



ევროკავშირი  
საქართველოსთვის  
The European Union for Georgia



Georgian Civil Society Sustainability Initiative  
სამოქალაქო საზოგადოების განვითარების ინიციატივა

# State Funding Mechanisms for Civil Society Organizations in Georgia

Research  
(Legislation and Practice)

June, 2017  
Tbilisi

The project is implemented by the Konrad-Adenauer-Stiftung e.V. Civil Society Institute, Center for Strategic Research and Development of Georgia, Center for Training and Consultancy, Kutaisi Education Development and Employment Center



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## I. Introduction

### The purpose of the study

The document aims to introduce the research of state funding mechanisms for civil society organizations (hereinafter “CSO”). The findings and the trends identified by this study will be used to contribute in developing recommendations on the most effective state funding model applicable to Georgia.

The study was conducted in two directions: on one hand, the best international practice for state funding mechanisms has been studied, while, on the other hand, document comprises brief overview of current situation in Georgia regarding legislation and practice on both national and local level. The information about the international practice is presented in the best practice research document. This part of the study is dedicated to the current situation analysis in state funding of civil society organizations in Georgia.

### Fields of the study

State funding mechanisms were examined on a central government level (ministries, legal entities of public law),<sup>1</sup> as well as on municipal level. According to Georgian law, civil society organizations are established in a form of non-entrepreneurial (non-commercial) legal entity (NNLE). Accordingly, the study concerns the issues related to funding NNLEs<sup>2</sup>.

State institutions use various mechanisms to spend budgetary funds, including state procurement and voucher systems (the latter is used for a variety of applications within the field of social protection). Both of these forms of budget spending may turn into a source of revenue for civil society organizations. However, these mechanisms are not directly oriented on funding civil society organizations. Therefore, the study excludes public procurement system and voucher system.

Existing trends of funding mechanisms are presented generally at the national level, while grant issuing procedure and practice have been studied in detail. In Georgia, a municipality is not authorized to issue a grant, accordingly, study covers existing practice of program funding at the municipal level.

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<sup>1</sup> Hereinafter referred as "state institutions".

<sup>2</sup> Hereinafter referred as "non-entrepreneurial (non-commercial) legal entity" in the main part of the text.

## The scope and methodology of the study

For the purposes of conducting this study, public information about acts on regulating fund provision and about funds already issued have been requested from public institutions. Various official web-pages and legal acts uploaded on a webpage of Legislative Herald of Georgia were used. Furthermore, interviews with representatives of public institutions were also conducted within the scope of this study.

A total of 19 institutions (ministries, legal entities of public law) and 11 municipalities were studied. Public information was requested from all of those municipalities and in some of them, interviews were also conducted. Information was requested from 30 public institutions (state institutions - 19; municipalities - 11), and 11 interviews were conducted (at state institutions - 4; at municipalities - 7). More specifically:

1. **State institutions** - interviews were conducted at the following 4 institutions<sup>3</sup>: Ministry of Justice of Georgia; LEPL - Electoral Systems Development, Reforms and Training Centre; LEPL - IDP Livelihood Agency; LEPL - Children and Youth Development Fund.
2. **Municipalities** - 11 municipalities, including self-governing cities, as well as community municipalities, were selected, more specifically: Tbilisi Municipality; Batumi Municipality; Kutaisi Municipality; Ozurgeti (community) Municipality; Zugdidi (community) Municipality; Gori Municipality; Gori (community) Municipality; Mtskheta Municipality; Telavi Municipality; Marneuli Municipality; Lagodekhi Municipality. Out of those selected municipalities, interviews were conducted at 7 of them: Tbilisi Municipality; Lagodekhi Municipality; Kutaisi Municipality; Zugdidi (community) Municipality ; Batumi Municipality; Gori Municipality; Gori (community) Municipality.

## II. Legal regulation on issuing grants by state institutions

### II.I. General description

In Georgia, general terms and conditions for issuing, receiving and using grants are regulated by the Law of Georgia on "Grants", which was adopted on June 28, 1996. According to the original edition of this law, group of grant-issuing entities did not include ministries of Georgia and/or legal entities of public law incorporated by the State and consider issuing grants for entrepreneurial purposes

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<sup>3</sup> Apart from this, interviews with the representatives of NNLE Civil institutionalization Development Fund, which is incorporated by the State, have been conducted.

inadmissible. By virtue of various amendments made to the mentioned law throughout the years since its adoption, on one hand, number of admissible purposes have been increased and specific cases of issuing grants for entrepreneurial purposes and to entrepreneurs have been prescribed; while, on the other hand, group of grant issuing subjects became larger and state institutions were added to the group. In accordance with the Law of Georgia on "Grants", list of entities to whom grants may be issued does not include the municipality.

In accordance with the effective edition of the Law of Georgia on "Grants", the grant is - targeted fund in monetary or natural forms transferred by the grantor (donor) to the grantee (grant recipient) free of charge, which are used for specific humane, educational, scientific-research, health affair, cultural, sports, environmental, agricultural development and social projects, as well as for implementation of state and public programs

Pursuant to the general principle, the grant shall not be issued for entrepreneurial purposes, however, in some cases, stipulated by the same law, it is possible to issue a grant for some entrepreneurial purposes. Specifically, innovative activities (only when issued by applicable legal entity of public law), supporting agricultural cooperatives or, within state programs, supporting micro and small entrepreneurial entities.

According to the original edition of the Law of Georgia on "Grants", group of grant-issuing entities did not include ministries of Georgia and/or legal entities of public law established by the State. Since 2010, few changes have been made to this law, by virtue of which grant-issuing entities included those legal entities of public law stipulated by the Government of Georgia, whose statutory purposes included purposes mentioned in the Law of Georgia on "Grants". In addition, by virtue of the amendment made in 2011, ministries of Georgia were also added to the groups of grant issuing subjects.

In addition to the Law of Georgia on "Grants", there are other legislative acts applicable in Georgia that, on the one hand, envisages the possibility of issuing grants by state institutions and, on the other hand, determines grant-issuing legal entities of public law (the Law of Georgia on "Political Union of Citizens of Georgia", the Law of Georgia on "Innovations"; the Law of Georgia on "Science, Technology and their Development"; the Law of Georgia on "Agricultural Cooperatives"; the Law of Georgia on "the Public Service Development Agency").

The Law of Georgia on "Grants" directly regulates specific directions and spheres for issuing grants by legal entities of public law (improving the quality of teaching in the field of education, supporting the development of scientific sphere, supporting integration of citizens living in regions with densely populated national minority and highland regions, promoting youth and social projects, etc.) As for the direction of the grants issued by the ministries, the purpose of it shall derive from the general scope of purposes stipulated by the Law of Georgia on "Grants" and from the spheres of activities of the corresponding ministry. Current regulation on issuing grants by ministries and legal entities of public



law include issuing grants in corresponding prioritized directions, though they are not primarily focused on development of the capacity of civil society organizations.

Before ministries and legal entities of public law were determined as grantors, the state created non-entrepreneurial (non-commercial) legal entity that issued grants to civil society organizations to encourage opportunities and initiatives of civil society organizations. Pursuant to the Presidential Decree of May 11, 2009, (non-commercial) legal entity - Civil Institutional Development Fund was established. The fund was created for the purpose of implementation of institutional reforms, strengthening and promoting the role and future development of non-governmental sector. In order to fulfil its statutory purposes, the fund issued grants to civil society organizations. During the ongoing Fund activities, there were questions about political signs in its activity and its transparency. Since 2013, the fund has suspended its practical operation (however, as a the Agency of Public Registry data shows, its liquidation has not happened so far).

## II.II General principles and procedures of grant issuance

In Georgia, the terms and conditions for issuing, receiving and using grants are determined by the Law of Georgia on “Grants”. This law also regulates the availability and directions of issuing grants by the state institutions. Furthermore, by resolution No. 126 of the Government of Georgia, dated March 14, 2011, the framework agreement procedures to be implemented by the legal entities of public law under ministries and state control were also prescribed.

In addition to the Law of Georgia on “Grants”, on the one hand, other legislative acts, which, determine the possibility of issuing grants by the state institutions in the priority direction and, on the other, legal entities of public law issuing grants, are also applicable. Specifically such legislative acts are:

- ⇒ The Law of Georgia on Political Unions of Citizens – provides for issuing grants to non-governmental organizations only for the purpose of promoting development of parties and raising public awareness. The law, in this regard, stipulates that a grant issuer can be LEPL - Center for Electoral Systems Development, Reforms and Teaching Center (Law of Georgia on “Grants” does not directly stipulate issuing grants in this direction);
- ⇒ Law of Georgia on “Innovations”, - together with the Law of Georgia on "Grants", the Law of Georgia on “Innovations” provides additional form of funding, such as grant, for innovative projects;
- ⇒ The Law of Georgia on "Science, Technology and Their Development", along with the Law of Georgia on “Grants”, Law of Georgia on “Science, Technology and their Development” provides for additional support for development of science and technology through grant funding;
- ⇒ The Law of Georgia on “Agricultural Cooperatives - together with the Law of Georgia on “Grants”, the Law of Georgia on “Agricultural Cooperatives” envisages possibility of grant



- funding to agricultural cooperatives on the one hand, and on the other hand, determines LEPL - the Agricultural Cooperatives Development Agency as a grantor;
- ⇒ The Law of Georgia on State Service Development Agency - This law grants authority to LEPL State Services Development Agency to issue grants to fulfill its purposes and objectives.

The Law of Georgia on “Grants” does not lay down general principles, procedures and rules for issuing grants by ministries or legal entities of public law. The law does not provide for the existence of rule of issuing grants and/or obligation to agree about it with the government. Paragraph 2 of Article 3 of the mentioned law makes the only reservation, that is: under the procedure established by the Government of Georgia, the Ministry is obliged to submit draft document on issuing a grant to the Government of Georgia for the preliminary assessment of thereof.

According to the current edition of the mentioned law, ministries are obliged to agree with the Government of Georgia not about rules and procedures for issuing grants, but about specific documents for issuing grants. According to the analysis of existing legal basis, grants by ministries are issued by minister's normative act. In one case, the regulation expressly provides the minister with the power to set the rules of issuing a grant (e.g.: powers of the Minister of Justice directly includes the powers of a minister to issue grants), while in the other case, the Minister is able to determine a procedure for issuing grants under his/her power to adopt a normative act.

As for legal entities of public law, a LEPL may become a grantor only if it is so determined by the government of Georgia except in cases which are directly covered by a legislative act. (For example, LEPL - Center for Electoral Systems Development, Reforms and Trainings, and LEPL - National Services Development Agency, which are determined as grantors by the law). The law does not include any unified, minimum standards and rules for issuing grants in case of LEPLs. The law does not provide for any obligation on agreement about rule of issuing grants with the government of Georgia.

As the existing legal basis demonstrates, there are several approaches to establishing rules of issuing grants by the LEPLs. Specifically they are:

- ⇒ The Georgian law directly determines the subject determining the procedure for LEPL to issue grants (LEPL - Center for Electoral Systems Development, Reforms and Trainings, LEPL - State Service Development Agency);
- ⇒ The legal act of the Government of Georgia (resolution) determines the rule of issuing grant in the relevant direction (LEPL - Shota Rustaveli National Science Foundation);
- ⇒ The legal act (resolution, ordinance) of the Government of Georgia, which determines the granting LEPLs in respective directions, provides a reservation that a ministry that supervises the LEPL is obliged to establish the rule for issuing a grant by the corresponding LEPL (LEPL National Center for Teacher Professional Development; LEPL IDP Livelihood Agency; LEPL- L. Sakvaralidze National Center For Disease Control And Public Health; LEPL- Shota Rustaveli National Science Foundation (for issuing grant in the specific direction));

- ⇒ The regulation of a ministry approved by the Government of Georgia envisages the Minister's authority to determine the rule of issuing grants by the LEPLs within the Ministry system (LEPL - Georgian Innovations and Technologies Agency);
- ⇒ The state program approved by the government of Georgia determines a procedure for issuing a grant by a LEPL (LEPL - International Education Center, LEPL - Produce in Georgia; LEPL - Agricultural Cooperative Development Agency).

In addition to the Law of Georgia on “Grants”, the framework agreement procedures to be implemented by the ministries and the legal entities of public law under state control were determined by resolution No. 126 of the government of Georgia, dated, March 14, 2011, specifically:

- ⇒ *the obligation to be taken into account by relevant institutions of executive government and legal entities of public law under state control*- if the amount of the grant and/or value of the property to be received in any natural form exceeds one hundred thousand Georgian Lari, draft document on receiving grant shall be submitted to the Government of Georgia for reviewing in order to preliminarily assess purpose of receiving the grant, its amount and specific directions of its (cash or in kind) use. This procedure does not apply to legal entities of public law with the status of higher education institution.
- ⇒ *The obligation to be taken into account by the ministries of Georgia* - 1) If the amount of the grant and/or value of the property to be issued in any natural form exceeds fifty thousand Georgian Lari, draft document on issuing grant, together with the conclusion of the Ministry of Finance of Georgia, shall be submitted to the Government of Georgia for review in order to preliminarily assess purpose of issuing the grant, its amount and specific directions of its (cash or in kind) use. 2) If the amount of the grant and/or value of the property to be issued in any natural form does not exceed fifty thousand Georgian Lari, the ministry is authorized to make a decision on issuing the grant with the prior consent of the prime Minister of Georgia.
- ⇒ *Limitation for the ministries of Georgia* - total annual amount of grants issued by a ministry of Georgia shall not exceed 1% of its approved assignments if not otherwise decided by the Government of Georgia.

## II.III The purposes / directions of issuing grants

### 1. Issuing grants for entrepreneurial purposes and/or to entrepreneurial entities

The original edition of the Georgian Law on “Grants” considered it inadmissible to issue grants for entrepreneurial purposes and/or to entrepreneurial entities; however, the applicable edition of the same law envisages exceptions from this general principle. Accordingly, the law envisages the following cases for issuing grants for entrepreneurial purposes and/or to entrepreneurial entities;

- ⇒ **Accredited higher educational institution** - The grantee may be accredited higher education institution if the grant is issued in accordance with the principles and requirements stipulated by the Law of Georgia on “Grants” (amendment made to the Law on Grants, made on July 21, 2010);
- ⇒ **Agricultural cooperative** - The grantee may be a legal entity entitled with agricultural Cooperative status in accordance with the Law of Georgia on “Agricultural Cooperative” (amendment made to the Law of Georgia on “Grants”, on July 12, 2013);
- ⇒ **Entrepreneurial entity implementing innovative activities** - The grantee may be an entrepreneurial entity registered in Georgia - for the purpose of implementing innovative activities in accordance with the law of Georgia on “Innovative Activities”, only in case of a grant issued by the legal entity of public law - Innovation and Technology Agency of Georgia (amendment made to the Law of Georgia on “Grants”, on June 22, 2016);
- ⇒ **Entrepreneurial entities implementing micro and small entrepreneurial activities for the transition stage** - For the interim period, with the exception rule, the funds issued to entrepreneurial entity/group of entrepreneurial entities within the framework of the program “Produce in Georgia” approved by resolution No. 365, dated May 30, 2014, by the government of Georgia and implemented by LEPL - "Produce in Georgia" (former name: Entrepreneurship Development Agency), under the system of the Ministry of Economy and Sustainable Development, are also considered grants during the period of the resolution validity. In addition, this provision of the law was extended to the legal relations arising from January 1, 2015 (amendments to the Law of Georgia on “Grants” made on 10 June 2016, December 22, 2016 and May 17, 2017).

## 2. The purposes/directions of grant issuance by the Ministries

The amendment to the Law of Georgia on “Grants”, adopted on October 13, 2011, was the first law of such to give an authority to a ministry to be a grantor. The law does not specifically determine the direction of the grant issued by ministries; therefore, it follows from the purposes of the allocations provided from the state budget and/or obligations imposed on the ministry according to relevant legal acts of Georgia on “Grants”, pursuant to the Law of Georgia on “Grants”. In addition, the grant may be issued by the Ministry for the financing purposes with amount received by itself from the donor.

A grant may be issued by a ministry as part of the allocations assigned from the state budget, as well as from other sources. In both cases, the ministry is obliged to comply with the procedures provided by resolution No. 126 of the government of Georgia, dated March 14, 2011.

For a ministry, to receive a grant, it is necessary to make a prior agreement with the government, if the value of the grant amount and/or natural form of the property to be granted exceeds one hundred thousand Georgian Lari. In particular, the Ministry is obliged to submit a draft document on grant approval to the government of Georgia in order to preliminarily assess the purpose of receiving the grant, its amount and specific direction of its use.

Resolution No.126 of the government of Georgia, dated March 14, 2011, provides for the total amount of funds to be issued as grants to the ministries of Georgia. More specifically, total annual amount of grants issued by the ministry of Georgia shall not exceed 1% of the allocations approved to be issued to it. However, the Government of Georgia can set an exception to this rule. In addition, the Ministry is obliged to submit a draft document on issuing a grant to the government or the prime-minister of Georgia for review prior to its approval by the ministry.

### **3. The purposes / directions of grant issuance by LEPLs**

In the Law of Georgia on “Grants”, the legal entity of public law was added to the list of grant issuing entities for the first time as it was amended on April, 20 2010. In addition, according to the initial edition of the Law, legal entity of public law could only issue the scholarship grants; however, the changes in the law allowed expansion of the number of fields in which the legal entity of public law may be a grantor.

The Law of Georgia on “Grants” is not the only legislative act that determines directions of issuing grants by a legal entity of public law. The Law of Georgia on “Grants” does not directly cover the possibility of issuing grants to support development of parties and civic education for voters. However, there is another law that enables such a possibility.

The amendment to the Organic Law of Georgia on “Political Unions of Citizens” was made on December 30, 2008, according to which grants were awarded to non-governmental organizations in order to facilitate the development of parties. LEPL - Development and Reforms Fund (now LEPL - the Center for Electoral Systems Development, Reforms and

Training) has been determined as a an entity authorized to award a grant by the law. The Law of Georgia on “State Services Development Agency”, grants authority to LEPL - State Services Development Agency to issue grant for its own goals and objectives.

According to the general rule determined by the Law of Georgia on “Grants”, a legal entity of public law can be a grant issuer if this is so determined by the Government of Georgia and the purpose defined by its charter/regulations is to issue grants in the direction listed in paragraph "c" of Article 3 of the Law of Georgia on “Grants”.

In addition to the above mentioned cases, Article 2 of the Law of Georgia on “Grants” provides for issuing grants by LEPL - Innovations and Technologies Agency for implementing innovative activities determined by the Law of Georgia on “Innovations” and Article 9 of the same Law (transitional provisions) envisages issuing grants in order to support entrepreneurial entities implementing micro and small entrepreneurship within the relevant programs of LEPL - "Produce in Georgia" within the relevant state program.

<b>Amendments to the Law of Georgia on “ Grants” - The directions of issuing grants by LEPLs</b>	
<b>1. Sub-paragraph "c" of paragraph 1 of Article 3 of the Law of Georgia on “ Grants” (as of June 2, 2017)</b>	
<i>Current edition: Grantor is a legal entity of public law so determined by the government of Georgia, whose purposes of operation according to its statute/regulations include: 1) issuing grants to improve the quality of learning and teaching in the field of education; 2) issuing grants to finance the costs of study; 3) issuing grants for scientific purposes; 4) scientific grants to support integration of citizens living in compact settlements with national minorities and in highland regions; 5) issuing grants to finance youth and public projects; 6) issuing grants for the purpose of social and economic integration of internally displaced persons - IDPs to ensure their access to means of subsistence; 7) promoting reforms and innovations implemented in Georgia and promoting them in the international community; 8) assisting the governments of partner countries of Georgia in the fields of education, healthcare, social security and sustainable development, assisting in elimination of results of disasters caused by natural and human impact.; 9) carrying out activities supporting agricultural cooperatives by the state”.</i>	
Amendment/Addition	Ammendment/Addition date
⇒ Issuing a grant for scientific purposes <sup>4</sup>	April 20, 2010 (Publication date - 04.05.2010)
⇒ popularization of reforms and innovations implemented in Georgia and promoting them in international community; ⇒ Assisting governments of partner countries in the fields of education, healthcare, social security and sustainable	May 15, 2012 (Publication date - 29.05.2012)

<sup>4</sup> In the Law of Georgia "On Grants", the legal entity of public law was added to the list of grant issuing entities for the first time.

development, elimination of results of disasters caused by natural and human impact.	
⇒ Implementation of state activities that support agricultural cooperatives.	November 11, 2015 (Publication date - 24.11.2015)
⇒ Issuing grants for the purpose of social and economic integration of internally displaced persons - IDPs to ensure their access to means of subsistence;	March 4, 2016 (Publication date - 14.03.2016)
⇒ Improving the quality of teaching and learning in the field of education; ⇒ Financing costs related to study; ⇒ Promotion of integration of citizens living in compact settlements with national minorities and high mountainous regions ; ⇒ Financing youth and public projects.	December 16, 2016 (Publication date - 27.12.2016)
<b>2. Paragraph 1<sup>1</sup> of Article 2 of the Law of Georgia on “Grants” (as of June 2, 2017)</b>	
<b>Amendment/Addition</b>	<b>Amendment/Addition date</b>
⇒ Carrying out innovative activities determined by the Law of Georgia on “Innovative Activities”.	June 22, 2016 (Publication date - 12.07.2016)
<b>3. Article 9 of the Law of Georgia on “Grants” (as of June 2, 2017)</b>	
<b>Amendment/Addition</b>	<b>Amendment/Addition date</b>
⇒ <b>Interim regulation:</b> Funds issued to the entrepreneurial entity/groups of entrepreneurial entities within the scope of micro and small entrepreneurship part of state program "Produce in Georgia" approved by resolution No. 365 of the government of Georgia of May 30, 2014.	June 10, 2016, December 22, 2016 and May 17, 2017

### III. The Public Institutions Issuing a Grant

#### III.I. Non-entrepreneurial (non-commercial) legal entity established by the state

Based on the Decree (No. 233) of the President of Georgia, dated May, 11, 2009, and Ordinance (N367) of the Government of Georgia, dated May 12, 2009, of the President of Georgia, LEPL - Civil Institutionalism Development Fund was established. Ministry of Corrections, Probation and Legal Assistance was determined as its founder. So far, founding ministry of the fund has been replaced twice in 2011 and 2012 (Ministry of Education and Science of Georgia, Ministry of Defense of Georgia).

According to the Decree of the President of Georgia, the fund was created in order to implement civil institutional reforms in Georgia, to strengthen the role of non-governmental sector and promote further development in the process of reforms and development. According to the establishing documents of the fund, purposes of the foundation's activities



are: to promote democratic processes in Georgia; to develop and promote civil society; to promote new interest-groups, community and non-governmental sector; active involvement of civil society members in solving existing political, social and economic problems in the country; to promote regional development and to develop equalization programs with joint active cooperation of local governance and civil society and to stimulate their implementation.

Governing body of the fund is the Supervisory Council, which is formed by the founder. According to the incorporation documentation, the supervisory council is composed of candidates selected from the non-governmental sector, parliamentary majority and minority and administration of the President of Georgia on the basis of consultations. A person entitled to represent the foundation shall be an executive director of the fund, who shall be appointed and dismissed by the supervisory council. The supervisory council shall make decisions by a majority of the members present at the council meeting. The Supervisory Council is a decision-making body about issuing grants from the fund.

The Civil Institutionalism Development Fund has suspended its activities and its official website is no longer functioning. Consequently, the data about the activities carried out by the Fund was obtained through an interview with the Fund's administration and through information obtained from various public sources.

Due to the objectives of its activities, the Fund supported civic society organizations through issuing grants and through implementing various activities of the fund by themselves. Funding source came from various reserve funds of the state budget of Georgia. In 2009-2012, the annual budget of the fund amounted to GEL 1 million, which was used to cover expenditures for administration of the fund and to issue grants to public organizations.

The Fund initially focused on the development of civic society organizations in the region and, therefore, the meetings were held in the regions of Georgia and most of the grants were distributed to regional organizations. The Fund mainly distributed small grants amounting to no more than GEL 10 000, but large projects were also financed. Based on the information obtained from various sources, it is clear that in 2009 the fund financed 91 projects; 86 projects were financed in 2010 and the fund financed 44 projects in 2012.

The Civil Institutionalism Development Fund was an institution created by the state, whose founding purpose was to facilitate the development of democratic processes and civil society in Georgia by using grant funding. However, during the activities of the fund, questions



emerged in the society, about the signs of politicization of its activities, and the frequent changes in its founding ministry. Although the fund had a written procedure (regulation) on issuing grants, the society still asked questions about transparency of the fund's activities.

The Civil Institutionalism Development Fund has had suspended its activities since 2013, however, according to the data of the Agency of Public Registry, it is not liquidated and has a status - registered.

### III. II. Grant issuing ministries

#### 1. Ministry of Justice of Georgia

The Ministry of Justice of Georgia, as an institution of executive power, carries out the purposes and objectives laid down in the ministry's statutes and legislation, on the one hand, through the central apparatus of the ministry, and on the other hand, through the legal entities of public law under the state control. The objectives of the ministry include the implementation of the measures envisaged by the national human rights protection strategy and/or coordination of its execution, as well as prevention of crime, re-socialization and rehabilitation of former prisoners and participation in development of state policy in these fields.

The regulation of the Ministry is approved by decree No. 389 of the government of Georgia, dated December 30, 2013. According to the sub-paragraph "r", paragraph 2 of Article 5 of the regulation of the Ministry of Justice of Georgia, the Minister approves the procedure for issuing a grant and grant program in the system of the ministry. The procedure for issuing a grant in the system of the Ministry of Justice was approved by decree No. 160 of the Minister of Justice of Georgia, dated December 29, 2011.

In accordance with the mentioned rule of issuing a grant, the Minister of Justice approves the Unified Grant Program, which is prepared to solve the most important and publicly important issues under the competence of the system of the ministry. The grant program of the ministry is financed from the allocations assigned by the annual budget law to the ministry within the limits set by the legislation and also by non-budgetary resources. The grant program will be developed and submitted to the ministry for approval by the Ministry Administration (Department) and/or within the scope of the competence of LEPL - Crime Prevention Center

which acts in the field of management of the Ministry of Justice. Competence of LEPL - Crime Prevention Center is not limited to drawing up a grant program project, it is actively involved in monitoring of implementation of the grant agreement concluded under its competence. The grantee may be a ***non-entrepreneurial (non-commercial) legal entity or its branch***.

The ministry may issue grants on the basis of the preliminarily approved grant program, on the basis of the minimum criteria of pre-determined assessment and additional/specific criteria set by the Grant Council. The rule of issuing a grant determines the issues related to announcing the grant competition, qualification requirements, evaluation criteria, competition results and other issues related to announcing competition results and other information. In addition, according to the latest changes to the rule of issuing a grant, documents to be published in relation to the grant competition, as well as grant applications are received via the unified electronic system of state procurement.

Evaluation of grant applications and selecting the winner takes place using the score system, with the condition of getting at least the minimum score. A member of the grant commission may be appointed by the employee of the ministry and a legal entity of public law under the Ministry's control or any physical person with higher education. The discretion of the minister includes determination of the number of members (at least 5 members) and the composition of the Commission. In addition, the procedure for issuing a grant provides for the appointment of the reserve members of the grant council who shall exercise their powers if the main members of the Council fail to fulfill the powers provided by the rule of issuing grants.

The basis for making a grant contract with the winner is the decision of the grant council and agreement with the Government of Georgia or the prime minister of Georgia. Besides, there are cases when a grant agreement with the winner may not be concluded. After the latest amendments to the procedure of issuing grants, the procedure now includes special rules for complaining about and suspending/not suspending the decisions of the grant commission.

The procedure for issuing a grant by the ministry specifically identifies the following issues: rule of development and approval of the unified grant program; requirements for grant application, required documents and rules for reviewing them; minimum criteria for evaluation of project applications, as well as the possibility of setting additional criteria by the grants board; presumable composition of the grant commission, rule of its formation and work order; grounds for and rules of disqualification of applicants; system of evaluation of grant

applications and rules of identifying winners; procedures necessary for concluding the grant contract and grounds for refusing to conclude such an agreement; obligation of monitoring implementation of contract terms and conditions and grant spending; issues of liability in case of non-compliance with the grant contract. Furthermore, special rules for appealing decisions regarding the grant issued are also determined.

## 2. Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia

Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia, as an institution with executive power, carries out the purposes and objectives of the Ministry's statutes and legislation, on the one hand, through the central apparatus of the ministry, and on the other hand, through the legal entities of public law under the state control. The competence of the Ministry include implementation of executive power in the sphere of IDPs, asylum seekers, persons with international security, repatriates, disaster victims and other type of social and legal protection of migrants in the sphere of migration control and resettlement. The competence of the Ministry also is to elaborate and implement various programs on issues related to its competence.

The provision of the Ministry is approved by resolution No. 34 of the government of Georgia, dated February 22, 2008. The Ministry's statute does not directly specify that the Ministry has an authority to issue grants. Rule of issuing grants was approved by the decree No. 246 of the Minister of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia, dated February 18, 2015.

In accordance with the rule of issuing grants, the Minister is to approve grant program under the individual administrative-legal act, which is prepared to solve current and publicly important issues in the competence of the system of the Ministry. The grant program of the ministry is financed from the allocations assigned by the annual budget law to the ministry within the limits set by the legislation and also by non-budget resources. The grant program is drawn up and financed within the limits of the assignments allocated to the Ministry according the annual budget law. The grant program is drawn up by the Department of Migration, Repatriation and Refugee Issues. The grantee may be *a non-entrepreneurial (non-commercial) legal entity or its branch.*

The ministry may issue grant on the basis of the preliminarily approved grant program, by the rule of Commission, on the basis of the minimum criteria of preliminarily determined assessment and additional/specific criteria set by the grant commission. Evaluation of grant applications is done using the score system. A member of the grant council may be an employee in the system of the ministry, while for the commission work, representatives of international and local non-governmental organizations and/or governmental institutions may be invited to participate. The discretion of the minister includes determination of the number of members and the composition of the Commission. Prior to concluding the grant agreement with the winner, the grant project is to be agreed by the government of Georgia or the Prime Minister of Georgia.

The procedure for issuing grants by the ministry specifically identifies the following issues: rule of development and approval of the unified grant program; requirements for grant application, required documents and rules for reviewing them; minimum criteria for evaluation of project applications, as well as the possibility of determining additional criteria by the grants commission; supposed composition of the grants commission, rule of its formation and work order; grounds for and rules of excluding the documents of applicants from review; score system of evaluation of grant applications and rules of identifying winners; procedures necessary for concluding the grant contract and grounds for refusing to conclude such a contract; obligation of monitoring implementation of agreement terms and conditions and grant spending and minimal rules for monitoring; issues of liability in case of non-compliance with the grant agreement. Special rules for appealing decisions regarding grant issues are also determined.

### 3. Ministry of Education and Science of Georgia

The Ministry of Education and Science of Georgia, as an institution of executive power, is established in the field of education and science to implement state governance within its competence. The ministry carries out the purposes and objectives of the ministry's statutes and legislation, on the one hand, through the central apparatus of the ministry, and on the other hand, through the legal entities of public law under the state control. Along with its other functions, the ministry ensures implementation and coordination of budgetary programs and projects to achieve priorities and goals in the field of education. It also facilitates implementation of non-budgetary programs/projects.

The regulation of the Ministry is approved by Decree No. 37 of the government of Georgia, dated May 21, 2004. The ministry's statutes does not directly specify the authority of issuing grants by the ministry (except for regulation of issuing state education grants).

According to decree No. 31/n of the Minister of Education and Science of Georgia, dated February 21, 2017, the ministry (Central Office) approved the rule of issuing grants to general educational institutions for conducting educational, cultural, artistic, creative, sport and cognitive activities for the pupils. Under this Rule the grantee may only be a general educational institution existing in the form of *a legal entity of public law*.

#### 4. Ministry of Sports and Youth Affairs of Georgia

Ministry of Sports and Youth Affairs of Georgia, as an institution of executive power, carries out the purposes and objectives as set forth in the Ministry's statutes and legislation, on the one hand, through the central apparatus of the ministry, and on the other hand, through the legal entities of public law under the state control. The ministry coordinates the implementation of development programs in the fields of sports and youth, cooperates with various sports organizations and promotes their activities and organizes children, youth and other types of activities, as well as supports arrangements for those kind of activities for other persons.

The regulation of the Ministry is approved by ordinance No. 183 of the Government of Georgia, dated July 7, 2010. The Ministry's statutes does not directly specify the authority of issuing grants by the ministry. There is no normative act approved by the Minister of Sport and Youth Affairs of Georgia, which regulates issuing grants by the Ministry (Central Office).

From the information received from the Ministry of Sports and Youth Affairs of Georgia and the Administration of the Government of Georgia, it is clear that the Ministry has issued grants, on the one hand, to physical persons and non-entrepreneurial legal entities within relevant budgetary program, on the other hand, to physical entities and sports organizations from the funds received from donor organizations (Charity Fund). More specifically:

⇒ "Volunteering Development Program" was implemented within the framework of the "Youth Policy Development Program" determined by the Law of Georgia on State Budget of 2015 the ministry of Georgia. Within the framework of the program, non-governmental organizations were selected in 10 regions of Georgia. A special commission was set up from

civil servants working at the ministry for conducting the competition, which selected the winning organizations. The Ministry has provided detailed information on the rules and procedures for issuing grants. Relations between the grant issuer and the recipient are regulated by grant agreement, concluding of which was preliminarily approval was obtained from the Prime Minister of Georgia;

- ⇒ The ministry implemented the "Young Ambassador Program of Georgia"/"Georgian Young Representative in the United Nations" within the framework of "Youth Policy Development Program" in 2014-2016. The programs were meant for ***physical persons and implied*** issuing grants based on objectives of the project.
- ⇒ The Government of Georgia has issued prior consents/approvals on receiving grants from donor (charitable fund) and issuing grants to ***physical persons and relevant sports organizations*** in 2014-2016. It is noteworthy that the grant agreement between the ministry and the donor organization specifies the purpose of issuing grant and beneficiaries, to which this financing should be subsequently issued (supporting sports figures and financing events of sports organizations). Issues related to issuing grants to individuals and sports federations shall be regulated by grant contracts signed by the ministry and grant beneficiaries (by the prior approval of the Georgian government).

## 5. Ministry of Culture and Monument Protection of Georgia

The Ministry of Culture and Monument Protection of Georgia, as an institution of executive power, carries out the purposes and objectives set forth in the ministry's statutes and legislation, on the one hand, through the central apparatus of the ministry, and on the other hand, through the legal entities of public law under the state control. The ministry shall develop policies on cultural and cultural heritage, and coordinates its implementation on the basis of applicable legislation. The Ministry has different objectives, including protection and promotion of cultural self-expression diversity, elaboration and implementation of sectoral policy of relevant fields of art, creating and promoting favorable conditions for development of the relevant fields of culture, promoting creative industries development, popularization of culture and promotion of internationalization, supporting projects including the program priorities.

The ordinance of the ministry is approved by resolution No. 197 of the Government of Georgia, dated July 16, 2010. The Ministry's statutes does not directly specify the authority of the ministry to issue grants. There is no normative act approved by the Minister of Culture and



Monument Protection of Georgia which regulates the procedures for issuing grants by the ministry (Central Office).

From the reply in response to the official inquiry on issuance of public information to the Ministry of Culture and Monument Protection of Georgia, it becomes clear that the ministry did not issue grants to non-entrepreneurial (non-commercial) legal entities in 2013-2016. However, according to the information received from the Administration of the Government of Georgia, the Government of Georgia and/or Prime Minister has issued prior consents/approvals to receive grants from donor (charity fund, with specific purpose of issuing grant) and issuing grants to individuals in 2014-2016. Issues related to issuing grants to physical entities are regulated by grant agreements signed by the Ministry and physical entities (with prior approval by the Government of Georgia and/or the prime minister).

### III.III. Legal entities of public law issuing grants

#### 1. General description

Legal entity of public law may be a grantor only if it is directly so determined in accordance to the law or if it is so determined in compliance with the terms of Law of Georgia on "Grants" drawn up by the Government of Georgia. In the former case - the relevant legislative act of Georgia directly grants the status of grantor to the legal entity of public law. In the latter case - by the act of the government of Georgia, the legal entity of public law is authorized to issue grants in the direction provided by the Law of Georgia on "Grants".

Within the scope of the study, as a form of inquiry for public information, a list of legal entities of public law that are determined as grantors by the Government of Georgia was requested from the Government Administration of Georgia. In reply to the request for the public information, the Government Administration replied that the list of the possible grantors is determined in accordance with the Law of Georgia on "Grants", while the mentioned law does not provide for a direct list of the LEPLs issuing grants. Therefore, the list of LEPLs is drawn up based on, on the one hand, data provided by the official website of the Legislative Herald of Georgia and, on the other hand, on the information requested from the Ministries and directly from the LEPLs.

In accordance with the requirements of the Law of Georgia on "Grants" and other legislative acts, 10 legal entities of public law are entitled to issue grants, specifically they are:



1. LEPL - Center for Electoral Systems Development, Reforms and Trainings - issues grants for the purpose of facilitating development of parties and civic education for voters;
2. LEPL - Agency for Ensuring Livelihood for IDPs - issues grants for the purpose of providing social and economic integration of IDPs for the purpose of ensuring their access to the sources of livelihood;
3. LEPL - National Center for Teacher Professional Development - issues grants for the purpose of popularizing educational reforms and innovations in the country and promoting them in the international community through improving the quality of learning and teaching in education;
4. LEPL - Shota Rustaveli National Science Foundation - issues grants in scientific fields for the purpose of supporting development of science;
5. LEPL - International Center for Education - issues grants for the purpose of preparing highly qualified personnel for economic and social development of the country;
6. LEPL - Innovations and Technologies Agency of Georgia - issues grants for the purpose of facilitating the development of innovations and technologies;
7. LEPL - L. Sakvarelidze National Center for Disease Control and Public Health - issues grants for scientific purposes to promote development of science;
8. LEPL - Public Service Development Agency - issues grants for the purpose of fulfilling the purposes and objectives of the Agency;
9. LEPL - Agricultural Cooperatives Development Agency - issues grants for the purpose of promoting agricultural cooperatives;
10. LEPL - Produce in Georgia - issues grants to entrepreneurial entities within the framework of the micro and small entrepreneurship part of state program "Produce in Georgia" (within the scope of the program only).

In addition to the above mentioned information, the provisions of regulation of LEPL - Creative Georgia (legal successor of LEPL - Culture Development Fund) approved upon the decree of the Minister of Culture and Monument Protection of Georgia (20.01.2010 N05 / 01), in accordance with its goals and objectives, is authorized to issue grants and state assistance. However, the legal act based on which this LEPL was authorized to issue grants in accordance with the requirements of the Law of Georgia on "Grants". In addition, from the information requested from this LEPL, it can be understood that it has not issued any grants to or funded non-entrepreneurial (non-commercial) legal entities. Based on the above mentioned, the study does not provide additional information about LEPL - Creative Georgia.

The aim of the study is to do the survey on the existing legal regulation and financing practices exercised by state institutions to fund non-entrepreneurial (non-commercial) legal entities. Therefore, directions of grant issuance by ministries and legal entities of public law, are reviewed below, and detailed information is given about regulation and practice of grants issued only to non-entrepreneurial (non-commercial) legal entities.



## 2. List of legal entities of public law issuing grants

Legal entities of public law issuing grants		
	Basis for issuing grants	Purposes of issuing grants/grantee
1	<p><b>LEPL</b></p> <p><b>LEPL – Center for Electoral Systems Development, Reforms and Trainings</b></p> <p><i>State Control performer</i> - Central Election Commission of Georgia</p>	<p><b>Direction:</b> Supporting development of parties, civic education of voters and issuing grants for those purposes</p> <p><b>Grant recipient:</b> N(N)LE</p>
2	<p><b>LEPL</b></p> <p><b>LEPL – Agency for Ensuring Livelihood for IDPs</b></p> <p><i>State Control performer</i> - Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia</p>	<p><b>Direction:</b> social-economic integration of IDPs with the aim of ensuring their access to livelihood;</p> <p><b>Grant recipient:</b> physical person and N(N)LE</p>
3	<p><b>LEPL</b></p> <p><b>LEPL – National Center for Teacher Professional Development</b></p> <p><i>State Control performer</i> - Ministry of Education and Science of Georgia</p>	<p><b>Direction:</b> issuing grants to popularize educational reforms and innovations in the country and promote them in the international community through improving the quality of education and learning in education</p> <p><b>Grant recipient:</b> N(N)LE - Union of Teachers</p>
4	<p><b>LEPL</b></p> <p><b>LEPL – Shota Rustaveli National Science Foundation</b></p> <p><i>State Control performer</i> - Ministry of Education and Science of Georgia</p>	<p><b>Direction:</b> issuing scientific grants in different scientific fields</p> <p><b>Grant recipient:</b> LEPL, N(N)LE, higher educational institution, physical person</p>



	LEPL	Basis for issuing grants	Purposes of issuing grants/grantee
	<b>LEPL – Innovations and Technologies Agency of Georgia</b>		
5	<i>State Control performer</i> - Ministry of Economy and Sustainable Development of Georgia	The Law of Georgia on “Grants” - Article 2, article 3, paragraph 1, sub-paragraph “c”;  Law of Georgia on “Innovations”;  Decree No. 1554 of the Government of Georgia, dated September 10, 2014	<b>Direction:</b> promoting innovations and technologies and issuing grants in that regards  <b>Grant recipient:</b> entrepreneurial entity, N(N)LE
	<b>LEPL</b>	<b>Basis for issuing grants</b>	<b>Purposes of issuing grants/grantee</b>
6	<b>LEPL – I. Sakvarelidze National Center for Disease Control and Public Health</b>  <i>State Control performer</i> - Ministry of Labor, Health and Social Affairs of Georgia	The Law of Georgia on “Grants” - Article 3, paragraph 1, sub-paragraph “c”;  Law of Georgia on “Science, Technologies and their Development” - Article 5 <sup>1</sup> , paragraph 1, sub-paragraph “e”;  Decree N543 of the Government of Georgia, dated September 11, 2014;  Regulation of the Centre, Article 2, paragraph 1, sub-paragraph “d” ; Article 2, paragraph 2, sub-paragraph “e”	<b>Direction:</b> Promoting scientific research and issue scientific grants for this purpose  <b>Grant recipient:</b> physical person, LEPL, N(N)LE.
	<b>LEPL</b>	<b>Basis for issuing grants</b>	<b>Purposes of issuing grants/grantee</b>
7	<b>LEPL – International Center for Education</b>  <i>State Control performer</i> - Ministry of Education and Science of Georgia	The Law of Georgia on “Grants” - Article 3, paragraph 1, sub-paragraph “c”;  Resolution No. 201 of Georgia, dated April 22, 2016;  Regulation of the Centre, Article 2, sub-paragraph “f”;	<b>Direction:</b> promoting getting education /raising qualification abroad by issuing a grant to the citizens of Georgia or for the holders of the Neutral Identity Cards and Neutral Travel Document  <b>Grant recipient:</b> physical person
		By the resolution No.574 of the Government of Georgia, dated March 3, 2016, the center was entitled to issue grants within the framework of the “ Young Ambassador Program of Georgia” and finance it by budget assignments.	<b>Grant recipient:</b> physical person





	LEPL	Basis for issuing grants	Purposes of issuing grants/grantee
8	<p><b>LEPL – Public Service Development Agency</b> <i>State Control performer - Ministry of Justice of Georgia</i></p>	<p>Law of Georgia on “State Services Development Agency” - Article 9, paragraph 4  Law of Georgia on “Grants”, Agency Regulations, Article 55, paragraph 4</p>	<p><b>Direction:</b> carrying out the purposes and objectives of the Agency (the aim of the Agency is to support important projects and reforms for the development of the country, promote the development of public services, introduce new and innovative services)  <b>Grantee:</b> physical person, N(N)LE or its branch</p>
9	<p><b>LEPL – Agricultural Cooperatives Development Agency</b> <i>State Control performer - Ministry of Agriculture of Georgia</i></p>	<p><b>Basis for issuing grants</b> The Law of Georgia on “Grants” - Article 3, paragraph 1, sub-paragraph “g”;  Law of Georgia on “ Agricultural Cooperatives” - Article 8, paragraph 5, sub-paragraph “1”, Resolution No.51 of Georgia, dated February 2, 2016, Regulation of the Centre, Article 2, paragraph 1, sub-paragraph “2”.</p>	<p><b>Purposes of issuing grants/grantee</b> <b>Direction:</b> implementation of state promotion measures for agriculture cooperatives and issuing grants for this purpose  <b>Grant recipient:</b> Cooperative</p>
10	<p><b>LEPL</b> <b>LEPL –Produce in Georgia</b> (former: Agency of Entrepreneurship Development) <i>State Control performer - Ministry of Economy and Sustainable Development of Georgia</i></p>	<p><b>Basis for issuing grants</b> The Law of Georgia on “Grants” - Article 9; <b>Note:</b> The law provides for issuing grants within the transition period, within the scope of the program “produce in Georgia.</p>	<p><b>Purposes of issuing grants/grantee</b> <b>Direction:</b> providing funds within the framework of micro and small entrepreneurship parts of the State Program “Produce in Georgia” approved by the Resolution No. 365 of Georgia on “ approving State Program Produce in Georgia”  <b>Grant recipient:</b> entrepreneurial entity/entrepreneurial entity groups</p>



### 3. Detailed description of legal entities of public law issuing grants

#### 3.1 LEPL- Center for Electoral Systems Development, Reforms and Trainings

According to the amendments to the Organic Law of Georgia on Political Unions of Citizens made on December 30, 2008, Article 30<sup>1</sup> was added to the Law. This added article envisaged issuing grants to non-governmental organizations only to promote development of parties. The amendments made in the Organic Law on December 28, 2011 has changed the purpose of issuing grants, accordingly grants shall be issued to non-governmental organizations based on submitting projects aimed at only development of parties and improving civic education for voters.

According to Article 30<sup>1</sup> of Organic Law of Georgia on “Political Union of Citizens”, the grant is issued by the legal entity of public law - Electoral Systems Development, Reforms and Training Centre (formerly the LEPL - Development and Reform Fund) subject to state control of the Central Election Commission of Georgia.

In accordance with sub-paragraph f(b) of paragraph 2 of Article 2 of regulation of the Training Center approved by the Central Election Commission of Georgia on 3 February 2012, one of the functions of the center is to issue grants to non-governmental organizations to promote development of parties and civic education of voters based on the submitted projects.

The procedure of issuing grants by the center is approved by resolution No. 7/2012 as of February 3, 2012. According to the Organic Law of Georgia on Political Unions of Citizens and procedure for issuing Grants, *grantee may be only local non-entrepreneurial (non-commercial) legal entity (non-governmental organization)*.

The procedure for issuing a grant by the Center in detail sets out the issues related to announcing about, conducting and monitoring of grant competition. The Central Election Commission of Georgia determines the directions of financing competition. The Director of the Center shall, with the consent of the director of the Central Election Commission, decide about the following issues: the date of announcement about the competition, the deadline for submitting the competition documentation, the competition topics, the competition directions

and limitation of financing the project, duration of the project, the additional requirements of the competition (if necessary) and the composition of the competition commission.

The following issues are determined in detail through the procedure for grant issuance: the number of members of the competition commission, the presumable Composition, its formation and work rules (possibility of participation of international and local non-governmental organizations, as well as academic circles in the Commission); grounds and rules for leaving the competition documentation without consideration; Grant Projects Assessment Criteria and Appraisal Points System, as well as the minimum point of assessment; Grounds and rules for approval or refusal to approve the decisions made by the Commission; Special rules for complaining about decisions (appeals go to the Central Election Committee); Monitoring forms and detailed procedures of grant project implementation and expenditure; Issues of responsibility in case of failure of the grant project.

### **3.2 LEPL - IDP Livelihood Agency**

In accordance with the amendment to the Law of Georgia on "Grants", made on March 4, 2016, grants can be issued by the legal entity of public law so determined by the Government of Georgia. The purpose of such a legal entity of public law as established by its statute is to issue grants to ensure refugees and IDPs' access to livelihood for their social and economic integration.

In accordance with resolution No. 401, dated August 16, 2016, of the Government of Georgia, legal entity of public law - the IDP Livelihood Agency was determined as grantor issuing grants to provide access to livelihood resources for IDPs for their social-economic integration. In accordance with the resolution, the procedure of issuing a grant is approved by the normative act made by the minister.

Pursuant to sub-paragraph "b" of paragraph 1 of Article 2 and sub-paragraph "j" of Article 2 of the ordinance of the Agency, approved by Order No. 1997 of the Minister of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia, dated April 28, 2016, one of the objectives and functions of the Agency is to issue grants to provide access to livelihood resources for IDPs for their social-economic integration.



The agency issues grants for the purpose of implementing the strategy which envisages ensuring access to livelihood for the IDPs and action plan for this strategy. The procedure of issuing a grant by the agency is approved by order No. 2883 of the minister of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees, dated September 30, 2016, according to which the grantee may be ***a natural person and not a non-entrepreneurial (non-commercial) legal entity.***

The grant is issued by the agency within the framework of the pre-approved grant program, following commission procedures, based on the minimum criteria of pre-determined assessment and additional criteria set by the Commission. The grant applications are evaluated by the score system, although it is permitted to evaluate applicants and select the winner without the score system in exceptional cases. An employee of the agency, as well as other public institutions, international or local non-governmental organizations may be appointed as a member of the grant commission, but the director of the agency has discretion in determining the composition of the members.

The procedure for issuing grants by the agency determines the following issues: rule of development and approval of the united grant program (grant program is approved by the collegiate authority of the agency – governing board); requirements for grant application, presenting documents and rules for reviewing them; minimum criteria for evaluation of project applications, as well as the possibility of establishing additional criteria by the grant commission; presumable composition of the grant commission, its formation and working procedure; Grounds and rules for leaving the competition documentation without considerations; Grant projects evaluation score system, as well as the possibility to evaluate and select the winner without the score system; Obligation of monitoring implementation and expenditure of the grant project and minimum regulation of monitoring; Issues of responsibility in the failure of the grant project. The rules for issuing grants do not provide special rules for making complaints about decisions.

### 3.3 LEPL - National Center for Teacher Professional Development<sup>5</sup>

In accordance with the amendment to the Law of Georgia on "Grants", made on December 16, 2016, the grant may be issued by a legal entity of public law so determined by the Government of Georgia and whose purpose is to issue grants to improve the quality of teaching and learning in the field of education.

In accordance with resolution No. 525 of Georgia, dated November 29, 2016, the legal entity of public law - the National Center for Teacher Professional Development was determined as a grantor for the purpose of popularizing ongoing reforms and innovations and to promote them in the international community to improve the quality of education in the field of teaching and learning. In accordance with the resolution, the procedure of issuing a grant is approved by the minister's normative act.

According to sub-paragraph "1" of paragraph 2 and sub-paragraph "z" of paragraph 2 of Article 2 of the regulation of the center approved by order No.13/n of the minister of Education and Science of Georgia, dated December 29, 2014, the Center announces grant contests and issues grants for the purpose of popularization of ongoing reforms and innovations and promoting them in the international community to improve the quality of education in the field of teaching and learning.

Rules for grants issuance by the Center and criteria for evaluation of project applications is approved by Decree No. 19/n of the Minister of Education and Science of Georgia, dated February 7, 2017. According to the rule, grant issuance shall aim at ensuring active involvement teacher unions of different subject groups under the national curriculum. Consequently, the grant recipient may be ***non-entrepreneurial (non-commercial) legal entity - teacher unions of subject groups under the national curriculum*** registered in accordance with the legislation of Georgia.

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<sup>5</sup> Analysis of legal acts refers to the situation as of June 10, 2017, accordingly it does not provide any information on grant regulation in the direction of teacher professional development approved by Decree No. 106 / n of the Minister of Education and Science of Georgia, dated June 13, 2017 (Date of publication 14.06.2017).

The rule/regulation of grant issuance regulates the general rule of conducting grant competition, issuing grants and monitoring implementation of grant projects. The rule/regulation determines the grant competition administration, competition conditions, submission, review and evaluation of projects, drawing up grant agreement and monitoring issues. However, in most cases there are only general regulations.

The director of the center creates the commission for submission, consideration, review and review and evaluation of the report. The number of commission members and the requirements of the composition are not determined, but the issues of conflict of interests of the commission member are determined. The general rule of the commission's work is not determined, given that the commission's functions include review and evaluation of the reports. However, the commission's assessment score system is established by the commission, the minimum score of the assessment is also determined. The Commission assesses the projects according to the assessment criteria approved by the rule of grant issuance.

According to the rule of grant issuance, the projects selected for funding are approved by the director of the center, although the possibility and bases for the director to refuse the approval has not been determined. The mechanism for monitoring grants implementation is provided, however, detailed monitoring forms and procedures are not specified in detail.

### **3.4 LEPL - Shota Rustaveli National Scientific Foundation**

Article 5<sup>1</sup> was added to the law of Georgia on "Science, technologies and their development" on December 23, 2005. According to this added article, the government promotes science and technology development, though funding it from the budget, as well as and state grant funding and indirect stimulation.

In the Law of Georgia on "Grants", the amendment was made on April 20, 2010 and subparagraph "c" was added to the first paragraph of Article 3 according to which the grant issuer may be a legal entity of public law so determined by the Government of Georgia, the purpose of which set out in its statute is to issue grants in the field of science.

In accordance with resolution No. 273 of the government of Georgia, dated September 10, 2010, legal entity of public law - Shota Rustaveli National Scientific Foundation was

determined as a legal entity of public law authorized to issue grants for scientific purposes. According to sub-paragraph “a”, paragraph 1 (a), Article 2 of the foundation regulation, approved by decree No. 62/n of the Minister of Education and Science of Georgia, dated July 28, 2010, one of the purposes of the foundation is to support development of society based on science and knowledge in Georgia through grant funding.

Under resolution No. 131 of the Government of Georgia, dated March 16, 2011, it was determined that grant issuance rules, grant contest regulations and criteria for grant project proposals shall be approved by decree of the Minister of Education and Science of Georgia. Therefore, decrees of the minister of Education and Science of Georgia in scientific, research and scholarship directions were drawn up in previous years (in most of these areas the grantee shall be a natural person).

Besides, the Government of Georgia and the Minister of Education and Science of Georgia have approved acts in order to issue grants in various scientific fields, including:

⇒ Under resolution No. 84 of the Government of Georgia, dated February 16, 2011, ordinance about state scientific grants for fundamental research grants and assessment criteria for grant projects were approved. The objective of issuing grants in this directions is to create new knowledge, theoretical and experimental study and analysis of new ideas and concepts, events and facts, theories and models.

The grant recipient may be a legal entity of public law established in accordance with Georgian legislation, ***non-entrepreneurial (non-commercial) legal entity of private law registered in Georgia*** and whose purpose set out in its statute is to conduct scientific research, as well as higher education institution and relevant physical person.

⇒ Under resolution No. 86 of the Government of Georgia, dated February 16, 2011, regulation about state grant for scientific purposes and grants project assessment criteria were approved for the competition announced within the framework of the targeted research and development initiatives program. The purpose of issuing grants in this direction is to select and fund scientific projects from the prioritized science fields as those fields are agreed between Shota Rustaveli National Scientific Foundation and Science and Technology Center in Ukraine.

The grant recipient may be a legal entity of public law established in accordance with Georgian legislation, ***non-entrepreneurial (non-commercial) legal entity of private law registered in Georgia*** and whose purpose set forth in its statute is to conduct scientific research, as well as higher education institution and relevant natural person.

⇒ Under the decree of the minister of Education and Science of Georgia, dated June 9, 2016, competition of the Georgian Studies Science Conference and Grants Project Assessment Criteria were approved. One of the objectives of issuing this grant is to facilitate holding high-level international scientific conferences in the field of Georgian studies with participation of the broad public, popularization of Georgian studies and presenting them to international scientific circles.

The grant recipient may be a legal entity of public law established in accordance with Georgian legislation, ***non-entrepreneurial (non-commercial) legal entity of private law registered in Georgia*** and whose purpose set forth in its statute is to conduct scientific research, as well as higher education institution and relevant physical person.

### 3.5 LEPL - Georgian Innovations and Technologies Agency

In accordance with the amendment made in sub-paragraph "c" of Article 3 of the Law of Georgia on "Grants" on March 15, 2012, the grant issuer may be a legal entity of public law that is so determined by the Government of Georgia and whose purpose is to promote reforms and innovations implemented in Georgia and promoting awareness about it in the international community.

Under order No. 1554 of the Government of Georgia, dated September 10, 2014, the Legal Entity of Public Law - Innovations and Technologies of Georgia has been authorized to issue grant with the purpose of maximal activation of innovative and technological potential in Georgia and promoting innovations and technologies by funding them with issued grants.

Under the amendments made to the Law on "Grants" on June 22, 2016, paragraph 1<sup>1</sup> was added to Article 1 of the law. According to this added article, grant issued by a legal entity of public law - Innovations and Technologies Agency with the purpose to implement innovative activities that is so determined by the Law of Georgia on "Innovations".

The Law of Georgia on “Innovations” was adopted on June 22, 2016, which provides for a form of financing of innovative projects such as a grant. In accordance with the law, innovative activity is determined as an activity that is carried out in order to create economically or socially valuable, usable, new or significantly improved product, process or service.

The procedure for issuing grants by the agency is approved by decree No. 1-1.282 of the minister of Economy and Sustainable Development of Georgia, dated October 1, 2014. According to the procedure of grant issuance, a grant from the Agency may be received by a person/entity including **non-entrepreneurial legal entities** that is so determined by the Law of Georgia on “Grants”.

The grant is issued by the agency within the preliminarily approved grant program, on the basis Commission procedure, preliminarily set minimum criteria for assessment and additional criteria set by the commission (Grant Board). Evaluation process of grant applications includes an independent expert assessment of the Grant Applications score system, but the final decision is made by the Commission (Grant Board). According to the grants rule, the chairman of the Agency is authorized to issue small grants (not more than GEL 5000) with the procedures different from the rules of issuing grants. In addition, the chairman of the Agency is entitled to issue grants to the higher and vocational educational institutions, general educational institutions, legal entities of public law, municipalities and non-profit (non-commercial) legal entities established by them without grant competition.

The procedure for issuing grants by the Agency determines the following issues: rule of development and approval of the united grant program (grant program is approved by the chairman of the agency after agreeing with the minister); requirements for grant application and rule for presenting documents; minimum criteria for evaluation of project applications, as well as the possibility of establishing additional criteria by the grant commission; presumable composition of the grant commission (though exact number of the members is not determined), grounds and rule for disqualifying the contestants, necessity participation of an independent expert in evaluation of grant applications (competition stage) and the necessity of evaluating it by the score system as well as the possibility of introducing additional stages for consideration of grant proposals; grounds for refusal to grant a grant agreement by the Agency (regardless of the positive decision of the grant board); obligation to monitor the grant

agreement and minimum regulations for monitoring; issues of liability in case of non-compliance with the grant agreement.

### 3.6 LEPL- L. Sakvarelidze National Center For Disease Control and Public Health

In accordance with the amendment to the law of Georgian on “Science, technologies and their development”, made on December 23, 2005, Article 5<sup>1</sup> was added to this Law, according to which the government of Georgia supports science and technology development within the framework established according to the legislation of Georgia though financing from the budget, as well state grant funding and indirect stimulation.

In the law of Georgia on “Grants”, the amendment was made on April 20, 2010 and sub-paragraph "c" was added to paragraph 1 of Article 3, the law, according to which the grant issuer may be a legal entity of public law that is so determined by the Government of Georgia, whose purpose set out in its statute is to issue grant in the field of science. Under resolution No. 543 of the Government of Georgia, made on September 11, 2014, LEPL - Sakvarelidze National Center for Disease Control and Public Health has been determined as a grant issuer. In accordance with the resolution, the procedure of issuing a grant is approved by normative act by the Minister. According to sub-paragraph “d” of paragraph 1 of Article 2 of the regulation of the Center approved by decree No. 107/n of the minister of Labor, Health and Social Affairs of Georgia, dated March 28, 2007, one of the purposes of the Center is to issue grants and according to sub-paragraph “e” of paragraph 2 of Article 3 of the same resolution, the center shall be entitled to issue grants.

The procedure for issuing the grant by the center is approved by order No. 01-3/n of the minister of Labor, Health and Social Affairs of Georgia, dated January 16, 2015. According to the procedure of issuing grants from the National Center for Disease Control and Public Health, the grant can be received by a natural persons, legal entities of public law and those ***non-profit (non-commercial) legal entities*** whose purpose set for the in their statute is to carry out scientific activities. However, according to international agreements, the grant receiver may also be a legal entity of a foreign country.



The grant is issued by the Center within the framework of the preliminarily approved grant program, with the rule of commission (scientific board), based on the pre-determined minimum assessment criteria and additional/specific criteria set forth by the scientific board. The grant program shall be developed by the structural unit of the center, is discussed by the scientific council and before the approval by the Director General of the Center, will be presented to the minister of Education and Science of Georgia for their prior agreement. The rule for issuing grants determines the issues about announcing the grant competition, qualification requirements for participation, assessment criteria, competition results and other information related to the publication of the competition.

The scientific commission is created for announcement of the grant competition, evaluation of grant applications and identification of the winner. However, its formation, holding its meetings and issues related to conflict of interest are not determined by the procedure for grant issuance, but is determined by a separate act of the director general. Informations on evaluation results of the grant applications and identifying the winner are revealed by the scientific board, with the score system, with the minimum score being satisfied. The rule for grant issuance determines how the winner is selected in case of equal scores.

The procedure for issuing grants by the Agency determines the following issues: rule of development and approval of the united grant program; requirements for grant application, presenting documents and their consideration; minimum criteria for evaluation of project applications, as well as the possibility of establishing additional criteria by the grant commission; presumable composition of the grant commission its formation and work procedure; Grounds and rules for disqualification of applicants; evaluation score system for grant applications; procedures necessary for concluding the grant agreement and grounds for refusing to conclude such an agreement; issues of liability in non-compliance with the grant agreement. The procedure of the grant issuance does not envisage special rules for appealing the decisions of the scientific board.

### 3.7 LEPL - State Services Development Fund

On May 15, 2012 (publication date 04.06.2012) the law of Georgia on State Services Development Agency was adopted, on the basis of which the LEPL - State Services

Development Agency operating under the Ministry of Justice of Georgia was established. The main purposes of the agency include promotion of public service development, introduction of new and innovative services, supporting important projects and reforms for the country's development and keeping civil registry and its continuous improvement.

According to paragraph 4 of Article 9 of the law of Georgia on State Services Development Agency, the Agency is authorized to issue grant to fulfil its objectives and do so in accordance with the procedure approved by the minister of Justice of Georgia. The agency's Regulation was approved by decree No. 117 of the Minister of Justice of Georgia, dated July 13, 2012. According to paragraph 4 of Article 55 of the Agency's Regulation, the Agency has the right to issue grants in order to fulfil its objectives and do so in accordance with the procedure set forth in the Legislation of Georgia.

The procedure for issuing grants by the agency was approved by order No. 152 of the minister of Justice of Georgia on August 23, 2012. Under the grant issuance rule, the grantee may be ***a physical or non-entrepreneurial (non-commercial) legal entity or its branch.***

The grant is issued within the framework of the preliminarily approved grant program, with the rule of commission (grant board), based on the pre-determined minimum assessment criteria and additional/specific criteria set by the grant board. The procedure for issuing grants determines the issues about announcing the grant competition, qualification requirements for participation, assessment criteria, competition results and other information related to publication of the information related to the competition. Grant applications will be evaluated and the winner is revealed by the score system and the contestant with the best result is considered the winner.

Grant applications will be evaluated and the winner is selected using the score system and the winning contestant with the best result is considered the winner. However, the manner of issuing a grant, it is not directly determined, neither how the winner is selected in case of equal scored is determined. An employee of the agency, other administrative body or a person representing legal entity and able-bodied physical person with higher education may be appointed as a member of the grant commission. The discretion of the chairman of the Agency includes determining number of members (at least 3 members) and composition of the commission.

The procedure for issuing a grant by the ministry specifically identifies the following issues: rule of development and approval of the united grant program; requirements for grant application, documents to be submitted and procedure for their consideration; minimum criteria for evaluation project applications, as well as the possibility of establishing additional criteria by the grant commission; presumable composition of the grant commission, its formation and work procedure; grounds and rules for disqualification of applicants; evaluation of the score system for grant applications; procedures necessary for concluding the grant agreement and grounds for refusing to conclude such an agreement; issues of liability in non-compliance with the grant agreement. The procedure of the grant issuance does not envisage special rules for making complaints about the decisions of the grant commission.

## IV. Information about grants issued by state institutions

### IV.I. Information on the grants issued by the Ministries for NNLEs

#### 1. Ministry of Justice of Georgia

In response to the request for public information, in its reply the Ministry referred to a web-site of the Ministry of Justice of Georgia for the information inquired. Accordingly, information about grants issued by the Ministry was conducted through the website of the Ministry of Justice. The website provides information on grants issued only in 2013-2017.

In 2013-2017, the Ministry of Justice issued grants mainly in the directions of the prevention of crime, re-socialization, rehabilitation of former convicts, and supporting business initiatives of former convicts. However, grants were also issued in other directions over the years, namely:

- ⇒ 2013 - Re-socialization and rehabilitation of former convicts, development of their social skills;
- ⇒ 2014 - Promotion of employment of former convicts; support for resocialization of minors in conflict with the law and under high risk of committing a crime; psychological rehabilitation of former convicts; raising public awareness on trafficking;
- ⇒ 2015 - Support of former convicts' business initiatives; promotion of internships of former convicts; re-socialization and rehabilitation of former convicts; prevention of crime in minors; raising awareness of the population to prevent trafficking; raising awareness about violence against women;

- ⇒ 2016 - Support of former convicts' business initiatives; re-socialization and rehabilitation of former convicts; prevention of crime in minors; improvement of the conditions of rights of children living on the street;
- ⇒ 2017 (as of May 30) - Support of former convicts' business initiatives; resocialization of former convicts, medical support and reintegration; crime prevention

From 2013 to May 2017, **55** projects were financed and funding was issued to **36** non-profit legal entities. The total amount of grants transferred to organizations amounts to GEL **713,445**. It is noteworthy that a significant portion of the grants (inclusive) were issued to encourage more initiatives of former convicts, which in itself means the grant recipient organizations transfer various resources for encouraging business initiatives of the beneficiaries.

Ministry of Justice of Georgia – grants issued in GEL (2013-2017)			
Years	Number of funded projects	Number of funded organizations	Amount of the grants issued in (GEL) <sup>6</sup>
2013	2	2	11,625
2014	13	8	106,172
2015	16	11	259,875
2016	15	9	275,240
2017 (as of May 30)	9	6	60,533
<b>Total</b>	<b>55</b>	<b>36</b>	<b>713,445</b>

## 2. Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and refugees of Georgia

In years 2015-2017 The grants were issued in two main directions by the Ministry (as of May 30), namely, in the directions of reintegration assistance for the migrants returned to Georgia and creation/improvement of livelihood of IDPs. **Reintegration assistance for returning migrants to Georgia includes carrying out following key projects/purposes:** financing migrants social projects returned to their homeland; professional training of migrants returned to their homeland; providing medical assistance to migrants returning to their homeland and providing them with medicines; providing them

<sup>6</sup> The data are according to the sums of money transferred.

with temporary accommodation. Cratation/improvement of IDPs' livelihoods includes: supporting agricultural initiatives and supporting self-employment oriented social initiatives.

According to the information provided by the Ministry, from May 2015 to May 2017, non-profit legal entities were issued grants **19 times (11 organizations)**, the total amount of grants issued to them amounts to GEL **1,412,390**. From this, funding has been issued for the creation/improvement of IDPs' livelihoods with **2** organizations, while **9** organizations have been funded in the direction of migrant reintegration assistance.

Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia- grants issued in GEL (2015-2017)					
	Directions, purposes	2015	2016	2017 (May)	Total
1	Integration assistance for returning migrants to Georgia	389,832	595,578	177,000	1,162,410
2	Support for initiatives aimed at mprovement of IDPs livelihood sources <sup>7</sup>	-	249,980	-	249,980
<b>Total</b>		<b>389,832</b>	<b>845,558</b>	<b>177,000</b>	<b>1,412,390</b>

### 3. Ministry of Sport and Youth Affairs of Georgia

According to the information provided on the request for public information, the Ministry has implemented the "Voluntary Development Program" within the framework of the "Youth Policy Development Program" under the Law of Georgia on the State Budget of 2015. The main goal of the program was to strengthen the volunteering institution, create a unified network of volunteers, raise civic awareness in youth and identify youth interested in volunteering. According to the information provided by the Government of Georgia, the prime Minister of Georgia has agreed to grant prior approval to the 10 non-entrepreneurial legal entities to approve grant agreements, totaling **GEL 67,600**.

According to the information received from the Administration of the Government of Georgia, in 2014-2016 the Government of Georgia has issued prior agreements/approvals for the ministry in order to receive grants from donor (charity fund) and **issue grants to natural persons and the relevant sports organizations**. The puporse of issuing the grant is to sportsmen and to support implementation of events of sport organizations/federations. Consequently, the grant agreement between the Ministry and the donor organization specifically determines the purpose of grant and the beneficiaries to which the

<sup>7</sup> The grant issuer in this direction is the LEPL - IDP Livelihood Agency. Since the the agency was awarded the right to issue grant was later, in 2016 the ministry issued grants in this direction.

funding is to be issued afterwards. The information was not provided by the Ministry; therefore, the given data are based on the information received from the Government of Georgia about granting prior approval of the grant agreements. According to the data provided by the Government of Georgia, within the framework of the funds received from donor in 2014-2017, the Ministry agreed to issue grants to **70** sports organizations (except for 2014, 18 organizations each year) and the total amount of the grants issued amounted to 14,221,000 GEL.

Ministry of Sport and Youth Affairs of Georgia – Grants issued to sports organizations within the framework of targeted grants received from the donor (2014-2017)		
Years	Number of organizations financed	Amount of grant issued (GEL)
2014	16	3,511,000
2015	18	3,740,000
2016	18	3,740,000
2017 (As of May 30)	18	3,230,000
<b>Total</b>	<b>70</b>	<b>14,221,000</b>

#### IV.II. Information about the grants issued by the legal entities of public law to NNLEs

##### 1. LEPL - Center for Electoral Systems Development, Reforms and Trainings

From the center the grant shall be given only to facilitate the development of the parties and the civic education of the voters. According to the Organic Law of Georgia on Political Unions of Citizens and Rule for issuing grants, ***grant recipient shall be only local non-entrepreneurial (non-commercial) legal entity (non-governmental organization).***

In 2010-2017, the Center financed various projects in different directions, including: facilitating development of non-governmental organizations for effective implementation of activities in electoral area, effective implementation of civic education activities; Promotion of voting rights of voters with disabilities; raising the legal education of ethnic minorities and various vulnerable groups and promoting their integration into electoral processes; regional program for voters and network of active voters; regional development of political parties; Election environment survey, promotion of voter awareness (informed voter), promotion of gender equality in the socio-political process, promotion of women participation in election process and others.



From 2010 to May 23, 2017, the Center financed **279** grants and the total amount of grants amounted to GEL **10,501,897**. The amount of grants issued by the years is as follows:

LEPL - Center for Electoral Systems Development, Reforms and Trainings – Grants issued in GEL (2010-2017)		
Years	Number of proects financed	Amount of grant issued (GEL)
2010	32	550,054
2011	36	1,048,005
2012	35	835,343
2013	35	1,206,087
2014	35	1,511,479
2015	37	1,500,817
2016	50	2,082,507
2017 (As of May 23)	19	1,767,605
<b>Total</b>	<b>279</b>	<b>10,501,897</b>

## 2. LEPL - IDP Livelihood Agency

In order to support social and economic integration of IDPs, the Agency was determined as a grant issuer to ensure access to livelihood sources by resolution No. 401 of the Government of Georgia on August 16, 2016; accordingly, in 2016 this Agency did not issue grants.

From the information provided by The Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia, it is discerned that in 2016, for insurance of providing access to livelihood sources for IDPs, the grants were issued by the Ministry, while in 2016, the coordination and monitoring of the competition process is carried out by the Agency.

Based on the above mentioned, information on the grants issued for ensuring access to livelihood sources for IDPs in 2016 can be searched through the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia.

## 3. LEPL – National Center For Teacher Professional Development

The Center issues grants to improve the quality of learning and teaching in educational area of the country. According to the rule for issuing grants by the Center, the grant issued by this Center may be ***the non-entrepreneurial (non-commercial) legal entity*** registered in accordance with the Georgian legislation - ***the union of the subject / subject group teachers envisaged by the National Curriculum.***

According to the information received from the center, the grant was issued to **4** non-profit legal entities in 2017 (as of May 16) with the purpose of involving teachers professional associations in developing recommendations for teachers' professional standards and the total amount of grants issued amounts to **GEL 26,528**.

#### 4. LEPL - Shota Rustaveli National Science Foundation

The Foundation issues grants for scientific purposes. According to the current rules and programs, the grant recipient from the Foundation may be a legal entity of public law registered in accordance with the Legislation of Georgia, **a (non-commercial) legal entity of private law registered in Georgia** whose purpose stipulated in its statute/regulation is carrying out scientific research, as well as higher educational institution and corresponding physical entity.

According to the information provided by the foundation, in 2011-2016<sup>8</sup>, non-profit legal entities were awarded grants **96 times (59 organizations)**, and the total amount of grants issued was **GEL 15,239,482**. The amount of grants issued by the following years is as follows: 2011 - GEL **2,043,473**; 2012 - GEL **2,968,982**; 2013 - GEL **3,357,613**; 2014 - GEL **3,197,930**; 2015 - GEL **91,200**; 2016 - GEL **3,580,284**.

LEPL - Shota Rustaveli National Science Foundation - Grants issued in GEL 2010-2016)								
	Directions	2011	2012	2013	2014	2015	2016	Total
	Natural sciences	795,583	788,466	634,044	441,095	-	637,020	3,296,208
	Engineering sciences, high-technology materials	-	147,840	0	449,118	-	425,740	1,022,698
	Medicine and health sciences	305,331	637,497	615,565	360,953	24,700	692,490	2,636,536
	Agrarian sciences	307,809	817,850	1,912,214	946,113	-	1,158,459	5,142,445
	Social sciences	-	-	155,640	329,436	-	129,952	615,028
	Humanitarian sciences	75,000	87,600	11,000	347,380	66,500	348,450	935,930
	Kartvelology	559,750	489,729	29,150	323,835	-	188,173	1,590,637
	<b>Total:</b>	<b>2,043,473</b>	<b>2,968,982</b>	<b>3,357,613</b>	<b>3,197,930</b>	<b>91,200</b>	<b>3,580,284</b>	<b>15,239,482</b>

<sup>8</sup> Information about funding issued by the Foundation in 2017 has not been processed, accordingly there is no information on funding issued by the Fund in 2017.

## 5. LEPL - Georgian Innovations and Technologies Agency

The Agency issues grants to promote innovation and technology development. According to the grant procedure, a grant from the Agency may be received by an entity so determined by the Law of Georgia on “Grants”, including *non-entrepreneurial legal entity*.

According to the information provided by the Agency, in 2016 and 2017 (as of May 8), grants were issued to **4 non-entrepreneurial legal entities** and the total amount of grants issued amounted to **GEL 17,600**. The amount of the grant issued in 2016 amounts to **GEL 14,000** and in 2017 (as of May 8) - **GEL 3600**.

## 6. LEPL – L. Sakvarelidze National Center for Disease Control and Public Health

The Center issues scientific grants and may be received by the physical persons, legal entities of public law and those *non-entrepreneurial (non-commercial) legal entities* whose purpose laid out in their statute is carrying out scientific activities. In case of grant projects, the receiver of the grant can be a legal entity of a foreign country. In response to the request for public information, it is clear that the Center has not issues any grants the non-entrepreneurial (non-commercial) legal entities..

## 7. LEPL - State Services Development Agency

The Agency has the right to issue grants to achieve its own goals and to fulfill its own tasks. The grantee may be *a physical or non-entrepreneurial (non-commercial) legal entity or its branch*.

Ministry of Justice of Georgia was requested information about grants issued by the Ministry itself and legal entities of public law under the governance of the Ministry. According to the response received from the Ministry, the grants are issued by the Ministry (Central Apparatus) and LEPL - National Agency of Public Registry, and information on Grants issued is practically published on the corresponding webpages.

The legislation in the field of issuing grants indicate that the Ministry of Justice of Georgia has the right to issue grants only to the LEPL - State Services Development Agency. The web-site of the Services Development Agency does not contain any information about the grants issued by itself, however within its competence, it carries out various projects through involvement of various donor organizations and interested subjects. As for the National Agency of Public Registry, its web-page has not practically publised any data on grants issued in 2015-2017. According to the publicised information, the Agency has not issued grants in 2015-2017.



#### IV.III. Unified statistical data about grants issued

Total amount of grants issued/transferred from the State Budget allocations to N(N)Ls (as of May, 2017)							
N	Ministry of Georgia	2013	2014	2015	2016	2017	Total (GEL)
1	Ministry of Justice	11,625	106,172	259,875	275,240	60,533	713,445
2	Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia	-	-	389,832	845,558	177,000	1,412,390
3	Ministry of Sport and Youth Affairs of Georgia	-	-	67,600	-	-	67,600
<b>Total:</b>		<b>11,625</b>	<b>106,172</b>	<b>717,307</b>	<b>1,120,798</b>	<b>237,533</b>	<b>2,193,435</b>

Total amount of grants issued/transferred by LEPLs to N(N)Ls (as of May, 2017)										
N	LEPL	2010	2011	2012	2013	2014	2015	2016	2017	Total (GEL)
1	LEPL - Center of Electoral Systems Development, Reforms and Trainings	550,054	1,048,005	835,343	1,206,087	1,511,479	1,500,817	2,082,507	1,767,605	10,501,897
2	LEPL - The National Center for Teacher Professional Development	-	-	-	-	-	-	-	26,528	26,528
3	LEPL - Shota Rustaveli National Science Foundation of Georgia <sup>9</sup>	-	2,043,473	2,968,982	3,357,613	3,197,930	91,200	3,580,284	-	15,239,482
4	LEPL - Innovation and Technology Agency of Georgia	-	-	-	-	-	-	14,000	3,600	17,600
<b>Total:</b>		<b>550,054</b>	<b>3,091,478</b>	<b>3,804,325</b>	<b>4,563,700</b>	<b>4,709,409</b>	<b>1,592,017</b>	<b>5,676,791</b>	<b>1,797,733</b>	<b>25,785,507</b>

<sup>9</sup> Information about funding issued by the Fund in 2017 has not been worked on within the scope of this research, and accordingly there is no information provided on funding issued by the Fund in 2017.

## V. Non-granting mechanisms used by the state institutions

### V.I. General description

In addition to the grant mechanism of financing non-entrepreneurial (non-commercial) legal entities, state institutions also use other financing mechanisms. The form and purpose of financing mechanism depends on the functions and authority of the respective state institution. In addition, the fundamentals and rules for funding are different.

#### 1. Reserve Fund of the President of Georgia

In the state budget of Georgia, every year the reserve fund of the President of Georgia is created, spending of which is determined by the president of Georgia. The administrative process of management of the reserve fund shall be regulated by the procedure approved by the president of Georgia. The money from the reserve fund shall be allocated on the initiative of the President of Georgia or on the basis of the application. The president of Georgia will make a decision on allocation of funds from the reserve fund. In 2011-2016, 103 non-entrepreneurial (non-commercial) legal entities were financed from the President's Reserve Fund and financing was mainly issued for the purpose of supporting human rights, culture and literature, social projects and other directions.

#### 2. The system of Ministry of Educational and Science of Georgia

The Ministry of Education and Science of Georgia has been implementing "Subprogram of Promoting School Initiatives" financed through allocations assigned from the state budget within the framework of which co-financing of projects submitted by non-entrepreneurial (non-commercial) legal entities is possible. Forms of application and deadline for project submission shall be determined by the decree of the minister and the proposal shall be reviewed by a commission created by the Minister.

### 3. The system of the Ministry of Sports and Youth Affairs of Georgia

In accordance with the Law of Georgia on Sports and state budget of the year, the state financially supports national sports federations, national teams and various types of sports through implementation of various state programs and subsidies. The Ministry of Sport and Youth Affairs of Georgia shall ensure implementation of development programs in the area of sports.

According to the Law of Georgia on "State Support for Children and Youth", one of the forms of state support for children and youth unions is to receive financial support from the state. Under the state control of the ministry there is the LEPL - Children and Youth Development Fund. The fund provides financing of projects submitted by youth non-governmental organizations in accordance with priorities so determined by the Advisory Body of the Ministry of Sport and Youth Affairs of Georgia. Financing is issued in accordance with the rules determined by the normative act approved. The Advisory Body of the Ministry shall take decisions on financing projects on the basis of commission rule. In 2013-2016, projects with various priorities were financed considering the following main directions: social entrepreneurship; human rights and civil society support; promotion of sports development; supporting cultural-educational and academic projects; supporting agriculture and environment; promoting international cooperation and more.

### 4. The system of the Ministry of Culture and Monuments Protection of Georgia

In the field of culture development, the Ministry of Culture and Monument Protection of Georgia, carries out targeted programs, which envisage the possibility of financing non-entrepreneurial (non-commercial) legal entities on the basis of competition procedure. The proposals are reviewed by the commissions for the purposes set forth by the minister. However, the ministry did not provide information on the creation of commissions, detailed procedures and rules for reviewing project applications. The ministry financed projects in the following main directions: promotion of participation of Georgian artists in international events; supporting the integrated concerts, exhibitions and performances of persons with disabilities; supporting the activities of ethnic minorities in the center and regions of Georgia



(exhibition, concert, evening event); supporting publication of book-albums in fine arts; supporting exhibitions in Tbilisi and regions in the direction of fine arts.

According to the Law of Georgia on "State Support to National Cinema", the state provides financial support of national cinema. Under the state control of the Ministry of Culture and Monument Protection of Georgia, there is a LEPL - The Georgian National Film Center. The center has different objectives, including financial support for national film production, supporting education in the field of cinema and cinematography, and promotion of creative and technical and engineering-technical personnel training. The Center supports film festivals, training (workshops, master classes) and other events. A special commission is set up in order to review the applications on financing projects and prepare decisions in this directions. Funding for non-entrepreneurial (non-commercial) legal entities in 2015-2017 was awarded in the directions of organizing festivals, forums and training events (master class, workshop).

## V.II. Reserve Fund of the President of Georgia

According to Article 28 of the "Budgetary Code of Georgia", in the state budget of Georgia the Reserve Fund of the President of Georgia shall be created, spending of which are determined by the president of Georgia.

By the residential order No. 412, dated October 9, 2014, the rule of activity of the Administration of the President of Georgia in the process of disbursement of the Reserve Fund of the President was approved. According to this rule, funds shall be allocated from the Fund taking in consideration the constitutional powers of the president of Georgia, for promoting the establishment and/or development of democratic values and state institutions in Georgia, as well as with the amount and purposes determined by the president of Georgia. The money from the fund shall be allocated on the initiative of the president of Georgia or on the basis of the application. With the purpose of preparation of proposals on the expediency, a group of experts may be gathered in relation to the specific project under the instruction of the president of Georgia. The President of Georgia shall make a decision on financing from the Fund. Therefore, the president of Georgia will make a decision on the allocation of funds from the reserve fund.

In 2011-2016, funds were allocated from the Reserve Fund of the President of Georgia to various non-entrepreneurial legal entities for activities and projects in various directions. In 2011-2016, funding was allocated to **103 organizations** and the total amount of financing amounted to **GEL 7,673,77**. Over the years, funding was provided to support human rights, culture and literature, social projects and other areas, namely:

- ⇒ 2011 – charitable activities;
- ⇒ 2012 – youth issues; sport; civil society; media;
- ⇒ 2013 – research; sport; development of tourism and supporting tourism promotion; popularization of Georgian culture; project in the direction of winery, wine festival and others;
- ⇒ 2014 – educational and informational project of ethnic minorities; cultural events; promotion of culture and literature, facilitating court independence and raising public awareness towards justice; social projects - psychological assistance for victims of violence and children, re-socialization and rehabilitation of pardoned convicts, resocialization, etc.
- ⇒ 2015 – youth issues - education, healthcare and sports; social projects - psychological assistance for victims of violence and children, resocialization, rehabilitation of pardoned prisoners, resocialization, construction of children's hospice; cultural events – series of celebrations dedicated to the UNESCO anniversary, international book festival, promotion of literature, promotion of traditional craftworks, modern internet services for rural libraries, promotion of folk performing arts; reintegration of ethnic minorities, supporting restoration of trust between Georgian, Abkhaz and Ossetian peoples and others; increasing public awareness on the association agreement between Georgia and the European Union, and others;
- ⇒ 2016 – Educational projects for both young people living abroad and regions of Georgia; Sports projects for youth; Support for discussion and information platform - presidential collegium, on constitutional, electoral issues, about Association Agreement between the European Union and Georgia, Euro Atlantic aspirations for ethnic minorities; social projects - psychological assistance for victims of violence and children, re-socialization, rehabilitation and resocialization of pardoned convicts, construction project of children's hospice, projects dedicated to other social events, as well as educational projects and others; cultural events, projects to popularize literature, etc.

The Reserve Fund of the President of Georgia - finances provided in GEL (2011-2016)		
Years	Number of organizations financed	Amount issued
2011	1	1,350
2012	3	1,218,463
2013	10	772,159
2014	14	1,269,506
2015	29	2,056,332
2016	46	2,355,967
<b>Total:</b>	<b>103</b>	<b>7,673,777</b>

### V.III. System of the Ministry of Education and Science of Georgia

The Ministry of Education and Science of Georgia has been implementing the "General Education Support Program" for years within the allocations assigned from the budget. The program is approved by the decree of the Minister of Education and Science of Georgia. This program includes 6 sub-programs. Among them are "subprograms for encouraging school initiatives" within which financing projects submitted by non-profit (non-commercial) legal entities are admissible.

Within the subprograms, small budget projects focused on national goals of general education and national curriculum standards are financed. It is important that the implementation of the projects should be initiated directly by the organizations working on these issues. The form of application and the deadline for submission of projects shall be determined by the order of the Minister. The legal entity is entitled to submit a project, except for the LEPLs and N(N)LEs established by the ministry. Legal entities have the opportunity to get fund for co-financing from the Ministry. The amount paid by the Ministry shall not exceed 50% of the project budget.

In order to review the submitted projects requesting financing, the Minister creates the commission with an individual administrative-legal act. The Commission reviews the projects presented within the sub-program within the ministry as per the General Administrative Code. The commission is authorized to recommend the project on financing, refuse funding of the project or to recommend adjustment of the project. On the basis of the decision made by the commission, the final decision on financing the project is made by the head of one of the

departments of the Ministry of Education and Science of Georgia (unlike previous years when the final decision was made by the Minister).

Non-entrepreneurial (non-commercial) legal entities were not financed within the sub-program in 2013-2014. Four projects submitted by one non-entrepreneurial legal entity were financed in 2015-2016 and the total number of financing was 36, **GEL192**, specifically: 1) two projects were financed in 2015, the total amount of funding was **GEL19,468**. 2) Two projects were financed in 2016, the total amount of financing amounts to **GEL 16,724**.

#### V.IV. System of the Ministry of Sports and Youth Affairs of Georgia

"Children and Youth Development Fund" is a legal entity of public law established on the basis of the Law of Georgia on "State Support for Children and Youth Unions". The Fund is under state control of the Ministry of Sport and Youth Affairs of Georgia. The fund was established to organize state support for children and youth unions. According to the Law of Georgia on "State Support for Children and Youth Unions", one of the forms of state support for children and youth unions is to get financial support from the state.

The provision of the fund is approved by order No. 5, dated February 15, 2001, of the head of State Department of the Ministry of Youth Affairs of Georgia. According to the provisions of the fund, one of the main purposes of the fund is financing of children's and youth union programs, activities and projects and the spending of funds allocated for this purpose in accordance with the applicable legislation in the country, by decision of the advisory board at the Ministry of Sports and Youth Affairs of Georgia. In addition to financing youth organizations, the Fund will also organize events and projects in the direction of cultural-educational, international, sports-recreational, human rights and environmental protection measures and projects.

The fund ensures financing of projects submitted by youth non-governmental organizations in accordance with priorities so determined by the Advisory Board of the Ministry of Sport and Youth Affairs of Georgia. The applicable rules for conducting competition for projects developed by children and youth unions for obtaining state support are approved by order No.2 dated February 15, 2001 of the chairman of the Department of Youth Affairs of Georgia.

The priorities and implementation programs of the fund shall be determined by the Advisory Board of the Ministry of Sport and Youth Affairs of Georgia, whose activities are determined by the regulation (Order No. 4 dated February 15, 2001 of the Chairman of the State Department of Youth Affairs of Georgia). The functions of Advisory Board of the Ministry also

include determination of project assessment criteria and the issue of financing children and youth union projects by competition.

The Advisory Board of the Ministry consists of nine members, of which three members are nominated by the Director of Children and Youth Development Fund Director from children and youth unions, and five members are appointed by the Minister of Sport and Youth Affairs of Georgia (two members - public servants from the Ministry, three members from staff of the Fund, with the representation of the director of the Fund). The Chairman of the Advisory Fund of the ministry is the Minister.

The project financing competition is conducted at least once a year (as the practice shows, there have been years with competitions two or three times a year). The deadline for submitting the projects shall be determined by the Ministry, together with the Advisory Board of the Ministry. The Child and Youth Union has the right to nominate only one project for each competition. The Regulation determines the list of pieces of information to be provided and documents of the information provided in the project. The project submitted by the applicant in the grant competition must comply with the priority directions determined by the state program of youth policy implementation.

Within its competence and by way of joint review, the advisory board takes decision by an open voting system and by a simple majority of votes of the attendees except for the cases when the issue of financing the project is made by the score system based on the criteria set forth by the project itself. The decision of the advisory board of the ministry shall be made by the order of the Minister of Sports and Youth Affairs of Georgia. Funding for the winner children and youth unions and projects of the competition are financed by the Children and Youth Development Fund in accordance with the applicable legislation. The fund recipient, is accountable to the Fund and other controlling bodies (although another controlling body is not specified) for the expenditure of the funds.

According to the information provided by the Ministry of Sport and Youth Affairs of Georgia, in 2013-2016, within the framework of the competition of youth organizations/youth ideas, total number of funding was awarded to **210 organizations** (210 projects were financed) and the total amount paid amounted to **GEL 3,218,265**. In 2013-2016, funding were issued with the following directions - social entrepreneurship; supporting human rights and civil society, promoting groups with special needs; promotion of sports development (promotion of establishment and popularization of sports activities and healthy lifestyle in young people); supporting cultural-educational and academic projects (ensuring cultural and educational activities, discovering and encouraging young scientists and others); supporting agriculture

and environmental protection; Promotion of international cooperation (development of international cooperation, promotion of youth involvement in Euro-Atlantic integration) and others.

LEPL – Children and Youth Development Fund - finances provided in GEL		
Years	Number of organizations financed	Finances provided (GEL)
2013	60	681,818
2014	56	784,280
2015	43	747,221
2016	51	1,004,945
<b>Total:</b>	<b>210</b>	<b>3,218,264</b>

## V.V. System of Ministry of Culture and Monument Protection of Georgia

### 1. Ministry of Culture and Monument Protection of Georgia

Within the scope of this study, Ministry of Culture and Monument Protection of Georgia has been requested public information about all targeted programs/sub-programs (legal acts, issued funding and number of funded organizations, rules and procedures for issuing financing), which provides financing possibilities for non-entrepreneurial (non-commercial) legal entities without state procurement provided by the law of Georgia on “State Procurement”. From the ministry's reply, it is clear that the Ministry is implementing various targeted programs that may provide the possibility of granting financing to the N(N)LEs, however we have not been provided detailed information on funding which we requested. Consequently, in order to find out about the trends of financing implemented by the ministry within the study, information was obtained from the official website of the ministry.

The ministry is pleased to announce competitions for the purpose of funding activities/projects within the framework of various targeted programs in the field of culture. The project proposals are reviewed by the commissions created for this. However, information about procedures for setting up the commission, procedures and rules for reviewing project applications are not given on the website. According to the information available on the



official website of the ministry, the competitions are announced and finances are issued in the following directions:

- ⇒ **Promoting participation of Georgian artists in international events** - The objective of the competition is to popularize Georgian culture abroad by facilitating participation of Georgian artists in important international events. The competition conditions indicate that legal entities of private law can participate in the competition. Competition projects are reviewed by a five-member commission comprising of international organizations and representatives of the Ministry of Culture and Monument Protection of Georgia. The competition proposals shall be submitted to the Ministry in advance in preliminarily determined forms. Out of the winning 23 projects in the year of 2017, authors of six of them are non-entrepreneurial (non-commercial) legal entities. The funded projects cover areas such as exhibitions, concerts and conducting other cultural events.
- ⇒ **Supporting Integrated Concerts, Exhibitions, performances of Persons with Disabilities** - The aim of the competition is to integrate people with disabilities by identifying and promoting their potential in society. The competition conditions indicate that the legal entity may participate in the competition. The competition application form and maximal amount are determined. The advantages is given to co-financing projects. The winners are selected by the Competition Commission, whose composition is not specified. Out of nine winner projects, the authors of seven projects are non-entrepreneurial (non-commercial) legal entities. The financed projects include the directions such as arranging theater activities and concerts.
- ⇒ **Supporting the artistic activities (exhibition, concert, evening event) of ethnic minorities in the center and regions of Georgia** - The aim of the competition is to promote and popularize Georgian cultural diversity, to increase the involvement of ethnic minorities in the country's cultural life. The competition conditions indicate that the legal entity can participate in the competition. The maximum amount of financing is determined, priority will be given to projects with co-financing. The winner projects are selected by the competition commission, whose composition is not specified. According to the information posted on the website, in 2017, 12 projects were announced as winners of the competition, from which 11 projects have been proposed by the non-entrepreneurial (non-commercial) legal entities. Funding was issued for promoting cultural activities of ethnic minorities.

- ⇒ **Promoting the publication of book-album in the field of fine arts** - The objectives of the competition is to promote and popularize the Georgian culture by supporting of the publications of the works of artists working in the field of fine arts. Competition conditions indicate that a competent legal entity working in the field of fine art can participate in the competition. The projects are selected by the competition commission, whose composition is not specified. According to the information posted on the website, in 2017, 6 projects were announced as winners of the competition, from which 3 projects have been proposed by the non-entrepreneurial (non-commercial) legal entities. Funding was issued in the direction of book publications.
- ⇒ **Promotion of exhibitions in Tbilisi and regions in the direction of fine arts** - the aim of the competition is to promote cultural life in the country by supporting wide spectrum of visual arts in Tbilisi and regions by supporting personal exhibitions and events related to that. The competition conditions indicate that the legal person working in the field of fine arts can participate in the competition. The winning projects are revealed by the competition commission, whose composition is not specified. In 2017, according to the information posted on the website, 7 projects were announced as the winners of the competition, from which 3 projects have been proposed by the non-entrepreneurial (non-commercial) legal entities. Funding was issued in the direction of conducting exhibitions, festivals and research.

On the website of the Ministry, there is also a link to the Regional Programs, which includes information about implemented/ongoing projects and the organizations implementing them in this direction. However, there is no information on the procedures of selection of projects. In addition, the website contains the link named as "Competitions", on which it is noted that the ministry grants funding for the support of art education and promotion of theater and/or theatre touring expenses. However, other information is not specified.

## 2. LEPL - Georgian National Film Center

The Georgian National Film Center is a legal entity of public law under the Ministry of Culture and Monument Protection. The main objective of the Center is to provide state support for development of cinematography of Georgia and its coordination. The Center has different

objectives, including financial support for the national film production, promotion of development of film and film science, as well as promotion of artists and technical and engineering personnel training.

The rule and conditions of distribution of the state funding on the sphere of cinematography shall be determined by the Competition Regulations of the Center, which is approved by the Minister of Culture and Monument Protection of Georgia after it is presented by the center. For the purpose of reviewing the film financing and preparing the relevant conclusion, the center creates an expert commission, whose regulations shall be approved by the minister. The expert commission is composed of creators and relevant experts. The center shall make a decision on financing the production of a national film (project) and allocating funds to the producer on the basis of the conclusion of the expert commission.

Besides film production, the Center supports film festivals, training (workshops, master classes) and other events. Decisions on financing projects in this direction are adopted by the Director of the Center (26.04.2010. No. 96). The advisory body set up in the center shall review the proposal about funding the project by the Center. The advisory body consists of employees of the Center and the staff members of the center (5 members). Proposed project applications are submitted in the form approved by the Director of the Center. The Recommendation Commission approved by the Center shall be formalized as a protocol and the final decision is made by the director of the center about refusal or approval on project financing (partial financing) or funding. The rule for financing the projects does not fully reflect the procedures for reviewing, decision-making, and financing monitoring procedures.

According to the information provided by the Center, in 2015-2017 (as of May), non-entrepreneurial (non-commercial) legal entities were financed to organize festivals, forums and training events (master class, workshop). In 2015-2017, financing has been issued to **23 organizations** and the total amount of financing amounts to **GEL 536,836**.

## VI. Legal regulation of financing civil society organizations and general description of the practice

### VI.I. Legal regulation of municipality powers

Due to its functional purpose, the municipality is the closest public institution with the population, therefore, it has extensive powers in resolving the issues of local importance. "Local Self-Government Code" determines the list of municipalities' own powers, which cover a wide range of spheres. The municipality exercises various powers/measures, taking into consideration the conditions laid down by the Code, including:

- ⇒ protection and development of local originality, creative activities and cultural heritage;
- ⇒ Ensure functioning of libraries, club institutions, cinemas, museums, theaters, exhibition halls and sport-recreational facilities under the municipality management;
- ⇒ To ensure citizens' participation in the exercise of local self-government, municipality may incorporate relevant programmes in the municipal budget;
- ⇒ Promoting youth policy development at local level, promotion of mass sport, establishment of healthy lifestyle and appropriate measures for environmental protection;
- ⇒ Implementing appropriate measures for promoting public education, promoting gender equality, preventing domestic violence, protection and assistance of victims of domestic violence;
- ⇒ Creating a safe environment for human health, attracting investments in the municipality area, supporting innovative development and other activities.

According to the Local Self-Government Code, the bodies of the municipalities shall exercise municipal powers in the form and manner provided by the Georgian legislation, including:

- ⇒ By the approved of municipality programs and projects, for the purpose of performing the functions and obligations of the municipality, priority directions and budget programs / sub-programs of corresponding year shall be taken into consideration in the municipality budgets. The municipality can take into consideration the respective budget program/sub-program. In addition, the

- municipality has the right to specify the details and rules of implementation of the budget program / sub-program with a separate legal act;
- ⇒ By means of State procurement – in order to ensure implementation of infrastructural projects, provision of various services to the population, the activities envisaged by the budget program/sub-program, as well as the fulfillment of its functions and liabilities, the municipality uses state procurement mechanism;
  - ⇒ By founding the legal entity of private law - the municipality's own powers include ensuring functioning of libraries, club institutions, cinemas, museums, theaters, exhibition halls and sport-recreational facilities under its management, as well as establishment of preschool and extramural educational institutions controlled by the municipality; Apart from this, the municipality has the right to establish a legal entity of private law for the effective implementation of its powers and to provide quality services for the population;
  - ⇒ By means of concluding an agreement – the bodies of the municipalities shall conclude agreements in accordance with the rules established by the legislation in order to ensure their powers.

Despite the wide possibilities of using the mechanisms for implementing the powers, the municipality has no right to use the mechanism of issuing grants. According to the current legislation of Georgia, the municipality has the right to issue the grant in accordance with the legislation, but it ***has no right to issue a grant.***

Issues and procedures of participation in the grant relations by the municipalities are regulated by the Organic Law of Georgia, the Local Self-Government Code and the Law of Georgia on "Grants". According to Article 19 of the Local Self-Government Code, the bodies of the municipalities are exercising municipal powers in the forms and mechanisms envisaged by the Georgian Legislation, however in accordance with the law of Georgia on "Grants", municipality is not included in the list of grant issuing entities.

Over the last decade legal procedures related to issuing grants by the municipality – a self-governing unit - have been regulated in the following manner:

- ⇒ 2006-2008: According to the original edition of the Organic Law of Georgia on "Local Self-Government", adopted in 2006, the self-governing entity could only receive a

grant from the Government of Georgia or upon the consent of receiving the grant by the Government of Georgia

- ⇒ 2009 - June 2014<sup>10</sup>: In 2008, the amendment to the Organic Law of Georgia on Local Self-Government was amended by which the self-governing entity no longer required the permission of the Government of Georgia to receive a grant;
- ⇒ July 2014 - July 2015: In July 2014, (the main part of) the Organic Law of Georgia "Local Self-Government Code" entered into force. One of the sources of municipality budget formation is the grants received in accordance with the Law of Georgia on "Grants". As for the procedure for receiving grants, according to the initial edition of Article 100 of the Local Self-Government Code, the municipalities had the right to receive their grants, but only with the permission of the Government of Georgia and the complying with the following procedures: Preliminary permission of the municipality board on receiving grant; request drawn up by the executive body of the municipality to the Government of Georgia for receiving grant; Permission of the Government of Georgia for the municipality to issue grant; Concluding grant agreement with grant issuer by executive body of municipality on behalf of municipality;
- ⇒ Current regulation - According to Article 100 of the Local Self-Government Code, with the amendments made in July 2015, only Tbilisi Municipality was given the right to take the grant without the need of the permission issued by the Government of Georgia. In cases of other municipalities of Georgia permission issued by the Georgian government to receive a grant shall not be required only in cases when the grant is received on the basis of the international treaty of Georgia ratified by the Parliament of Georgia or when the grant is allocated by a ministry of Georgia or the relevant legal entity of public law provided for by the Law of Georgia on "Grants". Other rules related to issuing grants by the municipality are unchanged

## VI.II. General description of financing civil society organizations by the municipalities

In order to study the forms/mechanisms of financing of non-entrepreneurial (non-commercial) legal entities by the municipalities, the municipalities have been requested

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<sup>10</sup> Before the entry into force of the Organic Law of Georgia on Local Self-Government Code, dated 2014 (since the official announcement of the election results of the local self-government bodies on July 4, 2014).



information programs about the directions of the issues under the competence of municipalities and their implementation practices. Public information was requested from self-governing cities and self-governing communities (in total 11 municipalities). In addition, interviews were conducted with the responsible persons in 6 municipalities.

Some of the municipalities have not provided the requested public information, while incomplete information have been received from some of them. This indicates that they do not have information in a systematic manner. Nevertheless, the information available to us gives us an opportunity to observe some trends. Consequently, the main trends are described below, while detailed information about the part of the municipalities is also given.

Taking into consideration a wide spectrum of competences of the municipality, the request for information touched upon the municipal programs in which the probability of involvement of non-entrepreneurial legal entities is higher, taking into consideration the specificity of their activities. Municipal programs/sub-programs have been requested in the following main directions - promoting civil society development; Development of youth policy; Education and public education; Promotion of gender equality; Prevention of domestic violence; Establishment of a healthy lifestyle; Promotion of employment and social protection; Promotion of culture, sports, arts and tourism; Promotion of various public initiatives.

Public information received from the municipalities show that directions of budgetary programs/sub-programs, youth policy development, culture, promotion of development of sport and art, protection of cultural heritage, social protection (improvement of different vulnerable groups, promotion of social projects by way of co-financing) as well as other destinations are envisaged in the municipality budgets. In addition, the Tbilisi municipality budget envisages subprogram/component of raising public awareness for the organization and safety of traffic movement.

Part of the activities provided for by the municipal budget programs are carried out by the relevant structural units of the municipality Gamgeoba/Town Hall - through public procurement. In addition, there are legal entities of private law under the municipalities that are directly implementing measures envisaged by various budget programs and are also using state procurement procedures. Non-entrepreneurial (non-commercial) legal entities, if they meet the terms and conditions of the tender documentation, participate in the procurement.

*Apart from the state procurement mechanism*, several mechanisms and forms of financing of non-profit legal entities have been identified, some of which provides for the promotion of initiatives of N(N)LEs and/or financial assistance for them, while others provides for assistance to beneficiary natural persons, for whom the assistance provided can become source of financing of non-profit legal entities.

The study of municipalities has revealed the trends that do not naturally imply all the municipalities use the following mechanisms.

### ***1. Providing incentives initiatives/ program financing***

Programs for developing youth policy, developing culture, sports and art, as well as direction of supporting social projects are envisaged by the municipality budgets. These programs include possibility of granting financing to non-entrepreneurial (non-commercial) legal entities on the basis of submission of proposals. In most cases, majority of the programs provide for co-funding of projects/initiatives.

The rules of implementing budget programs/sub-programs are approved by legal acts of Assembly (normative act in case of Tbilisi), and in case of part of municipalities, additional conditions and rules of implementation of programs are determined by individual administrative-legal acts of Mayor/Governor.

In case of part of the municipalities, after reviewing the applications financing is issued by commissions established for those purposes, while in other cases it is not reviewing by the commission is not at all envisaged and the application is reviewed at the respective structural unit. In case of part of municipalities, the general criteria (directions) of project/initiative evaluation have been established, however the detailed criteria of evaluation (except for some exception) and the obligation to justify the decisions made are not established.

The practice of granting financing to non-entrepreneurial (non-commercial) legal entities by the municipalities was also identified. For instance, the non-entrepreneurial legal entity ( ) under the management of Tbilisi Municipality, issued financing before the start of the liquidation process (at the end of 2016), in the framework of the annual assignments approved for the purpose of promoting various cultural events.

## ***2. Program subsidizing/direct subsidizing***

Part of the municipalities have identified direct subsidizing practice of non-entrepreneurial (non-commercial) legal entities. Municipal budget directly provides for financial support of a specific non-entrepreneurial entity for the purpose of reimbursement of their expenses. The following main trends have been identified: a) direct financial support for organizations working on various vulnerable groups (compensation of utility expenses, reimbursement of administrative expenses etc.); b) Supporting the needs of the N(N)LEs under the eparchy and its subordination; c) support of athletes participation in sports activities and supporting events of various sports federations; d) promoting periodical publication of literary publications. Subsidy in the respective budget program/sub-program shall be envisaged taking into consideration the local needs, based on a request filed by specific organization.

## ***3. Voucher Systems***

Sub-programs for social security (sub-program for co-financing of home care, free training at sports schools and swimming pools) and integrating people with disabilities into the society, which provide for financing beneficiaries through non-materialized voucher, are also provided for by Tbilisi Municipality budget. Through this form of funding, the organizations will be reimbursed from the municipal budget for the services provided to the beneficiaries. Consequently, a non-profit legal entity, taking into consideration the specificity of its activities, may receive funding from municipality budget.

### **I. Detailed description of financing of civil society organizations by the municipalities**

Considering the information received from the municipalities in reply of the request for public information, the following can be concluded from the information provided by municipalities, the legal acts of which (municipal budget and others), provide for the mechanisms for financing non-entrepreneurial legal entities such as program financing/financing initiatives and/or program subsidies.

## VII.I. Tbilisi Municipality

### 1. General description of financing

In order to ensure the implementation of their powers, Tbilisi Municipality uses all forms envisaged by the local self-government, carries out state procurement, establishes legal entities of public law - which carry out the powers of the statutory purposes, develop a variety of budget program and others.

Sub-programs for social security (sub-program for co-financing home care, free training at sports schools and swimming pools) and integrating people with disabilities into the society, which provide for financing beneficiaries through non-materialized voucher, are also provided for by Tbilisi Municipality budget. Through this form of funding, the organizations will be reimbursed from the municipal budget for the services provided to the beneficiaries. Consequently, a non-profit legal entity, taking into consideration the specificity of its activities, may receive funding from municipality budget.

The Tbilisi Municipality Budget provides for different programs/sub-programs that provide the opportunity to finance/co-finance non-entrepreneurial (non-commercial) legal entities on the basis of filing request of thereof. Tbilisi Municipality has been actively operating in this form to which it switched to in 2015. In order to regulate funding procedures, Tbilisi Municipality has adopted a relevant normative act, which determines the rules for spending in respective budget program. Subjects interested in receiving financing within the program/sub-program shall apply to the corresponding municipal service of Tbilisi by filing applications and project applications. The proposals will be reviewed by the relevant commission created. The deadline for submitting the project application is not preliminarily determined and the interested persons/entities file their applications at any time. Funding is allocated within the total budget allocated for these subprograms, and there is no preliminarily determined number of projects to be financed. Neither is there any preliminarily set limitation in amounts to be issued in financing projects. As of today, financing/co-financing is given in the following directions:

- ⇒ Sphere of culture and supporting development of creative activities;
- ⇒ Supporting development of education, sport and youth policy;
- ⇒ Social protection, promoting integration of persons with disabilities into society;

⇒ Raising public awareness about organization of road traffic and safety.

In Tbilisi municipality there is a practice of issuing financing by legal entities established by the municipality to non-entrepreneurial (non-commercial) legal entities. Tbilisi Municipal N(N)LE - Tbilisi Cultural Event Center issued financing/co-financing to non-entrepreneurial legal entities within the framework of annual assignments approved for the purpose of promoting various cultural events in 2014-2016<sup>11</sup>. Description of the funding of financing by Municipal A (A) NAP

## 2. Description of issuance of financing practiced by municipalities

A non-entrepreneurial (non-commercial) legal entity - Tbilisi Cultural Event Center was founded by Tbilisi Municipality in 2011 and its liquidation process started in November, 2016. The main objective of the Center's activities were to promote development of creative projects and intellectual potential, as well as promotion of culture. The Center mainly funded various cultural events/initiatives organized by non-profit legal entities mostly by co-financing and in respect to the objectives of its activities. Financing was issued within the annual budget allocations for the Center, but there were no detailed rules and procedures for issuing financing. The Center used to agree about the annual budget to the founder in accordance with the legislation and the founding document, and the chair of the Center took decisions on financing the projects. The Center financed/co-financed 240 organizations, and the total amount of financing / co-financing issued amounts to about *GEL 3,700,000*.

## 3. Description of practices of making incentives for program financing/initiatives

### 3.1 Direction – Sphere of culture and supporting development of creative activities

The rules for implementation of existing programs in the field of culture and art were first identified by a resolution of Tbilisi Municipality Assembly, dated March, 2016, and in 2017 a new procedure was established. The rules adopted by the Assembly are in most of their parts similar to each other, but some changes have been made in the rules of choosing directions to be financed, system of financing, co-financing, project proposal reviews and how the finances

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<sup>11</sup> Currently the center goes under the liquidation process.

are issued. By 2017, some project directions were merged and their names were changed, some of the program directions were added and/or removed (for example, direction of promotion of popularizing museums and supporting their development direction was removed, direction of publication activity was added, and direction of cultural-educational projects, festivals, concerts, da supporting anniversary events were directly added).

Within the programs/subprograms projects that are oriented on the development of culture, in particular financing will be given in the following priority directions: 1) Program "Cultural Events" (budget code: 08 05) - includes directions supporting theatrical art, cultural-educational, festival, concert and anniversary events; 2) Program "Supporting Cultural Sector Development" (budget code: 08 09) - includes the development and popularization of traditional and modern trends of different fields of culture; 3) Program "Promotion of Inclusive Art" (budget code: 08 13) - Includes supporting and popularization of different directions of inclusive art development.

Funding recipient may be *any legal entity*, while in accordance with the old rule of program implementation, funding recipients could have been can only legal entities of public law or non-entrepreneurial (non-commercial) legal entities.

Within the framework of the program, subjects willing to receive funding within the framework of program shall apply to the City Municipal Service of Culture of Tbilisi Municipality by filing an application. Form of application and the list of documents to be submitted are not determined by the service and anyone who is interested may file an application at any time. Funding is allocated within the total budget allocated for the respective program, and there is no preliminarily determined total number of projects to be financed. Neither is there any preliminarily set limitation in amounts to be issued in financing each project.

Project applications may be financed by full funding or by co-financing. Exceptions are set for such projects, which are meant to hold international or national events be held in Tbilisi, in this case 50% co-financing are made within the framework of the project.

For the purpose of reviewing and adopting recommended decisions, two commissions for each project are created by Tbilisi Municipality City Hall - The Commission for Reviewing the

Theatrical Projects and the Commission for Review of Cultural Projects. Furthermore, it is not determined who can be in the Commission (requirements regarding the presumable configuration of the commission composition). The function of the Commission on the component of the archaeological studies of the program is fulfilled by the Tbilisi Municipality Archaeological Council, established by the Tbilisi Municipality Government. The composition of the archaeological council is approved by the Tbilisi Municipality Government upon the recommendation of the head of the service. Herewith the regulation directly stipulates that in addition to the representatives of various sectoral administrative bodies, the field scientists and experts should be included.

The procedure for implementing the program sets the criteria for selection of the project application, but there is no established form of evaluation and the scoring system. Each member of the commission evaluates the submitted project application, makes general evaluations (taking into account the criteria). The evaluation of the project proposals shall be drawn up by making record entry and the applicant is to be notified in writing. Final decision is made by the head of the service (if the sum does not exceed **GEL 20,000**) or the Tbilisi Municipality Government (if the sum exceeds **GEL 20 000**) on the basis of positive recommendation of the Commission to review the applications.

According to the rule adopted by the normative act of the Tbilisi Municipality Assembly, control over implementation of the decisions is done by the Department of Culture, though the mechanism and procedure of monitoring or implementation of the projects is not yet established. According to the rule, the monitoring mechanism is determined by the Department of Culture. There is a Monitoring and Evaluation Division in the Department which is responsible for monitoring implementation of conditions laid down in the agreement in accordance with municipal programs. The interview with the representative of the municipal department proves that the procedure for regulating the monitoring process within the department is not established. According to the rule established by the normative act of Tbilisi Municipality determined.

### ***Finances issued in years:***

According to the information provided by Tbilisi Municipality City Hall, within the framework of programs/sub-programs, non-entrepreneurial legal entities and entrepreneurial



entities and legal entities of public law were both financed in 2016-2017. Below is the information about financing non-entrepreneurial legal entities in the direction of promotion of culture and art. In addition, the information provided often did not accurately provide information about mechanism of financing used. Considering this, the following is only for orientation purposes:

⇒ 2016 - **16 organizations** were financed, issued financing in total **GEL 407,310**.

⇒ 2017 (as of May) - **22 organizations** were financed, issued financing in total **GEL 311,086**.

**Legal bases:** 1) Resolution No. 5-22 of Tbilisi Municipality Assembly, dated March 24, 2017, on “ Approval of the Regulation of Culture Department of Tbilisi Municipality City Hall”; 2) Resolution No. 33-94 of Tbilisi Municipality Assembly, dated December 27, 2016, on “ Approval of the Rule for Carrying out Programs of Culture Department of Tbilisi Municipality City Hall”; 3) Resolution No. 6-18 of Tbilisi Municipality Assembly, dated March 18, 2016, on “ Approval of the Rule for Carrying out Programs and Sub-programs of Culture Department of Tbilisi Municipality City Hall (Void - 27.12.2016, No. 33-94 Act); 4) Resolution No. 13-54 of Tbilisi Municipality Assembly, dated June 9, 2015 on “ Approval of the Regulation of Archeological Department of Tbilisi Municipality”; 5) Order No. 1-314 of Tbilisi Municipality Mayor, dated February 9, 2017 on - "Approval of Regulation of Archeological Department of Tbilisi Municipality Mayor, dated February 9, 2017, on “Creation of reviewing Commission for theatrical Projects, Determination of its Composition and Approval of the Regulation”; 6) Order No. 1-315 of Tbilisi Municipality Mayor, dated February 9, 2017 - "Approval of Creation of Commission to Review Cultural Projects, Determination of its Composition and Approving the Regulation".

### 3.2 Direction - Supporting development of education, sport and youth policy

The rules for implementing programs/sub-programs in the field of education, sport and youth policies were first established in June 2015 by a resolution of Tbilisi Municipality Assembly, and the new rule was made from 2016 July. The rules adopted by the Assembly are in most of their parts similar to each other, but some changes have been made in the rules of directions to be financed, system of financing, co-financing, project proposal reviews and how the finances are issued.

Within the framework of programs/subprograms, projects that are in line with the directions determined by relevant program/sub-program under the budget of Tbilisi Municipality Budget. The old rule for implementation of program/sub-program adopted by the Assembly directly envisaged a detailed list of the directions to be financed, while the current rule in this regard, makes reference to the relevant budget programs/sub-programs, which include

financing not only the initiatives recommended by project proposals, but also events to be carried out by existing legal entities under the municipality.

Tbilisi Municipality budget for 2017 provides for the following priority directions: 1) the program "Supporting vocational and adult education development (budget code: 07 04)" – which includes directions of development of educational organizations, development of adult education services, development of vocational and adult education and developing effective mechanisms of communicating with an employer; 2) Sub-program "Supporting Intellectual, Educational and Cognitive Projects (budget code: 07 02 01)" includes directions of development of school pupils' skills, realization of intellectual potential of school pupils, raising the quality of general education and promoting democratic environment in school; 3) Sub-program "Promotion of Continuous Education System Development (budget code: 07 05 01)" includes directions of continuous education system development in the capital, development of carrier and consulting services in higher education institutions and encouraging student initiatives; 4) Sub-Program "Sports Events (budget code: 08 06 01)" includes various activities aimed at promoting and popularization of different types of sports, popularization of healthy lifestyle and supporting sports events in different types of sport; 5) Subprogram "Promotion of Youth Activities (budget code: 08 08 01)" includes directions of supporting activities that are intended for promotion of entertainment, cognitive, popular sports activities for youth.

Within the framework of the program/sub-program, funding recipient may be a legal entity of public law or non-entrepreneurial (non-commercial) legal entity, initiative groups, sports federations, sports clubs, sports and youth centers, youth organizations, students self-governments, institutions of higher education or general educational institutions registered and/or operating in the city municipal area.

Persons/entities willing to receive funding within the framework of the program apply to the municipal Department of Education, Sports and Youth Affairs of the Tbilisi Municipality City Hall. The interested party may file an application on receiving financing. Important rule is that the principle stipulating that the project should be submitted 20 days earlier before the start of the project should be followed. Although the rules adopted by the Assembly provides for only free application process, as it becomes clear from the interviews with the representatives

of the Service, the department also exercises practice of announcing competitions/making statements for the submission of proposals (direction of promotion of youth activities). Funding is allocated within the total budget allocated for the respective program, and there is no preliminarily determined number of projects. Neither is there any limitation preliminarily set for the sum to be given for the projects.

Project applications can be financed by full funding or co-financing. Exceptions are made for such projects, which involve holding European and World Championships in Tbilisi, in this case the maximum amount of co-financing of the project is 20% of the total cost of the project.

For the purpose of reviewing and adopting recommended decisions, commissions for reviewing the projects are created by Tbilisi Municipality Government. Regulation of the commission is approved by the act of Tbilisi Municipality Government. Herewith, it is not determined who may be in the commission (requirements regarding the presumable configuration of the commission composition). The procedure for implementing the program sets the general criteria that are taken into consideration while reviewing project applications and amount of the financing, but there is no established form of evaluation and the scoring system. Each member of the commission evaluates the submitted project application and makes general evaluations (taking into account the criteria). The evaluation of the project proposals shall be drawn up by making record entry and the applicant is to be notified in writing. Final decision is made by the head of the department (if the sum does not exceed **GEL 10,000**) or the Tbilisi Municipality Government (if the sum exceeds **GEL 10 000**) on the basis of positive recommendation of the Commission that reviews the applications.

According to the rule adopted by the normative act of the Tbilisi Municipality Assembly, general obligation of the City Hall Department of Education, Sports and Youth Affairs to control over the implementation of the decisions made, though the mechanism and procedure of monitoring or implementation of the projects is not yet established. The interview with the representative of the municipal department proves that the procedure for regulating the monitoring process within the department is not prescribed and monitoring is carried out by way of issuing individual assignment assigned by the head of the department.

### ***Finances issues in years:***

According to the information provided by Tbilisi Municipality City Hall, within the framework of programs/sub-programs, non-entrepreneurial legal entities legal entities of public law and initiative groups were financed in 2015-2017. It is noteworthy that the main part of the funding was provided for promotion of sport development/sports events, while the absolute majority of funded organizations are sports federations. A significant portion of fund in total have been provided in order to organize or participate in various international tournaments.

Below is the information about finances provided to non-entrepreneurial legal entities in the direction of promotion of education, sports and youth:

- ⇒ 2015 - **93 organizations** were financed, provided financing in total **GEL 1,977,369**. Out of this, 81% of sum was provided for promotion of sport development/sports events.
- ⇒ 2016 - **120 organizations** were financed, issued financing in total **GEL 2,536,238**. Out of this, 73% of sum was provided for promotion of sport development/ sporting events.
- ⇒ 2017 (as of May) - **85 organizations** were financed, issued financing in total **GEL 2,681,164**. Out of this, 96% of sum was provided for promotion of sport development/ sporting events.

**Legal bases:** 1) Resolution No. 9-19 of Tbilisi Municipality Assembly, dated September 23, 2014, on “ Approval of the Regulation of Transport City Department of Tbilisi Municipality City Hall”; 2) Resolution No. 18-50 of Tbilisi Municipality Assembly, dated July 22, 2016, on “ Approval of the Rule for Carrying out Programs of Education, Sports and Youth Affairs City Department of Tbilisi Municipality City Hall”; 3) Resolution No. 33-133 of Tbilisi Municipality Assembly, dated December 29, 2015, on “ Approval of the Rule for Carrying out Programs and Sub-programs of Education, Sports and Youth Affairs City Department of Tbilisi Municipality City Hall”; 4) Resolution No. 23-97 of Tbilisi Municipality Assembly, dated September 17, 2015 on “ Approval of the Rule for Carrying out Programs and Sub-programs of Education, Sports and Youth Affairs City Department of Tbilisi Municipality City Hall” (*void – in accordance with act 29.12.15 N33-133*); 5) Resolution No. 13-57 of Tbilisi Municipality Assembly, dated June 9, 2015 on “ Approval of the rule for sub-program “Sports Activities” under subprogram financed from Tbilisi Municipality budget of the year 2015 (code 8.6.1) and program “Youth Activities” (code 8.8)” (*void – in accordance with act 17.09.15 N23-97*); 6) Resolution No. 01.05.05 of Tbilisi Municipality Government, dated January 6, 2016 on “ Approval of Creation of Reviewing Commission for projects to be financed within the programs and sub-programs of Education, Sports and Youth Affairs City Department of Tbilisi Municipality City Hall”.

### **3.3 Direction - social protection, promoting integration of persons with disabilities into society**

Procedure for implementation of sub-program for promoting integration of persons with disabilities was approved in March, 2015 by resolution of Tbilisi Municipality Assembly. The resolution determines a procedure for carrying out subprogram "Promoting Integration of Persons with Disabilities into society". The sub-program implies the integration of IDPs into society and ensuring their social protection, supporting persons with disabilities in various needs and activities. More specifically: supporting implementation of cultural-creative activities for persons with disabilities; supporting education and cognitive activities of persons with disabilities.

Subprogram beneficiaries, or funding recipients are subjects receiving funds within the framework of the program persons with disabilities and / or their organizations working for the or their representatives as well as persons with disabilities registered in the territory of Tbilisi municipality and organizations providing service for persons with disabilities.

To participate in the sub-program and to obtain financing, the interested person shall apply to Tbilisi City Municipality Health and Social Services City Department with a proposal and / or project application. The form of granting the funds depends on who the applicant is. If the applicant is an organization, it shall submit a proposal. In addition, there are forms of financing such as social assistance or non-materialized vouchers for the beneficiary (co-financing voucher system).

The procedure for implementing the sub-program does not determine who shall submit an application form. Neither is the cases for finding defect in the application determined, the department has the authority to request the applicant to submit the adjusted version of the application.

The deadline for submitting the application is not pre-determined and the interested person may submit the application at any time. Funding is allocated within the total budget allocated for the respective program, and there is no preliminarily determined total number of projects to be financed. Neither is there any limitation for the amount of financing for each project application predetermined.

Presumable priority directions to be financed are determined by the rule for implementation of the sub-program, although the selection criteria are not determined. The department

reviews the applications without the commission procedure and takes decisions about positive or negative decision for the project applications taking into consideration its expediency.

The procedure for the implementation of the sub-program shall include the possibility of concluding an agreement with the subject, taking into considerations the status of the fund recipient. As for the monitoring system, selective monitoring of the department is planned using random selection of places to monitor. Monitoring can be done by a visit of an authorized representative of the department on site, by interviewing the beneficiary in case of necessity, as well as by checking the submitted documents. The procedure for implementation of the sub-program also provides for signing on the act of delivery and acceptance. Monitoring is carried out by relevant structural unit under Health and Social Service Department of the, more specifically Programs Monitoring Unit, whose one of the main functions is monitoring of carrying out the duties imposed by the signed agreement within the framework of the program.

#### ***Finances issued in years:***

Supporting social protection, promoting integration of persons with disabilities into society includes details about financing thought applying by project applications as well as by voucher system):

- ⇒ 2015 – **21 projects from 17 organizations** were financed, financing issued in total **GEL 235,556** (including financing by the voucher system).
- ⇒ 2016 - **23 projects from 16 organizations** were financed, financing issued in total **GEL 178,874** (including financing by the voucher system).
- ⇒ 2017 (as of May) - **14 projects from 13 organizations** were financed, financing issued in total **GEL 134,000** (including financing by the voucher system).

**Legal bases:** 1) Resolution No. 9-17 of Tbilisi Municipality Assembly, dated September 23, 2014, on “ Approval of the Regulation of Health and Social Service Department of Tbilisi Municipality City Hall”; 2) Resolution No. 4-14 of Tbilisi Municipality Assembly, dated March 2, 2015, on “ Approval of “procedure for implementation of subprogram of supporting integration of persons with disabilities into society” of Tbilisi Municipality City Hall”.



### 3.4 Direction – Raising Public Awareness about Organization of Road Traffic and Safety

The sub-program (budget code: 01 02 01) financed by the budget of years 2016 and 2017 of Tbilisi municipality, provides for the activities under the program "– Raising Public Awareness about Organization of Road Traffic and Safety". The procedure for implementation of the activities envisaged by the program is determined by the resolution No. 18-51, of Tbilisi Municipality Assembly, dated July 2016.

The program provides for the financing projects that are focused on raising public awareness and deepening knowledge about road safety, more specifically, the sub-program envisages financing initiatives, such as research, training and promotion activities aiming popularization of those themes that study people's attitude about advantages of eco-transportation and public transportation, road safety and road traffic organization in Tbilisi tourist zones and raising awareness about those directions.

Within the framework of the sub-program, funding recipients may be legal entities of public law or *non-entrepreneurial (non-commercial) legal entities*.

Within the framework of the sub-program, persons/entities willing to receive funding apply to the Transport Department of Tbilisi Municipality City Hall. The form of application form and the list of documents to be submitted are determined by the Department. The deadline for submitting the application is not preliminarily determined and the interested person/entity may submit the application at any time. Funding is allocated within the total budget allocated for the activities within the frameworks of the sub-program, and there is no preliminarily determined total number of projects to be financed. Neither is there any preliminarily set limitation for the amount of financing for each project application.

For consideration of project applications and making recommendation decisions, for this component of the sub-program reviewing commission for those projects is created. The composition of the Commission shall be determined by Tbilisi Municipality Government upon the recommendation provided by the department. Tbilisi Municipality Government shall also approve the Commission's Regulations. It is not determined who can be in the Commission (requirements on the presumable configuration of the composition of the Commission). The procedure for implementation of the sub-program determines the directions of projects to be



financed and to what it should be directed, though there is not detailed criteria for selecting project applications. The final decision is made by the head of the service (if the sum does not exceed GEL 5000) or the Tbilisi Municipality Government (if the sum exceeds GEL 5000) on the basis of positive recommendation of the Commission that reviews the applications. It is not determined whether there is an agreement or memorandum concluded between the corresponding department and funding recipient where detailed rights and obligations of the parties shall be described. Under the procedure prescribed by the Assembly's normative act, the General Obligation of City Municipal Transport Department to perform control over the decision made, however, there are no procedures determined for the program and financial accountability.

### ***Finances issued in years:***

Raising public awareness about organization of road traffic and safety

⇒ 2016 – **5 project applications/organizations** were financed, provided financing in total **GEL 50,290**.

⇒ 2017 (as of May) – financing has not been issue, and total amount of finances to be provided is GEL **50,000**.

**Legal bases:** 1) Resolution No. 9-69 of Tbilisi Municipality Assembly, dated December 22, 2014, on “ Approval of the Regulation of Transport Department of Tbilisi Municipality City Hall”; 2) Resolution No. 18-51 of Tbilisi Municipality Assembly, dated July 22, 2016, on “ Approval of procedures for Regulation of implementations of the activity "Raising public awareness about organization of road traffic and safety" envisaged by sub-program “activities targeted at Transport Infrastructure organization" of Tbilisi Municipal Budget (Code: 01 02 01) the Rule of Implementing the Rule of Implementing the Public Awareness Campaign for Organizing and Safeguarding the Road Traffic”; 3) Order No. 31.04.668 of Tbilisi Municipality Government, dated August 10, 2016, N31.04.668 – on “ Approval of creation and approval of project reviewing commission for the purpose of implementations of the activity "Raising public awareness about organization of road traffic and safety" envisaged by sub-program “activities targeted at Transport Infrastructure organization" of Tbilisi Municipal Budget (Code: 01 02 01) the Rule of Implementing the Rule of Implementing the Public Awareness Campaign for Organizing and Safeguarding the Road Traffic”.

## **VII.II. Batumi Municipality**

### **1. General description of financing practice**

The budget of the Batumi municipality provides for consideration various programs/sub-programs, which provide the possibility of granting financing/co-financing to non-entrepreneurial (non-commercial) legal entities based on the submission of project proposals.

The directions, principles and procedures for issuing funding are regulated according to the Batumi program budget of the respective year. In addition, there are acts approved by the mayor that additionally determine the procedures for granting financing (commission creation, competition conditions, etc.).

Subjects willing to receive financing within the framework of the program/sub-Program shall apply to Batumi Municipality City Hall with applications and project applications. Applications are reviewed by the commission created for this purpose. The deadline for submitting the project applications is not preliminarily determined and the interested person/entity can submit the application at any time before the using up the Budget. Funding is allocated within the framework of the budget allocated for these sub-programs. In addition, the total number of presumable projects to be financed is not determined, but maximum amount of that may be provided by the City Hall is determined. As of today, financing/co-financing is given in the following directions:

1. Supporting Cultural Development – supporting free initiatives in the field of culture ;
2. Supporting youth development - supporting free initiatives in the field of youth.

Batumi Municipality exercises the practice of direct subsidizing specific organizations within the framework of relevant budget programs. For years Batumi Municipality has been financially supporting specific organizations working for war and military veterans and in the field of care for elderly people.

## **2. Description of program subsidizing/direct subsidizing**

For years, within the framework of respective budget programs, the city municipality has been financially supporting specific organizations working for war and military veterans and in the field of care for elderly people. From 2016, such support is provided for the social security program (budget code 06.02.), within the framework of the sub-program of financially supporting public organizations (budget code 06.02.08).

The sub-program envisages financially supporting of organizations working for war veterans and veterans' organizations as well as for the care of elderly people. Specific organizations which are directly subsidized for financing their needs are directly listed in sub-program of the respective budget year. The sub-program envisages covering expenses of stationery, office,

communal and business trips and others (purchase of office and household items) for organizations working for the care of elderly people. Similar support is provided for veterans' public organizations.

The budgets of the Batumi municipality of the years 2016-2017 envisages financing three organizations<sup>12</sup>. As it becomes clear from the interview conducted at Batumi municipality City Hall, the organizations are selected according to the recommendation provided for them. For the purpose of participating in the subprogram and receiving funding, organizations covered by the subprogram shall apply to Health and Social Service Department of Batumi City Hall Services Service by filing an application. The financial assistance will be provided to Civil Society Organizations at the end of each quarter based on the letter submitted by them and showing amount of money spent for the various activities (stationery, office, communal, business trip and other expenses (purchase of office and household items) during the quarter..

***Finances issued in years:***

- ⇒ 2014 – **2 organizations** were financed, provided financing/subsidy in total **GEL 7,400**.
- ⇒ 2015 - **2 organizations** were financed, provided financing/ subsidy in total **GEL 4,900**.
- ⇒ 2016 (as of May) – **3 organizations** were financed, provided financing/ subsidy in total **GEL 7,400**.

### **3. Description of program funding practices**

#### **3.1 Direction – supporting cultural development**

Procedures/conditions for implementation of existing programs in the direction of culture were determined according to program budget of the year 2016 by the Batumi Municipality Assembly. In order to implement the sub-program, issues of creation of competition commission and approval of competition conditions were determined by the mayor of Batumi city municipality. Similar legal regulation system is operated in 2017.

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<sup>12</sup> Batumi Daytime Social Center for the elderly of the Batumi Red Cross Society of Georgia; N(N)LE - Batumi Organization of Union of War, Labor and Army Veterans of Adjara Autonomous Republic “Omgadakhili” (“former war soldier” - *translator*), Georgian Union of War Veterans of Afghanistan.

Program "Promotion of Cultural Development (budget code 05.02.02)" includes a subprogram of supporting free initiatives. The subprogram's objective is to create new opportunities for community participation in cultural activities. In the sub-program, projects oriented at development of culture field are financed. Within the framework of the sub-program initiatives promoting development of art and culture are selected, which will facilitate the development of art and culture. Priority are given to innovative and creative projects that ensure creation and development of new directions in the field of art and culture, as well as projects that offer new approaches and mechanisms for understanding, preservation and development of cultural heritage, further promotion of Georgian national traditional culture and professional development of persons working on revival of traditional art.

According to the current procedure determined by the Assembly and the Mayor, the funding recipient may be *any legal entity* and any natural *person*.

The subjects willing to receive funding within the sub-program shall apply to the Office of the City Hall. The form of application and the list of documents to be submitted is determined according to the program budget and an order of the mayor. A Project application can be submitted at any time before competition budget is used up. Project applications may be financed or co-financed, but the amount requested from the City Hall shall not exceed GEL 10 000.

The commission is created by the mayor to review and evaluate the project applications. Under the sub-program general criteria that should be taken into consideration when project applications are reviewed and amount of the fund to be provided is determined are prescribed. application and the amount of financing. Also, the assessment criteria and system of scores for evaluation are set by the Commission. The winner will be and the funding will be provided to the contestant that will receive at least 60 per cent of the maximum points. In case of equal distribution of points, the position of the chairman of the meeting is decisive.

In case of a positive decision on financing an author of a project, the Mayor's order is issued on the basis of which an agreement is concluded providing the finances. The amount of money to the finance the recipient is issued after the implementation of the project, based on the signed act of delivery and acceptance. However, it is possible to make any advance payment,

not exceeding 30% of the funding to be provided, based on the Bank Guarantee presented by the author.

According to the rule established by the mayor of Batumi city, control of the implementation of the decisions made in accordance with the order of the Mayor's Office is carried out by of Education and Culture Department of Mayor's Administration. The procedure for monitoring implementation process and execution of projects is not provided, however, the form of program and financial reporting form together with the application form is approved by the order of Mayor.

### ***Finances provided in years:***

According to the information provided by Batumi City Hall of Batumi Municipality, in the years of 2016-2017, funding has been provided to non-entrepreneurial legal entities, as well as entrepreneurial entities and natural persons. Below are the data on financing non-profit legal entities in the direction of promoting culture.

⇒ 2016 - **19 organizations** were financed, financing provided in total: **GEL 145,540.**

⇒ 2017 (as of May) – **4 organizations** have been financed, financing provided in total: **GEL 25,258.**

**Legal bases:** 1) Resolutions of Batumi Municipality Assembly on “ Approval of the budgets of Batumi Municipality”; 2) Order No. 84 of Batumi Mayor (25/01/2017) on “ announcement of the competition, creation of the Competition Commission Competition Conditions within the framework of the Subprogram "Support for Free Initiatives in the field of Culture" financed from Batumi Municipality budget of the year of 2017”.

### **3.2 Direction – Promoting youth development, supporting initiatives in the field of youth**

Until 2016 activities provided for by the programs/sub-programs in the field of development of youth policy were directly implemented by the legal entities of private law established by the structural units of the City Hall or the municipality. Among them were purchases of public procurement.

Since 2016, components such as "Supporting Youth Initiative for the field of youth" has been added to the sub-program of Batumi Municipal Budget "Supporting Development of Youth Center" (Budget Code: 05.03.01). This component provides for financial support for useful and important projects initiated by young people on the basis of applications. Projects

implementation of which will facilitate development of youth and youth activities are financed. Priorities are given to innovative and creative projects that will serve the needs of their peers and will be useful not only for project beneficiaries but also for the whole community.

Conditions/procedures for implementing a component of supporting free initiatives in the field of youth shall be determined according to program budget of Batumi Municipality. In addition, for the purpose of implementing the component, issues of creation of competition commission and approval of competition conditions have been determined by the Mayor of Batumi Municipality.

Subject to the current procedure established by the Assembly and Mayor, the funding recipient may be any legal entity or a natural person (young individual), including an under-aged individual – through his/her legal representative. Also, the funding recipient may not be a N(N)LE, LEPL or other budgetary organization that is established by (central, autonomous, self-governing) government.

The subjects who wish to receive funding within the framework of the sub-program shall apply to the Office of the City Hall. The form of application and the list of documents to be submitted are determined by the program budget and the mayor's order. A project application can be submitted at any time before the Budget is used up. Financing project applications can be financed or co-financed, but the amount requested from the City Hall shall not exceed GEL 8,000.

The commission is created by the Mayor to review and evaluate project applications. The sub-program establishes the general criteria that are taken into consideration while project applications and the amount of financing are determined. Also, the assessment criteria and system of scores for evaluation are set by the Commission. The winner will be and the funding will be provided to the contestant that will receive at least 60 per cent of the maximum points. In case of equal distribution of points, the position of the chairman of the meeting is decisive.

In case of a positive decision on financing an author of a project, the Mayor's order is issued on the basis of which an agreement is concluded providing the finances. The amount of money to the finance the recipient is issued after the implementation of the project, based on the

signed act of delivery and acceptance. However, it is possible to make any advance payment, not exceeding 30% of the funding to be provided, based on the Bank Guarantee presented by the author.

According to the rule determined by the Mayor of Batumi city, control of the implementation of the decisions made in accordance with the order of the Mayor's Office is carried out by of Sports and Youth Department of Mayor's Administration. The procedure for monitoring implementation process and execution of projects is not provided, however, the form of program and financial reporting form together with the application form is approved by the order of Mayor.

### ***Finances provided in years:***

According to the information provided by Batumi City Hall of Batumi Municipality, in the years of 2016-2017, funding has been provided to non-entrepreneurial legal entities, as well as to entrepreneurial entities and natural persons. Below data on financing non-profit legal entities in the direction of promoting culture are given.

⇒ 2016 - **6 organizations** were financed, financing provided in total: **GEL 27,181.**

⇒ 2017 (as of May) – **2 organizations** have been financed, financing provided in total: **GEL 3,530.**

**Legal bases:** 1) Resolutions of Batumi Municipality Assembly on “ Approval of the budgets of Batumi Municipality”; 2) Order No. 126 of Batumi Mayor (dated 02/02/2017) on “ announcement of the competition, creation of the Competition, Competition Commission, Conditions within the framework of the Subprogram "Youth Center" (supporting free initiatives in the field of youth”) under the program “development of youth” financed from Batumi Municipality budget of the year of 2017”.

## **VII.III. Gori Municipality**

### **1. General description of financing practices**

The budget of the Gori municipality provides for programs/sub-programs, which provide the possibility of granting financing/co-financing to non-entrepreneurial (non-commercial) legal entities based on the submission of applications/projects. The directions for issuing funding are regulated according to Gori Municipality budget of the respective year. Principle of granting



financing is determined by the resolution of an assembly on approval of a relevant program. Detailed criteria for evaluation of submitted applications, procedures for issuing financing and monitoring system are not regulated

Subjects willing to receive financing within the framework of the program/sub-program shall apply to Gori Municipality City Hall with applications and project proposal. The deadline for submitting the project applications is not preliminarily determined and the interested person/entity can submit the application at any time before using up the Budget. Funding is allocated within the framework of the budget allocated for the program. In addition, the total number of presumable projects to be financed is not determined, but maximum amount of how much the City Hall may grant in cases of co-financing is limited. As of today, co-financing is provided in the following directions:

1. Promoting culture development - improvement of cultural sector, promoting and co-financing cultural events;
2. Promotion of education - Promoting education by raising awareness through co-operation of various activities in young people (especially vulnerable groups);
3. Co-financing social projects - availability of services for vulnerable groups and improvement of social sphere, encouraging and co-funding initiatives in this direction.

## 2. Description of program financing practices

### 2.1 Direction - Promoting culture development - improvement of cultural sector, promoting and co-financing cultural events;

Gori Municipality Budget provides for the program - Support and Co-financing of Cultural Events Projects (05 02 10 of the budget code) for the implementation of which the Assembly approves co-financing program on the basis of the relevant year budget. The program aims at improving cultural sphere in Gori municipality area. Within the framework of the program, projects that serve development of culture sphere is financed.

Program of the year 2017 envisages co-financing of projects and festivals submitted by *non-governmental organizations and initiative groups of citizens* existing in Georgia or/and in other country from the municipal budget.

Within the framework of the program, competition (though procedures for announcement of competition are not determined) is announced for co-financing cultural and educational project in order to increase public awareness, promote and develop more active cultural life. to participate in the competition, It is mandatory for an applicant to fund the project submitted by itself by 20%. The maximum amount of sum of money that may be provided from the municipality budget is also determined. The program also notes that with financial support, it is necessary for the applicant to take part in implementation of the project with material, technical or human resource.

A person interested in the project/initiative shall apply to Education, Culture, Sports, Tourism and Youth Affairs Department of Gori. The program specifies the priority directions and general requirements for financing, although there are no detailed criteria for selection. Detailed procedures for submission and reviewing of the application/project are not determined by the resolution of the Assembly. The department shall simply examine the applications directly without commission rule and make a decision on granting or rejecting the grant.

The amount of money is transferred to the financed recipient after submitting respective financial documents (relevant invoices or bills of lading and an agreement). The program envisages program evaluation indicators (strengthening and developing civil sector; raising public awareness; number of projects financed; beneficiary registration place). Monitoring mechanisms and forms are not specified, however, as it becomes clear from the interviews with the representatives of the municipality, the department carries out on site monitoring as necessary.

***Financing provided in years:***

- ⇒ 2014 - **2 organizations** were financed, financing provided in total **GEL 15, 050**.
- ⇒ 2015 - **2 organizations** were financed, financing provided in total **GEL 37, 774**.
- ⇒ 2016 – **5 organizations** were financed, financing provided in total **GEL 68, 413**.
- ⇒ 2017 (as of May) – **3 organizations** have been financed, financing provided in total **GEL 2 199**.

**Legal bases:** 1) Resolutions of Gori Municipality Assembly on “ Approval of the Budget of Gori Municipality; 2) Resolution No. 13 of Gori Municipality Assembly, dated January 6, 2017 on “ Approval of the Project of Supporting Targeted Cultural

Events Project Co-financing Program Financed from Gori Municipality Budget"; 3) Resolution No. 39 of Gori Municipality Assembly, dated March 16, 2016 " On Approval of the Project of Supporting Targeted Cultural Events Project Co-financing Program Financed from Gori Municipality Budget"; 4) Resolution No. 16 of Gori Municipality Assembly, dated January 16, 2015" On Approval of the Project of Supporting Targeted Cultural Events Project Co-financing Program Financed from Gori Municipality Budget"; 5) Resolution No. 38 of Gori Municipality Assembly, dated October 3, 2014 " On Approval of the Project of Supporting Targeted Cultural Events Project Co-financing Program Financed from Gori Municipality Budget";

## 2.2 Directing – co-financing social projects

Gori municipality budget provides for the sub-program - Co-financing Social Projects (budget code 03 03 13), the purpose of implementation of which on the basis of the year of respective year, the Assembly approves the co-financing program of social projects. Within the framework of the program, projects to be financed include projects assisting solving life problems for various vulnerable groups, protecting their rights, availability of services and improve social sphere for them.

In a resolution of the year 2017 (06/01/2017, No.10) of Gori Municipality Assembly, it is stated that there are dozens of non-governmental organizations working on Gori municipal are, whose activities are aimed at creating mechanisms of eliminating social problems, but due to high number of existing social problems, the issue is still actual. To solve the problem, the municipality considers it necessary to financially and materially support various social programs.

within the framework of program/sub-program, co-financing *non-governmental, non-registered unions, non-entrepreneurial* and other organizations are provided for, that shall, with their own funds or by receiving grants from donor organizations, partially co-finance their projects and contribute to participation in charity events of the municipal health and social areas.

The program envisages receiving co-financing from the municipality by those organizations which will have some financial support for implementing specific project and will also participate in the project implementation with their material, technical or human resources.

A person interested in the project/initiative shall apply to Department of Health and Social Protection. The program specifies the priority directions to be presumably financed, though

detailed criteria for selection are not specified. Detailed procedures for submission and reviewing of the application/project are not determined by the resolution of the Assembly. The department shall simply examine the applications directly without commission rule and make a decision on granting or rejecting the grant.

The amount of money is transferred to the co-financed recipient after submitting relevant financial documents (invoices or bills of lading and an agreement). The program envisages program evaluation indicators (strengthening and developing civil sector; raising public awareness; number of projects financed; beneficiary registration place). Monitoring mechanisms and forms are not specified, however, as it becomes clear from the interviews with the representatives of the municipality, the department carries out on site monitoring as necessary.

***Financing provided in years:***

- ⇒ 2014 – **6 organizations** were financed, financing provided in total **GEL 36,083**.
- ⇒ 2015 – **8 organizations** were financed, financing provided in total **GEL 99,412**.
- ⇒ 2016 – **16 organizations** were financed, financing provided in total **GEL 178,874**.
- ⇒ 2017 (as of May) – **3 organizations** have been financed, financing provided in total **GEL 48,574**.

**Legal bases:** 1) Resolutions of Gori Municipality Assembly on approval of the Budgets of Gori Municipality; 2) Resolution No. 57 of Gori Municipality Assembly, dated April 1, 2016 on “ Approval of the Program of Co-financing Social Projects”; 3) Resolution No. 10 of Gori Municipality Assembly, dated January, 2017 on “ Approval of the Program of Co-financing Social Projects”..

**2.3 Direction - program of supporting and co-financing education**

Gori Municipality budget envisages "Education Support and Co-Financing Program" (budget code: 04.02), within the framework of which the Assembly approved the relevant programs in decree 2016-2017. The program aims to promote extracurricular activities in public and private schools operating in Gory Municipality territory, raising actual topic and projects, their planning and presentation, improving awareness and motivation among young pupils, as well as cooperation and coordination of school activities in in Gory Municipality territory.

The program provides for the priority areas such as the direction of natural sciences, social education, non-formal education; cultural-educational and cognitive activities. Funding recipient may be a legal entity of public law *or a non-entrepreneurial (non-commercial) legal entity*.

The program envisages receiving co-financing from the municipality by the organizations that already have some financial support for implementing specific project and also participate in the project implementation with their material, technical or human resource.

A person interested in the project/initiative shall apply to Department of Education, Culture, Sports, Tourism and Youth Affairs of Gori. The program specifies the priority directions to be presumably financed and general requirements, though detailed criteria for selection are not specified. Detailed procedures for submission and reviewing of the application/project and detailed procedures for reviewing are not determined by the resolution of the Assembly. The department simply examines the applications directly without commission rule and make a decision on granting or rejecting the grant.

The amount of money is transferred to the co-financed recipient after submitting relevant financial documents (invoices or bills of lading and an agreement). The program does not specify program monitoring mechanisms and forms, however, as it becomes clear from the interviews with the representatives of the municipality, the department carries out on site monitoring as necessary.

***Financing provided in years:***

- ⇒ 2016 – **3 organizations** were financed, financing provided in total **GEL 17,579**.
- ⇒ 2017 (as of May) – **1 organizations** has been financed, financing provided in total **GEL 3,900**.

**Legal bases:** 1) Resolutions of Gori Municipality Assembly on approval of the budgets of Gori Municipality; 2) Resolution No. 11 of Gori Municipality Assembly, dated January 6, 2017 on “ Approval of the Program of Co-financing and Supporting Education”; 3) Resolution No. 38 of Gori Municipality Assembly, dated March 16, 2017 on “ Approval of the Program of Co-financing and Supporting Education”; 4) Resolution No. 17 of Gori Municipality Assembly, dated January 22, 2015 on “ Approval of the Program of Co-financing and Supporting Education”;

## VII.IV. Gori (Community) Municipality

### 1. General description of financing practices

The budget of the Gori municipality provides for programs/sub-programs, which provide the possibility of granting financing/co-financing to non-entrepreneurial (non-commercial) legal entities based on the submission of applications/projects. The directions for issuing funding are regulated according to Gori Municipality budget of the respective year. Principle of granting financing is determined by a resolution of an assembly on approval of a relevant program. Detailed criteria for evaluation of submitted applications, procedures for issuing financing and monitoring system are not regulated

Subjects willing to receive financing within the framework of the program/sub-program shall apply to Gori Town Hall by filing applications and project proposal. The deadline for submitting the project applications is not preliminarily determined and the interested person/entity can submit the application at any time before using up the Budget. Funding is allocated within the framework of the budget allocated for the program. In addition, the total number of presumable projects to be financed is not determined, but maximum amount of how much the City Hall may grant in cases of co-financing is limited. As of today, co-financing is provided in the following directions:

1. Promoting culture development - improvement of cultural sector, promoting and co-financing cultural events;
2. Promotion of social projects - availability of services for vulnerable groups and improvement of social sphere, encouraging and co-funding initiatives in those directions.
3. Supporting youth development – supporting and co-financing youth initiatives and projects.

## 2. Description of program financing practices

### 2.1 Direction – improving cultural sphere, supporting and co-financing projects of cultural events

Gori Municipality Budget provides for the program - Supporting and Co-financing of Cultural Events Projects (05 02 10 of the budget code) for the implementation of which the Assembly approves co-financing program on the basis of the relevant year budget. The program aims at improving and developing cultural sphere. The program provides for encouragement of all the organizations that implements projects that contribute to implementation of cultural events in the territory of Gori Municipality, improving them and raising them in number.

Program of the year 2017 envisages co-financing projects of ***non-governmental organizations, unions and initiative groups of citizens***, existing in Georgia or/and in other country from the municipal budget. by Gori Municipality Town Hall shall co-finance up to 50% (80% in 2015/2016) of the project costs. Accordingly, the interested person should finance the remaining part of the project from other sources (donor and others). In addition, in case of financing from Gori municipality, the funding recipient shall also participate in the implementation of the project with its material, technical or human resources.

A person interested in the project/initiative shall file the cost accounting about requesting co-financing a specific projects to Education, culture, sports and youth affairs service Department of Gori Municipality. The department shall examine the project and its cost estimate and make a decision on granting or rejecting the grant.

The program specifies the priority directions and general requirements for financing, although there are no detailed criteria for selection. Detailed procedures for submission and reviewing of the application/project are not determined by the resolution of the Assembly. The department shall simply examine the applications directly without commission rule and make a decision on granting or rejecting the grant.

The amount of money is transferred to the financed recipient after submitting respective financial documents (relevant invoices or bills of lading and an agreement). The program envisages program evaluation indicators (strengthening and developing civil sector; raising public awareness; number of projects financed; beneficiary registration place). Monitoring



mechanisms and forms are not specified, however, as it becomes clear from the interviews with the representatives of the municipality, the department carries out on site monitoring as necessary.

### ***Financing provided in years:***

- ⇒ 2015 - **11 organizations** were financed, financing provided in total **GEL 32,288**.
- ⇒ 2016 – **10 organizations** were financed, financing provided in total **GEL 59,800**.
- ⇒ 2017 (as of May) – **1 organizations** has been financed, financing provided in total **GEL 3,830**.

**Legal bases:** 1) Resolutions of Gori Municipality Assembly on approval of the budgets of Gori Municipality; 2) Resolution No. 17 of Gori Municipality Assembly, dated February 13, 2015 on “ Approval of the Program of Supporting and Co-financing Cultural Events Project of Gori Municipality”; 3) Resolution No. 4 of Gori Municipality Assembly, dated January 8, 2016 on “ Approval of the Program of Supporting and Co-financing Cultural Events Project of Gori Municipality”; 4) Resolution No. 7 of Gori Municipality Assembly, dated January 13, 2017 on “ Approval of the Program of Supporting and Co-financing Cultural Events Project of Gori Municipality ”;

## **2.2 Direction – financing social projects**

Gori Municipality Budget provides for the sub-program - Supporting Social Projects (budget code 06 02 12) for the implementation of which the Assembly approves co-financing program. The program aims at improving and developing cultural sphere. Within the framework of the program, projects that contribute to improvement of social conditions, increasing birth rate as well as promote working of Georgia non-governmental and budgetary organizations.

In a resolution of the year 2017 (13/01/2017, No.6) of Gori Municipality Assembly, it is stated that there are dozens of non-governmental organizations working in the territory of Gori Municipality whose activities are aimed at creating mechanisms of eliminating social problems, but due to high number of existing social problems, the issue is still actual. To solve the problems, the municipality considers it necessary to financially and materially support various social programs.

Within the framework of program/sub-program, funding recipients are budgetary (kindergartens, libraries, schools, etc.) and non-governmental, community, ***non-registered unions, non-entrepreneurial and other organizations*** that shall, with their own funds or by

receiving grants from donor organizations, partially co-finance their projects and contribute to improvement of social conditions on the territory of the municipality.

The program envisages receiving co-financing from the municipality by the organizations that already have some financial support for implementing specific project and also participate in project implementation with their material, technical or human resources.

Proposal submitted by the organization and the cost estimate of the project is reviewed by the Health Protection and Social Security Department of Gori Municipality and if approved, it receives and administrative guarantee on co-financing from the municipality. Financing is provided on the basis of the memorandum signed with the funding recipient or on the basis of the application submitted by it. The program specifies directions to be financed and conditions, but there is no specific criteria for selection. Detailed procedures for submission and review of the application/project proposal are not determined by the resolution of the Assembly. The department shall simply examine the applications directly without commission rule and make a decision on granting or rejecting the grant.

The amount of money is transferred to the financed recipient after submitting respective financial documents (relevant invoices or bills of lading and an agreement). Monitoring mechanisms and forms are not specified, however, as it becomes clear from the interviews with the representatives of the municipality, co-financing recipients are to present financial and program reports and the department carries on-site monitoring as needed.

### ***Financing provided in years:***

Gori Municipality has been implementing similar programs for years, however the municipality Town Hall has provided information only about financing provided in 2015. Within the framework of the program, **9** organizations were financed in 2015, funding in total was **GEL 101,747**. It is noteworthy that from the projects approved by the Assembly, it is clear that the planned amount of money allocated annually from the budget for co-financing social projects normally amounts to **GEL 100,000**.

**Legal bases:** 1) Resolutions of Gori Municipality Assembly on approval of the budgets of Gori Municipality; 2) Resolution No. 2 of Gori Municipality Assembly, dated February 19, 2014 on “ Approval of the Program of Co-financing Social Projects of Gori Municipality”; 3) Resolution No. 136 of Gori Municipality Assembly, dated December 11, 2015 on “ Approval of the

Program of Co-financing Social Projects of Gori Municipality” 4) Resolution No. 6 of Gori Municipality Assembly, dated January 13, 2017 " On Approval of the Program of Co-financing Social Projects of Gori Municipality”.

### 2.3 Direction – supporting and financing youth initiatives

Gori Municipality Budget provides for the program - Supporting Youth Initiatives and Projects (budget code: 05 03 01) for the implementation of which the Assembly approves financing/co-financing of the program. The program aims at improving and making healthier youth environment by way of implementation of youth activities in the territory of Gori Municipality.

Program of the year of 2017 provides for encouraging all the organizations that submit a targeted program which clearly aims at improvement of youth environment or is focused on intellectual development of young people (age 14 – 29) registered in the territory of Gori municipality. It is noteworthy that the program determines the condition that financing is provided to an organization that has a good evaluation and enjoys a good reputation in society. The priority is given to the projects focused on vulnerable groups - young people having a status of an internally displaced person, young people living in the demarcation line, young people with disabilities, youth on probation, socially vulnerable young people and others.

In accordance with the project, financing may be provided to ***non-governmental organizations*** working with youth affairs, youth unions and initiative groups, as well as N(N)LEs working for vulnerable groups.

Project applications can be financed by co-financing not exceeding 80%. Accordingly, the interested person should finance the remaining part of a submitted project from other sources (donor and others). In addition, in case of financing from Gori municipality, the funding recipient shall also participate in the implementation of the project with its material, technical or human resources.

Interested persons/entities should submit cost estimate to the Department of Education, Culture, Sports and Youth Affairs of Gori Municipality Gamgeoba for its request for receiving co-financing. The Assembly review the cost estimate and makes decisions on co-financing or rejecting application for co-financing.

The program specifies directions to be financed and general requirement, however specific criteria for selection are not determined. Detailed procedures for submission and review of the application/project proposal are not determined by the resolution of the Assembly. The department shall simply examine the applications directly without commission rule and make a decision on granting or rejecting grant application.

The amount of money is transferred to the financed recipient after submitting respective financial documents (relevant invoices or bills of lading and an agreement). Monitoring mechanisms and forms are not specified, however, as it becomes clear from the interviews with the representatives of the municipality, co-financing recipients are to present financial and program reports and the department carries on-site monitoring as needed.

***Financing provided in years:***

- ⇒ 2016 - **13 organizations** were financed, issued financing in total amounts to **GEL 20,704**.
- ⇒ 2017 (as of May) - **13 organizations** were financed, issued financing in total amounts to **GEL 11,388**

**Legal bases:** 1) Resolutions of Gori Municipality Assembly on approval of the budgets of Gori Municipality; 2) Resolution No. 2 of Gori Municipality Assembly, dated February 19, 2014 on “ Approval of the Program of Co-financing Social Projects of Gori Municipality”; 3) Resolution No. 114 of Gori Municipality Assembly, dated October 9, 2015 on “ Approval of Program of Co-financing Youth Initiatives, Supporting and Co-financing Projects of Gori Municipality”.

## VII.V. Zugdidi (Community) Municipality

***Direction – Social Security, Co-financing projects to improve conditions of vulnerable groups***

Zugdidi municipality budget, in the field of social security, envisages co-financing projects submitted by interested persons/entities in order to improve the conditions of various vulnerable groups. Zugdidi municipality budget provided for such a program in previous years. As of 2017, the municipality budget provides for the program "Co-financing projects submitted by different organizations and natural persons for improving the living conditions of socially unprotected families and vulnerable groups living in Zugdidi municipality" (Software Code 06.06). The program aims to vulnerable and disadvantaged groups, persons with disabilities,

families with many children, self-dependent elderly, single parents, orphans, children with hearing loss and limited speech capabilities, blind people, victims of family violence, gender issues and social enterprises in order to promote the project co-financing.

In order to implement the program, Zugdidi Municipality Head issued an order (18/04/2016, No. 926), which approved the provisions of the selection commission, the terms of financing of the projects and report forms to be submitted by the funding recipient.

Within the framework of program/sub-program, funding recipients may be **legal entities** (except for legal entities of public law), natural persons and initiative groups that carry out the project in the territory of Zugdidi municipality and for citizens residing on this territory.

The commission is to be created by the Head of the Municipality for the purpose of reviewing the submitted projects. The regulation determines the procedures for submission and review of projects. As a result of the review, the Commission prepares the report (report entry). The deadline for submission of projects is not specified, therefore an interested person, entity may submit the project at any time before the expiration of the budget allocated for this program. The limit of the amount to be provided for co-financing is determined. The Commission makes a decision by voting and the final decision on granting financing is made by the governor.

Program and the regulation directly specify projects to be financed (promoting social enterprise promotion, improving household problems, promoting gender issues and others, and the presumable beneficiaries (socially vulnerable families and vulnerable groups; persons with limited abilities, hearing and speech impaired and blind persons; large families; self-dependent elders and parents; orphans and other). The regulation provision stipulates the requirements and conditions necessary to issue financing. Also, the general criteria for evaluation of project applications are defined, although detailed criteria are not determined.

As it becomes clear from the interview with the town hall representatives, the town hall and the financing recipient enter into an agreement/memorandum which determines the rights and responsibilities of the parties. Program and financial reporting forms to be filed to the town hall are approved by the regulation. In addition the regulation provides for obligation to monitor the funded projects and to make relevant conclusions.

### ***Finances provided in years:***

Public information provided by Zugdidi Municipality Town Hall does not allow to separate information about finances provided to legal entities from non-entrepreneurial legal entities, accordingly, below the information is given on financing all types of subjects within the program.

- ⇒ 2015 – finances provided in total **GEL 80,000.**
- ⇒ 2016 - finances provided in total **GEL 42,300.**
- ⇒ 2017 (as of May) - finances provided in total **GEL 16,700.**

**Legal bases** 1) Resolutions of Zugdidi Municipality Assembly on approval of the budgets of Zugdidi Municipality; 2) Resolution No. 926 of Zugdidi Municipality Governor, dated April 18, 2016 on “ Approval of the Regulations of the Selection Commission for the Projects to Improve the Living Conditions of Socially Vulnerable Population and Vulnerable Groups in the Zugdidi Municipality”.

### **VII.VI. Ozurgeti (community) Municipality**

Ozurgeti municipality is familiar with the direct subsidizing practice of specific organizations within the respective budget programs. In order to assist persons with different needs, Ozurgeti municipal budget will provide for amounts in the budget, on the one hand, supporting the beneficiaries of the specific organization, and on the other hand, financing communal spending of specific organizations.

While planning budgets of each year, the municipality Town hall will review submitted project applications on the basis of recommendations and the applications themselves and takes decision about providing financial means for them from the budget. The budget shall include finances for a category of beneficiaries (persons receiving services from a specific organization) as well as for programs for which finances are provided. An agreement/memorandum is entered into between the town hall and the persons/entities implementing the sub-program where the rights and obligations of the Parties shall be determined.

The following sub-programs are provided for social assistance in the budget of 2017: 1) Financing Day Center (program code: 06 02 02); 2) co-financing small children's home (program code: 06 02 03); 3) Assistance to persons with disabilities (program code: 06 02 11). Similar funding was also taken into consideration in previous years.

### ***1. Sub-program - Financing Day Center***

The sub-program aims at creating favorable conditions for beneficiaries of the day center and taking care of their social rehabilitation. The sub-program envisages specific non-entrepreneurial (non-commercial) legal entity implementing the sub-program. The sub-program provides for co-financing children aged between 6 and 18, who benefit from NNLE Day Center. Furthermore, the sub-program provides for sharing expenses for “Small Group Homes“.

The N(N)LE implementing the sub-program is financed on monthly basis by payment of not more than GEL 150 per child. According to the documents submitted that describe service given to one beneficiary. As for reimbursement of gas expenditure by social housing tenants, it is financed by transferring money to the service provider and after presenting bills for communal services.

### ***2. Sub-program - co-financing children's small homes***

The purpose of the subprogram is to create favorable conditions for the children's small family-type home tenants under administration of a specific non-entrepreneurial (non-commercial) legal entity (carrying out the sub-program) and taking care of their social rehabilitation. The sub-program envisages reimbursement of electricity, water and natural gas spending by social housing residents, based on the bills presented and confirming the consumption of the communal services and by transferring the money to the service provider.

### ***3. Sub-program – assisting persons with limited capabilities***

The purpose of the sub-program is finance persons with disabilities beyond the age of 18 registered on the territory of the Ozurgeti municipality and beneficiaries of a specific non-entrepreneurial (non-commercial) legal entity implementing the sub-program. The sub-program provides for: a) transportation of the beneficiaries to "day center"; b) Daily service of providing meals for the beneficiaries; c) providing medical services and medicines for beneficiaries; D) providing beneficiaries with sanitary-hygienic and psychological services; e) Creating necessary conditions for the beneficiaries; F) conducting rehabilitation course for beneficiaries during the summer season.



The N(N)LE implementing the sub-program is financed with not more than 250 GEL per beneficiary on monthly basis in accordance with the documentation submitted by the organization.

***Finances provided in years:***

Financing provided in the years of 2015- 2017 under the subprograms of assisting Day Center, Children's Small Family-Type Home and persons with limited capabilities

- ⇒ 2015 – subsidy/finances provided in total **GEL 54,500;**
- ⇒ 2016 - subsidy/finances provided in total **GEL 57,800;**
- ⇒ 2017 (as of April) - subsidy/finances provided in total **GEL 65,900.**

**Legal bases** 1) Resolutions of Ozurgeti Municipality Assembly on approval of the budgets of Ozurgeti Municipality.

**VII.VII Generalized statistical data of program financing civil society organizations by municipalities**

Below is the information about the program financing (except for the information within the program of financing issued by program/direct subsidies and municipal N(N)LEs) within the framework of targeted/sub-programs provided by the municipalities that is included in this study.

Grants provided in forms of program financing/encouraging initiatives for N(N)LEs (as of May, 2017)- in GEL						
No.	Municipality	2014	2015	2016	2017	Total
1	Tbilisi Municipality	-	2,212,925	3,172,712	3,126,250	<b>8,511,887</b>
2	Batumi Municipality	-	-	172,721	28,788	<b>201,509</b>
3	Gori Municipality	51,133	137,186	264,866	54,673	<b>507,858</b>
4	Gori (community) Municipality	-	134,035	80,504	15,218	<b>229,757</b>
5	Zugdidi (community) Municipality	-	80,000	42,300	16,700	<b>139,000</b>
	<b>Total:</b>	<b>51,133</b>	<b>2,564,146</b>	<b>3,733,103</b>	<b>3,241,629</b>	<b>9,590,011</b>



Grants provided in forms of program financing/encouraging initiatives for N(N)LEs (2014-2017 (as of May, 2017) - in GEL							
No.	Direction	Tbilisi City <sup>13</sup>	Batumi City	Gori City	Gori Community <sup>14</sup>	Zugdidi Community	Total
1	Supporting cultural development, supporting cultural activities	718,396	170,798	123,436	95,918	-	1,108,548
2	Supporting sports development, supporting sports activities	5,777,578	-	-	-	-	5,777,578
3	Supporting education, developing youth, youth activities	1,417,193	30,711	21,479	32,092	-	1,501,453
4	Supporting programs of social protection (supporting in solving vulnerable groups, supporting social enterprises and others )	548,430	-	362,943	101,747	139,000	1,013,116
5	Raising civil awareness (traffic safety and protecting ecology in this context)	50,290	-	-	-	-	50,290
	<b>Total:</b>	<b>8,511,887</b>	<b>201,509</b>	<b>507,858</b>	<b>229,757</b>	<b>139,000</b>	<b>9,590,011</b>

<sup>13</sup> The data about Tbilisi municipality is given since 2015 (based on the procedures of implementation of targeted programs).

<sup>14</sup> გორის მუნიციპალიტეტმა სოციალური პროექტების თანადაფინანსების შესახებ მოგვარდა მხოლოდ 2015 წლის მონაცემები. მაშინ, როცა ყოველწლიური დაგეგმილი ბიუჯეტი ამ მიმართულებით შეადგენს 100,000 ლარს Gori Municipality has provided data of the year of 2015 only, while the annual budget of that year amounts GEL 100,000.

Percentage of grants provided in forms of program financing/encouraging initiatives for N(N)LEs according to directions (2014-2017 (as of May, 2017) - in GEL						
N	Direction	City Tbilisi	Batumi City	Gori City	Gori Community <sup>15</sup>	Zugdidi Community
1	Supporting cultural development, supporting cultural activities	8%	85%	24%	42%	-
2	Supporting sports development, supporting sports activities	68%	-	-	-	-
3	Supporting education, developing youth, youth activities	17%	15%	5%	14%	-
4	Supporting programs of social protection (supporting in solving vulnerable groups, supporting social enterprises and others )	6%	-	71%	44%	100%
5	Raising civil awareness (traffic safety and protecting ecology in this context)	1%	-	-	-	-
<b>Total:</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>15</sup> If Gori Municipality has issued finances in 2016 and 2017, and not only in 2015 in the direction of financing social projects, percentage will be distributed as follows: a) supporting of culture development, supporting cultural activities - up to 22%; b) supporting social protection – up to 70%; c) supporting education, youth development, youth activities - up to 8%.

## VIII. Main Trends and findings

### VIII. I. State institutions

Grant or non-granting mechanism is used for financing non-profit (non-commercial) legal entities by state institutions in Georgia. The grant mechanism is used for the purposes established by state institutions with the purposes and, direction as stipulated in the legislation. As for the use of non-granting mechanisms of financing, it includes subsidizing non-profit legal entities and/or granting financing under various budget programs.

The use financing using non-granting mechanisms by state institutions, as a rule, complies with obligation determined by a specific legislative act; this obligation implies that the state may provide financial support for the relevant sphere. The purpose of granting financing depends on the functions and authority of the respective state institution. In addition, the fundamentals and rules of funding are different.

The following main trends and findings have been identified as a result of studying existing legal regulations and practices issuing the grants by ministries and legal entities of public law:

1. **Regulation of issuing grants by state institutions by various legislative acts** - power and direction of issuing grants by state institutions is determined by several legislative acts. The Law of Georgia on “Grants” establishes the general terms of issuing, receiving and using grants in Georgia. Under this law, together with other subjects, the grant may be issued by the Ministry and legal entity of public law so determined by the Government of Georgia. In parallel, there are legislative acts that determine legal entities of public law issuing grants independently from the Law on Grants and also determines the directions of issuing grants.
2. **Purposes/directions of issuing grants** - The Law of Georgia on “Grants” provides for cases where grant may be issued for entrepreneurial purposes and/or to entrepreneurial entities. The Law of Georgia on “Grants” (as well as other legislative acts) determines the directions of issuing grants by legal entities of public law, however directions of issuing grants by ministries of Georgia is not directly provided for by this Law. The Ministries shall issue grants from allocations for respective ministries provided by the state budget taking in consideration the purposes of the allocations and/or powers determines by the respective legal act. The grants are issued by the ministries within the framework of the approved grant programs.

The study identified that the ministries and legal entities of public law issue grants in various priority directions so determined by the legislation. Issued grants are aimed at supporting development of various areas and solving specific problems. However, it does not typically provide component supporting development of capacity of civil society organizations. One of the reasons for this may be the fact that the legislation does not directly provide for the grant direction oriented towards strengthening the capacity of civil society organizations.

3. ***Determining procedures for issuing grants by state institutions under various normative acts under the law*** - The Law of Georgia on “Grants” determines the essence, purpose, list of grant issuers and recipients, as well as the general issues of relationship between the grant issuer and the recipient. The law does not provide for principles, standards and procedures for issuing grants by public institutions. The obligation to issue grants under general principles and standards is not determined. Consequently, the rules of issuing grants by ministries and legal entities of public law have been established by various normative acts (normative acts of the government or the normative act of the minister). In addition, some of the ministries will also issue grants within the framework of targeted grants received from donor. In this case, the procedures for issuing grants are not determined and issues related to grant issuance are regulated by grant agreements.
  
4. ***Current coordinating system of state institutions for issuing grants*** – The Law of Georgia on “Grants” and the resolutions Government of Georgia provide for the necessity of making preliminary agreement with the Government of Georgia for receiving grants for ministries/LEPLs. In addition, the projects of the grants issued by the ministry of Georgia shall be agreed with the Government of Georgia or the prime Minister of Georgia. However, for a ministry to issue a grant, the legislation does not envisage the need for preliminary agreement about procedures with the Government. Consequently, the rules for issuing grants by state institutions are determined by various normative acts under the law, and only specific agreements on issuing grants are agreed with the Government of Georgia or the prime Minister of Georgia.

The legislation of Georgia does not directly determine the existence of a bank with united data of state institutions issuing grants (ministries, LEPLs). However, according to the Law of Georgia on “Grants”, grants may be issued by legal entities of public law so determined by the government of Georgia (except for the cases when the legislative act directly determined grant issuing LEPL). The survey revealed that the Administration of the Government of Georgia does not have a unified base of grants issuing LEPLs. A similar tendency is identified in case of ministries too, whose state-controlled LEPLs are entitled to issue grants.

5. *Main tendencies regulating issuing grants by state institutions* – The existing legal regulations for issuing grants are largely similar to each other, but there are significant differences. The following major tendencies have been identified after studying legal acts on grant issuance:
- ⇒ procedures for issuing grant granting regulate, developing and approving grant program, formation and work of grant commission, review and evaluation of grant applications, complaining about the decision made, making grant agreement and monitoring grant agreements. However, there are differences in number of cases in regulation of these issues. It is noteworthy that the procedures of issuing grants are usually similar in ministry and legal entity of public law operating under the mentioned ministry;
  - ⇒ Grants are issued within the framework of the pre-approved grant program according to the general rules set forth in advance. However, there is also an exception when small grants are permitted using different procedures (LEPL - Innovations and Technologies Agency) for issuing grants;
  - ⇒ Grant issuing rules determine obligations of announcing the grant competitions, publication of list of documents related to the competition and results related to the competition;
  - ⇒ Grant applications are reviewed and evaluated by grant commissions (Grant Commission) formed specially for this purpose. There is no necessity determined about participation of international or local non-governmental organizations as members of the decision-making commission, but excluding some exceptions (Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia), neither is their participation as commission members restricted. There is a case when the necessity of

participation of the international organization in the Commission is a necessity (LEPL - Center for Electoral Systems Development, Reforms and Trainings) with the right to deliberative vote. The head of the establishment has a discretion in the formation of the Commission (there are exceptions too, which imply the obligation to agree about the commission members to the superior body). There are cases when the grant issuance procedure does not provide for the requirements for commission members or general rules of grant commission work (LEPL - National Center for Teacher Professional Development);

- ⇒ The scopes of power of the grant commissions also vary. The authority of the grant commission is limited to reviewing/recommending grant programs, setting additional criteria for assessing grant applications and reviewing and evaluating grant applications. However, there are cases where the grant commissions are involved in the evaluation of grant projects;
- ⇒ Grant issuance procedures set minimum criteria for evaluation of grant applications, and additional criteria are identified for grant competition. However, there are cases where the grant issuance procedures directly set all criteria for assessing grant applications (LEPL - Center for Electoral Systems Development, Reforms and Trainings, LEPL - National Center for Teacher Professional Development). As a rule, assessment of the grant applications is based on the preliminarily determined score system, although there may be a to evaluate score system by external bodies (LEPL – IDP Livelihood Agency).

## VIII. II. Municipalities

After studying legal regulations and practice of financing provided to non-entrepreneurial legal entities by municipalities, following main trends and findings have been identified:

1. ***Existing financing mechanisms*** - Under the current legislation of Georgia, the municipalities do not have a right to issue grants, and therefore, mechanisms such as state procurement, voucher system and subsidies are used to ensure fulfillment of their powers. These mechanisms of funding fail to encourage free initiative of interest groups, and the municipalities, as a rule, use a program financing mechanisms to encourage and finance such initiatives.



2. ***Practice of subsidizing*** - In municipalities, the direct subsidy practice was also identified. By direct subsidizing, as it usually happens, organizations working in the direction of proving direct financial support (paying their communal costs, administrative costs, etc.) for vulnerable groups, sports organizations/federations to promote activities, as well as supporting needs of eparchies and N(N)LEs under their supervision.
3. ***General description of program financing*** - Municipalities use a program financing mechanism to ensure financing project applications/initiatives for non-entrepreneurial (non-commercial) legal entities or initiative groups. Within the framework of this mechanism, with the priority directions determined by the municipality project applications/initiatives are received and they may be financed/co-financed after review. Unlike other financing mechanisms, this mechanism further encourages free incentives.
4. ***Program financing directions*** - The municipal budgets provides for directions of budgeting programs development, development of youth policy, promotion of culture, sport and art, social protection - improvement of conditions of different vulnerable groups, promoting social projects through co-financing and other. Programs are aimed at financing free initiative groups of interest in the relevant field, implementation of which, with some exceptions, can not be implemented, with state procurement procedures and/or voucher system.
5. ***Program financing practice*** - In the majority of municipalities in this study report, the priority program directions (in terms of software financing mechanism) are supporting culture development, supporting youth development and promotion of social projects (through various subdivisions). It should also be noted that in Gori Community Municipality and Gori municipality, there are similar approaches to the direction of program financing directions and their implementation rules.
6. ***Similarity and difference of program financing from issuing grants*** - Taking into consideration its purpose, program financing mechanism used by the municipalities is like a grant issuing mechanism. However, the legislation of Georgia does not see program funding implemented by municipalities as issuing a grant. Consequently, program financing is not subject to a grant funding tax regime. Accordingly, for the subjects receiving program funding from the municipalities, the financing is considered to be income and is paid under the usual tax regime.

7. ***Different legal regulations for issuing program financing*** - The municipalities differ in their approaches from the point of view of legal regulation of issuing program financing, more specifically:
- ⇒ Budget programs are implemented by legal acts approved by Assembly. In Tbilisi, procedures for implementing programs/sub-programs are approved by the normative act of its Assembly. Programs (their purposes, beneficiaries, directions and general principles) in municipalities are approved by the individual administrative-legal act of the Assembly. In addition, additional conditions for implementation of the programs in the case of part of the municipalities shall be determined by individual administrative-legal acts of the Mayor/Governor;
  - ⇒ In case of some municipalities, funding is provided after they are reviewed by commissions specifically formed for this purpose. In other cases the reviewing by the commission is not provided for and applications are reviewed by the relevant structural units;
  - ⇒ In some municipalities, where reviewing application by means of commissions are determined, except for some exceptional cases, there are no presumable configuration of the commissions and requirements for commission members. As a rule, the necessity of participation of a non-governmental organization representative or an independent expert as a member of the commission is not determined;
  - ⇒ In some municipalities, general criteria (directions) of projects/initiatives are set, however, the detailed criteria for assessment (without some exceptions) and obligation to justify the decisions made are not determined;
  - ⇒ In some municipalities, general procedures for monitoring funding are determined, however detailed procedures of monitoring are determined in some municipalities.

### VIII. III. Conclusions

The practice of issuing grants by state institutions is oriented on the development of priority areas so determined by the legislation and it is not oriented to strengthening the capacity of civil society organizations. The grant issuance coordination system is oriented on a preliminary agreement with the government of Georgia of specific grant agreements. Non-existence of the uniform legislative framework principles and standards of grant issuance allow the state

institutions to introduce various legal regulations on issuing grants. As outlined, existing legal regulations for issuing grants are basically similar, but there are significant differences.

According to current legislation of Georgia, municipalities do not have a right to issue a grant. Accordingly, utilizing its powers they use a variety of mechanisms, including program financing, which includes financing a variety of interest groups and legal entities, including supporting initiatives of non-entrepreneurial legal entities to through financing/co-financing them. Program financing mechanism is similar to issuing a grant taking into consideration its purposes, although it is not considered as a grant by the current legislation. Legal regulation of program financing varies in many cases according to municipalities.