

# **Public Administration Reform**

# in **GEORGIA**



**INFORMATION BROCHURE** 







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#### **ABOUT THE REFORM**

**Public Administration Reform (PAR)** encompasses the development of a transparent, accountable, efficient and corruption-free governance system in which state institutions implement policies that are tailored to the needs of citizens and are in line with European standards and best practices.

Successful PAR implementation plays a fundamental role in Georgia's European integration. As stipulated in the 'Georgia-EU Association Agreement', Georgia has committed to undertaking comprehensive reforms aimed at both enhancing public administration and establishing a transparent and professional civil service.

PAR holds significant importance to countries involved in the Eastern Partnership (EaP) initiative<sup>1</sup> as strengthening ties with the European Union (EU) and its member states and intensifying mutual collaboration are among their key objectives. As a member of the EaP, Georgia consistently honours its international commitments to fostering an accountable and transparent state governance system.

PAR priorities are distinctly articulated in national policy documents such as 'Government Programme 2021-2024' and 'Georgia's Development Strategy – Vision 2030'.



<sup>1</sup> Armenia, Azerbaijan, Georgia, Moldova, Ukraine.

## PUBLIC ADMINISTRATION REFORM STRATEGY

The Government of Georgia has acknowledged PAR as one of its main priorities. In 2015, the government approved the first strategy, 'PAR Roadmap 2020'. To achieve the objectives outlined in the Roadmap, three action plans were developed and successfully implemented for the periods of 2015-2016, 2017-2018, and 2019-2020.

After considering the outcomes of the implementation of the first PAR strategy and the challenges that emerged, the '**Public Administration Reform Strategy for 2023-2026**' and its first '**Action Plan for 2023-2024**' were approved by the Decree of the Government of Georgia in 2023.<sup>2</sup>

The Reform Strategy addresses the primary areas of public administration and, as an umbrella document, establishes the vision for a number of other policy documents, including, among others, the:

- 🕑 Decentralization Strategy
- Velic Service Development Strategy
- Sublic Finance Management Strategy
- Oigital Governance Strategy.

#### PAR COORDINATION

The Administration of the Government of Georgia is coordinating the PAR. The **Public Administration Re**form Inter-agency Coordination Council ('the Council'), established by an order of the Prime Minister<sup>3</sup> and composed of high-level decision-makers, has been entrusted to define the country's public administration policies.

The Council is led and chaired by the Head of Administration of the Government of Georgia. The Council members are deputy ministers and the heads of other state agencies.

<sup>2</sup> The Government of Georgia Decree N.66 of February 16, 2023, on the "Approval of the Public Administration Reform Strategy for 2023-3026 and the Action Plan 2023-2024. Available in Georgian language <u>here.</u>

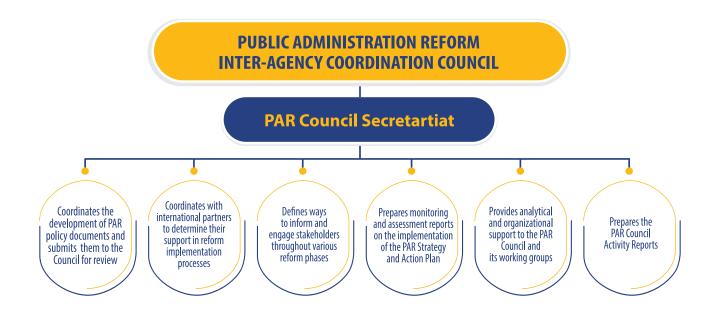
<sup>3</sup> Order N.17 of the Prime Minister of Georgia of January 27, 2020, on the "Establishment of the Inter-agency Coordination Council of the Public Administration Reform and Approval of Its Statute". Available in Georgian language <u>here</u>.

## THE COUNCIL MEMBERS



The core functions of the Council include defining general PAR policies, developing PAR strategy and action plans and presenting these documents to the Government of Georgia for discussion and approval.

The Public Administration Unit of the Policy Planning and Governmental Coordination Department of the Administration of the Government of Georgia (the PAR Council Secretariat) provides organizational and analytical support to the PAR Council in developing and implementing the PAR strategy and action plan.



**Developing the PAR Strategy and Action Plan is an inclusive process.** International partners and representatives of local civil society organizations participate in Council meetings and are involved in developing policy documents and monitoring and assessing their implementation.

#### PAR implementation is supported by, among others:

- 🕑 🛛 The EU
- The EU and Organisation for Economic Co-operation and Development initiative Support for Improvement in Governance and Management (OECD/SIGMA)
- Stee United Nations Development Program (UNDP)
- **W** UK aid from the UK Government (UKAID)
- S Agency for International Development (USAID)
- German Corporation for International Cooperation (GIZ).

## **CIVIL SOCIETY ENGAGEMENT**

The active involvement of civil society in PAR strengthens democratic processes and promotes the development of open, fair and sustainable public policies.

Various stakeholders actively engage in PAR processes. For example, both local and international organizations permanently participate in Council meetings together with standing Council members. In close cooperation with the Council Secretariat, civil society organizations are involved in developing PAR policy documents and in monitoring their subsequent implementation. Civil society organizations have the opportunity to submit their views to the Secretariat regarding the implementation of every commitment outlined in the action plan (a separate stage is devoted to the involvement of local and international organizations in the monitoring and assessment cycle); the Secretariat considers their feedback as one of its main sources of feedback during its final assessment of progress.

#### **THEMATIC PAR PILLARS**

PAR corresponds to the EU Principles of Public Administration and covers five main pillars:



#### THE MAIN RESPONSIBLE AGENCIES FOR THE PAR THEMATIC PILLARS:



It should be noted that the initial strategy of PAR, the 'Roadmap 2020', also encompassed the **Public Finance Management** and the **Enhancement of Local Self-government** pillars.

In line with the recommendations of stakeholders involved in the reform, the second PAR strategy integrates issues related to local self-government thematically across all four pillars of the reform (rather than as a standalone component). Issues related to the public finance management pillar are addressed in the <u>'Public Finance Management Reform Strategy'</u>,<sup>4</sup> which aligns with the government's vision on PAR.

The primary objectives outlined by PAR are geared towards enhancing the quality of people's daily lives and driving tangible results. Specifically, successful PAR implementation in the country ensures, among other benefits:

- Senhanced public administration
- **V** Transparent and accountable public institutions
- Secontralized and structured local self-governance
- Sefficient and effective civil service
- S A corruption-free environment
- Sefficient allocation of public funds
- Swift, flexible, and cost-effective public services.

<sup>4</sup> Order N. 172 of the Minister of Finance of Georgia dated May 24, 2023, on the "Approval of the Public Finance Management Reform Strategy 2023-2026 and the Public Finance Management Reform Action Plan 2023". Available in Georgian language <u>here</u>.

## WHAT IS COVERED BY PAR IN GEORGIA?

**Policy planning and coordination:** This key reform area seeks to transform the policy planning culture within the public system to foster more effective governance and evidence-based decision-making. It calls for the harmonized and consistent operations of state agencies and sets the benchmarks for developing results-driven, evidence-based policy documents such as strategies, concepts and action plans.

**Civil service and human resource management**: This direction strives to establish an effective and streamlined civil service system that is grounded on merit-based principles. It emphasizes the acknowledgement, advancement and appreciation of professionalism. Additionally, the objective is to make civil service careers appealing to seasoned professionals.

**Accountability:** A cornerstone area of PAR, the primary objective of accountability is increasing the integrity of public institutions and enhancing their accountability to the public. This pillar encompasses crucial aspects, including ensuring transparent governance, reinforcing anti-corruption mechanisms, increasing access to public information and others.

**Public service delivery:** Georgia has made remarkable progress in this direction over the past decade, positioning itself as a regional leader and gaining recognition beyond its borders. In this context, the goal is to refine the services the state offers to its citizens, ensuring the services are even more advanced, timely and accessible. Furthermore, it is vital that these services align with the evolving demands and challenges of modern technology, especially in terms of digitalization.

**Public finance management**: This area encompasses all aspects of budget management, from planning phases through to expenditure and auditing. A robust legal framework, and consequently a robust system, ensures the appropriate handling of public finances. This ties closely to policy planning processes, facilitating the identification of necessary financial resources for prevailing challenges and their solutions. A sound financial management system, among its other benefits, grounds the measures outlined in policy documents in reality and provides substantial protection against unforeseen risks. In order to improve the public finance management system, the Government of Georgia constantly updates a special strategy, 'On Public Finance Management Reform'.

# KEY ACHIEVEMENTS OF THE REFORM

Based on the 'PAR Roadmap 2020' and the three action plans, the country has made significant progress and achieved a number of tangible results, including:

- A unified standard for policy planning, monitoring and evaluation has been developed, encouraging evidence-based decision-making and increasing citizen participation in the process.
- A regulatory impact assessment (RIA) for legislative acts was enacted to bolster evidence-based policy implementation.
- **Solution The Law of Georgia 'On Civil Service'** was adopted, ensuring a merit-based civil service.
- **The Open Government Georgia** <u>website</u> was launched, offering a consolidated platform for information related to open government reforms.
- A unified policy for public service delivery was determined at the national level, aiming to establish a high-standard approach for service design, delivery, quality assurance and pricing.
- Public service-providing agencies have actively initiated the implementation of the **Common As**sessment Framework (CAF), an international service quality management mechanism pioneered in the EU.
- Solution of public services available on the <u>My.gov.ge</u> portal expanded to 700.
- The Organic Law of Georgia, the Local Self-Government Code was adopted, which delineates the legal foundation for executing local self-governance and the jurisdictions of local self-governing bodies.
- Strategy for 2020-2025 was approved.

## POLICY PLANNING AND COORDINATION

The main goal of policy planning and coordination reform is to ensure that the policy documents that the government develops respond to the real needs and challenges of society, are rooted in reliable data and prioritize achieving tangible results. Several crucial steps have been taken in this direction:

# **Stey Achievements:**

- A unified standard for planning, monitoring and evaluation of policy documents was approved by a Decree<sup>5</sup> of the Government of Georgia in 2019. The Decree promotes the implementation of good governance principles and ensures a results-oriented policy planning through citizen engagement process:
  - A hierarchy between strategies has been established that distinguishes between national, sectoral and institutional policy-defining documents and outlines appropriate requirements for each of them;
  - The policy planning cycle has been linked to the state budget planning process, thus ensuring alignment between government-approved action plans and the country's Basic Data and Directions Document;
  - A different evidence-based policymaking mechanism for each stage of the policy planning cycle has been introduced;
  - Policy documents should include monitoring and evaluation mechanisms;
  - Policy documents should also define measurable indicators for policy impacts, objectives and activities.
- With the aim of responding to citizen needs in policy documents, the holding of public consultations in policy planning processes has been made mandatory. Additionally, to ensure effective involvement, public consultation standards and instructions have been elaborated. More than 100 civil servants have been trained to develop practical skills in conducting public consultations.

<sup>5</sup> The Government of Georgia Decree N.629 of December 30, 2019, on the 'Establishment of the rules of policy planning, monitoring and evaluation'. Available in Georgian <u>here.</u>

- Mechanisms for quality control of policy documents have been developed. The Administration of the Government of Georgia has been tasked to coordinate policy planning reform and to ensure guality control for strategic documents to be submitted to the government.
- **The capacities of civil servants** in policy planning have been strengthened **through training ses**sions for over 300 individuals. Capacity-building processes are provided on an ongoing basis.
- The first electronic Policy Planning, Monitoring and Evaluation System is under development. This platform will consolidate all government policy documents into a unified digital space, simplifying each stage of the policy planning cycle, fostering inter-agency coordination and encouraging public involvement in decision-making processes.

#### **Success Story**

According to the newly introduced standard of policy planning, monitoring and evaluation, the 'Unified National Strategy of Education and Science for 2022-2030' and its corresponding sectoral 'Action Plan for 2022-2024' were elaborated and approved.

Public consultations were held to ensure public involvement in the policymaking process. The main mechanisms used in the process were online tools:

G Eight online meetings were held, which were attended by a total of 202 participants, including representatives of various educational institutions, non-governmental organizations and initiative groups, and students.

The draft policy documents were posted on the website of the Ministry of Education and Science of Georgia for opinions and comments for 45 days.

As a result of the mechanisms used, 60 recommendations were submitted to the Ministry within the framework of public consultations; 36 were fully considered in the final document, five were partially reflected, 12 were not considered, and seven were beyond the scope of the document.

## CIVIL SERVICE AND HUMAN RESOURCE MANAGEMENT

The main goal of the reform is to establish an effective and efficient civil service that is built upon a merit-based system and ensures the encouragement and promotion of professionalism.

# **Wey Achievements:**

- **W** The Law of Georgia 'On Civil Service' was enacted, ensuring the establishment of merit-based civil service.
- For the first time in the country, the Parliament of Georgia adopted the Law of Georgia 'On Remuneration of Labour in Public Institutions'.
- Since the second second
- **The Civil Service Bureau was given the mandate to oversee the competition process in civil service hiring**, guaranteeing fair and impartial decision-making.
- An evaluation system of civil servants was introduced, and professional development standards were established.
- **The regulation of accreditation of professional development programmes** for professional civil servants was developed and put into practice.

#### **Success Story**

Since professional growth and development are among the cornerstones of a thriving civil service, and considering that each civil servant's actions directly impact citizens' well-being, the efforts of the Civil Service Bureau in this regard have been intensified.

From 2019 to 2022, a total of 10,927 professional civil servants actively engaged in diverse professional development programmes. This signifies that, on average, 18 percent of civil servants are involved in professional development programmes every year.

## ACCOUNTABILITY

One of the primary objectives of PAR is to enhance the openness, transparency and accountability of the government towards the public. Several significant measures were taken during the first phase of the reform.

# **Key Achievements:**

- A system for **monitoring public officials' asset declarations** was introduced. The system serves as an effective tool to identify potential corruption, including conflicts of interest. The aim of the monitoring system is to validate the accuracy and completeness of the data in the asset declaration filled in by the official, as well as the identification and prevention of corruption offences.
- An innovative electronic **budget monitoring** tool was developed (**budgetmonitor.ge**), which won an award from the UN World Summit (World Summit Awards 2017 in the "Government & Citizen Engagement" category) and the Global Initiative for Fiscal Transparency (GIFT).
- To promote electronic democracy and government transparency, an open data portal (<u>data.gov.ge</u>) was launched.
- **To monitor the implementation of the Sustainable Development Goals** (SDGs), a dedicated electronic system (sdg.gov.ge) was established. The platform is managed by the state agencies responsible for implementing the SDGs.
- The establishment of financial management and control systems that are based on the principle of managerial accountability in state institutions is ongoing.
- Georgia played a leading role in the Open Government Partnership (OGP). In 2018, Georgia hosted the 5th OGP Global Summit in Tbilisi as the chair country of the organization. In 2019, Member States once again elected Georgia as a member of the OGP Steering Committee for a three-year term. Georgia belongs to a small number of OGP member countries in which all branches of government are fully involved in the OGP processes.
  - S The first **Open Government Georgia** website (**ogp.gov.ge**) was launched.

#### **Success Story**

Considering the fourth priority of the twelve-point plan determined by the European Commission to grant the EU candidate status to Georgia, and based on the Law of Georgia "On Combating Corruption", in December 2022, for the first time in Georgia, an independent agency, the LEPL Anti-corruption Bureau was established. The Bureau has a pivotal role in coordinating anti-corruption policies.

Under the Bureau's mandate, the following important anti-corruption functions have been consolidated:

- *Overloping proposals related to defining the general policy of fighting against corruption and presenting them to the Parliament of Georgia;*
- Elaborating drafts of anti-corruption strategies and action plans and submitting them to the Government of Georgia for approval, as well as monitoring the implementation process of the aforementioned policy documents;
- Yereparing recommendations on the prevention, detection and suppression of conflicts of interest within state institutions;
- Ensuring receipt and submission of public officials' asset declarations and monitoring related processes;
- Yereparing proposals on the improvement of whistleblower protection measures;
- Monitoring the financial operations of citizens' political unions (political parties), electoral subjects, and individuals with declared electoral intentions;
- Kesearching and analysing international standards and experiences and taking educational measures in the field of combating corruption.

The Bureau is accountable to the Parliament of Georgia and the Inter-agency Coordination Council for the Fight Against Corruption.

#### PUBLIC SERVICE DELIVERY

The primary goal of the service delivery area of PAR is to improve the quality and accessibility of public services, ensuring every person is satisfied with the services provided by the state.

# **O** Key Achievements:

For the first time, the government approved the 'Public Service Development Strategy 2022-2025'. This comprehensive document aims to implement consistent approaches across four core areas:



The strategy envisages public participation during the service design, delivery and quality assurance stages. It emphasizes the close collaboration of service-providing agencies to effectively embody the "once only" and "single window" principles. The unified strategy also focuses on the "digital by default" principle, in response to which the public service providers offer both physical and digital services to users. In addition, within a unified methodology, the costing standard is a valuable tool for self-pricing each public service. To maintain consistent high-quality service delivery, service providers conduct biennial organizational self-assessments and follow European standards to examine customer satisfaction.

Guiding methodologies for the four core areas of the strategy were elaborated. Within the framework of the unified strategy, five guidelines were developed (on service design, service delivery, customer satisfaction surveys, the Common Assessment Framework (CAF) and self-pricing of services).

In order to promote new unified approaches, training modules were developed; up to 600 employees of service-providing agencies were trained.

- For the first time, the international service quality management mechanism, known as the Common Assessment Framework (CAF), was introduced at the Public Service Hall. The CAF implementation process is ongoing in other public service provider institutions.
- Solution The concept and methodology of the **Public Service Index** was developed for the first time.
  - The citizens' portal, **My.gov.ge**, designed to remotely offer public services, **has expanded**. In response to the COVID-19 pandemic challenge, the portal has grown to provide **over 700 electronic services**. Furthermore, the portal has been adapted to the needs of people with vision impairments. Moreover, a My.gov.ge **mobile application** was developed to simplify service accessibility.
- The Digital Governance Coordination Government Commission was established to ensure efficient and effective inter-agency coordination. The Commission's purposes include promoting digital governance and deepening cooperation between relevant agencies.
- The Digital Governance Strategy is being developed in order to improve digital governance, systematize the field, improve service delivery and meet the needs of citizens and the private sector in a timely manner.

#### **Success Story**

**An innovative mechanism of service delivery, the Mobile Public Service Hall,** was created to streamline the delivery of public services.

As an initiative of the Ministry of Justice of Georgia, the Mobile Public Service Hall brings an impressive array of over 470 services (both state and private sector) directly to the doorsteps of residents in remote villages, especially those far from district centres and standard Public Service Halls.

Within a span of just two years (it was launched in September 2021), this project has extended its outreach across all of Georgia. As of September 2023, this initiative has aided over 42,000 inhabitants of 60 villages.

### PUBLIC FINANCE MANAGEMENT

The chief aspiration of the reform in this direction is the establishment of a proper management ecosystem to effectively execute fiscal policies. This environment should ensure the rational utilization of financial resources, fulfilling the state's commitments and bolstering economic growth.

In line with the PAR strategy's vision, this area is comprehensively addressed by the **Public Finance Management Reform Strategy.** 

# **Key Achievements:**

- The budgeting process was improved; the comprehensiveness of budget documents was increased, medium-term planning was improved and connections between budgeting and policy planning were strengthened.
- The methodology of **programme budgeting** that state institutions use during budgeting is periodically updated in order to introduce good practices and ensure more transparency.
- **Investment project management reform** is actively under way.
- **The fundamental reform of customs and tax legislation was carried out.** A new model of profit tax was introduced, the regulatory norms of value-added taxes were brought into compliance with the European directive and new customs legislation in line with the EU customs legislation was adopted.
- External debt analysis was deepened. Work is actively in process on external vulnerabilities and possible alternatives to reduce them.
- Cooperation with international rating companies was enhanced.
- The coverage area of fiscal risk analysis documents has been expanded in the direction of longterm fiscal risks. The comprehensive reform of state enterprises has started and is currently in the implementation phase.
- For the first time in Georgia, a tax expenditure document was developed. Georgia will now annually assess budget losses as a result of tax benefits. It will be possible to assess the effectiveness of tax benefits and to optimize them.
- The integrated information system of state finance management was developed and improved (PFMS – eBudget, eTreasury, eDMS and eHRMS).

- In order to improve internal audit activities, **performance and compliance audit guidelines were developed**, external **evaluations of the quality of internal audit units**' activities were carried out, and work began on the **certification programme for public sector internal auditors**.
- The instructions for the introduction of the second stage of the financial management and control system managerial control were developed, and the formation of the risk management system in the public sector began.
- Within the framework of the reform, **parliamentary supervision was strengthened**. A working group was established to review state audit reports and to supervise the implementation of recommendations.
- According to the 2021 ranking of the International Budget Partnership **Open Budget Index**, Georgia belongs to the category of **fully transparent** countries and **ranks first among 120 countries**.
- The budget documentation prepared by the Ministry of Finance of Georgia at all stages of the budget process is published on the website of the Ministry. Since 2016, a <u>citizen's guide</u> to the annual budget law has been regularly prepared.<sup>6</sup>

#### **Success Story**

The 2022 Public Expenditure and Financial Accountability (PEFA) assessment highlighted that notwithstanding the challenges posed by the COVID-19 pandemic, Georgia's public finance management system demonstrated high efficiency. This was evident in areas such as investment project management and the adoption of International Public Sector Accounting Standards (IPSAS) and internal and external auditing mechanisms.

The fiscal discipline mechanisms introduced by the public finance reform proved effective in real-world scenarios during the crises stemming from the COVID-19 pandemic. Special contingencies, termed 'escape clauses', were devised. These clauses, which pertain to states of emergency and recession as defined by law, allow for temporary deviations from established fiscal rules in order to facilitate an adequate fiscal response to crises.

The country's fiscal discipline exhibited the necessary flexibility during the crisis's evolution, ensuring a return to set fiscal rule boundaries within the three-year time-frame stipulated by the organic law.

Moreover, it is noteworthy that based on the 2022 PEFA evaluation report, Georgia achieved the best performance among the 59 evaluated countries.

<sup>6</sup> A citizen's guide 2023. Available in Georgian language here.

## ENHANCEMENT OF LOCAL SELF-GOVERNANCE

Aligned with national priorities, enhancing local self-governance emerged as an additional sixth pillar during the first phase of PAR. This pillar aims to create a full-fledged, decentralized local self-government. Within the framework of 'Roadmap 2020', important steps have been taken in terms of promoting decentralization.

# **O** Key Achievements:

- The **2020-2025 Decentralization Strategy** was adopted, marking a significant milestone in actualizing citizens' fundamental right to self-governance. The strategy emphasizes:
  - Expanding local self-governance authority;
  - Financially and materially strengthening local self-governance; and
  - Cultivating reliable, accountable, transparent and outcome-driven local governance.
- Local governments were equipped with authority related to education and children's rights protection, encompassing the capacity to devise and enact preventive measures. The delegation of other responsibilities is in progress.
- To improve the accessibility of electronic services in local self-governments, **unified electronic services**, based on three major modules, were developed and introduced in all municipalities in the country:



#### Success story

Policy planning at the municipal level was instituted for the first time in 2022.

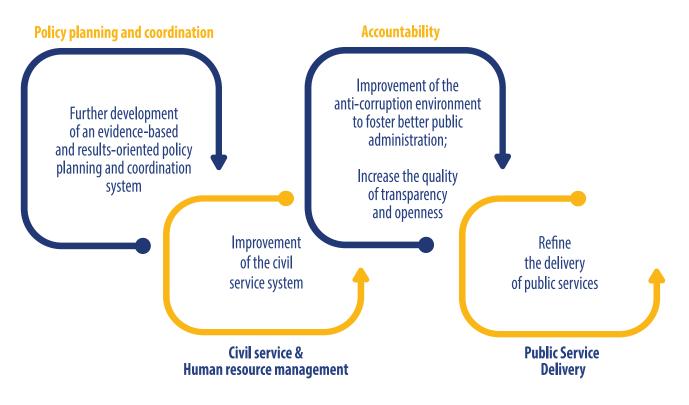
The 'Municipality Development Planning Guide', a policy planning guidebook tailored to meet the needs and specificities of local governance, was adopted. This guide delineates the essential steps for evidence-based policy formulation.

*Representatives of relevant units of all municipalities in the country were trained on using the Planning Guide.* 

For the first time in the history of local self-governance in Georgia, strategic documents are being developed in accordance with the guidelines in 35 municipalities with a predetermined, uniform standard.

#### PAR 2023-2026

#### Strategic goals according to PAR pillars



### WHAT IS PLANNED TO ACHIEVE PAR GOALS

- **Further enhancing institutional capacities** for policy planning, monitoring and evaluation processes and developing resources and competencies within the public sector;
- Improving data management for evidence-based policymaking;
- Strengthening human resources management efficiency in the civil service, including full digitalization of operational processes;
- Supporting the professional development of civil services employees, including launching a unified online learning platform for professional and career development;
- Sostering the career development for women in the civil service;
- Strengthening coordination in the **fight against corruption** and increasing **access to public information**;
- **Developing a regulatory framework for open data**, establishing unified standards for production and processing, as well as improving access to open data through data.gov.ge;
- Strengthening organizational accountability mechanisms; Aligning internal audit subjects with international standards;
- 🧭 Enhancing inter-agency coordination to improve public service delivery and digital governance;
- **Solution** Improving municipal service delivery.