**The Ministry of Finance**

**Decree N411**

26/12/2019

**On Amendments to Decree N385 of the Finance Minister of Georgia of 8 October 2018 Setting up a Working Group for the Implementation of Activities aimed at Evaluating Investment Projects**

Pursuant to Article 63 of the General Administrative Code of Georgia, I hereby Decree:

“To amend Decree N385 of the Finance Minister of Georgia of 8 October 2018 on Setting up a Working Group for the Implementation of Activities aimed at Evaluating Investment Projects and:

1. To edit the Paragraph 1 as follows:

„1. To set up a Working Group (hereinafter - Working Group) with the following composition to implement activities for and coordinate the process of the evaluation of investment projects and reconciliation of positions of the Ministry:

|  |  |
| --- | --- |
| Giorgi Kakauridze | Deputy Finance Minister of Georgia, head of the Working Group |
| Nikoloz Gagua | Deputy Finance Minister of Georgia, deputy head of the Working Group |
| Ekaterine Guntsadze | Head of the Budget Department, the Ministry of Finance of Georgia, a member of the Working Group; |
| Shota Gunia | Head of the Fiscal Risk Management Division, the Finance Ministry of Georgia, a member of the Working Group |
| Mirza Gelashvili | Head of the Macroeconomic Analysis and Fiscal Policy Planning Department, the Ministry of Finance of Georgia, a member of the Working Group |
| Natia Gulua | Deputy Head of the Budget Department and Head of the Budget Policy Division, the Finance Ministry of Georgia, a member of the Working Group |
| Inga Gurgenidze | Head of the Division of State and Consolidated Budget Formation, the Budget Department, the Ministry of Finance of Georgia, a member of the Working Group  |
| Dimitri Kebadze | Division of Ensuring Integrity of the Budget Process of Autonomous Republics and Municipalities, Budget Department, the Ministry of Finance of Georgia, a member of the Working Group |
| Maia Lavrinenko | Third Category Senior Specialist, the Division of Fiscal Risk Management, the Ministry of Finance of Georgia, a member of the Working Group |
| Marine Khanchaveli | Third Category Senior Specialist, the Division of Fiscal Risk Management, the Ministry of Finance of Georgia, a member of the Working Group |
| Nino Narimanishvili | First Category Senior Specialist, the Division of Fiscal Risk Management, the Ministry of Finance of Georgia, a member of the Working Group |
| Elene Chkheidze | First Category Junior Specialist, the Division of Fiscal Risk Management, the Ministry of Finance of Georgia, a member of the Working Group |
| Ana Chabashvili | First Category Junior Specialist, the Division of Fiscal Risk Management, the Ministry of Finance of Georgia, a member of the Working Group |
| Nato Mokverashvili | Second Category Senior Specialist, the Division of the Budget Policy, the Budget Department, the Ministry of Finance of Georgia, a member of the Working Group  |
| Tinatin Gugava  | Third Category Senior Specialist, the Division of the Budget Policy, the Budget Department, the Ministry of Finance of Georgia, a member of the Working Group, the Secretary of the Working Group |
| Vladimer Pashoghli | The Second Category Senior Specialist, the Department of Macroeconomic Analysis and Fiscal Policy Planning, the Ministry of Finance of Georgia, a member of the Working Group |
| Gela Bukia | Adviser to the Deputy Minister, a member of the Working Group |

2. The Paragraphs 2 and 6 shall be removed.

**Article 2.**

To approve the current edition (Annex N1) of the Statute of the Working Group set up at the Ministry of Finance of Georgia to implement activities for and coordinate the process of the evaluation of investment projects and reconciliation of positions of the Ministry.

 Ivane Machavariani (signature)

The Minister

**AN1**

**The Statute of the Working Group set up to Implement Activities for and Coordinate the Process of Evaluation of Investment Projects and Reconciliation of Ministries’ Positions**

**Article 1. General Provisions**

1.As part of the Public Finance Management Reform Strategy, a working group (hereinafter - Working Group) has been set up for the implementation of activities and coordination of the process of evaluation of investment projects and reconciliation of the Ministries’ positions by the order of the Minister of Finance of Georgia.

2. In its activities, the Working Group shall be guided by the Constitution of Georgia, the Budget Code of Georgia, the Law of Georgia on Public-Private Partnership, International Agreements and Treaties of Georgia, and the Government of Georgia Ordinance # 191 of 22 April 2016 On Approval of the Roadmap for Investment Project Management (hereinafter - the Roadmap), the Investment Project Methodology (hereinafter – Methodology) approved by Annex # 5 to the Minister of Finance of Georgia Order N385 of July 8, 2011 On Approval of the Program Budgeting Methodology, Government of Georgia Ordinance No. 426 of August 17, 2018 On the Procedure of Development and Implementation of Public-Private Partnership Projects (hereinafter - the Procedure)," the Government of Georgia Ordinance N168 of March 31, 2017 On Approval of the Statute of the Ministry of Finance of Georgia, this Statute as well as other laws and bylaws.

3. The structure of the Working Group, its powers and procedure of its activities shall be defined by this Statute.

**Article 2 Tasks of the Working Group**

Main tasks of the working group:

a) Review and evaluate within its competence investment / capital projects submitted to the Ministry of Finance of Georgia in accordance with the Roadmap and Methodology and prepare within its competence proposals for feasibility of project implementation, monitor project implementation and evaluate projects at later stages;

b) Coordinate the development and improvement of the investment project evaluation system at the Ministry of Finance of Georgia for the purpose of performing the tasks set forth in Subparagraph A of this Article.

c) Coordinate the implementation of functions and duties assigned to the Ministry of Finance of Georgia by the Law of Georgia on Public-Private Partnership;

d) Support the development and implementation of the concept for the development of a unified electronic module for managing investment projects as part of the Public Finance (ePFMS) system;

**Article 3. Powers of the Working Group**

For the implementation of the set goals and objectives the Working Group is authorized to:

1. Review, process and request additional information as needed from the project submitter spending agency / municipality (hereinafter - the Initiator) in accordance with the Roadmap and Methodology;

2. In case of disagreement with the project Initiator on key assumptions and principles, prepare an alternative version of the project, with the assumptions considered appropriate by the Work Group;

3. Submit projects reviewed in line with the procedure set out in the Methodology and Roadmap to the superior body responsible for selecting the projects, specified in the Roadmap and Methodology;

4. When submitting the information referred to in Paragraph 3 of this Article, recommend with respect to the project whether: It is advisable to move it to the next stage or it is not advisable to move it to the next stage;

5. Receive, process and analyze project-related information at a later stage of the investment project implementation cycle as provided by the Methodology;

6. To get information as needed from the Budget Department within the time specified by the budgetary process about capital projects reflected in medium-term planning documents developed by the spending agencies/municipalities, budget applications and draft budgets in order to find out whether they correspond to the decisions made at the project selection stage;

7. Supervise the maintenance of the register of investment projects submitted to the Ministry of Finance by the Working Group Secretariat;

8. In accordance with the Roadmap and Methodology, review and prepare relevant recommendations with respect of the report on the monitoring of current investment projects;

9. In accordance with the Roadmap and Methodology, review the follow-up report on completed investment projects and develop recommendations based on it to further improve the investment project management system;

10. Provide suggestions for the improvement of the Roadmap and Methodology;

11. Carry out relevant activities within the competence of the Ministry of Finance of Georgia with respect to the projects submitted to the Ministry of Finance of Georgia for consideration under the Law of Georgia on Public-Private Partnership;

12. Develop a concept for the creation of a unified electronic module for the management of investment projects under the Public Finance (ePFMS) system and support its implementation;

**Article 4. Organization of Working Group Activities**

1. The working group meetings are chaired by the head of the Working Group;

2. In case of absence of the head of the Working Group, his / her duties shall be performed by the deputy head;

3. Working Group meetings are held as needed;

4. The Secretariat of the Working Group shall provide technical assistance to the Working Group and its activities. The function of the Secretariat shall be performed by the Budget Department of the Ministry of Finance of Georgia (hereinafter – the Secretariat);

5. The request for convening the Working Group Meeting shall be addressed to head of the Working Group by the Secretariat, which sets out the draft agenda of the meeting at the request / agreement of members of the Working Group;

6. The Working Group meeting is authorized if at least half of Working Group members attend the meeting;

7. The decision of the Working Group shall be made by a majority of vote of the members present in the Working Group meeting. When the votes are evenly divided, the voice of head of the Working Group shall be decisive. Moreover, the Working Group is authorized to develop a system of scoring criteria for project evaluation;

8. The Working Group meeting shall be formalized by the Minutes, which shall be signed by the head and secretary of the Working Group.

9. The Budget Department as the Secretariat of the Working Group shall register an investment project submitted to the Ministry of Finance of Georgia, including at least the information provided for in the Annex to this Statute (Annex - Investment Projects Register).

10. Within 2 weeks from accepting the project, the Working Group Secretariat and the Division of Fiscal Risks of the Ministry of Finance of Georgia shall verify the compliance of the submitted project concept card and key assumptions with the Methodology requirements and request additional information if needed.

11. Upon receipt of a comprehensive project, the Secretariat shall send information to members of the Working Group to consider it within their competence and may, either at its own initiative or at the request of a member of the Working Group, request holding a preparatory meeting of the Working Group;

12. Within 2 months from receiving the information by Working Group members or from holding the preparatory meeting (if applicable), the Working Group shall organize the Summary Session of the Working Group to make a decision referred to in Article 3, Paragraph 4 of this Statute;

13. Depending on the specifics of the project, employees of a relevant division of the Budget Department may be requested to take part in the activities of the Working Group as needed, according to curatorial spending agencies and municipalities.

14. Depending on the specifics of the project, representatives of a relevant spending agency/budget organization on the central and local level may be requested to take part in the activities of the Working Group as needed;

15. Head of the Working Group defines the timeframe for reviewing, preparing and evaluating investment projects and, where appropriate, the composition of the Working Group subgroup.

16. Head of the Working Group designates the head of the subgroup - the person responsible for a specific investment project;

17. Both permanent members of the Working Group and invited persons (without a right to vote) may take part in the activities of the subgroup of the Working Group;

18. Members of the Working Group shall, within the timeframe specified in the Roadmap and Methodology, within 2 months from receiving the report on the implementation of investment projects submitted by spending agencies to the Ministry of Finance of Georgia, prepare summary report outlining the existing challenges and possible risks.

19. The Working Group shall review the follow-up report on the investment project and prepare a summative assessment every two years;

20. The Ministry of Finance of Georgia shall coordinate the fulfillment of the functions and responsibilities assigned to the Ministry of Finance of Georgia by the Law of Georgia on Public-Private Partnership and the relevant procedure through the Working Group;

21. Information between members of the Working Group is usually exchanged via e-mail and electronic media.

**Annex**

**Investment Project Register[[1]](#footnote-1)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| N | Investment Project name | Investment Project sector[[2]](#footnote-2) | Initiating spending agency/municipality | Project total value[[3]](#footnote-3) | Capital costs | Current costs | According to Initiator’s estimate  | According to Working Group estimates[[4]](#footnote-4) | Status |
| NPV | IRR | ENP V | EIR R | NP V | IR R | ENP V | EIR R |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

1. The form of Annex presented is of a recommendatory nature and, depending on the specifics of the investment project, information may be added where necessary. [↑](#footnote-ref-1)
2. According to the sectoral division defined in the Investment Projects Management Roadmap approved by Resolution No. 191 of 2016 of the Government of Georgia On Approval of the Investment Project Management Roadmap [↑](#footnote-ref-2)
3. The project cost is indicated in the relevant currency if the calculations are not prepared in national currency. In this case, the cost of the project shall be also indicated in national currency [↑](#footnote-ref-3)
4. It shall be filled in if the financial indicators calculated by the Working Group differ from those presented by the initiator. In this case, the relevant note shall be indicated in the ‘Comment’ column. [↑](#footnote-ref-4)