

Public Procurement Development Stages in Georgia

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Abstract : One of the best examples, in evolution of the public procurement, from post-soviet countries are reforms carried out in Georgia, which brought them close to international standards of procurement. In Georgia, public procurement legislation started functioning in 1998. The reform has passed several stages and came in the form as it is today. It should also be noted, that countries with economy in transition, including Georgia, implemented all the reforms in public procurement based on recommendations and support of World Bank, the United Nations and other international organizations. The first law on public procurement in Georgia was adopted on December 9, 1998 which aimed regulation of the procurement process of budget-organizations, transparent and competitive environment for private companies to access state funds legally. The priorities were identified quite clearly in the wording of the law, but operation/function of this law could not be reached on its level, because of some objective and subjective reasons. The high level of corruption in all levels of governance, can be considered as a main obstacle reason and of course, it is natural, that it had direct impact on the procurement process, as well as on transparency and rational use of state funds. This circumstances were the reasons that reforms in this sphere continued, to improve procurement process, in particular, the first wave of reforms began in 2001. Public procurement agency carried out reform with World Bank with main purpose of smartening the procurement legislation and its harmonization with international treaties and agreements. Also with the support of World Bank various activities were carried out to raise awareness of participants involved in procurement system. Further major changes in the legislation were filed in May 2005, which was also directed towards the improvement and smarten of the procurement process. The third wave of the reform began in 2010, which more or less guaranteed the transparency of the procurement process, which later became the basis for the rational spending of state funds. The reform of the procurement system completely changed the procedures. Carried out reform in Georgia resulted in introducing new electronic tendering system, which benefit the transparency of the process, after this became the basis for the further development of a competitive environment, which become a prerequisite for the state rational spending. Increased number of supplier organizations participating in the procurement process resulted in reduction of the estimated cost and the actual cost from 20% up to 40%, it is quite large saving for the procuring organizations and allows them to use the freed-up funds for their other needs. Assessment of the reforms in Georgia in the field of public procurement can be concluded, that proper regulation of the sector and relevant policy may proceed to rational and transparent spending of the budget from country's state institutions. Also, the business sector has the opportunity to work in competitive market conditions and to make a preliminary analysis, which is a prerequisite for future strategy and development.

Keywords : public administration, public procurement, reforms, transparency

Conference Title : ICEBMM 2015 : International Conference on Economics, Business and Marketing Management

Conference Location : Madrid, Spain

Conference Dates : March 26-27, 2015