

Annex 2: Disbursement arrangements and timetable

This appendix covers the following four main areas according to the country/intervention sector context: (1) responsibilities; (2) the indicative disbursement timetable; (3) the general conditions for each disbursement tranche; (4) the specific conditions for each disbursement tranche.

1. Responsibilities

On the basis of the disbursement conditions stipulated in the Financing Agreement, The Administration of Government of Georgia will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

2. Indicative disbursement timetable

An indicative timetable is given below:

Table A: Indicative disbursement timetable

Country fiscal year	Year 1 (2016)				Year 2 (2017)				Year 3 (2018)				Year 4 (2019)				
Type of tranche	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Total
Base tranche				4			2				1				1		8
Variable tranche							2				5				5		12
Total				4			4				6				6		20

3. General conditions for the disbursement of each tranche

The general conditions set out below for the disbursement of each tranche shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents.

Table B: General conditions for the release of tranches

Area	Conditions	Verification source
Public Policy	Satisfactory progress in the implementation of the Public Administration Reform Roadmap and continued credibility and relevance of that or any successor strategy. In doing so, a specific attention shall be put in providing evidence of alignment amongst the main policy documents.	Annual reports of the PAR Council on the implementation of the PAR Roadmap, Strategy and action plan
Macroeconomic stability	Implementation of a credible stability-oriented macroeconomic policy.	IMF, WB, EU and other annual reports
Public financial management	Satisfactory progress in the implementation of the programme to improve public financial management	IMF, WB, EU and other annual reports
Budget Transparency	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.	IMF, WB, EU and other annual reports

4. Specific conditions for the disbursement of tranches

The specific conditions for the disbursement set out in Table C and D shall apply to the disbursement of a specific tranche. Tranche release requests must be accompanied by all appropriate information and documents on the specific conditions.

Table C: Specific conditions for the release of tranches

Tranche	Amount	Indicative date of the disbursement request (month/year)	Indicative disbursement date (month/year)	Conditions/criteria/ activities for disbursement	Verification source including timing or data availability (where applicable)
First variable tranche	€2 m	Q2/2017	Q3/2017	(i) as defined in Table D / 1.1.1 (ii) as defined in Table D / 3.1.1 (iii) as defined in Table D / 4.1.1	Variable tranche conditions detailed in Table D.
Second variable tranche	€ 5 m	Q2/2018	Q3/2018	(i) as defined in Table D / 1.1.2 (ii) as defined in Table D / 1.2.1 (iii) as defined in Table D / 2.1.1 (iv) as defined in Table D / 3.1.2 (v) as defined in Table D / 3.1.3 (vi) as defined in Table D / 3.2.1 (vii) as defined in Table D / 4.1.2 (viii) as defined in Table D / 4.2.1 (ix) as defined in Table D / 5.1.1 (x) as defined in Table D / 5.1.2	Variable tranche conditions detailed in Table D.
Third variable tranche	€5 m	Q2/2019	Q3/2019	(i) as defined in Table D / 1.1.3 (ii) as defined in Table D / 1.1.4 (iii) as defined in Table D / 1.1.5 (iv) as defined in Table D / 1.2.2	Variable tranche conditions detailed in Table D.

				(v) as defined in Table D / 2.1.2 (vi) as defined in Table D / 2.1.3 (vii) as defined in Table D / 3.1.4 (viii) as defined in Table D / 3.2.2 (ix) as defined in Table D / 4.1.3 (x) as defined in table D / 4.2.2 (xi) as defined in table D / 5.1.3 (xii) as defined in table D / 5.1.4	
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The disbursement conditions for the variable tranche are set for the first year and may be amended in accordance with Article 2.1.2 of the Annex 1 (Technical and Administrative Provisions) of the Financing Agreement.

5. Variable tranche calculation

The programme foresees the payment of four instalments. The first instalment (1st fixed tranche) will be paid once compliance with the General Conditions has been established (as specified in table B above). For each of the following instalments, the fixed tranche will be paid upon compliance with the General Conditions (as specified in table B above). Once compliance with the General Conditions has been established, the variable tranche will be paid according to the level of compliance with each of the Specific Conditions and indicators (as specified in table C above). This compliance will be assessed on the basis of the agreed indicators and targets, as detailed in the Variable Tranche table (table D).

Compliance with one specific indicator will entail the release of the full corresponding quota of the variable tranche (as specified in table C and D). Partial compliance will entail the release of half of the corresponding quota. Non-compliance will entail no release of funds. For each specific indicator, compliance corresponds to all conditions being met. Partial compliance corresponds to more than half of the conditions being met. Noncompliance corresponds to half or less than half of the conditions being met. Funds withheld for lack of compliance will be lost at the end of the sector reform contract. In exceptional and duly justified cases financing agreement can allow for a re-assessment of certain unmet targets in the following year against the original target if there is a positive trend and the government did not reach the target because of external shocks. Such cases should be specified in the indicator documentation sheets.

Table D: Variable Tranches

All documents required to assess compliance are transmitted in English or with an English translation.

<p>1. Improved policy planning and coordination capacities and processes in the central public administration - maximum amount: € 3.800.000</p>		
<p>1.1 Evidence of progress in terms of implementation – maximum amount: € 2.300.000</p>		
<p>1.1.1. The five pilot ministries have policy structural units and resources aligned with the requirements of the new policy planning framework.</p>	<p>1.1.2 At least one monitoring report of each selected sectoral strategy is prepared in line with the Handbook for policy planning and is published per each of the five pilot ministries. Each report shows evidence of the degree of progress and/or delays in the implementation of the action plans of sectoral strategies and proposes (where necessary) corrective actions.</p>	<p>1.1.3 At least one monitoring report of a sectoral strategy prepared in line with the Handbook for policy planning and is published per each of the seven additional ministries. Each report shows evidence of the degree of progress and/or delays in the implementation of the action plans of sectoral strategies selected by the ministries and proposes (where necessary) corrective actions.</p> <p>1.1.4. At least one evaluation report of each selected sectoral strategy is prepared in line with the Handbook for policy planning and is published per each of the five pilot ministries. Each evaluation report shows evidence and reasons of achievements and/or not achievements in the actual implementation of the selected action plans in the five pilot ministries and makes recommendations for the future.</p> <p>1.1.5 The Public Administration Reform (PAR) action plan for 2019-2020 including baselines, targets and indicators, is approved by the PAR Council and published.</p>
<p>Baseline indicators: (2015) The selected pilot ministries and strategies are listed in Annex I. None of the policy structural units in the pilot ministries are fully aligned with the new policy planning framework; no monitoring and evaluation were implemented according to the new policy planning framework. All selected pilot ministries have a sectoral/inter-sectoral strategies and related action plans (Assessment by Administration of Government - Policy Planning System Reform Strategy 2015-2017 and PAR Roadmap action plan 2015-2016). The current PAR action plan covers 2015-16; two other plans are foreseen 2017-18 and 2019-20.</p>		
<p>Sources of verification:</p>	<p>Sources of verification:</p>	<p>Sources of verification:</p>

<p>One consolidated report validated by PAR Council and providing the evidence specified under condition 1.1.1 above.</p>	<p>Five monitoring reports (one per each pilot ministry) providing the evidence specified under condition 1.1.2 above.</p>	<p>Seven monitoring reports (one per each additional ministry) providing the evidence specified under condition 1.1.3 above. Five evaluation reports (one per each pilot ministry) providing the evidence specified under condition 1.1.4 above. Published PAR action plan 2019-2020 providing the evidence specified under condition 1.1.5 above.</p>
<p>1.2 Increased linkage between policy planning and budgeting – maximum amount: € 1.500.000</p>		
	<p>1.2.1 At least 60% of the action plans of strategies involving more than one line ministry and revised or adopted by the Government in 2017 include evidence of costing consistent with the latest Government-approved medium-term budgetary framework (BDD). Eventual deviations in costing beyond the control of the Government are identified and justified.</p>	<p>1.2.2 All action plans of strategies involving more than one line ministry and revised or adopted by the Government in 2018 include evidence of costing consistent with the latest Government-approved medium-term budgetary framework (BDD). Eventual deviations in costing beyond the control of the Government are identified and justified.</p>
<p>Baseline indicators: (2015) 30% of the policy planning documents reflect relevant financial calculation according to the methodology set by the Ministry of Finance (source: Policy Planning System Reform Strategy 2015-17).</p>		
	<p>Sources of verification: One consolidated report validated by the PAR Council and providing the evidence specified under condition 1.2.1 above.</p>	<p>Sources of verification: One consolidated report validated by the PAR Council and providing the evidence specified under condition 1.2.2 above.</p>
<p>2. Policy-driven, results-oriented management approach progressively introduced in the central public administration - maximum amount: € 1.500.000</p>		
	<p>2.1.1 Institutional reviews on all ministries are concluded.</p>	<p>2.1.2 Functional reviews on all ministries are concluded. 2.1.3 At least 20% of the short-term actions of the reviews concluded in 2017 in the five pilot ministries (listed in indicator 1) are implemented.</p>

<p>Baseline indicators: (2015) The Government comprised 16 line ministries and 3 State Ministers Offices. The first draft of the methodology for institutional review is elaborated but not finalised. No institutional review has been conducted. By the end of 2016, 5 reviews should be conducted.</p>		
	<p>Sources of verification: One consolidated report including the institutional reviews and validated by the PAR Council. Civil Service Bureau (CSB) report confirming that all ministries are included in the above-mentioned report and presenting the main conclusions of the institutional reviews in all ministries.</p>	<p>Sources of verification: One consolidated report including the functional reviews and validated by the PAR Council. Administration of Government of Georgia (AoG) report confirming that all ministries are included in the above-mentioned reviews and presenting the main conclusions of the functional reviews in all ministries. Publication of a PAR Council-validated report providing the evidence specified under condition 2.1.3 above.</p>
<p>3. The Civil Service progressively professionalised and merit-based human resources management policies implemented -- maximum amount: € 3.800.000</p>		
<p>3.1 The legal framework required by the Civil Service Law is adopted, new remuneration and appraisal systems are applied in central administration – maximum amount: € 2.300.000</p>		
<p>3.1.1 At least 10 of the 12 required decrees implementing the Civil Service Law are adopted by the Government.</p>	<p>3.1.2 The new classification system is implemented in all ministries falling under the scope of the Civil Service Law.</p> <p>3.1.3 The Government publishes a report that explains to citizens and media the main objectives and the expected impact of the new civil service legal framework (laws and decrees - referred to in Annex I), and its alignment with the European Principles of Public Administration and with the (EU) Equal Opportunities Directives in terms of the gender dimension. The report addresses comments and observations from civil society organisations.</p>	<p>3.1.4 All civil servants eligible in 2018 to the annual appraisal in ministries have been appraised in 2018 in line with the new legal framework</p>

<p>Baseline indicators: (2015) The number of civil servants in line ministries and related LEPLs was approximately 63.000 (43.000 without police forces).The Civil Service Law was adopted on 27 October 2015. It will enter into force on 1st of January 2017. The Law defines the framework against which the secondary legislation and regulations are to be drafted. It embodies the principles set out in the Civil Service Reform Concept adopted in 2014 and the PAR Roadmap 2015-2020 adopted in August 2015. The enactment of the Law will require the drafting of 12 decrees and 2 laws. They are being drafted, with international support. In 2015, no law and no decree required by the Civil service law are elaborated and adopted. The current classification, salary and appraisal schemes are not consistent with the new system and shall be modified by the new decrees before 1st January 2017.</p>		
<p>Sources of verification: One consolidated report validated by the PAR Council and providing the evidence as specified under conditions 3.1.1. above</p>	<p>Sources of verification: One consolidated report validated by the PAR Council and providing the evidence as specified under conditions 3.1.2 and 3.1.3 above.</p>	<p>Sources of verification: One consolidated report validated by the PAR Council and providing the evidence as specified under conditions 3.1.4 above.</p>
<p>3.2 A comprehensive Civil Service training system is established, coordination and quality assurance mechanisms are introduced - maximum amount: € 1.500.000</p>		
	<p>3.2.1 Publication of a report informing the public and the media on the revised training system (applicable to the institution mandated by Law for coordinating the civil service training system, and applicable to training schools) and providing evidence of its alignment with (i) the national gender strategy, (ii) the national strategy for civil equality and integration, (iii) the European Principles of Public Administration, and (iv) the EU Equal Opportunities Directives in terms of the gender and minority inclusion. Such report also presents the main programmes as well as the monitoring and evaluation system established for the quality assurance of delivered trainings.</p>	<p>3.2.2 Publication of a report presenting the results of the basic training programmes delivered for (i) managers (heads of department and Heads of divisions) and (ii) civil service entry level (basic mandatory training programme) and providing evidence of their alignment with the revised training system. The report shall also present the evaluation of these trainings according to the quality assurance system established in 2017.</p>
<p>Baseline indicators: (2015) Eight State training centres/schools of the line ministries, private training entities and ad-hoc contracted individuals deliver trainings to civil servants on national and local levels. The State budget covers the operational and administrative costs of the training entities; however trainings of civil servants largely rely upon the availability of donor support. The current training system lacks a strategic approach to institutional, systemic professional development of civil service, and quality assurance requirement. The International Education Centre is foreseen to coordinate the training system and introduce quality assurance mechanisms: a memorandum of understanding between the CSB and the OEC in 2016, delegating to the latter the tasks of steering the establishment of the training system (these tasks are currently given to CSB by the Civil Service Law of 2015). A Government Decree, among the regulations required by the Civil Service Law of 2015, shall be adopted by end 2016, mandating the OEC with the responsibility of coordination and quality assurance of the training system in Civil Service.</p>		
	<p>Sources of verification: One consolidated document validated by the PAR Council and providing the evidence as specified under condition 3.2.1 above.</p>	<p>Sources of verification: One consolidated report validated by the PAR Council and providing the evidence as specified under condition 3.2.2 above.</p>

4. Improved accountability of public sector through reduction of corruption and increased openness towards citizens – maximum amount €1.900.000		
4.1 Improved transparency and accountability of civil servants – maximum amount: € 1.200.000		
4.1.1 The Government publishes a multi-annual action plan with baselines, targets and indicators for implementation of the assets declaration monitoring system.	4.1.2 The Civil Service Bureau publishes a report demonstrating compliance with the Law on Conflict of Interest and Corruption in terms of number of declarations actually monitored in 2017.	4.1.3 The Government publishes a report on the implementation of the action plan of the assets declaration monitoring system. The report provides evidence that all cases of incomplete or inaccurate assets declarations submitted in 2017 have been subjected to administrative or legal proceedings and, based on the degree of progress and/or delays in the implementation of the 2016-published action plan, identifies main areas for further actions.
Baseline indicators: (2015) 5.200 officials are subject to submission of declarations. With the adoption of the Civil Service Law of Georgia in October 2015 and amendments to the Law on Conflict of Interest and Corruption in Public Sector (also adopted in October 2015), a code of ethics shall be elaborated and enacted, integrating the requirement of these laws. With these laws, the existing asset declaration mechanism has been significantly reinforced. Regulations and legal decisions setting the procedures are needed for the effective functioning of such a system. It will be led by the Civil Service Bureau and involves law enforcement agencies.		
Sources of verification: Government-published action plan as specified under condition 4.1.1 above.	Sources of verification: One consolidated report by the Civil Service Bureau (CSB) providing the evidence as specified under condition 4.1.2 above.	Sources of verification: One consolidated report validated by the PAR Council and providing the evidence as specified under condition 4.1.3 above.
4.2 Increased openness of the public administration towards citizens – maximum amount: € 700.000		
	4.2.1 Following the entry into force of the new Law on Freedom of information, Georgia's score in the "Global Right to Information" report to be published in 2017 is higher than the 2014 score.	4.2.2 The percentage of requests for information by the public which was answered by public entities during 2018 is higher than in 2016.
Baseline indicators: (2015) The latest international Right To Information ratini! (www.rti-ratins.org) is 97/150 (2014). The Government is committed to improve its legal framework for access to information, in the Open Government Partnership action plan 2014-2016 and the Anti-Corruption strategy and action plan 2015-2016. The Government of Georgia is drafting a new law on Freedom of information (Foi), to be submitted to the Parliament in 2016 after public consultations. Each public entity reports annually to the Parliament of Georgia, the President and the Prime Minister on the implementation of its legal obligations in that field. At the same time, each public entity is committed to publish the report on the official web page of the legislative herald of Georgia "MATSNÉ". There are no consolidated statistics published by the Government, President or Parliament. The only available aggregated statistics are published by the Institute for the Democracy and Freedom of Information (IDFI), the latest showing that 86% of requests for information were answered		

(fully or partially) by the public institutions (central and local levels, LEPLs).		
	Sources of verification: Published "Global Right to Information" report transmitted and, where appropriate, commented by the PAR Council.	Sources of verification: A report validated by the PAR Council and providing the evidence as specified under condition 4.2.2 above.
5. Improved transparency and accessibility in service provision - maximum amount: € 1.000.000		
	5.1.1 A consolidated report, validated by the PAR Council, providing evidence that at least 44 municipalities have community centres and 55 municipalities use the Municipal Management System and that electronic services are integrated in the national citizen's portal (www.my.gov.ge).	5.1.3 A consolidated report, validated by the PAR Council, providing evidence that at least 52 municipalities have community centres and 70 municipalities use the Municipal Management System and that electronic services are integrated in the national citizen's portal (www.my.gov.ge).
Baseline indicators: (2015) 27 community centres are functioning in 25 Municipalities, and 8 municipalities were prepared to the E-Municipal Management System (Report of PSDA).		
	Sources of Verification: One consolidated report validated by the PAR Council and providing the evidence specified under condition 5.1.1 above.	Sources of Verification: One consolidated report validated by the PAR Council and providing the evidence specified under condition 5.1.3 above.
	5.1.2 The surveys of community centres users show an average rate of high satisfaction of at least 86%.	5.1.4 The surveys of community centres users show an average rate of satisfaction of at least 86%.
Baseline indicators: (2016) The survey of community centres users conducted in April 2016 shows an average rate of 86% of the users being very satisfied with the community centres services.		
	Sources of Verification: Report validated by the PAR Council and providing the evidence specified under condition 5.1.2 above.	Sources of Verification: Report validated by the PAR Council and providing the evidence specified under condition 5.1.4 above.