,789,162	↓	50,225,605
40,001 - 50,000	52,037,126	↑	48,255,968
50,001 - 100,000	202,345,480	↑	196,908,886
100,001 - 200,000	309,013,089	↑	299,447,392
200,001 and more	7,466,678,565	↑	4,814,781,738
Total:	8,221,872,706	↑	5,555,670,654

Table N3: Quantity of tenders carried out in 2022 and 2023 in terms of contract value⁸

Contract value	2023 yr.		2022 yr.
10,000 and less	6,185	↓	6,956
10,001 - 20,000	3,685	↓	3,748
20,001 - 30,000	2,177	↑	2,145
30,001 - 40,000	1,409	↓	1,426
40,001 - 50,000	1,146	↑	1,061
50,001 - 100,000	2,787	↑	2,718
100,001 - 200,000	2,125	↑	2,094
200,001 and more	3,439	↑	2,972
Total:	22,953	↓	23,120

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.

In the light of net contract values awarded through tenders, Municipal Development Fund of Georgia occupies the first position with 187 awarded tenders, contract value of which amounted to 1,427,586,023 GEL. As for the second and third positions, LTD United Water Supply Company of

⁷ The data do not cover GEO, DEP, CON, GRA and B2B tenders.

⁸ The data do not cover GEO, DEP, CON, GRA and B2B tenders.



Georgia and Roads Department of the Ministry of Regional Development and Infrastructure of Georgia hold these positions respectively.

Table N4: Top 10 contracting authorities according to net contract value of tenders in 2023

N	Contracting authorities	Number of tenders (contract awarded)	Total contracted value
1	Municipal Development Fund Of Georgia	187	1,427,586,023
2	The Joint Water Supply Company of Georgia	102	773,955,129
3	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	107	743,813,836
4	Educational and Scientific Infrastructure Development Agency	134	651,786,148
5	დეკონილა, ეკომიგრანტთა და საარსებო წყაროებით უზრუნველყოფის სააგენტო	42	610,747,005
6	N (N) LP Municipal Infrastructure and Improvement Division	110	267,214,958
7	Tbilisi City Hall	222	233,382,895
8	JSC "Georgian State Electric System"	304	150,919,884
9	Special Penitentiary Service	201	117,708,218
10	Tbilisi Transport Company	213	112,974,069
	Total		5,090,088,165

In the light of procurement categories, the largest number of contracts was awarded for CPV45200000 – “Works for Complete or Part Construction, and Civil Engineering Works”. The quantity of aforementioned contracts amounted to 3,640, whereas net contract value estimated 4,410,809,626 GEL (See Table N5).



Table N5: Top 10 CPV categories according to net contract value of tenders in 2023

N	CPV Code	Number of tenders	Total contracted value
1	45200000 - Works for complete or part construction and civil engineering work	3,640	4,410,809,626
2	45400000 - Building completion work	972	2,637,090,732
3	55500000 - Canteen and catering services	56	143,856,797
4	45100000 - Site preparation work	893	1,336,940,247
5	45300000 - Building installation work	584	112,724,777
6	33600000 - Pharmaceutical products	616	69,083,019
7	33100000 - Medical equipments	557	67,468,297
8	34100000 - Motor vehicles	199	67,694,377
9	71500000 - Construction-related services	43	50,461,595
10	34900000 - Miscellaneous transport equipment and spare parts	110	46,755,793



1.3. Savings and Quantity of Bidders in Tenders

Contracts worth of 6,627,915,444 GEL were awarded for procurement of various goods, services and works within 2023, whereas the difference between estimated and contract values accounted for 451,239,315 GEL⁹ (6.4%) that represents reasonable saving for the state budget and underlines the efficiency and profitability of current public procurement ecosystem.

Of the aforementioned sum, the most economy – up to 287.5 million GEL was made in tenders announced for the performance of infrastructural and construction works of different types of civilian buildings and structures. Up to 113 million GEL was saved for the procurement of goods and 51 million GEL – for the procurement of services (See Table N6).

Table N6: Savings in tenders completed in 2023

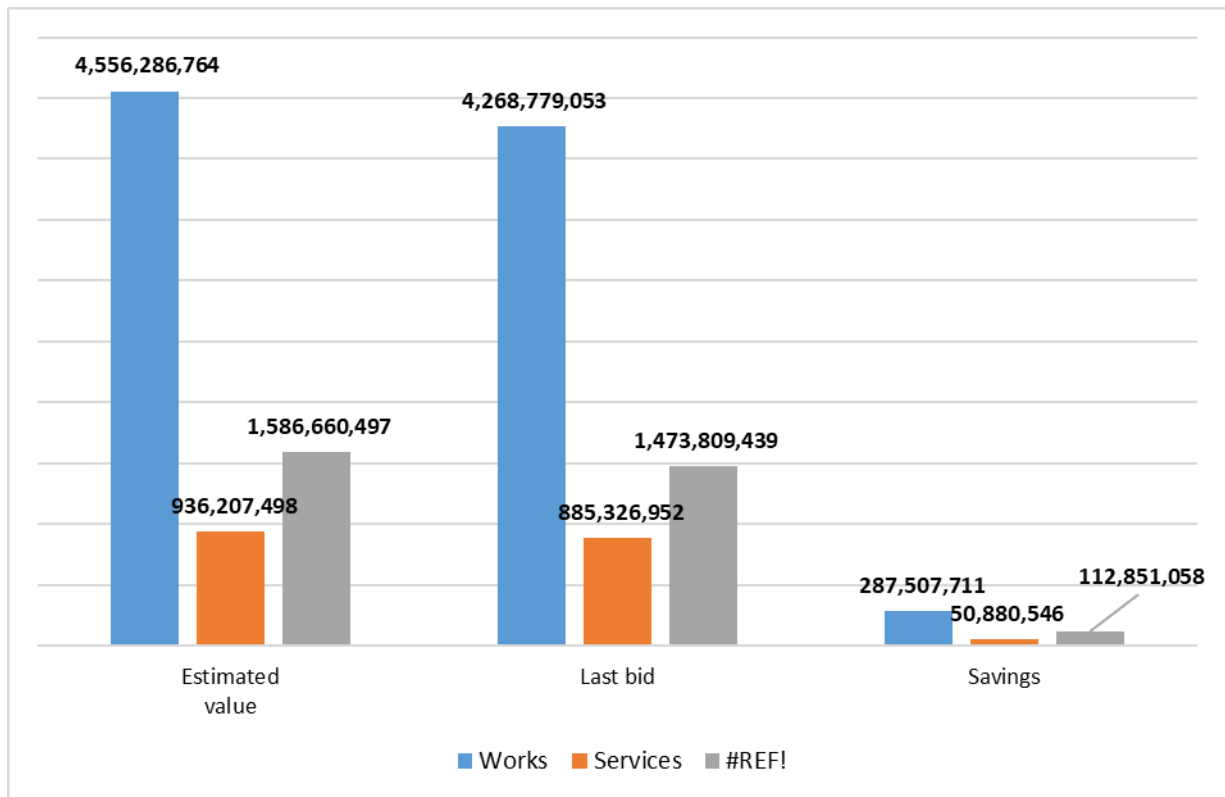
Procurement category	Estimated value	Last bid	Savings	%
Works	4,556,286,764	4,268,779,053	287,507,711	6.3%
Services	936,207,498	885,326,952	50,880,546	5.4%
Goods	1,586,660,497	1,473,809,439	112,851,058	7.1%
Total	7,079,154,759	6,627,915,444	451,239,315	6.4%

Diagram N10 outlines the volumes of savings in the light of different procurement categories.

⁹ With a view to calculating savings indexes, the data do not cover GEO, DEP, B2B, CON, GRA tenders and tenders with a pricelist.



Diagram N10: Savings in tenders completed in 2023



Tables below depict the data on savings made as a result of tenders according to contracting authorities and CPV categories (Tables N7 and N8). The tables include the information about Top 10 contracting authorities whose tenders recorded the highest number of savings as well as the data about Top 10 CPV categories in which the most economy was made as a result of tenders.



Table N7: Top 10 contracting authorities according to savings in 2023

N	Contracting authorities	Estimated value of tenders	Last Bid	Savings	%
1	The Joint Water Supply Company of Georgia	823,445,777	772,274,671	51,171,106	6%
2	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	488,808,736	454,287,836	34,520,900	7%
3	Educational and Scientific Infrastructure Development Agency	586,706,358	556,191,148	30,515,210	5%
4	Tbilisi City Hall	257,824,038	231,637,895	26,186,143	10%
5	Georgia Municipal Development Fund	399,840,991	374,815,133	25,025,858	6%
6	Internally displaced persons, ecomigrants and livelihood agency	634,134,407	610,415,082	23,719,325	4%
7	Municipal Infrastructure and Improvement Division	283,875,936	267,046,958	16,828,978	6%
8	LELP PUBLIC SAFETY COMMAND CENTER "112" OF THE MINISTRY ON INTERNAL AFFAIRS OF GEORGIA	46,262,491	31,853,088	14,409,403	31%
9	National Health Agency	84,859,467	73,667,929	11,191,538	13%
10	Tbilisi Samgori District Gamgeoba	51,722,092	43,302,597	8,419,495	16%
Total:				241,987,956	



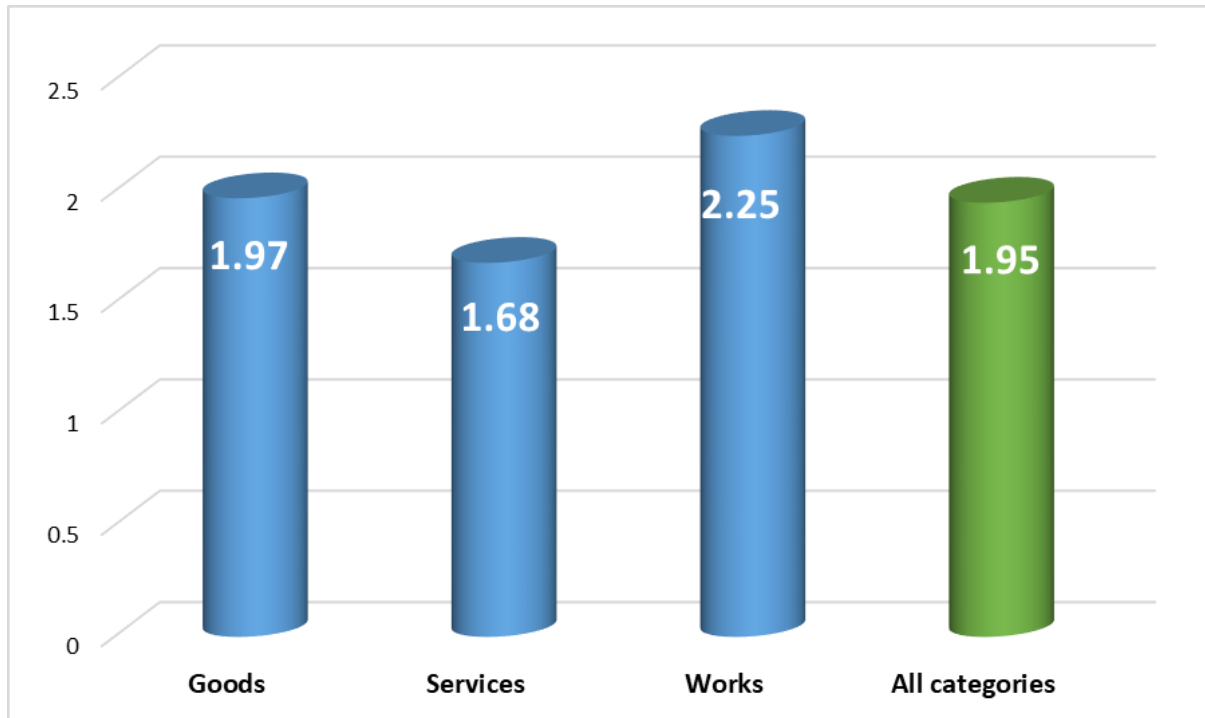
Table N8: Top 10 CPV categories according to savings in 2023

N	CPV code	Estimated value of tenders	Last Bid	Savings	%
1	45200000 - Works for complete or part construction and civil engineering work	4,649,695,918	4,410,809,625	238,886,293	5%
2	45400000 - Building completion work	357,058,981	339,070,732	17,988,249	5%
3	45100000 - Site preparation work	150,776,530	133,694,024	17,082,506	11%
4	71300000 - Engineering services	56,627,606	41,962,055	14,665,551	26%
5	45300000 - Building installation work	126,464,929	112,724,771	13,740,158	11%
6	33100000 - Medical equipments	80,177,042	67,468,297	12,708,745	16%
7	72700000 - Computer network services	37,541,309	25,133,612	12,407,697	33%
8	34100000 - Motor Vehicles	77,117,521	67,694,377	9,423,144	12%
9	30200000 - Computer equipment and supplies	55,476,138	47,243,077	8,233,061	15%
10	55500000 - Canteen and catering services	151,048,649	143,856,797	7,191,852	5%
Total:				352,327,256	

In 2023, average number of bidders increased slightly accounting for 1.95 similar to previous years; the highest index of average number of bidders, that is 2.25, was recorded in the tenders announced for the CPV categories of construction works; 1.97 – in the tenders announced for the CPV categories of goods and 1.68 – in the tenders announced for the CPV categories of services.



Diagram N11: Average number of bidders according to procurement objects in 2023¹⁰



As compared to the previous year, average participation has decreased in NAT tenders as well as in SPA tenders. Aforementioned index amounted to 1.98 in NAT tenders, while average participation in SPA tenders amounted to 1.61.

¹⁰ Average number of bidders is calculated in those tenders concluded in 2023 for which public procurement contracts were awarded.

The data do not cover GEO, DEP, GRA, CON and B2B tenders.



Diagram N12: Average number of bidders according to the types of tender in 2022

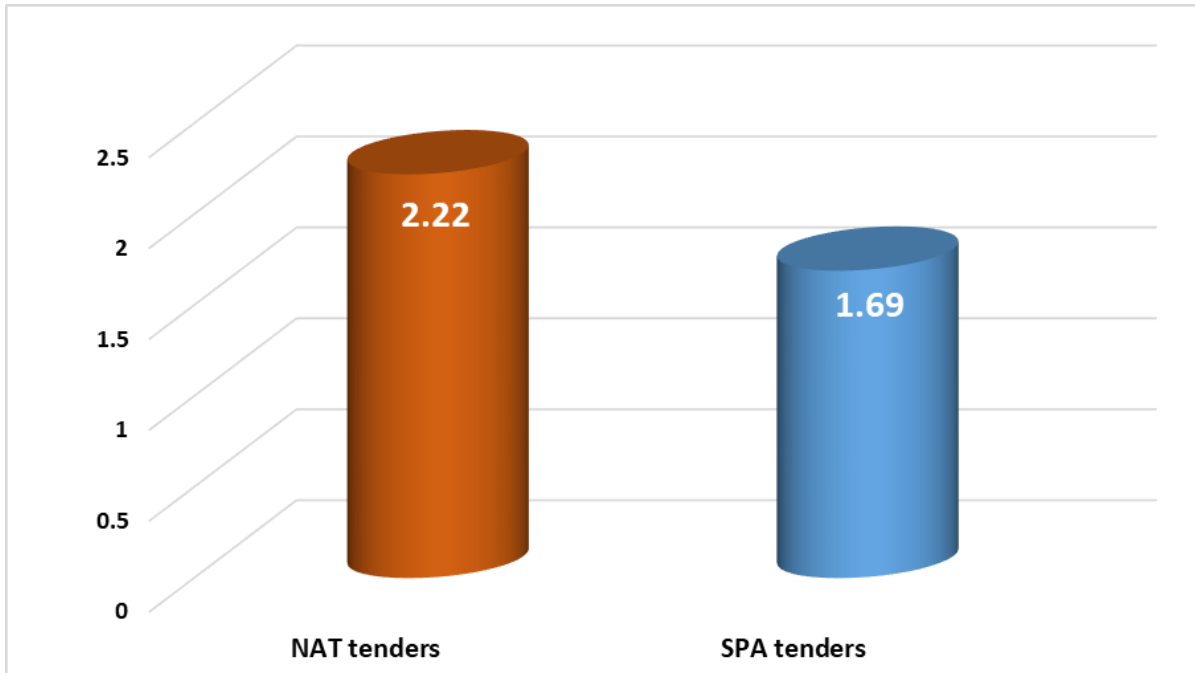
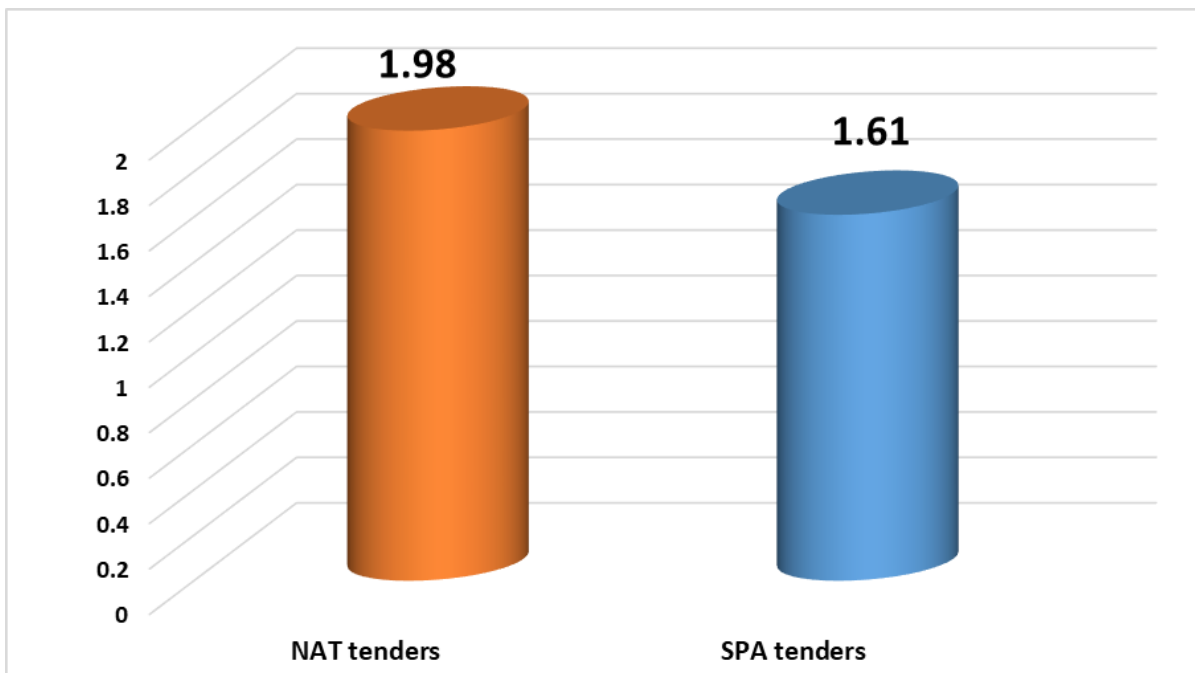


Diagram N13: Average number of bidders according to the types of tender in 2023





Along with the aforementioned statistical data, following tables (N9 and N10) include information about both - average number of bidders for separate CPV categories as well as according to the tenders announced by contracting authorities.

In the reporting period, the highest index of average number of bidders, that is 3.54, was recorded in the tenders announced for **CPV18300000 – “Clothes”**, whereas the highest index of average number of bidders according to contracting authorities was recorded in the tenders announced by the Roads Department of the Ministry of Regional Development and Infrastructure of Georgia (See Tables N9 and N10).

Table N9: Top 10 CPV categories with the highest average number of bidders in 2023

N	CPV Code	Number of bidders	Number of tenders	Average number of bidders
1	18300000 - Garments	26	92	3.54
2	18100000 - Occupational clothing, special workwear and accessories	93	275	2.96
3	33700000 -Personal care products	201	572	2.85
4	92100000 - Motion picture and video services	24	67	2.79
5	18200000 - Outwear	91	253	2.78
6	39100000 - Furniture	319	856	2.68
7	45100000 - Site preparation works	392	1,044	2.66
8	31100000 - Electric motors, generators and transformers	79	210	2.66
9	18900000 - Luggage, saddlery, sacks and bags	36	93	2.58
10	79800000 - Printing and related services	311	779	2.50



Table N10: Top 10 contracting authorities with the highest average number of bidders in 2023

N	Contracting Authorities	Average number of bidders
1	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	3.54
2	NNLE Khelvachauri Municipal Inspection, Infrastructure and Improvement Division	2.96
3	LTD „Batumi water“	2.85
4	MTSKHETA MUNICIPALITY CITY HALL	2.79
5	Georgia Municipal Development Fund	2.78
6	The Ministry of Education, Culture and Sport of Adjara Autonomous Republic	2.68
7	Ozurgeti Municipality	2.66
8	Roads Department the Sub-Division of the Ministry of Finance and Economy of the Ajara Autonomous Republic	2.66
9	Lanchkhuti Municipality	2.58
10	Educational and Scientific Infrastructure Development Agency	2.50



1.4 Users Registered within the eProcurement System and Successful Suppliers

The number of business entities registered within the eProcurement system is increasing annually. 3,508 new suppliers were registered in the system only in 2023 and the total number of suppliers registered within the System accounted for 56,232 by the end of the year (See Diagram N14). It is noteworthy that as of 2023, 2,505 non-resident suppliers are registered within the System representing 77 countries. Detailed information is outlined in Diagram N15.

Furthermore, 247 new contracting authorities were added to the system and their total number accounted for 4,763 by the end of the year.

Diagram N14: Number of suppliers registered within eProcurement System according to years

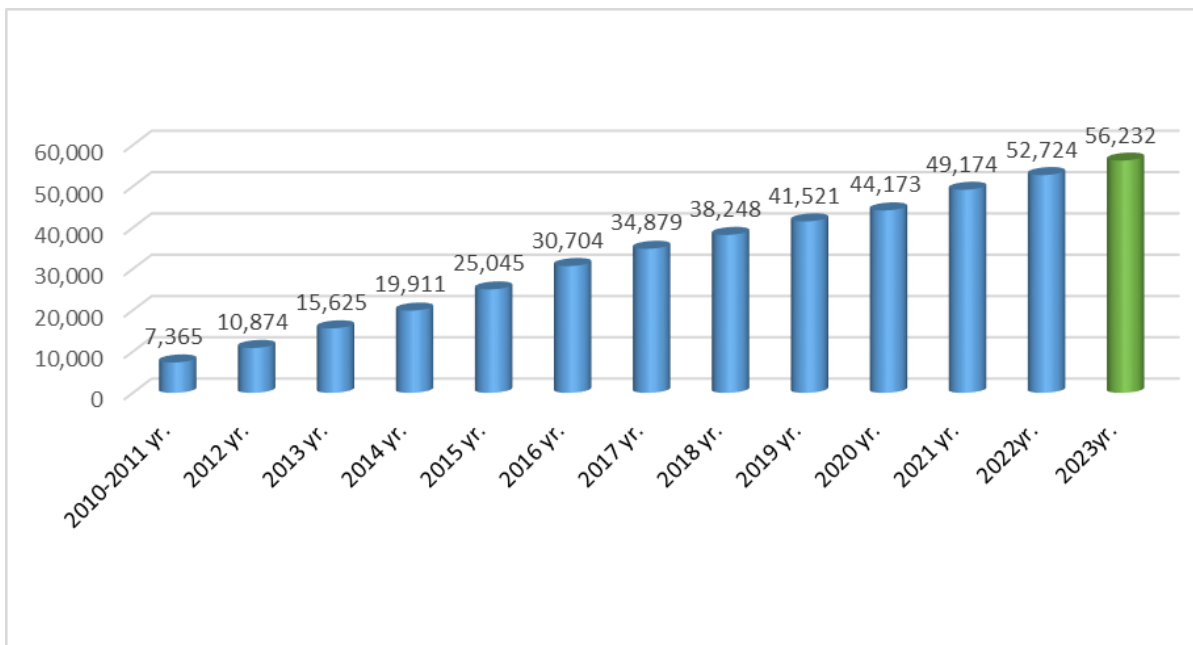
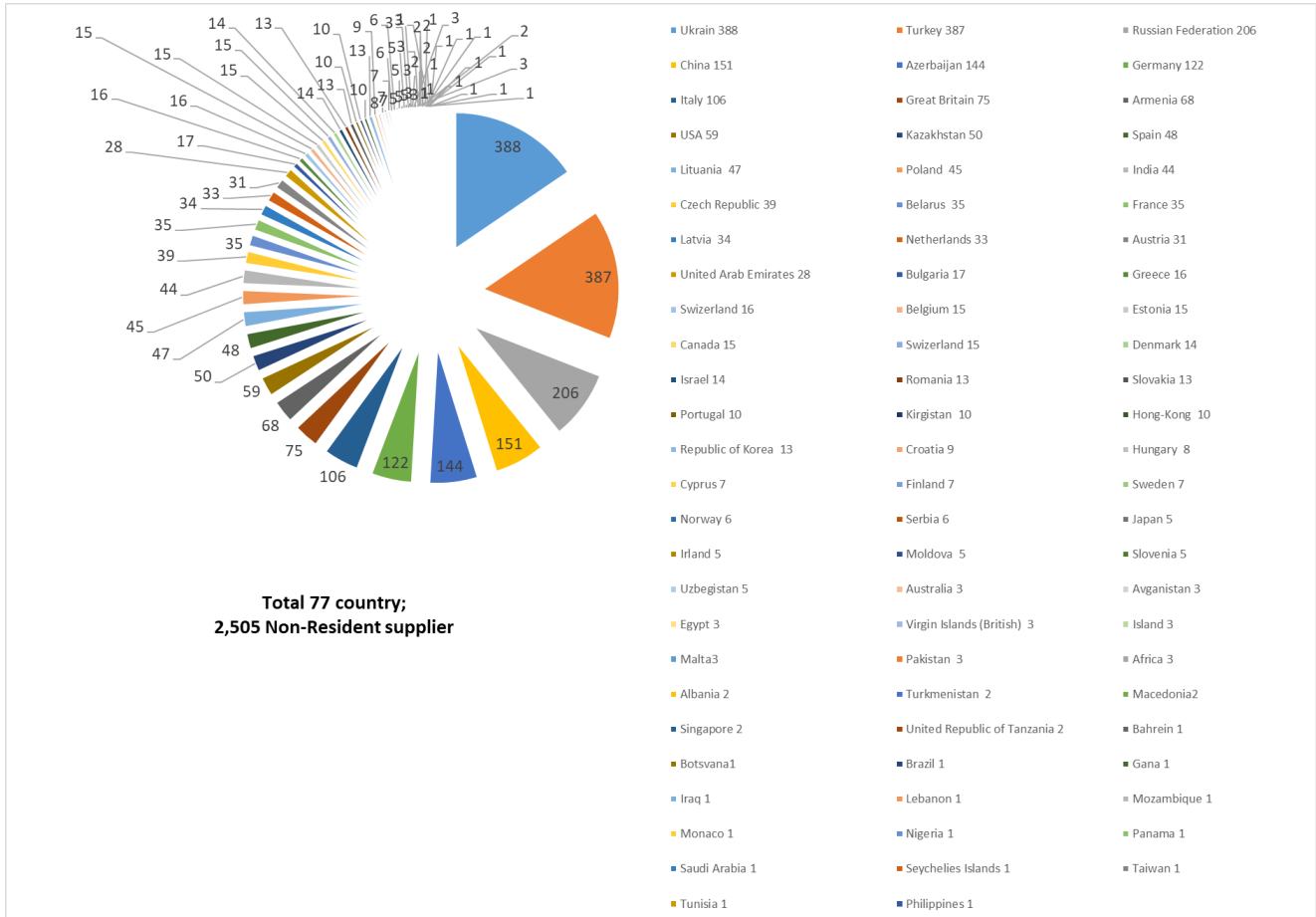




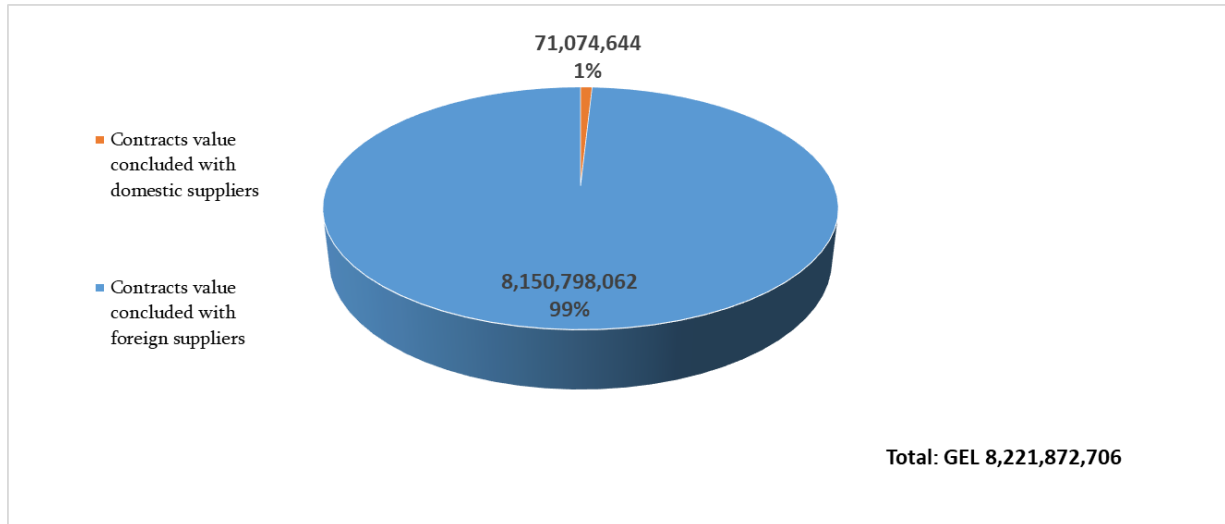
Diagram N15: Number of non-resident suppliers registered within eProcurement System according to countries



Total value of public procurement contracts awarded with the aforementioned non-resident suppliers through tenders within the year outnumbered 71 million GEL which equals 1% of the total value of contracts awarded on the bases of tenders.



Diagram N16: Proportion of the value of contracts awarded with non-resident suppliers on the bases of tenders in 2023



The table below shows the distribution of contracts awarded with non-resident suppliers on the basis of tenders in 2023 according to countries. Out of 71,074,644 GEL of contracts awarded with non-resident companies, the contracts with the largest values – that is 15,375,274 GEL and 14,700,000 GEL were awarded with the companies registered in Poland and France respectively, followed by Hungary with the contract worth of over 8.2 million GEL and Switzerland with the contract worth of up to 8.2 million GEL (See table N11).



Table N11: Value of contracts awarded with non-resident suppliers on the bases of tenders according to countries in 2023

N	Countries	Total value of awarded contracts
1	Poland	15,375,274
2	France	14,700,000
3	Hungary	8,200,957
4	Switzerland	8,139,738
5	Spain	7,075,287
6	USA	3,697,271
7	Denmark	2,940,438
8	Bulgaria	2,679,285
9	Israel	1,993,000
10	Germany	1,436,262
11	Finland	1,152,225
12	Netherlands	1,139,571
14	Romania	861,990
15	Turkey	691,779
16	Czech Republic	631,818
17	Kazakhstan	173,999
18	Great Britain	114,880
19	Ukrain	38,872
20	Slovakia	32,000
Total		71,074,646



Table N12: Top 10 contracts awarded with non-resident suppliers on the bases of tenders according to their values in 2023

N	Tender number	Contracting authorities	Country	Supplier	CPV	Contract value
1	NAT230001253	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgian	France	EGIS International	71500000 - Construction-related services	14,700,000
2	NAT230001868	Non-profit "The Service Agency of the Ministry of Internal Affairs of Georgia"	China	UTAL Spolka z ograniczona odpowiedzialnoscia	34900000 - Miscellaneous transport equipment and spare parts	11,681,417
3	NAT230008784	"SAKAERONAVIGATSIA" Ltd.	Spain	INDRA SISTEMAS S.A.	38100000 - Navigational and meteorological instruments	6,666,356
4	NAT230002833	LEPL National Health Agency	Hungary	Sanofi-Aventis Private Co. Ltd	33600000 - Pharmaceutical products	4,547,026
5	NAT220027858	LEPL National Health Agency	Hungary	Sanofi-Aventis Private Co. Ltd	33600000 - Pharmaceutical products	3,653,932
6	NAT230014694	Non-profit "The Service Agency of the Ministry of Internal Affairs of Georgia"	Poland	UTAL Spolka z ograniczona odpowiedzialnoscia	34900000 - Miscellaneous transport equipment and spare parts	3,589,692
7	NAT220027854	LEPL National Health Agency	Switzerland	F.Hoffmann-La Roche Ltd	33600000 - Pharmaceutical products	2,836,194
8	NAT230011960	LEPL "State Military Scientific Technihal Centre "Delta"	Bulgaria	Stroyproject Ltd	24600000 - Explosives	2,672,415
9	NAT220027057	"SAKAERONAVIGATSIA" Ltd.	USA	Selex ES Inc.	34900000 - Miscellaneous transport equipment and spare parts	2,271,975
10	NAT230022058	National agency of Crime Prevention, Execution of Non-Custodial Sentences and Probation	Israel	Allied Universal Electronic Monitoring International Ltd	38100000 - Navigational and meteorological instruments	1,993,000
	Total					54,612,006

The value of Top 10 most large-scale procurement contracts awarded with non-resident suppliers on the basis of tenders in 2023 outnumbered 54 million GEL. The largest contract was awarded in the tender announced by the Roads Department of the Ministry of Regional Development and Infrastructure of Georgia (worth of 14,700,000 GEL), for CPV 71500000 – “Construction-related Services” (See Table N12).



1.5 Procurements with the Donor Funds – DEP Tenders

Within 2023, tenders were announced in the *eProcurement* System and contracts were awarded for 35 DEP tenders (Procurements with the Donor Funds) that were funded by various international financial institutions and donor grants. Total estimated value of aforementioned tenders accounted for 187 million 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 in 2023

Donor	Number of DEP tenders	Value of contracts
World Bank	28	121,002,427
Council of Europe Development Bank	3	52,311,111
Asian Development Bank	2	13,485,189
Nordic Environment Finance Corporation	1	193,520
Total	34	186,992,247



Table N14: Distribution of net contract value of DEP tenders according to contracting authorities in 2023

Contracting authorities	Number of DEP tenders	Value of contracts
Municipal Development Fund Of Georgia	22	158,897,386.00
Ministry of Education and science of Georgia	3	338,172.00
LEPL ENTERPRISE GEORGIA	3	1,262,364.00
Open Net	2	13,332,280.00
Ministry of Environment and Agriculture of Georgia	1	320,800.00
National Agency of Public Registry	1	1,497,817.00
JSC "Georgian State Electric System"	1	10,663,639.79
LTD "The Joint Water Supply Company of Georgia"	1	679,788.51
Total	34	186,992,247



2. IMPROVEMENTS TO LEGAL FRAMEWORK

Within 2023, a number of important amendments were made to the regulatory legislation of public procurements in order to improve current legal framework, fulfill international commitments undertaken by the country and fine-tune public procurement procedures.

- **Among implemented reforms, focus should be made on the Law of Georgia on State Procurement (№2549-XI06-X03, 09/02/2023) adopted by the parliament of Georgia on 9 February 2023. State Procurement Agency was the author of the above-mentioned law.**

The Law of Georgia on State Procurement aims at the implementation to the national legislation of the regulations stipulated by Phase II and Phase IV of Approximation to the EU Public Procurement Legislation, as defined by the Association Agreement with the EU.

It is noteworthy that the adopted law creates predictable and flexible environment for the participation of business entities in public procurement procedures on the one hand, while, on the other hand, it defines efficient mechanisms and tools to ensure cost-effective and transparent disbursement of resources allocated for public procurements in accordance with the requirements of the law. The reform focuses on upgrading and modernizing public procurement system in accordance with the requirements of the EU public procurement legislation, as well as on improving cost-effective and efficient disbursement of budgetary resources, increasing the quantity of business entities participating in public procurements and facilitating formation of competitive environment. The law provides for new regulations for public procurements related to the field of defense and security; moreover, a number of novelties are stipulated in terms of engagement of small and medium businesses. New public procurement procedures and tools are being introduced in compliance with the law that, in turn, will contribute to constructive and result-oriented activities of public and private sectors and will enhance the process of engagement of private sector in public procurements.

Furthermore, the law introduces another significant novelty according to which, the criteria for revealing the best tenders defined in the terms of procurement by the contracting authority, may be based on low price, best price-quality ratio or economic efficiency, such as life-cycle cost. Moreover, criteria for revealing the best tender shall ensure identifying the most economically advantageous tender. The issues related to the Black List are regulated in an updated manner. Grounds for registration in the Black List, as well as the term for registration in the Black List will be amended and will amount to three, two or one year, considering the gravity of committed offence. In addition, another novelty is related to the introduction of so-called self-cleaning mechanism – the possibility of removal of the economic operator from the Black List prematurely. Moreover, the new law regulates the issues related to sub-contractors and in the cases defined by the law, it shall be mandatory to provide contracting authorities with the information about sub-contractor(s).

In addition to above-mentioned, the law aims at facilitating sustainable development while carrying out public procurements taking into consideration environmental, social and economic aspects.



The law also provides for a significant novelty related to centralized procurement. In particular, from 1 January 2027, on the basis of the ordinance of the government of Georgia, an independent Legal Entity under Public Law – Central Purchasing Body will be set up and the government of Georgia will exercise state control of it. Furthermore, according to the law, under the decision of the government of Georgia, other contracting authority may be entitled to perform centralized purchasing activities in a specific segment. In addition, it is noteworthy that from 1 January 2029, certification of public procurement specialists will be mandatory that will facilitate further capacity building in this field.

As a result of implemented reform, national legislation approximated respective EU directives and regulations in the field of public procurement even more, which, in turn, ensures fulfillment of the commitments undertaken by the Association Agreement and respectively, legislative and institutional approximation with the EU.

- **On 23 March 2023, Georgian parliament adopted the Law of Georgia on Making Amendments to the Law of Georgia on Public Procurement drafted by the State Procurement Agency.**

As a result of the amendments to the law, monetary thresholds established by the law for simplified procurements have increased, so contracting authorities were entitled to procure homogenous goods or services below 10,000 GEL through simplified procurement; whereas in the event of procuring works – they will be able to procure homogenous works worth of 20, 000 GEL.

The aim of the above amendments is to improve the flexibility of contracting authorities when carrying out public procurements by way of increasing monetary thresholds established by the law for simplified procurements; moreover, the amendments also aim at uninterrupted exercise of the authority determined by the law for contracting authorities, as well as at increasing the efficiency of their activities, saving human resources and time and reducing the quantity of so-called “failed” low-value tenders.

Due to the above-mentioned amendment made to the Law of Georgia on Public Procurement, need arose to bring other normative acts regulating procurements into line with the law that was ensured by the State Procurement Agency. In particular, Orders №40, №41 and №42 of the Chairperson of the State Procurement Agency of 13 April 2023 on Making Amendments to the Order №13 of the Chairperson of the State Procurement Agency of 17 August 2015 on ‘Determining the Criteria for Simplified Procurement and Approval of the Procedures for Conducting Simplified Procurement’, the Order №2 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’, also the Order №27 of the Chairperson of the State Procurement Agency of 25 December 2015 on ‘Approval of the Methodology for Detection of Artificial Division of Public Procurement’ were drafted and issued in compliance with established norms.

In addition to the above-mentioned, within 2023 the State Procurement Agency drafted and issued in compliance with established norms a number of significant legislative acts, in particular:

- Under the Order №51 of the Chairperson of the State Procurement Agency of 19 December 2023, amendment was made to Order №3 of the Chairperson of the State Procurement Agency of 21 August 2019 on ‘Approval of the Procedures and Terms for Applying Monetary Thresholds



Established by the EU Directives in the field of Public Procurement'. As a result of implemented amendment, monetary thresholds established by the EU Directives, updated by the Regulation №2023/2495 of the European Commission of 15 November 2023 were reflected in the legislation regulating public procurement.

- Under Orders №45, №46 and №47 of the Chairperson of the State Procurement Agency of 21 August 2023, amendments were made to the Order №12 of the Chairperson of the State Procurement Agency of 14 June 2017 on 'Approval of the Procedures for Conduction of Electronic Tenders', the Order №7 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 the Order №2 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'. Implemented amendments established that the proof of absence of tax liabilities will be one of the grounds for the registration in the White List instead of the absence of tax liabilities before the state budget. Furthermore, according to the amendments, contracting authorities shall be entitled to request from the suppliers registered in the White List only those document(s) containing the registration/legal data from the provision of which the supplier is not released under Order №2 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'.
- Under Orders №49 and №50 of the Chairperson of the State Procurement Agency of 29 November 2023, amendments were made to the Order №12 of the Chairperson of the State Procurement Agency of 14 June 2017 on 'Approval of the Procedures for Conduction of Electronic Tenders' as well as to the Order №11 of the Chairperson of the State Procurement Agency of 28 July 2016 on 'Approval of the Procedure for Conduction of Two-Stage Electronic Tenders'. According to the amendments, tender commission shall be obliged to address the bidder with the request to specify technical documentation if, in accordance with the requirement(s) of tender documentation, submitted information regarding specific trademarks, patents, models, source of origin or manufacturer of the procurement object is insufficient or inaccurate, however, by aggregation of the document(s)/information submitted by the bidder in the form of a tender proposal, it is possible to identify trademarks, patents, models, source of origin or manufacturer of the procurement object based on their assessment, analysis and comparison.
- In accordance with the Law of Georgia on 'Symbols of State Significance' and the 'Procedure for Displaying the Emblem of Some Public Institutions of the Executive Power' determined by Ordinance №572 of the Government of Georgia of 14 December 2022, symbols of state significance of the State Procurement Agency, in particular, a sample form of official correspondence/letter as well as a sample form of administrative-legal act, were approved under Order the №43 of the Chairperson of the State Procurement Agency of 31 May 2023, in consent with the State Council of Heraldry.



- With the purpose to contribute to the implementation of infrastructural projects as well as to ensure efficient performance of the events stipulated by the Ordinance №211 of the Government of Georgia of 30 January 2023, the Ordinance №734 of the Government of Georgia of 20 April 2023, and the Ordinance №1921 of the Government of Georgia of 27 October 2023, the Order №44 of the Chairperson of the State Procurement Agency of 18 July 2023 and the Order №48 of the Chairperson of the State Procurement Agency of 2 November 2023 on 'Making Amendments to the Order №12 of the Chairperson of the State Procurement Agency of 14 June 2017 on 'Approval of the Procedures for Conduction of Electronic Tenders' were issued. Implemented amendments determined that electronic tenders for specific CPV codes provided for in Annex №2 to the Order may be conducted on the basis of pricelist also in the event when public procurement is being conducted in compliance with the above-mentioned ordinance.

In addition to the abovementioned, it should be underlined that within 2023 the State Procurement Agency was carrying out intensive works in order to elaborate subordinate normative acts provided for in the new Law of Georgia on State Procurement that should be adopted by 1 January 2025 taking into consideration respective EU legal acts in order to ensure smooth integration of new opportunities, procedures, tools or innovative approaches as determined by the law.



3. CENTRALIZED PROCUREMENT

Within 2023, with a view to ensuring efficient disbursement of budgetary resources, the State Procurement Agency, within the powers granted by respective legislative acts of the government of Georgia, revealed winners for the procurement of miscellaneous goods and services in 348 tenders through centralized procurements (so-called consolidated tenders) (See Table N15).



Table N15: Number of consolidated tenders announced in 2023 according to procurement objects

N	Procurement Object	Number of announced tenders (Winners Identified)
1	Pharmaceutical products	134
2	Various types of road transport services	57
3	Tires for heavy/light-duty vehicles of different sizes	43
4	Various types of food products	37
5	Motor vehicles and their scheduled ownership services	18
6	Vehicle insurance services	11
7	Oil products (fuels)	6
8	Book printing and delivery services (approved textbooks)	4
9	Spec. Equipment - garbage trucks	4
10	Disposable medical gloves	4
11	Medical consumables	4
12	A4 format printing paper	4
13	Television airtime (wGRP)	3
14	M3 categories of buses	2
15	Conference chair	1
16	Office chair (roller)	1
17	School desks and chairs	1
18	Mobile Netwirj service	1
19	Video surveillance camera maintenance services	1
20	Procurement of perimeter advertising LED panels for football fields	1
21	Purchase of lighting devices (lights) for football fields (with accompanying services)	1
22	Accumulators of vehicles	1
23	Motor oil and oil filters for vehicles	1
24	Non-sterile gauze and shoe covers	1
25	Face masks	1
26	State procurement of voter verification device (with loaded software and accessories/goods), electronic vote counting device (with loaded software and accessories/goods), as well as licenses and consulting services.	1
27	Standard portable computers – standard notebooks intended for first graders and their head teachers	1
28	Printers and cartridges	1
29	Uninterrupted power suppliers (UPS)	1
30	Personal Computers	1
31	Laptops	1
Total		348



In order to carry out consolidated tenders, necessary legislative and organizational measures determined by the law were implemented. Draft decrees of the government of Georgia on carrying out consolidated tenders as well as templates of contracts to be concluded within each consolidated tender were drawn up and uploaded on the official web page of the State Procurement Agency.

Net initial estimated value of procurements carried out through consolidated tenders amounted to over 1,114,000,000 GEL in 2023 (it should be noted that the value also includes multiyear public procurements within which payment is commenced in 2023), of which final value recorded in e-tendering outnumbered 1,097,000,000 GEL; respectively, savings through e-tendering accounted for over 17 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 respective department of the Agency; due to this, saving through e-tendering is reduced¹¹ (See Table N16).

¹¹ 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 on “open market” as well in order to assess centralized procurement reform objectively.



N16: Consolidated tenders announced in 2023 according to procurement objects, quantities, net initial values and savings¹²

N	Procurement Object	Number of announced eTenders (winner identified)	Number of announced in quantity	Initial total value (GEL)	Total value obtained from trading in an eTender (GEL)	Total savings obtained from trading in an eTender (GEL)	Estimated savings (in relation to the average market price)(GEL)
1	Vehicle insurance services	11	Numbered on the balance sheet of 418 contracting authorities - 13,367 for vehicles	20,508,406.28	17,436,879.00	3,071,527.28	8,780,970.00
2	Television airtime (wGRP)	3	The mentioned consolidated tender does not reveal the estimated amount, however, the television airtime (WGRP) purchased by the contractin authorities during 2023 totaled - 109,657.40 wGRP, with a total value of - 7,211,850.56 ₾		-	-	24,118,835.15
3	Conference chair	1	18 325 Unit	1,282,750.00	1,035,362.50	247,387.50	613,888.00
4	Office chair (roller)	1	10 534 Unit	2,949,520.00	2,680,903.00	268,617.00	497,297.00
5	School desks and chairs	1	Set of school desk and chair- 70 000	11,200,000.00	10,710,000.00	490,000.00	3,290,000.00
6	Cellular communication	1	The reference number is 260,000 subscribers		-	-	-
7	Video surveillance camera maintenance services	1	Maintenance services for 1 605 units of vehicle license plate recognition camera sets and 2 542 units of general view video surveillance camera sets	5,350,140.00	4,321,526.40	1,028,613.60	-

¹² 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.



8	Various types of food products	37	98 types of products	28,073,835.24	27,017,920.79	1,055,914.45	13,565,726.86
9	Book printing and delivery services (approved textbooks)	4	6 056 781 Manual	21,825,132.65	21,814,995.02	10,137.63	40,794,078.91
10	Procurement of perimeter advertising LED panels for football fields	1	786 meters of LED panels for 3 fields	2,479,830.00	2,478,776.76	1,053.24	
11	Purchase of lighting devices (lights) for football fields (with accompanying services)	1	360 LED lights for 6 fields	2,725,000.00	1,896,000.00	829,000.00	
12	Accumulators of vehicles	1	11 677 Unit	2,380,717.00	2,369,998.00	10,719.00	1,345,000.00
13	Motor oil and oil filters for vehicles	1	434,816 liters of oil and 60,000 pieces of filters	5,600,345.63	5,600,345.63	-	2,225,000.00
14	Tires for heavy/light-duty vehicles of different sizes	43	68 283 Unit	20,971,737.00	19,047,684.91	1,924,052.09	7,715,000.00
15	Motor vehicles and their scheduled ownership services	18	1754 Unit	128,816,887.00	127,433,911.00	1,382,976.00	
16	M3 category buses and their scheduled ownership services	2	314 Unit	317,514,090.00	317,222,680.00	291,410.00	
17	Spec. Equipment - garbage trucks	4	82 Unit	35,816,200.00	35,810,332.00	5,868.00	
18	Pharmaceutical products	134	24,721,938 pieces of medicine of 733 different names, dosages and forms	19,001,344.11	17,057,612.31	1,943,731.81	30,992,465.30
19	Non-sterile gauze and shoe covers	1	1,021,595 pairs of shoe cover and 140,233 pieces of gauze	355,086.71	349,417.80	5,668.91	442,550.06
20	Disposable medical gloves	4	14,395,411 pairs of medical gloves	2,041,300.25	1,999,350.93	41,949.32	8,918,831.75
21	Medical consumables	4	23,486,519 pieces of medical consumables of 80 different names	2,897,631.68	2,430,732.81	466,898.88	4,513,978.21
22	Face masks	1	5,710,250 Unit	256,961.25	216,989.50	39,971.75	886,992.17
23	State procurement of voter verification device (with loaded software and accessories/goods), electronic vote counting device (with loaded software and accessories/goods), as well as licenses and consulting services.	1	6,453 voter verification device (with loaded software and accessories/goods), 3,601 electronic vote counting device (with loaded software and accessories/goods), as well as licenses and consulting services.	54,653,496.00	54,214,002.02	439,493.98	
24	Oil products (fuels)	6	84,500,000 liters	267,180,000.00	267,180,000.00	-	45,932,956.36
25	A4 format printing paper	4	1,040,000 package	12,180,000.00	11,114,000.00	1,066,000.00	3,696,114.81
26	Various types of road transport services (pupil transportation)	57	Transportation of schoolchildren in 57 municipalities	42,630,011.50	41,421,112.38	1,208,899.12	
27	A standard portable/carry-on computer for first-graders and their tutors - a standard netbook	1	58,000 Unit	52,200,000.00	51,881,000.00	319,000.00	15,573,000.00
28	Printers and cartridges	1	9,000 units of the printer and cartridges (for 238,803,000 pages of cartridges for it)	16,614,090.00	16,614,090.00	-	17,163,180.00
29	Uninterrupted power suppliers (UPS)	1	16,000 Unit	1,360,000.00	1,286,400.00	73,600.00	521,600.00
30	Personal Computers	1	16,000 Unit	27,200,000.00	27,008,000.00	192,000.00	8,112,000.00
31	Laptops	1	5,000 Unit	8,500,000.00	7,725,000.00	775,000.00	2,320,000.00
Total		348		1,114,564,512	1,097,375,023	17,189,490	242,019,465



Total savings made through consolidated tenders in 2023 in relation to retail and wholesale prices of respective objects of procurement outnumbered 242 million GEL. It should be considered that the above-mentioned sum does not include all types of savings for different objects of procurements.

Within 2023, contracting authorities submitted over 5,000 requests for the permission to procure fuels and printing paper in a specialized module for the permission of procurement of fuels and printing paper incorporated within ctd.spa.ge that is an electronic system for the management of consolidated tenders; the SPA addressed the requests in a timely manner and each request was assigned respective status taking into consideration elaborated regulations and directives.

The State Procurement Agency is intensively proceeding with analytical and research activities in order to identify other additional objects of procurement whose centralized procurement would be justified considering the principle of efficient disbursement of budgetary resources or other circumstances.



4. SIMPLIFIED PROCUREMENT

As compared to 2022, the number of applications submitted to the SMP module of the Unified Electronic System of Public Procurement that is a specialized module for the permission of simplified procurements, reduced reasonably estimating 3,589 in 2023 (compared to 4,178 in 2022); of them, in 3,163 cases approval was granted, 36 applications were published and 7 were cancelled, whereas the number of withdrawn, rejected or unconsidered applications amounted to 383. Diagrams N17 and N18 below show statistics according to the grounds and statuses of simplified procurements.

It is noteworthy that along with the reduction of the number of submitted applications, the volume of contracts executed with the ground of simplified procurement reduced sharply as well within 2023 from 17.6% in 2022 to 10.5% in 2023.

Diagram N17: Distribution of applications filed with SMP module of the System according to their grounds in 2023

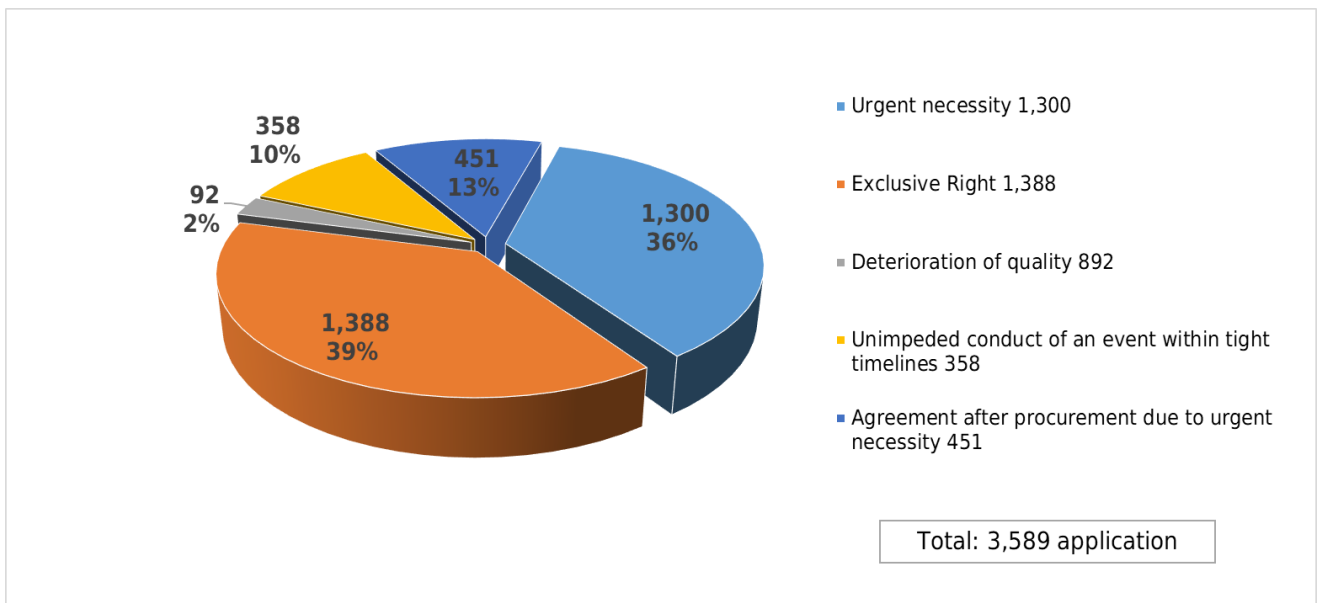
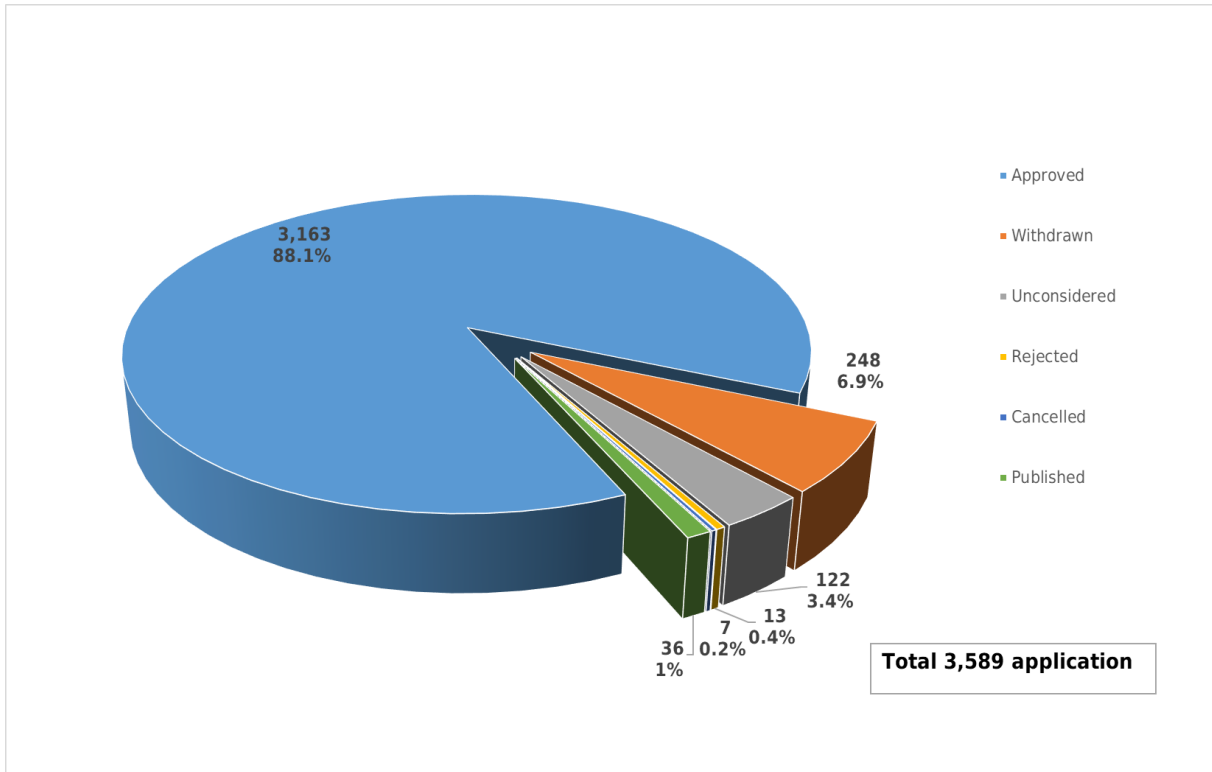




Diagram N18: Distribution of applications filed with SMP module of the System according to their statuses in 2023



The above diagram demonstrates that 88.1% of the applications were accepted, 6.9% of applications were withdrawn, whereas in 3.4% of cases the applications were unconsidered.

Statistics of applications filed by contracting authorities to the Agency and decisions made by the Agency in 2023 are given in Table N17.

Table N17: Detailed statistics of applications filed with SMP module of the System in 2023

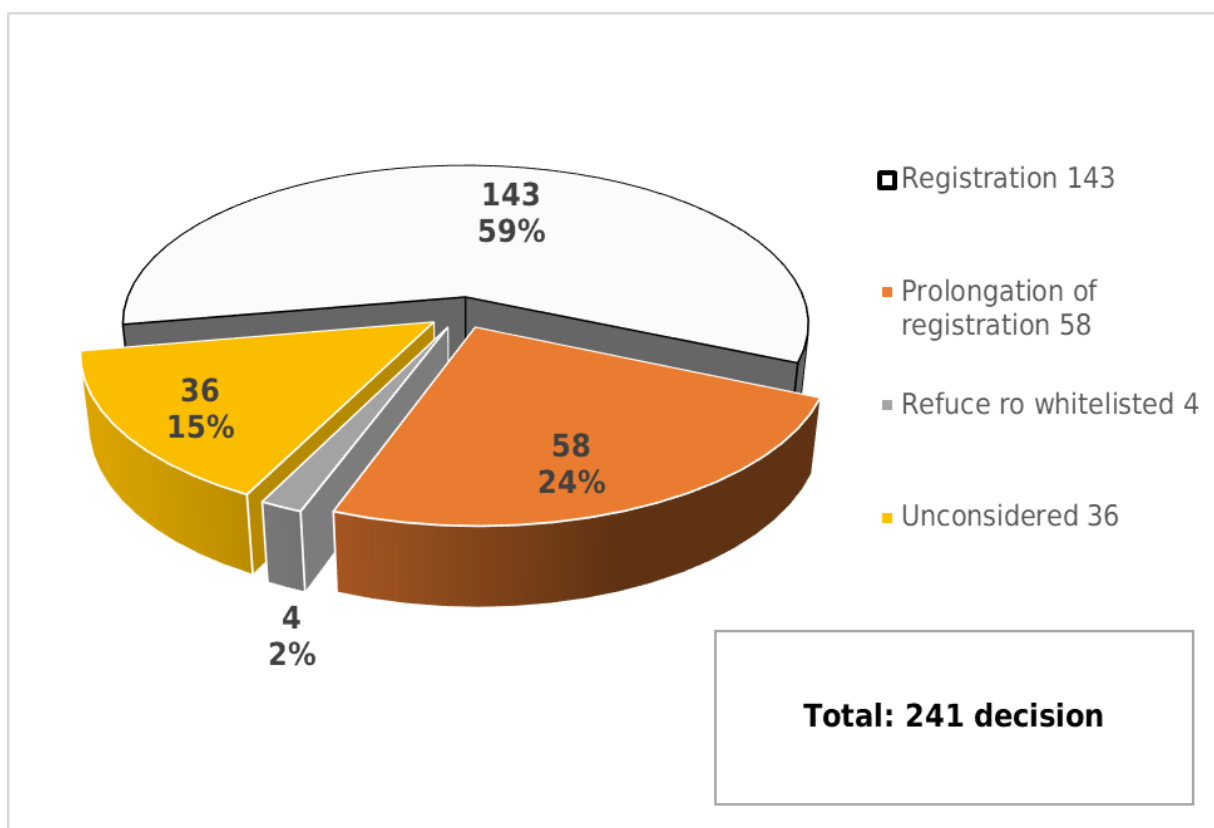
Grounds of Procurement	Approved	Withdrawn	Unconsidered	Rejected	Cancelled	Published	Total
Urgent necessity	1,077	138	51	6	1	27	1,300
Exclusive Right	1,260	80	40	6	2	-	1,388
Unimpeded conduct of an event within tight timelines	338	10	6	-	4	-	358
Deterioration of quality	71	10	11	-	-	-	92
Agreement after procurement due to urgent necessity	417	10	14	1	-	9	451
Total	3,163	248	122	13	7	36	3,589



5. MAINTENANCE OF THE WHITE LIST

In 2023, 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 241 (206 in 2022). Of them, 143 suppliers were registered in the White List (116 in 2022), 58 suppliers were extended the registration (56 in 2022), 4 economic operators were refused to be whitelisted (9 in 2022), whereas 36 cases were unconsidered (25 in 2022) (See Diagram N19). As compared to the previous year, 35 more decisions were made with regard to whitelisting in 2023 (206 decisions in 2022).

Diagram N18: Distribution of decisions made in 2023 with regard to registration in the White List, according to their statuses

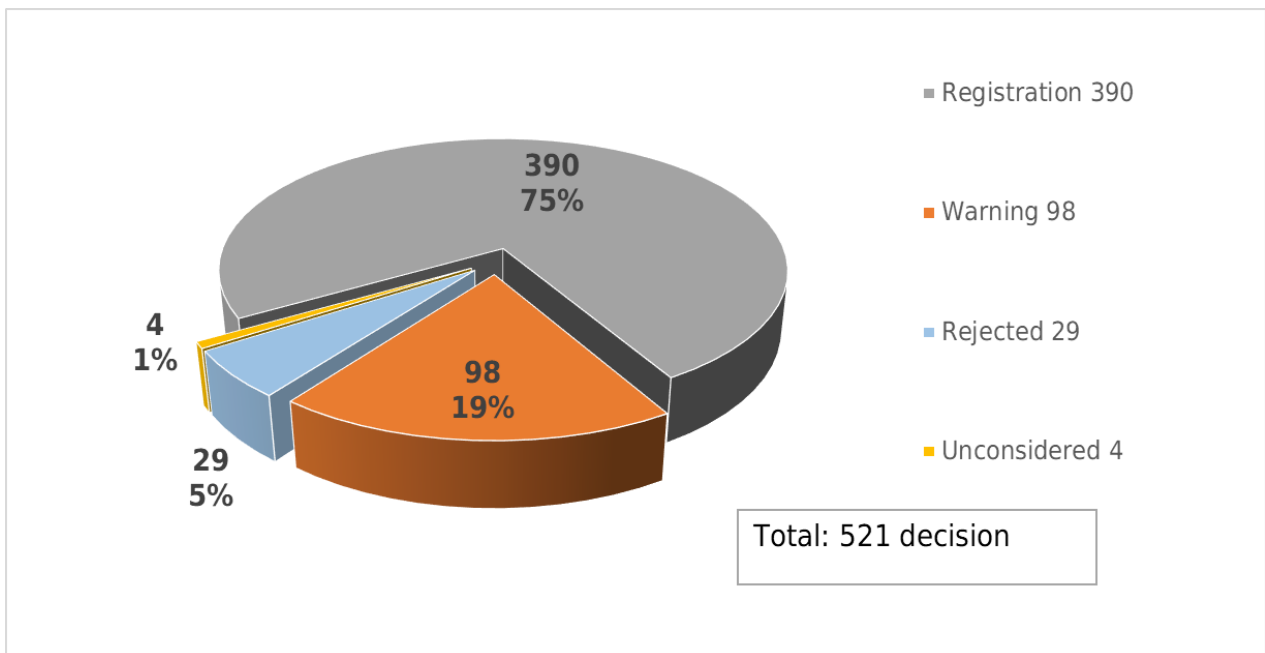




6. MAINTENANCE OF THE BLACK LIST

Within 2023, in compliance with current legislation, the State Procurement Agency took 521 decisions with regard to the register of dishonest suppliers - the so-called Black List (in 2022 the above-mentioned figure amounted to 719). Of them, in 390 cases suppliers were registered in the Black List by the Agency, 98 suppliers were given the warning, 29 applications were rejected, and 4 applications were unconsidered (See Diagram N20).

Diagram N20: Distribution of decisions made in 2023 with regard to registration in the Black List, according to their statuses





7. ADMINISTRATIVE INFRINGEMENTS AND COURT LITIGATIONS

In 2023, having examined 62 official notes drawn up with regard to the facts of administrative offences, the SPA carried out classification of activities referred to in the official notes in compliance with 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, 62 reports on administrative offences were drawn up and submitted to court against 181 persons. In the course of legal proceedings, the court established with regard to all the reports that the offence had taken place and warnings/notices were administered against the offenders.

385 court proceedings were held with the engagement of the SPA. The Agency prepared 29 private complaints regarding administrative cases, of which 4 private complaints were satisfied, 15 complaints were not satisfied, whereas 10 complaints are under consideration at the moment. In 2023, 89 ordinances were appealed in court with regard to the Black List (within 2022 the SPA issued the total of 390 ordinances regarding the Black List) that are under consideration at the moment. In addition, 3 ordinances were appealed with regard to the registration in the White List. It should be noted that in 2023 the court applied provisional measure with regard to the White List for which the State Procurement Agency submitted private complaints.

Furthermore, in 2023, 3 consolidated tenders were appealed out of which 1 consolidated case was suspended on the basis of petition, whereas other 2 cases are under consideration. Within 2023, Court of First Instance partially satisfied 1 case that was challenged by means of appeal on the basis of which the Court of Appeals partially satisfied the appeal of the State Procurement Agency; in turn, the latter was also appealed by means of cassation procedure and is under consideration at the moment.

The State Procurement Agency launched administrative proceedings with respect of the reimbursement of 1% tender assurance guarantee, of which in 8 cases the Agency was reimbursed 1% tender assurance guarantee by the bidders.

Following the jurisdiction, the Agency filed 3 administrative appeals with the request of the reimbursement of 1% tender assurance guarantee that are under consideration.

The SPA represented a party with regard to two civil claims; statements of defense were submitted with regard to the claims and they are under consideration at this stage.



8. MONITORING OF PUBLIC PROCUREMENT PROCEDURES

Similarly to previous years, based on the automated system of messaging that is the service integrated in the *eProcurement* System, the State Procurement Agency, within the scope of the powers granted to it by the law, carried out the monitoring of e-tenders with statuses of “contract awarded”, “terminated”, “failed”, “no bids received” and “not awarded” filtered according to various risk factors and criteria.

Moreover, immediately upon recording the exclusion in the System, adequacy of exclusion of bidders in the tender was monitored; 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 given tenders were reflected in the minutes of termination of tenders in a corresponding manner.

The State Procurement Agency carried out the monitoring of thousands of contracts uploaded in the CMR module of the *eProcurement* System, as well as the monitoring of announced contests. See detailed data in Table N18 below:

Table N18: Statistical data of the monitoring of public procurement procedures in 2023

N		Quantity
1	How many tenders were monitored with the status "Contract Awarded"	15,249
2	How many tenders were processed with the status "Tender cancelled", "No bids received", "No bids received"	1,060
3	How many bids were monitored in the system to determine compliance with bidder disqualification	6,430
4	How many contests were monitored	40
5	How many brief were prepared in terms of administration	62
6	How many letters were sent about the detected violations	1,845
7	How many contracts concluded through simplified procurement were monitored	36,911
8	How many briefs have been prepared in relation to changes in the status of tenders and disqualification of bidders in tenders, as well as changes in the final status assigned to contracts (both through tender and simplified procurement).	857

1,845 letters were submitted to contracting authorities with regard to revealed infringements. In respect of the public procurements carried out by 62 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 procedures prescribed by the legislation, whereas in other cases the SPA limited itself to written recommendations.

9. DIDACTIC ACTIVITIES

Since 2014 the SPA Training Center has been successfully carrying out the trainings of numerous trainees or beneficiaries. Starting from this time, representatives of thousands of contracting authorities were rendered trainings that allow the trainees to be consistently updated about the amendments made to legislative regulations, to learn the best European and world practices, and receive detailed overview of the novelties to the electronic services. The trainees of the SPA Training Center have the opportunity to further expand their knowledge with regard to the stages, means, methodologies, procedures, tools, time limits, and monetary thresholds of procurements, as well as regarding many other aspects. The trainings further stipulate identification of some common issues related to procurements within organizations and their generalization, as well as identification of the causes of these issues, planning respective activities, etc.

In 2023, the SPA Training Center delivered 13 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 from City Halls and City Assemblies of 71 municipalities and self-governing cities, as well as of the representatives of the Prosecutor's Office of Georgia and business organizations. The number of trainees trained within 2023 amounted to 364, whereas total number of trainees in 2014-2023 accounted for 7,019.



In 2023 trainings were rendered in several different programs within the SPA Training Center:

- “Basic Course of Public Procurements”;

- **New Law of Georgia on State Procurement;**
- **Training course on selected topics regarding public procurements;**
- **Training course “How to Participate in Public Procurements and Become Successful”;**
- **“Methodological Instructions and Recommendations for Contracting Authorities Regarding Energy-efficient Public Procurements”.**

Moreover, along with the above-mentioned basic courses, 2 additional specialized trainings were delivered with a different program: with the assistance of USAID Economic Governance Program and USAID Local Governance Program, as well as in cooperation with Association Anika and MACgeorgia, 13 disabled persons were delivered trainings on selected topics regarding public procurements; respective certificates were awarded to the participants of the course.





Furthermore, a week-long training was held in April on the topic “How to Participate in Public Procurements and Become Successful”. The program was carried out in cooperation with USAID Economic Governance Program and business association Women for Tomorrow; certificates were awarded to 17 entrepreneur ladies – that is, 17 representatives of Georgian business and leaders of selected businesses.





Moreover, the State Procurement Agency hosted several missions of German Energy Agency in 2023. The purpose of the visits was introduction to Georgia of guiding principles of energy efficient public procurements and best European practices as well as sharing the experience of Germany and other leading European countries.

Within the frames of the project, methodical instructions and guidelines were drawn up for contracting authorities on energy efficient public procurements. It should be noted that the above-mentioned project is being implemented within the frames of the program of the Forest Sector Reform (ECO Georgia) of German Corporation for International Cooperation (GIZ).

Last year as well as within the current year, the Training Center was cooperating intensively with both foreign and local partner organizations that made significant contribution to the organization of joint trainings and seminars as donors and partners.

Following were the partners of the Training Center in 2023:

- USAID programs - EGP, LGP, NGP, ESP, RCP, EDGE;
- US Govt. Department of Commerce CLDP;
- UN GCNG - UN Global Compact Network Georgia;
- Program of the Forest Sector Reform (ECO Georgia) of German Corporation for International Cooperation (GIZ);
- Government of Sweden.



10. BUSINESS COMMUNICATION WITH THE CUSTOMERS

Within 2023, the document flow (number of incoming and outgoing letters) of the SPA amounted to 11,378 (in 2022 this figure made 10,702). Furthermore, 4,336 e-mail letters were received and addressed at the SPA official e-mail (info@procurement.gov.ge) (in 2022 this figure accounted for 4,143 letters).

Short Messaging Service (SMS) and system notices integrated into the *eProcurement* System, as well as the services of web portal – procurement.gov.ge/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. Approximately 59 million system notices and 234,563 SMSs were circulated only in 2023.

14,540 calls were received and answered in the SPA (in the majority of cases the staff of the citizen hotline service provide respective answers for both the provisions determined by the legislation as well as substantive issues and issues relating to the use of electronic system, monitoring, consolidated tender, etc.).

Content of Call	Quantity	%
Technical Parameter/Questions Regarding System functional	6,658	45.8
Issues related to banking services	1,160	8.0
Questions regarding regulations	3,917	26.9
Questions regarding Review Body/Appeal System	491	3.4
Consolidated tenders	2,148	14.8
Questions regarding urgent necessity procurement	131	0.9
other	35	0.2
Total	14,540	100

It should be noted that in 2023 the SPA, within the established timeframes, addressed 22 applications submitted to the Agency with the request to provide public information.



11. INTERNATIONAL RELATIONS

Within 2023 the SPA was periodically drawing up **quarterly and annual plans and reports on fulfillment of international commitments**, inter alia, within the frames of the Association Agreement and Deep and Comprehensive Free Trade Area (AA-DCFTA), cooperation with various UN Agencies, OECD specialized bodies, WTO, WB and Public Financial Reform Management (PFM); in addition, active **cooperation** was underway **with international and donor organizations** – within the programs funded by USAID, also with the experts/projects of GIZ, World Bank, Asian Development Bank and OECD/SIGMA, as well as within the frames of OECD “SME Policy Index“ that stipulates assessment of current policy frameworks and progress in the country in the light of SME policy of Georgia. With a view of efficient implementation of respective reforms in the country, Deputy Chairperson of the SPA and the head of the service were intensively engaged in the activities of various interagency coordinating councils or committees set up by the government.

Throughout the whole year, intensive **negotiations and cooperation** were underway with the **European Commission**, largely, with 4 Directorates-General of the European Commission (DG GROW, DG TRADE, DG NEAR, DG DEFIS); several working meetings were held, among them particular stress should be made on regular annual meeting of the Association Committee on Trade Issues between Georgia and the European Union (EU-Georgia ACTC) and preceding negotiations during which the SPA presented the final report of 2023 as well as plans for 2024. By the records of the meeting of the EU-Georgia ACTC, further steps for cooperation were agreed and scheduled.

The State Procurement Agency is proceeding with intensive cooperation with German Corporation for International Cooperation (GIZ). Within the frames of the cooperation, within the project – Enabling the Implementation of Georgia’s Forest Sector Reform -ECO Georgia, national guidelines for energy efficient public procurements (EEPP) are being drawn up. To that end, from 19 to 23 June 2023, a study tour was organized to Germany with a view to getting acquainted with Energy and Green Transition examples as well as receiving information about the processes and procedures that are required for sustainable public procurements. The study tour was organized within the frames of the agreement concluded between GIZ and German Energy Agency (DENA). The representatives of the public sector, in particular, the representatives of the State Procurement Agency, Ministry of Economic and Sustainable Development of Georgia, Ministry of Environmental Protection and Agriculture of Georgia, Environmental Information and Education Center, Georgia's Innovation and Technology Agency and the Ministry of Regional Development and Infrastructure of Georgia participated in the study tour. The participants had the possibility to get acquainted with the examples of sustainable procurement projects.

On 28-29 June 2023, a working meeting was held with the support of OECD/SIGMA with a view of approximation to the Utilities Directive of the EU. The working meeting brought together the representatives of Georgian Competition and Consumer Agency, Dispute Resolution Council, regulatory committees and the State Audit Office of Georgia. Experts invited to the meeting presented to the audience basic provisions of the Utilities Directive of the EU and best practices of EU member states in this light. It is noteworthy that within the frames of the Association Agreement with the EU, step by step approximation to the Utilities Directive of the EU is stipulated by the end of 2024.

On 27-28 September the State Procurement Agency, in close cooperation with the Global Compact Network Georgia and with the support of the government of Sweden, hosted an international conference on the topic “Ambitious Agenda for the Association with the EU: Transformation of Georgian Public Procurement Practices”. The representatives of the government of Georgia, parliament of Georgia, international organizations, international financial institutions and diplomatic corps as well as the colleagues from public procurement regulatory bodies or institutions of foreign countries were invited to the event.



On October 18-19 the State Procurement Agency of Georgia and Asian Development Bank organized the 9th International Conference of the Asia Pacific Public Electronic Procurement Network (APPeN). The conference focused on the development of electronic public procurement practices and services and sharing the experience of leading countries in this direction. Roughly 120 representatives of Asia Pacific countries took part in the conference. The participants of the event discussed development of novelties in public procurements as well as the roles of international financial institutions in the development of electronic public procurement system. The conference brought together the representatives of Georgian parliament and government as well as leading experts of Asian Development Bank, World Bank, European Bank for Reconstruction and Development (EBRD) and other international organizations.



On 18-19 October of the current year, the mission of Korea's Central Government Procurement Agency was paying a visit to Georgia. Bilateral meetings were held with the representative of Korea's Central Government Procurement Agency. The aim of the meetings was further enhancement of bilateral partner relations and sharing experience in the light of development of electronic public procurement system. It should be noted that the cooperation between the State Procurement Agency and Korea's Central Government Procurement Agency was launched in 2017 when a Memorandum of Understanding was concluded between the parties. With the purpose to further the cooperation, during the meeting held on 18 October the parties expressed desire to enhance partner relations that was proved by concluding a new and even more extended memorandum in which the perspectives of future cooperation were set out.





The State Procurement Agency continues establishment of partnership networks with its counterparts from foreign countries that will contribute to sharing the best international practices and further enhancement and development of Georgian public procurement eco-system.

In November 2023, a media seminar was organized for journalists by the partnership of BusinessPartner and USAID Economic Governance Program. The topic of the meeting was a new Law of Georgia on State Procurement. The seminar was attended by over 20 journalists from various media outlets. The participants and experts discussed ongoing reforms in the country in the fields of capital market, E-commerce, public procurement, Water Resources Management and tourism.

On 4-7 December 2023, a training was held by the support of USAID Economic Governance Program that addressed the issues of access to the state procurement markets of the EU member states. An international expert from Croatia shared with the participants the experience of Croatia in this light. The representatives of the State Procurement Agency and large business associations operating in Georgia took part in the training.

Within the frames of the commitments undertaken by the Association Agreement with the EU, the SPA launched the process of approximation with the Utilities Directive of the EU. To that end, within the frames of the Facility for the Implementation of the Association Agreement in Georgia, funded by the EU, an international expert drew up a draft law that aims at legislative approximation with the Utilities Directive of the EU. The first version of the draft law was submitted to OECD/SIGMA experts for further remarks. Starting from 2024, broader discussion of the draft law is planned that will be later submitted to the government of Georgia.



12. COOPERATION WITH INTERNATIONAL PARTNERS

