



Ministry of Finance of Georgia

Public Investment Management Reform in Georgia

The ePIM Journey

Online/Hybrid Event
Public Sector Skills for Public Investment Management Results

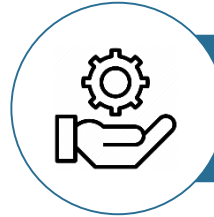
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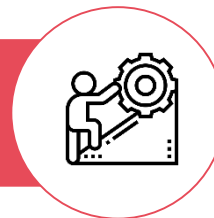
- Lack of Fiscal Space for Capital Investment
- Need for Fiscal Consolidation
- Implementation of PFM Reforms
- Institutional Coordination
- Limited Capacity (Human resources, knowledge, skills etc.)

Challenges



Implemented Reforms

- Improve Medium-Term Fiscal Planning and Strengthen Fiscal Rules; Increase Budget Transparency and Accountability
- Achievements in PFM Reforms evidenced by Assessment Tools (PEFA, PIMA, FTE, FRA, OBI)
- Developing and Implementing PFM Reform Strategies and Action Plans (PFM coordination council under MOF)
- ePFMs – Electronic system of Public Finance Management (eBudget, eTreasury, eDMS, ePIM)
- Developing the Legislative Framework for PIM including provisions in the Budget Code and the adoption of standardized PIM Methodology
- Continuous Capacity Building
 - Trainings with support by the World Bank;
 - PIM training program developed in MOF Academy





PIM – Legal Framework



N	Category of Project	Value (in Million Georgian GEL)
1	Small	<5
2	Medium	≥5- <20
3	Major	≥20

- PCN template - ePIM
- Cost- Benefit Analysis template (Excel) - ePIM
- Financial Analysis template for small projects (Excel)
- Key indicators/Economic Values to be used for financial and economic analysis (Ministerial Order) – ePIM
- Climate Risk Assessment Methodology
- Project assessment criteria (Ministerial Order) - ePIM

- ❖ All new capital/investment projects should go through the PIM methodology stages at both the national and local level before being including in the relevant budget in accordance with the Budget Code of Georgia
- ❖ All new capital/investment projects should go through the PIM methodology stages regardless the funding source (State, Local, Donor)
- ❖ All new major capital/investment projects (over 20 million GEL) that are included in the relevant budget should have separate program code
- ❖ All capital projects (programs/sub-program) should be tagged as “capital projects” in the eBudget system; The Capital Budget Annex should be included in the relevant budget package and annual budget execution reports
- ❖ **Starting in 2025, all new capital/investment projects should be assessed through the ePIM system**



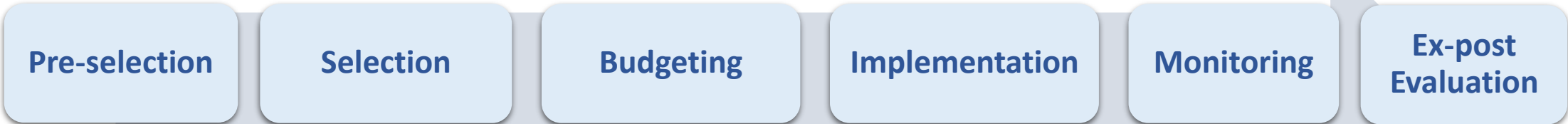
Climate informed PIM



SDGs



Gender Analyses



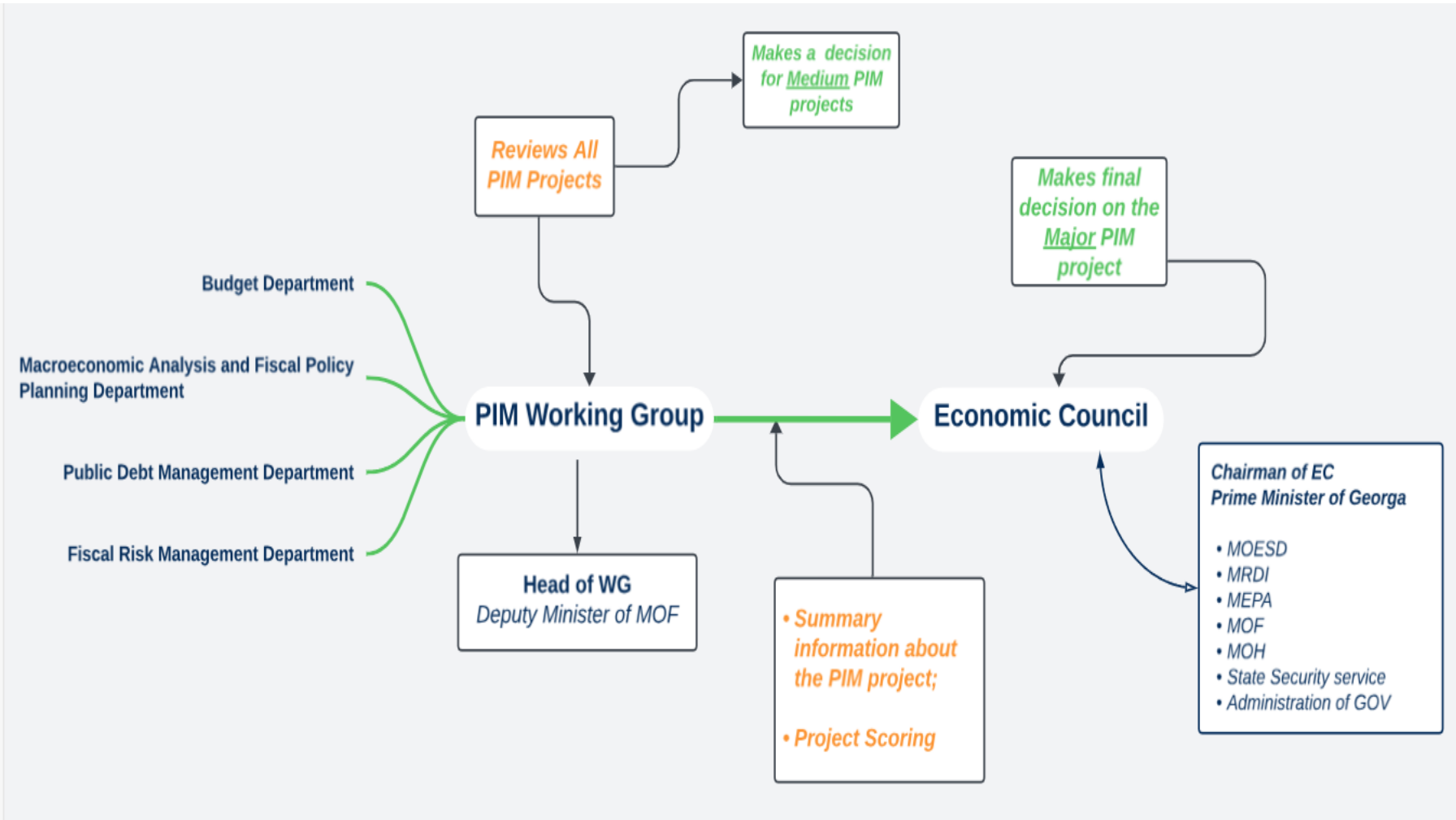
Criteria	Method of measurement	weight
The economic viability of the project	<p>3 Point - Economic benefits are described and their value is estimated. The economic rate of return (EIRR) is twice the discount rate;</p> <p>2 Point - Economic benefits are described and their value is estimated. The economic internal rate of return (EIRR) is greater than the discount rate;</p> <p>1 Point- The economic benefit is described, but its monetary value cannot be determined. Economic internal rate of return (EIRR) is less than the discount rate;</p> <p>0 Point- Economic benefits are not described.</p>	5
Demand Analysis	<p>3 Point - More than 5% of the population of the municipality;</p> <p>2 Point - More than 20% of the relevant area;</p> <p>1 Point - from 5% to 20% of the relevant area;</p> <p>0 Point - Less than 5% of the relevant area.</p>	2
Financial sustainability	<p>3 Point - Direct income exceeds operating expenses;</p> <p>2 Point - Direct revenue covers 75% or more of operating costs;</p> <p>1 Point - Direct revenues cover 30% to 75% of operating costs;</p> <p>0 Point - Revenues cover less than 30% of operating revenues.</p>	2
Climate change	<p>2 Point- The project is adapted to the identified risks of climate change or the project does not have a negative impact on climate change and the implementation of the project contributes to the reduction of CO₂ emissions;</p> <p>1 Point- The project takes into account the identified risks of climate change or the project does not have a negative impact on climate change or the implementation of the project contributes to the reduction of CO₂ emissions;</p> <p>0 Point - The project does not take into account the risks related to climate change and/or the implementation of the project contributes to the increase of CO₂ emissions.</p>	3

Economic Values:

- Discount rate
- Inflation
- Nominal wage growth
- The value of life
- The shadow price of carbon (CO₂) is equivalent to a ton expressed in GEL
- The value of time
- The value of one additional job created
- In addition, the value of benefits received from one tourist (foreign and domestic)



PIM Process Coordination



Challenges





Building Skills and Competences Across the PIM Cycle



Strategic and Policy Understanding

- Knowledge of national and sectoral development strategies, including public investment priorities and alignment with policy objectives;
- Awareness of legal and regulatory frameworks.

Budgeting and Fiscal Impact Analyses

- Understanding of medium-term planning (MTBF);
- Skills in assessing fiscal sustainability and budget affordability;
- Knowledge of capital budgeting processes and procedures.

Project Identification and Preparation

- Skills in needs assessment and problem identification;
- Ability to design project concepts aligned with development goals;
- Basic feasibility and pre-feasibility study knowledge;
- Stakeholder consultation and coordination skills.

Use of Digital Tools (ePIM, eBUDGET)

- Proficiency in using digital platforms for project submission, review, and monitoring; Data entry accuracy and document uploading;
- Familiarity with performance monitoring dashboards and reporting tools.

Technical and Financial Appraisal

- Knowledge in cost-benefit and cost-effectiveness analyses;
- Skills to analyze project results;
- Understanding of risk assessment, environmental and social impact analyses.

Monitoring, Evaluation and Reporting

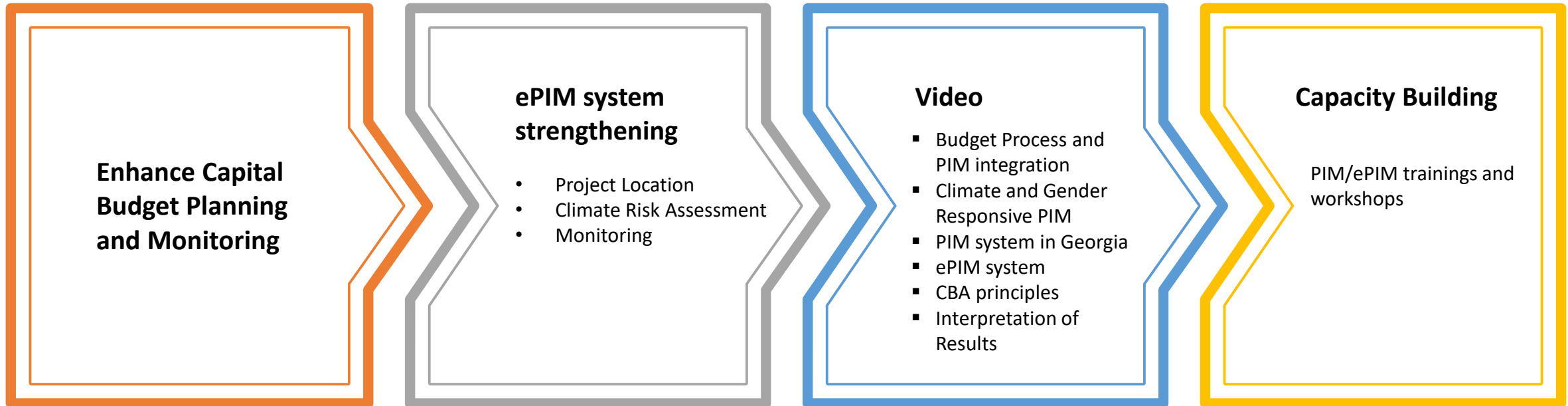
- Ability to define performance indicators and targets;
- Competence in monitoring project implementation (physical and financial progress);
- Skills in drafting project implementation reports and post-project evaluations.

Soft Skills

- Analytical thinking and problem-solving;
 - Communication and presentation skills;
 - Collaboration and teamwork across ministries and agencies
- Integrity, transparency, and accountability in public investment decisions.



Next steps





Live Demonstration of the System

User

Password

www.ePIM.mof.ge



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ePIM Applications Projects Summary reports Help

All Applications

Project Size: Medium **Not Submitted** Version 1 - [Send To WG](#)

PCN Location

Basic information
Intervention logic
Assessment of the need
The essence of the project
Compliance with strategic documents
Cost and benefits
Selection of Alternatives
Risk Analysis
Source of funding
Project implementation
Sustainability of the project
Required studies

BASIC INFORMATION

- Project Name: [i](#)
- Spending institution/agency presenting the project: [i](#)
- Person responsible for the project within the spending institution: [i](#) [i](#) [i](#)
- Structural unit/budgetary organization responsible for the project: [i](#)
- Structural unit/budgetary organization responsible for the project and its implementation (specify if different from the spending): [i](#) [i](#) [i](#)
- Project location:

INTERVENTION LOGIC

- Describe the specific problem the project is addressing and determine the severity of the problem:
- Explain how the project will alleviate the above problem:



Project Concept Note (PCN)

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Applications

მდგრადი ურბანული მობილობა ქალაქ ბათუმისათვის Size: Large **Sent For Clarification** Version 2 - [Send To WG](#)

General assumptions : Financial calculations : Economic calculations : Results : Sensitivity analysis :

[Download Report](#)

Sector: Subsector: Reference period:

Time Horizon Assumptions: Start of investment period: End of investment period: Start of operation period:

Residual value assumptions: The application includes feasibility study, which defines the residual values

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General Assumptions of CBA





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მდგრადი ურბანული მობილობა ქალაქ ბათუმისათვის
Size: Large **Start For Clarification** Version 2

General assumptions : Financial calculations : Economic calculations : Results : Sensitivity analysis :

OPEX (Operational Expenditure) Are there going to be any operating expenditures needed if proposed project is not implemented?
Enter sum in Georgian Lari
 Yes No

No	Operating Costs	TOTAL	2024	2025	2026	2027	2028	2029
1	Rent	700,336.00	50,024	50,024	50,024	50,024	50,024	50,024
2	Labor compensation	9,226,252.00	659,018	659,018	659,018	659,018	659,018	659,018
3	office equipment	1,750,000.00	125,000	125,000	125,000	125,000	125,000	125,000
4	Technical service	7,778,050.00	555,575	555,575	555,575	555,575	555,575	555,575
5	Other costs	1,096,508.00	78,322	78,322	78,322	78,322	78,322	78,322
TOTAL		20,551,146.00	1,467,939.00	1,467,939.00	1,467,939.00	1,467,939.00	1,467,939.00	1,467,939.00
Total (incl. inflation)		35,011,831.71	1,467,939.00	1,570,629.77	1,683,380.93	1,807,324.86	1,943,726.76	2,094,000.40

OPERATIONAL REVENUE Are there any operating revenues if proposed project is not implemented?
 Yes No

Save



Financial Calculations of CBA

Economic Calculations of CBA



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მდგრადი ურბანული მობილობა ქალაქ ბათუმისათვის
Size: Large **Start For Clarification** Version 2

General assumptions : Financial calculations : Economic calculations : Results : Sensitivity analysis :

Variant 1

ECONOMIC BENEFIT Is there any economic benefit/ positive externality/ non-market impact in this variant?
Enter sum in Georgian Lari
 Yes No

No		Unit	TOTAL	2024	2025	2026	2027	2028	2029
1	Statistical value of life	Man/Woman	40.00	0	0	0	0	4	4
2	Shadow price of carbon (CO2) expressed in equivalent variation	Tonne	110,000.00	0	0	0	0	11,000	11,000
3	Statistical value of time	Hour	56,940,000.00	0	0	0	0	5,694,000	5,694,000
TOTAL			724,244,803.92	0.00	0.00	0.00	0.00	63,176,241.15	65,071,528.39



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ePIM Applications Projects Summary reports Help

ნათია გულუა EN

Applications

PCN მდგრადი ურბანული მთბილობა ქალაქ ბათუმისათვის

Size : Large Sent For Clarification Version 2

Send To WG

General assumptions : Financial calculations : Economic calculations : Results : Sensitivity analysis :

Location

CBA

Feasibility Study

Climate

WG

i

Variant 1 აღწერა

Choose as preferred

FINANCIAL INDICATORS		PROJECT COSTS		ECONOMIC INDICATORS	
Discount rate:	8.40%	CAPEX:	38,225,627.00	Discount rate:	8.40%
NPV:	-31,488,163.47	OPEX:	35,011,831.71	ENPV:	340,800,341.36
IRR:	-20.65%	Avg. annual OPEX :	2,500,845.12	IRR:	92.96%
				BCR:	



Results of CBA



ePIM live system presentation



Sensitivity
Analyses of CBA



The screenshot displays the ePIM web application interface. The top navigation bar includes 'Applications', 'Projects', 'Summary reports', and 'Help'. The main content area is titled 'მდგრადი ურბანული მოზილობა ქალაქ ბათუმისათვის' (Sustainable Urban Mobility for Batumi). The left sidebar shows navigation options: PCN, Location, CBA, Feasibility Study, Climate, and WG. The main panel shows a 'Sensitivity analysis' section with sliders for CAPEX, OPEX, REVENUE, and Economic benefit, all set to 0.00%. A 'Test' button is visible. Below this, 'Variant 1' is selected as the preferred variant. The CAPEX value is €38,225,627.00. The 'FINANCIAL INDICATORS' section shows a discount rate of 0.08%, FNPV of -31,488,163.47, and FIRR of -20.65%. The 'ECONOMIC INDICATORS' section shows a discount rate of 0.08%, ENPV of 340,800,341.36, EIRR of 92.96%, and BCR of 1.00%.

Parameter	Value
CAPEX	€38,225,627.00
OPEX	0.00%
REVENUE	0.00%
Economic benefit	0.00%

Variant 1
 Chosen as preferred variant

CAPEX: €38,225,627.00 / €38,225,627.00

FINANCIAL INDICATORS

Discount rate:	0.08%
FNPV	-31,488,163.47 / -31,488,163.47
FIRR	-20.65% / -20.65%

ECONOMIC INDICATORS

Discount rate:	0.08%
ENPV	340,800,341.36 / 340,800,341.36
EIRR	92.96% / 92.96%
BCR	1.00%



Thank You!