



STATE PROCUREMENT AGENCY

ANNUAL REPORT 2020

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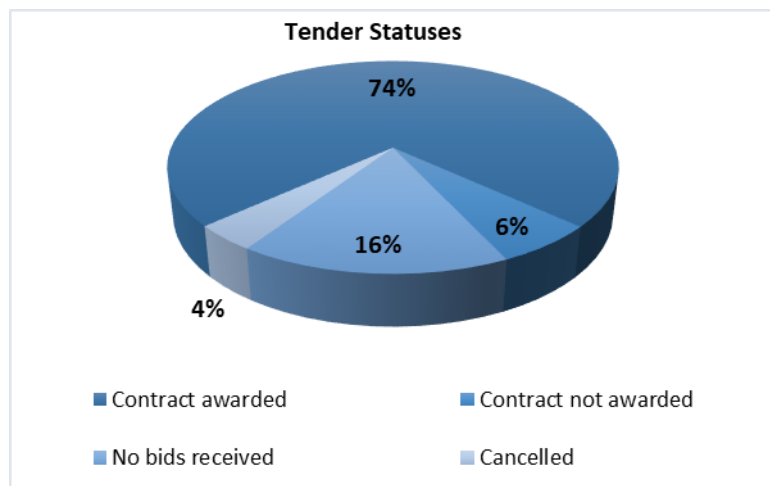
INTRODUCTION

Over the past year 2020, LEPL State Procurement Agency (hereinafter – SPA) had to perform and accomplish particularly complex and responsible tasks requiring both – operating in extraordinary situation, as well as performance of a wide range of assignments and tasks with high professionalism and competence within tight timeframes and with limited resources.

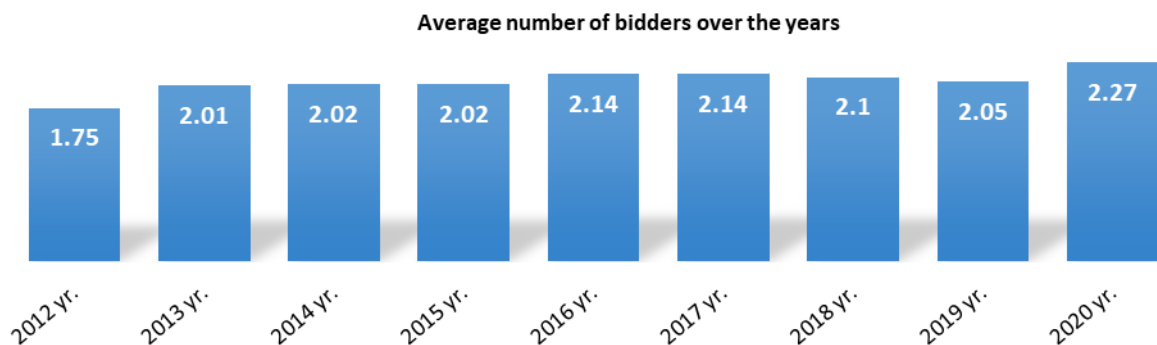
Due to the outbreak of pandemic, over the year 2020 the leading staff of the SPA had to work in completely new and unusual circumstances – having special schedule, overcoming and tackling a multitude of new and unforeseen challenges given a great number of extraordinary assignments set by the government of Georgia taking into account necessity of different mode of coordinated work with the Administration of the Government, Coordination Council and operational headquarters, as well as with the Ministries and other bodies and institutions. These and many other factors conditioned completely different pace and intensity of work of the SPA team.

Current year was intensive in the light of extraordinary and unusual working mode evoked by the pandemic, as well as in terms of resolution of many ongoing and operational tasks; this year stood out for numerous reforms and introduction of new directions.

Regardless the pandemic, positive tendencies were observed in the procurements carried out in the Unified Electronic System of Public Procurement. In particular, the quantity of awarded tenders increased by 3 percentage points – from 71% to 74%; respectively, the quantity of tenders with no bids received, contracts were not awarded and cancelled tenders amounted to only 26%.

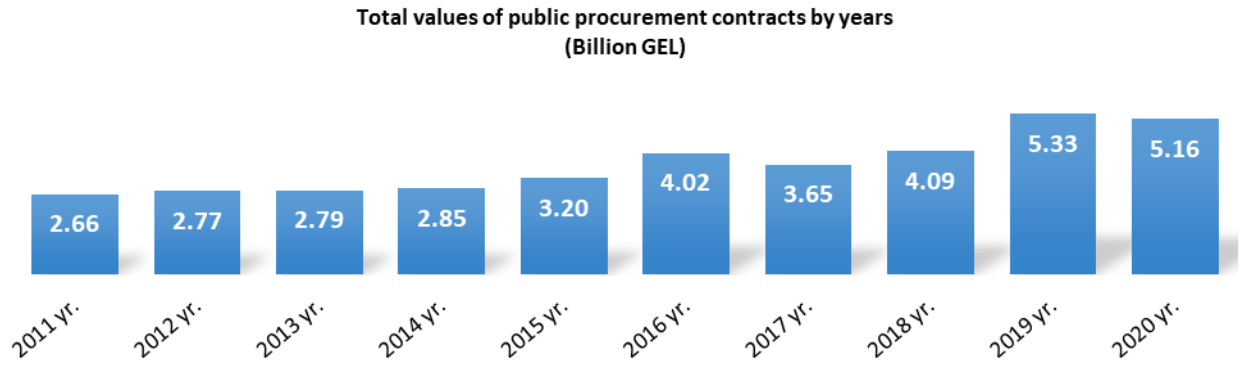


Similar to successful tenders, the index of average number of bidders participating in tenders was increased significantly – from 2.05 to 2.27.





It is noteworthy, that compared to the year 2019, total value of public procurement contracts reduced from 5,332,804,815 to 5,158,143,556. Slight decline in net value of contracts was largely conditioned by the reduction of economic activities in the country caused by the pandemic. The aforementioned amount accounts for 10.4% of GDP of Georgia for 2020.



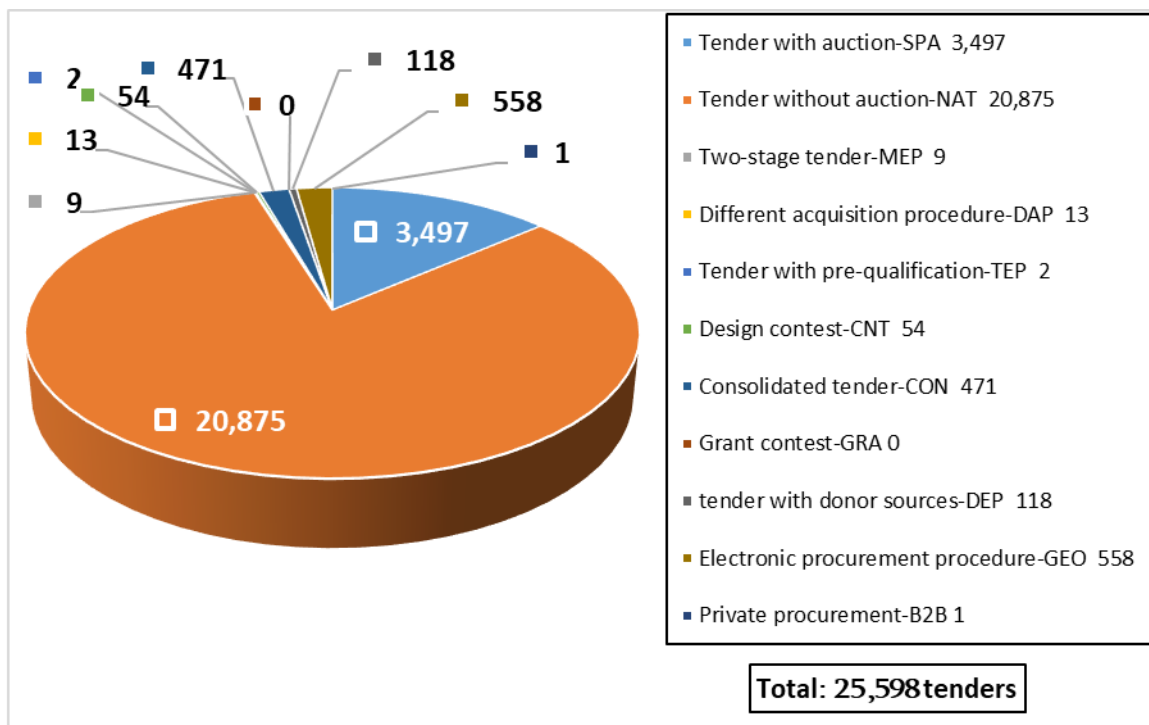


1. KEY DATA INDICATORS OF PUBLIC PROCUREMENT

1.1 QUANTITY AND TYPES OF ANNOUNCED TENDERS

In 2020, in total 25,598 tenders were announced through various electronic procedures¹. As Diagram N1 shows, most frequently contracting authorities were applying NAT and SPA types of open, electronic procedures. For comparison, total of 34,216 different types of electronic procurement procedures were announced in 2019. Respectively, total amount of electronic procurement announced in 2020 reduced by approximately 25% as compared to the previous year. Significant decline in the amount of announced tenders was largely entailed by the reduction of economic activities in the country caused by the pandemic.

Diagram N1: Number of electronic procurement procedures announced in 2020 according to tender types



Diagrams N2 and N3 below clearly show that the number of tenders were reduced in the second quarter the most and this reduced activity continued till the end of the year.

¹ Tenders, contests and other GEO tenders are implied here.



Diagram N2: Distribution of tenders announced in 2020 according to months

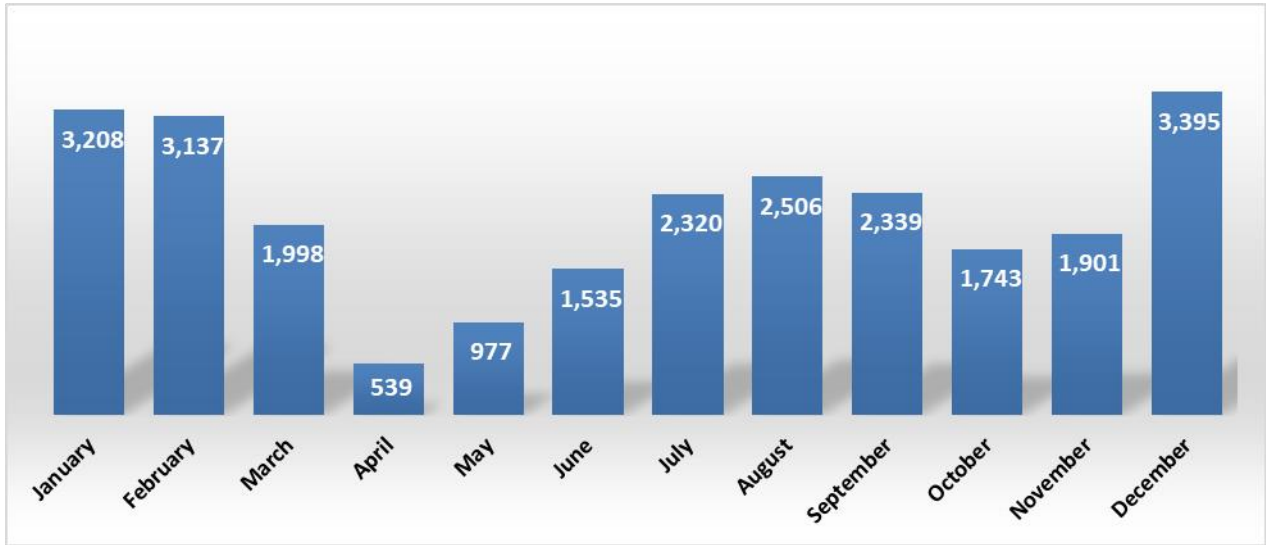
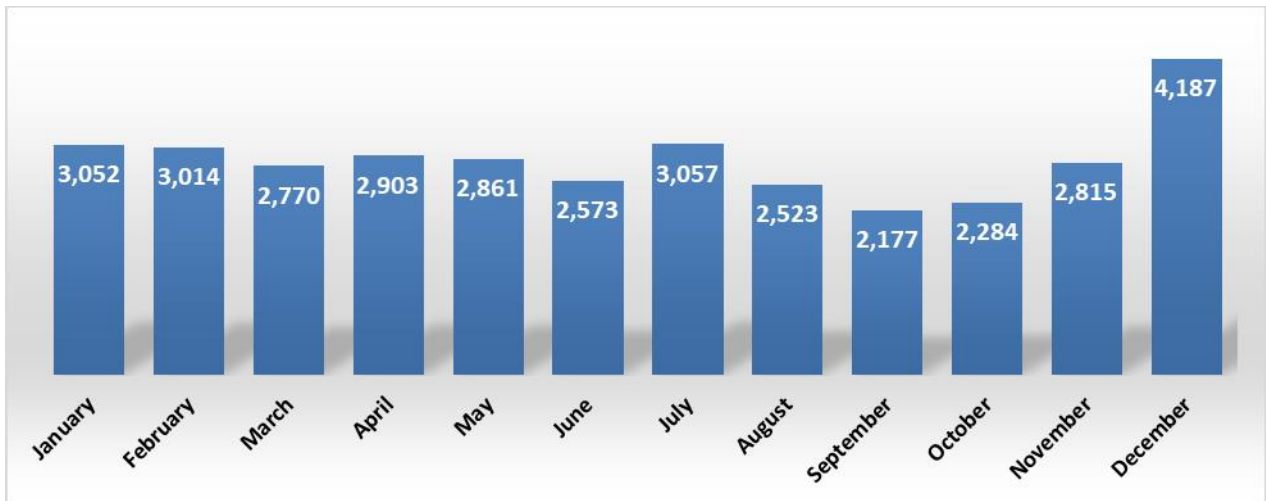


Diagram N3: Distribution of tenders announced in 2019 according to months

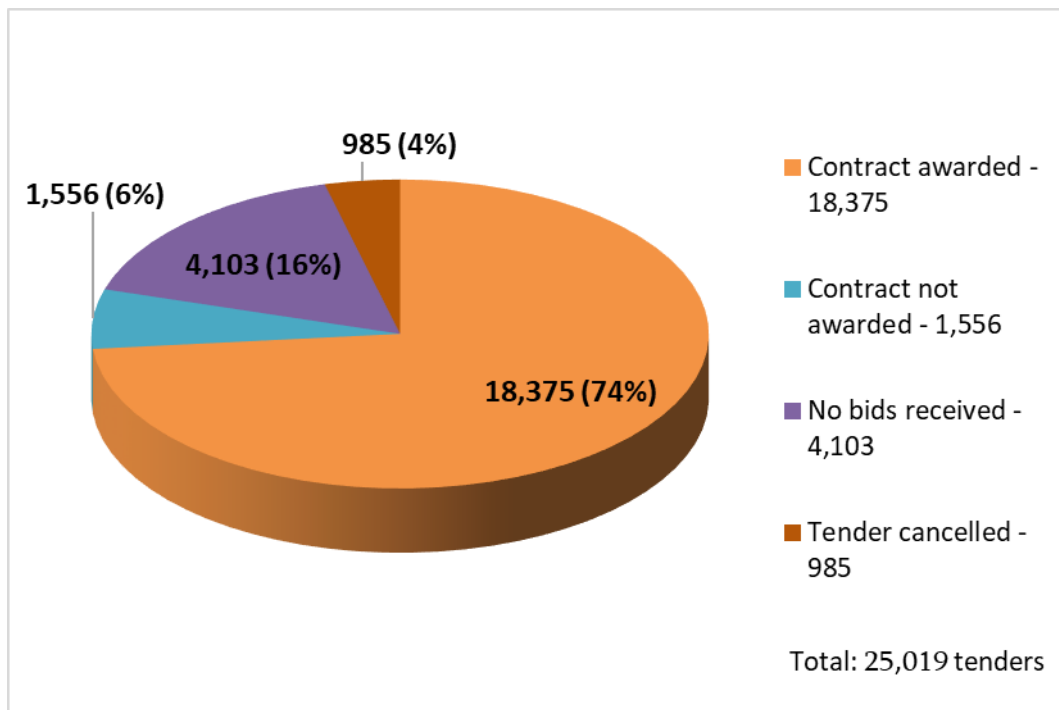




1.2 VALUE OF PUBLIC PROCUREMENT CONTRACTS AND STATUSES OF TENDERS

Similar to the number of announced tenders, we also observe the decline in the number of tenders which were completed and to which final statuses were assigned in 2020. The number of such tenders amounted to 25,019, which is 7,552 tenders less than similar number for 2019. Furthermore, compared to the similar figures for the previous year, the share of successful tenders increased by 3% and totaled 74%; respectively, the share of the tenders with the statuses – “Cancelled”, “Contract Not Awarded” and “No Bids Received” amounted to 26%. Diagrams N4, N5 and Table N1 below give detailed information about the distribution of final statuses of completed tenders, as well as about top 20 contracting authorities, which contributed to the highest proportion of successful tenders.

Diagram N4: Final statuses assigned to tenders in 2020²



² The data do not cover GEO, DEP, CON, GRA and B2B tenders.



Diagram N5: Distribution of contracts awarded in 2020 according to the objects of procurement

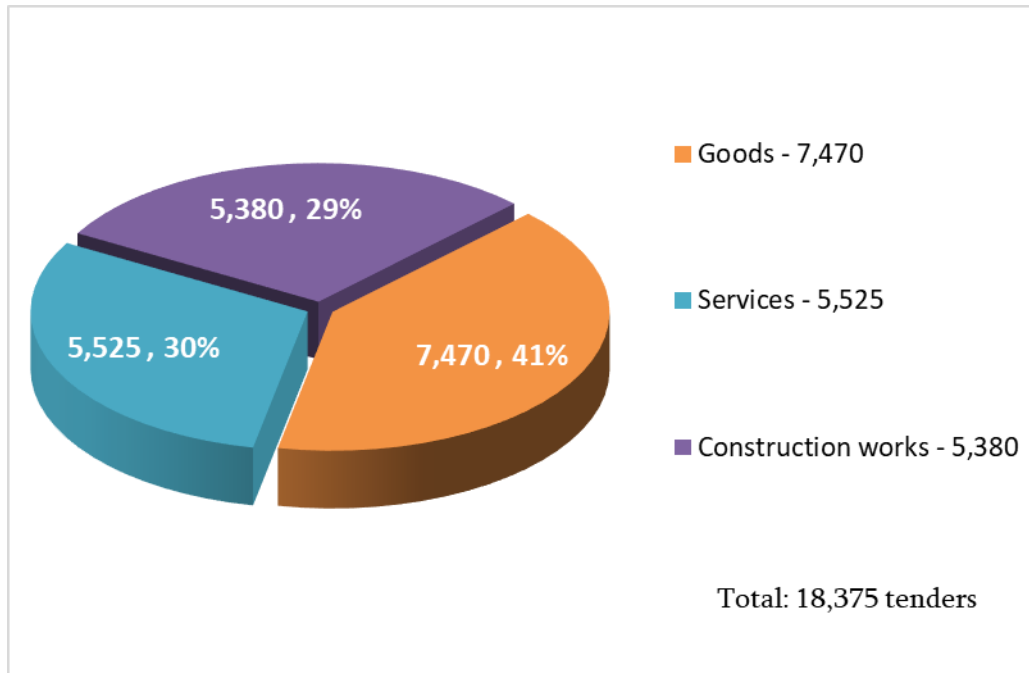


Table N1: Top 20 contracting authorities with the highest proportion of the awarded tenders³

Procuring Organizations	Number of Announced Tenders	Number of Tenders with Contract Awarded Status	Percentage
LTD "Georgia Gas Transportation Company"	81	77	95.1%
Administration of Tbilisi Saburtalo District	59	56	94.9%
Lanchkhuti Municipality	57	52	91.2%
National Bank of Georgia	98	89	90.8%
Georgian Technical University	65	59	90.8%
Georgian Public Broadcaster	74	67	90.5%
Administration of Tbilisi Didube District	91	82	90.1%
Oni Municipality	54	48	88.9%
Ambrolauri Municipality	96	85	88.5%
Chkhorotsku Municipality	52	46	88.5%
Administration of Tbilisi Isani District	146	129	88.4%
Prosecutor's Office of Georgia	73	64	87.7%
Chokhatauri Municipality	101	88	87.1%
Administration of Tbilisi Vake District	62	54	87.1%
Borjomi Municipality	106	92	86.8%
Administration of Tbilisi Mtatsminda District	83	72	86.7%
Administration of Tbilisi Gldani District	96	83	86.5%
Staff of the Parliament of Georgia	100	86	86.0%
Tsalenjikha Municipality	84	72	85.7%
Public Service Hall	116	99	85.3%

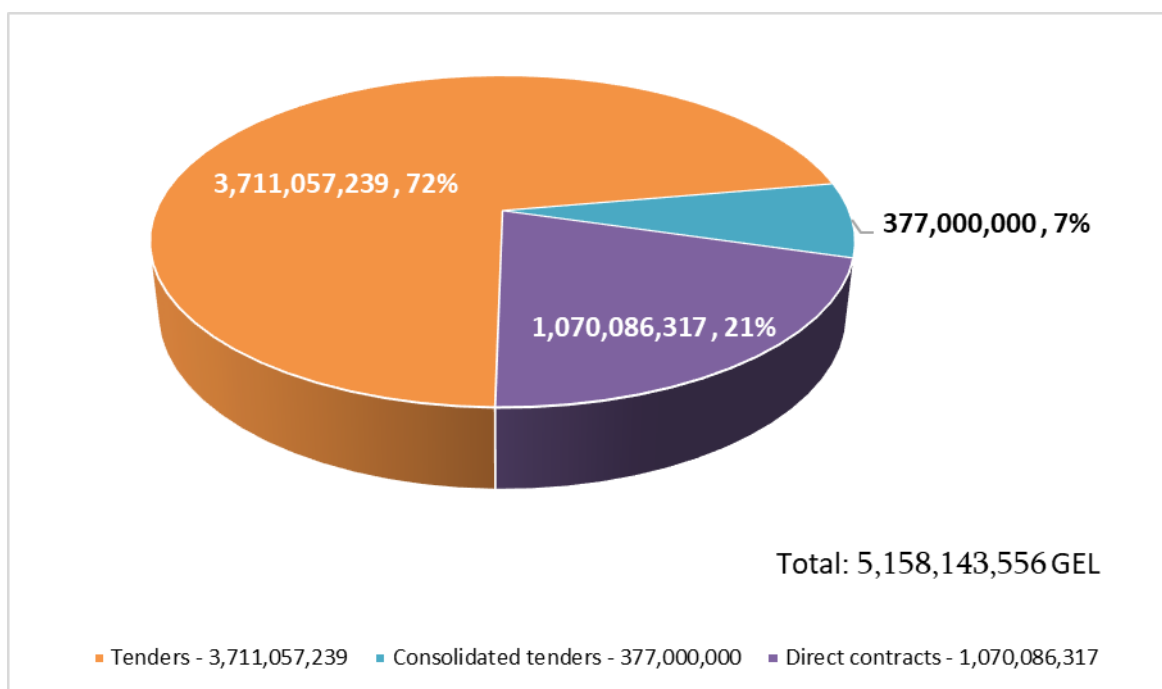
Total volume of public procurement carried out in 2020 amounted to 5,158,143,556 GEL which

³ The table lists only those Top 20 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.



accounts for 10.4% of the country's GDP⁴. Net contract value of public procurement awarded on the bases of electronic tenders and consolidated tenders accounted for 4,088,057,239 GEL⁵, whereas net value of simplified public procurement contracts made 1,070,086,317 GEL (See Diagram N6). It is noteworthy to mention here, that over the half of the value of simplified procurement falls on agricultural subsidies allocated by the state, also on various critical medical equipment and medication procured in the process of management of the pandemic, as well as on public procurements performed by observing the monetary threshold set for simplified procurement (GEL 5,000) (See Diagram N7).

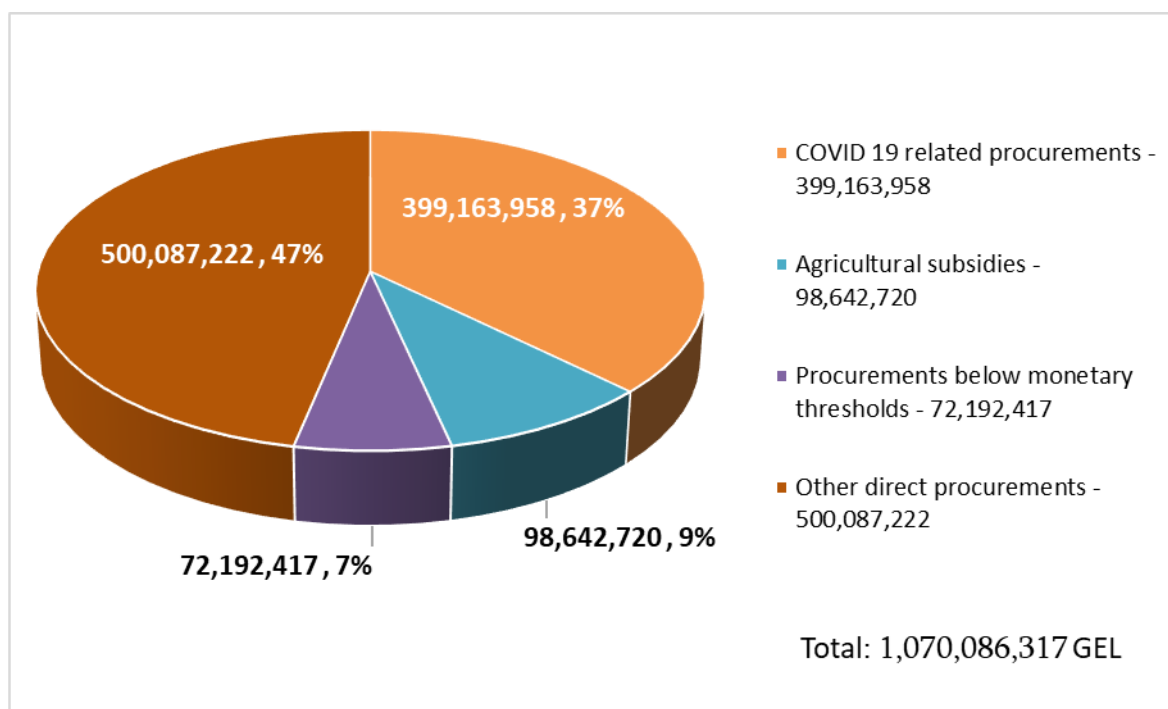
Diagram N6: Value of public procurement contracts



⁴ As per the preliminary data of National Statistics Office of Georgia, GDP for 2020 amounts to 49.4 billion GEL. Source: <https://www.geostat.ge>

⁵ The data cover the contracts awarded as a result of all types of e-tenders, among them, public procurement contracts awarded through consolidated tenders. The data do not cover GEO, DEP, GRA and B2B tenders.

Diagram N7: Simplified procurements

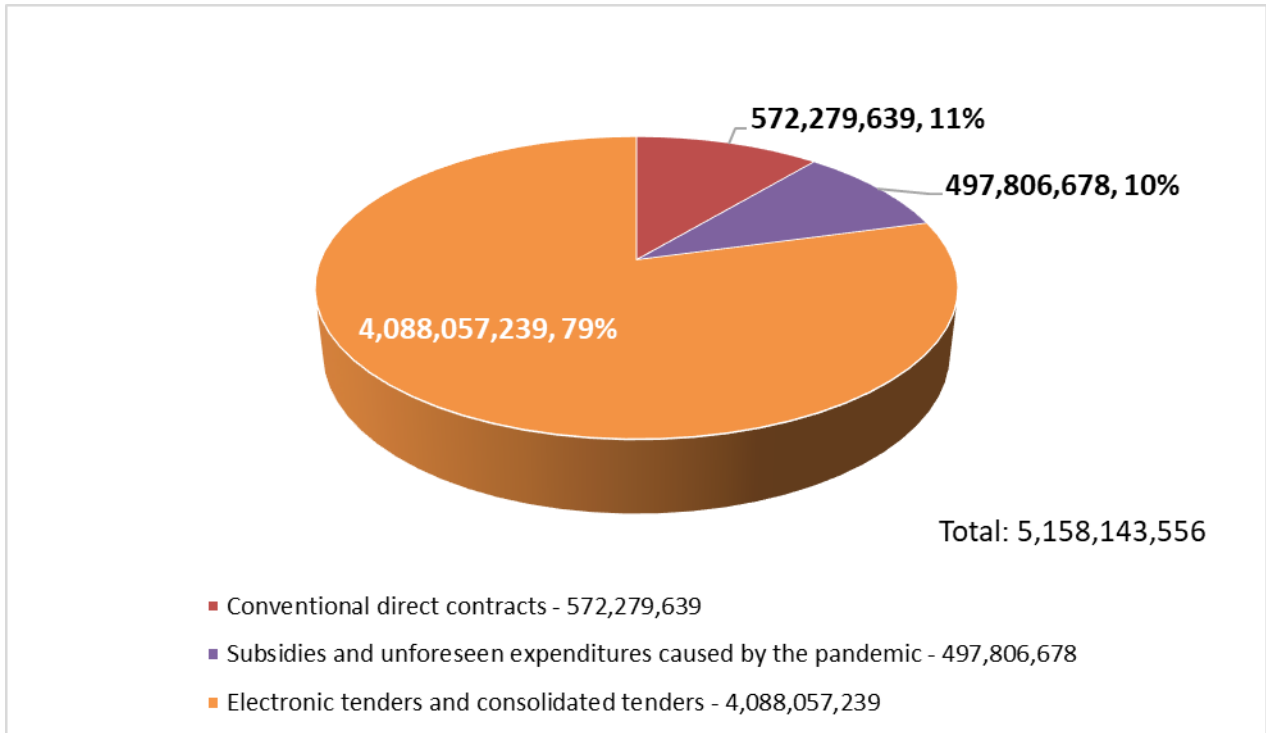


As above Diagrams N6 and N7 depict, if we subtract the contract values of public procurement related to subsidies and pandemic (497,806,678 GEL) from the total volume of simplified procurement (1,070,086,317 GEL), we may consider that the total of 572,279,639 GEL was spent on all types of so-called “conventional” simplified procurement⁶, which, in turn, equals to only 11% of total volume of public procurement (See Diagram N8).

⁶ Here are covered simplified procurements under the grounds, such as: procurements in accordance with the monetary threshold below 5,000 GEL, exclusive right for the supply of procurement object, extreme urgency, unimpeded conduct of an event of state and public importance within tight time limits, etc.



Diagram N8: Volumes of simplified procurements, subsidies and unforeseen costs entailed by the pandemic, as well as volumes of electronic and consolidated tenders



Almost of 84% of the net value of contracts of electronic tenders (3,711,057,239 GEL) falls on large-scale tenders whose contract value exceeded 200,000 GEL, whereas the same tenders accounted for only 14% of all the completed tenders. Thus, contract value of 86% of tenders carried out in 2020 was below 200,000 GEL. See Tables N2, N3 and Diagram N9 below for further details with regard to the aforementioned data.

The number of tenders carried out in 2020 has significantly reduced as compared to 2019. However, the amount of tenders whose contract values exceeded 200,000 GEL has increased slightly (See Table N3 and Diagram N9).

Table N2: Net contract value of tenders carried out in 2020 and 2019 in monetary terms⁷

Contract value	2020 yr. (sum of contracts values)		2019 yr. (sum of contracts values)
10,000 and less	27,875,254	↓	38,891,731
10,001 - 20,000	42,847,380	↓	54,654,333
20,001 - 30,000	43,006,494	↓	55,331,542
30,001 - 40,000	41,177,754	↓	49,967,764
40,001 - 50,000	40,260,089	↓	51,844,679
50,001 - 100,000	164,041,661	↓	182,090,160
100,001 - 200,000	221,371,290	↓	239,836,835
200,001 and more	3,130,477,318	↓	3,319,722,206
Total:	3,711,057,240	↓	3,992,339,250

Table N3: Quantity of tenders carried out in 2020 and 2019 in terms of contract value⁸

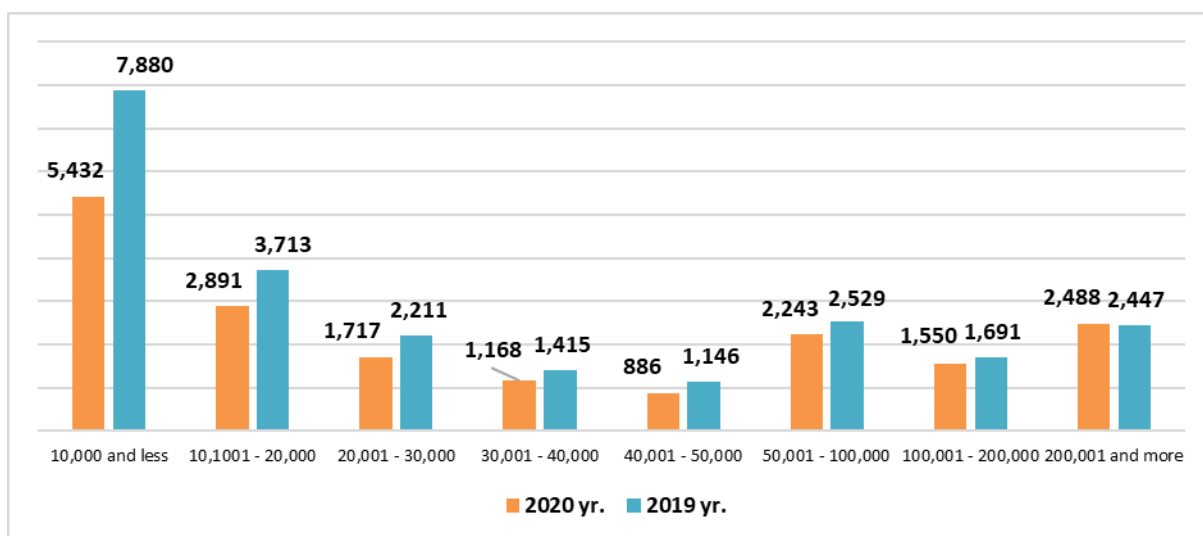
Contract value	2020 yr.		2019 yr.
10,000 and less	5,432	↓	7,880
10,001 - 20,000	2,891	↓	3,713
20,001 - 30,000	1,717	↓	2,211
30,001 - 40,000	1,168	↓	1,415
40,001 - 50,000	886	↓	1,146
50,001 - 100,000	2,243	↓	2,529
100,001 - 200,000	1,550	↓	1,691
200,001 and more	2,488	↑	2,447
Total:	18,375	↓	23,032

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.



Diagram N9: Quantity of tenders carried out in 2020 and 2019 in terms of contract value⁹



Up to 60% of net contract value of tenders falls on the tenders carried out by the Top 20 large-scale contracting authorities which, in figures, amounts to 2,213,507,623 GEL.

⁹ The data do not cover GEO, DEP, CON, GRA and B2B tenders.



Table N4: Top 20 contracting authorities according to net contract value of tenders

#	Procuring organization	Number of tenders	Total contracted value
1	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	176	706,955,761
2	Municipal Development Fund Of Georgia	92	272,296,863
3	Tbilisi City Hall	220	207,948,460
4	United Water Supply Company of Georgia	116	207,050,140
5	LTD "Georgia Gas Transportation Company"	77	98,158,846
6	Educational and Scientific Infrastructure Development Agency	75	95,454,456
7	Tbilisi Development Fund	26	86,642,488
8	Tbilisi Transport Company	153	75,493,160
9	Georgian Public Broadcaster	67	68,552,855
10	Roads Department of the Ministry of Finance and Economy of the Autonomous Republic of Adjara	183	52,952,635
11	Social Service Agency	98	51,205,420
12	Municipal Infrastructure and Improvement Division	76	43,853,898
13	Ministry of Finance and Economy of the Autonomous Republic of Adjara	18	40,175,117
14	Georgian State Electrosystem	207	39,925,158
15	Gori Municipality	216	32,548,732
16	Ministry of Internal Affairs	395	31,659,021
17	Georgian Amelioration	108	28,993,504
18	Qobuleti Municipality	115	24,971,839
19	Sachkhere Municipality	180	24,408,447
20	Revenue Service	159	24,260,823
Total:		2757	2,213,507,623

It is noteworthy, that over 88% of the amounts spent on the bases of tenders was distributed over 20 most large-scale CPV categories whose net contract value amounted to 3,276,578,859 GEL. Moreover, the largest amount of the aforementioned large-scale CPV categories – up to 2.9 billion GEL was spent on the infrastructural and construction works of different types of civilian buildings and structures, as well as on the services related to construction works (such as, architectural and engineering services).



Table N5: Top 20 CPV categories according to net contract value

#	CPV	Number of tenders	Total contracted value
1	45200000 - Works for complete or part construction and civil engineering work	3659	2,303,349,626
2	45400000 - Building completion work	917	303,786,838
3	45100000 - Site preparation work	324	119,353,230
4	33600000 - Pharmaceutical products	581	57,475,736
5	34100000 - Motor vehicles	101	53,049,970
6	45300000 - Building installation work	480	52,583,817
7	50100000 - Repair, maintenance and associated services of vehicles and related equipment	818	50,541,273
8	30200000 - Computer equipment and supplies	258	42,551,919
9	33100000 - Medical equipments	482	37,258,645
10	71500000 - Construction-related services	28	35,932,068
11	71300000 - Engineering services	895	30,350,363
12	55500000 - Canteen and catering services	95	25,762,443
13	50200000 - Repair, maintenance and associated services related to aircraft, railways, roads and marine equipment	37	24,793,653
14	44100000 - Construction materials and associated items	326	24,081,277
15	71200000 - Architectural and related services	128	22,887,096
16	90900000 - Cleaning and sanitation services	254	23,579,141
17	66500000 - Insurance and pension services	83	20,715,077
18	48800000 - Information systems and servers	32	16,335,206
19	85100000 - Health services	98	16,142,286
20	31100000 - Electric motors, generators and transformers	43	16,049,195
	Total:	9639	3,276,578,859



1.3. SAVINGS AND NUMBERS OF BIDDERS IN TENDERS

Total difference between the net estimated value of tenders carried out in 2020 and final prices offered by the suppliers amounted to approximately 11%. Hence, savings obtained as a result of competition in tenders and reduction of prices by the suppliers amounted to approximately 417 million GEL. Of them, most savings – up to 323 million GEL was made in tenders announced for the performance of construction works.

Table N6: Savings in tenders completed in 2019¹⁰

Procurement category	Estimated value	Last bid	Savings	%
Goods	712,713,968	656,928,691	55,785,277	7.8%
Services	541,770,054	505,017,550	36,752,504	6.8%
Works	2,709,504,433	2,447,945,153	261,559,280	9.7%
Total	3,963,988,455	3,609,891,394	354,097,061	8.9%

Table N7: Savings in tenders completed in 2020¹¹

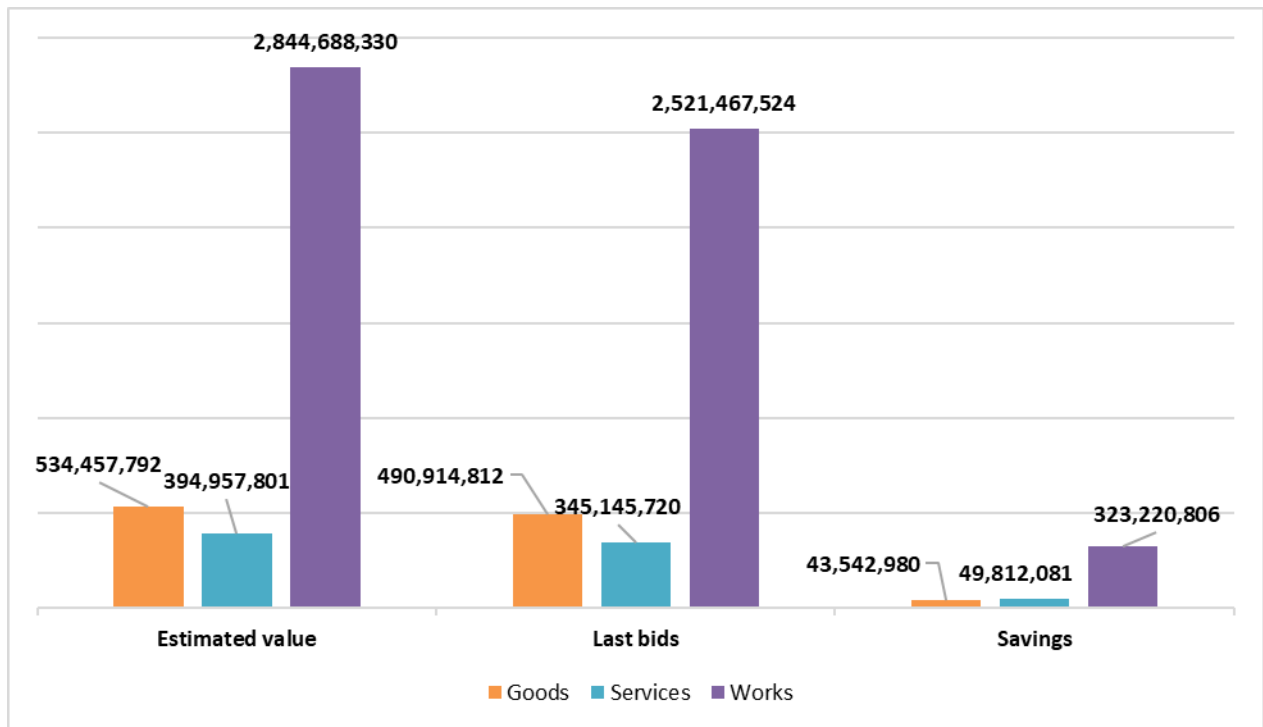
Procurement category	Estimated value	Last bid	Savings	%
Goods	534,457,792	490,914,812	43,542,980	8.1%
Services	394,957,801	345,145,720	49,812,081	12.6%
Works	2,844,688,330	2,521,467,524	323,220,806	11.4%
Total	3,774,103,923	3,357,528,056	416,575,867	11.0%

¹⁰ With a view to calculating savings indexes, the data do not cover GEO, DEP, B2B, CON, GRA tenders and tenders with a pricelist.

¹¹ 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 2020



The tables below depict the data on the distribution of savings recorded in tenders according to contracting authorities and CPV categories (Tables N8 and N9). The tables list Top 10 contracting authorities with highest savings recorded; they also list Top 10 CPV categories in which the largest amounts were saved as a result of tenders. As aforementioned tables show, over half of the savings recorded in public tenders, that is 221,179,065 GEL, falls on the tenders announced by the Top 10 contracting authorities.



Table N8: Top 10 contracting authorities according to savings

#	Procuring organization	Estimated value of tenders	Last bid	Savings	%
1	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	575,405,195	492,819,910	82,585,285	14.4%
2	Tbilisi City Hall	243,228,349	206,150,727	37,077,622	15.2%
3	Municipal Development Fund Of Georgia	308,771,134	272,117,797	36,653,337	11.9%
4	United Water Supply Company of Georgia	231,069,659	205,445,999	25,623,660	11.1%
5	LTD "Georgia Gas Transportation Company"	113,436,479	97,957,362	15,479,117	13.6%
6	Municipal Infrastructure and Improvement Division	49,832,205	44,465,142	5,367,063	10.8%
7	Educational and Scientific Infrastructure Development Agency	101,009,875	95,810,133	5,199,742	5.1%
8	Roads Department of the Ministry of Finance and Economy of the Autonomous Republic of Adjara	56,869,646	52,221,158	4,648,488	8.2%
9	Georgian State Electrosystem	35,980,241	31,700,216	4,280,025	11.9%
10	Gori Municipality	36,380,706	32,115,980	4,264,726	11.7%
Total:				221,179,065	



Table N9: Top 10 CPV categories according to savings

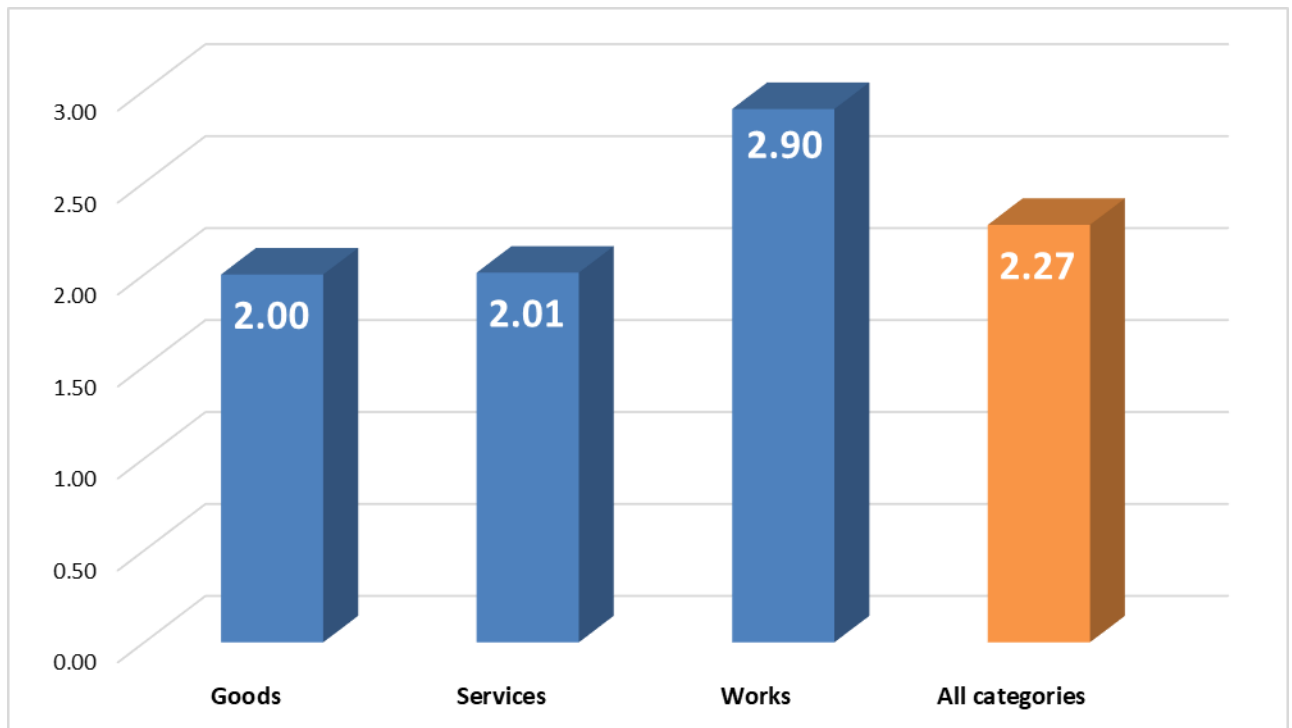
#	CPV	Estimated value of tenders	Last bid	Savings	%
1	45200000 - Works for complete or part construction and civil engineering work	2,314,297,135	2,050,019,425	264,277,710	11%
2	45400000 - Building completion work	333,265,003	301,433,605	31,831,398	10%
3	45100000 - Site preparation work	137,103,339	118,018,035	19,085,304	14%
4	71300000 - Engineering services	43,643,391	29,325,567	14,317,824	33%
5	45300000 - Building installation work	60,022,853	51,996,459	8,026,394	13%
6	71500000 - Construction-related services	43,644,022	35,876,914	7,767,108	18%
7	33100000 - Medical equipments	44,276,546	38,343,161	5,933,385	13%
8	71200000 - Architectural and related services	26,830,966	22,556,898	4,274,068	16%
9	79400000 - Business and management consultancy and related services	10,052,282	5,948,833	4,103,449	41%
10	33600000 - Pharmaceutical products	60,996,360	57,325,312	3,671,048	6%
Total:				363,287,688	

Contrary to the reduced number of conducted tenders, average index of bidders' participation in tenders increased up to 2.27 in 2020 (similar showing for 2019 amounted to 2.05).

Similar to the previous years, the highest index of average number of bidders, that is 2.9, was recorded in the tenders announced for the CPV categories of construction works; 2 – in the tenders announced for the CPV categories of goods and 2.01 – in the tenders announced for the CPV categories of services.



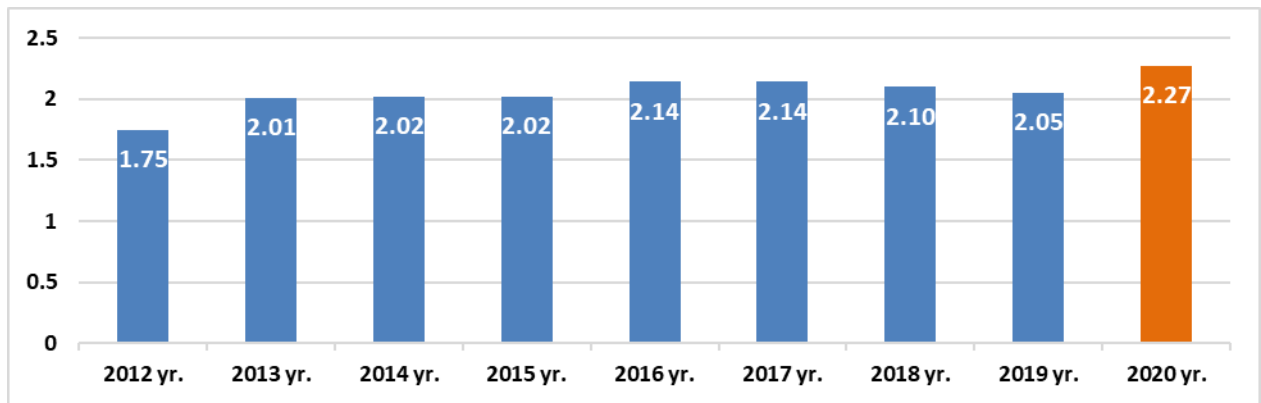
Diagram N11: Average number of bidders according to procurement objects¹²



¹² Average number of bidders is calculated in the tenders completed in 2020 with regard to which public procurement contracts were executed. The data do not cover GEO, DEP, GRA, CON and B2B tenders.



Diagram N12: Average number of bidders according to years



In addition to the aforementioned statistical data, the following tables (N10 and N11) depict average numbers of bidders according to both – separate CPV codes as well as tenders announced by the contracting authorities.

The highest index of average number of bidders were recorded in the tenders announced for the CPV category of “works for completion of buildings”.

Table N10: Top 20 CPV categories with the highest average number of bidders¹³

#	CPV	Average number of bidders
1	45400000 - Building completion work	3.53
2	18200000 - Outerwear	3.29
3	71300000 - Engineering services	3.15
4	45300000 - Building installation work	3.13
5	18100000 - Occupational clothing, special workwear and accessories	2.84
6	38400000 - Instruments for checking physical characteristics	2.82
7	79800000 - Printing and related services	2.81
8	22400000 - Stamps, cheque forms, banknotes, stock certificates, trade advertising material, catalogues and manuals	2.78
9	45100000 - Site preparation work	2.77
10	45200000 - Works for complete or part construction and civil engineering work	2.73
11	79400000 - Business and management consultancy and related services	2.72
12	18400000 - Special clothing and accessories	2.72
13	18800000 - Footwear	2.68
14	38500000 - Checking and testing apparatus	2.68
15	44800000 - Paints, varnishes and mastics	2.68
16	90900000 - Cleaning and sanitation services	2.66
17	66500000 - Insurance and pension services	2.65
18	31100000 - Electric motors, generators and transformers	2.63
19	39100000 - Furniture	2.61
20	38300000 - Measuring instruments	2.54

¹³ The data do not cover GEO, DEP, CON, GRA and B2B tenders and they are calculated only for those CPV categories with regard to which at least 20 tenders were announced within the year.



Table N11: Top 20 contracting authorities with the highest average number of bidders¹⁴

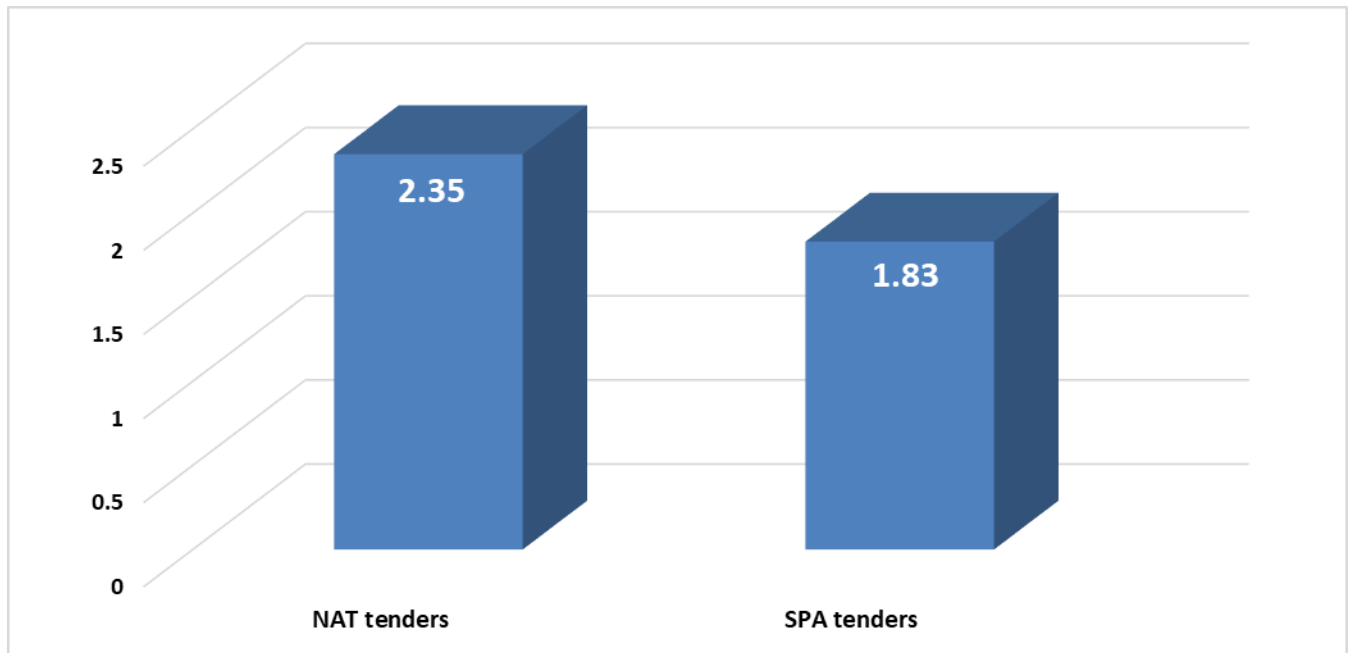
#	Procuring organization	Number of tenders	Number of bidders	Average number of bidders
1	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	176	708	4.02
2	Ministry of Education, Culture and Sport of Autonomous Republic of Adjara	61	245	4.02
3	Gardabani Municipality	39	152	3.90
4	Mtskheta Municipality	118	450	3.81
5	Kaspi Municipality	53	202	3.81
6	Educational and Scientific Infrastructure Development Agency	75	280	3.73
7	Municipal Development Fund Of Georgia	92	337	3.66
8	Rustavi Municipality	84	293	3.49
9	Lanchkhuti Municipality	52	175	3.37
10	Khelvachauri Municipality	60	189	3.15
11	Central Election Commission of Georgia	67	211	3.15
12	Chiatura Municipality	114	352	3.09
13	Administration of Tbilisi Nadzaladevi District	106	325	3.07
14	Khobi Municipality	68	207	3.04
15	Environmental Information and Education Center	23	70	3.04
16	LTD "Georgia Gas Transportation Company"	77	234	3.04
17	Marneuli Municipality	65	197	3.03
18	Administration of Tbilisi Gldani District	83	248	2.99
19	Administration of Tbilisi Saburtalo District	56	167	2.98
20	LTD "Solid Waste Management Company of Georgia"	43	128	2.98

Similar to the procurement categories and the tenders announced by various contracting authorities, average number of bidders are drastically different according to the types of tenders as well. In particular, average number of bidders in NAT tenders exceed the average number of bidders recorded in SPA tenders by approximately 28% (See Diagram N13).

¹⁴ The data do not cover GEO, DEP, CON, GRA and B2B tenders and they are calculated only for those contracting authorities that announced at least 20 tenders within the year.



Diagram N13: Average number of bidders according to types of tender

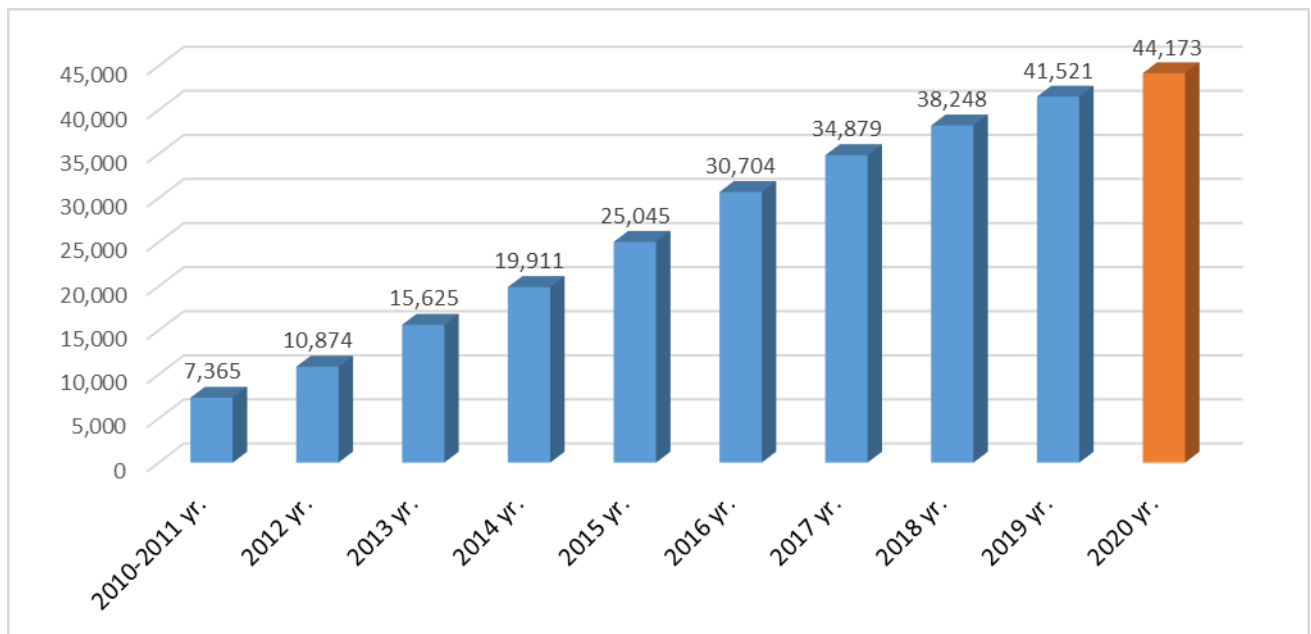




1.4 USERS REGISTERED WITHIN THE SYSTEM AND SUCCESSFUL SUPPLIERS

During the year 2020, 2,652 new suppliers and 75 new contracting authorities registered in the e-Procurement System. Hence, in the end of the year, the number of contracting authorities and suppliers registered in the System amounted to 4,464 and 44,173 respectively, which in total amounts to approximately 25% of active economic entities registered in the country¹⁵.

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



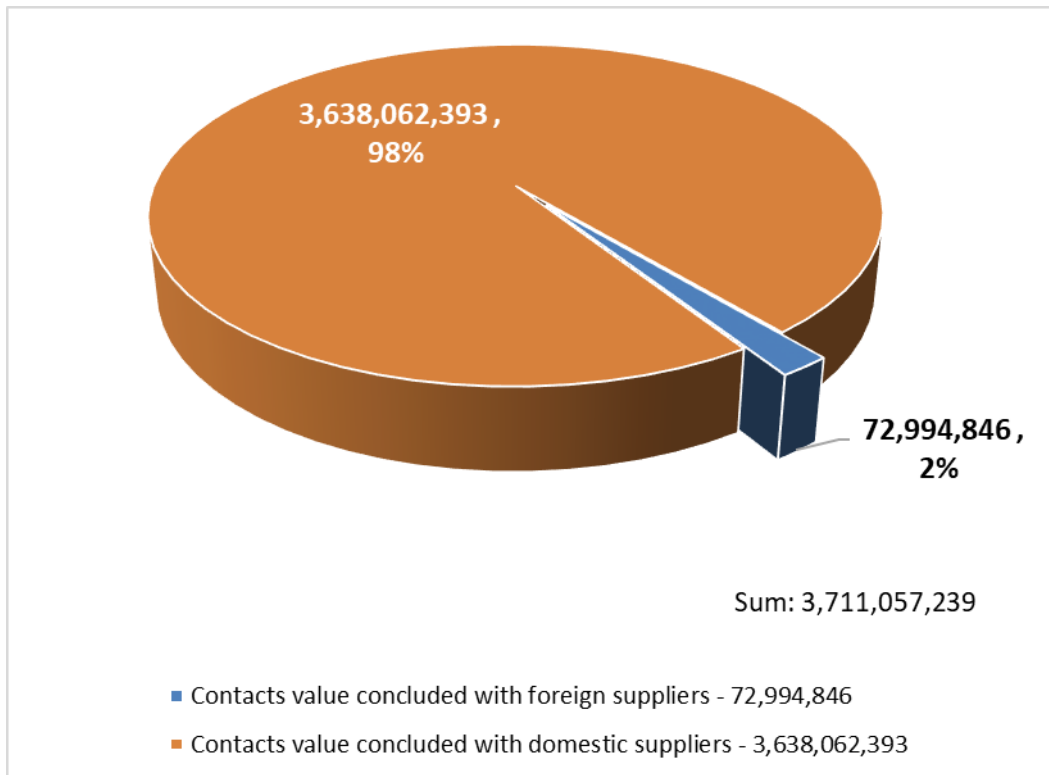
¹⁵ As of February 2021, the number of active economic entities registered in the country amounted to 198,343. Source: National Statistics Office of Georgia: <https://www.geostat.ge/ka>



1.4.1 NON-RESIDENT SUPPLIERS

In 2020, 45 procurement contracts were awarded with non-resident suppliers from 18 different countries based on public tenders. Total value of public contracts amounted to 73 million GEL.

Diagram N15: Value of contracts awarded with non-resident suppliers



The largest proportion of the aforementioned sum, that is contracts with the value of 32 million GEL, were awarded to the companies registered in France. Table N12 below shows the distribution of the values of contracts awarded with non-resident suppliers according to countries.



Table N12: Value of contracts awarded with non-resident suppliers

#	Countries	Total value of awarded contracts
1	France	32,190,243
2	Hungary	9,616,983
3	Lithuania	7,892,517
4	Germany	6,897,709
5	Denmark	3,968,843
6	Switzerland	3,807,074
7	Great Britain	1,970,482
8	Italy	1,960,332
9	Sweden	978,589
10	Macedonia	907,101
11	Netherlands	650,000
12	Turkey	621,499
13	Ukraine	496,748
14	Romania	343,000
15	Slovakia	229,500
16	Poland	196,044
17	Spain	168,906
18	Portugal	99,275

Table N13 lists Top 10 most large-scale procurement contracts awarded with non-resident suppliers through tenders. Total amount of the contract value of the aforementioned tenders accounted for approximately 61 million GEL.



Table N13: Value of contracts awarded with non-resident suppliers

Tender number	Procuring organization	Supplier	CPV	Contract value
NAT190015186	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	EGIS International (France)	71500000 - Construction-related services	15,000,000
NAT190015185	Ministry of Regional Development and Infrastructure of Georgia, Department of Roads of Georgia	EGIS International (France)	71500000 - Construction-related services	15,000,000
NAT190024512	Social Service Agency	Sanofi-Aventis Private Co. Ltd (Hungary)	33600000 - Pharmaceutical products	8,618,283
NAT200007464	Georgian Public Broadcaster	TVC Solutions, UAB (Lithuania)	32300000 - Television and radio receivers, and sound or video recording or reproducing apparatus	7,892,517
NAT200007804	Georgian Public Broadcaster	Broadcast Solutions GmbH (Germany)	48800000 - Information systems and servers	5,770,000
NAT200001073	Social Service Agency	novo norrdisk a/s denmark (Denmark)	33600000 - Pharmaceutical products	2,526,520
NAT200005473	LEPL "L. Sakvarelidze Disease Control and Public Health Service Centre"	Sanofi Pasteur (France)	33600000 - Pharmaceutical products	1,999,350
CNT190000116	LTD „Mountain Resorts Development Company"	Studio associato Proalpe (Italy)	71200000 - Architectural and related services	1,960,332
NAT190024919	Social Service Agency	F.Hoffmann-La Roche Ltd (Switzerland)	33600000 - Pharmaceutical products	1,470,855
NAT200012394	The Service Agency of the Ministry of Internal Affairs of Georgia	MUEHLBAUER ID SERVICES GMBH (Germany)	22400000 - Stamps, cheque forms, banknotes, stock certificates, trade advertising material, catalogues and manuals	1,127,709

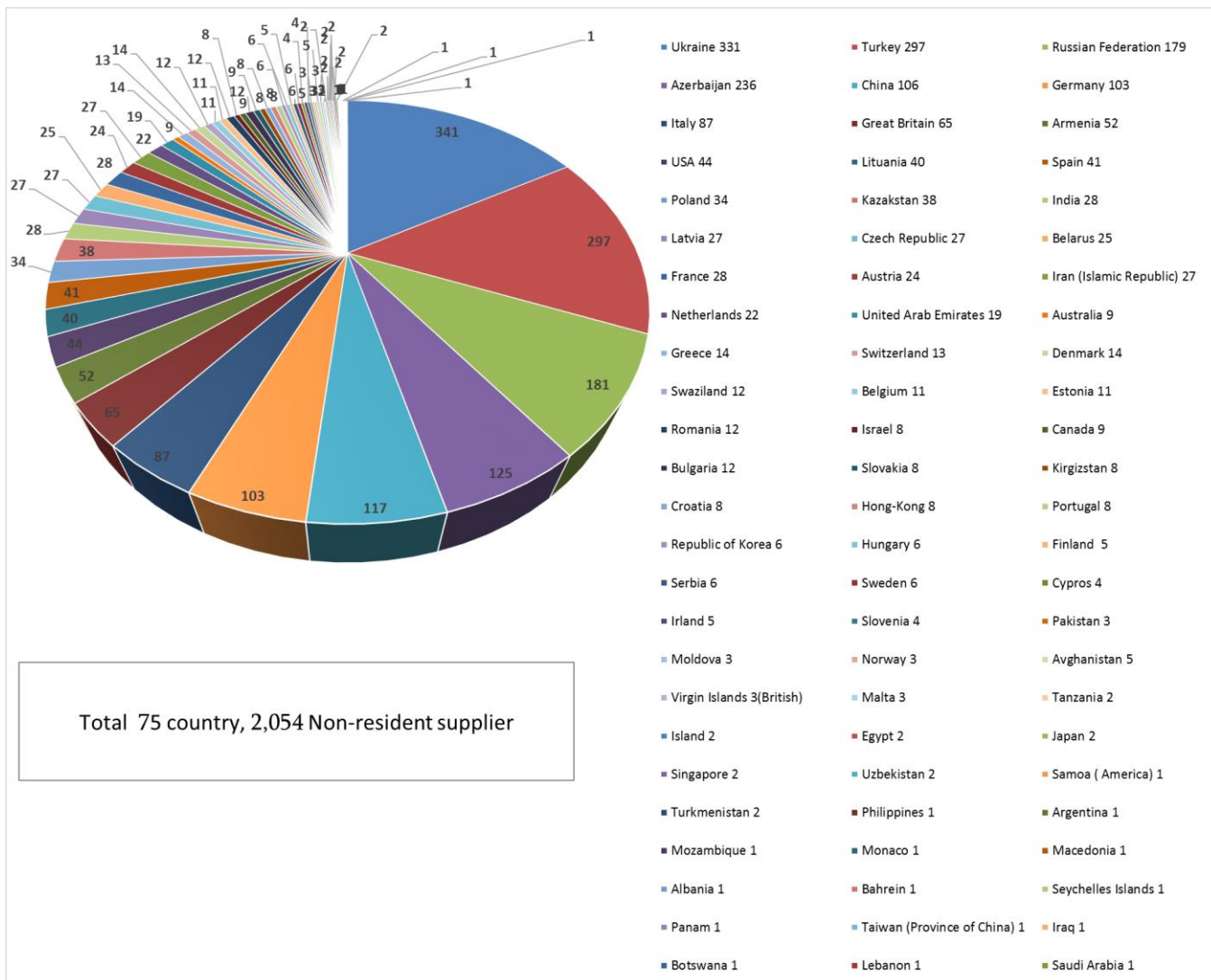
In addition to the public procurement contracts awarded through the aforementioned tenders, 134 simplified procurement contracts were awarded with non-resident suppliers in 2020. Total value of these contracts accounted for approximately 12 million GEL. In total, starting from 2016 through 2020, various non-resident suppliers were awarded simplified procurement contracts with the value of 97 million EUR through direct contracting.

During 2020, 77 new non-resident companies were registered in the e-Procurement System of and by the end of the year, the number of non-resident companies registered in the System amounted to 2,054. The aforementioned non-resident business entities¹⁶ are representing 75 different countries from around the globe (See detailed information in Diagram N16).

¹⁶ Non-resident is an entity registered in the SPA Unified e-System with a foreign registration code.



Diagram N16: Number of non-resident suppliers registered within the eProcurement System according to countries





1.5 PROCUREMENT WITH THE DONOR FUNDS – DEP TENDERS

In 2020, procurement contracts were awarded for 26 completed DEP tenders and net contract value accounted for approximately 87 million GEL. Procurement carried out through DEP tenders were funded by the World Bank, European Investment Bank, Nordic Environment Finance Corp., Asian Development Bank and European Union. Table N14 below shows distribution of net contract value of tenders according to donor organizations and international financial institutions.

Table N14: Distribution of net contract value of DEP tenders according to donors and international financial institutions

Donor	Number of DEP tenders	Value of contracts
World Bank	15	63,228,878
European Investment Bank	7	17,508,857
Nordic Environment Finance Corporation	2	4,563,890
Asian Development Bank	1	1,428,000
European Union	1	79,499

The largest procurement carried out through DEP tender was performed by the Georgian State Electro System; the procurement was funded by the World Bank. Contract value of the mentioned DEP tender¹⁷ amounted to 51,778,023 GEL. Table N15 below shows the list of contracting authorities that awarded procurement contracts on the bases of DEP tenders in 2020.

¹⁷ Tender No.: DEP190000070



Table N15: Distribution of net contract value of DEP tenders according to contracting authorities

#	Procuring organization	Number of DEP tenders	Value of contracts
1	Georgian State Electrosystem	1	51,778,023
2	Municipal Development Fund Of Georgia	18	28,546,796
3	Ministry of Environmental Protection and Agriculture of Georgia	4	4,902,576
4	United Water Supply Company of Georgia	1	1,428,000
5	Gori Municipality	1	79,499
6	Ministry of Education and Science of Georgia	1	74,230



2. IMPROVEMENTS TO LEGAL FRAMEWORK

Over 2020, the State Procurement Agency prepared and issued, under the established procedure, a number of legal acts, in particular:

The State Procurement Agency, as a result of coordinated work with the Administration of the Government of Georgia, Georgian National Competition Agency, Ministry of Finance of Georgia and Parliamentary Budget Office of Georgia, drafted the Law of Georgia No6730 on Amendments to the Law of Georgia on Public Procurement adopted by the Parliament of Georgia on 2 July, 2020 (which envisages approximation with numerous components of the Directives referred to in the Association Agreement between the EU and Georgia and applied in the field of public procurement [2014/24/EU; 89/665/EEC], as well as their implementation in the national legislation).

In view of the fact that, under the aforementioned law, institutionally independent new Dispute Resolution Council was set up and new regulations were determined for appealing a number of public procurement-related decisions, it was necessary to draft the legal act regulating activities and operation of the aforementioned Council. This was also implemented by the Agency. Furthermore, necessary draft amendments entailed by the aforementioned law were elaborated. The draft amendments were reflected in the respective subordinate normative acts of the Chairperson of the State Procurement Agency.

According to the amendments, the Council set up for reviewing public procurement-related disputes or the Court will be authorized to review the disputes related to public procurement. The law no longer provides for a contracting authority as one of the bodies authorized to review disputes (by way of administrative proceedings), since this is related to a number of practical challenges; in particular, according to the General Administrative Code of Georgia, administrative appeal shall be reviewed by a superior official or a superior administrative body. Due to the fact that public procurement is carried out by tender/competition committees, this renders it impossible for a superior official or body to unilaterally examine and review collegial decisions made by tender/competition committees on the bases of an administrative appeal.

In addition to the aforementioned, as a result of amendments, the Council does not have two compositions any longer, it has only one composition comprised of 5 members. Qualification requirements similar to those set for the judges of Common Courts were determined for the membership of the Council with slight differences.

Moreover, the amendments increased the list of disputable issues subject to being appealed to the Council; in particular, decisions related to the award of simplified procurement contracts will also be appealed to the Council where the estimated value of goods, services or works to be procured equals to or exceeds the monetary thresholds established by the EU Directives in the field of public procurement. Furthermore, it was established that the decisions related to the award of simplified procurement contract will not be appealed below the EU monetary thresholds. In addition, it was defined that in case of appeal, so-called “standstill” mechanism will apply during which public procurement procedures will be suspended, however, simplified procurement procedure brought about by the extreme urgency will not be subject to suspension due to its substance.



In addition to the abovementioned, amendments were made to the procedure for seeking the approval of the Agency for carrying out public procurement through simplified procurement upon extreme urgency. According to the amendment, in case of extreme urgency, the procurement procedure to be carried out on the grounds of extreme urgency shall be approved by the Agency only in case the value of goods, services or works is below the monetary thresholds established by the EU Directives in the field of public procurement.

The implemented amendment allowed the Council to prolong the timeframe for making the decision by not more than 10 working days which is caused by several factors, inter alia, it is conditioned by the fact that the list of issues subject to being appealed has increased, whereas the Council has become a specialized body whose members can no longer carry out other part-time paid activities.

The aforementioned legislative amendment led to amendments to a number of subordinate normative acts adopted by the Chairperson of the State Procurement Agency. With a view of executing the abovementioned legislative requirement, significant amendments were made to the Order No13 of the Chairperson of the State Procurement Agency, dated 17 August, 2015, on “Defining the Criteria for Simplified Procurement and Approval of the Procedure for Carrying out Simplified Procurement” and a number of commitments and obligations to be performed by the contracting authorities were determined; among them, the following were defined:

- Where the value of simplified procurement equals or exceeds the monetary thresholds established by the EU Directives in the field of public procurement, a contracting authority shall be obliged to publish the decision on awarding a simplified procurement contract on the SMP module of the System in accordance with the Annex to the abovementioned Order;
- A contracting authority shall be obliged not to award a simplified procurement contract within 10 calendar days following the publication of the decision on awarding a simplified procurement contract on the SMP module of the System (except for the cases of extreme urgency);
- Where a decision on awarding a simplified procurement contract is appealed to the public procurement-related Dispute Resolution Council and the Council grants the submitted appeal fully or partially, a contracting authority shall be obliged to review or annul the decision on awarding a simplified procurement contract within reasonable timeframes following the respective decision of the Council, in compliance with the decision of the Council;

Moreover, during the year 2020, the Agency, together with European experts (EU-funded Twinning Project “Strengthening Public Procurement Practices in Georgia”), continued working on the draft Law of Georgia on Public Procurement, on fine-tuning the draft Law and working on subordinate normative acts deriving from the aforementioned draft Law. The activities were implemented in on-line mode. The Agency is also cooperating with legal entity under public law of the Ministry of Environmental Protection and Agriculture of Georgia - Environmental Information and Education Centre (EIEC) and United Nations Environment Programme (UNEP) within the frames of the project, as a result of which respective norms related to the concept of Sustainable Public Procurement (SPP) were reflected in the draft Law of Georgia on Public



Procurement. Within the frames of the above-mentioned project, cooperation also continues in the light of drafting subordinate normative acts regulating Sustainable Public Procurement, as well as in the light of preparing and drafting respective materials and guidelines of advisory nature. Work is also underway on the selection and analysis of the commodity nomenclature given under the mentioned concept (among them, CPV codes in accordance with the UNEP international methodology).

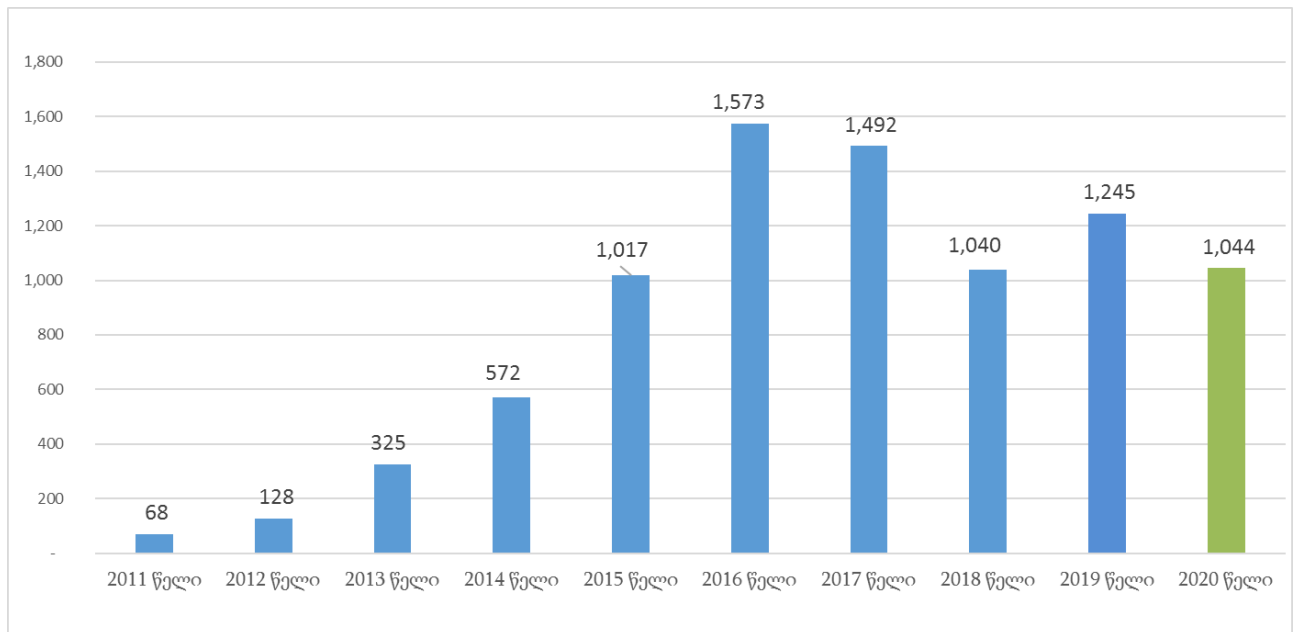
Hence, as a result of the implemented reforms, national legislation in the field of public procurement approximated respective EU Directives and regulations even more.



3. PUBLIC PROCUREMENT RELATED DISPUTES

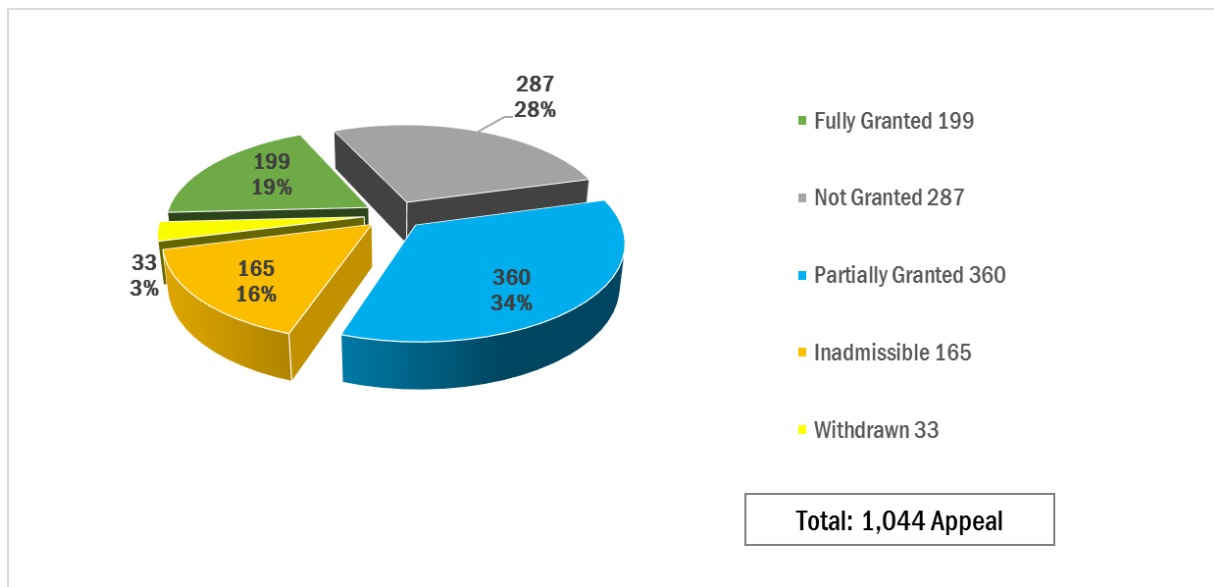
Over the year 2020, 1,044 complaints were filed to the Dispute Resolution Council set up on the bases of the Law of Georgia on Public Procurement, which is 201 complaints less as compared to the previous year. Majority of the complaints filed in 2020 - 559 complaints in total, were adjudicated in favor of business (partially or fully granted by the Council), which made 54% of total number of submitted complaints. This fact verifies the impartiality of the Dispute Resolution Council, as well as high level of trust of business to the Council.

Diagram N17: Statistics of complaints filed with the public procurement-related Dispute Resolution Council in 2011-2020



Detailed distribution of the statuses of complaints is given in Diagram N18.

Diagram N18: Statistics of complaints filed with the public procurement-related Dispute Resolution Council in 2020



33 out of total 1,044 complaints submitted to the Council in 2020 were withdrawn since the complainants voluntarily withdrew the complaints.

165 out of 1,044 complaints filed with the Dispute Resolution Council in 2020 were deemed ineligible on the following grounds:

5 days' period set for appealing a decision/action of a contracting authority and/or tender/competition committee is expired	41
5 days' period set for appealing a decision/action of a contracting authority and/or tender/competition committee is expired and besides, public procurement contract is awarded	2
The period for appealing tender terms and conditions is expired	10
A public procurement contract is awarded	19
Deficiency established by the Office of the Council was not corrected	24
The complainant has missed the period set for specifying the complaints	52
Subject-matter of the dispute does not exist	4
No decision/action of a tender committee of a contracting authority is available	1
The complaint concerns the issue, with regard to which a Council decision is already available in the dispute between the same parties, regarding the same issue and under the same grounds	1



The complaint concerns the decision of a contracting authority on termination of the procurement procedure	6
The content of the complaint does not have appropriate form of selected complaint	2
Period set for appealing the response of the tender/competition committee to the question posed through the Q&A module is expired	1
The complaint is filed by a non-authorized person	1
The complaint concerns termination of the procurement procedure	1

Among the claims submitted to the Council in 2020, most of the claims relate to annulment of the decision/action of a contracting authority irrelevant to the legislation. Most of 1,044 filed complaints, i.e. 848 complaints concerned the decisions and actions of tender/competition committees, whereas 196 complaints applied to tender terms and conditions (See Diagram N19).

Diagram N19: Grounds of complaints filed with the public procurement-related Dispute Resolution Council in 2020

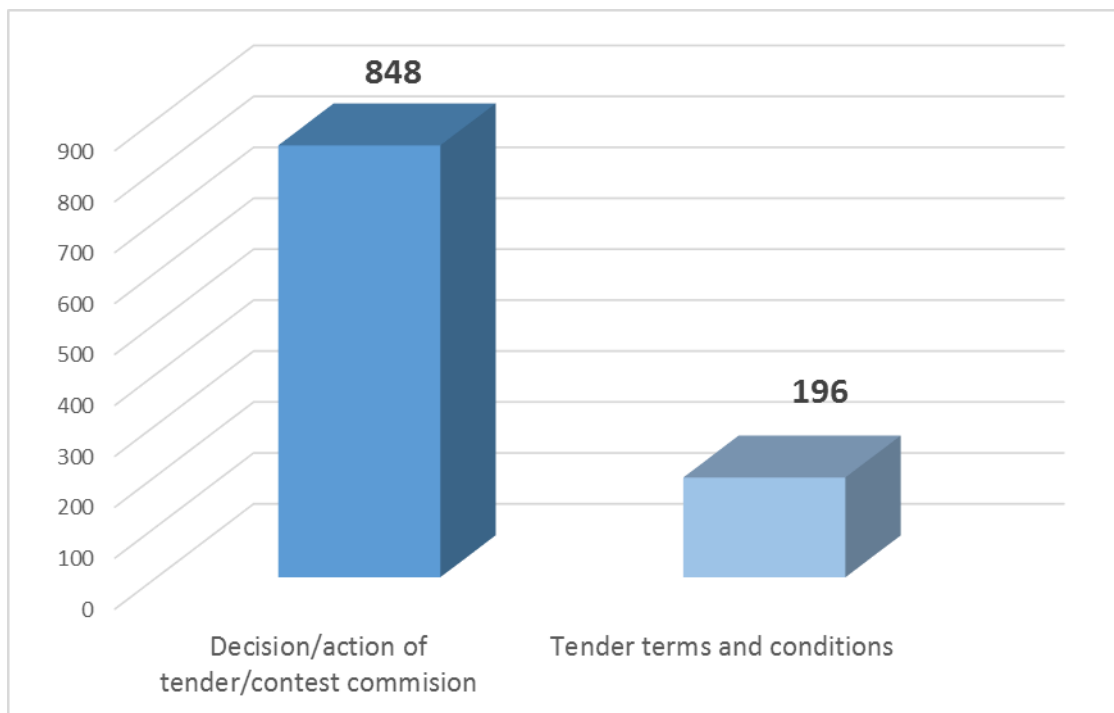


Table N16 below shows the distribution of complaints submitted to the Dispute Resolution Council according to statuses and procurement modes.



Table N16: Distribution of complaints filed with the public procurement-related Dispute Resolution Council in 2020 according to statuses and procurement modes

Procurement method	NAT	SPA	DAP	MEP	CNT	Total
Fully Granted	170	27	-	1	1	199
Partially Granted	319	39	-	1	1	360
Not Granted	267	19	-	-	1	287
Inadmissible	149	16	-	-	-	165
Withdrawn	31	2	-	-	-	33
Total	936	103	-	2	3	1,044



4. CENTRALIZED PROCUREMENT

In order to conduct centralized (consolidated) procurement 2020, following consolidated tenders were announced through the Unified Electronic System and winners were revealed accordingly :

Table N17: Number of consolidated tenders announced in 2020 according to procurement objects

N	Procurement Object	Number of Announced Tenders
1	Consolidated tender for state procurement of various types of food products	69
2	Consolidated tender for state procurement of oil products (fuels)	7
3	Consolidated tender for state procurement of standard personal and standard portable computers	2
4	Consolidated tender for state procurement of uninterrupted power supplies	1
5	Consolidated tender for state procurement of A4 format multi-functional black and white laser printers and cartridges intended for them	1
6	Consolidated tender for state procurement of blackboards (chalkboards)	1
7	Consolidated tender for state procurement of A4 format printing paper	8
8	Consolidated tender for state procurement of vehicle insurance services	12
9	Consolidated tender for state procurement of various types of road transport services (transportation of school students)	60
10	Consolidated tender for state procurement of television airtime (wGRP)	3
11	Consolidated tender for state procurement of book printing and delivery services (approved textbooks)	2



12	Consolidated tender for state procurement of various types of office furniture	1
13	Consolidated tender for state procurement of some types of cleaning and disinfection equipment (dispenser, disinfection barriers)	2
14	Consolidated tender for state procurement of waste containers (plastic containers with 1100 liters capacity)	1
15	Consolidated tender for state procurement of motor oil and oil filters for vehicles	1
16	Consolidated tender for state procurement of vehicle batteries	1
17	Consolidated tender for state procurement of tyres for heavy/light-duty vehicles of different sizes	49
18	Consolidated tender for state procurement of vehicles	4
19	Consolidated tender for state procurement of medical consumables (including face masks) and non-contact thermometers	14
20	Consolidated tender for state procurement of pharmaceutical products (in particular, medication, hand sanitizer and disinfectants intended for disinfection barriers (which may be used for disinfecting surfaces (furniture/different types of items)	173
	Total	412

In 2020, net initial estimated value of procurement carried out through consolidated tenders amounted to 394 million GEL, of which final value recorded in e-tendering equaled 377 million GEL; respectively, savings through e-tendering amounted to approximately 17 million GEL. It should be mentioned here, that there are frequent cases when minimal prices are recorded as initial estimated prices in consolidated tenders as a result of efficient market research and consultations carried out by the SPA; due to this, savings through e-tendering are reduced. In such cases, the figures of savings through only e-tendering do not give an impartial picture in order to demonstrate efficiency of centralized procurements. Due to the foregoing, it is expedient to consider retail and market prices as well in order to evaluate centralized procurement reform objectively (See Table N18).

Table N18 below shows the announced volume, amounts and savings in details with regard to each of them.

**Table N18: Consolidated tenders announced in 2020 according to procurement objects, quantities, total initial values and savings**

N	Procurement Object	Declared number	Initial total value (GEL)	The total savings obtained from trading in an electronic tender (GEL)	Estimated savings (in relation to the average market price) (GEL)
1	Consolidated tender for state procurement of various types of food products	150 different types of food products	60,283,358.20	2,002,303.17	19,893,508.21
2	Consolidated tender for state procurement of oil products (fuels)	68 700 000 liters	157,944,000.00	-	42,544,800.59
3	Consolidated tender for state procurement of standard personal and standard portable computers	17 840 units	22,947,360.00	2,706,400.00	5,980,520.00
4	Consolidated tender for state procurement of uninterruptible power supplies	10 000 units	1,000,000.00	23,000.00	78,019.00
5	Consolidated tender for state procurement of A4 format multi-functional black and white laser printers and cartridges intended for them	6 900 pieces of printers; cartridges with the resource of printing not less than 264 268 pages	12,907,076.00	-	14,114,699.00
6	Consolidated tender for state procurement of blackboards (chalkboards)	774 sets	253,400.00	37,648.00	69,660.00
7	Consolidated tender for state procurement of A4 format printing paper	1 040 000 packs	9,145,000.00	536,800.00	1,158,004.73



8	Consolidated tender for state procurement of vehicle insurance services	For 11 587 units of vehicles managed by 402 contracting authorities	13,346,870.70	3,590,167.91	5,128,800.00
9	Consolidated tender for state procurement of various types of road transport services	transportation of school students in 60 municipalities in total	25,215,372.01	1,501,437.06	3,191,760.03
10	Consolidated tender for state procurement of television airtime (wGRP)	26 720.55 wGRP	3,000,000.00	-	6,075,618.07
11	Consolidated tender for state procurement of book printing and delivery services (approved textbooks)	4 587 870 pieces of textbooks and notebooks	11,599,000.00	264,689.00	18,906,370
12	Consolidated tender for state procurement of various types of office furniture	24 types of office furniture (in total, 12 607 units)	958,000.00	61,000.00	400,000.00
13	Consolidated tender for state procurement of some types of cleaning and disinfection equipment (dispenser, disinfection barriers)	34 119 units	1,701,388.00	21,424.00	115,662.00
14	Consolidated tender for state procurement of waste containers (plastic containers with 1100 liters capacity)	2 174 units	1,280,486.00	106,526.00	-
15	Consolidated tender for state procurement of motor oil and oil filters for vehicles	357 500 liters of oil and 35 800 pieces of filters	2,790,000.00	3,100.00	2,773,000.00
16	Consolidated tender for state procurement of vehicle batteries	10 160 units	2,415,000.00	113,000.00	1,235,000.00



17	Consolidated tender for state procurement of tyres for heavy/light-duty vehicles of different sizes	57 140	14,895,688.00	1,217,323.00	5,599,420.00
18	Consolidated tender for state procurement of vehicles	344 units	25,649,940	105,020	1,506,200
19	Consolidated tender for state procurement of medical consumables (with the exception of medical gloves)	15 338 297 units of medical consumables of 79 types	3,993,360.61	291,436.38	2,409,933.52
20	Consolidated tender for state procurement of thermometers and face masks	12 408 894 units	3,054,511.70	612,868.61	5,534,633.00
21	Consolidated tender for state procurement of pharmaceutical products (hand sanitizer, disinfectants intended for disinfection barriers (which may be used for cleaning surfaces (furniture/different types of items)	1 236 200 liters	3,537,488.00	1,138,922.00	1,187,797.60
22	Consolidated tender for state procurement of pharmaceutical products, in particular, medication	28 061 697 units of medication of 1 030 types	16,306,945.77	2,305,483.33	16,778,399.00

Prior to announcing the aforementioned tenders, market research of respective field was carried out and draft tender documentations were drawn up. Furthermore, business meetings were held with the experts of respective fields with the aim to bring the procurement objects announced within the frames of consolidated tenders into line with international standards, as well as to draft technical specifications taking into account of market opportunities.



It is noteworthy, that several new procurement objects were centralized for the first time in 2020, among them, textbooks, waste containers, some of school furniture and equipment. Moreover, with the view of cost-effective use of public funds and prompt mobilization of respective products for state organizations, a number of tenders were announced for the goods necessary to fight against pandemic, in particular: tenders for face masks, disinfection barriers, disinfectant liquid (intended for hands and disinfection barriers) and electronic thermometers (see Table N19). As a result of announcing tenders for these new procurement objects, we can observe reasonable savings of public funds and more access for bidders to open tenders, as well as reasonable improvement of quality of procurement objects, their standardization and unification.



Table N19 below lists the goods procured to fight the pandemic:

N	Procurement Object
1	Blackboards (chalkboards)
2	Textbooks
3	Office furniture
4	Hand sanitizer
5	Dispenser
6	Plastic waste containers with 1100 liters capacity
7	Thermometers
8	Disinfection barriers
9	Disinfectant liquid for disinfection barriers
10	Face masks

In 2020, over 5,000 fuel and paper authorizations, filed by contracting authorities in a specialized Fuel and Printing Paper module of consolidated tender management system - ctd.spa.ge, were addressed and reviewed with due consideration of developed regulations and guidelines and relevant statuses were awarded to each authorization.

Currently, intensive analytical and research activities are underway in the Agency in order to identify other, additional procurement objects for centralized procurement, which would be justified, taking account of the principle of cost-effective use of public funds.



5. SIMPLIFIED PROCUREMENT

Georgia launched preparation to fight against Coronavirus as far back as in January 2020; in particular, Ordinance No164 of the Government of Georgia, dated 28 January, 2020 approved the “Emergency Response Plan for the Cases of Novel Coronavirus Disease”. The aforementioned act of the government of Georgia determined that the procurement of services/goods necessary to ensure the measures specified in the Ordinance was to be performed by the contracting authorities in the case of extreme urgency and/or through simplified procurement in accordance with Article 101(3)(d) of the Law of Georgia on Public Procurement (*unimpeded conduct of an event of state and public importance within tight time limits*).

Bearing in mind, that epidemiological situation required prompt response and it was impossible to carry out procurements necessary for peoples’ life and health applying the timeframes established for electronic tender procedures, contracting authorities, within the frames of the aforementioned authority, carried out public procurement necessary for the prevention of pandemic and its elimination through simplified procurement. It is noteworthy, that the Guidance published by the European Commission (2020/C108I/101) on “Using the Public Procurement Framework in the Emergency Situation Related to the COVID-19 Crisis” explicitly indicates that EU-member states should award respective contracts using the Negotiated Procedure without Prior Publication which, in its substance, is the same as the simplified procurement procedure determined by the legislation of Georgia.

Later on, due to deterioration of epidemiological situation in autumn, 2020, the list of the procurement objects to be procured in the case of extreme urgency referred to in the Annex to the Ordinance No164 of the Government of Georgia, dated 28 January, 2020 and/or through simplified procurement in accordance with Article 101(3)(d) of the Law of Georgia on Public Procurement, was further expanded.

Furthermore, Article 18(10) of the Isolation and Quarantine Rules approved by the Ordinance No322 of the Government of Georgia, dated May 23, 2020 defined that in order to enforce the measures determined by the Ordinance (medical assistance), contracting authorities shall be given the right to procure necessary services/goods in the case of extreme urgency and/or in accordance with Article 101(3)(d) of the Law of Georgia on Public Procurement, under the simplified procurement procedure, with the consent of the State Procurement Agency.

In 2020, the volume of contracts awarded on the grounds of simplified procurement amounted to 21% of the total procurement value, which exceeds similar data for 2019 by 3%. Total of 5,756 applications were received in the SPA in 2020; in 5,222 cases approval was granted, while the number of withdrawn, rejected or unconsidered applications amounted to 534. Diagrams N20 and N21 below show statistics according to the grounds and statuses of simplified procurements.



Diagram N20: Distribution of applications filed with SMP module of the eProcurement System according to their grounds

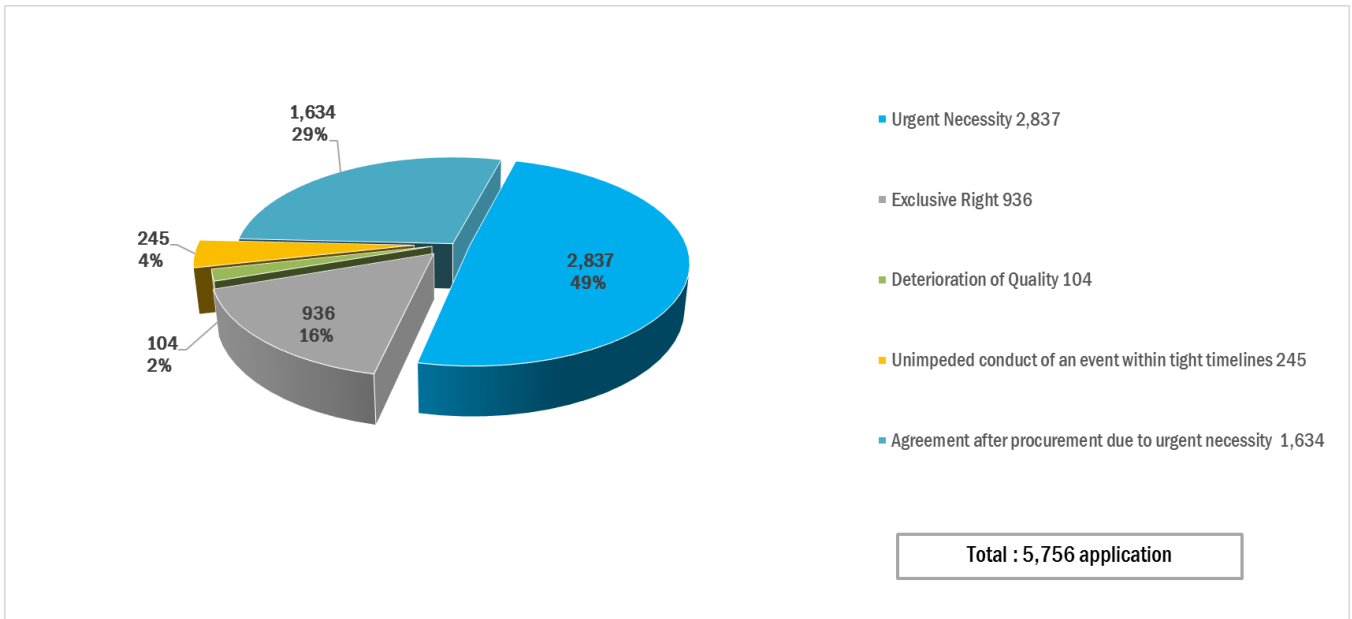
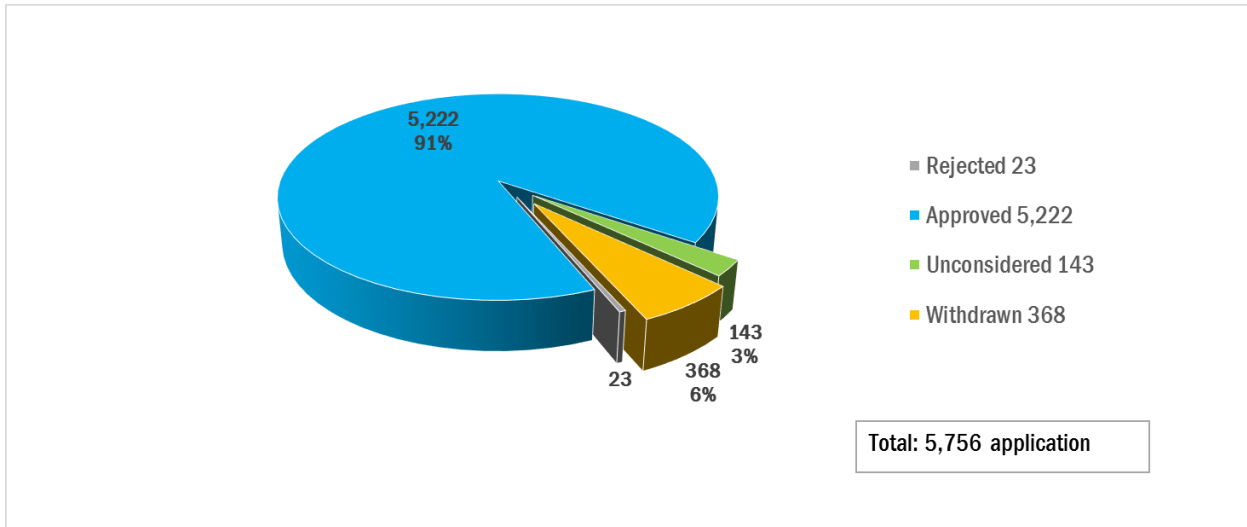


Diagram N21: Distribution of applications filed with SMP module of the eProcurement System according to their statuses



The above Diagram demonstrates that 91% of the applications were accepted, whereas rejected applications accounted for 9% of total number of applications.

Statistics of applications filed by contracting authorities and decisions made by the SPA in 2020 are given in Table N20.

Table N20: Detailed statistics of applications filed with SMP module of the eProcurement System

Grounds of Procurement	Approved	Rejected	Unconsidered	Withdrawn	Total
Urgent need	2,521	19	83	214	2,837
Exclusive authority	866	2	25	43	936
Unimpeded conduct of an event within urgent timelines	215	-	3	27	245
Avoid quality deterioration	75	2	8	19	104
Agreement after procurement due to urgent necessity	1,545	-	24	65	1,634
Total	5,222	23	143	368	5,756



6. ADMINISTRATIVE INFRINGEMENTS AND COURT LITIGATIONS

In 2020, having examined 30 official notes drawn up with regard to the facts of 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, 30 reports on offences were drawn up and submitted to court against 87 various officials. The court has applied warnings with regard to 86 persons, court hearing is underway against 1 person.

Total of 501 court proceedings were held with the engagement of the SPA in 2020. The SPA prepared 24 private complaints which are under consideration at the moment. 16 complaints were filed with the Panel of Civil Cases with regard to the reimbursement of 1% guarantee; furthermore, 16 private complaints were submitted regarding the same issue. 7 complaints were filed with regard to the reimbursement of 1% guarantee which were appealed by way of administrative proceedings (according to jurisdiction); one of the cases was resolved in favor of the Agency, whereas court proceedings regarding 5 cases are still under consideration. Moreover, the issue was raised with regard to exemption of the Agency from paying state fees which was satisfied by the City Court and the Agency was exempted from paying state fees.

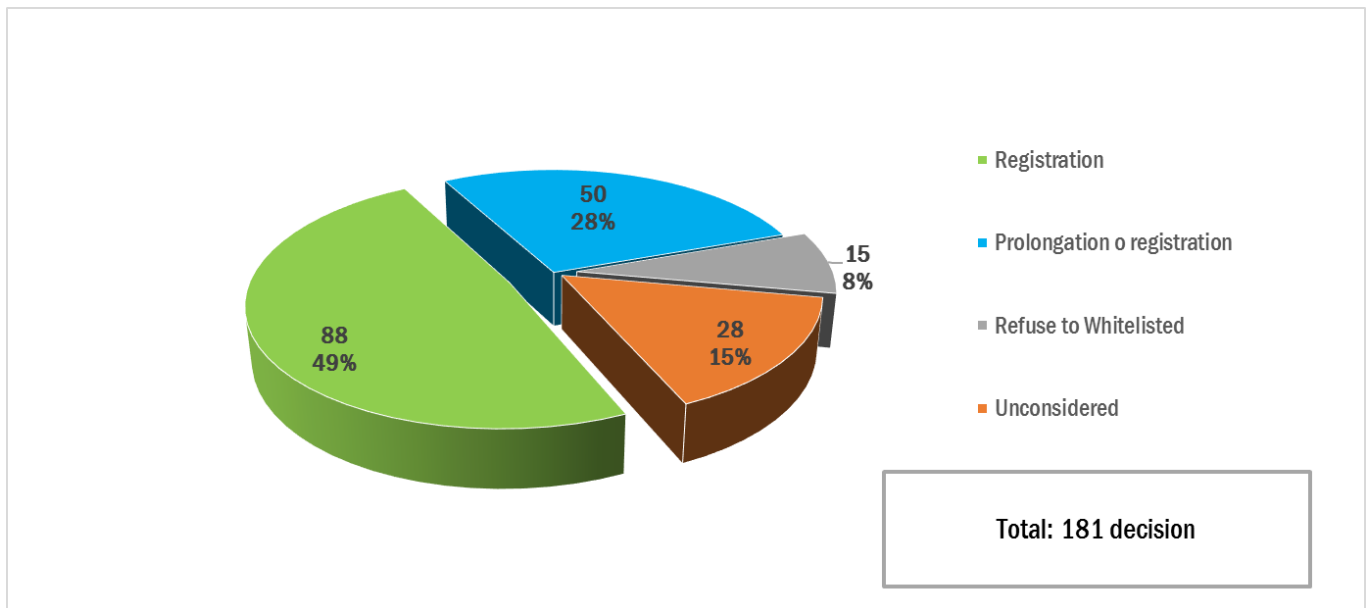
It is noteworthy, that 96 ordinances were appealed in court with regard to the Black List. All the appeals were resolved in favor of the Agency. In addition, 130 notifications were submitted to the court in respect of entry into legal force of ongoing cases. Based on received responses, the companies were registered in the Black List with the remaining period. Furthermore, 19 decisions of the Dispute Resolution Council were appealed, of which the court partially satisfied the request with regard to only one case. Moreover, 6 consolidated tenders were appealed and they are under consideration. Besides, 1 ordinance was appealed with regard to registration in the White List and the case was resolved in favor of the Agency. It is noteworthy, that 3 decisions were appealed in respect of the simplified permission granted through the SMP module which was terminated on the bases of the petition of the Agency. Moreover, the Appeal Court satisfied 4 private appeals submitted by the Agency, as well as 5 statements of defense. 3 cassation appeals have been submitted to court with regard to which no ruling has been made at this point.



7. MAINTENANCE OF THE WHITE LIST

In 2020, total number of decisions on registering economic operators in the register of qualified suppliers participating in procurements - the so-called "White List", amounted to 181. In total, 138 decisions were made by the SPA with regard to registration in the White List and extension of the registration, 15 economic operators were refused to be whitelisted, while 28 cases were unconsidered. The detailed results are shown in Diagram N22.

Diagram N22: Distribution of decisions made in 2020 with regard to registration in the White List, according to their statuses



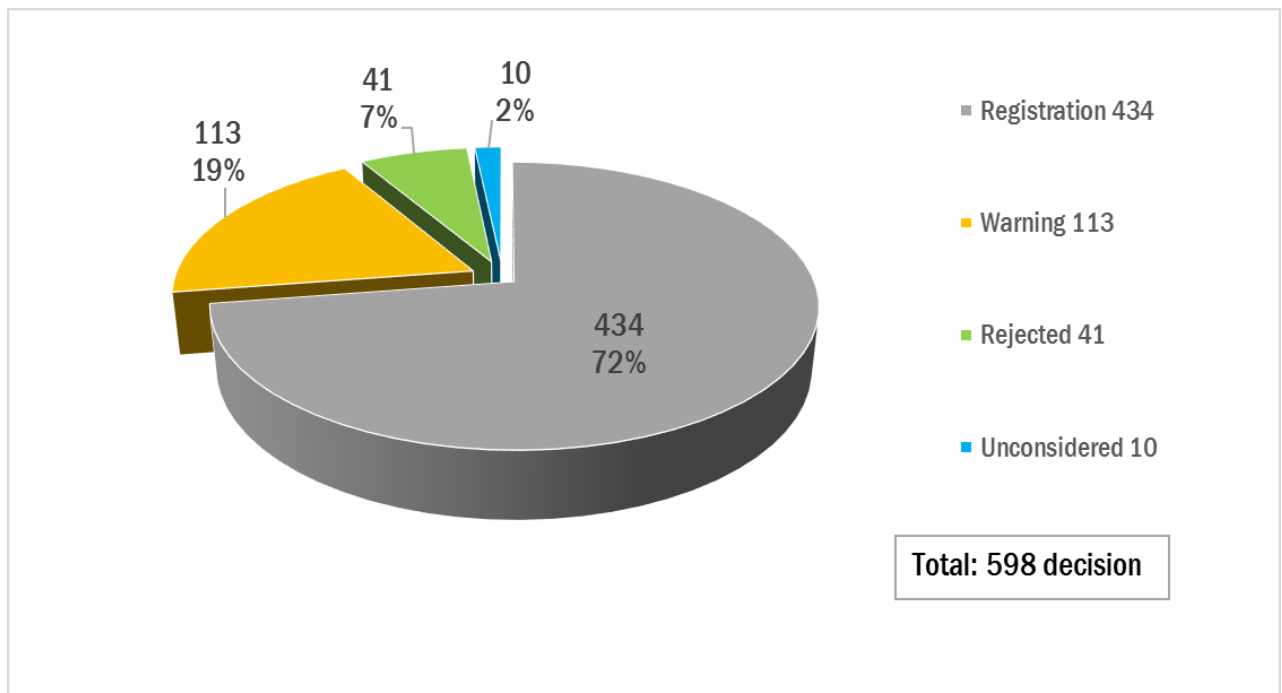


8. MAINTENANCE OF THE BLACK LIST

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

In total, 598 applications were filed to the SPA regarding registration of suppliers in the Black List. In 434 cases the suppliers were registered in the Black List by the SPA, 113 suppliers were given the warning. The detailed results of the decisions are given in Diagram N23.

Diagram N23: Distribution of decisions made in 2020 with regard to registration in the Black List, according to their statuses





9. MONITORING OF PUBLIC PROCUREMENT PROCEDURES

In order to establish compliance of the public procurement procedures carried out by the contracting authorities with the current legislation, during 2020, based on automated system of messaging and via risk methodology system, monitoring department monitored 11,841 e-tenders with status of “contract awarded” (13,414 in 2019) and 1,060 e-tenders with status of “terminated”, “failed” and “not awarded” (1,678 in 2019).

Furthermore, 6,494 tenders (8,067 in 2019) were monitored within the System in order to establish the adequacy of exclusion of bidders immediately upon recording the exclusion on 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 e-Procurement System with regard to deduction or reimbursement of bidder’s guarantee amount. 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 a corresponding manner or not.

In addition to the aforementioned, the SPA carried out the monitoring of 48,319 contracts uploaded in the CMR module of the e-Procurement System (74,307 in 2019), as well as monitoring of 42 announced contests (70 in 2019).

Based on the findings of the monitoring process, 1,593 letters were submitted to contracting authorities with regard to revealed violations. In respect of public procurement carried out by 28 contracting authorities, in which administrative offences provided for by 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.

In order to implement the monitoring process in an efficient manner, amendments were prepared to the automated system of messaging of risk factors, in particular, new risk factors were added to the group of risk factors; besides, criteria within it were duly adjusted.



10. DIDACTIC ACTIVITIES

Taking into account extraordinary situation caused by the outbreak of pandemic, the SPA Training Center identified several target groups that needed specialized trainings. Respectively, in addition to the basic training course, additional trainings in three different programmes were rendered in the SPA Training Center in 2020:

- “Public Procurement Course in TV School”;
- “Specialized Public Procurement Course for the Prosecutor's Office of Georgia”;
- “Remote Training Course of Public Procurement”.

In total, 378 trainees were retrained in 2020, in particular:

- From January 20 through January 31, the SPA Training Center retrained 39 public procurement specialists within the framework of “Basic Public Procurement Course” and respective certificates of completion were granted to them;
- From June 22 through July 3, the Training Center implemented TV educational project - “Public Procurement Course in TV School” under the assistance of the Georgian Public Broadcaster. Thousands of users, procurers, students and other interested audience listened to and watched the series of TV School programmes; whereas 155 professionally interested viewers registered as active participants.
- From July 14 through July 23, online course – “Specialized Public Procurement Course” was rendered to the personnel of the Prosecutor's Office of Georgia. 20 trainees attended each stream of remote learning; in total, 40 trainees were retrained. This new cycle of trainings included 10 thematic classes scheduled in a new manner, while the eleventh session was dedicated to the Q&A;
- In the periods November 16-20, November 24-28, November 30-December 4, December 7-11, December 14-18 and December 21-25, the SPA Training Center delivered the cycle of online trainings - “Remote Training Course of Public Procurement” for the public servants employed in state institutions and local self-governing bodies. 24 trainees attended each stream of trainings and in total, 144 specialists were retrained.

Trainings were delivered by the highly qualified trainers of the State Procurement Agency.



11. BUSINESS COMMUNICATION WITH THE CUSTOMERS

In 2020, the document flow (number of incoming and outgoing letters) of the SPA amounted to 12,366 (in 2019 this figure made 14,446). Also 2,457 e-mail letters were received and addressed at the SPA official e-mail (info@procurement.gov.ge). Total 514 letters were archived in 2020 (1,585 in 2019).

Each and every interested person is able to get exhaustive and competent answer via SPA citizen hotline service - +995322484822. In total, 20,637 calls were received and answered by the SPA citizen's hotline service in 2020 (20,298 in 2019).

Short Messaging Service (SMS) and system notices, integrated into the *e-Procurement System*, also the services of web portal – spa.ge, keep persons interested in public procurement constantly updated about the amendments, notices, introduction of new regulations and development of new services. They can also receive timely and exhaustive information about tenders they are interested in. Only in 2020, approximately 40 million system notices and over 206 000 SMSs were circulated.



12. INTENSIFICATION OF INTERNATIONAL RELATIONS

The year 2020 turned to be intensive and productive for the State Procurement Agency in the field of international cooperation as well as in terms of public relations. A number of online working meetings, consultations, trainings, seminars and conferences were held, in particular:

- Over 2020, the SPA was periodically reporting on progress of quarterly and annual action plans a 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;
- Over 2020, 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);
- With a view of efficient implementation of the components of respective reforms, Deputy Chairperson of the Agency and the heads of relevant departments were actively engaged in the activities of numerous Coordination Councils and Committees set up by the government of Georgia;
- During 2020, the Agency had to cooperate with the EU-funded project, which was underway within the EU Twinning instrument, in a completely new and complicated mode. The Agency had to overcome challenges while conducting negotiations with Austrian and Slovenian partners of the project and European Commission Delegation to Georgia on the one hand, and in the light of engagement of beneficiaries of the project due to complicated coordination, on the other hand. A wide range of activities were held in order to adjust ongoing plans, budget and expected outcomes; study visits and series of conferences/trainings in Tbilisi were cancelled; several large-scale events and conferences were scheduled for February and March, 2021;
- Working on the new draft Law of Georgia on Public Procurement was in progress and completed in 2020; remarks and comments of international organizations (among them, EU Twinning, OECD/SIGMA, UNEP, UN WOMEN, UNECE, UN ILO) and IFI's with regard to the draft Law have already been reflected.
- In the light of legislative approximation with the EU, it is also noteworthy to mention a “Handbook for Members of Procurement Review Tribunals” (Handbook “Key Judicial Skills and Competencies: A Handbook for Members of Procurement Review Tribunals” localized for Georgia), prepared under the assistance of the European Bank for Reconstruction and Development (EBRD). The handbook presents unique source of knowledge and information necessary for the recently selected members of the Dispute Resolution Council, as well as for the staff of the Office and all the other interested or engaged persons.
- On November 24, 2020, a webinar - “The Road to GPA Accession” was held. The webinar was organized by the European Bank for Reconstruction and Development and during which, participants discussed readiness of Georgia and other candidate countries for accession to the Agreement on Government Procurement (GPA). During the event, the



participants exchanged information in respect of compatibility with GPA requirements, as well as concerning the challenges associated with it.

- In the light of cooperation with WTO GPA Committee and EBRD, it is noteworthy to mention a completely new diagnostic report developed in 2020 - “GPA Compliance Assessment: a review of the public procurement legal framework of selected GPA Observers” final edition of which will be published and disseminated in January, 2021. The report will provide significant assistance to Georgia on the expected complicated path to the accession to relevant structures of the World Trade Organization.
- On November 18, 2020, seminar in a virtual format organized by the WTO GPA was held for new candidates, members of GPA Committee and observers (including Georgia). The meeting aimed at supporting new delegates in order for them to make full use of meetings of the Committee in favor of their countries. During the seminar, the participants got acquainted with the principles of operation of the Committee, as well as practical information regarding documents circulation within the Committee and online means of information. Besides, participants of the meeting got acquainted with the delegates of new member states of the Agreement on Government Procurement.
- The Agency proceeded productive cooperation with the UK-based international organization Open Contracting Partnership (OCP) in 2020 as well. With the support of OCP, the Agency is working on introduction of the world’s leading Open Contracting Data Standard (OCDS) to Georgian public procurement system. Data of tenders carried out in 2011-2019 have already been published on a new specialized web page - opendata.spa.ge in the so-called machine readable, JSON format in aggregated manner as well as in the light of separate procurement. Besides, e-Plans of contracting authorities for 2021 are under elaboration and they will be soon published in this new format (data for 2021 of e-Plan module of e-Procurement System in OCDS format). Under the assistance of the World Bank, the Agency has already created a new special visualization web page of OCDS standard - vod.spa.ge; furthermore, activities go on with regard to broader use of Application Programming Interface (API) which will enable all the interested persons to have direct access to all kinds of open data regarding Georgian public procurement. Works in the light of Open Data are coordinated by a recently formed agency of the Ministry of Justice of Georgia – Digital Governance Agency, whereas OGP Georgia Secretariat and PAR Council are actively supporting openness of public procurement data and application of new approaches (Administration of the Government of Georgia is coordinating and facilitating both directions).
- With the engagement of the Ministry of Economy and Sustainable Development and the Ministry of Foreign Affairs of Georgia, the Agency conducted negotiations with the government of the United Kingdom on the Free Trade Agreement. The negotiations addressed changing of monetary thresholds in the Free Trade Agreement which is aligned with the EU monetary thresholds. Annex to the Agreement was updated and it is to be approved by the UK-Georgia Strategic Partnership and Cooperation Forum.



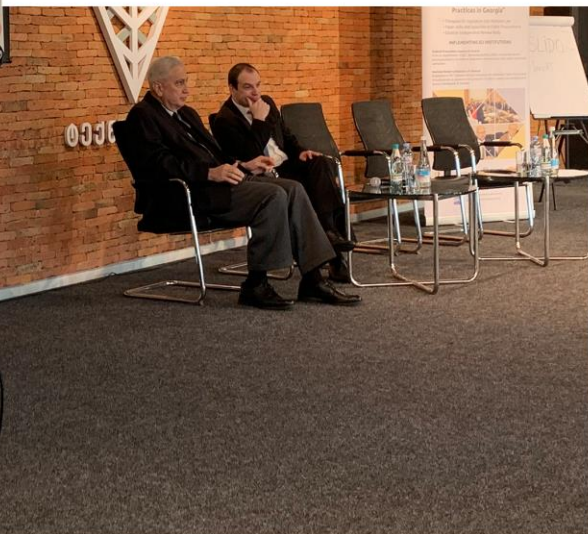
- The SPA goes on productive cooperation with the Commercial Law Development Program (CLDP) of the U.S. Department of Commerce. In February, 2020 a two-day working meeting was held on “Transparent and Efficient Public Procurement”. The meeting was attended by the representatives of the Agency and big contracting authorities. Leading experts of the U.S. Department of Commerce were invited to the meeting who provided the participants of the seminar with the information on the best public procurement practices in the USA and Europe.
- In January 2020, in cooperation with Georgia’s Innovation and Technology Agency, the SPA conducted an international seminar on Innovations and Sustainability in Public Procurement. The seminar was held under the assistance of the EU Twinning Project. The seminar was attended by the representatives of state agencies, academia, business associations and start-ups. The experts of Austrian Federal Procurement Agency (BBG) were invited to the seminar who provided the participants with the experience of introduction of innovative principles to public procurement.
- Over 2020, the staff of the SPA participated in tens of international seminars which were mostly held in a teleworking mode under the auspices of various international organizations. The representatives of the Agency even acted as keynote speakers at some of these international events (on-line seminars/workshops)
- Starting from September 16 till October 9, 2020, Assessment Mission of EU budget support programme - Economic Governance and Fiscal Accountability Programme (EU4EGFA) held online meetings with Georgian government agencies engaged in the Programme. The aim of the meetings was to assess three main directions of the Programme. The SPA is actively engaged in the implementation of the EU4EGFA Programme and the Agency provided the Assessment Mission with the information regarding the progress achieved in fulfilment of assumed commitments.
- On October 7, 2020, WTO GPA Committee meeting was held through an online platform at which the staff of the Agency participated with the status of observers. The issues of entry into force and implementation of an updated WTO GPA was discussed during the meeting.
- On October 19, 2020, online meeting was held with the representatives of the European Commission which was organized by the Ministry of Foreign Affairs of Georgia. The meeting related to drafting a new edition of the Association Agenda for 2021-2027 with regard to which the representatives of the European Commission held presentations.
- On November 3-5, 2020, Asian Development Bank (ADB) organized an annual conference of the Asia Pacific Public Electronic Procurement Network. The representatives of the SPA participated in the conference which was held through a virtual platform. The participants of the conference shared experience of development of electronic public procurement network as well as best practices.

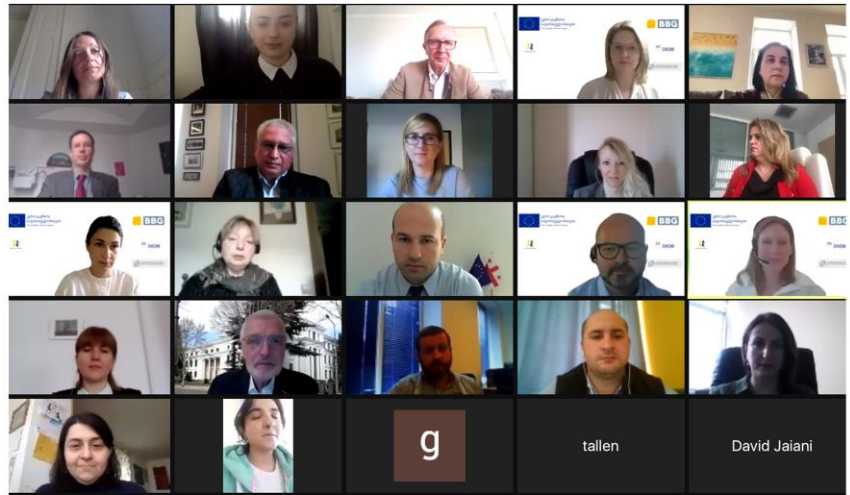
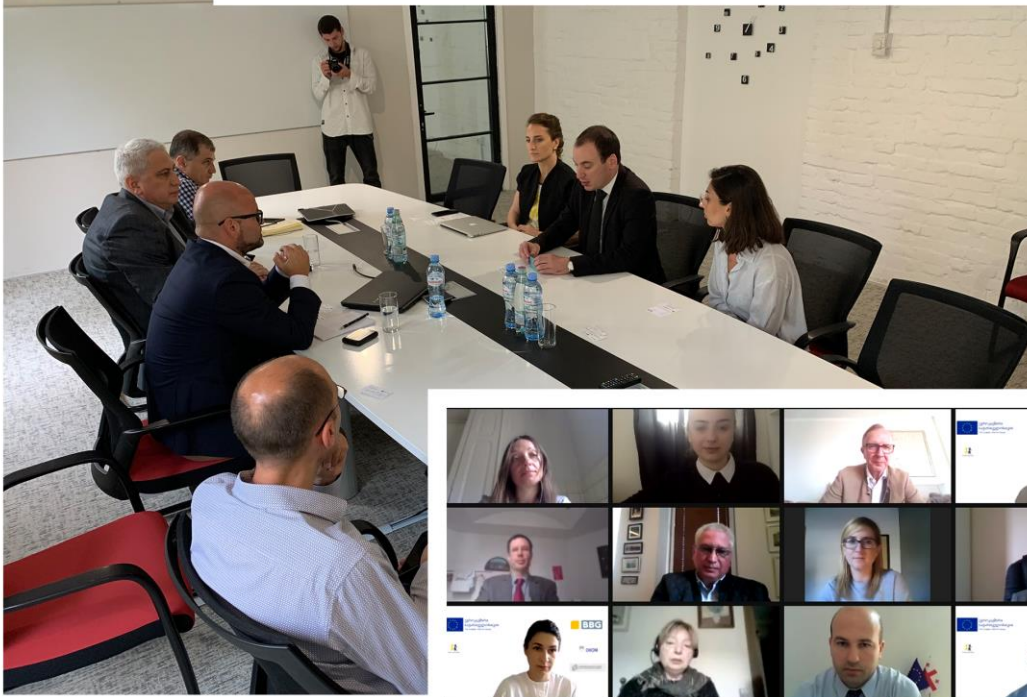
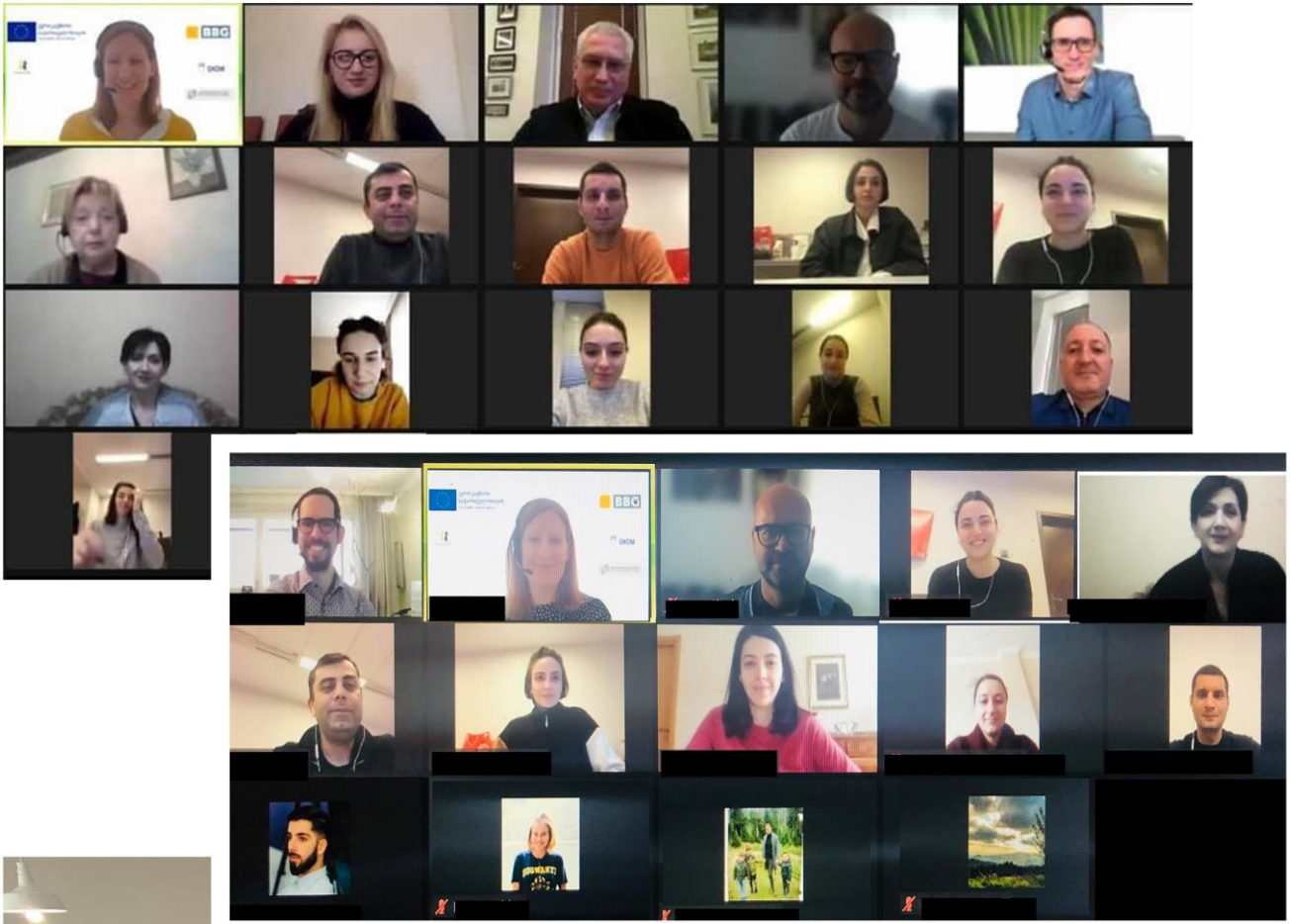


- The Administration of the Government of Georgia, in cooperation with the UNDP project “Supporting Public Administration Reform in Georgia” launched drafting a new strategy and action plan for public administration reform; the SPA is actively engaged in the activities. In this respect, an online working meeting was held on December 22, 2020. The meeting was dedicated to the analysis of current situation, as well as identification of major challenges and problems and defining of priorities which will serve as the ground for the new strategy and action plan.
- During 2020, the SPA intensively proceeded cooperation with the EU-funded project underway within the frames of a new regional initiative (EU4Environment) the aim of which is to introduce innovative products and technologies with a view to boosting green investments. One of the components of the abovementioned initiative envisages development of Sustainable Public Procurement (SPP) concept which will serve as an important tool for the development of green economy. Within the frames of the aforementioned project, several drafts of legislative acts were worked out; the process is underway in order to identify the pilot CPV codes to which the Sustainable Public Procurement principles will apply.



Time	Agenda Item	Speakers
11:00 - 11:30	Welcome address	
11:30 - 11:45	Relevance and importance of innovation & sustainability	Mr. Mikheil Demetradze (SA) Mr. Alexander Katskhali (SA) Mr. Stefan Hauer (Aust)
11:45 - 12:00	Impulse Austria: Considerations on policy level	Mr. Stefan Hauer (Aust)
12:00 - 12:15	Impulse Austria: Implementation experiences	Mr. Stefan Hauer (Aust)
12:15 - 12:30	Panel Discussion on Austrian samples	
13:00 - 14:00	Lunch Break	
14:00 - 15:30	Open Discussion: Promoting innovation & sustainability in Public Procurement	
15:30 - 16:00	Closing Session	







13. COOPERATION WITH PARTNERS



International
Labour
Organization



European Bank
for Reconstruction and Development



USAID
FROM THE AMERICAN PEOPLE



Centre for International
Migration and Development
a joint operation of GIZ and the
German Federal Employment Agency